



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

**Estimates**

(Public)

WEDNESDAY, 4 JUNE 2014

CANBERRA

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**SENATE**

**COMMUNITY AFFAIRS LEGISLATION COMMITTEE**

**Wednesday, 4 June 2014**

**Members in attendance:** Senators Boyce, Carol Brown, Cameron, Lundy, McLucas, Moore, Peris, Polley, Seselja, Siewert, Smith, Wright.



**SOCIAL SERVICES PORTFOLIO****In Attendance**

Senator Fifield, Assistant Minister for Social Services

**Department of Social Services****Executive**

Mr Finn Pratt, Secretary

Ms Barbara Bennett, Deputy Secretary

Ms Felicity Hand, Deputy Secretary

Ms Serena Wilson, Deputy Secretary

Mr Michael Lye, Acting Deputy Secretary and Chief Operating Officer

Ms Carolyn Smith, Acting Deputy Secretary

**Cross Outcomes**

Ms Alanna Foster, Acting Group Manager, Social Security Policy

Mr Steve Jennaway, Group Manager and Chief Finance Officer, Finance and Services

Dr Tim Reddel, Group Manager, Program Office

Ms Janean Richards, Group Manager, Legal and Compliance

Ms Margaret McKinnon, Group Manager, Corporate Support

Ms Susan Black, Group Manager, Building

Mr Paul McBride, Group Manager, Welfare System Taskforce

Mr Peter Qui, Chief Information Officer and Group Manager, Information Management and Technology

Mr Scott Glare, Branch Manager, Shared Services

Ms Sharon Bailey, Branch Manager, Ministerial, Parliamentary and Executive Support

Ms Tracey Bell, Branch Manager, Communication and Media

Mr Watson Blaikie, Branch Manager, Application Services

Ms Flora Carapellucci, Branch Manager, Welfare System Taskforce

Mr Andrew Whitecross, Branch Manager, Rates and Means Testing Policy

Mr Max Devereux, Branch Manager, IT Operations

Mr Scott Dilley, Branch Manager, Budget Development

Mr Peter Broadhead, Branch Manager, Property, Environment, Procurement and Security

Mr Sebastian Hood, Branch Manager, Corporate and Data Services

Ms Shona Moloney, Branch Manager, People

Mr Matthew Roper, Branch Manager, Commercial and Aged Care Law

Mr Kurt Munro, Branch Manager, Financial Management

Ms Janet Stodulka, Branch Manager, Project and Deregulation Office

Ms Helen Duke, Acting Branch Manager, Transition

Ms Joanna Carey, Branch Manager, Public Law

Mr Dave Agnew, Branch Manager, National Delivery

Mr Andrew Howard, Acting Branch Manager, Assurance

Mr Stephen Sheehan, Branch Manager, Financial Accounting

Ms Sharon McCarter, Branch Manager, Aged Care Business Systems

Ms Ros Baxter, Branch Manager, Project and Deregulation Office

Ms Trish Woolley, Branch Manager, Civil Society and Program Delivery Policy

**Outcome 1**

Ms Cate McKenzie, Group Manager, Multicultural, Settlement Services and Communities

Ms Alanna Foster, Acting Group Manager, Social Security Policy

Mr Steve Jennaway, Group Manager and Chief Finance Officer, Finance and Services

Dr Tim Reddel, Group Manager, Program Office

Ms Janean Richards, Group Manager, Legal and Compliance

Mr Sean Innis, Group Manager, Policy Office

Mr Paul McBride, Group Manager, Welfare System Taskforce

Ms Cath Halbert, Group Manager, Payments Policy

Ms Tracey Bell, Branch Manager, Communication and Media

Mr Ty Emerson, Branch Manager, Labour Market Payments Policy

Ms Michalina Stawyskyj, Branch Manager, Age, Disability and Carer Payments Policy

Ms Flora Carapellucci, Branch Manager, Welfare System Taskforce

Mr Andrew Whitecross, Branch Manager, Rates and Means Testing Policy

Mr Murray Kimber, Branch Manager, Social Security Performance and Analysis  
Mrs Diana Lindenmayer, Acting Branch Manager, Family and Students Payments Policy  
Ms Kathryn Mandla, Branch Manager, Longitudinal Studies, Evaluation and Policy Capability  
Ms Allyson Essex, Branch Manager, Strategic Policy and Research  
Mr David Dennis, Branch Manager, Data and Modelling  
Ms Danielle Donegan, Acting Branch Manager, Eligibility and Participation Policy

**Committee met at 09:00.**

**CHAIR (Senator Boyce):** I declare open this hearing of the Community Affairs Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2014-15 and related documents from the health and social services, including human services, portfolios. The committee may also examined the annual reports of the departments and agencies appearing before it. The committee is due to report to the Senate on 24 June and has fixed 25 July as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business, 12 June. The committee's proceedings today will begin with an examination of Social Services, commencing with corporate matters.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to the committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee. The committee by resolution in 1999 endorsed the following test of relevance of questions at estimates answered. Any questions going to the operations or financial positions of the departments or agencies which are seeking funds in the estimates are relevant questions for estimates. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provide otherwise. The Senate has resolved also that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits any questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009, specifying the process by which a claim of public interest immunity should be raised.

*The extract read as follows—*

**Public interest immunity claims**

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information

or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

*(13 May 2009 J.1941)*

(Extract, Senate Standing Orders, pp 124-125)

I welcome Senator the Hon. Mitch Fifield, representing the Minister for Social Services and the departmental secretary, Mr Pratt, and officers of the Department of Social Services. Minister, I understand that you do not have an opening statement, but that you, Secretary, do have an opening explanation.

**Mr Pratt:** Good morning, Madam Chair and Senators. I do not have an opening statement, but I thought I might do a little show-and-tell exercise.

**CHAIR:** Where is the PowerPoint when we need it?

**Mr Pratt:** This is the equivalent of one, but, as an aid to questioning during the course of the next couple of days, I have a set of documents that I propose to run through very briefly with your permission, Madam Chair. There are three A3 pages here. The first one sets out the DSS outcome and program structure, which is in our portfolio budget statement and also it is the basis for the committee's schedule across today and tomorrow. What this attempts to do is to set out not only the outcomes that are in the PBS and the various programs, but also the payments and sub-programs and areas of interest which sit beneath that program structure. It is colour-coded, and I will show why in due course. That me give you an example, senators. If you look at the first box on the left, Outcome 1: Social Security. The first of the programs on the committee's schedule today is 1.1, Family Tax Benefit and then underneath that are the sorts of items which are covered off under Program 1.1. To take another example: at our last estimates we had some questioning about the essential medical equipment payment, but it was not clear in the schedule and the outcome structure where that sat. This document attempts to set that out. Under Program 1.5, Supplementary Payments and Support for Income Support Recipients, you will see the essential medical equipment payment there.

I would also draw the committee's attention to Outcome 2—it is the sort of light and green box—Families and Communities. There are a large range of programs in areas of interest to the committee under Program 2.1: for example, Settlement Services, Income Management, the National Plan to Reduce Violence against Women and Their Children. Ditto on the right-hand side, we have aged care, housing, disability and carers. In the two bottom boxes there are things that we will not go through the day because they are residual outcomes, which are now the responsibility of the Department of Prime Minister and Cabinet. That is the first page as a guide to where Senators might wish to ask their questions and that is where we will have the experts available.

On the second page is what we describe as the honeycomb document, which is on our website and which sets out the various grant programs in the new configuration. With the machinery of government change last year to create DSS, we had 18 grant programs with 120 sub-programs which came in from five agencies. These have now been broadbanded into seven programs with around 25 sub-programs. By way of example, if you look in the top left hand corner, there is a form of program structure there which sets out the various programs and sub-programs under our old PBS and they have been mapped into 2.1 Families and Communities program. There is guidance there against each of the big new broadbanded programs.

Wrapping up on the third page is the department's organisational chart, as of this month. You will see we have five streams of work here and five deputy secretaries responsible for each of those streams. This is where the colour coding comes in. The stream on the left hand side, which is headed up by Ms Wilson, is the Social Security stream. That is Outcome 1, and the dark green relates to the dark green on the first page. We are very clever like that! Outcome 1 also includes the Welfare System Taskforce, which has been an area of interest to the committee.

The light green stream, second from the left, is the Families and Communities, or Outcome 2, stream, headed up by Ms Bennett. We will jump over the middle one to the blue one, second from the right, which is Disabilities and Housing and is headed up by Ms Hand. They are Outcomes 5 and 4 respectively. Over on the right-hand side is our Ageing and Aged Care, Outcome 3, headed up by Ms Smith. In the middle we have the Corporate and Delivery stream, which looks after all of our enabling services and our state network, and is headed up by Mr Lye on my right here.

The only other thing I would mention is that we would suggest for the cross portfolio session this morning that we might attempt to cover off the generic and standard grants and program administration arrangements. These are things that apply across all of our programs, irrespective of which stream they sit in—things like contract extensions and the standardised processes we use to manage our programs. The flipside of that is that we suggest that specific questions about policy issues for grant programs would be asked in the relevant outcome stream. I will give you an example. If there are questions about the extensions that we are negotiating with various grant programs for six or 12 months we would cover the processing in cross portfolio. We would suggest that if people have policy interest in Settlement Services they would be considered in Outcome 2. Thank you, Madam Chair.

**CHAIR:** Thank you very much for that, Mr Pratt. That will be very helpful. I am not sure that it will stop us getting ourselves confused, but it is certainly a very useful starting point.

**Senator MOORE:** Mr Pratt, thank you very much for the document. I am sure that will be helpful. I cannot guarantee that it will mean we will ask the questions in the right places, but I know that you will pick us up if we do not. Just to clarify, I want to talk about the general grant process and the process you are going through in changing it. I think individual senators who have particular interests in their area will follow up with processes within those questions. I would normally start with questions on staffing, but I thought that, as you led off with the grants, we might start there. Is that okay?

**Senator PRATT:** Yes.

**Senator MOORE:** We have received information from your website that talks about what you have put in—I am not quite sure what a honeycomb graph is. In the budget papers there was an allocation of a significant amount of money to do work on your discretionary grant program reform. There is an amount of \$240 million over four years to look at reforming the discretionary grant programs by your department, and the justification for that. Can you let me know what the reforming process is and how that is going to impact on what we are doing? In fact, is that linked to this process you have just identified for us, which is this streamlining of grants? I just want to know what this whole thing is.

**Ms Bennett:** The honeycomb picture, which the secretary has provided, is the reform agenda of broadbanding the grant programs that we have. As the secretary explained, we have brought together activities that share reasonably common and connected outcomes that allow the organisation to have some flexibility. It is also likely that many of the providers will be providers for more than one grant. The reforms will allow us to give more enduring contracts to those providers—a simplified and single contract. The aim is that after a selection process most of those contracts would be for five years. There will be aligned accountability and reporting frameworks, both in terms of outcomes and financial reporting, and the ability to join up some of the services that they might provide to a range of individuals, cohorts or communities in a more seamless way. It will reduce the red tape on the organisation. It will give them a longer term assurance about how long the grant programs are, which will impact on things like leasing and staffing arrangements that they make.

The question you asked about the \$240 million—that is actually a savings that has been identified across the portfolio's discretionary grants. It represents, across all the department's grants, about a one per cent reduction over the four years.

**Senator MOORE:** When you say, 'a one per cent reduction', is that the number of grants or—

**Ms Bennett:** No, the money that is expended on grants across—

**Senator MOORE:** So the individual allocations.

**Ms Bennett:** Yes. The savings have been set out on page 36 of the PBS and also in more detail on I think page 98 all through the various elements. It will be \$51.9 million in 2014-15, \$57.1 million in 2015-16, \$70.9 million in 2016-17 and \$60 million in 2017-18, totalling the \$240 million. The savings will be achieved through the reforms that we are making about looking at better connections, aligning priorities and reducing duplication. We found a number of areas that came through both machinery-of-government changes and in the way that there had previously been so many grants and so many different programs that some of the grants were funding similar or the same things. There will be some reductions, which we believe will be shared through the reduced red tape obligations administration of those grants through the providers.

**Senator MOORE:** So there is no detail in terms of how the savings will be harvested. Is that going to include administrative savings as well as IT savings as well as distribution of funding to organisations?

**Ms Bennett:** The savings do come out of administered. I can go through the outcomes where the savings are, but in terms of the administration we are not exactly certain yet where the line items adjustments will occur because we are going through a selection process. Organisations will be applying to do certain activities, make an application and be assessed through the selection so we do not know what price they will put in through that selection process so the final components of whether it is less in this or more in that will not be known but the savings have been identified in broad spaces at this stage, as they are set out on page 36 of the PBS.

**Mr Pratt:** With the broadbanding of the grants programs all of the suite of interventions that were possible under the previous program structure are still possible under this broadbanded set of arrangements. We are not actually discarding any of the types of interventions that could be acquired through the grants programs, so those are still possible. The high-level programs have been brought together.

**Senator MOORE:** Can you explain what that means?

**Ms Bennett:** If you look at the honeycomb drawing in front of you—

**Senator MOORE:** I am wanting to know what 'intervention' means in that sense so I am not thinking a different way.

**Mr Pratt:** Certainly. Under the previous arrangements under the gender equity for women outcome 6.1 we had support for trafficked people, women's safety agenda and things of that sort. Those can still be funded through the new broadbanded program even though it is now described as the families and communities program and a subprogram of it might be families and communities service improvement. That is the first point I want to make. The second point is—

**Senator MOORE:** So the kinds of services. I was just not on the wavelength of the term 'intervention', so the kinds of services and programs may still be there because it is subject to what is going on; it is just that it will be in the wider program area and will be identified in a different way.

**Mr Pratt:** Yes, that is right. The second point I want to make is: in terms of the quantum of the savings and put that in the perspective of the amount of money we anticipate that we would spend under the programs in total over the period, it is a \$240 million saving against close to \$20 billion worth of grants expenditure over the forward estimates, so in proportional terms that is the extent of the efficiency.

**Senator MOORE:** I will get back to that because this is a kind of combined area of questioning. The other thing I want to ask generally before we get—

**CHAIR:** Is this still on grants?

**Senator MOORE:** Yes, it is still on grants. Another aspect in the budget papers is that the government will provide \$2.1 million in 2014-15 for the department to develop a second-pass business case to further scope options to replace the grants management scheme, and also some money to Treasury for something called 'a gateway review process'. I am wanting to know how that fits in to this grant plan. I would have thought there would be a link here. Also, what is a second-pass business case?

**Mr Pratt:** In terms of the \$2.1 million under that measure, this is money for, effectively, a scoping study to look at what we need to do to refresh and to redesign our grants management system, FOFMS—we will have to rename it—the FaHCSIA Online Funding Management System. Maybe it will become DOFMS or something like that.

**Senator MOORE:** We have all become very fond of FOFMS, though, Mr Pratt—we would hate to lose it. I knew this was an IT question. With this enormous broadbanding of the mass of grants you have, I would imagine there would be IT pressures.

**Mr Pratt:** Yes, but also the FOFMS system, which has supported these programs well for many years, is now coming towards the end of its life span. It needs to be re-engineered so that it is more flexible and we can make changes more quickly and so forth. That money is, basically, for the business case to get the funding to then redo the system.

**Senator MOORE:** We talked at the last estimates about getting every current grant onto the FOFM system. We were told that work was proceeding and it should be done by the end of the financial year. Is every current grant in the department on FOFMS?

**Mr Pratt:** I will check.

**Dr Reddel:** I can answer that question.

**Senator MOORE:** Mr Reddel, I think you were the one who told me that it was going to happen.

**Dr Reddel:** It is happening, Senator. At the moment we are all on track for the majority of grants from the former agencies coming into the new Department of Social Services to be on FOFMS by 1 July 2015. The exception will be the Home and Community Care Program.

**Senator MOORE:** What is the problem with HACC?

**Dr Reddel:** That accounts to around 850 new—and that has commenced. The issue with that is that it is part of the broader aged-care reforms that are underway at the moment. The Home and Community Care Program will cease on 30 June 2015. It is currently managed under a system called the interim grants management system. It is proposed we continue that until HACC is then folded into the new program in 2015. Then, from 1 July 2015, it is proposed that will be part of the FOFMS system.

**Senator MOORE:** Whatever the new process is, post 2015, will then go—

**Dr Reddel:** In line with the new business case.

**Senator MOORE:** automatically onto whatever is going to be your new system. Every single grant, except for HACC, will be on FOFMS by 30 June 2015?

**Dr Reddel:** We are on schedule for that.

**Senator MOORE:** I will give you a ring that afternoon! That will have them on FOFMs, except for HACC, and now we go into the scoping study, which will be FOFMS mark II. Mr Qui, how are you going to spend that \$2.1 million to do the scoping study?

**Mr Qui:** That money is allocated to do a detailed costing design and schedule for the second-pass business case, so we can submit it through at the end of this financial year for the budget—

**Senator MOORE:** How will that be done? Is that going to have a committee that will determine how it will work and let out tenders?

**Mr Qui:** Yes, we will go to market for specialists to assist us in drafting the second-pass business case. We also have an internal working group with the business area and stakeholder engagement across the Commonwealth—

**Senator MOORE:** Who is on that working group? Who will be determining what is happening with this project?

**Mr Qui:** We will drive it through the business area—Tim Reddel's group—because they will be at the front end of all the stakeholder engagements. From the IT point of view, we are supporting the outcomes of the program.

**Mr Pratt:** The second-pass business case process is a longstanding one. It has been operating with the Commonwealth now probably since the Gershon review back in 2007-08. It is administered by the finance department, which has overarching policy responsibility for Commonwealth public sector IT.

**Senator MOORE:** Is someone from Finance in the group that is looking at what is happening in this case—do they automatically get involved?

**Mr Pratt:** Certainly Finance have considerable scrutiny of the process. In past iterations of the business case development process, they would have had a number of people who scrutinised the department's proposals, interviewed people and found out what was being suggested. It then gets looked at by the IT area in Finance and ultimately might be considered by the Secretaries' ICT Governance Board, SIGB.

**Senator MOORE:** The \$0.5 million over four years to the Department of Finance—is that the linking—

**Mr Pratt:** That would fund their component of it, yes.

**Senator MOORE:** Is \$2.1 million a standard amount of money for a job of this size? I am wanting to get an idea of how this stacks up against IT expenditure generally and the size of this project in terms of where it fits.

**Mr Pratt:** It varies quite a bit. This is quite a significant redevelopment proposal. FOFMS is probably the most significant of the grants management systems run by the Commonwealth, and potentially it may be the grants management system—that is yet to be determined. The Department of Social Services has the vast bulk of grants management activities in the Commonwealth now.

**Senator MOORE:** If I want to know which other departments have grants management programs that are significant—would that be a question for Treasury or some other department? My understanding is that DSS has the most extensive grants system in the Commonwealth. I am just wanting to see, in terms of other departments,

what the grants projects are and whether part of scoping is to see whether there can be a grants management program that covers all government grants.

**Mr Pratt:** Certainly that is an area of interest to the Secretaries' ICT Governance Board.

**Senator MOORE:** Of which you would be a member?

**Mr Pratt:** I am a member of that, yes. It is run by the finance department, so they would be able to answer your questions on the range of grant management systems that are in operation. But a number of departments do have grants management systems—obviously, the Department of Defence has a grants management system and I believe the Department of Industry does.

**Senator MOORE:** We may get some more information down the track on that. I do not want to take too much time. I just wanted to know how this was going to proceed. So it will be the internal process and then linking in with the wider Department of Finance one. This will be over what kind of period? It says that the money is for 2.1.

**Mr Pratt:** Yes, the second—

**Senator MOORE:** It is only in this financial year that you get the money, according to the allocation. There is a wider expenditure to Finance. What is your time frame for completing this scoping study?

**Mr Pratt:** We will do this in the course of the next financial year for the next budget, as Mr Qui mentioned before.

**Senator MOORE:** By 15 June it should be over?

**Mr Qui:** The submission of the second pass to Finance will be by the end of this calendar year and for consideration in MYEFO and plus the budget.

**Mr Pratt:** The actual redevelopment of the system, if it is agreed by government, will take longer than that.

**Senator MOORE:** You are not looking at changing the system within two years?

**Mr Pratt:** Potentially within two years.

**Senator MOORE:** Can we go back to the questions about the grants. I wanted to see how this particular proposal fitted in with current activity within the grants. We did get the information from the website that talked about the community engagement you have had around telling people about this new program. There have been a number of public meetings. I would really like to know how well they have been attended, how much the community consultation cost and how the community consultation issues that came out could be useful to what is going on. I have read the most common questions. Also, I want to see whether we—anyone who is interested in this committee or otherwise—could get one of the 90-minute sessions for ourselves. I put that on record.

**Dr Reddel:** Senator, we will have to follow up on the matter of running you through a briefing.

**Senator MOORE:** But tell me about what has happened so far and how it has gone?

**Dr Reddel:** To give the committee a full scope of the activities: we have had 14 information sessions across the country and they are continuing up to Friday. They have been very well attended. We have had over 1,400 people attend or subscribe to attend.

**Senator SIEWERT:** Did they attend? Subscribe to attend is different to attending.

**Ms Bennett:** They are not completed yet. They run until 6 June.

**Dr Reddel:** We are happy to give an update on actual attendance when it is completed. We have had an ongoing engagement with our state managers, who are leading those engagements. We have worked with them in providing resources and information postbudget in terms of the reforms to the grant program. We have also implemented a telephone hotline using the resources of the Department of Human Services. There has also been targeted email correspondence, and an email immediately postbudget informing organisations of the reforms. There has been a follow-up email detailing extensions and the forthcoming application process.

**Senator MOORE:** That email went to every organisation that currently has a grant.

**Dr Reddel:** Yes.

**Senator MOORE:** That means we can get a list of that.

**Dr Reddel:** We can provide you with a list.

**Senator MOORE:** We have had some trouble getting that information before, Mr Reddel. If you have actually sent an email to every organisation who is receiving a grant, we should be able to get a list of that.

**Ms Bennett:** There are about 14,000 of them.

**Senator MOORE:** That is all right.

**Dr Reddel:** We also have an email hotline. As of this Monday, we have had 131 email inquiries. We have also had about 24,000 views on the website. I should make a correction: I misread the number of people who have subscribed; 2,400 people have subscribed. They have been held in a range of locations—they will conclude on Friday—in capital cities and in regional areas. We have put on extra sessions in Melbourne and Sydney because of the demand. We have tried to be as flexible as possible.

The grants hotline—we have had 400 calls as of last Friday to the hotline. Issues that are raised both in the information sessions and on the hotline have been used to inform the frequently asked questions and responses on our website. That is important as it is part of the process of not only informing people about the reforms but also in preparation for the application process, and, in terms of probity, to ensure that we distribute all the information and issues that are gathered through that engagement as widely as possible for people in preparation for the application process. We will continue that process as we go forward. We have endeavoured to implement, as much as possible, the costs internally in terms of the cost of running the sessions. We have had to engage the Department of Human Services in terms of the hotline, for example, at a cost.

**Senator MOORE:** So human services call centres do the hotline?

**Dr Reddel:** Yes, and that is a regular activity—and also some of the advertising. The communications expenditure to date is around \$55,000, which includes the advertisement and the hotline. That is the major expenditure to date. The rest of it has largely been met internally by the department.

**Senator SIEWERT:** Out of the 2,400, do you know how many of those people actually attended, taking out Friday's session?

**Dr Reddel:** Sure. We meet regularly with the state managers to get an update on the issues—and I was about to come to some of the issues that have been raised—and they have said they have been very fully subscribed.

**Senator SIEWERT:** I will come back to that. I am getting feedback in Western Australia that people still do not know which programs have been transferred out of DSS and into PM&C, for example—particularly around the Indigenous programs. Firstly, some of that basic information is not out there. Secondly, some organisations talk about having—I do not know if they have received their email or not, but some have had a phone call and that is about it. They do not talk about having received an email. You said you had sent out emails to the 14,000. Have you had responses to those emails? Who deals with those responses?

**Senator MOORE:** And have they gone centrally or at the state level?

**Dr Reddel:** They have been done centrally. We have endeavoured to remedy any incorrect addresses or issues regarding that. We have had to redirect some of them and we have also had direct communication with some of the providers, particularly through our state offices. They have been talking to 82 organisations directly in terms of queries.

**Ms Bennett:** We used to email people. We used the addresses that would have been available at the point of time when those people would have had existing grants. Obviously, if the provider had changed and not updated an address or postbox or if the email address was not current, and it recorded that that had been bounced, we looked at other ways to contact them, which may have been a phone call in the instance you are talking about. In some cases, it was a letter that was sent to other addresses. So we have used the information that we have had and when it has come to our attention that that is not correct, we have used the state network to contact people.

**Senator MOORE:** Ms Bennett, are these people who currently have grants from the department?

**Ms Bennett:** Organisations that have grants where their details may have changed on the email address.

**Senator MOORE:** I just find it hard to believe that the department does not have the current contact number or email for someone who is receiving a grant. I would really like to know how many of those there are. It will be very useful to know in terms of the communication structure—these are not ex-people or possible people; these are current people who are receiving Commonwealth money and you cannot guarantee that we have their current communication right. And I know there is a lot, Mr Pratt—

**Mr Pratt:** No, I do not think that is what we are saying.

**Senator MOORE:** You have tried to email them all and their emails bounced.

**Mr Pratt:** We have used the details that organisations have given us as part of their contractual responsibilities with the Commonwealth. In the event that we have not got the requested receipt of the correspondence, then we have used other mechanisms to follow up. They may have in fact received the email, they just did not potentially know that they had received it or they had internal problems or something of that sort.

If we have not had a receipt from them, we have then followed them up further by phoning them or sending them a letter.

**Ms Bennett:** And we give them a scale—

**Senator MOORE:** Can we find out how much double contact has happened?

**Ms Bennett:** Of the more than 10,000 for which we had details, it was something like 300 required an alternative way of contacting. It could be that in one month they might have upgraded—that is, moved to a different email address or there was a change in premises. It was just a point in time of currency. Not to say that they would not contact us or that we would not have found out quickly enough, it was just at that point in time that there were about 300 that we needed to look for.

**Senator MOORE:** It is fortunate that we went through the process then, that we found them. That was good. Go on, Dr Reddel.

**Dr Reddel:** In terms of the engagement activity, the status as of today—the senator asked about some of the issues that have been raised. People have been asking about where does their existing program or activity fit within the new structure and, as the secretary and Ms Bennett outlined, we have talked through the honeycomb structure, particularly outlining how the former program structure relates to the new structure. Our understanding is that people have been reassured that there is an opportunity there in terms of their application in the new program suit to see an activity that they could apply for. We have also had some discussions—one of the innovations that we are trying to pursue as part of the government's commitment to this new program structure is collaboration between organisations and talking through how that might be facilitated and occur, and also stepping people through the application process and how that will pan out beginning on 19 June.

**Senator SIEWERT:** A lot of the feedback that I am getting is that people just do not know if things are being rolled over. Sorry to disabuse you, but there are a number of people that still do not understand where the programs fit in, despite the honeycomb process. They still do not know where they fit in. If they are being rolled over, they do not know how long for. They do not know if some programs are going to continue to exist, if that concept is going to continue to exist, or if they are a getting cuts. Can we go through each of those issues one by one, please?

**Ms Bennett:** As we have explained, the information sessions are occurring now. Obviously, between the time the budget was announced and us starting this, there was a short period when that information would have, perhaps, not come to their attention.

**Senator SIEWERT:** I understand that. The problem is that these organisations are employing people, renting space and doing a whole lot of things. They are actually being put in quite difficult situations from a financial responsibility, as well.

**Ms Bennett:** We have now followed up with a further letter just in the last—

**Dr Reddel:** In the last week or so.

**Ms Bennett:** To those receiving extensions. So 1,446 grants are receiving a six-month extension.

**Senator MOORE:** Across all programs?

**Ms Bennett:** Yes.

**Senator MOORE:** Those 1,446?

**Ms Bennett:** There were a number of grants that were due to expire on 30 June. There are some grants in the department that are more enduring—for two or three years—and they are not affected in this process. For 1,250 of those grants we are ceasing one-off funding programs. So they are not—

**Senator SIEWERT:** Sorry, how many was that?

**Ms Bennett:** Those 1,250 grants were for just one-off, one-year funding. They are not continuing. They would have known that they were just receiving funding for one year.

**Senator MOORE:** But they were funded in the 2013-14 budget year.

**Ms Bennett:** They were due to expire. They were not continuing. But 1,446 grants have received a six-month extension and 1,452 grants have received a 12-month extension. They are mainly in the areas of aged care and disability because of the reforms that are occurring in those areas that will align those reforms to a new grant arrangement. Then 380 grants were offered a five-year extension. These were in the area of the Family and Relationship Services, Communities for Children Facilitating Partners and Family Law Services.

**Senator MOORE:** Sorry, could you just go back. One of the specific complaints that I have had is around Communities for Children and organisations not knowing if they have an extension and how much. Ms Bennett, were you just saying that they have 380 organisations—

**Ms Bennett:** They have been re-offered a five-year grant arrangement.

**Senator SIEWERT:** I want to ask, therefore, specifically on Communities for Children while we are there: have all of the organisations that were previously running Communities for Children been told that they have an extension?

**Senator MOORE:** Have they all been extended, or some not?

**Ms Bennett:** Not all of them. With Communities for Children Facilitating Partners, the vast majority have. But with some there were issues about performance and not meeting past contract requirements, and they have not been extended.

**Senator SIEWERT:** I understand that. If you are not meeting your requirements, I can understand why you do not get funded. But all those that are, have been told that they have an extension. Is that a correct understanding?

**Ms Bennett:** Yes, they have.

**Dr Reddel:** And I just want to clarify. There is the Communities for Children Facilitating Partners program, which is getting five years. But the Communities for Children direct is getting a six-month extension.

**Senator SIEWERT:** The direct ones?

**Ms Bennett:** Yes, the direct ones will get a six-month extension and participate in the selection process if they choose to do that.

**Senator SIEWERT:** Have they been told they are getting that extension?

**Ms Bennett:** The letters have gone out.

**Senator SIEWERT:** When did they go?

**Dr Reddel:** There was an email sent on 14 May with the advice about extensions.

**Senator MOORE:** To everybody or just to Communities for Children?

**Dr Reddel:** To all—

**Senator SIEWERT:** Everybody that was getting an extension, whether it was for six months or 12 months.

**Ms Bennett:** Yes.

**Senator SIEWERT:** Just going back to Communities for Children direct—Ms Bennett, you said that they were extended for six months while they go through the new process.

**Ms Bennett:** The new selection process.

**Dr Reddel:** Which was announced. On 19 June the applications will open under the new program suite, as the secretary outlined—the new seven programs within the department.

**Senator SIEWERT:** For those extensions that went out, whether it is six months or 12 months, what level of funding were they given? Were they given the same level of funding, a slight increase or was there a decrease?

**Dr Reddel:** I think that would be a matter we would have to—

**Ms Bennett:** We will have to take that on notice.

**Senator SIEWERT:** It is pretty significant, because I am getting feedback from some people that they have been told that they have got a decrease in funding. I do not know if that is true. Can you please confirm if that is true or not?

**Ms Bennett:** In relation to—

**Senator SIEWERT:** Any of the grants that have been extended, either six months or 12 months—what funding have they been told they have?

**Dr Reddel:** The approach has been the same base level of funding, proportionate for the six months.

**Mr Pratt:** Pro rata.

**Senator SIEWERT:** I understood what that means. The same base level—what does that mean?

**Ms Bennett:** If their grant was for \$10,000 for one year, they have been given \$5,000 for six months.

**Senator SIEWERT:** I did not know if base funding meant that they were also getting add-ons for different things. Basically, the same level of funding they got last year for six—

**Ms Bennett:** Pro rata for six months.

**Senator SMITH:** Some of the questions were answered in respond to Senator Siewert's questions. On my calculations, 4,500 grants received extensions of five, six or 12 years—1,250 and 1,446 and 1,456 and 380, which comes to about 4,500. My second query goes to the discussion around efficiencies and duplication et cetera. How did you calculate what some of the savings might be around efficiencies in the new program structure?

**Dr Reddel:** In terms of some of the red tape reduction in simplified funding agreements and more streamlined reporting, both financial reporting and performance reporting, would be two of the key areas—and the single funding agreement per organisation. For example, with the new streamlined funding agreement, we are looking at moving from 50-odd clauses to approximately 20 clauses. That is an efficiency in that the organisation, instead of filling out paperwork, is providing the services.

**Senator SMITH:** So it is an efficiency not only from the department's perspective but also from the organisation's perspective.

**Dr Reddel:** Most importantly from the organisation's perspective.

**Senator SIEWERT:** The programs or grants that are going out for tender on 19 June—is it possible to have a list of all those that are being tendered? I think that will answer some of the questions that I have been getting.

**Dr Reddel:** We can provide that; we have got that.

**Ms Bennett:** Right now.

**Senator SIEWERT:** I will not take up time going through it now. Could you perhaps give it to us over morning tea?

**Ms Bennett:** If we arrange the session for you, we could provide that information at that session.

**Senator MOORE:** We would like it now and then we will ask the questions at the session.

**Senator SIEWERT:** Exactly, because my office are getting questions now about these issues.

**Ms Bennett:** We will provide it to you by the end of estimates—that list—so that you have them available. Rather than take it on notice, we will get someone to arrange that and provide it.

**Senator MOORE:** I just want to be very clear in my mind about every skerrick of communication that has happened between the department and people who are currently receiving grants. You have told me that, rather than go all over it again about emails and phone calls and so on, if we can get what your plan is.

**Dr Reddel:** Yes.

**Senator MOORE:** Also, most particularly, if there are indications that some people have not received it. There must be, in this mess, somewhere.

**Dr Reddel:** That is part of our regular communication with the state offices.

**Mr Pratt:** I would not like to characterise what I think is actually quite a well-organised process as a mess.

**Senator SIEWERT:** If you were on the other end, you may think it is.

**Senator MOORE:** There would be many organisations in this process, and I am looking forward to getting a list of all of them.

**Senator CAROL BROWN:** On the Communities for Children Facilitating Partners—are you also communicating with the organisations that are contracted to provide the service?

**Ms Bennett:** In the communications, I wanted to add—and this might answer the question—we engaged with all the peak organisations as well. So there is not only engagement with the small organisations, but also with peak organisations. I think that picks up the point about the facilitating partners. There has been quite extensive direct contact across the organisation with peak bodies, large providers and then groups like family playgroups that have received small grants. We will set out the strategy and who we have been talking to so that you can see that it has been quite comprehensive.

**Senator CAROL BROWN:** Essentially you have communicated with the peak bodies associated with funding for the facilitating partners.

**Ms Bennett:** I would have to take on notice what we have done further down, but, essentially, they are the grant recipients and so that has been the primary contact. We would expect they would cascade.

**Dr Reddel:** All the services have been invited to attend the information sessions. The website information is there to be a resource more broadly.

**Ms Bennett:** More than 24,000 individuals have viewed the website and that would show that it is beyond just grant recipients in direct arrangements.

**CHAIR:** Can we get the secretariat to organise a briefing for interested members as quickly as possible?

**Ms Bennett:** Yes.

**Senator SIEWERT:** How is the \$240 million being applied across the specific grants?

**Dr Reddel:** Senator, as you can see from the PBS, it refers to the outcome structure and, as Ms Bennett outlined, we will not know the full impact of those savings until we finalise the selections at the end of the year.

**Ms Bennett:** We will not know until we know which organisations are applying to deliver and the cost of delivery and that process is concluded.

**Mr Pratt:** Another way of describing it, Senator, would be that we have taken the money off the top out of the bucket of money and, once we have gone through the procurement process, we will then award the remaining bucket and that will then determine where the savings occur.

**Senator SIEWERT:** I understand that for the new process, but what about the continuing grants? I understand there are 380.

**Ms Bennett:** They are on the same basis. The price of delivering of that service has been extended for five years.

**Senator SIEWERT:** So that I am clear, what is the same price? Is it for the last five years?

**Ms Bennett:** There is no reduction in those that have been given five years.

**Senator SIEWERT:** There may be no reduction, but is there an increase?

**Ms Bennett:** That would depend on whether there had been indexing built into those arrangements. I would have to go through that.

**Senator SIEWERT:** I think it is great that there is certainty of funding, but I do not think it is great if you are expected to deliver the same service in five years' time.

**Ms Bennett:** Tomorrow, in Outcome 2, we will have the people who will know in detail the answer to that question. We will make sure they are able to answer that.

**Senator SIEWERT:** It seems that there is not a consistent approach. Some grants may be indexed but others may be stuck on the same rate. Is that right?

**Ms Bennett:** Yes.

**Senator SIEWERT:** What is the justification for that? Let us get it clear—some organisations will actually have to make cuts in their services if they are not going to get an increase in funding.

**Ms Bennett:** Or change the way the services will share in the benefits of the simpler contracts, the enduring nature and the streamline. There were decisions that were made in the budget about indexing, and we are still in a process of working that through with the Department of Finance at the moment. It is an unresolved issue, but it will be resolved by the time we go out for new contract arrangements. In relation to, specifically, children facilitating partners, we will have the answer tomorrow.

**Senator SIEWERT:** I appreciate that. The bigger picture question, though, is how does it apply across all these grants? There is no certainty, therefore, with any of these organisations that they are going to be able to deliver the same services because they do not know.

**Mr Pratt:** The certainty they will have is whatever the offer is that has gone to them in terms of the extension, or whatever it is they are bidding for. They will know these things in their communications with us.

**Senator SIEWERT:** Not into the future. For the extension, yes, I understand they are on the base rate. That is for six months or 12 months.

**Mr Pratt:** That is the case in any procurement process. You do not know exactly what you are going to get until you have gone through the procurement process.

**Senator SMITH:** I am keen to understand what those organisations have said to you that have been granted the five-year extension.

**Ms Bennett:** I do not have a record of it but I and other people that I work with were involved in those discussions. They were very pleased with the budget outcome—that there was assurance for things like staffing, their lease arrangements and their services that they were delivering.

**Senator SMITH:** For 380 organisations that got the five-year extension, will they be in quite a confident position around staffing and accommodation issues, et cetera?

**Ms Bennett:** Yes. I believe also that those that have received advice about the 12 months, pending further reforms that are occurring in those areas—as I said, aged care and disability—are also reassured, too, of the next 12 months.

**Senator SMITH:** With the operating environment, it is not like comparing like for like because the operating environment going forward will be different because we are dealing with, as Mr Reddel explained, simplified application processes and simplified contracts, et cetera.

**Ms Bennett:** Reporting arrangements, reducing the onus of administration by having multiple grants with different reporting requirements; having a single streamlined agreement with attachments that will refer to the services that they are providing; allowing them to join up rather than ceasings and stovepipes.

**Senator SMITH:** So we would hope to see the reduction in—let us call it administration expenses—put back into improved or increased service delivery?

**Ms Bennett:** At the very least, not a reduction in services.

**Senator McLUCAS:** In the way that you have been describing the communication activities and the information to current grant recipients, how does that affect the \$3.1 million out of outcome 4, housing and homelessness?

**Ms Bennett:** Broadly, are you asking what the reduction would be?

**Senator McLUCAS:** I think I will go to the detail when we get to outcome 4 tomorrow.

**Mr Pratt:** Basically, the generic processes are the same ones where they are subject to grants arrangements. If they covered by, for example, the national partnership on homelessness, that goes through a different process because typically that is done by the state.

**Senator McLUCAS:** That is what I am trying to get to, Mr Pratt. Is the NPA on homelessness dealt with separately?

**Mr Pratt:** Yes, that is right.

**Senator McLUCAS:** What grant programs are we talking about that have been captured in the system that you have just described?

**Dr Reddel:** It is my understanding—the outcome is tomorrow—it is largely around homelessness research. That was one activity we did look at.

**Mr Pratt:** Going to the honeycomb document—the homelessness prevention programs like HOME Advice and Reconnect would be covered through the Families and Communities program. Those were discretionary grants which are covered by these arrangements that have been described this morning.

**Dr Reddel:** They are for projects, largely.

**Senator McLUCAS:** Can you take me to the place you are on the honeycomb?

**Mr Pratt:** What I was describing is up in that top left-hand area, in grey, under former outcome 2. It identifies that those subprograms have transferred into the Families and Communities program.

**Senator McLUCAS:** That is captured on page 36 of the PBS in that \$3.1 million. Is that right?

**Ms Bennett:** Yes, it is outcome 4 on page 36.

**Senator McLUCAS:** Yes, but I am trying to link that cut to what you have been talking about on the honeycomb picture and where I can link that cut to on the honeycomb picture. Is that best to do tomorrow?

**Mr Pratt:** It probably is best to do tomorrow. We will still have Dr Reddel and experts available to cover off generic issues if they arise in the actual outcomes.

**Senator SIEWERT:** I wanted to clarify the grants that have gone to Family Relationships. Do I ask that when we get to that—

**Dr Reddel:** That would be best.

**Senator SESELJA:** I want to ask some questions about the accommodation arrangements for DSS. I note the very welcome announcement in the budget in relation to \$26.8 million for fit-out costs for a new building in Tuggeranong. Mr Pratt, are you able to talk us through where the process is up to for that new building? Do we have a preferred tenderer? If so, who are they? We might start there and then go through some of the details.

**Mr Pratt:** Certainly.

**Mr Lye:** We have been through a two-stage procurement process, which was completed in February this year and endorsed by the Department of Finance. We have commenced lease negotiations with the preferred tenderers, Cromwell. Our next step will be, if those negotiations are complete, to go through a Public Works Committee process. I might ask my colleague, Mr Jennaway, to give some preliminary timing on the next step in relation to that.

**Mr Jennaway:** We were referred yesterday to the Public Works Committee and we are expecting that we will either have a hearing with the Public Works Committee around 18 July or, alternatively, late in August. That will depend on when they can schedule us in.

**Senator SESELJA:** You have got a preferred tenderer in Cromwell. Take me through what the arrangement will be. It is to build a new building on the existing site in Tuggeranong, where DSS is currently housed?

**Mr Jennaway:** Correct.

**Senator SESELJA:** In terms of any other details on the specs of the proposed building, is that still to be negotiated with Cromwell or are the specs basically there and then you are negotiating on price? Where are the negotiations coming now with the preferred tenderer?

**Mr Jennaway:** It is a mixture of those two things. Yes, the specs were there when we went out for tender and we have had responses to that. We are in continuing discussions and negotiations with them at the moment about some of the finer details. That does come down to a pricing point issue. Obviously, we would be looking to get the best price for the Commonwealth in that arrangement.

**Senator SESELJA:** Do you expect it will be built by Cromwell, subject to the finalisation of the negotiations, and leased to the Commonwealth?

**Mr Jennaway:** Broadly that is the arrangement and it would depend on the negotiations continuing successfully.

**Senator SESELJA:** How many staff will be accommodated in the new building in Tuggeranong?

**Mr Jennaway:** We are looking for a building that will house around 2000 staff.

**Senator SESELJA:** How many are in the current Tuggeranong office?

**Mr Jennaway:** Currently 1800.

**Mr Pratt:** I might also point out that we also have staff in other offices in Tuggeranong as well. We would be able to consolidate.

**Senator SESELJA:** How many would be in those other offices?

**Mr Pratt:** It would be less than 200, I think.

**Mr Broadhead:** At the moment we have properties at 1 Hovell Street, Greenway which we lease. That has 170 people. We also have Guilfoyle House, which has 80 or people in it.

**Senator SESELJA:** Is the idea to consolidate all the Tuggeranong staff into one building?

**Mr Broadhead:** Our intention is to consolidate all of the people in Tuggeranong into the one building. We hope to end up in two sites in Canberra—one in Woden and one in Tuggeranong. We currently have access to three floors in Sirius House, which the Department of Health leases.

**Senator SESELJA:** There would be no staff in Woden once the new building is open.

**Mr Broadhead:** No, we have an MOU which is under discussion with Health, but we plan to occupy the Sirius Building. The agreement lasts to 2020 and so we expect to occupy three floors there up to 2020. That reflects the machinery of government changes, whereby a significant number of staff—particularly Ageing and Aged Care staff—who were previously in the Department of Health are now in the Department of Social Services, but are still sited in Sirius House.

**Senator SESELJA:** The new building will accommodate 2000 staff. What square meterage are we talking about? Is the current standard still 14 square metres per staff member?

**Mr Broadhead:** That is correct.

**Senator SESELJA:** So that would be around 28,000?

**Mr Broadhead:** Approximately, but the new building is expected to be just over 30,000 square metres.

**Senator SESELJA:** So the capacity would be just a tick over 2000 staff.

**Mr Broadhead:** Yes.

**Senator SESELJA:** What are the environmental standards that are required for new Commonwealth buildings?

**Mr Jenaway:** We will come back with an answer on that.

**Senator SESELJA:** One of the rationales for the new building would be that there would be savings to the Commonwealth in leasing a new building rather than an old one. Are you able to compare some of the current costs for things like energy costs for the current building with expected savings in the new building?

**Mr Jenaway:** It would be too early for us to put a figure on the environmental savings associated with the new building, but it is correct to assume that it would be a more efficient operation.

**Mr Pratt:** There are a number of areas, but we have not costed them fully yet. That will be subject to the process, but there will be savings around things like security. The current compound has around 10 buildings and so has quite a significant footprint. There will be reductions in security costs for after hours and the like. Clearly, we will get efficiencies around energy, heating, electricity and those sorts of areas. I am just seeing if colleagues can identify other areas.

**Senator SESELJA:** Mr Pratt, if you have several buildings I imagine there are probably some inefficiencies just in terms of staff time. Do you expect that a better floor plan and a consolidated building will make the operations of the agency a little more efficient?

**Mr Pratt:** Yes. One of the advantages of having everyone together in a single building of course is that it is much easier to see your colleagues. In the current compound there is quite a few hundred metres between one end of the compound and the other. So, yes, there will be small savings in terms of time.

**Senator SESELJA:** Staff might not be quite as fit at the end of the working week.

**Mr Pratt:** They can walk up and down the stairs.

**Mr Jenaway:** I think we have previously done some estimations on dollar efficiencies and we thought that they were in the order of \$7 million per annum.

**Senator SESELJA:** \$7 million per annum. So that is the rough expected—

**Mr Jenaway:** Now, obviously what actually happens is that we have to look at where we end up with the structure of the building and some of those things as you experience them, with the environmental standards and what not. But our prediction, in terms of costs, was that we are going to achieve substantial annual savings.

**Senator SESELJA:** In terms of the projected time frame, when would you hope to commence construction?

**Mr Broadhead:** The timing of the commencement is dependent on the parliamentary committee hearing and the outcome of that. But the overall schedule is for two years for the build. We would expect to commence late this year, subject to that committee's report and an expediency motion in the parliament to have the thing completed in time for occupancy at the end of 2016.

**Senator SESELJA:** What will happen in the meantime? Will the campus style allow a staged build or will it be built on another park. Will you be knocking down some of the buildings and then moving staff into others? How will that work?

**Mr Pratt:** Conveniently, the new building will actually go on a car park.

**Senator SESELJA:** So that will be able to be built while the staff are accommodated in the existing buildings and then they will get moved over at the end of that process. Is that right?

**Mr Pratt:** That is right.

**Senator SESELJA:** What will happen to the old buildings? Will they be knocked down?

**Mr Pratt:** That will be up to the owners, whatever they want to do with them. I have asked them. They are not sure yet what they might do with them.

**Senator SESELJA:** Would there be a capacity for them to coexist?

**Mr Pratt:** I imagine, yes.

**Senator SESELJA:** It may seem a waste to knock them down, but I guess that is up to the buildings' owners. Thank you. I will probably pursue the issue in the Public Works Committee.

**Mr Broadhead:** Can I just give you an answer to your question about the ratings. The base building will be designed to achieve a five-star NABERS energy rating and a five-star Green Star as-built base building rating. The fit-out is intended to achieve a 4½-star NABERS energy rating and a self-assessed four-star Green Star rating.

**Senator SESELJA:** Presumably, the current buildings would not have a NABERS rating because they would have predated that kind of rating system. Is it fair to say that the current buildings have pretty poor environmental standards, energy efficiency and the like?

**Mr Broadhead:** It is a mix. But, yes, it is not up to modern standards.

**Senator SESELJA:** So this will be a significant upgrade from what you have got at the moment.

**Mr Broadhead:** And the current building, as it currently is, is not compliant with the national building code, either.

**Senator SESELJA:** In terms of staff amenity, would we see a significant improvement for staff amenity in the new building versus what exists?

**Mr Jennaway:** Ideally, yes.

**Senator MOORE:** What is the loss of car parking? My understanding is that at your centre there have always been lots of cars parked.

**Mr Jennaway:** There will be car parking associated with the new building. In the interim arrangements, as the secretary said, the building will be built on a car park. There will be additional car parking on the existing site to accommodate the same volume of car spaces at the time of construction.

**Senator MOORE:** It has always been an issue—

**Senator SESELJA:** It is perennial.

**Senator MOORE:** Thank you very much for the answers to the questions on notice. And thank you for the detailed answer to the question about the number of staff and full-time positions. Is that a kind of base on which we can operate: that that it is a snapshot and that structure has not changed?

Any updates or processes could be based on the figures and the structure that you gave us?

**Mr Lye:** Yes.

**Senator MOORE:** That was with effect from 27 February?

**Mr Pratt:** Which question on notice?

**Senator MOORE:** Question on notice 81. I am also going to refer to 73, which was about separations. Is it fair to use the structure and the numbers that we have got as a snapshot on 27 February as a base to compare with what will be ongoing? Is that the same structures we have got?

**Mr Lye:** Yes, and we will come back to you on where we think it might have changed.

**Senator MOORE:** It is really nice to have a baseline, so that was a very useful document. Ms Bennett, I will be asking whether you did all that work you have just explained in your grants process with the 17 full-time positions that you have got against national grants management. We also asked, the current numbers at that stage totalled 3,058; what are the current numbers now, in full-time positions.

**Mr Lye:** Full-time equivalent at 30 April this year was 3,251.3.

**Senator MOORE:** Can you break that up into ongoing and non-ongoing?

**Mr Lye:** Yes.

**Senator MOORE:** I take it all the figures are with effect to the end of April. Is that the latest snapshot? All the data you are giving me as of the end of April, is that—

**Mr Lye:** Most of it is there.

**Senator MOORE:** That is fine.

**Ms McKinnon:** In April 2014, we had a 3,641 staff headcount. Of that we had 45 non-ongoing staff and 654 part-time staff.

**Senator MOORE:** I take it that those numbers would be spread right across the country, because one of the things we were very keen to get was the dispersal of staff right across the country—Canberra, capital cities and regions. The answer to the question on notice did tell us what the state positions were.

**Ms McKinnon:** In the state and territory network there were 830 staff as at 30 April, and I can give you a breakdown by state if you wish.

**Senator MOORE:** We will just put that on notice.

**Ms McKinnon:** Certainly.

**Senator MOORE:** At the last senate estimates we had a discussion about the effect of the efficiency dividend and the plan that the department had in place by the end of this financial year, and at that stage we had figures about how many had been lost up til then, and it was a projection of about 350, we were told, with a projection of about 150 between last estimates and the end of this financial year to meet to plan that was in place. Is that still the plan, Mr Lye? And are they the correct figures?

**Mr Lye:** I am wondering whether it is more helpful to give you an idea of the separation rate to 30 April to give you a sense about how many of those are voluntary—retirements, transfers out—and then how many of those are voluntary redundancies.

**Senator MOORE:** We could actually do that, which I would find very helpful. The question on notice answer 73 talked about separation but it did not say what was redundancy and what was people making a choice to leave. For future reference I would like both. That is the basis that I have got. If you can just give me the information about what numbers have gone and what were redundancies.

**Mr Lye:** Obviously, in our minds voluntary redundancies are also a voluntary decision of a staff member.

**Senator MOORE:** Sure—except when they are not!

**Mr Lye:** We would make a strong distinction between that and involuntary processes.

**Senator MOORE:** Absolutely.

**Mr Lye:** For the year to 30 April—so 1 May 2013 to 30 April 2014—the voluntary separation rate was 6.36 per cent. That included 279 voluntary separations, which included those transfers out of the department through retirements et cetera, and 188 voluntary redundancies. That gives a total of 467 staff.

**Senator MOORE:** As of 30 April, was that meeting your strategy to meet the efficiency dividends?

**Mr Lye:** Yes.

**Senator MOORE:** And between 30 April and now?

**Mr Lye:** We do not have a figure for between those two dates. We will obviously have a figure at the end of the financial year on what we have achieved—or slightly after the financial year.

**Senator MOORE:** In February, the discussion we had indicated that there needed to be about 150 between—and I just cannot remember whether the discussion we had related to then or a couple months earlier because of the time that the data becomes available.

**Mr Pratt:** In my recollection, it was from that point.

**Senator MOORE:** So they were the February estimates, and the plan was going to include the need for a further 150 redundancies or separations in that time.

**Mr Pratt:** We are pretty much on track.

**Senator MOORE:** My maths does not tell me. I cannot calculate what the difference is.

**Mr Lye:** I think we are on track. Just as an example, in the month of March this year we had 43 staff leave the department. About a quarter of those were voluntary redundancies. The rest were—

**Senator MOORE:** That was the month of?

**Mr Lye:** March.

**Senator MOORE:** And is that right across the network, Mr Lye, in terms of the people who are leaving? Are they from regional networks as well as from the national office?

**Mr Lye:** Yes, it is a fairly even spread.

**Senator MOORE:** Can we get those figures about the distribution of where the 43 came?

**Ms McKinnon:** Sorry, the—

**Senator MOORE:** No, that is too much work. We can get that snapshot later to go down for another set of stats like that. And at this stage, there is no plan within the department for involuntary redundancies?

**Mr Pratt:** That is correct. I need to place a caveat on that. There are very few examples of where it is actually to the benefit of the individual to take an involuntary redundancy as opposed to a—but it is a voluntary involuntary redundancy.

**Senator MOORE:** For the super and so on?

**Mr Pratt:** Yes.

**Senator MOORE:** So that would be more in terms of a mutual discussion to maximise benefit?

**Mr Pratt:** That is right.

**Senator MOORE:** In terms of your projected numbers, as of the end of June—can you give me a projection, Mr Lye?

**Mr Lye:** At 30 June we are aiming to have a head count of 3,600.

**Senator MOORE:** And that would meet your strategic plan?

**Mr Lye:** Yes.

**Senator MOORE:** What is your current national and Canberra based staff?

**Mr Lye:** At 30 April our national office staff was 2,811.

**Senator MOORE:** And can you tell me how many redundancies have been offered in Canberra since the election?

**Mr Lye:** Senator, that is a figure we would have to get.

**Senator MOORE:** Can I put that on notice? And can I also ask for how many have been offered in the regions as well.

**Mr Pratt:** Senator, just to clarify: the number of redundancies since the election, and split between Canberra and our state networks?

**Senator MOORE:** Yes, that would be right.

**Mr Lye:** Senator, just a caveat on that: we may have an issue with separating some of the departments that are MoGging in, have MoGged in, and some that have gone out, so it is a difficult exercise.

**Senator MOORE:** If there are any problems like that just let us know in the answer to the question on notice. The major areas that came into you were ageing and sport?

**Mr Pratt:** No, we—

**Senator MOORE:** You lost sport.

**Mr Pratt:** Ageing and aged care, settlement services, multicultural affairs, employment, disability employment services.

**Senator MOORE:** The employment services, particularly in disabilities.

**Mr Pratt:** Disability employment services, the working aged payments, and we got also a relatively small number from the industry department around youth payments and from PM&C around volunteering.

**Senator MOORE:** Always leave that last one off. So you have got health, employment, immigration, industry and PM&C—they are departments from which you received staff.

**Mr Pratt:** That is correct, Senator.

**Senator MOORE:** Right. This is on notice as well; it is just some general questions on staffing around gender, Aboriginal or Islander identification and disabilities, but they can just go on notice. I think that is it.

**Senator CAROL BROWN:** On what date did the department receive a copy of the Commission of Audit report—the final report?

**Mr Pratt:** We received it at the same time everyone else received it. I am not sure what date that was.

**Ms Bennett:** We received it the day it came out.

**Mr Pratt:** We got it electronically like everyone else.

**Senator CAROL BROWN:** The minister might remember when it came out.

**Senator Fifield:** The date of the Commission of Audit? I cannot tell you the exact date.

**Senator CAROL BROWN:** It was in April.

**Senator Fifield:** I remember perusing it on the day.

**Senator CAROL BROWN:** So you got it on the day as well, Minister?

**Senator Fifield:** I received it when it was made public.

**Senator CAROL BROWN:** That was in April sometime from memory. Back to the department: did you receive any drafts prior to the final report?

**Mr Pratt:** The department?

**Senator CAROL BROWN:** Yes,

**Mr Pratt:** No senator.

**Senator CAROL BROWN:** Are you doing any more work on the recommendations of the Commission of Audit?

**Mr Pratt:** No, Senator.

**Senator POLLEY:** I just wondered what involvement your department had in the merging of Medicare being co-located in your offices.

**Mr Pratt:** That was a big strategy undertaken by the Department of Human Services, Senator. You might ask them the question tomorrow night. They will be here.

**CHAIR:** That occurred some time ago, didn't it, Mr Pratt.

**Senator POLLEY:** The decision might have, but it is only just happening in some regional areas.

**Mr Pratt:** Yes, Senator. The decision to do that was made by the previous government back in—I should remember this; I was actually the secretary at the time—probably 2010.

**CHAIR:** Thank you.

### Proceedings suspended from 10:28 to 10:45

#### Social Security Appeals Tribunal

**CHAIR:** We are continuing with the Social Security Appeals Tribunal. Their position on the agenda has been rearranged by agreement of the committee, to meet what I understand are their travel requirements. Who wants to start the questioning? Would you like to start, Senator Cameron?

**Senator CAMERON:** Maybe I could start with asking you, Ms Macdonnell, whether there are any implications for the tribunal on funding arising out of the budget?

**Ms Macdonnell:** No.

**Senator CAMERON:** So you are not under an efficiency dividend?

**Ms Macdonnell:** The tribunal gets its funding allocation through the department and has been subject to efficiency dividends. Each year there are some ons and offs that represent the effect of new policy or of previous new policies tapering out. The net effect is that the SSAT allocation has not gone down and will go up.

**Mr Lye:** The budget setting process that the Department of Social Services engages in also influences the SSAT budget. The efficiencies that apply are the same efficiencies. Similarly, there are a number of budget measures in outcome 1, particularly in relation to income support payments. In addition to the costs for the department to implement those, they also have a flow-on effect in terms of estimated number of appeals to the SSAT. So there is an adjustment in relation to those.

**Senator CAMERON:** I am a bit confused here. On the one hand Ms Macdonnell is saying there are no cuts, but you are indicating they are subject to the efficiency dividend.

**Mr Lye:** Ms Macdonnell said that there is an efficiency dividend that is applied, and that those amounts have changed over the years. Those amounts apply equally to the SSAT as they do to the department.

**Senator CAMERON:** The SSAT will have funding cuts arising from the efficiency dividend? You say 'yes', Ms Macdonnell says 'no'.

**Mr Lye:** No, Senator. Ms Macdonnell is saying that the net position as a result of efficiencies, and then taking into account budget measures, is likely not to be a net reduction.

**Senator CAMERON:** What about the gross amount that goes to the SSAT?

**Mr Lye:** It is likely to be an increase.

**Senator CAMERON:** How much has it increased?

**Ms Anderson:** The efficiency dividend applied, as the principal members referred to, is 0.25 per cent of our overall budget.

**Senator CAMERON:** Yes, that is an increase in the efficiency dividend.

**Ms Anderson:** Yes, indeed. And the increase is \$1,044,000 for this financial year coming.

**Ms Macdonnell:** Net increase.

**Senator CAMERON:** So a net increase. Did the tribunal apply for an increase?

**Ms Macdonnell:** It was not a matter of applying. The tribunal did notify the department that some policy measures, if they came to fruition, might increase its workload. It is my understanding that that has been recognised and that is why there is a net increase.

**Senator CAMERON:** So you have been allocated an increase from the department on the basis of legislation that has not gone through parliament yet. Is that correct?

**Mr Lye:** To be accurate, the department is going through an internal budget-setting process at the moment, which includes the SSAT. So we typically look at expenditure in previous years and what our requirements are going forward, which is a separate exercise to the big 'B' budget, which has a number of measures in it and has an allocation for expected workload for the SSAT arising from that. You are right that those allocations in the budget for SSAT workload are in some ways dependent upon the passage of legislation which then creates policy changes which then may result in—

**Senator CAMERON:** This is what I am interested in: the pre-emptive allocation of funding based on legislative measures that have not gone through parliament. What Ms Macdonnell is saying is 'Yes, I have got extra money.' So the money is in the bank?

**Ms Macdonnell:** No.

**Mr Lye:** The money is—

**Senator CAMERON:** You are saying the money is in the bank. Ms Macdonnell is saying the money is not in the bank. What is going on? Can somebody tell me what is happening?

**Mr Lye:** The provisioning has been made in the budget.

**Senator CAMERON:** Is that the big 'B' budget or your budget?

**Mr Lye:** The big 'B' budget.

**Senator CAMERON:** So the big 'B' budget has given your department an increase?

**Mr Lye:** It has given the portfolio an increase.

**Senator CAMERON:** The portfolio has got an increase. Was that increase based on extra work that the tribunal might have because of policy decisions that are being sought to be implemented through the budget process?

**Mr Lye:** Yes.

**Senator CAMERON:** Have you handed money over yet?

**Mr Lye:** No.

**Senator CAMERON:** So the money is sitting in the portfolio waiting to go over to the tribunal. Is that correct?

**Mr Lye:** I might get my CFO to make sure that I do not make a technical mistake about how the money flows. The provisioning—

**Senator CAMERON:** I am having enough trouble with your non-technical advice, let alone what is going to happen when you get technical advice on this!

**Mr Lye:** I am sorry if I have confused the discussion. The high-level point is that the provisioning has been made in the big 'B' budget for policy changes that the government intends. Should those changes pass the parliament and become law, we would expect that policy changes will result in some additional workload for the SSAT, and this is to make sure that the SSAT, in that situation, has an ability to meet that demand.

**Senator CAMERON:** My favourite people at estimates are not chief financial officers—no offence to you, Mr Jennaway. Let us take it that you have given me that broad policy position on how the money is going to go over. Maybe you can take it on notice and provide me with details of any emails or correspondence that has gone between the department and SSAT in relation to the increase in funding.

Ms Macdonnell, have you had a look at the proposed budget outcomes as to how they may affect your workload?

**Ms Macdonnell:** In terms of do we go through and do we estimate on everything, the answer is, no, we do not do that.

**Senator CAMERON:** No. My question is broader than that. Let us look at the decisions on Newstart and the DSP and Work for the Dole changes. Do they have implications for SSAT in terms of people appealing against some of the decisions?

**Ms Macdonnell:** It is a difficult thing to predict. The only thing we can say is that the previous policy changes in relation to DSP did produce an increase in applications for review of decisions about eligibility for disability support pension.

**Senator CAMERON:** So your area will be expert in the legislation and in analysing the legislation as to how it affects an individual. Is that correct?

**Ms Macdonnell:** Not in the sense that, unlike, say, the Department of Human Services, which has data across a whole range of recipients and would record data about various characteristics, I assume, of recipients and would have some view—I imagine; again I am speculating—as to how it would impact; the tribunal does not have that. It just knows who lodges an application for review. It does not have any data that has any predictive power beyond what I have just said. But we did see an increase as a result of the policy changes around DSP.

**Senator CAMERON:** If you have an individual who is on disability support pension and has been advised by DHS that they are going back to Newstart, and they appeal that, how do you deal with that?

**Ms Macdonnell:** If a decision is made that they are no longer eligible for one payment, so it is cancelled, they may well apply for a review of that decision. I have no idea how many people may be affected by such decisions and then how many would come. I do not have a predictive—

**Senator CAMERON:** I am not asking you about the quantum. I am asking you about the process.

**Ms Macdonnell:** With few exceptions, with decisions made under the social security law, family assistance law and a number of other acts that are administered by officers of the Department of Human Services employed in what is known as Centrelink, and decisions of the Child Support Registrar, there is a right, if a person is dissatisfied with the decision, to apply to the Social Security Appeals Tribunal for an independent review of the decision.

**Senator CAMERON:** Given that there are stronger compliance arrangements for job seekers, you could foreseeably have appeals against the stronger compliance measures by individuals?

**Mr Lye:** Yes.

**Ms Macdonnell:** Any policy change that may result in a person's not receiving something that was as favourable as they received before may lead that person to apply for a review of the decision.

**Senator CAMERON:** It could be that they have been treated unfairly as well. Couldn't that be a fact? It is not just about people losing money that they come to you. They come to you because they think that they have been treated unfairly.

**Ms Macdonnell:** Our jurisdiction is to review a decision that has been made, to look and to make the legally correct decision and, if more than one would be legally correct, the preferable. We do not have any jurisdiction per se to review what people may regard as unfair, for example. We review decisions. People sometimes want to agitate issues that may relate to action or conduct. Their avenue is the ombudsman, not the Social Security Appeals Tribunal.

**Senator CAMERON:** Would you deal with a job seeker who has been told, 'You haven't met your obligations under the act; you have refused work without good reason,' and the individual then says, 'But I have a good reason. It's just DHS wouldn't listen to me. The department wouldn't listen to me'? Is that an issue that comes to you?

**Ms Macdonnell:** What comes to us is if a decision has been made to suspend the individual's payment and the individual believes that that decision should not have been made, for whatever reason. That person has a right to apply to the Social Security Appeals Tribunal for review of the decision.

**Senator CAMERON:** For instance, if an individual comes to you and says, 'I think I've been treated unfairly, and the department has imposed an eight-week non-payment period; I can't feed my kids; I've got nowhere to live; I'm going to lose my house,' do you factor any of those issues in?

**Ms Macdonnell:** The only matters that the tribunal can take into account are the matters that are made relevant or material by the statute. In some of the decisions we make, there may be a special circumstance that has a whole content around it. In others, it is quite clear: these are the requirements—are they met? Yes or no. If the answer, after looking at all the facts, is no, then we must make the legally correct decision.

**Senator CAMERON:** Say you get someone who has been told, 'You have to do work for the dole,' and they are concerned about, say, their safety and not having the proper capacity to undertake the work-for-the-dole job. For instance, Minister Hartsuyker was talking about painting community halls and yesterday we spoke about community halls sometimes being three storeys high. These are people who have, maybe, been on Newstart for some period of time. They are told, 'You have to do this,' and they say, 'I do not think it is safe for me to do this,' and the department says, 'You lose your entitlement; you can starve.' Do you deal with that? Is there any way for the person affected to deal with that through your organisation?

**Ms Macdonnell:** If it is a decision and it is affecting the interests of a person, they have the right to apply for review. But the tribunal is required to apply the letter of the law. It must make the legally correct decision. Only when more than one decision would be legally correct is there any discretion, and the tribunal then makes what it regards as the preferable decision. It does not have scope to make decisions that do not comply with the law. The answers to your questions will very much depend on what is much enshrined in the legislation.

**Senator SIEWERT:** I want to ask about those younger people who are now going to be on Newstart with nil payment—in other words, they are the cohort who are not going to have any income support for six months. We learned yesterday that they can be breached—sorry, 'breached' is my word; they can be deemed non-compliant—for not turning up for a monthly appointment. The result would be an extension of the time they are without payment. Can they appeal that to you, given that they are on Newstart? Will they be able to take up a merits decision?

**Ms Macdonnell:** I cannot answer anything that is completely hypothetical.

**Senator CAMERON:** Ms MacDonnell, the whole program is hypothetical until it becomes legislation. Let's not go down that path.

**Ms Macdonnell:** I do not know what the provisions will be, but once there are provisions and once they are being applied—that is, a decision is being made about whether a person does not get a payment, is transferred to another payment, is suspended from it or has their rate set to nil for a certain period of time, whichever way you choose to express it—then, unless there is something put in the legislation which says there is no right of review by the SSAT, they would have a right.

**Senator CAMERON:** Let us come back to my example. It is not a hypothetical example, given that we are dealing with something that has not become legislation and that we have to try and get an idea of how it will work. Let us say there is a work-for-the-dole individual who is told, 'You are going to go and paint the community hall,' and they say: 'I am not confident about this. I have never worked two stories or three stories high. I am not sure if this is safe, so I am not going to do this—because I genuinely feel I am in an unsafe situation.' They come to you and they appeal. Do you have the capacity to go out and have a look at the work-for-the-dole situation that they were worried about?

**Ms Macdonnell:** Assuming the tribunal has jurisdiction to review a decision about work for the dole, the extent of the discretion it has, if any, will depend on the legislation.

**Mr Pratt:** The way to cover Ms Macdonnell's caveats is: one would assume that the individual has refused to comply with the Work for the Dole requirement on the basis that he or she feels that it would be unsafe to do so and, on that basis, then the Department of Human Services has decided to suspend their payment for some reason. In that event, my assessment would be that they would be able to appeal that to the SSAT.

**Senator CAMERON:** If that is the case, that they can appeal and they say, 'This is my evidence that I was put in an unsafe work situation; I did not feel safe to do this,' do you have the resources or the legal capacity to go out and make a judgement on that particular claim by the individual Work for the Dole recipient?

**Ms Macdonnell:** I do not know.

**Senator CAMERON:** You do not know?

**Ms Macdonnell:** I do not know until it is drafted. What I am saying is: I do not know whether, depending on what is drafted, there will be a discretion for the SSAT to be able to form its view on that or whether it is obliged to accept a view of whoever is running that program. I just do not know the answer.

**Senator CAMERON:** This is interesting.

**Mr Lye:** It is an answer that we can probably give once the legislation has been tabled and then whatever has happened with it—it has been passed or not passed.

**Senator CAMERON:** What worries me, Mr Lye, is that you have an allocation of additional budgetary measures for SSAT, so you must have thought through this somewhere. I am not sure if the government has actually provided you with any details of how this program will work and the implications. Something must have said, 'I am going to need more money for SSAT because we're going to get more appeals.' I am giving you what I think would be a very reasonable, practical appeal coming before SSAT on Work for the Dole. Remember, you are not only going to have the safety issue; you are going to have a situation where these young workers will have no income whatsoever. They are going to starve. They are going to be put on the street. I need to know how Ms Macdonnell is going to deal with this, because she is their only hope.

**Mr Lye:** I understand what you are saying. I suppose the question is best directed to two places: the people who do the work around assessing the likely workload for the SSAT are officers of our department in the outcome area that handles the social security legislation, in conjunction with the Department of Human Services.

**Senator CAMERON:** What outcome is that? When is that on?

**Mr Lye:** That is on today, outcome 1—and also Department of Human Services. Obviously, what they draw on to make that assessment is a long history of policy changes and observed impact in relation to appeals traffic as a result of policy changes that have been made.

**CHAIR:** Make this your last question, Senator Cameron.

**Senator CAMERON:** Can you point me to any observed incidents where individual workers, or Work for the Dole recipients, will have no income for six months? How do you draw your assessment from there? How did you assess how many appeals may go to SSAT arising from this quite vindictive ideological approach to unemployed people in this country? How did you then make the assessment that there needs to be an increase for SSAT? On what basis was that done and what were the fundamental underpinnings to provide more money? How many more appeals are you expecting and how long will those appeals take? Provide on notice, if you can, what you see as the legislative restrictions or the discretion that SSAT might have in dealing with this likely outcome that I have indicated—the health and safety outcome for a young worker.

**Mr Pratt:** Yes, we will take that on notice. There will be a range of people we will have to consult in that area. There are a number of things. There is the operation of the Human Services Network and how they will look at these things and—

**Senator CAMERON:** I will be talking to them tomorrow about this. So they are on notice.

**Mr Pratt:** There is the work that we have done around the income support system and potential numbers there, which we will have to have a look at. Also, without wanting to be difficult, from my prior experience in working with Work for the Dole many years ago, I do recall that there were procedures in place to cover off occupational health and safety issues of the sort that you have raised. So we will need to ask our employment colleagues for any information there.

**Senator CAMERON:** Just on this last issue, can I just indicate that yesterday we received advice from Employment who have got an engagement in the Work for the Dole scheme that there will be one officer who will be doing all of the health and safety in Fairfield. There will be 3,600 Work for the Dole participants. There could be 3,600 individual Work for the Dole operations going on in Fairfield. How do you physically check that there are 3,600 safe pieces of employment being undertaken? It is just not practical. This is why—

**Mr Pratt:** That is not an issue that I can address.

**Senator CAMERON:** It is not an issue that you can address. But it has got implications for SSAT, and you indicated to me that is how it was fixed. I am saying it cannot be.

**CHAIR:** Senator Cameron, you have had more than enough time.

**Senator SIEWERT:** I wanted to follow up a question, and I know some of this question will have to go to another committee. But there is a relevant part, and that is the budget measure outlined in Budget Paper No. 2 that talks about the amalgamation of the various merit review tribunals. Have you been involved in any discussions either prior to that decision or since that decision has been made? What processes are you undertaking as part of that amalgamation?

**Ms Macdonnell:** Prior discussions, no. Since, yes. The implementation is being led by the Attorney-General's Department, and I think that is as much as I can say.

**Mr Lye:** I might add, as Ms Macdonnell said, the Attorney-General's Department is leading the process. They have established a steering committee which we are represented on, as are the Department of Social Services, Immigration and, obviously, Attorney-General's. Then there is a series of working groups that sit underneath that. In addition to that, there is a process whereby we are making sure that the members of the tribunals are also involved. For example, we have very recently had a telephone catch-up with departmental officials and the tribunal heads to discuss the process going forward. The process is a department led one, led by AGD, but we are mindful of the fact that we need the expertise of tribunal heads in that process.

**Senator SIEWERT:** Does the extra funding allocation go holus-bolus then into this new process?

**Mr Lye:** Which funding allocation?

**Senator SIEWERT:** Would that allocation for the SSAT go holus-bolus into this new process?

**Mr Lye:** No. Any funding budgeted for the SSAT for this coming financial year remains as it would normally be distributed, and the proposal is that any decision to merge the entities would then happen from 1 July 2015.

**Senator SIEWERT:** So any funding allocation that you have got beyond that would then go over to A-G's?

**Mr Lye:** That would be one of the issues that need to be determined.

**Senator SIEWERT:** Can I take from the point that you just made that there is not a guarantee that this is going to happen? That is not the way I read the budget papers.

**Ms Lye:** It is necessarily subject to government decision-making around a proposal. Obviously, that is the process we are going through at the moment with Attorney-General's Department around what that merged entity would look like. It will be subject the passage of legislation. So there are a number of 'ifs' there, I suppose. The government's position is clear, but there are a number of things we have to work through.

**Senator SIEWERT:** Is there any proposal to consult with the community? In particular I am thinking about the peak organisations that have a level of involvement with, and interest in, the decisions. I am obviously thinking about this from the perspective of this portfolio. I would think that there would be other tribunals and panels where there would be community interest, as well.

**Ms Lye:** It is probably a question for the Attorney-General's Department to set out that level of detail. They are the leaders.

**Senator SIEWERT:** Perhaps as the leaders for social services you might be interested in what the community organisations think about it.

**Mr Pratt:** Our general approach is to consult rather than not to consult. So to the extent that we are influencing that, that will be what we feed into it. But this is being run by the Attorney-General's Department.

**Senator SIEWERT:** Mr Pratt, were you consulted about the process of amalgamating the merits review tribunals?

**Mr Pratt:** Yes.

**Senator SMITH:** Mine are brief questions in regard to the ABC and Ramp Up. This has been discussed in this latest estimates round. Mr Scott did have something to say about his understanding of what the situation was. Can you provide us with an understanding of the basis on which that original FAHCSIA grant was given to the ABC for Ramp Up.

**Mr Pratt:** I will have to get my communications people to come to the table. I am advised that this should probably be asked under outcome 5, in the next session.

**Senator SMITH:** I am happy to do that.

**Senator LUNDY:** I would like to go to some general questions about the references to the outsourcing of government payment systems, which was contained in the commission report, and what budget decisions were made in relation to that specifically.

**Mr Pratt:** These are matters which are outside the direct interests of the Department of Social Services. It is possible that the Department of Human Services tomorrow night might have some insights into that, because they run the systems that pay our income support payments.

**Senator LUNDY:** Who currently provides your IT services?

**Mr Pratt:** It is combination. We have IT services which are provided in-house by my IT team. Mr Qui was here earlier. A lot of the delivery of payments—the vast majority of them—go through the Department of Human Services.

**Senator LUNDY:** What is your understanding of the changes that are going to be taking place? What have you been advised, specifically, as secretary of your department.

**Mr Pratt:** I have a very superficial understanding of where that might be heading at this stage.

**Senator LUNDY:** That does not answer my question. What have you been advised so far?

**Mr Pratt:** I am struggling to think, other than to know that in the Commission of Audit there was a recommendation to the effect that government should consider whether or not it might outsource those payment systems. Beyond that, I have not been advised of anything.

**Senator MOORE:** Mr Pratt, I have some questions on IT and the cost of ageing. I will put them on notice, because we talked about them last time and we got some questions and they are still ongoing. I want to ask more about the general role of the department in overall activities with social services. In your 'Agency overview and resources', the strategic direction statement says:

The Department of Social Services (DSS) aspires to be the Australian Government's lead agency for social policy. I am interested in the verb 'aspire' and I do not know why that verb is used there.

**Mr Pratt:** This is an aspirational statement. We would like to see ourselves as Australia's pre-eminent social policy agency. It is not a title which we can bestow on ourselves, so that is what we aspire to be.

**Senator MOORE:** Who are your competitors as the Australian government's lead agency on social policy?

**Mr Pratt:** In the past when I have talked in these terms, I have noticed that my colleagues in the Department of Health, the Department of Education, the Department of Employment and the Department of Human Services all tend to be slightly competitive about this.

**Senator MOORE:** Fine. That question was just for interest. Senator Siewert and I have asked these questions over many years, but I think that it is important at this stage, post budget, to look at the study and review of the composite impact of a range of budget initiatives or policy changes on individual vulnerable groups. Is there any work done in your department to have a look at an unemployed person, a young person, an old person over 70 or under 70 and look at generally what will be the combined impact of a range of programs that are being introduced at the same time? Is that your job?

**Mr Pratt:** That is a job primarily for Treasury.

**Senator MOORE:** Would your department have a role in that?

**Mr Pratt:** We might contribute to it, but it would be Treasury led.

**Senator MOORE:** Is there a group anywhere that looks at that? If it is a role for Treasury, with your involvement, are you aware of any group within the government that actually does that work?

**Ms S Wilson:** Treasury do distribution modelling of significant changes in government policy. For example, under the previous government, around the Household Assistance Package, they did a lot of distributional modelling of the impact of the Household Assistance Package and the carbon price. When there are significant changes, they will do that modelling, and it is normally published. DSS's role, and previously FaHCSIA's, is to fact check some of the elements that might be published. We will also have ongoing liaison with Treasury about the way they do their modelling so that we are able to look for the impact of individual measures for which we might be responsible and make sure that our modelling is up to speed. We do not do that global distributional modelling of the combined impact of a range of policy measures across a range of departments. That is the Treasury's job.

**Senator MOORE:** And that work is done both before and after introduction of payments or policy changes?

**Ms S Wilson:** The modelling is always prospective. It is based on a number of assumptions. Then there is ongoing analysis arising from surveys and other work that looks at impacts, changes in income, changes in employment. That work is done both within the bureaucracy and externally by a number of researchers.

**Senator MOORE:** So who in the bureaucracy does that work?

**Ms S Wilson:** On occasion we would look at things, for example through the Household, Income and Labour Dynamics in Australia Survey, so both government researchers and external researchers would look at trends in distribution of wealth and trends in income changes over a period. That is the purpose for which those sorts of large, longitudinal household surveys have been established.

**Senator MOORE:** I know that is done specifically through Stats, but is there a group that—

**Ms S Wilson:** No; we have a partnership with the Melbourne Institute of Applied Economic and Social Research to undertake the HILDA Survey. There are a range of users, both within and outside government, of that survey to look at impacts over time on households of changes in the economy and changes in policy.

**Senator MOORE:** And is there a group within the bureaucracy across a number of agencies that work on that?

**Ms S Wilson:** There would be individual areas in individual agencies that would do that sort of work.

**Senator MOORE:** No-one coordinates that? Who coordinates that?

**Ms S Wilson:** There are conferences that bring together those findings. We help sponsor a conference that the Melbourne Institute runs and findings are often released at other conferences. So the Melbourne Institute has their own economic outlook conference that they run every couple of years and researchers may in fact present papers arising from HILDA analysis there, including some of our own staff, who on occasions present papers at that conference or other conferences which are relevant.

There are workshops on longitudinal analysis that we help sponsor, that bring together people from academia and within government. They tend to be more technical. We hold social policy research workshops within the department, which look at work-in-progress and early findings often ahead of publication from researchers who are using the surveys that we are responsible for and other relevant pieces of research. So we are also responsible for the longitudinal study of Australian children and the longitudinal study of Indigenous children, and every year or so we run what we call a social policy research workshop which gets together people to discuss findings.

**Senator MOORE:** That is all done through DSS?

**Ms S Wilson:** DSS does that particular activity, yes.

**Senator MOORE:** I do not have time to go through more on this issue, but I will follow up. I am interested in the data in the budget papers; there was some indication about impact on families of different budget changes and there were graphs and information at the front. They are not there this time. Is that the work you have done in the past or has someone else done that?

**Ms S Wilson:** We never do that work. As I said, Treasury does that work.

**Senator MOORE:** Well, they do the modelling. I was just wondering, whether they have done the—

**Ms S Wilson:** No. Treasury is responsible for the production of those papers.

**Senator MOORE:** Yes, I know that.

**Ms S Wilson:** We may be asked to fact-check particular elements of it to reflect if the policy change is accurate and if the implementation date is accurate. But we do not do the modelling.

**Senator MOORE:** Minister, I know you have been asked this, but particularly from your portfolio: the fact that that information was not in the budget papers this year, is that something that was discussed with you?

**Senator Fifield:** What is in the budget papers is a matter for the Treasurer and the Minister for Finance. I did not have any discussions with them.

**Senator MOORE:** The only reason I am asking is that up until now, from this area, there was specific information in the budget papers. When you looked it up, you could see some description of what the proposed prospective impact was for the changes on families, looking particularly at the social services areas. It is just not there this year. But that was not a decision of which you were a part?

**Senator Fifield:** The budget papers and what is contained therein is a matter for the Treasurer and the Finance minister.

**Senator MOORE:** Did you find that information useful in the past, Minister?

**Senator Fifield:** I always find the budget papers useful. I particularly found useful some of the budget-related papers, in particular the social services budget-related paper, which does have some good cameos.

**Senator SIEWERT:** I have a question about the grants and it is a clarification. The Indigenous parenting service—has that now gone over to PM&C or is it one of yours?

**Mr Lye:** It will be a question that can be answered at outcome 2.

**Senator SIEWERT:** That is what I am checking. So it is one of yours and I should ask that in outcome 2?

**Mr Lye:** It certainly was part of the FaHCSIA program suite.

**Senator SIEWERT:** Yes it was, but is it still?

**Mr Pratt:** We will be able to look at that at outcome 2. The vast majority of those programs went to PM&C, but there are some which remained with us because of their close connection with the family support program.

**Senator SIEWERT:** Exactly.

**Senator SESELJA:** I neglected this earlier in my questioning around the DSS's decision on the new building: I just wanted to congratulate the department for that decision. I think it is a very important decision. I know that many staff are very pleased with the decision, that they will be getting good new accommodation. But this was also a very important decision for the local area: the businesses in Tuggeranong and many people in the Tuggeranong community. I commend you Mr Pratt and the government on what is a very welcome decision.

**Senator MOORE:** Can I ask you about the indication on the recent snapshot of staffing? As I indicated when you were sitting in the back before, you have 17 people in the grants management unit. I am wanting to check whether that is accurate now—as opposed to a couple of months ago when we got the snapshot. Secondly, with all the work you explained you have been doing in the grants area, is there a need for any augmentation of that?

**Ms Bennett:** With due respect, I think you have misread the table that was provided in question No. 81. At 27 February, the program office headed by Dr Reddel had 150.

**Senator MOORE:** That is in the whole area. But the little line that says 'grants'—is that just one element of it, is it?

**Ms Bennett:** Yes, it is just one element. In fact, due to some further changes arising out of the machinery of government changes, as at 26 May, in the program office, which has a number of areas which look after grants, there is actually an FTE of 127.

**Senator MOORE:** Thank you for clarifying that. I had been looking through and beside 'grants management' there is the number 17.

**Ms Bennett:** It is all of those people except for the ones labelled 'civil society'. Broadly, within that group, the main activities of which are grant reforms and design, selection processes and communication, there are 129. That does not include the people who work in our state offices, who are involved in direct contact and engagement with providers and in monitoring agreements.

**Senator MOORE:** You needed no augmentation for the period of this massive change?

**Ms Bennett:** No. Previously grants were run throughout the department and in those areas of the department that the machinery of government changes brought into our department. We were able to achieve efficiencies by bringing all those together as part of our internal reform. That also allowed us to streamline and reduce duplication. So it was dealt with using internal resources.

**Senator MOORE:** That structure that you have done now is the current structure?

**Ms Bennett:** It is the current arrangement. During the selection process, we will draw on other people from across the department for a short period of time. That will give us that 'surge' capacity to deal with the selection.

[11:32]

**CHAIR:** We will now move to outcome five, disability and carers. Minister, I understand you have an update for us.

**Senator Fifield:** I just thought that estimates provided me with an opportunity to give a brief update on the third quarterly report of the NDIS. We have now had three full quarters. Colleagues will remember that, in the first quarter of the operation of the NDIS, average package costs were \$46,300—which was nearly 30 per cent higher than the budgeted average package costs of \$35,000. I was at pains in November last year, I think it was, at the National Press Club to make clear that you do have to be careful in extrapolating one quarter's results to the full scheme. Nevertheless, that is no reason for the scheme not to—out of an abundant sense of prudence—interrogate the results of the first quarter. In the second quarter, average package costs fell but were at \$40,600, still 15 per cent higher than the budgeted average package costs.

Following the release of the data, I did express concerns to the board regarding the potential impact of average package costs being higher than anticipated on an ongoing basis. It is fair to say that concern was also shared by the board. In response, the agency put in place a number of measures to address that situation, which has helped to bring average package costs to within the budgeted average of \$34,000.

The third-quarter report also shows that there are now 5,400 participants who have an approved plan. In the first and second quarter, approved participant rates were around half of what was anticipated in the bilateral agreements. As of the third quarter, we are nearly at 80 per cent of the bilateral target of 6,861 approved participants.

I want to place on record my admiration for the staff of the agency for the incredible effort that they have put in not only in getting the trial sites up and running but also in always keeping a weather eye to the sustainability of the scheme and to delivering the scheme within the funding envelope that has been agreed between all jurisdictions.

I think colleagues will also recall the scheme actuary advice that higher costs for supporting people in large residences in the Barwon and Hunter trial sites had not been factored into the bilateral agreements signed under the previous administration, which could—and they emphasised could—result in an extra \$100 million in costs over the trial. That is an issue for the trial, not for the full scheme. I think colleagues will also recall that previously the scheme actuary advised that it is likely that participant numbers and costs for trial sites could show a difference of over \$390 million between the bilateral agreements for 2013-14 to 2015-16 and the actuary's higher estimate of participant numbers.

I recognise, and I think we all do, that change of this significance and importance is not easy and that we do have to learn as we go, which is why the trial sites are so important. But I want to just emphasise again, in the wake of the budget—and I think that the budget demonstrates this in an unequivocal fashion—that the government is 100 per cent committed to the full rollout of the NDIS.

I should also update the committee that we are forging ahead with three new NDIS trial sites, which will be commencing in a little under a month in the Perth Hills region, in Western Australia; in the Barkly region, in the Northern Territory; and the scheme's first all-of-jurisdiction rollout in the ACT. Also from 1 July, the Hunter trial will extend to the Lake Macquarie area, and the South Australian age cohort will increase to 13 years of age. Also—good news—the Prime Minister opened the national headquarters of the NDIS in Geelong and signed an agreement with the Northern Territory for the NDIS trial site, and an agreement has also been signed with Western Australia for 1 July. Rollout details are imminently to be finalised with the ACT. These clearly are not the actions of a government that is intent on doing anything other than rolling out the NDIS in full.

I should just, in conclusion, make reference to the fact that the board of the agency published an independent capability review of the NDIA, I think between the last estimates and this estimates. That review did raise some issues that came about as a result of the decision of the previous administration to bring forward the commencement of trial sites by a year from the time frame that the Productivity Commission envisaged. In response to the capability review, the board of the agency has commissioned KPMG to provide advice on a variety of elements of the capability review, including whether the current schedule is consistent with a successful full-scheme rollout. The board will be providing advice to all governments on this matter.

This government—I think as with all Australian governments, and indeed all oppositions in all parliaments—is determined to lay firm foundations so that the scheme is the best that it can be. I should also just commend the work of the Joint Standing Committee on the NDIS, which is proving to be very valuable, I know, for the agency. Thank you, Chair.

**CHAIR:** Thank you, Minister. We will deal with questions on the NDIS and the NDIA first.

**Senator McLUCAS:** Thank you, Minister. Welcome, Mr Bowen. Let us go to the KPMG review that is happening. First of all, who asked for that review to occur?

**Mr Bowen:** The review was commissioned by the board after considering advice from management of some of the risks associated with the full scheme rollout, particularly in terms of the capacity of the market to transition from its current status to a contestable market and issues around workforce. KPMG have been engaged to provide advice to the board. The board has indicated that it will then provide a recommendation to the minister and through the minister, as the Chair of the COAG Disability Reform Council, on an optimal rollout schedule for the scheme. It is anticipated that that advice will come through in the next couple of weeks. The intent of the chair of the board is to use the period of June to discuss that with the Commonwealth minister and with state and territory ministers to ensure that what is being proposed meets all of the needs of the different funders of the scheme and test some of it with key people in the disability sector, with a final report to be by the end of June.

**Senator McLUCAS:** That is only four weeks away.

**Mr Bowen:** Yes, it is a tight time frame. The board in fact is having a discussion with KPMG tomorrow, and from that it will start to form a view as to what its recommendation should be. I should make it clear that KPMG have not been asked for a recommendation for any variation to a full scheme rollout. They have been asked to identify the risks, the controls, the issues and some options—not rollout options—around management of those risks. It is a matter for the board to formally make a recommendation.

**Senator McLUCAS:** Can we see a copy of the terms of reference for the review, or is that the property of the board?

**Mr Bowen:** Yes, we can provide that. We note that we have in fact provided the terms of reference in an answer to a question on notice.

**Senator McLUCAS:** Well, do not provide it again, please. You have explained that the board is meeting with KPMG tomorrow—I think you said?

**Mr Bowen:** Yes.

**Senator McLUCAS:** Have you met with them previously? How iterative is this process?

**Mr Bowen:** KPMG has obviously been meeting with both the subcommittee of the board, the management for the agency, and senior officials from the Commonwealth, state and territory governments.

**Senator McLUCAS:** Has the agency had conversations with states and territories around the terms of reference of this review?

**Mr Bowen:** Only at an informal level. The formal consultation will be in the period following the board making a decision and having that discussion formally with Commonwealth, state and territory ministers.

**Senator McLUCAS:** Officials and then ministers?

**Mr Bowen:** Ministers and officials at the same time.

**Senator McLUCAS:** So this report is going to have management recommendations rather than any recommendations for any delay to the rollout?

**Mr Bowen:** The KPMG report does not provide a recommendation; it provides a list of issues to be managed and some different scenarios around how to address those issues. The recommendation is on the best way to meet the two principal considerations of the board—that is, that it occur as quickly as it possibly can but in a way that is also achievable and deliverable, taking into account the assessment of those risks.

**Senator McLUCAS:** Mr Bowen, are you aware of any proposals that the government considered in the lead-up to the budget that involved any delay to the timetable for rollout of the NDIS?

**Mr Bowen:** No.

**Senator McLUCAS:** Did the department provide advice about an alternative rollout around the NDIS? I mean the timetable.

**Mr Pratt:** We certainly have provided a lot of advice to government about all aspects of the NDIS, including the rollout. As always, I would never go into what was provided in the context of the budget, but I think in this instance I am able to say that there were no proposals that we were working on that went into the budget.

**Senator McLUCAS:** Around an alternative timetable for the rollout?

**Mr Pratt:** It was not a matter for the budget.

**Senator McLUCAS:** Let us talk outside the budget parameters then, outside the budget context. Have there—

**Mr Pratt:** Certainly the department has provided advice to the government about the NDIS rollout, yes.

**Senator McLUCAS:** And a potential delay or an alternative timetable?

**Mr Pratt:** Certainly around timetables, yes.

**Senator McLUCAS:** The 2014 budget includes a further efficiency dividend for the NDIA of 0.25 per cent. Can you explain to the committee what impact this efficiency dividend could have on the agency and potentially the scheme?

**Mr Bowen:** Yes. We were comfortable with that efficiency dividend. The agreement was that we would not be applying that dividend to any of the front offices that are providing the client-facing services, and we are confident we can absorb that dividend through improved productivity and savings in the national office.

**Senator McLUCAS:** What does that mean?

**Mr Bowen:** The circumstance in which the agency has been delivering its national office has been overlaid with the transition to Geelong, so we have been making significant use of contractors and consultants over that period. We believe that, as we are stabilised in Geelong and we are replacing those with permanent employed staff, we have the capacity to meet that efficiency dividend.

**Senator McLUCAS:** You have not allocated one particular line item in the operation of the budget?

**Mr Bowen:** No, I would not propose to do that. We really are at the point now of constructing the baseline operational budget for the agency after only 10 months experience.

**Senator McLUCAS:** What does 0.25 per cent mean on your 2014-15 budget?

**Mr Bowen:** I do not have the dollar return. We can provide that to you.

**Senator Fifield:** But I should point out, Senator McLucas, that that applies to the agency as opposed to the scheme and that there was some further good news in relation to the scheme in the budget, in that there was an efficiency dividend which under the previous government was mistakenly applied to the package costs of the scheme, and the budget—

**Senator McLUCAS:** You are not casting aspersions on your staff, are you, Minister?

**Senator Fifield:** This budget reversed that so that this budget actually will see an additional—is it \$40 million?

**Ms Glanville:** 44.

**Senator Fifield:** An additional \$44 million, which I am sure we are all pleased about.

**Mr Pratt:** And to clarify, Senator: it was not applied by the department or the former department, FaHCSIA; it was Finance.

**Senator McLUCAS:** Finance did that? That is great. Well spotted. Let us go into the rollout now. The ACT starts—you said, Minister—on 1 July. Can I get an update of how that is progressing, please?

**Ms Hand:** The ACT starts from 1 July 2014, and we are pleased to announce that the Prime Minister has approved the change to the rollout schedule.

**Senator McLUCAS:** What was the original schedule for the ACT?

**Dr Hartland:** The original schedule was to have the ACT fully in the scheme in two years. The ACT government wanted to slow that down slightly.

**Senator McLUCAS:** And that has been agreed?

**Dr Hartland:** Yes.

**Senator McLUCAS:** Was that an amendment to the bilateral agreement?

**Dr Hartland:** Yes.

**Senator Fifield:** It will take on additional quarter.

**Dr Hartland:** It will take an additional quarter.

**Senator McLUCAS:** 2¼ years.

**Senator Fifield:** And that was at the request of the ACT government.

**Senator McLUCAS:** The Northern Territory is 1 July?

**Dr Hartland:** That is right.

**Senator McLUCAS:** One geographical area, is it?

**Dr Hartland:** That is right. The area covers a comparatively small trial site of about 150 people. We have decided to bring them in all in one go rather than phase them over two years, which does seem to make sense. The agreements are fine for the Northern Territory. We still need to do a bit on the contributions of cash and in-kind, but the phase-in arrangements are agreed for the Northern Territory.

**Senator McLUCAS:** And the process for people applying is the same as what operated in our other launch sites?

**Dr Hartland:** Yes, but recognising that in a remote area with a small population the operational implementation of that is necessarily going to look a bit different than it would in a metropolitan or a large regional town.

**Senator McLUCAS:** And those 150 people known to the NT government as people getting supports through the NT government currently?

**Dr Hartland:** Yes, that is right, most of them will be. Inevitably there will be some people that are not supported that will need to come in.

**Senator McLUCAS:** People who are known to the NT government may not be getting support from the NT government. They may be on a waiting list.

**Dr Hartland:** That is right, yes.

**Senator McLUCAS:** The question I am asking is: are they easily identifiable?

**Dr Hartland:** The NT government believe that they know all of the people who are either currently getting support—obviously—

**Senator McLUCAS:** I would hope so.

**Dr Hartland:** and people on waiting lists, and of course there may be some people that are unknown that would of course be entitled to apply.

**Senator McLUCAS:** Who may be eligible.

**Mr Bowen:** If I could add, just generally beyond the 2014 trials, the agency is on track with property and staffing. That is fine. With the NT we have had our staff who have been in place in Tennant Creek for a little while and visit most of the communities. We are quite comfortable with the 150 as a reasonable number.

**Senator McLUCAS:** And workforce issues in the Territory?

**Mr Bowen:** For the agency workforce we have had a little bit off a blip, but we have overcome that now. We are intending to do the intake there very quickly to try to get as many people in before the wet season makes some of the communities inaccessible. We have staff moving from some of the other trial sites to help with that, but we have some permanent staff on the ground.

**Senator McLUCAS:** Describe the WA outlook, please, Dr Hartland?

**Dr Hartland:** As you know there are two trials in Western Australia. They both start on 1 July. One is an NDIA trial site in the Perth Hills area, and there is an additional My Way site in the lower south-west of Perth. They both start on 1 July. That is run by the WA Disability Services Commission. There was a desire to test different models. They are broadly on track. Mr Fifield has written to Minister Morton about the phase-in arrangements for those sites. We expect to hear back from them very soon. So we are on track to get that done. Again, we will have to do some work in the split between cash and in-kind contributions once those phase-in arrangements are agreed, but we think we are broadly on track for that.

**Senator SIEWERT:** Are you able to tell us what those proposed phase-in arrangements for WA are?

**Dr Hartland:** We may have that with us. We may have to take this on notice. I am sorry, Senator.

**Senator SIEWERT:** Take it on notice and come back after lunch.

**Dr Hartland:** Certainly.

**Mr Bowen:** Generally for the Perth Hills trial site, which the agency is running, it will be existing clients of the Disability Services Commission primarily, particularly those who have an existing local area coordinator.

**Senator SIEWERT:** Do you mean in the first intake?

**Mr Bowen:** Yes. One of the benefits we have in WA is that the Disability Services Commission has good individualised data.

**Senator SIEWERT:** On those who are in the system?

**Mr Bowen:** On those who will be coming in the first tranche.

**Senator McLUCAS:** Known applicants.

**Senator SIEWERT:** Yes, but the process in WA means that people stop applying. So there will be people who are known applicants but there will also be people who are out there who stop applying because of the process that runs in WA.

**Mr Bowen:** The bilateral phasing will allow for some intake of new clients. That is always the case. But we will take that question on notice and give you the details.

**Senator SIEWERT:** Thanks.

**Senator McLUCAS:** We have talked about an amendment to the bilateral agreement for the ACT. Have there been any changes to the bilaterals for WA, NT and Queensland?

**Ms Hand:** No.

**Senator McLUCAS:** Can I get an update on the Queensland launch date, please.

**Dr Hartland:** As you know, Queensland at the moment is not having a trial before it starts the transition to the full scheme. It will start the transition to the full scheme in 2016-17, so that will be 1 July 2016.

**Ms Skordis:** Our agency was recently negotiating with the Queensland government to start some joint collaborative approaches to transition management, looking at things like sector readiness and individual readiness. So we will be hoping that there will be a couple of agency staff who will be located there and working collaboratively with the Queensland government over the years leading up to the commencement of the rollout in Queensland.

**Senator McLUCAS:** Have we appointed the Queensland manager yet? I understand Ms Cairns is here, but—

**Ms Skordis:** No.

**Mr Bowen:** We have not—

**Senator McLUCAS:** But the preparatory work will—

**Mr Bowen:** It generally reflects cooperative arrangements with the Queensland government. The government and the department officials who we are working with are very keen to ensure that they do everything that can be done to be NDIS-ready by July 2016.

**Senator McLUCAS:** Moving away from the launch to the full scheme rollout, have negotiations between the Commonwealth and states and territories started for the phasing of the scheme beyond launch sites?

**Dr Hartland:** No, they have not.

**Senator McLUCAS:** Is a process in place to start those negotiations?

**Dr Hartland:** We meet regularly with the states and territories and we anticipate that we will start discussing the elements that we will need to agree on and the agreements that will govern transition and the nature of the transition later this year. This does not have to be done now, but before that we will obviously need to brief the

minister and get authority from cabinet for positions. So we are not yet at the stage where we would anticipate having formal negotiations with state officials.

**Senator Fifield:** But I would say that state ministers are actively considering this and, informally, there are discussions between me and various state ministers as to what their thinking is. It is fair to say that a lot of the state jurisdictions are still fairly fluid as to what they think might be the optimal way to roll this out through their jurisdictions.

**Senator McLUCAS:** Is the time line for the full rollout of the NDIS across the country committed to by the previous government still on track?

**Dr Hartland:** Yes.

**Senator McLUCAS:** How is the government measuring and monitoring state and territory maintenance of effort in disability services under the obligations that were in the bilateral agreements for this period of launch until we get to the full scheme?

**Dr Hartland:** The bilateral agreements do not include specific obligations.

**Senator McLUCAS:** There was a document that says very clearly that maintenance of effort in disability services must be maintained until we get to full scheme rollout.

**Dr Hartland:** That is in relation to continuity of support for individuals, which is a different issue to maintenance of effort in the programmatic sense.

**Senator McLUCAS:** I thought in that first agreement that we struck there was agreement around this principle of maintenance of effort.

**Dr Hartland:** In the first agreement there was in the IGA for launch a principle that all governments are signed up to that existing clients, if they are not eligible for the NDIS, will receive the same outcomes as they would. So I guess you could describe that as maintenance of effort for individuals. Maintenance of effort in system terms is a different issue.

**Senator McLUCAS:** Sure.

**Mr Pratt:** I think there is a technical distinction but, in terms of continuity of the assistance that people were getting pre-NDIS, yes, there was an agreement between the Commonwealth and all states and territories around some of the original principles for the development of the NDIS; that is right, Senator.

**Senator McLUCAS:** So how are we monitoring that; how do we ensure that people are not being told, 'Just wait the NDIS will turn up one day'?

**Dr Hartland:** So continuity of support?

**Ms Glanville:** Perhaps I could add something to this. At the recent COAG meeting, one of the requests was that the agency look at the interface with other areas of operation in relation to states and territories. That interface work will clearly touch on some of these issues and that is an agency work to report back to COAG on this interface issue.

**Senator McLUCAS:** When does that have to happen by?

**Ms Glanville:** We could take that on notice, but it was certainly a few months out.

**Senator McLUCAS:** I would like to be assured more that the Commonwealth is still aware of what is happening on the ground—and I know you have got to do that through the states and territories. But is that the only method of reporting to the Commonwealth about this notion of maintenance of effort?

**Dr Hartland:** By maintenance of effort you mean the footprint of existing disability systems and not in relation to individuals?

**Senator Fifield:** Those areas outside the trial sites for which the states and territories still have responsibility until that particular area or cohort transitions into the NDIS.

**Senator McLUCAS:** That is correct.

**Dr Hartland:** Those areas will still be jointly funded by the Commonwealth under the National Disability Agreement, and there are arrangements for reporting under the National Disability Agreement that will continue to apply while the National Disability Agreement funding is maintained. In addition, the National Disability Strategy has reporting arrangements in relation principally to mainstream services, but services that people with disability use, and those reporting arrangements will continue to apply.

The performance framework for the NDIA asked the board to report on access to mainstream services for NDIA customers; so going to the issues that Ms Glanville was mentioning that are covered in the reporting within

the NDIS. So there are a range of areas in which the Commonwealth will be involved in looking at what is happening on the ground within and without launch sites. The point before was that the bilateral agreements for launch talked about continuity of support but they do not talk about a specific level of effort within those agreements.

**Senator Fifield:** But, Senator, you raise an important issue that it is vital and it is incumbent upon the states and territories to continue to see themselves as having complete responsibility for those areas that they have previously had responsibility for until those geographical areas or aged cohorts transition into the NDIS. If states and territories are not honouring their ongoing obligations, I am sure that people in those jurisdictions will make that known to you, make that known to me, but it is very important that we underlie that the states and territories have ongoing responsibilities until transition to full scheme.

**Senator McLUCAS:** Do we actually interrogate state and territory budgets to see that it is not going down?

**Mr Pratt:** As a matter of course, we are quite snoopy in that regard.

**Senator McLUCAS:** Good. I hope so.

**CHAIR:** I am glad to hear you are quite snoopy, Mr Pratt.

**Senator SESELJA:** With the new trial sites, I am interested in what is being done to advertise in terms of the rollout. Do we have an advertising campaign planned for those trial sites?

**Dr Hartland:** Yes, a campaign will be occurring soon with some print and radio to inform people of what they need to do to become involved in the NDIS trials.

**Senator Fifield:** I should make clear that I have given clear instructions that any advertising should be factual and unadorned and that it should be primarily targeted in areas that are coming into the scheme, into areas that are coming into the trial. I draw a comparison with some earlier advertising that happened under the previous administration that was nationwide and did not convey much information. You could draw the conclusion that it was perhaps conceived with intentions other than providing information to the community. I think the most curious instance of that previous advertising campaign was the fact that it covered Western Australia despite the fact that at that time there had been no agreement for Western Australia to even undertake a trial. Rest assured it will be factual, it will be unadorned and it will be targeted to those areas coming into the scheme.

**Senator SESELJA:** So we are going to try to learn from the mistakes, or whatever it was, with the earlier campaign. So what will we be using—television advertising or newspapers? What are we looking at?

**Ms Hand:** It is largely print, radio and below-the-line public relations activity. As the minister said, it is factual—so eligibility criteria, time lines for coming in and that sort of thing.

**Senator SESELJA:** So it is targeted primarily at people who are likely to be accessing the scheme and giving them as much information as possible as to who will be eligible and those sorts of things?

**Ms Hand:** That is right.

**Ms Cairns:** In addition to the advertising campaign, each of the three new trial sites has an intensive program of community engagement and information. Large groups and small groups—it covers the full gamut. There is a comprehensive communication engagement plan well underway in each of the three launch sites either done by the agency staff or in some cases done jointly with the state or territory.

**Senator SESELJA:** Can you give me some more detail on how that will look in the ACT? At the moment we talk about community engagement. I know some of the local members in the assembly have been doing things. I know shadow minister Andrew Wall has been having forums and the like. Is that something the NDIA gets involved with—giving information to some of those community advocates? Is that part of what you would do?

**Ms Cairns:** Yes, it is. In the ACT there is a joint communications strategy that talks very clearly about what the engagement will be, who the audience is and who will lead or present that strategy.

**Senator SESELJA:** We talked about print so some of it in the ACT will be in *The Canberra Times* presumably and on some of the local commercial radio stations. Has that been finalised in terms of that campaign?

**Ms Hand:** I believe it has, but I do not have the detail here.

**Senator SESELJA:** When would we expect to start to seeing that in Canberra? When would we expect to see the first print or radio advertising?

**Dr Hartland:** I believe it will be this month.

**Senator SESELJA:** How much will this overall advertising campaign cost? Do we have a number yet?

**Dr Hartland:** No, I do not think we have that at the table.

**Mr Pratt:** We can call back our communications people. They will probably have that detail.

**Senator SESELJA:** On notice would be fine, or it is fine if people can bring it back once they have got it after lunch or something. I am actually a little short on time, so someone can bring it back to us later in terms of a number. Is it broadly going to be significantly less than what was spent on the previous advertising campaign?

**Mr Pratt:** My recollection is that it is in the order of a couple of million dollars.

**Senator SESELJA:** Is it right that the last one was \$20-odd million?

**Senator Fifield:** Under the previous government, I think it was about \$22 million, of which maybe \$17 million or \$18 million was expended, and the bulk of that was expended in a period of a matter of weeks.

**Senator SESELJA:** So this will be more targeted and a lower spend.

**Senator WRIGHT:** My questions were about the evaluation from Flinders University and some questions about eligibility and then questions of the agency. I would be interested to know the current status of the evaluation of the NDIS trial sites which is being conducted by the National Institute for Labour Studies at Flinders University.

**Dr Hartland:** The evaluation is occurring at the moment. Flinders University have just completed pilot studies for the surveys of people with disability, their families and carers and the survey of disability support providers. That was between March and April. Last month, in May, they sent letters to about 24,000 people asking them to participate in the first wave of the survey of people with disability, their families and carers. We anticipate that interviews for that first wave will start in July. We think the first wave of interviews for disability support providers will start in June. I think that is where we are at. We are about to go in the field, basically.

**Senator WRIGHT:** Is the department confident that the evaluation will provide the information about emerging implementation challenges that will be necessary to be able to refine the scheme before it is fully rolled out?

**Dr Hartland:** The evaluation is not focused on implementation. The evaluation is focused on outcomes for people with disability. But, nonetheless, we are confident that the timing of the evaluation and the nature of the surveys they do will give us information that will be useful, when it comes in, to make any policy changes that might be necessary.

**Senator WRIGHT:** What process of evaluation is occurring in relation to some of the implementation challenges that are emerging?

**Dr Hartland:** There is considerable work that the agency has commissioned internally. Also, Commonwealth and state officials, working, of course, with our ministers, have been looking at issues that have arisen during the launch sites. The Disability Reform Council is the regulatory commission's work on officials by officials to look at and address issues as they arise, as if you like. We are constantly reflecting on what launch has taught us about the agreements, the policy and the approach to the design of the NDIS and seeing where there are changes that can be made. One area that I am sure we have identified—and it is one of Mr Bowen's favourite topics—is the way in which we have managed in-kind contributions to the scheme. These are contributions where, for example, we have kept the contracting arrangements for a DSS program in place but wanted to count that as part of our contribution to the NDIS. Australian Disability Enterprises are an example of that. What we have done is we have kept a contract in place, those people come in to the NDIS and we have counted that as a kind of in-kind contribution to the NDIS. The way in which we designed and administered those arrangements does not really suit the agency, does not suit people with disabilities and does not suit the providers. The experience of the launch is telling us that we have to improve.

**Senator WRIGHT:** I understand there is a steering group overseeing the evaluation that we were discussing a bit earlier—the formal evaluation by Flinders University. Can you confirm that there are no non-government stakeholders represented on that steering group?

**Dr Hartland:** I do not believe they are. It is a Commonwealth-state body. I think the answer is yes. I can confirm that. The people nodding at the back of the room can also confirm it. The steering group was intended to allow the states and territories to have a role in the evaluation. It was not intended to be a conduit to the community. The evaluators themselves have set up processes to engage the community separate to the steering group.

**Senator WRIGHT:** I think you said that, rather than looking at implementation challenges, the focus of the evaluation is the outcomes.

**Dr Hartland:** Yes, that is right.

**Senator WRIGHT:** Given that it is about outcomes for people with disabilities, what sorts of processes have been set up to ensure that there is input from non-government agencies or individuals?

**Dr Hartland:** We insisted that they do this as part of a contracting arrangements. I am going to run out of steam on this. I apologise. I will have to take the details on notice. It should not be impossible to come back with some details.

**Senator WRIGHT:** Thank you. You could take that on notice. Obviously, people are concerned that there is that input to be able to evaluate outcomes.

**Dr Hartland:** Yes.

**Ms Glanville:** Senator, perhaps I could assist with that. The research entity came to the Independent Advisory Council meeting some months ago and gave a presentation on the evaluation. That advisory committee is made up of a range of different representatives. In fact, they spent the afternoon discussing the evaluation with the Independent Advisory Committee, giving input, asking questions and giving feedback. That is one example of some input from various parts of the sector to this particular evaluation by Flinders.

**Senator WRIGHT:** Thank you, Ms Glanville. I will wait to get some further information from Dr Hartland as well. I turn to questions about eligibility. Stakeholders have expressed concerns to me about the guarantee of continuity of care in relation to people who are deemed ineligible for the NDIS but are currently receiving services which are in scope for the NDIS. It is the cause of a great deal of concern. Perhaps I could clarify that this is right: my understanding is that the guarantee appears in bilateral agreements between the Commonwealth and the state and territory governments—that is the guarantee of continuity of care—but, in several launch sites, I am aware of people being told they can no longer access a service because they are not eligible for the NDIS. That would seem to be a contradiction between the stated policy and what is actually happening in terms of the implementation. What action is the department taking to address what would appear to be a contradiction?

**Dr Hartland:** The question is: are we aware?

**Senator WRIGHT:** I suppose it is: are you aware?

**Dr Hartland:** I do not think we have had cases put to us yet where a person has not received continuity of support. We would certainly be concerned if that were the case. Principally, it is the responsibility of each government that puts a service into the NDIS. If it turns out that a person accessing that service at the moment is not eligible for the NDIS, it is the responsibility of that government to maintain continuity of support. That is basically what the principle says. I do not believe that we have had a case in Commonwealth programs with a problem yet, although we are working through some issues in relation to mental health. As to whether there are people who are currently accessing state schemes and are not eligible and have not received a service offer, that is really a matter for the state government.

**Senator WRIGHT:** Let me just unpack that answer a little bit more and get a bit more detail about that. You mentioned you have had some issues in relation to mental health. That is a particular area of confusion and concern. Those are the sorts of stakeholders and constituents who I am asking these questions on behalf of. What sort of issues are they? And are you aware of concerns that people have raised with the department about people who have been eligible and who have been receiving services who are being told they are no longer eligible in this implementation phase?

**Ms Hand:** It is obviously very early in the trial stage, but there has been some evidence, particularly in the Hunter, that some people for the personal help and mentors program—PhaMs—who you would expect to be eligible have been found to be ineligible. We sent some people from the department and the agency up to the Hunter recently and they spoke with potential participants, with stakeholders and with service providers. We are looking into that and, obviously, will work with the agency to revise the operational guidelines if perhaps they are being applied incorrectly.

**Dr Hartland:** What we are testing is—

**Mr Bowen:** Something on the numbers—since some work the agency was doing: as at the end of March, on just over 8,000 access requests, we had 801 people found ineligible. We are doing a review of all those ineligibility decisions; we have completed that on 562 matters. Generally, we have found the approach to decision making to be sound but we have found two areas of concern that will need to be addressed in the rules. One is for people who are currently in support, such as PhaMs, and who the agency believes would be better served in the long term by having a robust tier 2; to provide some support—particularly for people with episodic need—instead of characterising them as permanently disabled and pushing them into a full scheme package.

The other area is for people who have a permanent disability but who do not have a current need for funded support, but who are getting support by way of information and referral. We are having a look at those matters to see whether or not we should enter those people into the scheme under the early intervention criteria with a very small or a community support plan. This is work in progress, but we had identified this as an issue a little while ago. We are more than happy—as soon as that report is finalised—to make it public. We are seriously looking in the vicinity of 150-180 matters, potentially, to reverse the ineligibility decision.

**CHAIR:** What happened to those people in the interim, Mr Bowen?

**Mr Bowen:** In the interim, if they were receiving support they should be getting continuity of support from the existing programs and Dr Hartland's outline.

**Senator WRIGHT:** I think you were going to add something, Dr Hartland, before Mr Bowen started speaking? Did you have anything to add?

**Dr Hartland:** Of course, yes. Just to go back to your first question about continuity of support: really, what we are doing at the moment—and drawing on Mr Bowen's comments—is testing whether we think those decisions are right. We are not yet at the stage of saying to you that there is a continuity of support problem or not. What we are trying to understand is what the outcome should be for people who are currently in PHaMs providers and whether the decisions are right.

So just to go back to the line of questioning that started this—which kind of indicated mental health was an issue we are talking through—I do not think we are saying to you yet that we would say that people in PHaMs would be found ineligible and not receive continuity of support. What we are doing is trying to test whether the decision is right and then, if they are genuinely ineligible, then of course the Commonwealth will provide continuity of support.

**Senator WRIGHT:** So I have just a couple of things on that. In terms of you saying that some of this is a state or territory responsibility, to what extent is there a capacity for the agency to become aware of areas where states and territories are not then picking up their responsibility? Is there some process? How do you become aware of that occurring?

**Ms Skordis:** We are negotiating different levels of agreements with each state and territory. With Victoria we are negotiating a memorandum of understanding around how we will manage continuity of support so that there is a clear agreement around who is responsible and in what time frames decisions will be made. In the instance of Victoria, they are exercising their rights under the intergovernment agreement and are actually asking the agency to manage and deliver continuity of support on their behalf, and they will fully pay for that support for those people. That is an example of how we are then dealing with it at a state and territory level, working through, based on the review of the ineligible decisions. That was a first process discussion of a similar nature with the New South Wales government to then resolve with New South Wales how we will manage continuity of support with respect to their programs and services. That is the approach that we are taking.

**Senator WRIGHT:** How does the government plan to communicate these actions and explain what the future holds for consumers, carers and service providers who are anxious for certainty about the services and about the guarantee of continuity of support? Is there some process there?

**Dr Hartland:** When we have a more formed view about how this should operate then of course we would talk with service providers, because the two touch points within launch sites will either be service providers or the NDIA.

**Senator WRIGHT:** Chair, if I could just have one more question, it was really coming back to the issue of particularly the mental health care—

**CHAIR:** The PHaMs people?

**Senator WRIGHT:** The mention of PHaMs there. I understand from mental health stakeholders that the core offering of doubling community support for people with disability, including people with mental illness, is very, very welcome, but it has been put to me that the continuing uncertainty about, particularly, low- to medium-level supports that are being offered currently and whether people will still be able to obtain those and whether the funding for the doubling of support in some cases will actually be at the expense of programs and services that are being provided to other people. That is the issue. Where the services comprise low- to medium-level support for people with a mental illness, how will the government ensure that it is not at the cost of preventive, short-term transitional support that is currently available at relatively low cost? Perhaps I will stop there, but I have one more clarifying point. I am probably saying too much.

**Mr Lewis:** Just to talk briefly about the providers and PHaMs: several weeks ago we had a workshop with all the providers in the Hunter to explore some of these issues with them, just to see how things were tracking. There were some issues around providers—how they prepare people for interaction, for example. I suppose my point is that we are in trial mode and we are learning about some of these things and how best to ensure that people have a smooth experience. In terms of the broader issue of continuity of support, I will let Nick Hartland talk about that one, but we have made the clear offer to providers to talk to us at any time about how they perceive things are going and to talk to us about whether they feel that that issue that you are raising around continuity is being jeopardised. It is an active discussion and we have gone out to sit down and workshop with them, for half a day, these specific issues. We will do that as we need to as we go forward.

**Senator WRIGHT:** What I wanted to tease out was that one of the points that has been made to me is that some of these other low- to medium-level supports have been established to be very cost-effective, in the sense that they are preventative so they defer more expensive interventions down the track. They are often between about \$2,000 and \$10,000 per year per participant. Probably the most important point, I think, is that they are often a period of transition, so, on average, a person will get what they need and move on within 18 months. It has been put to me that the guarantee that current clients will not be disadvantaged misses the point that there are thousands of new people that move in and out of these programs every year, so the concern is that the potential people will actually miss out. Some of these were actually introduced, of course, by the Howard government. What is the risk that we will actually lose some of the ability to offer people these programs?

**Dr Hartland:** It is fair to say that the issue we were talking about before about testing how eligibility works is really the first step in understanding how to ensure that. I do not think that there is any doubt that the department understands the value of those programs, that the agency understands the value of those programs and that the scheme design, in the broad, would allow those sorts of offerings to happen. It is understanding from the trial exactly how the eligibility criteria worked—therefore, who is currently receiving services and actually does come in—and whether there is a need for a continued standing arrangement. In the long term, I do not believe there will be a problem with finding a way to make sure that, if those programs are necessary, they continue to be offered. The first step is to understand what is exactly happening with the eligibility and, effectively, are all of the people who are currently getting low to medium assistance actually coming in? If they are coming in, there is no problem; if they are not, it would be a matter of looking at whether the design of tier 2 of the scheme is sufficient in order to maintain those offerings. We need to work through a bit more of that.

**Senator WRIGHT:** That highlights the importance of the evaluation of the outcomes and the input of those who are actually living with the experience.

**CHAIR:** Is part of the problem that, in the past, with people competing for scarce resources, there has been a bit of an 'ambit claim' attitude taken towards trying to get disability support?

**Mr Bowen:** In terms of mental health, the first point I want to make is that I would not want to leave you with the impression that people with a psychiatric impairment are not getting into the scheme. Around about 15 per cent of people getting funded support either have a primary or a secondary psychiatric impairment. So there are people getting through. We are going through the process in Victoria of entering quite a large number. Part of the issue that we identified was that often people who are popping in and out of service systems are not known. The work that we are doing in Barwon, and we will also be doing this work in Newcastle, is going to other external sources and trying to locate people so that we can identify them. That work needs to be done in conjunction with the work that Dr Hartland mentioned—whether the best service response is through a funded support package or the provision of some supports for episodic need in a new structure. That is a very big and significant policy issue and it needs to be well informed by the data that we are collecting at the moment.

**CHAIR:** We will resume at 1.35 pm. I think that there will be more than enough questions to keep us going on these topics. Thank you.

#### **Proceedings suspended from 12:33 to 13:33**

**CHAIR:** We are resuming now in outcome 1. We are still in the area for two and a half hours yet on the topic of disability and carers.

**Senator McLUCAS:** I just wanted to pick up on Mr Bowen's comments. That was that about 15 per cent of people who are receiving packages have a primary or secondary mental illness. Was that right? Was that what you told me?

**Mr Bowen:** Yes. We can give you the breakdown. As of the end of March, we have 531 participants with approved plans who have either primary or secondary conditions. That splits between 298 who have a primary psychiatric condition and 233 who have secondary conditions.

**Senator McLUCAS:** When I was at health estimates yesterday or on Monday—whenever that was, sorry—I spoke with those departmental officials about the interface between people who are receiving support through the Partners in Recovery program and how that interfaced with the NDIS. I have got to report to this committee that there were a lot of blank looks. I wonder if DSS people can inform the committee about whether there are conversations between health and DSS around people who will be receiving support through federally funded mental health programs and who are potentially eligible to receive support under the NDIS.

**Mr Lewis:** I have met with Mark Booth and his team a couple of times around that specific issue. Yes, there is that program, Day to Day Living and other connections that you may be aware of. It is important that we do make sure that we have a seamless understanding of how that might happen. The short answer is yes. We are connecting with them on that.

**Senator McLUCAS:** What are the nature of the discussions you are having?

**Mr Lewis:** We are really trying to look through similar issues that we raised earlier about the trial and what we are learning from the trial sites about eligibility. For example, in the Hunter, Partners in Recovery is the first port of referral from the agency. The agency colleagues, some of Anne's team, came down to the Hunter for that workshop so that we could all hear the same story.

**Senator McLUCAS:** The PHaMs workshop was also for PIR people as well?

**Mr Lewis:** Yes. We had providers for that workshop; not all of them, obviously. But there were Partners in Recovery providers at that workshop. We talked about their connections.

**Senator McLUCAS:** That is all I needed to know. Thank you. Minister, you talked about the third quarterly report and you have already indicated many of the issues that I was going to draw out. Mr Bowen, let's go to the question of the average package cost. The report shows that the average package cost is now \$34,000, which is also below the funding expectation of \$35,000. I think the minister and I have rewritten a bit of history from the Press Club about what he did say there, but—

**Senator Fifield:** No, no. I think if you go back to the Press Club, I was at pains to point out that you have always got to be careful with one quarter's results. That is, not to extrapolate to the full scheme. I was very explicit about that.

**Senator McLUCAS:** I do not recall your words, but you were in essence ringing warning bells about how expensive this thing was going to be.

**Senator Fifield:** I was urging prudence. I think if you look at the transcript of my remarks, you would be hard-pressed to find a minister who spoke in more sober or judicious terms than I did on that occasion.

**Senator McLUCAS:** We will differ on that.

**Senator Fifield:** I urge you either to look at the transcript or to jump on ABC online and watch the full speech.

**Senator McLUCAS:** You can urge away. What I am looking for is an explanation of what is happening.

**Senator Fifield:** Sorry to interpose, but all I can assume is that in some quarters it was somehow seen as taboo to even talk about sustainability and to even talking about funding envelopes. To the extent that it may have been taboo to do so, I am guilty.

**Senator McLUCAS:** It was the tone of your voice. Let's leave that to one side.

**Senator Fifield:** I really must urge you not to read my transcript but to actually look at ABC online. The tone of my voice could not have been more mellifluous.

**Senator McLUCAS:** That is a judgement call. Mr Bowen, can you give the committee an understanding of what has happened over the period?

**Mr Bowen:** You will recall that, at the estimates immediately after those first-quarter results became apparent, I indicated we were unable to unbundle the extent to which it was potentially a cohort effect from the phasing for that quarter and the way in which the agency was making decisions about reasonable and necessary packages. I expressed the view that I thought we were operating in a fairly uncertain environment, in that we were testing it and that there was clearly room for the agency to improve how we did that assessment and then allocated funding to participants. The fact that we then developed a reform package to improve it—we implemented that from January and the flow-through came through February and March—fairly well indicates that we have got considerably better at doing that allocation of the funding. In her report on the third quarter the scheme actuary attributes a significant component to the impact of the agencies reforms. We will not know entirely what the cohort effects are until we have done a second plan for everyone who went through in the first year. Then we will

be able to ask: 'Are the reasonable effects due to the phasing?' I would say that in some cases that will prove to be true. For example, I have reported to this committee previously that it appeared to us that Tasmania had front-end loaded a lot of their high-cost clients and that that will come through. But, more generally, the impact was of uncertainty and the newness of the construction around the planning, and we have got much more rigorous in our ability to do that.

**Senator McLUCAS:** I think there is a view that the most needy people seem to have been put in the line first, and there is a very good reason for that.

**Mr Bowen:** I do not think you can draw a straight-line conclusion on that; it varies from state to state. For example, in the most recent month we have moved a lot of people in Victoria on supported accommodation, which are high-cost, high-need packages. Of course the impact of Stockton, of people in institutional settings with very high and complex needs, is just starting to go through the process now. There is still a bit of unbundling to do on all of that.

**Senator McLUCAS:** So that figure of \$34,000 is the average across the three quarters?

**Mr Bowen:** It is across three quarters and across the four trial sites. In the scheme actuary report there is a report on the average package cost against each state. The \$35,000 is really best referenced to New South Wales and Victoria, where there is a whole geographic area. Obviously the package cost is lower in South Australia, because the expectation and the assumption in the report for children's packages are much lower against that. And it is the same in Tasmania with young adults; there are no children. The 35,000 is a weighted average and it includes an expectation for children being in there. Tassie is best reported against the expected adult assumptions. Those graphs and tables are included in the report.

**Senator McLUCAS:** Thank you. It is comforting to see that New South Wales and Victoria are coming in at \$35,000.

**Mr Bowen:** Yes. New South Wales is slightly above and Victoria is slightly below. They slightly offset each other. But we will be in a better position overall—and this is a point made previously—once, in particular, we have got in all of Barwon and all of the Newcastle local government area. Then we have got a discrete geographic region. But we still have work to do to make sure that we have not missed anybody in those regions because they are not in a current service system, they are not on a wait list or we cannot currently identify them.

**Senator Fifield:** Given Senator McLucas's point of embarkation on this issue, it may assist the committee if I share with you what I actually said at the National Press Club in relation to the first-quarter results. I quote:

Now I emphasise these are early trends and the Scheme is still in launch. And the Agency is undertaking detailed work to see if there are unique launch reasons for these early trends.

I emphasise again, this is the first quarter in a process that won't be complete until 2019/2020.

**CHAIR:** Thanks, Minister; Senator McLucas?

**Senator McLUCAS:** Mr Bowen, what do we know so far about participant satisfaction with the scheme?

**Mr Bowen:** There are two things I would like to say about that. The first is that on the quantitative report on participant satisfaction, it is very high. We asked people to rate their interaction with the agency, around the process and the communication, on a scale of minus two up to two. The weighted average is at 1.66. It reflects that 90 per cent plus of people are reporting to be satisfied or very satisfied with their interaction with the agency. We have also identified the need to do more work to collect qualitative data on people who are, in particular, dissatisfied or who have concerns.

In the minister's opening statement, he indicated that the agency has appreciated the feedback from the joint parliamentary committee. It has been an opportunity for us to hear some of those stories through that conduit, which we have not had directly available to us. We are taking that information to identify how we can get access to that earlier, build it into our improvement cycle both in terms of communication and decision making, and obviously to respond to the individuals. We want people going away so that, if they are not happy with the outcome, they at least have a solid and good explanation of the agency's decision making.

**Senator McLUCAS:** What is the process you have put in place to capture those people who express dissatisfaction, albeit quite a small number?

**Mr Bowen:** That is a process that we are setting up right at the moment.

**Senator McLUCAS:** You are setting it up now?

**Mr Bowen:** Yes. We only had the meeting with the joint parliamentary committee a fortnight or so ago. We had quite a few take-outs from the parliamentary committee's report, both at the individual trial sites and then jointly with the chairman and me. In addition, Ms Glanville and I are about to undertake a road trip around every

single site and every single office. That is not only to talk to staff but to talk to participants and to providers to establish more feedback mechanisms at the local trial sites. We have relied upon formal advisory groups and the like; we need a mechanism to tap straight into people who have a dealing with the agency.

**Ms Glanville:** If I could add to that, we are very committed to being a learning organisation. We are very open to that and we are keen to hear people's stories so that we can improve what we do, learn from the lived experiences of people who are part of the scheme and really demonstrate that we are listening and hearing the observations that people have as part of the scheme.

**Senator McLUCAS:** Ms Glanville, that is good to hear. We always knew, when we were inventing such a huge change to the way we provide support for people with disability in this country, that it would be a growing, learning, producing, delivering organisation. That was the way it was always going to be, so it is good to hear.

Minister, at the end of the meeting of the Council of Australian Governments earlier last month, on 2 May, state leaders came out to defend the agreements they signed with the previous government that stipulated the time line for the rollout of the NDIS. This was following reports that the Prime Minister intended to ask states to conduct a joint review into the NDIS. My question is: why do you think that the state leaders felt they had to come out and restate their commitment to the current time frames printed in those agreements? It was quite a concerted effort. It was quite deliberate. It was not something that was popped onto the end of a press conference. It was a substantive plea from first ministers to restate their desire for the timetable as agreed with the former government. Why did that happen?

**Senator Fifield:** I think the chief ministers and premiers made the remarks that they did it in response to what were baseless and unfounded reports in the press in the lead-up to the COAG meeting. There were many press reports alleging the Commonwealth was going to put on the agenda of COAG an item that would be seeking to cut the NDIS budget or that was looking for ways and means to arbitrarily slow down the scheme. Neither of those propositions were in contention, so I think the chief ministers and premiers were responding to those baseless and ill-informed media reports.

**Senator McLUCAS:** I find it astonishing that, given most of those ministers are members of the Liberal Party, why did they not just ring you up and say, 'It is in the paper. What is going on?' Why did they feel compelled to make such a very public statement about what they clearly were concerned about—that is, a change to the rollout timetable?

**Senator Fifield:** I think you are leaving out an important fact—that is, the communique is in the name of all ministers, premiers, chief ministers and the Prime Minister. The Prime Minister was moved, as were premiers and chief ministers, to set the record straight. I will read the excerpt from the May 2014 COAG communique under the heading: National Disability Insurance Scheme.

All governments remain committed to the full scheme rollout of the NDIS which will be informed by the important lessons being learnt from trials. COAG noted recent reports from the NDIS board that the costs in the trials are coming down. COAG noted the board of the National Disability Insurance Agency has commissioned a report on full scheme transition and will advise governments in June on how best to proceed with the rollout. COAG agreed to list the NDIS as a standing agenda item for all COAG meetings.

That was in the name of the Prime Minister, the premiers and the chief ministers. As I said before, there were baseless and ill-informed media reports that there was to be on the agenda an item from the Commonwealth that had the intention of cutting the NDIS budget—not true—or had the intention of arbitrarily delaying the scheme—again, not true.

**Senator McLUCAS:** So there was never a proposal?

**Senator Fifield:** There was never a proposal from the Commonwealth to COAG to arbitrarily alter the rollout schedule of the scheme nor was there any proposition from the Commonwealth to seek to cut the funding which has been agreed between the jurisdictions.

The last COAG and the previous COAG have obviously taken a strong interest in the sustainability of the scheme and the cost drivers of the scheme. The COAG before last specifically tasked the Ministerial Council on Disability Reform and the NDIS Agency to provide advice on scheme cost drivers, as is only prudent to do. But there was—let me repeat again—no proposition from the Commonwealth to arbitrarily delay the rollout of the scheme nor was there a proposition from the Commonwealth to alter the funding agreements which have been reached between all jurisdictions.

**Senator McLUCAS:** Minister, you use the word 'arbitrarily' a lot. Was there a proposal to negotiate a delayed rollout of the scheme?

**Senator Fifield:** No.

**Senator McLUCAS:** You are saying that the government did not turn up and say they were arbitrarily going to change it—

**Senator Fifield:** I am not playing word games here. The newspaper reports were wrong. What is true is something we all know—that I have made reference to and that Mr Bowen has made reference to—which is that the independent board of the agency has commissioned KPMG for advice on risks. That advice will go to being one of the inputs to inform advice from the board to all Australian governments about the optimal rollout schedule for the scheme. That is not a secret. I have been very upfront about that. Mr Bowen has been very upfront about that.

**Senator McLUCAS:** I think what you are telling me is that the Commonwealth did not turn up at COAG and say, 'Right, we are going to change the program.' What I think you are saying is the Commonwealth did go to COAG and say, 'We would like to have a conversation about a different rollout timetable.'

**Senator Fifield:** What I am saying to you is what I have said to you: the jurisdictions already had knowledge. But I recall discussing at the last COAG Ministerial Council on Disability Reform the fact that the board had commissioned KPMG to do the work that I referred to and that Mr Bowen referred to.

**Senator McLUCAS:** So obviously the premiers and chief ministers became concerned when they heard not only that we were going to have the KPMG review but potentially there were messages coming from your government about a delayed rollout?

**Senator Fifield:** As I said, the concern was from some unfounded media reports about speculation that there was an agenda to alter the bilateral agreements between the Commonwealth and the states either in time frame or in the agreed funding shares. That was not the case. Mr Pratt may be able to speak further to other items on the COAG agenda that could have been misinterpreted.

**Mr Pratt:** This is something that Prime Minister & Cabinet look after because they look after the interactions with the states around COAG. There was discussion about whether or not a review might be commissioned—and I think this is the review you were referring to—looking at the efficacy of the actions undertaken by the agency to reduce costs as per the discussion earlier this morning. That proposal, I think, was discussed between senior officials. I do not know whether it was actually discussed at COAG—it may have been. But that was the only other review that was on the table and COAG did not agree to that review.

**Senator McLUCAS:** COAG did not agree to, not the KPMG review, but a different review mechanism that the Commonwealth was proposing?

**Mr Pratt:** That is right.

**Senator McLUCAS:** What was that proposal?

**Mr Pratt:** As I understand it, the proposal was about looking at the efficacy of the agency's actions to ensure that they are getting the best possible prices and costs for the packages between the first quarter and now.

**Senator McLUCAS:** It is starting to become clear that premiers were not just reading the newspaper and saying, 'Oh my goodness, we need to have joint press conference.' There was some basis. This is not just about unfounded and baseless commentary in the newspaper. There is a basis for this. Of course premiers do not just read the newspaper and say, 'Goodness me, we need to have a press conference.' That is not how it works; you know that.

**Senator Fifield:** There is always a press conference after COAG. In the main committee room, you always have the Prime Minister, the chief ministers, the premiers and the chair of the Australian Local Government Association doing a joint press conference. There is nothing unique about that.

**Senator McLUCAS:** What was unique about this was that they were very clear in their statement to the Commonwealth directly that there was not going to be any change and that they felt that, in themselves, they had to make that very clear. And that was the interesting observation, particularly that the disability sector thought, 'Goodness me, what is going on here?'

**Senator Fifield:** Yes, and to the extent that the disability sector may have been concerned, I think a large part of the blame for that goes to the opposition for misleading and scaremongering. Let me repeat: there was no proposition from the Commonwealth to the COAG meeting to seek to cut the funding to the NDIS nor was there a proposition to COAG to look for reasons or rationales to alter the rollout schedule. There was not. As the secretary has said, there was discussion about having further work done in relation to cost driver issues, which is work that was commissioned by the COAG meeting before that. Perhaps there was some misconstruing of that particular proposition by people who wrote articles in the paper. But let me say again: there was no proposition from the Commonwealth to seek to arbitrarily change the rollout schedule, nor to seek to alter the funding

agreements that have been entered into by the Commonwealth and the states. The discussions that COAG has had—at that COAG and the COAG before—have been about ways to ensure that the scheme is sustainable and is delivered within the funding envelope.

**Senator McLUCAS:** Minister, I absolutely reject your statement that the opposition was scaremongering or misleading people. We will continue to engage with the disability sector very closely and we will engage around the facts. It is our job to ensure that commitments that have been made by your government are adhered to. We will continue to monitor the activities of your government to ensure that that occurs. I absolutely reject your assertion that there is any misleading or scaremongering.

**Senator Fifield:** Just as I reject your assertion that the Commonwealth was looking to arbitrarily change the rollout change or to remove some of the agreed funding from the scheme.

**Mr Pratt:** I have an answer to Senator Seselja's earlier question about the NDIS communications campaign. My memory was not bad. The cost of it is projected to be \$1.84 million.

**Senator SIEWERT:** We have obviously traversed a lot of issues at the joint parliamentary committee, so I will not go over those again. However, there are a couple of issues that I do want to talk about. One of the areas which has clearly come up—and we always knew it was going to be an issue—was the scheme being expected or asked to pick up costs and services that in fact should be provided by Education, Housing et cetera. Those issues have been coming up. I wonder how you have been addressing that, whether you have been addressing it in a systematic way, and whether you have a plan for addressing it. Or are you dealing with specific issues as they come up?

**Ms Skordis:** At a local level, each launch site—each trial site—has a collaborative mechanism for coordination between the agency and the state government's agencies. That mechanism is used both to discuss day-to-day operational issues and to be the first point for raising and looking at systemic issues. The state government agencies are generally led by the disability agency, but representatives of Health, Education and other agencies from time to time attend those discussions. That gives the opportunity to work through any issues that are raised with respect to individuals who are accessing the scheme. Those mechanisms also report up to an implementation level—again meeting at the state level. That has representatives from the agency national office. I am one of the representatives who often attends those state meetings. Those meetings allow for a more general discussion from which issues can be escalated. The issues then often flow through to bilateral meetings between DSS and state and territory governments and then feed up to the national policy forums, where they can be progressed and discussed. There is not a formalised data collection mechanism. We are looking at that.

**Senator SIEWERT:** You pre-empted my next question.

**Mr Bowen:** The interface principles are reasonably clear but it is the operation of those in practice and in individual cases that requires the hard work. The traditional response in this sort of interface, because of the concern of either cost shifting or creating gaps, is to draw really hard, sharp lines. We are taking the view in the trial period that we want some flexibility around that interface. I would not want to rush into drawing a straight line down the middle and saying, 'NDIS on one side; other things on the other side,' because in practice it does not work like that. People are often in two systems at one point of time, and it is about making it work. We are conscious to avoid cost shifting. We are also conscious not to create gaps. If we are not always able in an individual case to say, 'Here's the line, and it's really easy to place this service one side or the other,' it is because it is deliberate on our part not to do that at this point.

**Senator SIEWERT:** In terms of the point that you made about the collection of data—

**Ms Skordis:** It is one of the issues that we are aware of, and we are considering in future ICT capability around what are the sorts of data collection and information needs that would enable the agency to have a more systemic approach to collecting some of this information to be able to then, as I say, feed through to more formal policy forums, particularly in terms of how information gleaned from experience under the NDIS can inform future discussions around the National Disability Strategy. The agency is also represented at the government processes around progressing the National Disability Strategy, which is the right forum to really reflect on the roles and responsibilities of governments in mainstream areas. We have also done some more discrete and intensive data workshops around really identifying what are the extent of data needs from other server systems and what is the capability within our current system to be able to work to address that.

**Senator SIEWERT:** Are you able to tell me what are the issues that are coming up now? Is that the sort of issue that you cannot tell me because that process—

**Ms Skordis:** I can speak in generalities rather than any specific numbers of incidents.

**Senator SIEWERT:** You can give me themes but not by trial—

**Ms Skordis:** Not by X number of people in X number of sites. No, I could not do that.

**Senator SIEWERT:** There is the issue around dealing with individual's issues with mainstream services and then there are the generic ones. I realise one feeds into the other. Ms Cairns?

**Ms Cairns:** I would like to add that every trial site, as part of its development and preparedness for opening its doors, has developed a series of interface or working agreements with key mainstream sectors in its area—typically child protection, justice, health, mental health. As the CEO said, some of those areas are very clearly the responsibility of the sector or very clearly the responsibility of the agency, so what that local working arrangement does is it talks about things like referral processes, exchange of information and how and when issues at a local level between the agency and that particular sector get escalated and who to and how they get resolved. And, as Anne has talked about, then the formal reporting-up mechanism at this particular point in time is through the local arrangements with the state departments into the bilateral process.

**Senator SIEWERT:** Sorry; I may have misunderstood two different comments. Does it go through the local arrangements to the state rather than going directly up to Mr Bowen through the agency?

**Ms Skordis:** There are arrangements which are collaborative, so both state and the agency have local operational working groups and implementation groups where they are jointly discussed.

**Senator SIEWERT:** So there will be a process at the state level and a process at the national level for interaction with the NDS, with the strategy. Is that correct?

I want to know whose ultimate responsibility it is both for a systemic process but also for an individual—

**Ms Skordis:** On individual issues, as much as possible, as Ms Cairns has outlined, we try to resolve that through local relationships and protocols. On systemic issues, they are raised through bilateral processes. But, yes, where significant issues are identified, the agency will raise those and formally hand those through to the policy forums which are led by DSS and other government forums.

**Senator SIEWERT:** Okay.

**Mr Pratt:** This whole area is one of considerable interest to the Disability Reform Council, the ministerial meeting under COAG, and they have requested a report on this.

**Senator SIEWERT:** On what the issues are?

**Mr Pratt:** Yes.

**Senator SIEWERT:** Okay. What is the time line for that?

**Mr Pratt:** My recollection is for the next meeting of the council.

**Dr Hartland:** Yes, the next meeting. So we will need to start drawing up the information that Ms Skordis was talking about in the next couple of months and talking with our state colleagues about whether they have additional information to add or judgements that they would like to put in.

**Senator SIEWERT:** I understand. I have people on both sides of me wanting to ask questions.

**Senator McLUCAS:** I just want to follow up on that specific point.

**CHAIR:** I have a similar question.

**Senator McLUCAS:** Do you use the vehicle of the National Disability Strategy to channel that on-the-ground information that we are receiving?

**Mr Lewis:** There are probably two things. One is that the National Disability Strategy first report is the big report scheduled for late this year, which will be cumulative information from all states and territories about what is happening. It is due to COAG in late 2014.

**Senator McLUCAS:** And that goes to the COAG disability ministers?

**Mr Lewis:** Yes. It will go to them first and obviously—

**Senator McLUCAS:** Then it goes to COAG?

**Mr Lewis:** It will go to COAG. It is a COAG report. There is a second issue, which is that the national disability agreement is still in place, and under that the Productivity Commission provides the ROG, the Report on Government Services, and has data in there which is part of the system.

**Senator McLUCAS:** Okay. Thank you.

**CHAIR:** I have a question in a similar area, around averaging and quality control. Can you explain to me what processes you currently have for ensuring that two similar individuals, or individuals with similar needs, would receive similar outcomes from different planners? How are you balancing that sort of quality control issue?

**Ms Cairns:** I will respond to that. The issue of quality assurance is at two levels. One is the obligation that we have had in the trial sites to take on the quality assurance framework that exists in each of those trial sites and work with that, understand the learnings from that and then develop a more nationally consistent approach. Internally, we have a quality assurance framework. At its heart is a regular review, on a monthly basis, of a set number of particular files or plans. At this stage we pick a topic, so I might look at things like 'reasonable and necessary' or anything that is particularly high cost or looks different. We have included eligibility in the very early stages and, as the CEO talked about earlier, we have done a more comprehensive review of that. So that is part of the existing quality assurance framework.

**CHAIR:** Can you give us any more detail about what you are learning out of that and how it is feeding back into the actual training of the planners?

**Ms Cairns:** Right. It feeds back—again, this is explained in the quality assurance framework—in terms of information to individuals via the trial site manager—or, effectively, the professional leader, the service delivery director. But it is also about looking at the results of those audits in conjunction with a number of other sources of information, such as what might be happening around the feedback manager, which is something that we use currently to collect both compliments and complaints as they are raised with us—what are the trends we are seeing with a planner, with a team or within a trial site? That is built back into the regular coaching and supervision work that happens internally.

**Mr Bowen:** It could add a little bit to that.

**CHAIR:** Yes, please, Mr Bowen.

**Mr Bowen:** We are increasingly using data analytics to look at the consistency in decision-making from one site to another. For example, in the scheme actuary's report on the third quarter, she was able to identify that the distribution of people by disability across the trial sites was very, very consistent. South Australia zero to six-year-olds is matching close to the zero to sixes in New South Wales and Victoria. That is same right across it, so we are very pleased with that outcome—it means we are getting it right there. In terms of the funded packages, we are rebuilding the reference packages at the moment. We will have that work completed—

**CHAIR:** What do you mean by that?

**Mr Bowen:** So the Productivity Commission created us a basis for costing the scheme—a series of reference packages out of the survey data on disability and ageing—and that distributed costs by 22 primary conditions and then an assessment of need in different domains and different frequencies. We have been using those reference packages to try and match them to the outcome of the assessment process, and particularly the use of the assessment tool. I believe I reported to an earlier estimates committee that we were concerned that that correlation was not strong enough. We have two projects close to finalisation. We have been working with expert groups on our eight most prevalent disability conditions to see what the currently available information is that you might broadly call a severity indicator. We have had extremely good cooperation from people who volunteered an enormous amount of time to do that. This will allow us to refine the reference packages for those key types. We have also been testing the use of an additional population based tool called the World Health Organization Disability Assessment Schedule II.

**CHAIR:** Good.

**Mr Bowen:** It provides us with population data to look at the distribution of people against that much bigger dataset. It is not something that we would see into the longer term but, if we start to collect that upon entry for people over the next couple of years, then by the end of the trial we will have validated our own tool for going forward and so it is really quite a critical point. External reference package, build-up of validation of our own tool—so we are testing the outcomes in terms of the funding packages all the time.

**Senator SIEWERT:** Do you have—or can you take on notice—further information on what the main issues are that you need to deal with? Do you have that to hand or do you need to take it on notice? I am going back to what we were discussing earlier—mainstream.

**Ms Skordis:** I could not go into significant detail and, if you require further detail, I will take it on notice.

**Senator SIEWERT:** That would be very useful.

**Ms Skordis:** The areas which are the more complex are around working through the understanding of the agreed interfaces of some of the responsibilities with respect to how to operationalise personal support for children in a school environment and the distinction between what is personal support or what is assistance for a child who participates in a learning outcome. That is one of the areas where there are some nuances that need further refinement. Some of the areas around health supports and how health supports are most efficiently

delivered are again where it comes down to individual circumstances but also where some of the high-level principles might need a next level of finessing in terms of the agreed understanding of what responsibility that should fit within the NDIS versus remaining in the health system.

I think you alluded earlier on in your questioning to housing always being tricky around demand for housing and how housing support needs can be met. They are some of the areas where there is some complexity around an approach which is now more holistic and guaranteed to provide a level of support around a person's disability needs and interacting with a mainstream service system which is still a rationed system, and that creates complexity.

**Mr Bowen:** I think we could add also, fairly confidently, the area of mental health, to ensure that the clinical support that the person is getting through the health system meshes with the community support that is being provided by the NDIA. This is a piece of work that we have got under active engagement right at the moment.

**Senator SIEWERT:** This reminds me that I wanted to go to one question that we were dealing with just before lunch, which was around the consultation process with providers. How many mental health providers are engaged in that process?

**Mr Lewis:** At the meeting there were probably about 20 or so. But some of them were dual members of the same organisation. It was a good spread. I do not know whether we had all of them. My colleague, Karen Pickering, will come to the table and tell you how many as a proportion. I think it was pretty high.

**Senator SIEWERT:** So there was a high proportion of mental health providers engaging.

**Mr Lewis:** There was in Hunter. We are planning other discussions with other sites over time. In fact, there are some site visits that Ms Pickering will be undertaking over the next few weeks to look at other sites and to talk to providers about what is going to happen.

**Ms Skordis:** In addition to that, the agency, through the Sector Development Fund, has previously provided some funding to the Mental Health Council of Australia. Part of one of the primary outcomes for that funding was for that council to facilitate some discussions with mental health providers to build their awareness of the NDIS and their capacity to respond to and interact with the NDIS. So we have addressed the issues in a number of avenues.

**Senator SIEWERT:** Ms Pickering, are you able to tell me specifically about Hunter?

**Ms Pickering:** In the Hunter area we had six providers, but they were represented by a number of their staff that attended. They are the six providers that are providing services in the mental health space within the Hunter region. As Mr Lewis said, we had that workshop and we have had previous workshops with other trial sites as well. We are just going back out again to the Barwon site and the Tasmania site in the next few weeks to look at how things are tracking and at progress in those sites.

**Senator SIEWERT:** One of the issues that is coming up, certainly in the other committee—and there is more and more I am hearing from the sector, not just the mental health sector but in general—is that the smaller and maybe some of the middle sized providers seem to be having more problems engaging or being able to adapt to the new process. Is that similar for mental health providers? Is that any experience that you are seeing?

**Ms Pickering:** We have not received information along those lines. Definitely at the Hunter workshop we had representatives from the agency there as well who have, it appears, very good relationships with the providers on the ground—whether or not the agency want to talk more on that. But there is quite a good dialogue happening on the ground with relevant trial site agency staff and our providers. That is very much of a two-way information flow. I do not know if the agency want to add more on that.

**Senator SIEWERT:** Does anybody else want to comment?

**Ms Cairns:** That is certainly true, as it is in other trial sites as well. In addition to working collaboratively with the Commonwealth departments and also the state departments where they are funding into whole services, there is a lot of engagement activities going on generally linked to phasing time frames, particularly in Barwon, at this stage. The mental health participants are a group that are coming in now and have been since April, so the engagement activity occurred quite intensively from the beginning of this year with the mental health providers in that area.

**Senator SIEWERT:** I had another question for the area of NDIA. I wanted to ask about the draft indicators on severity of disability for access to NDIS. I am wondering where that process is up to.

**Mr Bowen:** The agency produced operating guidelines that sit below the rules. It is schedule A and schedule B for both permanent disability and early intervention. These are intended to be indicative not prescriptive of eligibility. But it was to assist to make clear the circumstances by effectively someone's diagnosis met the correct

requirement of permanent disability and significant functional impairment and would be very much automatically eligible, and that is list A for both. For list B, it was those circumstances where by diagnosis a person met the requirement of having a permanent disability but there may need to be an assessment of the function impairment. They are up on our website. They are quite extensive, produced with very wide consultation; but they are not an exclusive list. So there is nothing to prevent someone who is not on the list also making an application and it being considered, so we very much make that point.

**Senator SIEWERT:** When were they finished?

**Mr Bowen:** We put those up on the website in February, and I would have signed off on the guideline around that time. We could find out the exact date for you.

**Senator SIEWERT:** Thank you. I presume there was a consultation period around that, wasn't there?

**Mr Bowen:** Yes, there was some consultation. We would regard those as being ongoing work in progress. There are certain rare conditions which are not caught there yet, and we would want to look at those a bit further.

**Senator SIEWERT:** Is that commonly understood by providers and stakeholders that there is still ongoing work?

**Mr Bowen:** By providers? It should be; it is really around assisting people who were confronted with a circumstance where many people were thinking they would be ruled out, because they were uncertain as to exactly how the agency would apply the quite high-level eligibility requirements. So this was really around providing better information out there. We have pushed a lot of this information out through particular groups which have a representation for a particular type of disability. We are confident that what we have captured reflects a shared understanding around eligibility for those groups. So I am not so sure how it has been sent out through providers but it has certainly been sent out through those mechanisms.

**Senator SIEWERT:** Thank you.

**Ms Cairns:** I would just add to that: at the same time as part of the reforms we worked with the states and Commonwealth departments to identify what we called a defined program, so eligibility for entry into that program under the state or Commonwealth funding was effectively the same as our eligibility criteria. If you were in that program, we would accept you as a participant in that scheme so that was certainly well understood and well communicated to providers—they were the ones who were running the programs.

**Senator SIEWERT:** How long was the consultation period on the drafts?

**Mr Bowen:** We commenced that in December, so I would have to find out for you and give you those details. We have this further work, as I mentioned a little while ago, around severity indicators, so we have had a further quite significant engagement on the eight most prevalent conditions broadly with acknowledged experts, providers and representative bodies for those conditions. We can certainly provide you with a list of people who we are consulting with on those.

**Senator SIEWERT:** That would be appreciated. One of the areas that has been raised with me is ongoing issues around hearing. Has the issue been raised with you of people feeling like the indicators do not adequately address hearing and hearing impairment?

**Mr Bowen:** That issue has not been raised with me. There are issues around the service offerings for children with a hearing impairment, but I am not aware of having heard any concerns around the eligibility issue.

**Senator SIEWERT:** I might put some questions on notice specifically around that then.

**Mr Bowen:** I am just checking with Ms Cairns, and she has confirmed she has not heard of any issues with the eligibility issue.

**Senator SIEWERT:** What is the nature of the issues around children with hearing impairments?

**Mr Bowen:** It really goes to the issues associated with delivering individualised supports in circumstances where many of the current services are providing an integrated service model, and how you tap into that for one individual at a time when the nature of the current service offerings cover a range of children, some of whom would be in and some out of the scheme, and a range of different services at different points in time. We would acknowledge this as an area that does need some work. We are absolutely committed to the fundamental principle around individualising as much as possible, but that does not mean that everything has to be individualised, and the opportunity for block purchasing of integrated support services is something that we would continue to have a look at. But that is a policy decision and it will need the agency, as before, to gather the data and push it up through to the COAG Disability Reform Council.

**Senator SIEWERT:** These are the nature of the issues that came up in Adelaide. What is the time line for looking for looking at those issues, and the process?

**Mr Bowen:** Ongoing. We are in that position of trying to resolve individual matters on the ground and identify the extent to which they require the matter to be pushed up to a policy decision.

**Senator SIEWERT:** Do I take it from what you have just said that you are still in the process of pushing it up to be a policy issue?

**Mr Bowen:** Yes. I do not believe that we have pushed that hearing issue up to the COAG council at this stage.

**Senator SIEWERT:** Will you be?

**Ms Cairns:** No, we have not.

**Senator SIEWERT:** My question was: will you be or are you still considering it?

**Mr Bowen:** Will we be? Yes. It is so much the issue around the hearing impairment; it is around the approach to integrated services for children. Generally, this is not inconsistent with the approach we have adopted with early intervention for children around transdisciplinary packages. So we are not in uncomfortable territory.

**Senator SIEWERT:** You are pursuing that. My final question in this particular area is: when you decide that there is an issue that needs this approach, how do you go about dealing with it? Do you talk to the stakeholders?

**Mr Bowen:** Yes. At the moment we are solving those sorts of matters as we are required to for children who are participants in the scheme. The issue here is that often—and this is the case with the South Australian provider in relation to children's hearing services—they are providing services to children who have a less significant hearing impairment, who may need some assistance but who would not qualify for our scheme. It is making sure that there is arrangement there that looks after the child who is a participant in our scheme in a way that does not prevent them continuing to offer the full range of services.

**Senator SIEWERT:** I was talking more about when you identify the fact that it is an area that you have to go back for policy. I was presuming that you would do your best to assist the child in question.

**Mr Bowen:** Okay. We gather the information and provide the data up through groups such as the Disability Policy Group, which is a group that reports through to the COAG Disability Reform Council, made up of state and territory offices. These are the existing mechanisms to deal with an area where we say: this is raising a concern over what should be the appropriate policy response and will need to be looked at, very much as we would have expected that these issues will pop up and will need that type of response.

**Senator MOORE:** I am just going through the budget papers on the initiatives that come under this area to see whether I can get some more information. The new review process for people under 35 receiving DSP?

**Mr Pratt:** That will come under outcome 1.

**Senator MOORE:** We are going to be here for a while on outcome 1. The establishment of the Disability and Carers Industry Advisory Council?

**Mr Pratt:** That is here.

**Senator MOORE:** I have questions about what the role of the council is and the fact that the word 'industry' is in the title. Minister, I have read the Liberal and National party election promises.

**Senator Fifield:** Well done.

**Senator MOORE:** I just want to translate that into how it is going to work, what we know about it and how the amount of money is calculated.

**Senator Fifield:** It will, to some extent, fulfil the same role and function as the previous Disability and Carer Council, but the government is keen for it to have quite a strong focus on issues of employment for people with disability. The change in the name of the body also reflects disability in the sense that it is an industry and it is going to be growing and becoming a more important part of—

**Senator MOORE:** What do you mean by the industry?

**Senator Fifield:** In terms of the number of people who will be working in disability.

**Senator MOORE:** Sure.

**Senator Fifield:** Using industry with a small 'i' in that broader sense.

**Senator MOORE:** So maybe in care work?

**Senator Fifield:** That is right. It will have some of the functions of the former council. It will have a focus on issues of employment of people with a disability. It will also be recognising the fact that the proportion of the

economy that is made up of dollars spent on disability will be growing and the number of people who will be working in disability will be growing as well. You could expect that there will be a number of people who represent employers or have employment backgrounds. With the employment of people with disability you have got the two sides of the equation: you have the people with skills and capacity but you also need to match that with the employers. So I think it is important to have an employer perspective there. In the broad, that will be part of a focus. But you can also expect that quite a few of the people who were on the council will also be on the new body.

**Senator MOORE:** Are there any details about the make-up of the group in terms of what sectors will be represented and how large a group it is going to be?

**Senator Fifield:** That is something that I am working through at the moment. I am always mindful that it is important to balance having a good strong and broad representation with not having a group that is so large that it is unworkable or does not work as well as it might.

**Senator MOORE:** How big was the previous council? Can you remind me of that?

**Senator Fifield:** I think it was in the mid-20s and maybe even a bit bigger.

**Mr Lewis:** It depends on who turned up on the day.

**Ms K Wilson:** It was 29.

**Senator MOORE:** And that represented larger umbrella groups as well as individuals?

**Ms Wilson:** That council was all based on individual membership.

**Senator MOORE:** But some held positions in larger groups?

**Ms K Wilson:** That is correct.

**Senator MOORE:** So their status of being in this group was based on individual representation. A ministerial appointment?

**Senator Fifield:** I would anticipate that that would be the case, yes.

**Senator MOORE:** Do you have any plans for when you hope this will begin? The first money comes out in 2014-15. Is there any expectation of when it is going to start?

**Senator Fifield:** Soon. When we say 'soon' we usually mean a couple of months rather than a couple of week.

**Senator MOORE:** Sure. You have never actually been able to define any of those terms, Minister.

**Senator Fifield:** I know.

**Senator MOORE:** So for next estimates?

**Senator Fifield:** I would hope so.

**Senator MOORE:** How does the amount of money compare with the funding of the previous council?

**Ms K Wilson:** The amount of money is in the PBS.

**Senator MOORE:** Yes, it is \$0.9 million over four years.

**Ms K Wilson:** That is right. I will check to see whether I have that information.

**Senator MOORE:** You can take that one on notice, if you like, Ms Wilson. It is just to get a bit of a comparison in terms of the process. Are there any other forms of advisory groups in this area of disabilities and carers? Are there any existing forms of advisory groups or will this be the only one?

**Senator Fifield:** There is the independent council that advises the board of the NDIS.

**Senator MOORE:** But no other in the sort of ministerial sphere—this will be the sole advisory group? I am double checking.

**Mr Lewis:** Under the previous arrangement there was only one council. This would be the new council.

**Senator MOORE:** It is a standard question I am going to be asking across all the areas.

**Senator Fifield:** On the disability side of the portfolio. Obviously there are other arrangements on the aged side of the portfolio.

**Senator MOORE:** We have a national disability plan at the moment.

**Mr Lewis:** We have a strategy.

**Senator MOORE:** The plan evolved into the strategy. Will this group have any link to that?

**Mr Lewis:** It will be up to the minister decide.

**Senator Fifield:** A link between the National Disability Strategy and the council that we are establishing?

**Senator MOORE:** Yes, the council.

**Senator Fifield:** Yes. Seeking their input in relation to the National Disability Strategy would be part of their brief.

**Senator MOORE:** Can you remind me of the time frame of the National Disability Strategy?

**Ms K Wilson:** The report on progress to COAG is due towards the end of this year.

**Senator MOORE:** I thought it was 2014. And the first report?

**Ms K Wilson:** It is a 10-year—

**Mr Lewis:** It goes to 2020.

**Ms K Wilson:** The strategy goes to 2020.

**Senator MOORE:** So it is 2010 to 2020?

**Mr Lewis:** That is right.

**Senator MOORE:** Is it reporting annually to COAG?

**Ms K Wilson:** Every two years.

**Senator MOORE:** So that means that we have had one before. So this will be the second report.

**Ms K Wilson:** The last report was the implementation plan. This will be the first report on that implementation plan.

**Senator MOORE:** By the end of 2014?

**Ms K Wilson:** Yes.

**Senator MOORE:** Will that coincide with a COAG meeting? Will it be one of the agenda items?

**Mr Lewis:** We have not schedule it to do that. It is due in late 2014. It would be adjacent to the COAG. I assume when government decides to table it.

**Senator MOORE:** The closest COAG to it?

**Mr Lewis:** Yes.

**Senator MOORE:** Does the National Respite for Carers Program come under this outcome?

**Ms K Wilson:** Yes.

**Senator MOORE:** The budget decision was to not proceed with further grant rounds in 2013. How many grant rounds have there been until now?

**Ms K Wilson:** There was not a budget decision. Are you talking about—

**Senator MOORE:** The National Respite for Carers Program.

**Ms K Wilson:** Sorry, that is in aged care—outcome 3.

**Senator SIEWERT:** So does that mean that that just applies to aged care and we talk about it there?

**Ms K Wilson:** We have specific respite programs under disability, but that one sits under aged care.

**Senator MOORE:** It is page 206. So that is specifically for aged care and not for any of the disability respite parts?

**Mr Lewis:** There is a respite support for carers of young people with severe or profound disability. That is ours. I understand that it is quite confusing.

**Senator MOORE:** The other budget item I want to touch on—before I move on to the various grants—is the allocation for scholarships for carers.

**Mr Lewis:** The Young Carer Bursary?

**Senator MOORE:** Yes. Can I get some idea about that one?

**Mr Lewis:** It is still being developed. I will let Ms Wilson talk in more detail about it, but we have had a series of focus groups and workshops around the country with Carers Australia with young carers and the minister has attended a number of those to talk to those young carers of different aged groups and in different groups of meetings around what would be most useful to them in assisting them in their caring role.

**Senator MOORE:** When you say 'different age groups', what do you mean by that?

**Mr Lewis:** You have carers, for example, between say six or seven right up to 13 and 14 and then you have carers between their teens up until their early 20s and then carers who are doing other things in their life like

studying or working who are in their early 20s and sometimes they will have a caring role. Each of those cohorts has different life needs and expectations about what might be most useful to them.

**Senator MOORE:** What is the definition of 'young' for the Young Carer Bursary Program?

**Mr Pratt:** Up to 25.

**Senator MOORE:** Mr Lewis, in terms of those age groups you described, is that just for convenience or are there special sectors within that?

**Mr Lewis:** No, it was just a process to make sure—

**Senator MOORE:** I understand, but in terms of the bursary, if we are going to have 3.0 million over four years, is that going to be so many for people under 12, so many for people under eight—that kind of thing?

**Ms K Wilson:** That is a design feature we have not worked through yet. We will provide advice to the minister. What Mr Lewis was talking about was some focus groups with young carers, and our advice from Carers Australia was to have different groups for older and younger because they have different issues. But that does not necessarily mean that that is how the bursary program will operate.

**Senator MOORE:** There was a special funded program for a while looking at workers for young carers across the carers network, was there not?

**Ms K Wilson:** There is a program that we have called the Young Carers Program—is that the one you are referring to?

**Senator MOORE:** Yes—where you give money to Carers Australia—

**Ms K Wilson:** Yes, that is right.

**Senator MOORE:** and then they work specifically in this field. Is that program still operational?

**Ms K Wilson:** It is being extended for six months.

**Senator MOORE:** Is it one of the grant programs?

**Ms K Wilson:** That is right.

**Senator MOORE:** So it has been extended for six months?

**Ms K Wilson:** No, sorry—I am telling you the wrong thing. I am thinking of the other ones. Because that program is transitioning into the NDIS, it has been extended for 12 months.

**Senator MOORE:** Is it expected that that program will have any direct link into the work around the carers bursaries?

**Ms K Wilson:** Possibly, because it does provide information and referral and other sorts of support. So we have been talking to Carers Australia about the sorts of supports that are provided to young carers and how that complements the design of the bursary program. That program might provide funding for a young carer to purchase a laptop or school books. That is where we are looking at crossovers and how we might take that into account.

**CHAIR:** Senator Seselja also has some questions about the Young Carer Bursary Program.

**Senator SESELJA:** I did not hear all of Senator Moore's questions, so I hope I do not repeat any. How many young carers are we talking about under the bursary scheme? How many are likely to benefit?

**Ms K Wilson:** There are 150 annual bursaries.

**Senator SESELJA:** So, 150 annually, up to \$10,000 per bursary—is that right?

**Ms K Wilson:** That is right.

**Senator SESELJA:** I think you have talked a little bit about the consultations, but what have been the consultations with young carers on this?

**Ms K Wilson:** There were groups run in Brisbane, Canberra and Melbourne through Carers Australia—well, basically, the state and territory Carers Australia bodies. We have also consulted with a range of other groups that have an interest in young carers, such as the Youth Coalition, ACTCOSS, and so forth. We have also been consulting within the Commonwealth with other relevant agencies such as the Department of Education.

**Senator SESELJA:** What did those groups that ran look like? When you say 'group', was it a focus group?

**Ms K Wilson:** It was basically like a focus group. The numbers varied. I think the smallest was around three or four and the largest around 12. As I said, they were divided into two different age ranges, and they were facilitated by Dr Tim Moore who is with the Australian Catholic University and is currently on the board of Carers Australia.

**Senator SESELJA:** I think I am familiar with Tim's work. He has done a lot of work in the social justice space for many, many years. Just briefly, Minister, have you had any feedback on the concept of the bursaries for carers?

**Senator Fifield:** Yes, indeed I have. As Mr Lewis said, I have taken part in some of the focus groups. It was a good opportunity to sit back and listen, as an MP, rather than to talk, for once, and to hear what the young carers were saying.

I think there are two things. Firstly, the young carers thought this was a good idea; but, secondly, even if they were not likely to benefit themselves, they thought that it was significant that government was recognising the particular situation of young carers. So for a lot of them it had some important symbolic value that the government knows, government hears, government gets it. But what really overwhelmed me was, when talking about eligibility issues, most of the young carers were making contributions such as: 'Look, there are probably people who need it more than I do, so let's work the eligibility criteria to not necessarily take on board my particular situation'. I think it is typical of a lot of young carers that they are always other focused and that they think there are other people who have greater challenges than they do. But the thing that really struck me was just how self-possessed so many of these young carers are; that they have had to grow up much more quickly than their peers and that they are able to manage a whole range of situations that I am certain at their age I would not have been able to do.

**Senator SESELJA:** Fantastic; it sounds like a very good program. Thank you.

**Senator MOORE:** I would just want file one last question on that: were the carers focus groups you mentioned, Mr Lewis, across the country?

**Mr Lewis:** They were in Canberra, Brisbane and Melbourne on advice from Carers Australia. For example, at the Brisbane one I attended, I think there were about 25 people. They had come from right up north and out west, and it was a big day for them. Many of them had not even left their home towns. They actually formed a network of support in effect in the room; it was quite amazing. They really wanted to talk. They were from all over in those three states—certainly, at the one I went to in Queensland—and I understand that the same thing happened in Canberra and Melbourne.

**Senator Fifield:** Can I just add, Senator Moore, that the intention of the focus groups is that young carers are in the best situation to know how to design this scheme, how it will actually work so that is the rationale. We being as well-intentioned as we are do not necessarily have the insights that they do.

**Senator MOORE:** It is the best model, and I think some of the work that has been done by those coordinators in the state carers groups shows the value of it in terms of talking their own language and getting them together. I just want to ask about grants in this area and how they operate. I am sorry, and Senator McLucas has one.

**CHAIR:** Senator Smith, you had some non-grant questions I think, did you?

**Senator SMITH:** Secretary or officials, could you just explain to us the conditions under which the first grant was given to the ABC in regards to the ramp-up initiative?

**Mr Lewis:** It was always expected that in making the grant that the ABC would eventually integrate ramp-up into its core business. The intent was that we would not rely on ongoing—

**CHAIR:** Sounds like an inclusive thing to do, Mr Lewis?

**Mr Lewis:** It was certainly the intent and, in following up funding from day one, that was always clear.

**Senator SMITH:** And just to be clear, what was that quantum of funding?

**Mr Lewis:** The first agreement 2009-2010 to 2011-2012 was \$506,818.

**Senator SMITH:** Sorry to interrupt: you were talking about the conditions under which it was given.

**Mr Lewis:** The agreement was that the ABC would make it part of its normal business going forward; that was always the intent.

**Senator SMITH:** And how was that intent exchanged between FaHCSIA and the ABC?

**Mr Lewis:** In a number of ways; there were [inaudible], there were phone calls—my colleague, Ms Wilson, can talk about some of the day-to-day follow-up—but certainly it has been a consistent thing.

**Ms K Wilson:** Yes, I think when Senator McLucas was the parliamentary secretary that she wrote to the ABC a few years ago and, certainly, Minister Fifield wrote to them a few months ago as well. And we have had a number of conversations.

**Senator SMITH:** When the original funding of \$506,000 was given in 2009-10 it was a very clear understanding of FaHCSIA that it was for this particular project and that future monies would be found from within the budget of the ABC?

**Ms K Wilson:** That is right

**Senator SMITH:** And then there was a second funding contribution as well wasn't? Can you just step us through that?

**Ms K Wilson:** That is right. There were some discussions towards the end of the first funding agreement about whether the ABC would absorb the ongoing costs. At that point they were not into position to. The previous government then decided to provide them with a further two years of funding—\$507,000—but, again, on the understanding that this would only be for two years and the expectation after that was that they would continue to fund or incorporate Ramp Up or disability reporting into their normal business.

**Senator SMITH:** The clear expectation was that the initiative would continue and that it would be continued with funding from within the ABC's own resources?

**Ms K Wilson:** Yes.

**Senator SMITH:** And a total of approximately \$113,000 was made available from the Commonwealth to the ABC for the Ramp Up initiative?

**Ms K Wilson:** \$1,013,000.

**Senator SMITH:** What did I say?

**Mr Lewis:** \$113,000

**Senator SMITH:** Oh know it was \$1,013,000.

**Mr Lewis:** \$1,013,818. So almost \$1,014,000.

**Senator Fifield:** Further to what Ms Wilson said, I did write to Mr Mark Scott in January, drawing to his attention to previous correspondence from Senator McLucas in her earlier incarnation and that the intention had always been that this was seed funding and that the ABC would incorporate Ramp Up into its core operations. It was something that came up in communications estimates.

**Senator SMITH:** You are reading my mind! You are getting ahead of me—all my research notes!

**Senator Fifield:** This is what happens when there is no collusion! Indeed, proof positive! It was raised in communications estimates, where I represent Mr Turnbull. I reiterated my view there that I think the sort of work that is undertaken by Ramp Up is important and that the editor, Stella Young, makes a very significant contribution to the debate of issues for Australians with disability.

**Senator SMITH:** I agree. My understanding is that most people would see it as a worthy initiative, originally funded by the Commonwealth with the expectation that the ABC would continue to have the initiative but fund it from itself. Can I share with you what Mr Scott said at the communications estimates on 28 May. Mr Scott said:

The ABC was approached to create Ramp Up by the old FaHCSIA department. I think the feeling was it would be good to create a website. Clearly, it was not a commercial opportunity.

He goes on to say:

...it was not indicated at that time that there was an expectation that the ABC would be able to provide the funding for this when the grant expired ... that was not my recollection of what was communicated to us at the time.

But you are very confident that year the expectation was clear, and that was the basis that the ABC accepted \$506,000 in the first instance and then \$507,000 in the second instance?

**Ms K Wilson:** That is my understanding, yes. I could go back and check correspondence and emails but that is my understanding.

**Mr Lewis:** That is also mine. The correspondence from Minister Fifield to Mark Scott reflects the early correspondence from the parliamentary secretary, then Jan McLucas, and it is the same story.

**Senator McLUCAS:** I have got to say, if you cut the funding to the ABC, it is a bit hard for them to absorb a cost at this point in time. The intention was always, through the National Disability Strategy, to ensure that all sorts of organisations take on their responsibility within their core business to include people with disability. That is, when it comes to broadcasting, we have to have the stories of people with disability in our mainstream broadcasting. But frankly, I dare say Mr Scott, when he has got a huge cut coming from this Commonwealth government and a request to continue with Ramp Up, he has taken a very hard—and I think incorrect—decision. That is probably the reality that he is trying to express to date.

**Senator Fifield:** I think the reduction in funding to the ABC, which is a down payment on the efficiency study, barely touches the sides of the ABC. Also, it is the government's clear—

**Senator CAMERON:** It is a broken promise.

**Senator Fifield:** I am hearing voices.

**CHAIR:** Just ignore them, please.

**Senator CAMERON:** It is the broken promise voice!

**CHAIR:** They are not actually voices; they are echoes from a glen! Do not worry about it.

**Senator Fifield:** The efficiency study, which is presently with the boards of the ABC and SBS, makes clear that these sorts of savings can be made in back-office operations. There is no reason why programming and content should be touched. If ABC's Ramp Up is not to continue, that will be due to a decision of the ABC and not due to any action of the government.

**Senator McLUCAS:** It is almost spiteful, one might have thought.

**Senator SMITH:** It speaks to perhaps some misplaced priorities on the place of the national broadcaster.

**Senator Fifield:** I would hope that the ABC—

**Senator CAMERON:** \$50,000 to millionaire people to get pregnant seems misplaced, doesn't it?

**Senator Fifield:** I am an optimist. I would hope that the ABC can find a way to continue Ramp Up or something equivalent and to retain the services of Stella Young. I am an optimist, so I would hope that that would be the case ultimately.

**Senator CAMERON:** I have got a question on the subject of Ramp Up. Did the opposition prior to the election promise that there would be no cuts to the ABC?

**Senator Fifield:** We have always said that it is important for all Commonwealth agencies, where they can make efficiencies, to do so. No decision that the government has taken in relation to the ABC should see a reduction in programming, content or quality.

**Senator CAMERON:** I will try again. Did the opposition say there would be no cuts?

**Senator SMITH:** This is not a question on Ramp Up.

**Senator CAMERON:** That is on the ABC.

**Senator SMITH:** I think the question is why was the ABC saved from efficiency dividends when other government departments were made to implement them?

**Senator CAMERON:** Because it is a public service, that's why.

**CHAIR:** Senator Smith, that is not a question, just as Senator Cameron's question is not a question. We are in disability hearings at the moment, not ABC hearings.

**Senator CAMERON:** Point of order.

**CHAIR:** What is your point of order?

**Senator CAMERON:** My point of order is that the issue we are discussing is part of the ABC, is funded through the ABC and is part of a broken promise that the coalition made when they were seeking election from the public. It is one of many broken promises.

**CHAIR:** Thank you, I think you have finished your point of order. There is no point of order. The only reason that the question is relevant here was that the seed funding was provided out of this department.

**Senator McLUCAS:** Can I have an update on Australian Disability Enterprises and the BSWAT, please?

Ms Angus, could you update the committee on what has happened since the last estimates around ADEs and, in effect, the BSWAT matter?

**Ms Angus:** We have continued to work on issues related to the BSWAT. There is a number of different aspects of that in this point in time. There is, as you would be aware, representative proceedings that are ongoing. I think since the last estimates there has been a hearing Melbourne. That work is progressing.

Part of the current arrangements were consideration of what was called an interlocutory application around communications with supported employees around any work we might do towards resolution, particularly where that might intersect with the litigation itself. At this point in time, whilst the government is able to continue to talk to employees—and we have done—about this issue, we are unable to talk specifically about the intersections with representative proceedings and how that might effect individual employees.

An addition to that work, there has been a Fair Work Commission application considered. The Health Services Union and United Voice lodged an application with the Fair Work Commission last year to have all of the wage assessment tools, other than the SWS, struck off the award. That was adjourned in January of this on the basis that we still had not had a result from the Australian Human Rights Commission in relation to the exemption application that the department lodged last September.

That decision has since been handed down. As a result of that, the Fair Work Commission reconvened discussion. In fact, there will be a further consideration on 20 June as to an adjournment application. What that means is that there has been an application to adjourn the consideration of whether or not those tools should be struck out to roll into the review process that is already underway as part of the Fair Work Commission's normal rolling review process, which would see it considered in the first half of 2015.

The third issue that has changed since the last estimates relates to the Australian Human Rights Commission. They have in fact handed down an exemption decision. That decision was that ADEs should move to use of the SWS tool as soon as possible, particularly focusing on those where employees were overdue for assessment or application, and that further work needed to be in that space. The timeframe to allow that transition was one year rather than the three that the department had originally sought. As a result of that, the NDS—or National Disability Services, which is the peak body—has lodged an appeal application with the AAT. As yet, no further detail around scheduling or those sorts of issues has been made public.

There are those three things running along. In the meantime, we have continued to have conversations with ADEs directly. We have set up what we call the BSWAT mailbox, which is an email address, and we routinely get queries and concerns raised through that. We, from time to time, get conversations through our complaints and complements line that the department runs. In addition to that, my team and I have been talking regularly to stakeholders groups as we get invited to talk to forums, boards or other organisations. We have continued to have quite a public face and to respond to those requests as much as we have been able.

Broadly, that is the range of activities that we have been working on. We have been supporting those various elements as they have developed, by providing advice to government around the relative impacts of each of those and the coalescence of all of those things as they have come together.

**Senator McLUCAS:** Regarding the Human Rights Commission's finding to move to the SWS within one year, does the clock stop on that time frame of one year due to the NDS appeal?

**Ms Angus:** My understanding is that the NDS appeal did not seek a stay; they just sought an appeal of the decision. So the exemption still remains in place, while that second process just becomes another layer over the top.

**Mr Lewis:** It was not just the SWS. It was: or another approved tool under the Fair Work Australia Act.

**Senator McLUCAS:** Sorry?

**Mr Lewis:** It was not just the SWS. It was: or another tool that was under Fair Work Australia.

**Ms Angus:** There is some ambiguity in the way that the exemption has been drafted. Mr Lewis is absolutely correct to correct me. It did also refer to any other approved tool currently in the award. Of course BSWAT is one of those, and it is not available. The commission publishes its decision and then it publishes its reasons. We believe there is a little bit of ambiguity and tension between those things.

**Senator McLUCAS:** Is there any work in the department to look at developing another tool?

**Ms Angus:** We continue to look at all of the options and what the implications of those would be. Because it has been such a dynamic and fluid situation, it has been really hard to land in any one space. We are aware and we are continually having drawn to our attention, as I am sure the minister also experiences, that the ADEs are very concerned about viability and their ongoing capacity to offer employment to this particular cohort. We are mindful of trying to provide support across all of those issues, but moving forward we would like to get some clarity around some of these other aspects.

**Senator McLUCAS:** Are any of the ADEs doing any work to design any more tools—not that I am encouraging it?

**Mr Lewis:** There are the tools around.

**Senator McLUCAS:** There are many tools.

**Mr Lewis:** Yes, and they have been used by ADEs quite successfully. Yes, we could do work on another tool, but the issues at the moment go to the competency issue of the particular BSWAT tool. Many tools have competency, but there are tools designed by specific ADEs.

**Ms Angus:** There are 26 approved tools currently available, and many ADEs are looking at whether it would be appropriate for them to move. We know that some have made a decision to move to SWS. Some have run trials, for example. One of our bigger organisations has run virtual assessments using three different tools so they can see what the impact is so they can map that back on their business and income stream and see the affordability. Some parts of the sector are actively looking at what the options might be for them, and they will need to make those decisions according to their business requirements.

**Senator McLUCAS:** From the department's perspective of ADEs that happen to be in our launch sites, particularly Barwon and Newcastle, is there any feedback you can provide the committee with about what is happening?

**Ms Angus:** Specifically in relation to BSWAT?

**Senator McLUCAS:** No, I mean ADEs more generally.

**Ms Angus:** Our understanding is that those ADEs, like all the other providers in the NDIS, are working through issues. There are some teething issues in a number of spaces, but they are not particularly peculiar to ADEs. There are a couple of issues around employment versus service provision that make the nature of the relationship slightly different. The department, and in fact the NDIA, are meeting regularly with providers to work through those concerns, and our understanding is that is working very well.

**Senator McLUCAS:** Has there been any further worked on retirement?

**Ms Angus:** Yes. As you know, over the last few years we have continued to work around retirement. Most recently, we extended the retirement project, which has been underway for some considerable time, through until August this year. That is really starting to bear some considerable fruit now. We are regularly starting to see people moving into retirement—and productive retirement, for want of a better term. It is a really exciting project. It has continued to be supported, and we are starting to see some good results.

**Senator McLUCAS:** Are there any vignettes you can share with the committee without identifying people?

**Senator McLUCAS:** Are there any vignettes you can share with the committee without identifying people?

**Ms Angus:** There was a media report this week from one of our organisations, Endeavour in New South Wales, where there was a collective celebration of five people moving to retire. As you might be aware, five does not sound like many, but in an ADE context it is an extraordinary number of people to be moving out. In the paper those particular individuals were being asked to identify what they were most looking forward to, and each of them had a different community based activity or aspect of their life that they were looking forward to doing. It was something that they were embracing and looking forward to as opposed to being frightened of or avoiding, which is what we have seen sometimes in the past. We are starting to see that far more regularly as there have been much more regular discussions in employment settings around the value of retirement. People are sometimes maintaining their contacts with the ADE, because, as you would be aware, some of the relationships that people form over sometimes many years are what they miss when they leave the workplace. Enabling people to come back for morning tea on a Friday, for example, or do those sorts of things has allowed people to maintain those connections and that sense of belonging to an organisation, even though they may not be working at that point.

**Senator McLUCAS:** Thank you.

**Senator SIEWERT:** Can I ask how old the people were that were retiring, because this is an issue that, as you know, came up in our inquiry.

**Ms Angus:** There has been a range; we originally targeted 65-plus, because there were a number of people in that category. We brought that down to 55-plus as we had resources to direct in that way, because we recognise that, just like anyone else, you often have to have a number of conversations about retirement and retirement planning rather than just drop it onto someone and expect them to move out in a short period of time. And as there has started to be some success and people have seen it be successful, we are hoping that we build on that momentum that we have got. The project specifically targets 55 and above at this point in time. Part of it is to provide general information and feedback and presentations to people, and my understanding is that some employers are directing people that may not completely fit that category to be exposed to those conversations and early thinking about retirement, because, yes, we do understand that, for some people, retirement thinking or planning needs to happen earlier.

**Senator SIEWERT:** Thank you.

**CHAIR:** Senator Siewert now has questions on grants.

**Senator SIEWERT:** I had a specific question about the advocacy program; is this the right place to ask it? My understanding is that the current program goes to 2015.

**Mr Cole:** Yes, that is right.

**Senator SIEWERT:** Has any planning started yet about what the next iteration of that program will look like?

**Mr Cole:** There has been some work done with the national disability advocacy providers, the providers that we already fund. There was a reference group set up at the start of last year to start to look at where we move forward to in the disability reform environment. There has been I think three meetings since it was set up early last year, and we have just finalised three papers, one on systematic advocacy, another on collaborative working arrangements and another on learning and development. We will be meeting in July with that reference group again to move forward and work out where we take the recommendations from there.

**Senator SIEWERT:** Have those papers been widely circulated?

**Mr Cole:** They have just been finalised and gone back to the reference group, then the reference group will meet in July and after that we will send them out to the rest of the NDAP providers.

**Senator SIEWERT:** So when you say 'finalised' they are internal papers?

**Mr Cole:** They have been, yes.

**Senator SIEWERT:** So the plan is they go to the reference group; but they will be released for consultation?

**Mr Cole:** The reference group have already had an opportunity to comment on the papers and work through. The final papers will go to the reference group. We will then meet and work out how we will move that forward, and then the papers will go out to the rest of the NDAP providers; that is right.

**Senator MOORE:** Who is on the reference group? You can take that on notice.

**Mr Cole:** It is variety of the NDAP providers, but I will have to take that on notice.

**Senator SIEWERT:** I just wanted to be clear: once the papers are finalised through the reference group in July, there will be a consultation period; they just will not be given to the—

**Mr Cole:** There will not be a further consultation period, because we have already consulted with the reference group. So it was not about consulting further.

**Senator MOORE:** It was not public consultation?

**Mr Cole:** No. That is right.

**Senator SIEWERT:** What happens to public consultation? Are you not going to talk to the wider group to find out what they think?

**Mr Cole:** Absolutely, we will go out to the broader NDAP providers, the rest of the people that are not on that reference group, but we needed to pull the reference group together to be able to work through without having 59 providers.

**Senator SIEWERT:** I think we may be talking at cross purposes. My understanding from what you said is that you come together in July, you finalise the papers, but those papers will then be the basis of public consultation with the groups.

**Mr Cole:** No. The information will go out to the group—so I suppose if you are calling that public consultation—and they will be able to come back to us and we will obviously discuss more broadly with all NDAP organisations, but those papers will be final after the reference group meeting. Am I still not answering your question?

**Senator SIEWERT:** No, because what you are saying is: the reference group is making a decision and all you are going to do is inform the rest of the providers and the rest of the stakeholders. That is how I am interpreting what you have just said.

**Mr Cole:** That is correct. The reason why the reference group was picked is that we thought that it would cover enough variety from the NDAP organisations. That is why we have got that group we pulled together, and, yes, once they are finalised, we will then go out to the rest of providers as is.

**Senator SIEWERT:** What is the point in going out to the rest of the providers if you have already made a decision? Since when have you or anybody else in this room ever been involved with a reference group where you have prepared papers and the whole of the rest of the sector was tickety-boo with them all?

**Mr Cole:** No, but that is—

**Senator SIEWERT:** Really, truly never—in the history that I know of.

**Mr Cole:** You are correct. But we will be going back out to the providers and, if they provide feedback on it and we have a strong amount of feedback about an issue that was raised in one of the papers, obviously we would need to change the view that we have.

**Senator SIEWERT:** That is not what I understood that you said.

**Mr Cole:** Once we get feedback, that would be right.

**Mr Lewis:** We will be consulting by sending out the papers to the broader group and they will provide feedback.

**Senator SIEWERT:** And you will invite feedback?

**Mr Lewis:** That is right.

**Senator SIEWERT:** Thank you. I am glad we got there.

**Senator MOORE:** At what stage along this process are people who are not already providers going to be involved, or at least advised about what is going on? The interest in the area is wider than just the providing group.

**Senator SIEWERT:** People with disability themselves, you mean?

**Senator MOORE:** Yes, and also family. There is a lot of interest in this process. Your stream of discussion, which is perfectly reasonable, is within the providing groups, and that is fine, but at what point along the program have you got in your plan that people in the wider community would be interested and, for instance, on the website people will be able to read them and think about them?

**Mr Cole:** There might be an opportunity for the new council that was discussed further to be able to consider those papers and move those papers forward. There will be a variety of opportunities after we go through the reference group.

**Senator SIEWERT:** It is going out to the broader groups. What time frame after July do you expect to put it out, get the feedback and then finalise that process?

**Mr Cole:** We would be expecting to finalise it before the end of the calendar year, but as soon as possible after we have met in July.

**Senator SIEWERT:** Once that process is done, that then forms the basis of the new program after 2015?

**Mr Cole:** Yes—our thinking around that; correct.

**Senator SIEWERT:** And then you make budget applications and all those sorts of things?

**Mr Cole:** Next steps.

**Senator SIEWERT:** Minister, is it the government's expectation that the National Disability Advocacy Program will continue beyond 2015?

**Senator Fifield:** That will be a decision for government in the budget cycle.

**Senator SIEWERT:** I thought I would get that answer, but I was trying my luck anyway.

**Senator Fifield:** There will always be an advocacy program, but it will be considered in the budget cycle.

**Senator SIEWERT:** This question sort of relates to NDIS, but it is a bit separate. I have got a specific reason for asking you. Was the department involved at all in the selection of the advocacy groups that are doing the external merit review process?

**Mr Cole:** Yes. That is correct. We are responsible for that. It sits in my branch.

**Senator SIEWERT:** Can you take me through that process, please?

**Mr Cole:** It was a direct process for selecting NDAP providers and legal service providers in the trial sites. The direct process was selected for the trial sites as it offered an opportunity to deliver with low-risk, high-performing providers in each trial site.

**Senator SIEWERT:** So direct process—that means you just picked?

**Mr Cole:** We have picked within trial sites—that is correct. But I can go through how we—

**Senator SIEWERT:** Can you tell me how you did that?

**Mr Cole:** For the support person role—so you are talking about the NDAP providers which are providing the support person role—the agency was selected based on a range of criteria. The first one was a currently funded NDAP provider, obviously. We did that because a direct approach achieves value with public money as it uses an existing provider and therefore there is a lower administrative cost in implementing the measure.

**Senator SIEWERT:** Was there a process undertaken to make sure that those providers were actually delivering in the first place? So the next one was risks: the agency must have been assessed as a low risk against the DSS service provider risk assessment. Then we also had reporting requirements so that is the service provider must have met all milestones for performance, data and financial reporting, against their existing DSS funding

agreement; which I think answers the question that you just asked; time frame; urgency because of the rollout of the NDIS; and also quality assurance, so they must have achieved certification in the NDAP quality assurance system.

**Senator SIEWERT:** You did not advertise to the existing providers in that area?

**Mr Cole:** No.

**Senator SIEWERT:** You just picked one?

**Mr Cole:** Picked one based on those criteria.

**Senator SIEWERT:** How did you decide which one to go to, to pick?

**Mr Cole:** I would have to take the exact detail on notice, but it was in consultation with our state and territory offices who manage the agreements with the NDAP providers in each state and territory. So the people who actually know the providers and who work closely with the providers also were part of that selection, because they have that knowledge on the ground and they do some of this work it was between national office. I would have to take exact details on notice.

**Senator SIEWERT:** That would be appreciated if you could, because you can appreciate in some circumstances there may not be more than one advocacy provider in the area, but in some, for example, the bigger areas like South Australia, which covers a larger area, there may be more than one. So you can understand how some of the providers may be a bit perturbed that it appears that you have just picked an agency?

**Mr Cole:** It was on that criteria but I can come back to you with further detail on exactly how we did it.

**Senator SIEWERT:** If you could come back to me with further details, that would be appreciated. I am aware in asking this question that the future of the program past 2015 is unknown, but have you thought through how you are going to undertake that process when NDIS is rolled out fully?

**Mr Cole:** No, we haven't started. What we have been focusing on obviously is trial sites and, after we get through the trial sites, we will look into that.

**Senator SIEWERT:** That takes me to the trial sites that are rolling out in a month's time: did you go through that same process?

**Mr Cole:** Correct.

**Senator SIEWERT:** And so you have already picked the providers in WA and in ACT?

**Mr Cole:** Yes.

**Senator SIEWERT:** Thank you. I think that is all of my questions there.

**Senator MOORE:** I want to know about the grants in this part of the department. How many grants are administered in the disability and carers section?

**Mr Pratt:** Of the 14,000 grants we have, what proportion are in this area?

**Senator MOORE:** What are the grant programs that are administered through disability and carers, and when I find that out I might ask supplementary questions about—

**CHAIR:** Off the top of their heads?

**Senator MOORE:** No, it is a direct question.

**Senator SIEWERT:** We did indicate not a long while ago before she asked her questions—

**Senator MOORE:** That we would come back program by program and ask this question.

**Ms K Wilson:** I can tell you the grants that I am responsible for. We have already talked about the Young Carer Bursary Program. I am also responsible for the young carers program; the Respite Support for Carers of Young People with Severe or Profound Disability; Outside School Hours Care for Teenagers with Disability; and the national disability peaks.

**Mr Lewis:** We might refer this to Deputy Secretary Barbara Bennett and Tim Reddel. Basically, all our grants are centrally managed. In terms of the processing of the grants, we have a system in place in the department. Barbara and Tim can talk about the listing of grants. It is quite an extensive list, so rather than read them out one by one—

**Senator MOORE:** I am more than happy to do that. I just want to know the grants under—

**Ms Bennett:** Under this outcome, which is outcome 5, if you look at the honeycomb it explains that the formal programs were—

**Senator MOORE:** I just need to find my honeycomb.

**CHAIR:** At least you have got a honeycomb.

**Senator CAMERON:** I don't have a honeycomb.

**CHAIR:** I am afraid you cannot come to this hearing without a honeycomb, Senator Cameron.

**Senator MOORE:** What I want to know is which grants come within program 5.

**Senator CAMERON:** Honeycomb is coming out from everywhere.

**Ms Bennett:** Looking at the sheet in front of you, on the right-hand side you will see 5.1, in the bigger khaki-green box, and to the right of that it says 'outcome 5'. There was targeted community care, service and support for people with disabilities, support for carers and national disability insurance. They are all listed there and they have now been broadbanded into those new arrangements.

**Senator MOORE:** I get that, but underneath those headings we have young carers, respite support, outside school aged care. I want that degree of detail.

**Mr Lewis:** The good thing is that they are all continuing.

**Senator MOORE:** I know, but once I get the list I can ask about that and the letters.

**Ms Bennett:** Could you please tell me which one you are particularly looking for?

**Senator MOORE:** I am looking for all of them. I want to know every grant that is in this program. If you have it written down there, it would be really useful, or else I am going to be scratching my head.

**Ms Bennett:** It is a set of notes to do with the arrangements. We could probably provide this to you. For example, there is an existing activity that has moved across in the disability employment box, which is in the honeycomb. There are the Disability Employment Services grants under disability and carers support. That included Print Disability Services, Remote Hearing and Vision Services for Children, Postal Concessions for the Blind, the National Disability Conference Initiative, National Disability Advocacy, information grants, and an external merits review support component, and now included is the election commitment to the Young Carer Bursary Program.

In the disability carers and service improvement and support sector—part of the honeycomb—there is funding for International Day for People with a Disability, national secretariat for people with disability and the election commitment for the industry advisory council. In the community mental health honeycomb, there is the Family Mental Health Support Service and Mental Health Respite: Carer Support.

The national disability insurance component of the honeycomb includes Young Carers Respite and Information Services, Mental Health Respite: Care Support, Personal Helpers and Mentors, the Better Start Registration and Information Service, Outside School Hours Care for Teenagers with Disability, Helping Children with Autism—advisers, Helping Children with Autism/Better Start Workshops, HCWA Aboriginal and Torres Strait Islander Liaison Officer Project, Respite for Carers of Young People with Severe or Profound Disability, the National Auslan Interpreter Booking and Payment Service, Australian Disability Enterprises temporary viability support, Autism Specific Early Learning and Care Centres, autism spectrum disorder playgroups, special playgroups community events, the Autism/Better Start website, national rural and remote support services, Australian Disability Enterprises and Australian Disability Enterprise support.

**Senator MOORE:** So we have gone through each of the little honeycombs underneath the big honeycomb; is that right?

**Ms Bennett:** Yes.

**Senator MOORE:** And that is every grant?

**Ms Bennett:** On my notes, yes.

**Mr Pratt:** There might be some other minor grants.

**Ms Bennett:** Sometimes a grant might have a subsubactivity but it was still in that grant activity; it might have had a particular target but it aligned to other activities.

**Senator MOORE:** I understand that. Do you have a total underneath this program?

**Ms Bennett:** It is in the PBS.

**Mr Pratt:** Sorry, Senator, you are asking total number of grants?

**Senator MOORE:** Total number of grants.

**Ms Bennett:** Total number of grants—we will take that on notice.

**Mr Pratt:** We will take that on notice.

**Mr Lewis:** So the question really goes to funding arrangements that may not all be a grant that is a grant in that category so we can come back to it.

**Senator MOORE:** Yes. It is to get every element of grant payments and also things like conferences that are sometimes called a grant or a project.

**Mr Lewis:** The national conference initiative and so on.

**Senator MOORE:** Everything that is funded within this program. When you give it to me, I will get that list, because we have had specific questions about some. Mr Lewis has just said earlier in evidence that every single grant has been continued.

**Ms Bennett:** I need to explain that there are some procured activities that might be directly sourced. There may be one-off funding that might be given to an organisation either to conduct research or because of an emerging issue. They are not in the grant program at this stage. At the moment—

**Senator MOORE:** Are they intended to be?

**Ms Bennett:** We are trying to do this reform, which will occupy us for the rest of this year, and then we will look at some of the other ways in which the non-government sector is funded. Some of those are currently activities where there might be three- or five-year funding arrangements that were procured through a different way. We will be taking a look after we have completed this exercise to see, if appropriate, if some of those activities could be brought into the program office to be administered, but we have not decided about that yet.

**Senator MOORE:** That is fine.

**Mr Lewis:** Senator, I just need to add on that ambit statement that some things cease. Those that were intended to continue, that have ongoing funding—

**Senator MOORE:** What about organisations—and, again, without seeing every one—whose grants were terminating in June 2014?

**Ms Bennett:** I have a list of the types of grants but we are providing you with the organisations. We have a list of those that were granted extensions in this space.

**Senator MOORE:** Can I get that on notice?

**Mr Lewis:** Yes.

**Ms Bennett:** As I explained earlier, the grants in this area primarily are receiving the providers 12-month extension, because of the connection that was also the issue with aged care.

**Dr Reddel:** I can go through that. There is a list of 12-month extensions that include NDIS transitioning and aged care, if you would like me to just read those?

**Senator MOORE:** Yes.

**Dr Reddel:** So these are 12-month extensions given, as Ms Bennett said. The majority of these will transition—

**Ms Bennett:** To multiple providers.

**Dr Reddel:** So this is at program level. So the National Respite for Carers Program; the Aged Care Service Improvement and Healthy Ageing Grant Flexible Fund; Aged Care Workforce Fund; Indigenous aged care workforce; the National Aboriginal and Torres Strait Islander Flexible Aged Care Programme; childhood autism advisors; Better Start for Children with a Disability; Young Carers Respite and Information Services Program; Respite Support for Carers of Young People with Severe or Profound Disability Program; Outside School Aged Care for Teenagers with a Disability; Helping Children with Autism workshops; Disability Employment Assistance; Personal Helpers and Mentors program; Mental Health Respite; carer support; and disability and mental health agreement.

**Senator MOORE:** So, apart from those who were not meeting the targets and were under review for that reason, all providers who are currently receiving funding under that list of grants have been contacted and have information that they will get the 12-month extension while this transition process is going on?

**Ms Bennett:** They made up the 1,452 individual grants; but, as we explained, some providers would have several grants. In that cluster 1,452 grants have received a 12-month extension.

**Senator MOORE:** That cluster alone?

**Dr Reddel:** That cluster. As Ms Bennett said, some of the organisations that are funded under the 12-month extension might also be receiving funding under another program that is only receiving a six-month extension.

**Senator MOORE:** Yes. I took down your figures at the beginning, when you were talking about grants. I thought the 1,450 were across all programs, not just this one.

**Ms Bennett:** No. I can—

**Senator MOORE:** That is fine. I am happy with that answer. Those you have read out will get 12 months. I have a particular question under the Outside School Hours Care for Teenagers with Disability relating to Darling Point Special School. Is that one of the ones that has been contacted and had an acknowledgement that they will have funding for a further 12 months?

**Ms Bennett:** This is where it is a joint effort.

**Senator MOORE:** I absolutely know that.

**Ms Bennett:** People at the other end of the table will have to answer that question.

**Senator MOORE:** While Mr Lewis is, hopefully, finding the answer for Darling Point, do you have any within program 5 that have letters saying they are going to have a six-month extension?

**Ms K Wilson:** The program will have the detail.

**Dr Reddel:** We are preparing that detail for you.

**Ms Bennett:** Broadly, those grants are from program 5 and they are 12-month extensions. Some of those providers might have grants that are in outcome 2.

**Senator MOORE:** I am going to be asking about outcome 2 as well.

**Ms Bennett:** It is very specific that yes, that cluster of programs that relate to this outcome received 12 months. But, for example, if you are organisation X and you have grants under outcome 5, you got 12 months for those grants, but you may be doing something that is in, say, the family space as well, and they were only six months.

**Senator MOORE:** There will be many who are drawing money across different grants—particularly some of the community organisations and larger groups. Did they get individual correspondence about the programs? Did they get a letter or an email if they were on program 5, one of the ones you just read out? Did they get a separate notification for anything they had in program 2 and a separate notification for another program?

**Ms Bennett:** Yes, they did.

**Senator MOORE:** So there would be no confusion?

**Ms Bennett:** No confusion. Earlier on you asked about communications and how we contacted them. It was a reference to the fact that someone might not know something. Some of them are large organisations with a central point of contact. They provide who their contact is for the grant. If they are a large organisation it could be a national office, it could be their business manager or it could be their accountant. Under the terms of the contract they have with the department there is a primary person who is the contact. The answer is that yes, they received it in relation to what grants they currently had. So the benefit of reform will be that they will have one contact, one arrangement.

**Senator MOORE:** Absolutely. That is a key point.

**Ms Bennett:** At the moment they have received information about the various elements that they had grants for, and that would have gone to the contact in each of those contracts that are in existence.

**Dr Reddel:** Senator, just to clarify the communication: there were also some grants in outcome 5 that were only on six months because they are not transitioning to NDIS. For example, the Family Mental Health Support Service is only getting six months. It is not part of the transition to NDIS.

**Ms Bennett:** To reiterate on the 12-month extension, it was for those grants that are transitioning to the future arrangements for NDIS and those grants that are part of the broader aged care package, allowing those reforms to occur or those arrangements to be handed over in time for that to happen.

**Senator MOORE:** And also allowing for the grants reform process to happen?

**Ms Bennett:** Yes.

**Senator SIEWERT:** But not all of those are 12 months, are they? I cannot write as fast as you can speak so I did not bother to even try to write them down, because I just could not keep up.

**Senator MOORE:** I stopped after the second one.

**Senator SIEWERT:** You have taken on board tabling some other—

**Ms Bennett:** Yes, we will provide to you a list of the programs that have received a 12-month extension, the program that has received a six-month extension and those that are on the five-year extensions.

**Senator MOORE:** Can we also get the numbers that are not being extended at this time because of performance issues just so we know—not by name, but in terms of within that overall grant area.

**Ms Bennett:** I will have to take that on notice.

**Senator MOORE:** Did anybody find Darling Point Special School?

**Ms Bennett:** We will take that question on notice. As I said, there were numerous grants that were for only one year.

**Senator SIEWERT:** With those grants that go for only one year, sometimes they get 12 months and get another 12 months. Were some of those in that group?

**Ms Bennett:** Of course there would have been and they will have an opportunity in the new selection process. There is a difference obviously between those that have had continuous for enduring programs and something that might have been defined one year only, existing and ceasing in that one year. They will have the opportunity to apply through the selection process for similar activities as that process goes through.

**Senator SIEWERT:** Once you have come up with a new process.

**Ms Bennett:** Yes.

**Senator MOORE:** Did anyone find Darling Point with outside school age care for teenagers?

**Mr Pratt:** We need to go back and look at our system for that. We will see if we can get it for tonight's hearing.

**Senator MOORE:** That would be very useful. In terms of the grant information sessions, people who were receiving all kinds of grants turned up, so they were not grant specific sessions?

**Dr Reddel:** Yes.

**Ms Bennett:** You asked earlier if we could set out the grant communication activities: what we have done, which grants were affected and who has received extensions. We have now consolidated this into a single set of information for you. We can table it now.

**Senator MOORE:** It is extraordinary that that came back in that time. Thank you. I trust it will not lead to more questions, but it probably will. Thank you very much. That is exactly the information we were seeking. I will have a look at that.

**Senator SMITH:** Was it true that the efficiency dividend had been incorrectly applied to one element of the funding of the National Disability Insurance Scheme previously?

**Mr Pratt:** Yes, we covered that a little bit earlier. The efficiency dividend was applied accidentally to the package and a sector development fund element of the appropriation to the National Disability Insurance Agency and that has been fixed up in the budget.

**Senator SMITH:** What was that—\$44 million or \$45 million?

**Mr Pratt:** It was in that order; \$45 million rings a bell.

**Senator SIEWERT:** I want to be absolutely clear in terms of the six-month and the 12-month grant extensions. The money they have been given for that rollover is the same as what they were getting for the previous year.

**Ms Bennett:** Yes.

**Senator SIEWERT:** No-one has been told they have to take a cut?

**Ms Bennett:** No, not if they are receiving an extension. It is pro rataed. To be very clear: if they had received a one-off, that is not in the extension.

**Senator SIEWERT:** It is the other, yes. I understand that the one-offs are finished. There are 1,250 of those and they do not get rolled over. And the 380 I will come back to. They are the ones I was asking about indexing—

**Ms Bennett:** In program 2 we will be able to explain to you a number of aspects of indexing. Some will receive indexing depending on what the arrangements are. Some never received indexing. Looking at the five years, you see some have different indexing arrangements and some we are still negotiating with the Department of Finance, but we will be able to go through that in detail tomorrow.

**Senator SIEWERT:** Okay, thanks.

**Senator MOORE:** I have a question about the PHaMs program.

**Ms Bennett:** Outcome 2 tomorrow.

**Senator MOORE:** So PHaMs do not receive money through this program.

**Ms Bennett:** Families and communities—

**Mr Lewis:** Is the question about the grant process or the program itself?

**Senator MOORE:** About the grant process. With the program itself I think we have regular updates on how it is going, but the funding for the PHaMs sites—they came on at different times, so I would have thought they had rolling dates. Is that right? Have they got into a strong sequence now where they are all funded at the same time? As they came on board in different rounds, I thought their extended funding would come up at different times.

**Ms Pickering:** One hundred and fifty-one PHaMs services are funded until 30 June, so they will get their 12-months extensions.

**Senator MOORE:** This year, and they fall into the grant as Ms Bennett has already explained. So that is 151.

**Ms Pickering:** That is right. Fifteen are due to cease on 30 June 2015, and 54 PHaMs are funded until 30 June 2016.

**Senator MOORE:** And that is a total of?

**Ms Pickering:** Two hundred and twenty.

**Senator MOORE:** And the last PHaMs came on board when?

**Ms Pickering:** It would have been June last year.

**Senator MOORE:** Are there any plans for further PHaMs sites at this stage?

**Ms Pickering:** Future decisions.

**Senator MOORE:** Minister, there is no planning for more sites under the PHaMs program at this stage? It is a decision for government in the future whether it is extended.

**Senator Fifield:** The personal helpers and mentors? Yes. I cannot add anything.

**Senator MOORE:** No, but at the moment there are a range of them, and any decision to extend would have to go through another budget process. Okay. So the ones that get the 12-month extension will then fall into the same sequence as the 15 that are June. Then we would only have the next round that would be different.

**Mr Lewis:** Yes. They are lining up.

**Senator MOORE:** That is the intent?

**Mr Lewis:** Fortunately.

**Senator MOORE:** And three-year funding?

**Ms Pickering:** Yes.

**Senator MOORE:** And what is the latest review of PHaMs?

**Ms Pickering:** The official evaluation was done in 2011. We have not undertaken a formal evaluation since then, but we do have regular annual reporting from both survey participants and the providers. It is done twice a year as well.

**Senator MOORE:** And the standard reviews within the department? Are they done every second year?

**Ms Pickering:** For evaluations of the program? That varies. We have been doing some work around what another evaluation might look like, but we have not gone any further than that at this point in time.

**Senator MOORE:** Senator Peris and I were just talking about the services in the Northern Territory, and one of those was the Indigenous-specific PHaMs. That is where? I am trying to remember which stream they came on at and whether it was the last one.

**Ms Pickering:** It was the last stream.

**Senator MOORE:** So they have been going for just 12 months now.

**Ms Pickering:** That is right. Probably not quite that long by the time they did their set-up and establishment. We have the remote one at Santa Teresa. We also have the one at Gunbalanya. They are the two in the Northern Territory.

**Senator MOORE:** And then a couple of other places across the country where they have an Indigenous focus because of where they are located.

**Ms Pickering:** We have one in the APY lands. That is not a PHaMs. Those ones are family mental health support services, not the PHaMs providers. We do have targeted community care programs operating remotely across 32 sites or services, but not all of them actually apply the Indigenous model per se. But the family mental health support services do operate under a specific Indigenous model that is culturally appropriate using cultural—

**Senator MOORE:** And a lot of planning went in.

**Ms Pickering:** That is exactly right.

**Senator MOORE:** I know Senator Peris has a question about some of the advocacy.

**Senator PERIS:** There are three Northern Territory disability advocacy agencies: the Darwin Community Legal Service, Disability Advocacy Service Inc. and the NPY Women's Council Aboriginal Corporation. I want to know where we are at with the disability advocacy agencies in the Northern Territory.

**Mr Cole:** If they are the current organisations in the Northern Territory, their funding agreements are in place until 30 June 2015.

**Senator PERIS:** Do you have the funding breakdown for 2012-13 for those?

**Mr Cole:** I would have to take it on notice for specific organisations. I do not have that with me.

**Senator PERIS:** But those three are funded until next year?

**Mr Cole:** Correct, 30 June 2015.

**Senator PERIS:** Okay, thank you.

**CHAIR:** Does that complete the questions? Ms Bennett, do you have something you would like to add?

**Ms Bennett:** I have provided to the secretariat the list of the six-month, 12-month and five-year. I would like to remind you that these are about grants that are due to expire on the 30th. As we have just been discussing, where it has been more enduring, those contracts continue and they will be folded into reforms in the long term.

**Senator MOORE:** Yes. We are particularly concerned about the ones that were ending in June.

**Senator SIEWERT:** Can I follow up on that? The ones that are ongoing will be transitioned into the new process?

**Ms Bennett:** Yes.

**Senator SIEWERT:** But they would then have to apply the tender process as well? Depending on how long their contract is, they are phased into the new process?

**Ms Bennett:** We are still finalising those arrangements. What I am saying is that, if you have a longer and continuing contract at the moment, those arrangements have not changed. We are doing this first set of grant programs at the moment, but within that new structure and after we get over this process we are looking at those longer-term ones because there will be at least this window of 12 months afterwards.

**Senator SIEWERT:** I understand why you need to deal with the organisations.

**Ms Bennett:** We cannot change organisations that are already in place with the organisations.

**Senator SIEWERT:** So as you are moving into this new process you will be giving thought to how you move those organisations, or they finish and tender again under the new process.

**Mr Lewis:** Under the new program.

**Senator SIEWERT:** Yes, sorry. Thank you.

**Senator MOORE:** At the last estimates, we talked a fair bit about the age-65 nexus and what happens with people with disabilities aged 65 in aged care and those kinds of things. A number of people in the vision area have been in contact with us in an ongoing way about concerns about what is occurring with people with vision loss and how they fit into the process. I know it is part of a much wider debate, but the particular question is: would a person over the age of 65 who loses their sight and is not eligible for assistance under NDIS have access to any specific disability support, or would they only qualify for aged-care assistance?

**Ms K Wilson:** Under the national disability agreement there is no reference to age limit for getting specialist disability care provided by states and territories. What that means in theory is that that person could be able to go to their relevant state or territory disability service and apply for assistance.

**Senator MOORE:** How does that work?

**Ms K Wilson:** I have read various media reports where some states and territories apply their own policy guidelines that do put in age criteria, but that is not what the national disability agreement says.

**Senator MOORE:** We have heard many stories about different experiences in states and territories. Is there no way that the Commonwealth actually knows what is in state guidelines and state practices, particularly through the COAG process?

**Ms K Wilson:** It is not part of our responsibility under the NDA to monitor what state and territory guidelines are. Obviously we could look them up on the internet if we wanted to, but it is not part of our responsibilities under the agreement.

**Senator MOORE:** At the COAG meetings I would imagine that issues about services for people with disabilities come up within the wider discussion. Has there been discussion around these issues of variation of service?

**Senator Fifield:** There have been issues about interface between the NDIS and areas of state service responsibility. Where the discussion has tended to land at the ministerial council is seeing the trial sites as an opportunity to see what the workings are in terms of where there are gaps in service provision.

**Senator MOORE:** But that is the people who can qualify under NDIS, and we know there is that age issue there.

**Senator Fifield:** That is right, but to see where there are gaps in existing services when it comes to where the NDIS responsibilities finish and where the responsibilities of others commence is to see in real life, on the ground in trial sites, what is happening.

**Senator MOORE:** And in the aged-care area. I know it is a huge issue the aged-care area.

**Senator Fifield:** That is right.

**Senator MOORE:** Thank you.

**CHAIR:** We will now take a break and come back with outcome 1, programs 1.1 to 1.11.

#### **Proceedings suspended from 16:02 to 16:21**

**Senator MOORE:** At the last estimates, we had a significant discussion around what was then known of the McClure review—the payments and all those things. At that time, we had a discussion around whether in fact anything in the review would be made public—whether there would be information on the website about it, whether people in the community would be able to self-identify to become involved in the process. There was nothing on the website about it in terms of people having an interactive role. There were media releases. Can you explain the background as to the reasoning that this was a kind of review by invitation rather than by inclusion?

**Mr Pratt:** The first thing to say is that the processes still has quite a long way to go. The first stage of the process involved Mr McClure and the department and the committee having a look at what we already know. We looked at the Henry tax review, the Harmer review and so forth—previous welfare reform outcomes—and identifying those aspects which might still be relevant. We looked at international experience and so forth. The government has flagged that, in the near future, it is likely that Mr McClure's interim report will be released. It will identify a range of issues for people to provide feedback on and for Mr McClure to seek more public views around. There is plenty of consulting with a range of interested stakeholders and organisations. I recall listing a number of those at the last estimates. But there was a much broader range than that. From memory, those were organisations which had a particular interest on behalf of recipients of the various payments. All that is still in train and we expect that, following the release of the McClure report in due course, there will be further consultations and a final report later this year.

**Senator MOORE:** You referred last time to the original part of the process as being 'light touch'. You were using that term to indicate that it was just at a preliminary stage?

**Mr Pratt:** It was the first stage.

**Senator MOORE:** Has the department received the interim report?

**Mr Pratt:** Yes.

**Senator MOORE:** When did the department get that?

**Mr Pratt:** I do not recall the exact date; it was a bit before the budget. I think the minister has mentioned that he asked Mr McClure to have a look at the budget and see if there was any factual material that needed to be updated in the report—which has happened.

**Senator MOORE:** Minister, when did you get the interim report?

**Senator Fifield:** I think the secretary is referring to Minister Andrews, who has primary carriage of it.

**Senator MOORE:** As a minister, when did you get the report?

**Senator Fifield:** I have not received the report. I have had a few discussions with Mr McClure, and I have had a few discussions with the minister, but Minister Andrews has primary carriage of this exercise.

**Senator MOORE:** Do we know when Minister Andrews got the report?

**Mr Pratt:** It was after Mr McClure had a look at the budget outcomes and reflected those, so it was in the last couple of weeks.

**Senator MOORE:** So it was after the budget?

**Ms S Wilson:** It was on 20 May.

**Senator MOORE:** Do we have any idea how many consultations were undertaken by Mr McClure prior to delivering the interim report? Is there a record of those?

**Ms S Wilson:** From memory, he met with 34 stakeholders. I will just check.

**Senator MOORE:** Can we get a list of those?

**Ms S Wilson:** I think we provided that at the last hearing.

**Senator MOORE:** I remember talking to Mr Pratt about them, but I cannot find that answer.

**Mr McBride:** We tabled that list last time, but we would be happy to table it again. I think there were four additional consultations subsequent to that, and we will add that to the list.

**Senator MOORE:** We now have the updated list; that is handy. Minister, do you have any idea when the report will be made public?

**Senator Fifield:** That will be a decision for Minister Andrews—but 'soon' is the time frame in which he will be making his decision.

**Senator MOORE:** Mr Pratt, you indicated that, after that that is released, there could well be a process to have further engagement. You do not know what that process is at this stage?

**Mr Pratt:** It is subject to a government decision but my expectation is that there will be a full round of consultations around Mr McClure's interim report.

**Senator MOORE:** And subject to government approval is there any indication that those consultations could be wider, that people could in fact say 'I want to be consulted'?

**Mr Pratt:** Yes, people will be able to send in their views.

**Ms S Wilson:** We have been working with Mr McClure and the committee on a proposed approach to consultation. It is, of course, subject to government decision, but it is proposed to include some stakeholder engagement roundtables, potentially a call for submissions and perhaps some online web forums to invited stakeholders. So it is proposed, subject of course to the government's agreement, that that is the approach that would be taken.

**Senator MOORE:** Do we have any idea when that part of the process will happen?

**Ms S Wilson:** It is subject to the government's decision but I would anticipate it will happen shortly.

**Senator MOORE:** Minister, is there any value in individuals saying to the minister, or to you, that it would be really good to get this process started?

**Senator Fifield:** I do not think Minister Andrews is wanting to let the grass grow.

**Senator MOORE:** I would like the process to get started. Do we have any idea of the time frame for the release of the final report?

**Mr Pratt:** Our expectation is that it will be before the end of the year. Again, that is subject to government decision.

**Senator Fifield:** Within this calendar year?

**Mr Pratt:** Yes.

**Senator MOORE:** You mentioned that some of the work was looking at overseas experiences of what is happening in this area. There has been some speculation recently in the media about the issue of drug testing for welfare recipients. Mr McBride, are you aware of whether the New Zealand experience with this is one of the areas that were considered?

**Mr McBride:** We have been looking very closely at what the New Zealanders have been doing. They are very innovative in terms of their welfare reforms. Naturally, we have looked at the UK and other countries as well—wherever we can learn from experience. Minister Andrews has been to New Zealand and I have been to New Zealand to talk to our counterparts there about their arrangements. We are very much aware of their policies

around drug testing but both the minister and the Prime Minister have been very clear that this is not something we will consider in Australia.

**Senator MOORE:** I have seen the minister's statement and it is very strong. You said the department has been to New Zealand. Do you have information about the way the New Zealand process operates—how much it costs and all those things?

**Mr McBride:** We may have some of that information but it is not something we have looked at very closely.

**Senator MOORE:** And the department has not come up with no assessment about whether it is a worthwhile process?

**Mr Pratt:** The government has made it clear it is not interested in that in the Australian context—so no, we have not put any effort into a drug testing policy.

**Senator Fifield:** Just to be clear: both Minister Andrews and the Prime Minister have ruled out drug testing.

**Senator CAMERON:** You say you have not expended any effort on developing a policy on this. Have you provided any advice to the minister? I am not asking what advice you have provided, I am asking whether you have provided advice.

**Mr Pratt:** I do not believe we have provided any specific advice to the minister about this. In briefings when he went over to New Zealand, inevitably we would have mentioned the fact that the New Zealanders do this, among other things. I imagine we probably mentioned that it was controversial in the New Zealand context. Beyond that, I do not believe we have provided any advice in this area.

**Senator CAMERON:** You do not believe you have? Can you take that on notice?

**Mr Pratt:** Yes, we will do that. But I need to be very careful that I do not get into the area of giving specific information about what we provided.

**Senator CAMERON:** I specifically said I was not asking for that. I have been around long enough now to know that that would be the response. You do not have to provide details of the advice, but you are obliged to tell us whether and when you have given advice. So can you take that on board.

**Mr Pratt:** Indeed.

**Senator CAMERON:** Thanks.

**Senator MOORE:** Is there any system that actually has public servants doing work experience exchange programs—people from the New Zealand public sector having time in the Australian public sector and vice versa?

**Mr Pratt:** Over the years, there have on occasion been those sorts of—

**Senator MOORE:** At different times there have been programs of that kind, yes.

**Mr Pratt:** We do not have anything going on at the moment but in the past we have exchanged people with New Zealand.

**Senator MOORE:** On the kinds of visits to New Zealand and the UK that you described, I have a number of questions along the same lines. That has been to have a look at what has been happening rather than getting into the system and experiencing working in it?

**Ms S Wilson:** We have international forums in which we discuss these things. There have not been any formal exchanges for quite some time in this portfolio with counterparts overseas. There was historically a New Zealand exchange and, at one point, in the old Family and Community Services, we had a delegate to the permanent mission of the OECD. Funding constraints over the years have precluded us from doing that. Also, the availability of videoconferencing, online contact et cetera means you do not have to actually be physically present. Although there is value in face-to-face contact, we can find other forums in which to exchange those ideas and views, and we try to exploit that as much as possible.

**Senator MOORE:** There has been a lot of discussion about the streamlining process with grants. Have you become aware, with your travel to the UK, about the program that they instituted with streamlining payment systems so that we have the basic one payment model? Has that been something the department has been aware of?

**Ms S Wilson:** Yes, certainly. We have been looking with some interest at the experience of universal credit. I attended a roundtable last week with Julia Unwin, from the Rowntree Foundation. She gave her views about the experience with universal credit. A senior member of the UK Department for Work and Pensions is visiting Australia later this year—from memory, at the end of next month—and we will be having contact with him, over the period he is here, to catch up on how universal credit is going from the department's perspective. So we

certainly do keep in touch with the implementation and experience of policy change in other departments in other governments where it is relevant to us.

**Senator MOORE:** There has been significant media comment recently—in the international media, not just local stuff—about the cost blow-outs in the UK system and concerns about how it operates. That kind of discussion has been had as well?

**Ms S Wilson:** We seek to understand both the policy rationale—the drivers of the underlying changes to policy—and the policy implementation experience. We do try and learn from each other. That is something we would certainly discuss with colleagues. I would note, however, that between governments the institutions are often quite different. So you have to be careful not to jump to conclusions; you need to understand the extent to which the experience is transferable as well.

**Senator MOORE:** Has there been any specific work or research done by the department about the experience in the UK and also some of the assessments around that say it just has not worked?

**Ms S Wilson:** We certainly followed with interest the media coverage and papers published on the issue. We have provided some of that information to the McClure committee as they have been doing their work. As I mentioned, we had that recent seminar. We keep up-to-date with reports through international fora, such as the OECD, when these things come up. As I mentioned, that UK colleague from the Department for Work and Pensions will be out, and he and I will be at the same conference together. He is visiting Canberra. We are organising his program in Canberra and we will be taking the opportunity to learn what we can while he is here.

**Senator MOORE:** Has there been any modelling or costing done about the possible streamlining of payments in Australia?

**Mr Pratt:** Certainly the McClure review has looked at the number of payment supplements we have.

**Senator MOORE:** Does Mr McClure have the capacity to do or access modelling on these things?

**Ms S Wilson:** The department has a modelling capacity. Over the years, we have modelled a lot of different approaches to policy reform and we are likely to continue doing that. That is probably about as far as I could go.

**Senator MOORE:** So this modelling that is being shared with the McClure review is being done by DSS?

**Ms S Wilson:** DSS does modelling. I did not say that there had been modelling done for the McClure review; I said that the department, over the years, has on a number of occasions modelled different approaches to policy change in transfer payments.

**Senator MOORE:** And has modelling been done for the McClure review?

**Ms S Wilson:** I am not sure that I am able to answer that, as the interim report is still being considered by government.

**Senator MOORE:** I am asking whether modelling has been done; that is not advice to government.

**Mr Pratt:** Without pre-empting what is in the paper, I am not aware of any modelling that we have done to date.

**Ms S Wilson:** It is an interim report.

**Senator MOORE:** I would think the interim report would come down, but the research would be being gathered—some would be used for the interim report, some would continue.

**Ms S Wilson:** In order to model something, you usually need very clear parameters. You need to have decisions taken on a rate structure, on what changes are being made specifically. Otherwise, you are just modelling in an abstract sense, and there is no value in doing that. We are not at that stage of the process.

**Senator CAMERON:** I have seen modelling done since I have been here. The modelling has been done to try and give government an assessment of cost, an assessment of numbers. Why is that not of value?

**Ms S Wilson:** It is of value but, again, we usually have quite a specific proposal: 'If we were to do this, for these payments, in this way, what would the cost be and what would the impacts be?' We are talking about an interim report that is yet to be released, but it is not at that stage of the process.

**Senator MOORE:** So there has been no specific modelling done by the department on a UK style process at this time?

**Mr Pratt:** That is correct.

**Senator MOORE:** With the review itself, we will get a list of the organisations that have been involved so far in the development, but has there been a focus on international experience?

**Ms S Wilson:** It has been one of the considerations. It was one of the things that Mr McClure and his colleagues were asked to explore.

**Senator MOORE:** It was one of the specific terms of reference?

**Ms S Wilson:** There were guiding principles provided to the group. We had a discussion about that at the last estimates hearing. They were asked effectively to take a stocktake of recent experience, including relevant overseas experience.

**Senator SIEWERT:** Did we get the guiding principles?

**Ms S Wilson:** Yes, we gave them to you at the last hearing.

**Senator MOORE:** I have got a note saying that we did. The guiding principles are the basis on which the McClure report will be structured? The guiding principles will direct what the focus of the McClure review will be?

**Mr Pratt:** Effectively.

**Ms S Wilson:** That is correct, yes.

**Senator MOORE:** You said that there is someone coming out from the UK later this year. Did you tell me when later this year?

**Ms S Wilson:** Late next month. He is coming out to be a participant in the AIFS conference and whilst here in Australia he will spend some time in Canberra. We are organising his program in Canberra. He and I will be at the same AIFS conference at the same session.

**Senator MOORE:** Is it likely that he will speak with the McClure review?

**Ms S Wilson:** That is highly likely.

**Senator MOORE:** Will he speak with the McClure review?

**Ms S Wilson:** We have not specifically organised his program as yet, so it depends upon that. It is highly likely that they would be interested and would wish to pursue that. We are still settling the program.

**Senator MOORE:** Did the person who was here last week who did a number of engagements around the experience of the UK system have the opportunity to speak with the McClure review?

**Ms S Wilson:** We tried to arrange that, but it was not possible. However, one of the members of the committee had some contact with her when she was recently in the UK. So they have had the benefit of her views.

**Senator MOORE:** So there have been discussions of her view, which received quite strong media coverage. She got a couple of national media events on that.

**Senator CAMERON:** How long was that engagement in the UK for and when did that engagement take place?

**Ms S Wilson:** It was not anything to do with our review process. My understanding was that the member of the committee had a private trip to the UK associated with her professional role, aside from the role that she performs in relation to the committee and whilst there took the opportunity to make contact with a range of people in the UK, some of which we facilitated and some of which she pursued herself. In that period she had the opportunity to speak to Julia Unwin from the Rowntree Foundation.

**Senator CAMERON:** That was not part of the formal McClure process?

**Ms S Wilson:** It was not funded nor facilitated—

**Senator CAMERON:** No, I am not asking about funding; I am just asking about input.

**Senator MOORE:** It has now become part of the information that is available.

**Ms S Wilson:** Yes, people in their professional lives have access to information that is relevant.

**Senator MOORE:** And they bring their own expertise into the process.

**Ms S Wilson:** That is correct.

**Senator CAMERON:** Having a cup of tea at the local cafe and shooting the breeze on a couple of issues is much different from sitting down and getting a systematic analysis and report. I am wondering where that engagement fell—getting a formal systematic report or shooting the breeze over a cup of coffee.

**Ms S Wilson:** I am not sure I can answer specifically on behalf of the individual as to whether they had a cup of tea, but the individual was undertaking the trip as part of her role in her organisation, so it would have been approved by her members and her governance structure as a professional development, professional trip and visit.

Knowing the individual concerned, I anticipate that it was a highly structured discussion to review information that was pertinent to her role—

**Senator CAMERON:** Can you provide details on that?

**Ms S Wilson:** I cannot because it is not something we have facilitated. It was in her role in her organisation—

**Senator CAMERON:** The only reason I am asking is that you raised it. That is all. You raised it. I just thought that, if you are raising it and saying this is going to be fed into the McClure report, you might know what is getting fed in. That is all.

**Ms S Wilson:** I was answering the question whether committee members had the opportunity to see and speak to Julia Unwin when she was out here. I explained that they were not able to; however, one of them had had the opportunity to speak to her when she made her own visit to the UK earlier this year.

**Senator SMITH:** The government did not ask this person to meet with this English representative, did they?

**Ms S Wilson:** No.

**Senator MOORE:** Has the government asked the McClure review people to meet with anyone?

**Senator CAMERON:** She might be in Scotland—

**Ms S Wilson:** I think she is advising the Scottish government on their social security system.

**Senator MOORE:** Minister, have you given any direction to the McClure review as to with whom they should speak?

**Senator Fifield:** Not from me.

**Mr Pratt:** Senator, these processes are quite organic, in a sense. We would suggest to the reference group who they might wish to consult with. They will identify themselves who they might want to consult with. Some people will indicate an interest and they will get picked up.

**Senator MOORE:** I just picked up on Senator Smith's view that perhaps the government could be telling people what to do—

**Mr Pratt:** We are certainly very open, any time an expert comes out here, to try and access their intelligence and their knowledge. We trawl the internet and ring up our colleagues over there and ask them things.

**Senator MOORE:** We now know that someone from the UK with experience from the departmental government area is going to visit here. We also know that the person who was visiting here last week from the community sector has had some contact with the review. Are we aware of any similar kinds of contacts with people in the New Zealand system?

**Ms S Wilson:** Not as yet, Senator—not personally.

**Mr McBride:** Not with the McClure reference group themselves, but it is anticipated that we will do something in the future.

**Senator MOORE:** But just at this time, there has not been the personal interaction?

**Ms S Wilson:** That is correct. However, Mr Pratt and I were both in New Zealand earlier this year. As the deputy secretary responsible in this area, I have been able to convey some information to the group, which has been useful input, but it is anticipated that we will try and organise some direct contact in due course. Mr Pratt went to New Zealand again with the minister recently and followed up a number of issues that arose in our first bilateral.

**Senator MOORE:** I will check out the list. Does it include any other international system? We are talking about the New Zealand and the UK systems. Is there any other system that has been particularly noted up to this time in the review?

**Ms S Wilson:** We did do some exploration of some work in the Netherlands around disability.

**Senator MOORE:** At the last estimates we asked about who was on the review, by level—with the exception of you, Mr McBride, as it was the only name that we had—and the name of the three-person team, and the expected budget for the review. Can we find out what the current expenditure is—the most recent snapshot? I do not know what date that would be.

**Mr McBride:** The nature of the task force is that staffing numbers rise and fall. At the moment there are about nine people. The expenditure to date is at about \$1.4 million. It is still expected, by the end of the year, to get to about \$1.7 million, which is what we suggested when we last met.

**Senator MOORE:** On that basis, the bulk of their money has already been spent?

**Mr McBride:** For this financial year.

**Ms S Wilson:** For this financial year.

**Senator MOORE:** In my mind I was thinking it was the calendar year when we were expecting the—

**Mr McBride:** No.

**Senator MOORE:** So \$1.7 million was to this financial year.

**Mr McBride:** To 30 June 2014.

**Senator MOORE:** What is the funding for the next financial year?

**Ms S Wilson:** We anticipate, obviously, it will be less than that. It depends upon the exact timing of the provision of the final report. We think it will be in the order of \$800,000 to \$1 million probably, all up.

**Senator MOORE:** Which bucket of money does this come out of?

**Ms S Wilson:** It is departmental funding.

**Senator MOORE:** So it is out of departmental funds?

**Ms S Wilson:** Yes.

**Senator CAROL BROWN:** Of that \$1.4 million, how much is for the McClure team?

**Ms S Wilson:** The reference group for the year, we anticipate, will cost around \$267,000. That would be their sitting fees, travel and the like. The vast bulk of the \$1.7 million is for departmental staff.

**Senator CAROL BROWN:** Do you have any idea of their sitting days so far?

**Ms S Wilson:** I do not have that with me, Senator.

**Mr McBride:** Not in terms of number of days—and it has varied. During intense periods they may be down for three days a week and sometimes none at all.

**Senator CAROL BROWN:** Last time we talked about them being paid on a daily—

**Mr McBride:** It is on a daily rate.

**Senator CAROL BROWN:** Would you be able to provide—

**Mr McBride:** If you wish, certainly.

**Ms S Wilson:** We can take that on notice.

**Senator MOORE:** It is a three-person team. Do they always work together, or do they do individual days? I did not even think to think about that last time. You have the three-person team, Ms McClure and the two other members, and then you had the departmental staff who lap around that in terms of the services. Do individual members of the three-person team meet separately and it is just a daily payment, or do they meet together as a group the whole time, like a committee?

**Mr McBride:** They will get paid to the extent that they work on the McClure process. Most of the work they do they will do in Canberra, and they will meet with the department, but they do also review documents back in their own states. Most of the work they have done has been Canberra based, when they have come to meet with the department.

**Senator MOORE:** Generally they are working together as a committee—

**Ms S Wilson:** With the department. It might be the odd thing that they do individually and then their own work if they have a draft of the report, for example, and have spent half a day providing comment on it or the like.

**Senator MOORE:** They will do a timesheet and say they worked on that day?

**Ms S Wilson:** It is a sort of claim process.

**Senator MOORE:** You mentioned earlier that the interim report was delayed until after the budget, and there is a concern that it was delayed after the budget so that the review could be held off and sidelined, and then it would be forced to work on the budget decisions.

**Mr Pratt:** There was no concern or anything like that. The government merely wished for the things announced in the budget to be factually reflected in the McClure report.

**Senator MOORE:** So the McClure report did not feed into the budget per se, but it will review the impact on welfare payments that the budget made?

**Ms S Wilson:** The minister did not ask the reference group to change its report to line up with or comment on budget measures—it was really to have the opportunity to take account of any factual changes in the environment or the context that needed to be reflected in the report.

**Senator MOORE:** With the view that, as the budget has a number of changes to payments in the system, that was the reason those things had to be reviewed?

**Ms S Wilson:** If you start in one place with an analysis of the system and a description of the system and something fundamental changes that means that you have to update your description. That was really the nature of the review process.

**Mr Pratt:** Having seen both versions of the report, the changes are minor.

**Senator MOORE:** So there was one produced and then there has been an update?

**Mr Pratt:** There was a draft report.

**Senator MOORE:** So the draft report which has gone to the minister now, and we hope soon will be public, will be the second one, which takes into account the budget?

**Mr Pratt:** It is the latest iteration.

**Senator MOORE:** How long is the draft report?

**Mr Pratt:** About so thick.

**Senator MOORE:** I am not going to use the budget term, which is how much it weighs, but is it 100 pages, 200 pages?

**Mr Pratt:** Maybe 200 pages—it is a significant report.

**Senator MOORE:** When you have committee reports and things, you have really short overview reports, you have mid-sized ones—so 150 pages?

**Ms S Wilson:** It might be a little more than that.

**Senator MOORE:** It is not insignificant?

**Ms S Wilson:** That is right.

**Senator MOORE:** And it has clearly turned into a report?

**Ms S Wilson:** Yes.

**Senator MOORE:** In the process, in the plan, are there meant to be a number of interim reports or just this interim report and the final report?

**Ms S Wilson:** My understanding is that there will be an interim report and a final report, unless there is some contrary decision at some point.

**Senator MOORE:** That is what we talked about at the last estimates—that there was going to be this one—

**Senator PRATT:** We still think that is going to work out, at this stage.

**Senator SIEWERT:** I asked earlier whether the department is a costing on the complete impact of the different budget measures on families. We talked earlier about modelling, and I do not want to get this wrong: the major modelling for the budget is done by Treasury, you are asked to review that, to look at it and check the costings and things like that—

**Ms S Wilson:** Senator, we do not review their modelling. I need to be very clear about that—we do not warrant or review their modelling. We review the draft publication for factual information to make sure that the implementation dates are right, the policy description is correct et cetera.

**Senator MOORE:** Okay. I got that wrong.

**Ms S Wilson:** I am very clear when I do that. I say to my colleagues in Treasury that I am not reviewing or warranting their modelling. That is their job. Our job is to check that the policy description is correct, the date is correct, the parameters are correct et cetera.

**Senator MOORE:** I got that wrong, Ms Wilson. I thought you reviewed what they did for accuracy.

**Ms S Wilson:** No. We review the text and the prose to make sure that it accurately reflects the points, but we do not ever review Treasury's modelling.

**Senator MOORE:** So you accept the modelling data that they provide.

**Ms S Wilson:** I am not modeller—

**Senator MOORE:** Neither am I, so we are both speaking the same language.

**CHAIR:** I am not sure there are very many modellers here at all.

**Ms S Wilson:** It is quite technical, and our modellers work together occasionally on things that are of interest, but, when it comes to budget-related modelling, we do not warrant, check or analyse Treasury's modelling. That is their job and that is what they do.

**Senator MOORE:** Given that the modelling is complete, it is only the textual stuff that goes in the budget papers underneath that you review. You do not review the figures that they put in there about how many people or that kind of thing?

**Ms S Wilson:** To the extent that it was an individual measure that drew on our costing that was separately identified, yes we would do that, but when it is put together in a distributional sense in the modelling, no, because we do not see all the inputs or the program. That is what they do. Does that help?

**Senator MOORE:** Then does the department actually do a costing on the complete impact of the different budget measures on families?

**Ms S Wilson:** We do costings on each of the individual measures, and that is what we did for this budget. Because there are impacts from other portfolios, we do not do modelling that would look at—for example, say there was a change in the health portfolio. We would not do work that looked at its impact on families, because that is not part of our remit.

**Senator MOORE:** In the number of things we are going to talk about—and I know Senator Siewert wants to get onto the impact of the family tax benefit on families—do you do the costings?

**Ms S Wilson:** Yes. We do costings of each individual measure, they are agreed by the Department of Finance as part of the budget process and they are reported in our PBS and in the budget papers.

**Senator MOORE:** As I said, you do each individual measure, but what I am always seeking is costings on the cumulative impact on a number of payments for families. So we have a family, and they may be subject to a number of budget changes. Do you do costings on what the overall cost would be for that family?

**Ms S Wilson:** When requested we develop cameos that try to take account of a number of combined measures.

**Senator MOORE:** And that has been going on for a number of years? You bring out cameos in discussions and in submissions to Senate committees to explain?

**Ms S Wilson:** Yes, that is right. We do that sort of work, but it is contained to the measures in our portfolio.

**Senator MOORE:** If you have a family who is impacted by a number of budget measures from DSS, health and employment, is there any organisation in the government that is doing combined costings of that kind?

**Ms S Wilson:** Treasury will develop a distributional analysis of the combined impact of a range of portfolios' measures on households. If that work is requested, then Treasury would do that work.

**Senator MOORE:** Who has to request that?

**Mr Pratt:** I presume the government requests that.

**Senator SIEWERT:** Presumably the Treasurer is responsible.

**Mr Pratt:** That is right.

**Senator MOORE:** But the capacity is there in Treasury to do that?

**Ms S Wilson:** That is correct.

**Senator MOORE:** But you have, as a department, done an analysis on the complete impact of the different budget measures on families within your portfolio?

**Ms S Wilson:** Only the families measures.

**Senator SIEWERT:** Not other measures that impact families?

**Ms S Wilson:** No.

**Senator MOORE:** If we wanted to get information from the families perspective about the total impact on someone, we could ask your department? You would have that?

**Ms S Wilson:** If they were DSS measures, we could provide that to you if we had not already done it, depending on how complex it is.

**Ms Halbert:** We have done some of that work across the impacts of family payments changes on a family, but we have not done it to look at, for example, the labour market payments changes and their impacts on families. That is done within our area.

**Senator MOORE:** Where is that information?

**Ms Halbert:** I have brought a limited amount of that information to this session today, but that is just within the department at this stage.

**Senator MOORE:** Maybe we can start on that and we will go from there.

**Senator SIEWERT:** Hopefully you will have the information there on the impact of the proposed changes to Family Tax Benefit B, which is cutting Family Tax Benefit B once the youngest child turns 6. Have you done any modelling of the impact on single parent families?

**Ms Halbert:** Yes, but it is not modelling. We have done a cameo. That is the limited information that we have brought to this session.

**Senator SIEWERT:** Good.

**Ms Halbert:** We can go through what the measures are and the impact, and we have two cameos that we could talk about.

**Senator SIEWERT:** Thank you.

**Ms Halbert:** Pauses to the family tax benefit rates and thresholds will apply to all families, not just single parent families.

**Senator SIEWERT:** We can do families, and then I specifically want to know about single-parent families.

**Ms Halbert:** I will get to single-parent families in this. Similarly, all families will be impacted by revising the values of the FTB Part A end of year supplement and the FTB Part B end of year supplement. Both single and couple families are affected by this, but single families may be impacted more because of their incomes. There will no longer be a per-child add on amount used to calculate a family's high-income-free area from 1 July next year, but this does not affect many single-parent families, because only 2 per cent of single-parent families have incomes above \$90,000, which is the group affected by that measure. The large family supplement will be limited to families with four or more children from 1 July next year. Around 78,600 single parents receiving FTB Part A currently have three children—

**Senator SIEWERT:** Sorry, can you say that one again?

**Ms Halbert:** There are 78,600 single parents that have three children and so will no longer get the large family supplement.

**Senator SIEWERT:** How much is that again?

**Mrs Lindenmayer:** It is currently \$313 per child.

**CHAIR:** Per year?

**Ms Halbert:** Yes, that is right.

**Senator SIEWERT:** So if you have got three children, that is over \$900.

**Ms Halbert:** It is for each child over. So those with three children were getting \$313, and that is what they will lose.

**Senator MOORE:** Is that a lump sum or paid fortnightly?

**Mrs Lindenmayer:** It is paid fortnightly.

**Senator MOORE:** Around how much is that \$313 a year? I am sorry, my head cannot do that.

**Ms S Wilson:** We will get someone to calculate that for you.

**Senator MOORE:** If you are looking at the impact, you are looking at what comes in every fortnight for pay.

**Ms Halbert:** We are going to go through that. It about \$12 a fortnight.

**Senator MOORE:** So that is 78,600 single parent families—

**Ms Halbert:** Who will no longer get the large family supplement. But a further 36,300 will continue to get it because they have four or more children.

**Senator MOORE:** Okay.

**Ms Halbert:** Do you want me to keep going with the measures that impact?

**Senator MOORE:** Yes.

**Ms Halbert:** For FTB Part B, reducing the primary earner income limit from \$150,000 to \$100,000 is likely to have a more significant impact on couple families than single-income families. There are about 18,000 single-parent families with incomes above the new limit who will lose eligibility because of the measure—

**Senator SIEWERT:** For FTB Part A?

**Ms Halbert:** For FTB Part B, the change to the primary earner income limit from \$150,000 to \$100,000. That is 18,000 single-parent families compared to 119,000 couple families that are affected by that measure.

**Senator SIEWERT:** I was going to ask if I could go back to the large family supplement. How many coupled families are affected there? I did not get that, sorry.

**Ms Halbert:** I do not think I had that. I will get Diana to look that up while we keep going. Changes to the age limit for FTB Part B will restrict FTB Part B to families whose youngest child is aged under 6. There are transitional arrangements for families who are already getting FTB Part B when this measure comes in in 2015. They will continue to get it for two years. The measure is expected to affect an estimated 19,800 single parents in the first year of the measure because their youngest child turns 6 after 30 June 2015. However, there will be a new single parent allowance supplement of \$750 per year per child available for single families who are losing that.

**Senator SIEWERT:** I understand that. I want to come back to that, if I can. So that is for next year—what about the year after?

**Ms Halbert:** I will go to that specific measure, it is in a separate brief.

**Senator SIEWERT:** Maybe give me over the forward estimates. Have you got a total for that?

**Ms Halbert:** I think I will only have it for all families. I will not have it split out for single families and couple families in the out years, but we can get that for you.

**Senator SIEWERT:** Can you give me the total number in the out years and then come back to me with the breakdown?

**Ms Halbert:** Yes. I can give you the total number of families cancelled. In 2015-16, it is 137,000; in 2016-17, it is 150,000; and in 2017-18, it is 149,000. That is for the changing of the income limit from \$150,000 to \$100,000.

**Senator SIEWERT:** That is the threshold change, is it?

**Ms Halbert:** Yes. Now I will give you the ones for the change to the age.

**Senator CAMERON:** Do you have these in documents in a form that can be tabled?

**Ms Halbert:** Not all in one table.

**Senator CAMERON:** Could that be done?

**Ms Halbert:** It could be. We will take it on notice.

**Senator SIEWERT:** The only problem with that is it takes ages to get.

**Senator CAMERON:** Yes, but they can do this and you can still deal with this as we go along, and then we will get the consolidated document.

**Ms S Wilson:** Senator, you were asking what the impacted number of families affected by reducing the age limit of the youngest child for FTB Part B to new recipients from 1 July 2015 was. In the first year, 2015-16, there will be 34,200 families cancelled; in the next year, 2016-17, there will be 93,000 families cancelled; and in 2017-18 there will be 573,000 families cancelled. That is all families—couple- and single-parent families.

**Senator SIEWERT:** And you will give me the breakdown for the out years for single parents.

**Ms S Wilson:** We will take that on notice.

**Senator SIEWERT:** That is what I meant. In the first year, if I understand this correctly, of the 34,000, 19,800 are actually single parents.

**Ms Halbert:** That is right.

**Senator SIEWERT:** That is the number that are going to be impacted. Coming to the cameo, did you do how this is actually going to impact?

**Ms Halbert:** We have got two cameos. I do not know whether it would be better to walk through it—it is a bit of detail, that is all.

**Senator CAMERON:** If you table that, we can all look at it.

**Senator SIEWERT:** What are you giving us is a cameo that has been costed, not modelled?

**Ms Halbert:** Just each measure and what the impact would be.

**Senator SIEWERT:** Let us say I am a single parent. Do you have another copy? While the minister and the secretary are working out whether they can table it, you can take us through it—because we have a lot of detail to get through tonight.

**Ms Halbert:** I will do the first one first. Is that okay?

**Senator SIEWERT:** Yes.

**Ms Halbert:** A single father with a nine-year-old and a six-year old—he is the primary carer and has an income of \$45,000 per annum, working part time. He has been eligible for the maximum rate of part A and part B. The measures that will impact on him are the pausing of the part A rate, which would have an impact of \$444.30 for the year—

**Senator SIEWERT:** You mean the pausing of the indexation?

**Ms Halbert:** Yes—the rate.

**Senator SIEWERT:** That is indexation on the rate.

**Ms Halbert:** The rate is fixed. It is not going to be indexed. That is correct.

**Senator SIEWERT:** That is what I mean. I am sorry; that is how I understand it—freezing of the index.

**Ms Halbert:** Freezing of the rate, pausing of the index.

**Senator SIEWERT:** Of part A.

**Ms Halbert:** This is from when the measures are implemented.

**Senator SIEWERT:** That is \$435.

**Ms Halbert:** There is a loss of \$132.14 for the year in FTB part B.

**Senator SIEWERT:** That is due to the six?

**Ms Halbert:** Due to the pausing.

**Senator SIEWERT:** Of the indexation?

**Ms Halbert:** Yes.

**Senator SIEWERT:** So that is \$567.

**Ms Halbert:** We will be able to table this, so maybe we can get started on this while we are going through. We can give you the overall amount for the whole year in a second. I was just giving you the individual measures that are impacting. There is another \$252.70 due to the changes to the FTB part A supplements and another \$54.05 due to the changes to FTB part B supplement. Overall, the family would be \$895.41 worse off in 2015—compared to what they would have been.

**Senator SIEWERT:** In the next year, he would be transitioning, because his youngest child is six. He would be transitioning off FTB?

**Ms Halbert:** He will retain the payment for two years until 2017-18. The \$895.41 represents where he would be in 2017-18—after he loses that grandfathered element.

**Senator MOORE:** That would be when the loss cuts in.

**Mrs Lindenmayer:** The difference is between the current system and the family reforms in 2015-16.

**Senator SIEWERT:** Sorry?

**Ms Halbert:** It is the difference between what he would get currently and what he would get as of 2015-16. But he would, in 2017, lose the amounts for any children aged over six.

**Senator SIEWERT:** Come 2017, he also loses the FTB part B?

**Ms Halbert:** He does.

**Mrs Lindenmayer:** So, in total he goes from \$13,369.80 to \$12,317.97.

**Senator CAMERON:** And just doing the calculation—how much?

**Mrs Lindenmayer:** I do not have that subtracted out. It is about \$1,000.

**Senator MOORE:** That is the impact of two changes?

**Mrs Lindenmayer:** That is the impact of all the changes.

**Ms Halbert:** All the changes impacting on this particular family.

**Senator MOORE:** Who is a single parent with two children, one of whom is overseas.

**Ms Halbert:** And around \$45,000 income.

**Senator CAMERON:** Did you say how many families were within that grouping?

**Ms Halbert:** I do not think we have a number of families who are affected by every measure—what the impact on the families is.

**Mrs Lindenmayer:** And each family will be different. It depends on their income, the ages of their children.

**Senator SIEWERT:** But wouldn't it be fair to say that single-parent families, given the number of changes that are happening, are hit by most of the changes?

**Ms Halbert:** They are impacted by a lot of the changes, but there is also, in recognition of the circumstances, the new \$750—

**Senator SIEWERT:** And how is that \$750 arrived at? That is what I meant when I said I would come back to that.

**Ms S Wilson:** It was a government decision about the extent of softening they wished to provide.

**Senator SIEWERT:** Did you provide any advice on—

**Ms S Wilson:** We advised on a range of measures in the budget, including that one.

**Senator SIEWERT:** So you did provide some advice on how much it should be? I am not asking what it was; I am asking whether you did.

**Ms S Wilson:** I do not believe I can answer that. We provided advice on a range of individual measures in the budget, including advice on that measure.

**Senator CAROL BROWN:** In that cameo, what about the clean energy supplement?

**Ms Halbert:** That has been taken into account as well.

**Senator CAROL BROWN:** I just didn't hear you say that.

**Ms Halbert:** It was not a particular families measure, but it was included in the calculations.

**Mrs Lindenmayer:** So, this particular family lost \$8.69.

**Senator SIEWERT:** I think you have said that we can have that tabled.

**Ms S Wilson:** We can table that cameo.

**Senator SIEWERT:** And the one on the back: who is in that cameo?

**Ms S Wilson:** We were just talking about the single-parent family cameo. I can get a clean copy of that and table that for you.

**Senator SIEWERT:** That would be great. And you said you had done a second one. Who does that cover?

**Senator SMITH:** How does the single-parent supplement fit in, then?

**Unidentified speaker:** It will be paid to single parents whose youngest child is aged over six and for each child per year.

**Mrs Lindenmayer:** Aged between six and 12 inclusive.

**Senator SIEWERT:** So, the single parent in this instance—how much FTBB would they have been getting before the changes?

**Ms Halbert:** \$2,664.50. That is for 2013-14.

**Senator SIEWERT:** And when the measure cuts in for them—

**Ms Halbert:** They will get about \$1,500—

**Senator SIEWERT:** That will be replaced with the \$1,500, because they will get two supplements. Is that correct?

**Ms Halbert:** That is right.

**Senator SIEWERT:** So, that is a difference of over 1,000 bucks in itself. We will have to see the document. I think that is going to be easier. How does it work out that that family will only be affected by \$1,000?

**Ms S Wilson:** Sorry, Senator—could you repeat your question?

**Senator SIEWERT:** I am just trying to work out how the difference works out to be \$895.41.

**Mrs Lindenmayer:** In 2015-16—

**Senator SIEWERT:** Oh—that is just 2015-16; I beg your pardon.

**Ms S Wilson:** That is correct.

**Senator SIEWERT:** So the difference by the year between the current system and the rollout of the changes—I do not like the word 'reform'—is \$2,000. That is correct, isn't it?

**Ms S Wilson:** I believe so.

**Mrs Lindenmayer:** And these are just estimates of figures we have done for our purposes, because we do not know what the current rates potentially are in the future, so we have just projected estimates.

**Senator CAROL BROWN:** On this cameo, the last column on the right-hand side, that difference is a difference from the 2015-16 figure. Is that right?

**Ms S Wilson:** What we are comparing is the 2013-14 figure in that final column and 2015-16.

**Senator SIEWERT:** When the first changes kick in.

**Ms S Wilson:** I beg your pardon—it is what the system would have been prior to the budget decisions in 2015-16 versus what it will be in 2015-16.

**Senator SIEWERT:** Yes, when the changes kick in.

**Ms S Wilson:** That is correct.

**Senator MOORE:** And then there will be further changes in 2017-18.

**Senator SIEWERT:** So, the 2017-18 is actually the figure once all the changes have kicked in.

**Ms S Wilson:** Well, it is an estimate. We have to anticipate what we think indexation would have been.

**Senator SIEWERT:** I understand that. So, it is an approximation of the difference between the final outcome of these changes and now, the current system. That is correct, isn't it?

**Ms S Wilson:** Approximately.

**Senator SIEWERT:** So, what you can say there is that single-parent families in these circumstances will lose \$2,000.

**Mrs Lindenmayer:** Roughly.

**Senator SIEWERT:** Roughly. I will put the 'approximately' sign in front of it!

**Ms S Wilson:** The estimating impact for a family in this situation is around \$2,000 by 2017-18.

**Senator SMITH:** On the document you have provided there are five columns, and the fifth column, if I have understood what you said, is the difference between the current system and the family reform, which is the new government's initiatives using the 2015-16 period as the base.

**Ms Halbert:** That is right. That is the comparator.

**Senator SMITH:** So, if we then look at columns two and three, which are the current system before the new government's changes as it would have been in 2015-16 and the new government's changes, we have a figure of \$14,265.21 and a figure of \$13,369.80. Can you explain that?

**Mrs Lindenmayer:** Pausing the rate will actually kick in on 1 July this year, so there is a difference there. The end-of-year supplement will take effect from 1 July 2015. And even though it is not paid until after the end of the year it actually does relate to the 2015-16 year, so there is a difference there. With the clean energy supplement, the rates are paused.

**Ms S Wilson:** The clean energy supplement is still being provided but is no longer being indexed, and it is being renamed the energy supplement.

**Senator CAMERON:** In your projections, by 2015-16, compared with where we are now, this cohort would be \$2,178.53 worse off.

**Ms Halbert:** In 2017-18 that is when the FTB for children aged over six—

**Senator SIEWERT:** Cuts in.

**Mrs Lindenmayer:** It is when the grandfathering actually—

**Senator SIEWERT:** When the grandfathering ends.

**Ms Halbert:** That is correct.

**Senator SIEWERT:** So, this does not include the freezing of the indexation on single-parent payments?

**Mrs Lindenmayer:** It does not include single-parent payments; it is only family payments.

**Ms S Wilson:** We were clear about that up-front, that we have looked at the combined impact of the family tax benefit measure changes, not the other changes.

**Senator SIEWERT:** I realise that we need to discuss that in another area coming up. But my question still stands, and that is: why have you not—or have you?—looked at it? Because that is under your portfolio too.

**Ms S Wilson:** It is. We have done this looking at the impact in the families measures. We have only so many resources to be able to provide this information to the committee and for other purposes, and that is what we have been able to do.

**Senator CAMERON:** On that point, given that you have only so many resources to do this, have you had discussions with DHS?

**Ms S Wilson:** DHS is a delivery agency, so of course we have had discussions with them about delivering the measures.

**Senator CAMERON:** Are they as confused as you are about how this is going to work?

**Ms S Wilson:** I do not believe we are confused.

**Ms Halbert:** It is complex to explain.

**Ms S Wilson:** It is very complex to explain the combined impact.

**Senator SIEWERT:** That is where I want to go. So, nobody in government has worked out how much single parents and families—but at the moment I am focused on single parents—are going to lose under all the measures? I mean, outside agencies have, but I am talking about in government.

**Ms Halbert:** We have not done that, and, as you can imagine, there are infinite scenarios as to what the impact of a combination of measures would be. You would have to replicate cameo—

**Senator SIEWERT:** I hear what you are saying in that you cannot do it for every single scenario. But on this one—and thank you for this; it is really useful—looking then at the impact on the freezing of parenting payment single would have been really useful.

**Ms Halbert:** I just would need to check whether this family would actually be receiving—

**Ms S Wilson:** Including parenting payment single.

**Ms Halbert:** We might have to take that on notice and get someone to check that.

**Senator SIEWERT:** That would be appreciated.

**Senator MOORE:** That would be the same with the pensioner education supplement. I think it would be that different families would have those impacts.

**Senator SIEWERT:** But there are certain cohorts of families that are critically important here that are low-income. So, there are the families who are on parenting payment single who maybe either have a small amount of part-time work or not have any, or be in and out, which is the majority, who also have the education supplement and who are affected by these changes. I would have thought that that was one of the standout cohorts for whom it is the most critical to look at the impact of these changes.

**Ms Halbert:** We just have not done a cameo looking across those payments at this point.

**Senator CAROL BROWN:** What was the other cameo you mentioned?

**Ms Halbert:** Just a different scenario—again, not looking across payments.

**Senator CAMERON:** There are lots of scenarios, but there are no scenarios where a recipient would be better off, are there?

**Senator CAROL BROWN:** Are you able to table the other cameo that you have produced?

**Senator CAMERON:** Is there any scenario or cameo where a recipient would be better off?

**CHAIR:** Senator Cameron—

**Ms S Wilson:** There could well be in some spaces, depending on the specific circumstances, but not in the families space, and not—

**Senator CAMERON:** So all families are—

**Ms S Wilson:** I am unaware of a circumstance in which as a consequence of the range of budget measures a family will be better off in a transfer sense.

**Mr Pratt:** Clearly where a savings measure is applied to a family or an individual it is going to result in a saving, so they are not going to be better off. Whether other groups are unaffected as a result, that is possible, but we would have to look at specific examples.

**Senator SMITH:** So the benefits of the carbon tax abolition, for example, have not been part of your consideration on the cost to families.

**Mr Pratt:** That is correct.

**Senator CAMERON:** We talk about \$1,300 a year under that crazy scheme you guys are putting in.

**Senator SMITH:** I think the secretary just agreed with my point.

**Mr Pratt:** But we have not picked up a range of things that sit outside of these calculations.

**Senator SIEWERT:** Can you outline what the second cameo was?

**Mr Pratt:** Not at this stage. I have had a quick look at the second cameo. I am not comfortable that we have got everything right in that second cameo. Perhaps if you would like to identify a cameo, we can look at whether or not we can come up with something for you.

**Senator CAMERON:** What is the most common cohort of recipient?

**Ms S Wilson:** I do not know that you can identify the most common cohort of recipient. They are very diverse groups. These payments go across income ranges and across different households with different numbers of children, different family relationships, different housing situations. So you cannot say, 'Ninety per cent of families look like this,' because they do not.

**Senator CAMERON:** But when DHS make a payment they must be able to advise you what kind of cohort they pay mostly to?

**Ms S Wilson:** We have not got that information here.

**Mr Pratt:** I think that is right. There would be a group of people who are the most likely to get a certain combination of payments.

**Senator CAMERON:** So surely that is the sort of cameo that we need? This is the biggest cohort under a certain scenario from DHS—you have not asked them for that?

**Ms Halbert:** We have figures on which cohorts the measures have impacted on. We can do that. I do not think we have done it around the other way, which is the biggest cohort that the measures are impacting.

**Senator CAMERON:** Obviously the biggest cohort is the biggest saving under the budget measures but the biggest effect on families, isn't it?

**Ms Halbert:** The impact from each measure, though, would impact differently on different cohorts.

**Mrs Lindenmayer:** And families are very complex and a lot of our payments are based—you know, you have a different rate depending on the age of the child; you have a different rate depending on your family income, if you have got large—

**Ms S Wilson:** Whether or not there is child support. There are a whole lot of really complex interactions in the system that have an impact on what the outcomes are.

**Senator CAMERON:** Does DHS have to work that out?

**Ms S Wilson:** DHS systems and their staff work out the rates that are calculated. They do not do distributional analysis. But they could tell you about the contact that they have from individual groups as to who most frequently raises issues with them.

**Mr Pratt:** I think we would have access to that data as well and perhaps—

**Senator CAMERON:** You know where I am coming from. I am just trying to get an idea on who is like 'middle England'—who is 'middle Australia', and DHS—

**Mr Pratt:** Yes. I understand what you are suggesting.

**Senator CAMERON:** And what is the effect on them? I do not know why you have picked this one. Was there any reason for picking this one?

**Mrs Lindenmayer:** We just did this for our benefit. As I said before, it is a rough estimate. You could do cameos on many different families. It would be an endless range of cameos.

**Ms Halbert:** The question you are asking I think you could arrive at by—and I should not speak for DHS here—looking at what the changes in overall family rates were, probably only for family payments, and look at which families were being most affected there. I think you could do that.

**Mr Pratt:** That is right. We will see if we can have a go at that.

**Senator CAMERON:** That would be helpful, thanks.

**Senator MOORE:** In terms of the NATSEM modelling that everyone has seen that has been out there, has the department looked at the cameos that NATSEM put up and done their own comparisons with that?

**Ms S Wilson:** We do not comment on others' modelling, but we certainly have a look at it when it comes out in the public arena. We have not seen the assumptions that underpin the NATSEM modelling. I am not quite sure specifically what your question goes to.

**Senator MOORE:** My question goes to the fact that NATSEM as an organisation—and I take the point that you do not quarrel, but already we have had statements in the media that said that the NATSEM modelling was

inaccurate. That has been put out by the ministers in the media. So when we have an independent agency putting out figures about what they believe the impact of the budget measures would be and they have the same data that we have in terms of the budget, it would be interesting to see what comparison there was when the department did its own work. Rather than just saying that it is not true, it would be really interesting to see what the differences were.

**Senator CAMERON:** Has the department provided any advice to the minister in relation to the NATSEM modelling?

**Mr Pratt:** Yes, Senator.

**Senator CAMERON:** So you have looked at it.

**Ms S Wilson:** Yes, as we do with most of these things when they are in the public arena.

**Senator MOORE:** I would expect that to happen when you have statements made about probable—and any of these organisations just say 'probable'; they never say that something is absolutely accurate—but when you have an organisation that has put something out like that and has come up with figures, all we have heard in the public is that the minister does not agree with that. Those comments have been made. So that must have been from work that was done internally to look at that—so can we see that draft?

**Mr Pratt:** It is generally something that is in our space that we would look at and provide advice to the minister if he or she wishes that.

**Senator MOORE:** So can we find out, without breaching the advice to the minister aspect, about the reason it was said by the minister to be 'inaccurate'?

**Mr Pratt:** I am not sure that the minister did say that.

**Senator MOORE:** The minister disagreed with it publicly and said that it was not accurate. I do not have the actual words here but the minister did not agree with the NATSEM proposal.

**Mr Pratt:** I am not aware of that, Senator, but I am happy to take that on notice and see what the minister wants to respond—

**Senator CAMERON:** Secretary, what was the outcome of your analysis of the NATSEM model—simple?

**Mr Pratt:** As Ms Wilson has explained, I do not think that we were able to try to replicate what NATSEM did but we provided advice to the minister on what was made available publicly on the NATSEM report.

**Senator CAMERON:** I am not asking you what you said to the minister, but you have looked at it. I do not want your advice, but is your analysis available?

**Mr Pratt:** Senator, I am not even sure what the analysis was. I do not think that I have seen it. No doubt others at the table have seen it. It may not have been a quantitative analysis; it may actually have been qualitative advice about the NATSEM modelling—

**Senator CAMERON:** Who can give us that? Who did it within the department?

**Mr Pratt:** I imagine it is within Ms Wilson's stream and—

**Ms S Wilson:** It is—

**Senator CAMERON:** Okay, Ms Wilson, how was your analysis done?

**Ms Foster:** Basically, we looked at the NATSEM analysis and really looked at their findings rather than trying to replicate their findings. We looked at the analysis to see what was being said.

**Senator CAMERON:** What was your conclusion on the findings?

**Ms Foster:** I am not sure that we really drew a conclusion—we could not replicate—

**Mr Pratt:** I feel that this is advice we have given to the minister—

**Senator CAMERON:** No, this is not advice. Advice is when you are given political advice. This is straight-out calculation—it is not advice.

**Senator Fifield:** Departments do not provide political advice; they provide policy advice.

**Senator CAMERON:** Sorry, I will rephrase that—you do policy advice. This is not policy; these are calculations. You are the experts in this area and I am simply asking: what did your calculations find? I do not want to know what you said to the minister about the calculations but what your calculations found.

**Mr Pratt:** With respect, Senator, I think we disagree. I think that this falls into the category of policy advice.

**Senator Fifield:** And I think that the secretary has already indicated that he will take the request on notice. But just what might assist in that process—

**Senator CAMERON:** I have not requested anything yet, but I will.

**Senator Fifield:** Senator Moore, it might assist us if you could table what the minister supposedly said—

**Senator MOORE:** I have not got that in front of me, Minister.

**Senator Fifield:** I am not suggesting this in your case, but sometimes what is purported to be what a minister has said does not necessarily turn out to be the case when looked at in context. So it would assist us if that could be tabled.

**Senator CAMERON:** Could I ask questions of Ms Foster, Minister? I am still trying to ask some questions.

**Senator Fifield:** Senator Boyce is the chair. I am endeavouring to assist.

**Senator CAMERON:** Ms Foster, you said that there was no distinct methodology. What did you do with the NATSEM?

**Ms Foster:** One of the challenges with modelling is that it is always based on a set of assumptions. Without the set of assumptions that NATSEM used, specifically, we cannot replicate the modelling.

**Senator CAMERON:** What assumptions do you use then?

**Ms S Wilson:** We did not attempt to replicate the modelling.

**Senator CAMERON:** But aren't the assumptions based on publicly known figures. That is the figure for somebody on a Disability Support Pension, someone getting Family Benefit A and B, just as you have modelled. Is that what you did, Ms Foster.

**Mr Whitecross:** The NATSEM modelling looked at their projections of where different family types would be in 2017-18, taking account of the policy changes in the budget and other policy changes announced by the government before the budget. It looked at how it impacted on different quintiles within the income distribution. So we tried to ascertain what parameters they were using, like 2017-18, and provided a description of the kind of conclusions that they came to. But those kind of things, like projecting out to 2017-18, are not something that we can readily replicate. And the description of how it impacts on particular quintiles within the population is also something that we cannot really replicate, because that is distributional analysis, which is the kind of thing that Ms Wilson said Treasury would do.

**Ms S Wilson:** Essentially, what we would do is look at what we can work out about how they did the modelling. We are not trying to replicate it and we are not trying to make a qualitative assessment of its robustness. We are trying to explain what this modelling has done, to the extent we can work out what it has done. That is effectively what we do.

**Senator CAMERON:** So when you say they are looking at different quintiles. What is this on the document I have. Is this a quintile?

**Mr Whitecross:** That would be like the top 20 per cent of families. That would be—

**Senator CAMERON:** But this would fall within a quintile, wouldn't it?

**Mr Whitecross:** That particular individual would fall into one of the quintiles, maybe the first or second quintile.

**Senator CAMERON:** So you could easily look at the quintile outcomes of NATSEM and do a calculation like this, then have a look at where that fell in and then make an assessment as to whether NATSEM are completely off the planet, close to your calculations or bang on, couldn't you?

**Ms S Wilson:** We would have to do a full distributional analysis that took account of all the range of budget measures, which is what I understand NATSEM did. That is not the work we do. That is the work Treasury does.

**Senator CAMERON:** When you say you have done that analysis and you have provided advice to the minister, was it the minister or the minister's office that requested the advice, or did you do this off your own bat?

**Mr Whitecross:** We would have undertaken the analysis off our own bat, because we pay attention to things that are in the public domain. I think we had a request for a briefing from the minister's office and we responded to that request.

**Senator CAMERON:** So you did some analysis off your own bat, but the minister's office then requested—

**Mr Whitecross:** Yes.

**Senator CAMERON:** Was the minister's office aware that you had done this analysis.

**Ms S Wilson:** We always look at the output, when it is in the public arena, of a group like NATSEM to see what they are saying, so that we are in a position to provide advice to the government. Having done that, we were looking at it basically simultaneously as we were being requested for information about what the modelling is.

**Mr Pratt:** But this is not unusual. We have done this for ages.

**Senator CAMERON:** I am not saying it is unusual. What I am trying to establish, if Ms Wilson would let me finish, is whether you did the analysis. I think you said you looked at it. It was a public document. You did some analysis. You will not tell the Senate whether the analysis that you have done leaves NATSEM's reputation intact; let's put it that way. The minister's office requested that, separately from you doing the work; that is correct? Can you provide details of when the minister made that request. Was it the minister's office; was it one of the advisers in the office? And can you also indicate whether there was any proposition put to you from the minister's office seeking an outcome that might be different from the NATSEM outcome, similar to the problem we have had with Senator Abetz's office. Were any propositions put to you that a certain outcome would be sought?

**Mr Pratt:** I need to clarify that. Are you asking whether or not we were asked to come up with a particular outcome?

**Senator CAMERON:** Yes—as Senator Abetz's office sought from the department of workplace relations.

**Mr Pratt:** We will correct this if I am not right, but, no, we would not do that. Also, typically, requests which come from the minister or the minister's office will generally come from the minister's office, irrespective of who is asking. In terms of the timing, we will take that on notice.

**Senator CAMERON:** Can I finish on this: I am not asking what advice you gave the minister but, based on your analysis, should NATSEM remove their advice from the public purview? Should that disappear?

**Mr Pratt:** That is asking us for an opinion on a reputable organisation. I think we might decline to provide such an opinion.

**Senator CAMERON:** Why the secrecy, if it is either right or wrong?

**Mr Pratt:** It is not secrecy. One, I am not sure that we would in fact make a judgement of that sort—I do not think it is necessarily appropriate for us to make a subjective analysis of that sort. Two, if we were to do so—and frankly, I think it would be inappropriate for us to do so, but if we were—I certainly would not want to share it in a public forum like this.

**Senator CAMERON:** Okay. Thanks.

**Senator CAROL BROWN:** Has the department seen any distributional analysis that was done by Treasury? Because you cannot do it yourself. Have you seen any Treasury analysis?

**Mr Pratt:** In terms of finalising the budget, as Ms Wilson has explained, we would have done fact-checking of aspects of the work that they do, as they always do in the creation of the budget.

**Senator CAROL BROWN:** That fact-checking is not just not going through your section of the PBS; what exactly did you see?

**Ms S Wilson:** We were asked to go in and look at Treasury documents like this social services document and ensure that the description of the policy is correct. That is what we did, and there are tables at the back of the—

**Senator CAROL BROWN:** You have not seen any of the analysis that was done by Treasury?

**Ms S Wilson:** There are tables at the back of the document for 2016-17 that look at impacts on different family types. I was very clear with Senator Moore earlier. We do not comment on those tables, because that is not our role; that is what the Treasury modellers do. But we certainly provided input, and we fact-checked this document in terms of the prose and the description of the policy.

**Senator CAROL BROWN:** You did not see any distributional analysis? Just yes or no will do.

**Ms S Wilson:** We saw this document.

**Senator CAROL BROWN:** Yes.

**Senator MOORE:** Does that constitute distributional analysis?

**Mr Pratt:** Conceivably, this could be considered distributional analysis.

**Senator MOORE:** It could be considered.

**Mr Pratt:** To the extent that we have assisted Treasury in their finalisation of this document, then we have had some opportunity to contribute, but—

**Ms S Wilson:** Not to the tables.

**Mr Pratt:** But with all of the caveats that Ms Wilson has put on record.

**Senator CAROL BROWN:** That is the only document.

**Senator MOORE:** So the tables in that document are the only Treasury analysis that you have seen?

**Mr Pratt:** It is the only Treasury analysis that has been published as a result of the budget that we have seen. Whether or not we have seen other things that they did not publish? Potentially.

**Senator MOORE:** I am struggling, Mr Pratt, with all the protocols that we operate under in the Senate, about what constitutes advice and all those things—whether asking you whether you have seen some analysis constitutes something that cannot be answered directly. I am very sensitive to the protocols we have here, but a direct question that says, 'Have you seen analysis?' the way we have been discussing it, from the Treasury—

**Mr Pratt:** Well, we have certainly seen this analysis.

**Senator MOORE:** Yes, and I have seen that.

**Mr Pratt:** Whether we have seen other analysis on top of this, my answer is potentially yes, but I do not know—

**Senator MOORE:** I am just interested in how you can potentially have seen something.

**Mr Pratt:** I would have to interrogate all of my people who have been working on this sort of stuff with Treasury to know whether there is other material that we saw in the budget context that did not eventually end up in a glossy document of this sort. Quite often that does happen.

**Senator Fifield:** I do not think Mr Pratt is endeavouring to be anything other than helpful. It is just that there are literally hundreds of people who are involved in these sorts of exercises.

**Mr Pratt:** I am confirming it is a possibility, Senator. I am happy to take it on notice and see whether—

**Senator MOORE:** See whether we can get more adverbs that relate to whether you have actually seen analysis beyond what is in that document.

**Mr Pratt:** Just to be very clear, I am saying that it is quite possible that we have. I don't know. We will take that on notice to check whether we have. But in past experience over decades, when documents of this sort are developed for budgets, there is a lot of material which is developed and not necessarily used. To the extent that there was distributional analysis behind material which was never eventually used, and whether or not we commented on it or contributed in any way, I am saying it is possible—I do not know. We will take that on notice and tell you.

**Ms S Wilson:** We would not have contributed to modelling of that sort, as I have described.

**Senator MOORE:** Yes, you have made that very clear.

**Ms S Wilson:** For the same reasons, we would not comment on it, because you have to have been involved in developing the assumptions to feel comfortable commenting. We comment on drafts of these products, and that is what we did.

**Senator CAROL BROWN:** The question was only whether you saw it.

**Ms S Wilson:** In the course of the budget, there are lots of documents floating around that go as inputs to committees or get discussed between departments. I cannot recall the specifics.

**Mr Pratt:** I will answer it another way, because I am really not trying to be unhelpful here, but for some reason this has undue emphasis. Let's assume yes, we did, and we will correct the record if we did not.

**Senator MOORE:** Okay.

**CHAIR:** Senator Smith, you have questions on family tax benefits?

**Senator SMITH:** Yes. I just want to be clear about the use of the word 'cuts'. If I understand the evidence you have shared with us already, what we have been talking about are rate pauses. So is it true to categorise what some people might call cuts as income that people could have expected to see, when actually they will still see rates of growth but the rate of growth has changed?

**Ms S Wilson:** In the family space, minister, there is a pause on indexation. That means that the maximum rates and minimum rates of payments will not grow in the future without indexation. They remain fixed at their current rates. There are reductions in family tax benefit in respect of family tax benefit part B, because of the change in eligibility and also because of the change in the income test for the primary income earner and the secondary income earner in couple families—so the family income—from \$150,000 to \$100,000. The reduction in the end-of-year supplements also results in a reduction in assistance. So there is a combination of freezes or fixing of rates and some reductions as a consequence of other decisions that were taken in the family tax benefit space.

**Senator CAMERON:** So that is cuts.

**Senator SMITH:** I am coming from quite a genuine perspective on this and I think we probably got a little bit more information that we had from the last 20 minutes, Senator Cameron.

**CHAIR:** Senator Cameron, you were not interrupted. Please don't interrupt.

**Senator SMITH:** Senator Cameron, don't lower the tone of the committee, please.

**Senator CAMERON:** The genuineness is oozing out of you!

**Senator SMITH:** I am glad you can feel it. This is not the first time, of course, that a government has changed benefits to single parent families, is it?

**Senator SIEWERT:** No, you've all had a go.

**Ms S Wilson:** No, Senator Smith, it is not.

**Senator SMITH:** Can you elaborate on some of the previous changes to benefits to single parent families?

**Ms S Wilson:** It depends how far you want me to go back. Over the years there have been a range of changes. In the nineties, I think, the age of eligibility of youngest child changed from including full-time students up to the age of 24 or 25—or was that in the eighties?—to 16.

**Senator SESELJA:** What about under the last government?

**Ms S Wilson:** Then there were changes in the welfare to work context in 2006 which changed eligibility for parenting payment single. Then there was a decision under the previous government, because there was a group grandfathered with the tightening of eligibility for parenting payment single in the welfare to work changes, to undo that grandfathering, which took effect in January last year. There was the means testing of FTB B at \$150,000 under the previous government, so that would have impacted on lone parent families. Then there were changes in this budget. So over a 20-year period there have been a range of changes under successive governments in provisions to lone parents.

**Senator SMITH:** I would be interested in seeing, from the year 2000, what the significant changes have been with regard to payments to single parent families.

**Ms S Wilson:** Senator, I beg your pardon, I should have picked up the introduction of family tax benefit part B as part of the New Tax System, which was a change by amalgamating a range of provisions that used to be in the tax system and in the transfer system in respect of lone parents.

**Mr Pratt:** We will answer that on notice, Senator.

**Senator SMITH:** Thanks very much.

**Senator MOORE:** I have a lot of questions around how many families were affected.

**CHAIR:** Are we still on family tax benefit, 1.1?

**Senator MOORE:** Kind of.

**CHAIR:** We might go to child payment, just for the heck of it.

**Senator MOORE:** I am not going to go back over them. I am going to put many of them on notice because they are the kinds of questions that we were led away from by the important discussion around the cameos and how you do that kind of work. I will put a lot of the questions about how many families are impacted and that kind of information. Do we have information on this payment and others about how many people will be affected by state and by electorate?

**Ms Halbert:** No.

**Senator MOORE:** State and territory?

**Ms S Wilson:** No, we do not have that available currently.

**Senator MOORE:** When will that data become available? When we compare Human Services figures and the department it will become clear as to how many people are in what part of the world.

**Ms S Wilson:** In terms of actual impact, it is really when the measures are implemented that we would be able to do that in a very clear way. You can do it in an anticipatory way, but really it is much more accurate at the point of implementation.

**Senator MOORE:** So it comes back to the fact that, from what I have heard, we can only get data payment by payment rather than as a composite amount. I imagine it would be easy to find out how many people are currently receiving family tax benefit B, have a kid who is six and that kind of thing.

**Ms S Wilson:** We can certainly do that and break that down. It is the technical challenge of doing the income ranges that makes it very difficult to do that at less than a national unit.

**Senator MOORE:** Well, it seems that it is difficult to do it at a national level in terms of the variations of how this is going to impact on people, because it is just going to be so many.

**Ms Halbert:** We can give you the impacts nationally by measure.

**Ms S Wilson:** By individual measure.

**Senator MOORE:** Individual measure by measure, and that would go down to how many people, how many families—

**Ms Halbert:** That is right. Sometimes it is families; sometimes it is people.

**Senator CAMERON:** By electorate?

**Ms S Wilson:** No.

**Ms Halbert:** No.

**Senator CAMERON:** How come I can get it from the Parliamentary Library then?

**Mrs Lindenmayer:** You can get the current customers by electorate.

**Ms S Wilson:** We can give current customers by that sort of information. But, to go to that sort of level, it does not come out of a costing and we would have to know how many people are living in a state or an electorate at the point of implementation to be able to give that data at the point of implementation.

**Senator CAMERON:** I am genuinely interested in this. I am looking at the seat of Adelaide. The Parliamentary Library has gone in and had a look at Centrelink figures. They can tell you that there are 14,108 people on the age pension who will be losing money. They can tell you how many are on family tax benefit A, family tax benefit B. You can do the same, can't you?

**Ms S Wilson:** We can tell you how many people at a point of time receiving a payment live in a state, a territory or an electorate. What we cannot do is tell you what their incomes are and how this particular measure would affect them.

**Senator CAMERON:** I accept that. But it is interesting, if you look at the Prime Minister's seat and you look at the Fairfield area in Sydney, there are massively more people in the western suburbs of Sydney accessing Centrelink payments—massively more, by electorate. So it would be interesting to see what you come up with.

**Ms S Wilson:** We know that there are geographic concentrations of people on income support or receiving social security across the country.

**Ms Halbert:** There are some measures that we can do that for and there are some measures that we would not be able to do that for, would be the simple answer.

**Senator CAMERON:** Can you do it for the ones that you can?

**Mr Pratt:** Yes, conceivably we could do it, but we have not done it. There is a question as to whether, with a specific request, we could do so, subject to resources being available. I mean, ultimately we are pretty capable. The question is whether or not we think it is a priority to do. That is something which we would have to take on notice that the minister was happy for us to do that.

**Senator CAMERON:** I am sure the minister will be very happy.

**Senator CAROL BROWN:** Ms Wilson, in relation to that document that you were waving around earlier—

**Ms S Wilson:** The Treasury document?

**Senator CAROL BROWN:** Can you just tell me what it is called to see if I can get a copy of it?

**Ms S Wilson:** It is online and it is widely available. It is the Treasury paper on the impact of the 2014-15 budget on social services. It was released on budget night, and it is on their website, I believe.

**Senator SESELJA:** You did not read that before coming to estimates?

**Senator MOORE:** That is totally unfair, Senator Seselja. We have got the document. Basically what we are—

**Senator SESELJA:** Obviously Senator Brown did not read it.

**Senator CAROL BROWN:** I asked her what it was called; I could not read it from here.

*Senator Cameron interjecting—*

**CHAIR:** Could we have one person at a time, please? Senator Brown, have you got questions?

**Senator CAROL BROWN:** I wanted to just know what it was called. I could not see it from here.

*Senator Cameron interjecting—*

**CHAIR:** Senator Cameron, could you stop interrupting your colleague, please.

**Ms S Wilson:** The title of it is Budget 2014-15: Social Services and it is dated 13 May 2014. It is colloquially called the social services Treasury budget glossy.

**Senator MOORE:** That is partially what I was asking questions to the minister about earlier, in terms of in the past there has been more information in that book looking at the impact on families. I remember the one from last year had a number of things in there about what the impact of the budget was on families. The minister in his reply indicated that he was interested in looking at all the budget information but did not respond to why was there not more information this year than in previous years. I am not verbally you, Minister?

**Senator Fifield:** I said that what is in the budget papers is a matter for the Treasurer and finance minister, but the document I was referring to was particularly helpful, which was this document, which does have a series of cameos. I am not aware of a Social Services or FaHCSIA glossy in the past, but I commend this document.

**Senator MOORE:** There was more data in terms of impact on families in previous budgets. That is factual, Minister.

**Senator CAROL BROWN:** I am sure the minister would know. I think you were working for Treasurer Costello at the time.

**Senator MOORE:** It was your ex-boss who actually started doing it and then the government has continued. Mr Pratt, that is fair; that is a true statement, is it not, that there was more information available on the impact to families of the budget in previous budget documents?

**Mr Pratt:** Without making a comparison, because I have not done such a thing, certainly the information is different between them. Madam Chair, if we have reached a natural pause—

**CHAIR:** I think we may have, Mr Pratt.

**Mr Pratt:** I have response to Senator Moore on Darling Point school. They have received a 12-month extension.

**Senator MOORE:** And they have received a letter telling them that? I would imagine that was a natural—

**Mr Pratt:** They have the extension. I am pretty sure that we would have communicated that to them.

**Senator MOORE:** Thank you very much, Mr Pratt. They will be very happy.

**CHAIR:** Senator Moore, what are you asking questions about?

**Senator MOORE:** I am just checking because the range of questions I had were the kinds of things I just talked Ms Wilson about, which were numbers on each of the payments, how many families would not receive, and those kinds of things.

**CHAIR:** That is on every program, is it?

**Senator MOORE:** On every program.

**CHAIR:** Did you want to put those on notice, Senator Moore?

**Senator MOORE:** I only want some of the information, but I will put all of the questions on notice because of the degree of detail. We are still on family tax benefit B to families with children under six years of age. Is that where we started?

**CHAIR:** We are still on 1.1. We have only been going for an hour and a half.

**Senator MOORE:** We heard before that family tax benefit B was reduced for the youngest child aged six and, at the same time, the government would provide \$155 million over four years in the new allowance. Were either or both of these budget measures proposed or designed by the Department of Social Services?

**Mr Pratt:** I do not think we can answer that. That really does get into the nature of our advice to ministers.

**Senator MOORE:** Have measures of this kind been discussed openly as potential for changes in social security in the past? Have these been around a long time as potential things to do to the payments?

**Ms S Wilson:** It is very rare that there is a new idea that comes up in a budget context.

**Senator MOORE:** I totally agree with you.

**CHAIR:** It is very sad to hear you say that, Ms Wilson!

**Senator MOORE:** You talked before about the number of interactions there are about issues of social security and social welfare. You talked about the networks and you talked about the conferences. Were the issues around these changes to family tax benefit part of discussions? Is that something that has been discussed in the past as a potential change?

**Ms S Wilson:** We do not normally discuss specific policy proposals when they are being considered in a budget context with external stakeholders, unless it is part of a public consultation process that a government has asked the department to be involved in and undertake. Sometimes a paper is released or a set of proposals are released and we are asked to consult on them, and that has happened over many years for governments of all persuasions. Generally, if something is being considered in a budget context it is not the subject of discussion by the department with external stakeholders.

**Senator MOORE:** When did the department learn that the government had taken the decision to include these measures in the budget?

**Mr Pratt:** We would have received advice in the lead-up to the budget as to final decisions by government. Going back to your previous question, can I give you a different answer?

**Senator MOORE:** Sure, I understand the difficulty.

**Senator SIEWERT:** Yes, we did not like the first one!

**Mr Pratt:** In each budget to successive governments we will provide advice on a range of spending and savings measures. When there is a change of government, we do not tell the new government what we provided the previous government. To answer a question in estimates about such a thing would in fact do that.

**Senator MOORE:** Yes. These measures are clearly savings measures?

**Mr Pratt:** Not everything in the budget papers are savings measures.

**Senator MOORE:** But the family tax B measures are savings measures?

**Ms S Wilson:** Except, I guess for the new sole parent supplement—the single parent supplement.

**Senator MOORE:** But the standard family tax benefits are savings measures?

**Ms S Wilson:** There are a number of savings measures in family tax benefits.

**Senator MOORE:** But family tax benefit B and A are savings measures?

**Ms S Wilson:** Yes.

**Senator MOORE:** In the wider discussion around the background to these measures, particularly for single parents—and we have talked about this for a number of processes—is a link to the change in the payments being linked to an encouragement for people to going to work. Is that true?

**Ms S Wilson:** It is always the case that it is a trade-off between the level of support you provide to people out of work and the level of support you provide to them that is employment conditional and how the design optimises incentives to work or otherwise, and that is a perennial issue for governments in the social security and tax and transfer space.

**Senator MOORE:** Minister, is it the view from the government that one of the major incentives to the changes in family payments and other things is to encourage people into work?

**Senator Fifield:** Yes.

**Senator MOORE:** And that is the wider parameters in which the processes are being set?

**Senator Fifield:** That is right. Obviously, across portfolios there have been efforts to better target government programs, and that is certainly true in social services, but it is also very much the objective of the government to do things that will encourage more people into work force.

**Senator MOORE:** The NATSEM analysis, and also discussion that has come up since that, found that the measures, particularly the family tax benefit B measures, result in a high effective marginal tax rate for single parents. The analysis shows that the budget measures provide a disincentive for single parents to earn more than \$48,000 a year because if they do that they will lose the new family tax benefit allowance completely. Is that analysis agreed by the department, in terms of the \$48,000 and incentive into work?

**Ms S Wilson:** It is always a matter of judgement as to the trade-off between the provision of a payment and its impact on incentives to work as I previously mentioned. Where a person would, by earning an extra dollar, lose a payment it is often technically understood to be a disincentive to work, but it is rare that a person earns just an extra dollar—you are generally looking at not even an extra hour of work, it is usually an extra day of work or something like that—so you have to be very careful that you do not restrict your analysis to something that is not a likely outcome. You have to look at the income range over which it is operating, the number of people affected and what assumptions you make about the changing income or the changing wages and the trade-off between that and the loss of the transfer. It is a matter of some debate, I guess, as to the relative importance of effective marginal tax rates versus other incentives for working. It is an ongoing live debate.

**Senator MOORE:** It is a longstanding debate for all these processes.

**Ms S Wilson:** That is correct, Senator.

**Senator MOORE:** Has the department worked out what the effect of a marginal tax rate is for different types of families as a result of these budget measures? Does that effective marginal tax rate analysis come into the counting work that the department does, as opposed to any modelling aspect that we are talking about?

**Ms S Wilson:** EMTRs are not normally part of a costing—you usually model the effect of tax and transfer changes of effective marginal tax rates and effective tax rates—and so it was not part of the costing work.

**Senator MOORE:** Would you do modelling looking at that seeing as it belongs to another department? Tax rates is not a families, a DSS issue. My understanding of the previous evidence, which we have heard at length, is that your department has modellers and they model issues around the payments that your department owns.

**Ms S Wilson:** We do. We do look at interactions with tax on occasion, but it is not our bread-and-butter work to model the tax system?

**Senator MOORE:** So that is one of the outside ones you do look at.

**Mr Whitecross:** The FTB changes change the point at which people lose the family tax benefit part B, but they would not actually change effective marginal tax rates per se. It just means that instead of losing family tax benefit when the primary earner's income gets to \$150,000, you would lose it when the primary earner's income gets to \$100,000.

**Senator MOORE:** And when you combine it with the sole parents allowance?

**Mr Whitecross:** At age six you would lose family tax benefit part B, but you would get a single parent supplement if you were a maximum rate FTB A customer.

**CHAIR:** Senator Moore, we have had two hours and we are still in program 1.1. Can I suggest that this really might be the time to move on?

**Senator SIEWERT:** I want to seek clarification: when I was asking about the modelling on the total impact of the other measures in this portfolio on single parents, am I correct in understanding that you said it had not been done, or I should ask in the other areas of families?

**Ms S Wilson:** No, I said we had not done it.

**Senator SIEWERT:** So across the agency you have not done it?

**Ms S Wilson:** No, we have not.

**CHAIR:** Would we be able to go to program 1.2?

**Senator MOORE:** Which is?

**CHAIR:** Child payments.

**Senator MOORE:** Most of ours are 1.1.

**CHAIR:** As I said earlier, I am more than happy how we redistribute this time. I just wanted to make the point that we have spent two hours on one program so far.

**Senator SIEWERT:** I would suggest we have gone over areas that will assist us for other things, in terms of the whole modelling discussion.

**CHAIR:** Does that mean there is going to be more speed as we get further down the program, Senator Siewert?

**Senator SIEWERT:** No, it is just that it allows us to do some more direct—

**Senator CAMERON:** Chair, I think the bottom line is these are very important issues that we have to take forward.

**CHAIR:** Everyone is certainly agreeing with you on that, Senator Cameron.'

**Senator CAMERON:** Yes, very important, because cutting the standard of living of poor people is an important issue.

**CHAIR:** However, this program, which was agreed by all of the committee members, allows for just over four hours on this topic, and more than half of that has currently been spent in one area.

**Senator MOORE:** What constitutes child payments by definition?

**Ms S Wilson:** It is double orphan pension, it is—

**Mr Pratt:** Senator, if we can go to the first of the handouts.

**Senator MOORE:** Thank you very much.

**CHAIR:** Back to the honeycomb!

**Senator MOORE:** I am double checking because so many of the family payments have an impact on children, and children determine the result of the payments. That is what I am trying to work through.

**Ms S Wilson:** Double orphan pensions, single-income families supplement, stillborn baby payment and assistance for isolated children make up 1.2.

**Senator MOORE:** With all of those, the impact in the budget is indexation, or pausing. Is that right?

**Ms S Wilson:** No; there were no changes in the budget—

**Senator MOORE:** I did not see any changes in the budget papers on those, and I was wondering: were they subject to any of the pauses?

**Ms S Wilson:** No.

**Senator MOORE:** Chair, in terms of the questions that I have, and subject to the other senators who are here—

**Ms Halbert:** Senator, could we just correct that. One of them—the assistance for isolated children—has—

**Senator MOORE:** I thought they were.

**Ms Halbert:** Some people can access the pension or education supplement.

**Mrs Lindenmayer:** But there are actually no recipients of it at this time.

**Senator MOORE:** There are none at the moment.

**Ms S Wilson:** So it is a sort of hypothetical entitlement.

**Senator MOORE:** It is hard to question something that no-one is using.

**Mr Whitecross:** And the assistance for isolated children was also subject to a parental income test—a part of it—and the threshold for that is paused, along with the low-income-free area for FTBA, because the two numbers are aligned.

**Senator MOORE:** I would like to go back to the questions around the FTB changes. I was up to the question about the effect of the marginal tax rate, and the fact that sometimes the department does modelling in this area. Have you done any particular modelling on the impact of this budget change now?

**Ms S Wilson:** I don't believe so, Senator. But I might need to take that on notice to check. We do try and update our models to take account of budget changes, and that is an ongoing process. And to do that we might test some output. But we haven't done anything that is in the nature of advice, or shared across the department at this stage.

**Senator MOORE:** Do you see a need to do that? What stimulates the work you have just described?

**Ms S Wilson:** It is an area of continuing review. So when we are clear of, what are all the changes that occurred in the budget, then we need to update our models to look at that. And then when we provide ongoing policy advice about incentives to work, or about the extended family assistance for households, we would take account of that modelling.

**Senator MOORE:** There was an argument raised about an impact on marginal tax: has that not actually been modelled?

**Ms S Wilson:** Technically, a sudden-death loss of a payment causes a spike in effective marginal tax rates. But it is a matter of contest as to what the real impact of that is on work incentives—depending on the income range over which you are looking at it, and what assumptions you make about what the decision is that person is facing, in terms of the additional wages they would earn, and trading off the loss of that payment.

**Senator MOORE:** And potentially other things that are happening in that family the same time.

**Ms S Wilson:** That is right. Technically, design would say sudden-death payments have a particular impact on EMTRs, but you do need to do a, sort of, broader assessment of them.

**Senator MOORE:** Do we know how many single parents will receive the extra \$750 a year for each child?

**Ms S Wilson:** Yes. We have got that: By 2017-18, 86,000 families will be receiving it. That is when the grandfathering of the others finishes—

**Senator MOORE:** Ceases.

**Ms S Wilson:** Ceases, that's right. It is 86,600, sorry.

**Senator MOORE:** Do you have any figures about the annual loss for single parents at income points? That is, at a single income point, where will families be worse off in this process? Or is that too detailed?

**Ms S Wilson:** That is too detailed, sorry Senator.

**Senator MOORE:** Is the department aware of how many families who currently receive FTB B include a parent who does not earn any income from work, whose youngest child is aged between six and 16, or who is participating in full-time study?

**Ms S Wilson:** We will have to take that on notice. It is not—

**Senator MOORE:** So that would come into what you define as counting. You would actually look at how many of those people—

**Ms S Wilson:** We could probably extract that from the costing.

**Mrs Lindenmayer:** We would also look at the current population. So it would be an estimation.

**Senator MOORE:** And there is interest in whether there is any modelling projecting whether this number of families will change following the implementation of the new rules.

**Ms S Wilson:** I'm not quite sure what the question means, Senator.

**Senator MOORE:** It is a modelling question, as to whether there is a potential there. The next part of the questions about family payments—and I think Senator Siewert asked some questions about those—is the freezing of the FTB payment rates for two years, and what the impact of that would be. Have you done any modelling on the impact of freezing FTB A and FTB B payments?

**Mr Whitecross:** We have. What sort of information are you after, Senator?

**Senator MOORE:** What has been the type of modelling that you have done on the impact of the freeze?

**Mr Whitecross:** For example, there are around 994,000 FTB A recipients, getting the maximum or the broken rate—

**Senator MOORE:** That is how many families are expected to be affected by the measure.

**Mr Whitecross:** No, that is how many would—those families would get a reduction, or forego an increase of \$156.95 per child in 2014-15, with the freezing of the rate.

**Senator MOORE:** In one year.

**Mr Whitecross:** That is in 2014-15.

**Senator MOORE:** Okay. And what about the next year? What would be the impact in that year, if it is frozen for two years?

**Mr Whitecross:** The following year, it is \$288.35.

**Senator MOORE:** Do you have any idea of how many children will be impacted by that?

**Mr Whitecross:** We may do—

**Ms S Wilson:** I don't think we have it with us, Senator.

**Mr Whitecross:** It is not jumping out at me.

**Senator MOORE:** But you can put that on notice; that is the kind of data you would have.

**Mr Whitecross:** We would know how many children there were, yes.

**Senator MOORE:** And what is the impact in dollar terms for families who are currently on the maximum rate of FTB A?

**Mr Whitecross:** The figures I gave you before are for those receiving the maximum rate for a child aged 13 to 19. So they are lower numbers—it is smaller—if the child is younger; it is \$120.45 in 2014-15.

**Senator MOORE:** And those figures are calculated on someone receiving the maximum rate.

**Mr Whitecross:** That loss is for someone who is on the maximum rate, or on the broken rate but not down to the base rate; yes.

**Senator MOORE:** Okay. Do you have data that goes down to that base rate? I am not asking for that now, but do you have an idea of the impact as the rate goes lower?

**Mr Whitecross:** The base rate is also frozen, so there is an impact on people who are on the base rate.

**Ms S Wilson:** We could take that on notice.

**Senator MOORE:** Yes, okay. What about the end-of-year supplements?

**Ms S Wilson:** We can tell you what the savings are, and how many families are impacted.

**Senator MOORE:** Yes.

**Ms S Wilson:** Revising the Family Tax Benefit end-of-year supplements: over the four years—

**Ms Halbert:** So there are 1.6 million—

**Ms S Wilson:** there will 1.6 million Family Tax Benefit part A families, and 1.4 million Family Tax Benefit part B families impacted. And they are not additional; they overlap. The savings across the four years, or five years, in effect, are \$1.209 million.

**Senator MOORE:** That is from the end-of-year supplements.

**Ms S Wilson:** That is correct.

**Senator MOORE:** They are the savings over the forward estimates, for four years. Do you have calculations beyond that time, how savings accumulate beyond that time?

**Ms S Wilson:** No.

**Senator MOORE:** Is it only calculated to the forward estimates?

**Ms S Wilson:** That is correct; it is only calculated for that period.

**Senator MOORE:** Have you done any modelling on the impact of this measure on different family types?

**Mrs Lindenmayer:** That was included in that cameo.

**Ms S Wilson:** It was in that cameo that we described to you earlier.

**Senator MOORE:** One of my problems, Ms Wilson, is the difference between the definition of counting, which is actually done through the cameos—this is this person and how it is done—and the term that we throw around all the time: 'modelling'. Each of my questions involves 'has any modelling been done'. But it seems to me that the information we have got from the department seems to be much more on, what I call, counting.

**Ms S Wilson:** We cost for the budget and then, subsequently, we might do more detailed analysis of combined impacts as time allows. But for the budget, we cost each measure and we can provide information about each measure. But, as I said, Treasury pulls it all together and looks across the budget and across portfolios to see what is the combined impact on households and individuals.

**Senator MOORE:** So when I keep asking a question about whether the department undertaken any modelling on the impact of this measure, from what you have just said, you would not have done modelling. Because you said you do costing and then you look afterwards at modelling.

**Ms S Wilson:** In part our modelling work requires us to update models for the impact of budget changes. So it is not a thing you can do instantaneously as decisions are made because you have to change the parameters in the model for the changes across the social security system. It takes a while to update it, so we do that after the budget. We will, as we go forward, look at what the new system looks like. I am not quite sure what you are asking.

**Senator MOORE:** Basically what I am asking for is the impact of the budget changes on Australian families and individuals and whether there is a study that actually calculates what the impact is of each measure and, more importantly, the impact of the overall effect on Australian families of a combination of these budget changes because all of them have been brought in as a whole compendium of changes that are concentrating payments. It is not just in family payments; it is the same for the other streams of changes. Seeing what the numbers will be and what the combined impact will be, in my mind, is modelling—actually looking at how it impacts on them and how it continues to impact.

**Mr Pratt:** Your question might also ask have we looked at, have we assessed the effects of different measures on different groups of Australians either individually or in combination?

**Senator MOORE:** That is right. When I asked earlier about what you had done on the combined impact of the budget, the answer, as I heard it, was that you had looked at the impact of your own changes but you could not give me any information on changes that came from outside the department, and I accept that. Looking at the changes in your own department, there are so many that impact on families and I am trying to find out what information and processes there are in the department that can tell us that. I am also trying to find out how you input into the system: this is my personal circumstance, I am in this kind of family, I am studying, I am working—all of that kind of stuff. I thought that was modelling.

**Ms S Wilson:** That is a cameo. You give a set of parameters about a particular household or a particular family, including number of children, income and income splits. You can produce an outcome that looks at the

impact of the transfer system changes. We can do that. We update our models to be able to do that. You have to specify some inputs, some assumptions, to be able to look at that. Progressively over time, we do that. We look at what does a family with this income and this number of children get from the transfer system. We look at what it would look like if you change something. But we have not done that for all these measures at this stage.

**Senator MOORE:** Can you tell me which ones you have done it for and which ones you have not?

**Ms S Wilson:** We were able to demonstrate—

**Senator MOORE:** You have given us a cameo.

**Ms S Wilson:** We have done a cameo, that is effectively what a cameo is. It tells you what the outcome is for a particular household or a particular individual with a number of characteristics. That is modelling. Then there is distributional modelling, which takes survey data across the whole population and looks at income ranges and different household types in those income ranges. It is microsimulation. That does distributional modelling. That is much more complex work. It is done by Treasury for the budget. NATSEM has done some work. We have not done that work for this budget.

**Senator MOORE:** None of this work was done by your department before the budget.

**Ms S Wilson:** No, I do not believe so. It is the quintessential Treasury role to provide that advice to government.

**Senator MOORE:** When you do your modelling after the budget, and come up with the issues like the cameos, can we get copies of that modelling?

**Ms S Wilson:** I can take that on notice. It is easier for us to respond to a specific scenario you ask us to model, because it is how long is a piece of string in terms of how many inputs we put in, how long it would take us to do the output and where it sits against other priorities. We have a small team of modellers whose work includes updating models to make sure they are accurate to take account of changes, as well as modelling scenarios for different cameos or for different policy changes.

**Senator SIEWERT:** Who did the cameo the Treasurer released on the weekend?

**Ms S Wilson:** It was not us that I am aware of.

**Senator SIEWERT:** Was that Treasury?

**Ms S Wilson:** I would assume so.

**Senator SIEWERT:** It was about how well off a single parent would be.

**Senator MOORE:** Did they ask you to check that?

**Ms S Wilson:** Not that I am aware of.

**Senator MOORE:** You said before you often get to check the—

**Ms S Wilson:** They ask us to check the description of the policy in the document. This is to make sure that they understand when it is being implemented; what the change from what the current policy is; what the new income cut-out is, if there is a change; and what the new value of the payment is and who will get it. That is the sort of checking that we do. The production of a cameo for the Treasurer would be something that I would assume that Treasury has done.

**Senator SIEWERT:** Did you do the checking for that cameo?

**Mr Pratt:** Not to my knowledge.

**Ms S Wilson:** No, not to my knowledge.

**Senator SIEWERT:** So DSS had nothing to do with it?

**Ms S Wilson:** Not that I am aware of. I think the request would likely have come to me.

**Mr Pratt:** Let me just check. No.

**Senator MOORE:** I asked questions about how many families will lose payments. These are the traditional kinds of questions we ask in this system. We ask how many and you give us answers. When do you know those answers?

**Ms S Wilson:** We know those answers when the costings are done. We do a costing that looks at a population on payment now and therefore is an estimate of the numbers that would be affected at the point of information, because there might be a change. You assume that there is a certain number of people receiving payment and if it is changed in some way, you can provide advice on how many people are impacted by that change.

**Senator MOORE:** You do that before the budget?

**Ms S Wilson:** You do that as part of the costing, because it is what drives the calculation of the change in either a savings or an expenditure sense.

**Senator MOORE:** That is a kind of lead-up to the budget when people are looking at what the savings impact will be or in fact the costing—

**Ms S Wilson:** Or in fact expenditure. Sometimes with an expenditure measure, you need to be able to draw in information about people outside the system and then you have to go to other data sources on people in certain income ranges, of certain ages or household types. So you might draw in ABS data to be able to say, 'We know these people are on a payment but, by introducing a new payment that is outside the current income ranges or by providing indexation for the first time or whatever, we'll look at who are the new people who would come into the system.' For example, I think the indexation of a Commonwealth seniors health card would have had to use that sort of information. Colleagues, am I correct?

**Ms Foster:** To check—

**Ms S Wilson:** Who is the new population who would become eligible over time?

**Ms Foster:** Yes.

**Senator MOORE:** For that payment. That work is done by your department because—

**Ms S Wilson:** And it is then checked by the Department of Finance as part of the budgetary process. They agree it or question it.

**Senator MOORE:** So it is the cyclical nature of the preparation of the budget—it is what people do. You would be doing the work on the costings of those steps. You did that work on this budget?

**Ms S Wilson:** Yes.

**Senator SMITH:** Did I hear correctly that there were 86,600 families that would be eligible for the single parent supplement?

**Ms Halbert:** That is the figure for 2017-18.

**Senator SMITH:** Could you give me the number of children who will—do you have that number there?

**Ms Halbert:** We may need to take that on notice. We may not have the number of children.

**Mrs Lindenmayer:** It is around 120,000 children.

**Senator MOORE:** I think you took that on notice from me.

**Senator SMITH:** About 120,000 children.

**CHAIR:** Before we break, I want to bring to the committee's attention and also to the department's attention a letter I have received signed by Senator Brown, Senator Perris and Senator Siewert referring to the Senate resolution, 17 February 2013-14, which allows for an additional hearing of a committee considering estimates. That can be undertaken, if it is required, by any three members of the committee notifying the chair of the requirement in writing, which those three senators now have, advising that they require the Community Affairs Legislation Committee to meet on Friday, 6 June 2014, from 8.30 am to 11.30 am to consider the Department of Human Services.

**Senator SESELJA:** Could we get an explanation of why from Senator Brown.

**CHAIR:** It is up to Senator Brown, Senator Seselja.

**Senator Fifield:** Just a query, Chair, for my own benefit. Is the requirement of the Senate that it be three substantive members of a committee or three participating members or a combination?

**CHAIR:** Any three members of the committee can notify the chair of the requirement in writing. The three who signed are all full members. Before that happens, could I just point out for the benefit of the officers that what this will mean in practical terms is that when we come back from dinner tomorrow night Australian Hearing will be first and after that we will go to 11 o'clock. Then we will all come back on Friday and keep having fun with Centrelink and the Department of Human Services.

**Mr Pratt:** If I can just clarify that. Our expectation based on the existing schedule, which I understand may have changed, is that Human Services will start at 7.30 on Thursday evening.

**CHAIR:** That is the intention.

**Mr Pratt:** Is the intention that they will still start at 7.30 and will also then come back on Friday?

**CHAIR:** Yes, for an extra three hours.

**Mr Pratt:** In terms of the Department of Social Services, we will still finish at 6.30 on Thursday night?

**CHAIR:** Yes.

**Ms S Wilson:** Sorry, Chair, it is just that I have got Friday off and I am really looking forward to it.

**CHAIR:** We just want to make sure that everybody who needs to know this knows this as quickly as possible.

**Senator SESELJA:** Can I seek an explanation. I understand you negotiated the schedule with all senators on the committee. I think it is fair to say that you have given the vast bulk of the time to opposition senators, so I am interested in the explanation for why the sudden change.

**Senator MOORE:** I am happy to provide that explanation in terms of the process. This particular process exists in the Senate when it seems that there are more questions that need to be had within a program area. We have looked at the program's time and we have also looked at the amount of questioning allowable for the Department of Human Services under this schedule. Our assessment is that the impact of budget changes of this type has such a major impact on social services. We have a large number of questions that we want to ask. We looked at the three hours that we have tomorrow evening. We share that time with the Greens, you and also with Independent senators, which would have allowed a maximum of about an hour and a half for ALP senators tomorrow evening. Having seen the schedule and the number of questions, we know we cannot do that. So we are utilising the process within the Senate standing orders to ask for an extension.

**CHAIR:** Can I just comment on what you said because there is an implication that the government set the schedule which, as you well know, was agreed—

**Senator MOORE:** That is right.

**CHAIR:** by this entire committee after many discussions and three private meetings.

**Senator MOORE:** Chair, we acknowledge that.

**CHAIR:** There was plenty of opportunity for the opposition to have input into the schedule.

**Senator MOORE:** But, Chair, as you know, the current schedule for these particular departments only allows the Department of Human Services to come in at the end of the day of the second day of hearings. We have had this discussion over many years. There has been no solution to this issue because, in the past, it has been FaHCSIA as a large department with the then Centrelink coming in late on the afternoon of the final day. It was never a comfortable arrangement. In this case, because of the impact of the budget within Human Services for a whole range of areas, particularly involving workload that has been stimulated by many of the conditions that are brought in in the budget, we do not believe we can meet the requirements within the scheduled hours. Therefore, we are using the existing process within the area, which used to be commonplace. Many senators here now have not actually been here at a time when that extra day has been used. We have been and it used to be quite common. So we are bringing that forward because we think there is a special need.

Chair, I also want to acknowledge that Senator Seselja has said that your chairing over the last couple of days has been very fair and we feel as though we have had an opportunity to ask many questions. We just believe that we have more to ask.

**CHAIR:** Thank you, Senator Moore.

**Senator SMITH:** Would Senator Siewert wish to provide an explanation. She is a signatory to the letter as well.

**Senator SIEWERT:** Exactly the same reason.

**Senator SMITH:** That is good. I would just like to add my contribution, if I may. No-one doubts the ability to have an extra sitting day, but it is now beholden on Labor and Green senators to make sure that they make the very best use of the time that is available not just tomorrow evening for the Department of Human Services but the three hours on Friday, remembering always that it is not just about us; officials have obviously made alternative arrangements to service the community and the government on that Friday. As a decision of the Labor Party and the Australian Greens, you are now taking them away from those roles without any notice until this particular point. So it is beholden on Labor and Green senators to make sure that you use the very best of that time that is now available to you. The full spotlight will be on your performance on Friday, between 8.30 and 11.30.

**CHAIR:** Thank you, Senator Smith.

**Senator MOORE:** The purpose of Senate estimates is to question the government and question departments. We have always maintained that as an intrinsic right of the operations of the Senate. I thank you, Senator Smith, for reminding us of our duty and how we should operate within the Senate estimates process. We acknowledge the immense dedication of the officers of all public service departments but actually being part of Senate

estimates is part of that job. We actually looked at the schedule and the way this operation was operating for this department, which only started this morning. We did not think it was appropriate to make the call earlier in the week until we saw the way the program was operating for DSS and Human Services. We have done that and we apologise to the officers of Human Services.

**Senator SMITH:** The full spotlight falls on you.

**CHAIR:** I think we might all go and have some dinner.

**Proceedings suspended from 18:50 to 19:52**

**CHAIR:** We are resuming on outcome one, social security. We ascertained that there were no questions in programs 1.3 and 1.4.

**Senator SIEWERT:** There were none in program 1.2.

**CHAIR:** We have no questions on program 1.5, so we will go to program 1.6.

**Senator SIEWERT:** Regarding the indexation of the pension, can you take me through the calculation and case studies that were done in working out the impact it is going to have on a number of people, and why that date was chosen for the indexation to kick in?

**Ms S Wilson:** The government chose the date of the timing of the implementation of the measure.

**Senator SIEWERT:** Minister, can I ask you why you chose that date for the timing of the measure of the indexation of the age pension?

**Senator Fifield:** That would be a matter, I think, that Treasury would have had input into. So it was a decision of government.

**Senator SIEWERT:** Why did you choose 2017?

**Senator Fifield:** As the date for the indexation changes?

**Senator SIEWERT:** Yes.

**Senator Fifield:** Part of the rationale clearly was that that occur after the next election, because the government had made clear that there would not be changes to the pension in this term in office.

**Senator SIEWERT:** So you will make changes at the next—

**Senator Fifield:** If the government is not re-elected then I am sure another government could have a different view as to what should happen.

**Senator SIEWERT:** Does any work need to be done in the lead-up to that date to ensure the measure does happen on that date? Does the department have to do any work before then to put it in place?

**Ms S Wilson:** Normally, legislation would need to be passed ahead of the implementation of a measure like that.

**Senator SIEWERT:** Do you plan to have legislation in place before that?

**Senator Fifield:** I am not aware of the legislative timetable in relation to that, but I am happy if officers have anything to add.

**Mr Pratt:** I think that would be a decision for Minister Andrews and the government, so I think that is something we should take on notice.

**Senator SIEWERT:** If you could take on notice the question of when legislation would have to be put in place. We have been through these discussions before about the lead time. We get it when we are referred bills and the government needs to have them done because they need to get all their computer processes et cetera in place. I remember being told about the extensive amount of time needed for that. What is the usual lead time for a measure such as this to put in place the computer programing and so on?

**Ms S Wilson:** There is a calculation required of what the exact impact of the indexation will be at the point in time of implementation. That will be contingent upon the timing of the availability of the CPI result for that point in time. Then there is a lead time to give advice to DHS so that the rate calculator can be correct at that point. We have a protocol that goes to that lead time, which is normally at least a fortnight, as I recall, ahead of the implementation date—the indexation date—so that they can get the ICT work done.

**Senator SIEWERT:** A fortnight?

**Ms S Wilson:** At least a fortnight.

**Senator SIEWERT:** I will remember that next time you are trying to rush through a bill and are telling us that you have to have it so far in advance because you have to get the ICT stuff done.

**Ms S Wilson:** It depends on what the specific change is. We have a protocol in relation to indexation, because it is something that happens every period—

**Senator SIEWERT:** This one is a big change to the indexation. It is not the normal indexation.

**Ms S Wilson:** At every indexation period, under current arrangements, DHS requires advice as to what the indexation will be, and that depends on what the factor is that drives the indexation. Sometimes it is CPI. Sometimes in respect of pensions, currently, it is 'male total average weekly earnings'. Sometimes it could be the 'pensioner and beneficiary living cost index', as is the current case. So we have to know from the ABS what that indexation is, what factor will be utilised to index the payments, depending on which payments they are, and then we have a lead time for giving advice to DHS, and it is normally a minimum of a fortnight, I think.

**Mr Pratt:** To be very clear, it also depends on how the item that is being changed is coded in the system. If it is something that is soft coded and it is a variable which changes all the time and you just need to put another number in it can happen relatively quickly. If there is a rule change or if something has to be completely reprogrammed that can take months and months. I suspect we have enough time to manage the 2017.

**Senator SIEWERT:** Is any work being done on this particular measure in this term of government?

**Mr Pratt:** Yes, there will be.

**Senator SIEWERT:** What would that work be?

**Mr Pratt:** Over the course of the term, again, subject to government decisions, there will be legislation potentially, there will be IT changes, there will have to be training for call centre staff—all that sort of stuff.

**Senator SIEWERT:** In other words, there would be action that the government was taking to implement this measure. Even though in theory it has been tested at the election, there will still be resources put in during this term of government to implement this measure.

**Mr Pratt:** Quite possibly. Again, it is subject to government decision.

**Senator SIEWERT:** And the increase in the pension age to 70? I understand the 67, but from 67 to 70—you will be working on that, presumably?

**Ms S Wilson:** That legislation has already passed.

**Senator SIEWERT:** I know, that is what I am saying. Presumably you are working on that already—I acknowledge that—or you will be putting in place plans to get the process underway.

**Ms S Wilson:** Yes. They are already in place, that is right.

**Senator SIEWERT:** Would the increase from 67 to 70 require any work during this term of government?

**Ms S Wilson:** It depends on the government's view about when it would want to introduce legislation in respect of that.

**Senator SIEWERT:** So there is a potential there too.

**Mr Pratt:** Yes.

**Senator SIEWERT:** On the calculations about the impact—I know that it will be loose because we do not know what indexation is going to do—how much has the modelling calculated that a pension will be impacted by once this measure comes in?

**Mr Pratt:** The rate of growth of the pension obviously will be based around whatever the CPI is.

**Senator SIEWERT:** I know. That is why I acknowledged that.

**Ms S Wilson:** I have a savings calculation here. I think I have numbers affected. Which payment are you asking the question in respect of?

**Senator SIEWERT:** The age pension.

**Ms S Wilson:** I do not think I have it split out by age pension. I have it for all pensions, so that would include carer payment, DSP, age pension and relevant DVA pensions.

**Senator SIEWERT:** Let us start with that overall figure.

**Mr Pratt:** Page 203 of budget paper 2 sets out the pension and pension-equivalent payments that will change to be indexed by CPI and the savings over five years. It lists from 1 July 2014 parenting payment single and from 1 September 2017 bereavement allowance and pension payments such as age pension, disability support pension, carer payment and Veterans' Affairs pensions.

**Senator SIEWERT:** Surely you can split out the single parents, because that is indexed straight away.

**Mr Pratt:** I am sure we can. It is a question as to whether we have that information to hand, that is all.

**Ms S Wilson:** I can give you a figure on—

**Senator SIEWERT:** I was going to come to the indexation on the other pensions under their line item. That is why I did not ask for the global figure, if that is all we can get for the time being let us go with that.

**Ms S Wilson:** Do you want me to give you the global figure over the forward estimates and then to the extent that we can identify it separately for PPS do that? Is that what you are asking?

**Senator SIEWERT:** Yes.

**Ms S Wilson:** For DSS only, it is \$393 million over the forward estimates.

**Senator SIEWERT:** Sorry, I have misled you about what I want. What I am after is the impact on an individual. When you were saying 'globally', I thought you meant that you had done that for a person on a pension.

**Ms S Wilson:** I will just see if I can find that. No, I do not have that, I am sorry. I can take that on notice. I have only got global savings and numbers affected.

**Senator SIEWERT:** So you have not done any—or the government—

**Ms S Wilson:** There would be an estimate. I just do not have it with me.

**Senator SIEWERT:** Is it something that we can get before the end of tonight?

**Ms S Wilson:** I am not sure. I would have to check with colleagues.

**Mr Pratt:** We will see if we can.

**Senator SIEWERT:** Because ACOSS has managed to do a calculation, and I want to know if that is actually what you have calculated—or what you have calculated.

**Mr Pratt:** We will see what we can get during the course of the evening.

**Senator SIEWERT:** I might as well put it on notice now that I am after that for the others, in case there is a difference for some of the other payments.

**Ms S Wilson:** The difference would be for PPS, because it is a different rate and has a different timing impact. So we could take that on notice for you also.

**Mr Pratt:** So, clearly, what you are looking for is an estimate of the difference in the weight of growth between a CPI indexation and the current indexation?

**Senator SIEWERT:** And the current arrangements.

**Mr Pratt:** Naturally, that is very dependent on an estimate of what the CPI might be.

**Senator SIEWERT:** I understand that. But, surely, in order to calculate the savings that you are going to make you have done some calculations.

**Mr Pratt:** Yes.

**Senator SIEWERT:** So you must have had—

**Ms S Wilson:** It would have been in the costing. I just do not have that information with me.

**Senator SIEWERT:** I would rather not have to put that on notice to get it in a couple of months time—I am not being rude about how long it takes.

**Ms S Wilson:** We can see whether it can be available in the course of the period. I cannot promise it tonight.

**Senator SIEWERT:** Okay. We have got tomorrow still; thank you.

**CHAIR:** Are you asking questions in 1.6, income support for seniors? I think Senator Seselja had some questions. Senator Seselja.

**Senator SESELJA:** I just wanted to clarify a few things around the pension and what has happened, because we have heard a lot of commentary about the fact the pension will be going down, in the view of some people. So we are talking about two things: we have got the next few years—the life of this parliament, effectively—and then we have got some changes coming in in 2017, in the government's intent. In the short term, before 2017, can someone just confirm for me what is going to be happening with the age pension—between now and that legislative change, if it goes ahead?

**Ms S Wilson:** Between now and that proposed change, as is currently the case, the age pension will be indexed twice a year in March and September to the higher of the changes in the Consumer Price Index or another index which is called the Pensioner and Beneficiary Living Cost Index. Then it is also assessed whether there is a need to apply what is called the MTAW benchmark, which for the combined couple rate of maximum basic pension is 41.76 per cent of male total average weekly earnings. If the higher of either the CPI or the PBLCI has

not brought the pension up to that MTAW benchmark, then the MTAW benchmark kicks in. So that is what current policy is and that is what, for the age pension, will continue to apply until this proposed change.

**Senator SESELJA:** So over the next few years until 2017, twice a year, it will be indexed in the way that you have described, using a range of factors: CPI, male average earnings, MTAW—

**Ms S Wilson:** MTAW is the male total average weekly earnings.

**Senator SESELJA:** Yes—sorry—it is.

**Ms S Wilson:** There is another index called PBLCI, the Pensioner and Beneficiary Living Cost Index, which is a particular basket of goods that pensioners and beneficiaries tend to consume.

**Senator SESELJA:** Okay. I think it is important for age pensioners to know exactly what is happening. So they can expect that, twice a year, it will continue to go up. From September 2017, the indexation will be CPI under the proposal; is that correct?

**Ms S Wilson:** The government's proposal is that from 2017 the indexation would be the Consumer Price Index, yes.

**Senator SESELJA:** So it will continue to go up but it will just go up at a different rate, and that is the Consumer Price Index—the broad cost of living.

**Ms S Wilson:** That is correct.

**Senator SESELJA:** Can you also confirm with that change that it will continue to be indexed twice a year, so it will continue to increase with CPI?

**Ms S Wilson:** Yes, in March and September.

**Senator SESELJA:** After that period, twice a year. On the pension increase in March this year, what was the indexation method used to calculate the increase?

**Ms S Wilson:** I will have to look to my colleagues. It was CPI—the Consumer Price Index.

**Senator SESELJA:** CPI was what happened. That is under the current arrangement. It does not always happen, obviously, but in March it did. Then in future for the next few years we have clarified that it will be as it has been and then beyond 2017 it will be CPI. In that March increase, how much did pensions increase by?

**Ms Foster:** For single pensioners, it was \$15.70 a fortnight. For pensioner couples combined, it was \$23.80 a fortnight.

**Senator SESELJA:** As far as the assets and incomes test go, have they changed in any way?

**Ms Foster:** A budget measure has been announced that will take effect from 1 July 2017.

**Senator SESELJA:** Before 2017, there is no change to the income and assets test? Is that right?

**Mr Whitecross:** Yes, that is right.

**Senator SESELJA:** Does the assets and income test get indexed as well?

**Mr Whitecross:** They will be indexed between now and 1 July 2017. From 1 July 2017, indexation will pause for three years.

**Senator SESELJA:** Effectively, where it cuts in will continue to actually go up and then it will be paused from 2017.

**Mr Whitecross:** That is right.

**Senator SESELJA:** I know there is a document that has been circulated—but not here, sorry. It is from Senator Cameron and it says that aged pensioners lose the seniors supplement. Is that correct?

**Ms Stawyskyj:** The seniors supplement is paid to Commonwealth seniors health card holders, not to pensioners.

**Senator SESELJA:** So pensioners will not lose it because they never had it?

**Ms Stawyskyj:** They do not get it. It is only a Commonwealth seniors health card.

**Senator SESELJA:** Pensioners do not receive the seniors supplement, so that claim that they are losing the seniors supplement is wrong because they do not have it. They receive the pension supplement, is that right?

**Ms Stawyskyj:** That is correct.

**Senator SESELJA:** Does that remain?

**Ms Stawyskyj:** Yes.

**Senator SESELJA:** On the clean energy supplement or the energy supplement, as it is now known, does that remain?

**Ms S Wilson:** It does. Indexation has been assessed on it, but the payment remains.

**Senator SESELJA:** The payment will continue.

**Ms S Wilson:** Now it is called, as you identified, the energy supplement.

**Senator SESELJA:** I think it is important that we get some of these things on the record, because I think people have an impression that many of these things are going down when they are not. Thank you very much.

**Senator MOORE:** With the indexation, we know that it was CPI the last time. How many times has it been CPI in the last eight to 10 years? That work must be there, because it is an obvious questions.

**Ms S Wilson:** I am not sure if we have got it that far back, but I will look to my colleagues.

**Mr Whitecross:** We have got back to 2009. In that time, it has increased by CPI once—

**Senator MOORE:** Which was the last time.

**Mr Whitecross:** and increased by PBLCI three times. The other times, it was by MTAW.

**Senator MOORE:** Just for the record, on notice, can we have it over a 10 year period?

**Mr Whitecross:** Yes.

**Senator MOORE:** It is my understanding that it has only been CPI twice in 10 years.

**Mr Whitecross:** We will look it up.

**Senator MOORE:** Can I just follow up slightly. I missed the last bit of Ms Wilson's answer to Senator Seselja about what was the clean energy supplement. What was the last bit of your answer, Ms Wilson? I am sorry, I just did not hear.

**Ms S Wilson:** The last thing I said was that it is now called the energy supplement.

**Senator MOORE:** And not all pensioners get it?

**Ms S Wilson:** No, the energy supplement goes to a very wide group of people. There are six million income support recipients. It goes to people on the family tax benefit, to people on income support, to Commonwealth senior health card holders and to veterans.

**Senator MOORE:** Does it go to all pensioners?

**Ms S Wilson:** Yes.

**Senator MOORE:** Is there any income or assets test on it?

**Ms S Wilson:** You get it by virtue of being on one of those other qualifying payments, which have their own income and/or assets test.

**Senator McLUCAS:** Thank you for explaining the new pension indexation measure that was introduced in 2009 to Senator Seselja, because that was a question that I wanted on the record. I want to get on the record the rationale for including the new pensioner living cost index and/or wages benchmark. Was the rationale that the government adopted to introduce that change?

**Ms S Wilson:** As part of the pension review, there was an analysis undertaken of the appropriateness of the basket of goods or the CPI as a measure of costs of living. There was a view that CPI measures are a basket of goods for the whole population, but that pensioners and beneficiaries may have a different pattern of consumption than the whole population. Therefore, the ABS was commissioned to develop a bespoke costs of living index, which is called the Pensioner and Beneficiary Living Cost Index. As part of its consideration of the Harmer pension review, the previous government decided that it would use—when adjusting just for costs of living—the higher of either the PBLCI or the Consumer Price Index.

**Senator McLUCAS:** In terms of the basket of goods, can you explain that to the committee? How does that work? Why does a pensioner have a different basket of goods to, say, a family with two children?

**Ms S Wilson:** Mr Whitecross is probably better placed to answer that than me, since I think he was involved in the specific work on commissioning the development of the PBLCI. Is that correct?

**Mr Whitecross:** Yes, it is. The Pensioner and Beneficiary Living Cost Index is not just a basket of goods for pensioners specifically. It is capturing patterns of consumption for a range of recipients of income support who are mainly reliant on income support. It is designed to target a lower income group of people. It mainly reflects different weightings for different amounts of goods, so a higher proportion of goods would be consumed in particular classes of goods that are slightly differently weighted to others. There would be a lower weighting of

obvious things like overseas trips or something like that. There might be a higher weighting of domestic travel. There is just a different weighting of expenditure and the intention of the index is to capture movements in the cost of that kind of basket of goods weighted to those lower income people.

**Senator McLUCAS:** Because low-income people are basically spending all of their pension on their housing, food and clothing. It is not disposable income. The work that you did identified that people who are on very low fixed incomes have certain products that they are buying and they are not buying a new car, fridge or things like that.

**Ms S Wilson:** The ABS did the work. It was based on quite detailed analysis from the Household Expenditure Survey, which looked at the patterns of consumption. It would have included recreation, but there is likely to be much less spent on those purposes than for higher income households.

**Senator McLUCAS:** That work was done with the then FaHCSIA along with ABS?

**Ms S Wilson:** FaHCSIA then commissioned the Australian Bureau of Statistics to do the work for us. It was quite an extensive study. It took some time to do. I cannot remember what it cost.

**Mr Whitecross:** It involved additional sampling of particular households by the ABS in order to get a robust measure that they could—

**Senator McLUCAS:** That was a word I wrote down too. It was a very robust analysis. My question now is: does the department now disagree with the recommendation from the Harmer review that asked the government of the day to apply an index that more specifically reflected the cost-of-living changes for pensioners?

**Senator SESELJA:** On a point of order, Chair: the senator is asking for the expression of an opinion by the department. I think we have in the past ruled that departments are not to be asked for an expression of opinion.

**CHAIR:** I had heard that but I was anticipating that the response would probably encompass your concern. Have you finished your question, Senator McLucas?

**Senator McLUCAS:** I have but I think I have been ruled out of order, so I will not ask that question. But that work was done by the department at the request of the government of the day.

**Senator SIEWERT:** You could ask the minister.

**Senator McLUCAS:** I think the minister's answer would be that he does disagree with the recommendation of the Harmer review to apply a more appropriate indexation to—

**CHAIR:** I do not think, Senator McLucas, that you can speak for the minister.

**Senator Fifield:** Let me be clear that adjusting indexation does slow the rate of increase. The rationale for that is that it will, in the long term, help underpin the overall sustainability of the social safety net that is the age pension. It is one of the reasons we have taken these decisions in relation to indexation and other measures. It is to ensure that we have a decent social safety net in Australia for the long term.

**Senator CAROL BROWN:** You would understand, Minister, that this committee undertook an extensive inquiry into the living standards of older Australians.

**Senator SESELJA:** This does not sound like a question. It sounds more like a speech.

**Senator CAROL BROWN:** I am asking a question! I know you are sensitive about it.

**Senator SESELJA:** It sounds more like a speech.

**Senator CAROL BROWN:** Just let me ask it. That inquiry ultimately led to asking for a review of the indexation of age pensions—because they had fallen so far behind. You are aware of the report of that inquiry, Minister?

**Senator Fifield:** I am also aware that the previous government had cumulative budget deficits of in excess of \$120 billion.

*Senator McLucas interjecting—*

**CHAIR:** Senator McLucas, allow the minister to finish. Senator Brown has asked a very extensive question. The minister is entitled to answer it and to have his answer heard.

**Senator FIFIELD:** The previous government, having inherited a position of no net debt, racked up in excess of \$190 billion of net debt. That means that the government of the day—us—has to take decisions across a range of portfolios to endeavour to put the budget back on a path towards surplus. There are decisions across portfolios that might not otherwise have needed to be taken if we had inherited the budget position which we left—which was no net debt. So, Senator Brown, if you are not fond of some of the decisions we are making, could I suggest that the Labor caucus collectively look in the mirror to see the reason many of these decisions need to be taken.

**Senator McLUCAS:** Has the department commissioned any further reviews or analysis on the most appropriate means of indexing pensions since the work that Mr Whitecross has referred to?

**Ms S Wilson:** No.

**Senator McLUCAS:** If the answer is no, on the basis of what evidence has this measure been included in the budget?

**Senator Fifield:** Who are you directing your question to, Senator McLucas?

**Senator McLUCAS:** I could ask either you or the department.

**Senator Fifield:** It is been put in place in an effort to slow the rate of increase, which I have been very up-front about. But let me also be equally clear that in no way, shape or form is the pension—to use the words of the opposition—being cut. The rate of increase will, most likely, be slowed. The reason for that decision is that we want to put our social safety net on a sustainable footing. What adds further impetus and necessity to that is the budget situation that this government inherited. This nation does have a debt problem. This nation does have a deficit problem.

**Senator McLUCAS:** Thank you, Minister. You have answered my question.

**Senator Fifield:** We didn't create the problem but we are determined to fix it.

**Senator McLUCAS:** Thank you, Minister. You have answered my question.

**Senator Fifield:** I am providing the context for the decision.

**Senator McLUCAS:** Has any modelling been done on the potential impact of the budget's proposed changes on pension rates into the future? I think you have probably answered that earlier to Senator Siewert, because if you move to CPI you can do it by estimate but not actual.

**Ms S Wilson:** You can do an estimate but you have to know exactly what the CPI is to have an accurate impact.

**Senator McLUCAS:** That is correct. I will ask the question in another way in a moment. Just on one topic by itself, if the CPI is negative in any given six-month period, will the pension reduce?

**Ms Foster:** No.

**Senator McLUCAS:** How does that work?

**Ms Foster:** There is a provision in the legislation that prevents any decrease.

**Senator McLUCAS:** So there will just be no increase.

**Ms Foster:** There is no increase.

**Senator McLUCAS:** Mr Pratt, were these budget measures conceived and developed in the Department of Social Services?

**Mr Pratt:** We had a bit of discussion on this already earlier when you were not here. Certainly we look at all aspects of the age pension and the other payments and the various components of them and we provide advice to government about options. Whether or not they are developed in the department or whether or not they are things which the government asks us to have a look at, it is not open for me to say—that goes to the nature and content of the advice we give government. We are constantly looking at options around all aspects of the welfare system. We provide advice on a very regular basis to government and have done for successive governments. Essentially the government takes decisions in the budget process, and this is the decision it has taken in this area.

**Senator McLUCAS:** Was the request to do the work in terms of identifying what the savings would be come from Treasury or Finance?

**Mr Pratt:** I am not in a position to say where it came from. What I am saying, though, is of course we provided advice and did work on the option ahead of the budget.

**Senator McLUCAS:** Has the department provided advice to the minister explaining the impact that returning the indexation arrangement to CPI would have on the real income of pensioners?

**Mr Pratt:** We would have provided advice to government on all aspects of this measure.

**Senator McLUCAS:** Okay, fair enough. Has the department modelled the difference between the current rate of the pension as a result of the 2009 changes compared with what the pension would be if the pension had been indexed to CPI since that time? What I am trying to do here—

**Mr Pratt:** Without using the term 'modelling' we have certainly done costings around that and that is the basis for the savings in the budget papers.

**Senator McLUCAS:** No, I am asking a different question, I think, Mr Pratt.

**Ms S Wilson:** Can I just paraphrase your question back to you to make sure I understand it. Is your question whether the department has estimated the difference in expenditure in pensions if CPI only had been applied since 2009 to the current day?

**Senator McLUCAS:** That is correct. What I am trying to ascertain, because you have quite rightly cannot predict what the growth under PBLCI or MTAW. Under PBLCI or MTAW we are getting stronger growth. If we were on CPI, with the exception of the last quarter, the growth would have been at a much lower rate. But if we look retrospectively at the period between the point of change in 2009 to now, I think we can get some actual figures that might inform the public discussion about what we are really talking about.

**Ms S Wilson:** I do not believe we have. I can take that on notice. I am not aware that we have.

**Senator McLUCAS:** I think it would be a fairly simple thing to do.

**Mr Whitecross:** We have done that in the past.

**Ms S Wilson:** But until now I don't think we have done it.

**Senator McLUCAS:** You do not have that with you, Mr Whitecross, I imagine?

**Ms S Wilson:** We take that on notice and see what we have done. I do not believe we have done it from then until now.

**Senator McLUCAS:** Until this quarter now. If you could show us the amount of income of a pensioner if it were indexed on CPI from the point of change in 2009 until this current quarter, and then I think we can actually truly inform the public conversation about what is actually happening.

**Mr Pratt:** We will look at that on notice.

**Senator McLUCAS:** Can you please provide the difference to a single parent on parenting payment, a single pensioner on the full rate of age and for a couple on the full rate of the age pension?

**Mr Pratt:** We will take it on notice.

**Senator McLUCAS:** Thank you. Has the department done any work to ascertain what the pension rate will be under the new arrangements for each of those same groups—single full rate, couple full rate and parenting payment—under the new arrangements compared with the current arrangements after one year, four years and 10 years?

**Ms S Wilson:** You are looking prospectively.

**Senator McLUCAS:** Yes, I am now.

**Ms S Wilson:** We will have had estimates which are derived from the costing for the forward estimates period with an annual impact—

**Senator McLUCAS:** Yes.

**Ms S Wilson:** So we can take that on notice. I do not believe we have looked out 10 years.

**Senator McLUCAS:** Is that something you could do?

**Ms Foster:** The longer the period you look at the less likely they are going to be accurate.

**Senator McLUCAS:** It is hard to predict what the CPI is going to be in nine years' time, I accept that. But what methodology would you use to advise government if someone asked you to do that?

**Mr Whitecross:** For costing purposes we get parameters that we can use to estimate these things across the forward estimates. But when you are talking about beyond the forward estimates, you are into an area of speculation, and we are not required to do that for budget measures.

**Ms S Wilson:** Normally that sort of long-run work would be done by Treasury, if it is done at all, because we do not have those parameters available to us. If you look at the long year out in things like the *Intergenerational report*. There is a lot of work that goes into settling the assumptions that underpin something that goes that far out. So I feel quite uncomfortable about attempting to do it for 10 years.

**Senator McLUCAS:** Would five years be the most that you would feel confident about?

**Ms S Wilson:** We have parameters for the forward estimates. I am not sure we would have them for a further year.

**Mr Whitecross:** That is what we normally do the calculation is for. It is to do the costings. We have parameters for the forward estimates period.

**Senator McLUCAS:** If you could provide that for us over the next four years—and break it down into the first year and then the four years.

**Ms S Wilson:** We can do that.

**Senator McLUCAS:** Can the department then confirm that pensioners will get less with the CPI index that they would with PBLCI and MTAWWE?

**Ms S Wilson:** We cannot confirm PBLCI versus CPI.

**Senator McLUCAS:** But under the arrangement where they get the higher—so it is not just comparing them; it is the current arrangements compared to the proposed arrangements.

**Mr Whitecross:** I do not think we can confirm that they will get less. There is a costing which indicates a save, which suggests on the parameters that we costed it on there is a difference, but we could not confirm what is going to happen, because that is something about the future.

**Senator SIEWERT:** You are making savings calculation of \$393 million!

**Ms S Wilson:** It is an estimate based on parameters which are assumptions about what will happen in the growth of those indices. So we cannot confirm it. That was what the question was: asking us to confirm it. By dint of the fact that there is a saving, it indicates that there is an assumption and an estimate that CPI will grow less than MTAWWE will over that period. That is what drives the saving.

**Senator McLUCAS:** And that will say that the pensioner will receive less if the current arrangements are replaced with CPI?

**Ms S Wilson:** The rate of growth of the pension will be lower on these estimates and this costing under CPI that if MTAWWE had applied over that period.

**Senator McLUCAS:** Do we know how much that is?

**Ms S Wilson:** It is in the savings, which—

**Senator McLUCAS:** I want to try to bring it down to some figures that people will truly understand.

**Ms S Wilson:** We have taken on notice to give you an estimate of the impact of those max rates for single and couple pensioners and PPS.

**Senator McLUCAS:** I think you have said yourself, Minister, that pensioners will receive less under the new indexing arrangements.

**Senator Fifield:** No. What I have said is that adjusting the indexation will slow the rate of increase, but there is not going to be any reduction in people's pensions. Pensions will still increase.

**Senator McLUCAS:** They will get less than they would have got if the current indexing arrangements had applied.

**Senator Fifield:** The indexation chosen will slow the rate of increase.

**Senator McLUCAS:** We are saying the same thing, just in a different way. People will get less in their pocket under the new indexation system—

**Senator Fifield:** When you say 'people will get less in their pocket' it would convey to—

**Senator McLUCAS:** You did not hear the end of my question.

**Senator Fifield:** people listening that there will be reductions in this—

**Senator McLUCAS:** I get in trouble when I interrupt you, but no-one chips you when you interrupt me. The point I was making was that, under the changed indexation arrangements, pensioners will get less in their pocket than they would if the current indexation measures applied. That is a fact.

**Senator Fifield:** Their pensions will increase, but the rate of indexation will slow the rate of increase.

**Senator McLUCAS:** As I said, we are saying the same thing in a different way. The Commission of Audit recommended indexing the pension to average weekly earnings, I understand. Is that correct?

**Ms S Wilson:** Yes.

**Senator McLUCAS:** Did the department consider this in its budget consideration or was the Commission of Audit recommendation released too late to be considered?

**Ms S Wilson:** The Commission of Audit did not just recommend that it be indexed to average weekly earnings. They recommended that there be a new benchmark developed of 28 per cent of average weekly earnings and that the transition to that should take place over 15 years by using either CPI or PBLCI until it reached that benchmark of 28 per cent of average weekly earnings. That was the Commission of Audit's recommendation.

**Senator McLUCAS:** My question was: did the department considered that in its budget consideration or was the Commission of Audit's report released too late for those deliberations to occur?

**Mr Pratt:** I think it is safe to say that we looked at lots of options.

**Senator McLUCAS:** Including that option?

**Mr Pratt:** It was an obvious option to consider.

**Senator McLUCAS:** It is a complex option.

**Mr Pratt:** But it is an alternative.

**Senator McLUCAS:** It is not an option that has been in the—

**Mr Pratt:** Sorry, I am not suggesting that we looked at what the Commission of Audit ended up recommending. That was their recommendation. But we looked at a range of possible indexation measures and we have considered these things for many years.

**Senator McLUCAS:** The Commission of Audit report came out very late in the budget preparation cycle. The question I am asking is: when you got the report from the Commission of Audit, was there time to even contemplate doing some analysis—

**Mr Pratt:** We got the Commission of Audit report at the same time everyone else did.

**Senator McLUCAS:** Yes. It was pretty close to the budget.

**Mr Pratt:** Yes. Sometimes we do things very close to the budget.

**Senator McLUCAS:** Oh, yes, but that is a big piece of work, I would have imagined. So why were average weekly earnings not considered to be an appropriate indexation arrangement by the government?

**Senator Fifield:** The government has taken a decision to index the pension according to CPI.

**Senator McLUCAS:** My understanding is that that recommendation would have been less harsh. It is interesting that that element of the Commission of Audit recommendations was taken even further than they recommended.

**Senator Fifield:** You are aware of what the decision in the budget was.

**Senator McLUCAS:** I want to move to questions around the impact over the average duration of a person on payment. Do you have with you the current average duration of a person on the age pension?

**Ms Halbert:** The average duration on payment for an age pensioner is 304.8 weeks

**Senator McLUCAS:** Can the department indicate how much a person on the age pension for that period of time—304.8 weeks—is likely to receive over the period on the current indexation arrangement and under a CPI indexation arrangement, if we take CPI at a reasonable average that makes the comparison meaningful.

**Ms S Wilson:** Just let me understand what you are asking. The 304.8 weeks is the current average duration at a point in time. So you are asking us to predict the future. I am just trying to understand how we would go about answering your question and calculating it.

**Senator McLUCAS:** What I am trying to do is provide some reasonably accurate—to the point of very, very accurate—data so that people in the community can have an informed conversation about what the difference is between PBLCI and MTAWA indexation and CPI indexation. A person lives on the age pension for an average, at the moment, of 304.8 weeks, I think you said, Ms Halbert.

**Ms Halbert:** Yes.

**Senator McLUCAS:** That is the average length of time on the age pension. If we apply the current indexation arrangement and a CPI indexation arrangement, using the average over the last four years, to those 304.8 weeks we will get some information that is pretty accurate that will explain how the two indexation arrangements work.

**Senator Fifield:** The starting point has to be that, for the next 158-odd weeks, the current indexation arrangements will be in place.

**Senator McLUCAS:** No. I am trying to take it out of the current context to put it into a—

**Senator Fifield:** I am just saying that we cannot ignore the period between now and July 2017.

**Senator McLUCAS:** That is not the comparison I am trying to make.

**Senator Fifield:** I appreciate that, but we cannot just wish away the years between now and July 2017. The proposition is that the new indexation arrangements come in in July 2017. We cannot just wish away the years between now and then.

**Senator McLUCAS:** I accept that. That is fine. That is not the question I am trying to get an answer to. The answer I am trying to get is a piece of work that would compare the application of the two different indexation rates to the average duration of a person on the pension. That would provide some information about what the differences might be in a realistic sense that people can get their heads around.

**Ms S Wilson:** The challenge is that it may not be realistic. I am just trying to calculate how many years 304.8 weeks is. It is six years, so it starts taking us out beyond the period for which we would have comfort predicting the indices of CPI and MTAW and what they would look like.

**Senator Fifield:** After that time, there is no change to the indexation arrangements.

**Senator McLUCAS:** Why don't we start day one of the 304.8 weeks at the date at which the indexation changed in 2009?

**Senator SESELJA:** That is what got the Labor Party into trouble in the first place, wasn't it—having projections to 2025 and promising all sorts of things? This is getting a bit absurd, isn't it?

**Senator McLUCAS:** I am asking a legitimate question.

**Senator Fifield:** I think we have to come back to the fact that we cannot just pretend that the next three years are not going to happen—the next three years where the indexation remains unchanged.

**Senator McLUCAS:** I am trying to do a piece of work that will inform a discussion. I know your policy says that these indexation arrangements only affect parenting payment from yesterday—

**Senator Fifield:** Are we talking age pension? I thought we were talking about the age pension—sorry.

**Senator McLUCAS:** In terms of age pension, it does not start until 2017. But the debate about this is happening now, so let's get some information to people to have a conversation.

**Senator Fifield:** We do not want to mislead people that the indexation arrangements are coming into effect now.

**Senator McLUCAS:** I think Senator Seselja has done a fine job to make sure that that is on the record. This is a different question with a different purpose.

**Senator SESELJA:** I appreciate the endorsement.

**Senator Fifield:** It is that former leadership experience in the ACT assembly.

**Mr Pratt:** I suspect that, mathematically, we could do an exercise of that sort. The issue is that there are a range of variables that would have to be held steady or 'guesstimated'. For example, the average duration on the pension might be very different in July 2017, or different to what it is now.

**Ms S Wilson:** It is most likely to be, because in just the last 12 months it has gone up by about six weeks, I believe. It is a question of what you try to hold steady versus what is likely to change over that period.

**Senator McLUCAS:** It is a 'point in time' question, so we can identify a point in time and use that as a benchmark. Put all those assumptions down so that everyone is clear that we are talking about the assumption of CPI as this and MTAW as that and is expected to be this. All of those things can be calculated.

**Senator Fifield:** But the age of eligibility for the age pension is changing even as we speak, as a result of decisions by the previous government.

**Senator McLUCAS:** And your government too, but that is not the question I am asking.

**Senator Fifield:** But you cannot just take a point in time, because there are a number of variables, only one of which is the age at which people become eligible for the age pension.

**Senator McLUCAS:** How about we do it by assuming a 2.5 per cent per annum rate for CPI and using the recent pension growth to project future pension growth?

**Senator SESELJA:** This is getting a little bit absurd. Isn't it this kind of guesstimation that led us to having surpluses promised when we had massive deficits and to seeing the kind of debt we have had? It was this guesstimation thing. I do not quite know where the department can go with this, if you hypothetically, sometime in the future—

**CHAIR:** Senator Seselja, is this a point of order, a question or what?

**Senator SESELJA:** It is a point of order, because the department has made it very clear that this is an absurd line of questioning. The minister has made it clear, and yet Senator McLucas continues. So it might be time to move on to another question.

**CHAIR:** Senator McLucas, continue on. That is not a point of order.

**Senator McLUCAS:** My proposition is that we need to have some information that is based on known assumptions that people can use to make a reasonable assessment about the proposal and their knowledge and understanding of how the different indexation arrangements work. I think we have had enough conversation here today about 'no-one knows' and 'it's all too hard to understand', ACOSS says this and someone else says that. Let's get some real information so that we can have an informed conversation.

**Senator Fifield:** I think that the officers at the table are being polite. I do not want to put words in their mouth, and they will correct me as the professional public servants that they are—

**CHAIR:** I am sure you would not put words in their mouth, Minister.

**Senator Fifield:** but what I am hearing is that there would be some extremely serious qualifications on the robustness of the data—well, 'data' would put too much credibility on it—the results of the proposition Senator McLucas is seeking to commission.

**Senator McLUCAS:** I am taking that as an intervention by the minister to direct the department not to do that. I may be reading between some lines here, but that is how I am reading that.

**Senator SESELJA:** I think the department has been pretty clear.

**Senator Fifield:** I am just putting things in my own words. I will leave it to officers to—

**Senator SESELJA:** Not an unreasonable conclusion, Minister.

**Senator McLUCAS:** I will ask again: Minister, can the department provide me the figures that I have requested for age pension, disability support pension and carers payment, or are you directing them not to?

**Senator Fifield:** I am not directing anything. What I am doing is saying that you cannot pretend that the next three years are not going to happen. You cannot just wish the next three years away.

**Senator McLUCAS:** We have had that argument, move on.

**Senator Fifield:** There are limits to the capacity to accurately predict what is going to happen in the future. There comes a point where there are so many variables and, because you are looking so far in the future, there is little precision that can render what you are seeking as not being terribly meaningful. That is one of the challenges that the previous government faced—picking dates so far into the future that numbers became next to meaningless. I am just urging extreme caution.

**Senator McLUCAS:** My proposal, if you had been listening, was that we would start the calculation at 2009. For 2009 to 2014 we have actual figures. We also have the assumptions for the next four years in the budget. That would give us some real figures in order to make, I think, a reasonable assessment about what will be the effect of the two indexation regimes. Can I ask the department: if the proposal were to start in 2009 and finish at the end of the current budget estimates, do you think you would have enough rigor in that purpose to provide a set of figures that will stand up to scrutiny?

**Mr Pratt:** I am sure we could do something. I suspect that it would be largely a mathematical exercise. It does fall into, I guess, virtually a hypothetical. I suggest we take it on notice.

**Senator McLUCAS:** I am not sure why it would be that hypothetical.

**Senator Fifield:** It cannot be otherwise.

**Mr Pratt:** We do need to make assumptions around things like the average duration that would apply. It changes regularly. We can give it a go.

**Senator McLUCAS:** You have taken that on notice for the age pension, DSP and carers payment.

**Mr Pratt:** Yes.

**Senator SMITH:** It sounds like the assumptions you use will have to be very well documented and clear.

**Senator McLUCAS:** It would not be anything less, I am sure. To inform the public debate, those sorts of assumptions will have to be clear.

**Senator SMITH:** And well publicised by the opposition, should they use the information.

**Senator McLUCAS:** Has the department done any work on the impact that the changed indexation measure will have on retirement security of people on the pension? I understand retirement security is a concept used in calculations in this area.

**Mr Pratt:** That is something that Treasury might do. We would not do that.

**Senator McLUCAS:** Did the government at any stage consider other changes to the indexation of the pension?

**Senator Fifield:** I can advise you what the decision of government was in the budget but I cannot do other than that.

**Senator McLUCAS:** Because you do not know or because you will not tell me?

**Senator Fifield:** I am not a member of the ERC and even if I was and knew the answer, it would not be appropriate for me to tell you.

**Senator McLUCAS:** Would you ask if Minister Andrews has a comment to make on that? Would you take that on notice to ask Minister Andrews?

**Senator Fifield:** I am always happy to take it on notice, but it is not usual practice to go into what may or may not have been considered in the course of the preparation of the budget—and you should not read anything into that at all; it is just a statement of fact.

**Senator McLUCAS:** I suppose I am giving you the opportunity to say: we thought about a few things and this is where we landed. If the answer is 'We picked CPI because it was easiest and first on the shelf', that is not a good answer.

**Senator Fifield:** Clearly, it is where the government landed.

**Senator McLUCAS:** Did the department consider or was the department ever asked to comment on a proposal to index the pension less regularly than it currently does—that is, twice a year?

**Mr Pratt:** I go back to one of my previous answers—I think this is probably the best I can give—we certainly gave the government a range of options and a range of advice in this area and in others.

**Senator McLUCAS:** In this area as well as others?

**Mr Pratt:** And indeed in others.

**Senator McLUCAS:** So there was consideration. It is a new budget; you have to think about a lot of things.

**Mr Pratt:** To be less delicate, I cannot confirm or deny whether or not we gave government advice on that specific issue.

**Senator McLUCAS:** I think your first answer was more fulsome.

**Senator Fifield:** It is always important to look at the totality of Mr Pratt's answers.

**Senator McLUCAS:** What would happen if we indexed only once a year? What would be the net effect of annual indexation, irrespective of what the indexation type was? What does happen? Maybe Mr Whitecross is the person to answer that question. I am talking about in a principled way rather than this particular pension and that particular indexation.

**Senator Fifield:** Are you flagging the future Labor policy?

**Senator McLUCAS:** Absolutely not.

**Mr Whitecross:** I do not know about the net effect, but the effect is just that the adjustments happen less frequently.

**Senator McLUCAS:** Yes.

**Mr Whitecross:** The adjustments over time would be of the same order but they would happen less frequently.

**Senator McLUCAS:** So you would eventually get the indexation, but you wait an extra six months for that to occur.

**Mr Whitecross:** That is right, but after 12 months you would be paid about the same amount.

**Senator McLUCAS:** At the end?

**Mr Whitecross:** Yes.

**Senator McLUCAS:** But cumulatively, over the year, if you are only paid the growth at the end of the year there is portion of the year were you are slipping behind what growth in costs are.

**Mr Whitecross:** The total of the fortnightly payments over a 12-month period would be lower if there was inflation over that period.

**Senator McLUCAS:** Thank you; that is all I need to know. Do you know what the savings associated with the measure to index annually rather than twice a year would be? Has anyone ever done that work to work out what the savings would be?

**Ms S Wilson:** It can be done, but you would have to have an idea about what are the parameters that you are doing it for.

**Senator McLUCAS:** Has the department got that work on the shelf, so to speak?

**Ms S Wilson:** I would have to take that on notice.

**Senator McLUCAS:** Thank you. Can the department also outline for me the difference between the notion of a family tax benefit and a pension? What are the different concepts behind those two payments?

**Ms S Wilson:** One is income support and one is a supplement.

**Senator McLUCAS:** That is right.

**Senator Fifield:** That is something that may have been lost sight of in the debate since the budget, that the family tax benefit arrangements are not and never were income support.

**Senator McLUCAS:** That is right. So a pension is a payment that a recipient lives off and a family tax benefit is a payment to assist people with the raising of children?

**Ms S Wilson:** One is a payment to support generally an adult's daily regular needs because they cannot fully support themselves in the labour market or the community thinks they should not have to fully support themselves in the labour market, because they are over age, pension age or for whatever reason. The other is a payment, maybe a contribution, to assist families with the costs of children.

**Senator McLUCAS:** Yes, I think we are agreeing. With that understanding of the purpose of the payments, would the department agree that changes or a reduction to the pension rate will impact more significantly on a person's actual income than for those who are receiving family tax benefits?

**Senator Fifield:** No-one is suggesting that the pension rate be reduced.

**Senator McLUCAS:** Reduced growth. You have agreed to that, Minister. You have agreed it is reduced growth.

**Senator Fifield:** Yes, but they are two very different things. The rate of the pension and the indexation of the pension are two separate things. To refer a reduction in the rate of the pension, to an ordinary listener, would convey that the pension was going to be cut, which it is not.

**Senator McLUCAS:** The growth is going to be cut. You have said that.

**Senator Fifield:** Yes, the rate of indexation will see a slowing in the rate of growth, but the rate of the pension is not being cut.

**Senator McLUCAS:** Compared to where it is now, it most certainly is.

**Senator Fifield:** No, the rate of the pension is not being cut.

**Senator McLUCAS:** The changed application of the CPI will see a reduction in the growth that would have been if the current indexation were applied.

**Senator Fifield:** To talk about a cut in the rate of the pension would imply that the rate of pension, which is in the Australian government guide to payments, is being cut, and it is not. The pension rate will still increase.

**Senator McLUCAS:** You want to spin this way, Minister, because you do not want people to know that, come 2017, they will get less in their pocket than they would have if the current indexation rate were applied. You have agreed that is true.

**Senator Fifield:** I have been very clear that changing the rate of indexation slows the rate of the increase in the pension. I have been very up-front about that, but I do not want people who are on the age pension or who will be on the age pension to for a moment think that the rate of the pension is going to be cut. It is not.

**Senator McLUCAS:** The rate of the pension will be cut compared to what it would be under the current indexation arrangements.

**Senator Fifield:** No, the rate of increase will be slowed, but the rate of the pension will not be cut.

**Senator McLUCAS:** I am sure that older people are working this out very well. I want to go to the resetting of the pension deeming thresholds, if I could.

**CHAIR:** Are you still in the same area, Senator McLucas? Does anyone else have questions on this particular point?

**Senator McLUCAS:** I am moving off indexation. Senator Peris may have a question on indexation.

**Senator PERIS:** The Northern Territory at the moment has the highest cost of living in Australia. It is growing at a much faster rate than the rest of the country and it is forecast to grow at a much faster rate. The CPI in the Northern Territory is currently 3.9 per cent, which is considerably well above the national average of 2.9

that has been forecast for Australia next year. Do you accept that linking the indexation of pension payments to the national rate of CPI will hurt more in the Northern Territory where the CPI is considerably higher?

**Senator Fifield:** I will ask officers to explain how the CPI is calculated.

**Senator PERIS:** Further to that, have you done any modelling on the changes in relation to jurisdictions with higher than average CPI?

**Ms Foster:** The CPI is calculated using information from capital cities around Australia. I am not quite sure how to technically describe it. It is a national average, I suppose, of growth and consumer prices across Australia. We do not distinguish in terms of regions when we are looking at indexing the rate of pension at the moment under the current arrangements and we will not be under future arrangements.

**Senator PERIS:** So there has not been any modelling done in relation to the jurisdictions? You are basing this on a national average, a national approach?

**Ms S Wilson:** The social security system works on a national basis, except in respect of the areas that might attract a zone allowance. The thing that differentiates a little is rent assistance, which reflects the costs of rents in different locations and cities, but the rates and their indexation are done nationally and the CPI is a national index.

**Senator McLUCAS:** It is a good point.

**Senator PERIS:** It is, given that the rate of rentals and the cost of living in the Northern Territory is far greater than anywhere else.

**Senator Fifield:** Regarding the issue Senator Peris raises, if it is an issue in the future it is as much an issue now as it was last year, because the indexation arrangements which are currently used of the age pension are on a national basis. That is not something which changes with the change in indexation.

**Senator PERIS:** I guess the point is that the cost of living in the Northern Territory is growing at a faster rate than anywhere else.

**Senator Fifield:** At the moment it is a mix of MTAWI and CPI. Sometimes CPI could be used. Things change over time. I am just making that point. Abolishing the carbon tax is something that would be very good for the Northern Territory, and the mining tax as well.

**Senator PERIS:** Yes, the carbon tax would reduce household income by \$139 a year. The local government in the Northern Territory has put it up to \$2,050 a year.

**Senator Fifield:** We are maintaining the compensation for the carbon tax. It is not possible for the decision of the government to abolish the carbon tax to cost Territorians more.

**Senator PERIS:** That is not an argument here.

**Senator McLUCAS:** I think that is called a red herring. What are the current deeming thresholds, please?

**Ms Foster:** The current thresholds are \$46,600 for single pensioners and \$77,400 for couples.

**Senator McLUCAS:** What kinds of financial assets do these thresholds most commonly apply to?

**Ms Foster:** Things like bank accounts, term deposits, shareholdings, managed investments and things like that.

**Senator McLUCAS:** How does the resetting of the thresholds work?

**Ms Foster:** I should explain. Below those thresholds, the lower deeming rate applies. At the moment it is two per cent. Above those thresholds, the higher deeming rate applies and that is currently 3.5 per cent. Under this measure, the thresholds will be reset from 20 September 2017. At that time, the threshold for single income support recipients will be \$30,000 and for pensioner couples it will be \$50,000. What that means is that—

**Senator McLUCAS:** And the same rates apply?

**Ms Foster:** That will depend. It depends on what happens to returns in the market. Deeming is really a proxy for actual income, so it does depend on what is happening to market returns.

**Senator McLUCAS:** Thank you.

**Ms Foster:** What our data tends to show is that, between \$10,000 and \$20,000, customers start to look for higher returns. They start to look for a little bit more of a return on their money when they are investing. Resetting the thresholds to those proposed amounts is more aligned with current observed investment behaviour of pensioners.

**Senator McLUCAS:** So you are saying that pensioners exhibit riskier behaviour?

**Ms Foster:** Not necessarily riskier behaviour; it might be more around access. For instance, instead of holding money in an online account they might hold money in a term deposit. So the higher interest rate can reflect both reduced access or a slightly higher, but not much higher, element of risk. When I say 'risk' it is in terms of whether or not they will need the money.

**Senator McLUCAS:** So, as a result of these changes, you would see pensioners receiving less in their pension payment?

**Ms Foster:** It is a savings measure.

**Senator McLUCAS:** By how much? When this is applied in—

**Ms Foster:** It commences from 20 September 2017, and over the forward estimates the savings are approximately \$32.7 million.

**Senator McLUCAS:** What I have been trying to do, Ms Foster, with my line of questioning is to turn figures like \$32.7 million—which means nothing really to a pensioner, except that it is a lot of money—into something that people can really understand. Is there some way you can translate that figure into an understandable concept?

**Ms Foster:** One thing I would flag is that at the moment we have nearly 2.4 million age pensioners. At the moment, nearly 1.5 million age pensioners hold financial investments below those reset thresholds, so they would not be affected by this measure in the future. We have a bit of a time confusion, but that group of people would not be impacted by the measure.

**Senator McLUCAS:** So 900,000 people, on today's figures, if these changed deeming rates came in today, would have a changed pension income?

**Mr Whitecross:** It is 530,000, I think.

**Ms Foster:** It is about 530,000.

**Ms S Wilson:** In the first year, the estimate is that 530,000 pensioners would be affected.

**Senator McLUCAS:** Sorry, Ms Wilson; can you say that again?

**Ms S Wilson:** 530,000 pensioners would receive a reduction in payment in the first year.

**Senator McLUCAS:** So 530,000 are predicted to get a reduction in their pension after September 2017?

**Ms S Wilson:** Yes, that is correct.

**Senator McLUCAS:** Can we separate those into single and—

**Ms S Wilson:** I do not have that with me; we could take that on notice for you.

**Senator McLUCAS:** Yes. If we can get that for single and partnered pension—and can you do that by jurisdiction as well?

**Ms Foster:** We can do that for existing information but not in terms of costings or forecast impacts. We cannot do that.

**Mr Pratt:** If my maths is not too bad here, with the savings of \$32.7 million and the bulk of that happening in 2017-18, if there are 530,000 pensioners affected, then the average would be about \$60 each, I think.

**Senator McLUCAS:** Sixty dollars per annum, but then it goes—that is day one.

**Mr Pratt:** That is the first year.

**Senator McLUCAS:** That is right. What I am trying to work out—sorry, you are answering my earlier question, Mr Pratt; I now get what you have done.

**Mr Pratt:** That is the first full year effect; it would basically be about that. It would be in the order of \$60 on average.

**Senator McLUCAS:** Is average a good measure to use, Ms Foster?

**Ms S Wilson:** It would be the average impact for that group of customers, but you would see a differential impact depending on where their assets fell and how much they were individually impacted. But we could give you that average impact—we can test Mr Pratt's mental arithmetic, which I am sure is extremely sound—and come back to you with confirmation of it being around that order. But that is my understanding—that it is around that order. I do not think we are able to say in what jurisdictions they will be.

**Senator McLUCAS:** Right. I am sure—

**CHAIR:** Senator McLucas, we have all been having so much fun that we forgot to take a break. I understand Senator Siewert has questions in the same area when we come back.

**Proceedings suspended from 21:16 to 21:29**

**CHAIR:** We will continue with questions from Senator Siewert on program 1.6 and then move to 1.7.

**Senator McLUCAS:** Chair, before we start, I will put the rest of my deeming questions on notice, but thank you very much for your evidence today.

**Senator SIEWERT:** I just want to ask, hopefully, a couple of questions. When you were looking at the changes to the pension index rates, did you take into account the 85 per cent rate people pay when they are in residential care and aged care?

**Ms S Wilson:** We did not directly look at the interaction between aged care and the indexation change because the percentage applies to the prevailing rate at the time.

**Senator SIEWERT:** You will be aware that aged-care providers make pretty careful calculations and, I presume, they would have made their calculations on 85 per cent of the pension as it is currently indexed.

**Ms S Wilson:** Nothing changes until 2017, so I am not sure that any of them have been making calculations that far ahead from now—

**Senator SIEWERT:** You don't reckon?

**Ms S Wilson:** in terms of revenue streams because there are whole range of changes taking place across aged care and means testing.

**Senator SIEWERT:** That is actually my point: There are a lot of changes being made and they would have done some pretty careful calculations, I would have thought, on those new reforms that are gradually coming in over the next couple of years. And they would have done that on that 85 per cent of the pension, expecting the current indexation process.

**Ms S Wilson:** I think the more significant changes they would be looking at would go to means testing, which is changing significantly. Aged care is not my area and I have colleagues who will be answering questions about this subsequently.

**Senator SIEWERT:** I will follow this up again tomorrow but I wanted to ask you particularly whether it had been calculated.

**Senator Fifield:** I think Ms Wilson's point is relevant that there is three years between the changes to means testing for accommodation and care coming in on 1 July this year and the changes to pension indexation taking place in 2017.

**Senator SIEWERT:** So you do not reckon that providers are going to be upset about this?

**Ms S Wilson:** I am not aware that we have heard any reflection on this measure from aged-care providers in respect of the budget measures as a package. I am not aware there is been any commentary from them. My colleagues in aged care area are better across what the commentary has been. I have been monitoring what the feedback has been from very various stakeholder groups and I am not aware that that has been an area of focus for the aged-care providers.

**Senator SIEWERT:** I will chase that up in aged care tomorrow. Have you been monitoring the comment?

**Ms S Wilson:** We read the papers. There are phone lines and websites. We get feedback about the questions that come up. Our state and territory offices get feedback from stakeholder groups. I think there have been some discussions with aged care stakeholders but, again, it is not my area. But had those issues been raised, they would have been drawn to my attention and they have not been.

**Senator SIEWERT:** I will follow that up tomorrow.

**CHAIR:** We will now move to 1.7 allowances and concessions for seniors.

**Senator MOORE:** We know that it was the end of an existing partnership that actually funds the concessions. I am wanting to find out whether there has been any discussion over the last period of time within that partnership arrangement about the possibility of change?

**Ms Halbert:** This is a Treasury-led measure so we certainly have not been in any discussions.

**Senator MOORE:** Can you give any information about the funding, where the agreement goes to and those things? I want to get it clear: you would have information about where the money goes but, on the policy area, this is a Treasury policy?

**Ms Halbert:** That is correct. There were a range of decisions made with respect to national partnerships in the budget of which this was one.

**Senator MOORE:** There was a specific partnership that was about concessions? Has that been there a while?

**Ms Halbert:** We can give you a little bit of information around it.

**Senator MOORE:** That would be very useful because it is an area that has caused a lot of discussion and questions, as you know.

**Ms Halbert:** The four-year funding for the partnership that is not going ahead was \$1.3 billion. But concessions, as you may be aware, are a state and territory responsibility. The Commonwealth contribution was only about 10 per cent of the cost of the concessions being provided.

**Senator MOORE:** Was it 10 per cent across the board or was there variation between some jurisdictions?

**Ms S Wilson:** I think that is an average figure so it does vary quite a bit from what states and territories actually provide.

**Senator MOORE:** Is that your understanding of the average across all states?

**Ms S Wilson:** It is our understanding that it is around that. There is not detailed reporting against the national partnership by each jurisdiction as to what they provide. Of course, a number of the providers are private companies or GBEs and so it is not something that is easily amassed anywhere, but this is our estimate.

**Ms Halbert:** There were two components to the national partnership agreement. The first component was approximately \$1.185 billion, which provides for certain state delivered concessions for all pensioner concession card holders regardless of income, assets or state of residence. The second component was \$50 million, which provided a contribution towards states and territories providing consistent concessions on public transport around the country.

**Senator MOORE:** To seniors?

**Ms Halbert:** To seniors, not pension card holders.

**Senator MOORE:** Was that agreement the latest agreement? I know the issue of concessions and the federal-state arrangement has a long history. When was the latest agreement signed?

**Ms Halbert:** Do you mean the one that is not going ahead?

**Senator MOORE:** Yes.

**Ms Halbert:** I do not know when it was signed but it was from 2012 to 2016.

**Ms S Wilson:** It was renegotiated and successively signed up by states and territories in 2012, is my recollection.

**Senator MOORE:** Is the ownership of that with Treasury?

**Ms S Wilson:** The ownership of the measure is with Treasury.

**Senator MOORE:** In the budget papers, it shows me what the savings are across each year so I do not need to ask that question. Do you know what concessions it funded? Do you keep that information or is it with Treasury?

**Ms S Wilson:** No-one has a really great comprehensive understanding of it but the sorts of things that are provided include utilities, rates, transport, motor vehicle registration.

**Senator MOORE:** So no-one has the absolute picture?

**Ms S Wilson:** Since we moved to national partnership arrangements under the previous government, there was a red tape reduction associated with those national partnership agreements that did not require states and territories to provide detailed reporting in respect of this money, so we have not had detailed reporting against this contribution made for concessions for some years. We have a general understanding of what is provided but not a very detailed understanding.

**Senator MOORE:** Did you have it before 2012?

**Ms S Wilson:** Not under the national partnership agreements, no. Once it became a national partnership, no. When it was a separate national agreement, I think it was. You are really making me delve back into the history, which I am not completely confident about. States and territories reflected reporting to the Commonwealth as a burden on them in respect of the money they received.

**Senator MOORE:** I can remember the discussions around this table and trying to standardise things. I am interested so explain to me why, when it is clearly a Treasury measure, which you have pointed out a number of times, it appears in the DSS budget papers?

**Ms S Wilson:** It is because it is assistance to seniors and it historically has been part of our portfolio. But the policy decisions in respect of the cessation and taking it through the budget process was led by Treasury because they looked at a number of national partnerships together for the government, and they make the payment.

**Senator MOORE:** Do you have any idea of the figures of how many people are currently receiving concessions?

**CHAIR:** When you say 'pensioners', do you mean full pensioners or someone receiving any part of a pension?

**Ms S Wilson:** It includes part-pensioners, a cardholder. In fact, the national partnership and its antecedents were really for part-pensioners. When pension means tests were liberalised and a number of new people came into the system, that is when the Commonwealth started making this payment or contribution towards the additional costs that were faced by states and territories as a consequence of the liberalisation of pensions, which I think arose in the ANTS package when the taper rate changes occurred in 2000.

**Ms Halbert:** It was not required because the money saved was simply what was being paid out to the states and territories.

**Senator MOORE:** I am going to cross with Treasury to get some detailed information about the history of this package because it seems a waste to be trawling around like this. I will put some questions on notice.

**Senator SMITH:** On the same issue, the Commonwealth funding was a direct payment to states, wasn't it?

**Ms S Wilson:** Yes, made by Treasury.

**Senator SMITH:** So the Commonwealth was not actually finding any local organisations; it was not funding any local governments; it was not actually funding any pensioners as such, was it?

**Ms Halbert:** No.

**Senator SMITH:** I am curious to know what impact does the government's decision have on Commonwealth services provided to concessional card holders?

**Ms S Wilson:** There is no impact arising out of the change to this national partnership on Commonwealth provisions in respect of card holders like health and pharmaceutical concessions.

**Senator SMITH:** That is the correct answer; you are right. Pensioner concession card holders or healthcare card holders will still receive their Commonwealth benefits, won't they?

**Ms S Wilson:** That is correct.

**Senator SMITH:** Will they still receive their energy supplement?

**Ms S Wilson:** Yes.

**Senator SMITH:** To go back to the earlier comment in regards to the 10 per cent figure that you used, Ms Halbert, I think that was a figure that was reported in the Australian Institute of Health and Welfare report at one point?

**Ms S Wilson:** In about 2011.

**Senator SESELJA:** I missed the last few minutes. Has the Commonwealth Seniors Health Card been covered?

**CHAIR:** It has been spoken about but not in much depth.

**Senator SESELJA:** I apologise if this has already been asked. Has the Commonwealth Seniors Health Card measures to index the income thresholds been covered in the last few minutes?

**CHAIR:** No.

**Senator SESELJA:** How many people do you expect that to benefit over the coming years?

**Ms Halbert:** As of April, there were 290,000 holders of the Commonwealth Seniors Health Card and it is expected that around a further 27,000 will access the card by 2018 due to indexation of the limits.

**Senator SESELJA:** So that is an extra 27,000 so that is about eight per cent extra over and above those who are accessing at the moment. The current threshold is at \$50,000 for singles and \$80,000 for couples. When were those last increased?

**Ms S Wilson:** In 2001.

**Senator SESELJA:** The last increase was in 2001?

**Ms S Wilson:** That is correct. It was a very significant increase from memory, but I cannot remember the quantum.

**Senator SESELJA:** So has that been effectively frozen for the last 13 years or so, not just in real terms?

**Ms S Wilson:** It was not indexed over that period since that significant increase.

**Senator SESELJA:** It has not changed at all. So, effectively there will be 27,000 extra self-funded retirees who will now have access to the Commonwealth Seniors Health Card by 2018?

**Ms S Wilson:** That is correct. By 30 June 2017.

**Senator SESELJA:** So it is a significant benefit to those people. How will this change benefit existing card holders?

**Ms S Wilson:** To the extent that if their income increased, they would not lose eligibility for the card, it will benefit existing card holders.

**Senator SESELJA:** Having the Commonwealth Seniors Health Card, what does that give people access to? What kind of discounts or concessions do people get?

**Ms S Wilson:** It provides concessional pharmaceuticals—I am trying to remember all the stuff off the top of my head and I am sure Ms Stawyskyj can help me. Some states and territories extend other concessions to CSHC holders but seniors tend to get them in any event.

**Ms Stawyskyj:** They receive medicines listed under the Pharmaceutical Benefits Scheme at the concessional rate, reduced out-of-hospital medical expenses after reaching the lower extended Medicare safety net threshold, they retain the energy supplement and also concessions on the hearing.

**Senator SESELJA:** To summarise, 27,000 or so older Australians will get access to that list of benefits you have just outlined as a result of this change. Thank you.

**CHAIR:** Senator Siewert on disability support.

**Senator SIEWERT:** What are the numbers of people that will be affected by the changes in the disability support pension freezing of indexation?

**Ms S Wilson:** From 2017. Have we got them separately for DSP? We may have to take this on notice.

**Ms Foster:** We will have to take that on notice. We do not have it broken down into types of pension, we have the total for age, disability support pension and carer payment.

**Senator SIEWERT:** I also ask how much you calculate it is going to impact a week on someone on DSP, the same as I asked for age pension.

**Ms S Wilson:** We can do that.

**Senator SIEWERT:** We do not have much time that we have a hell of a lot to get through. Is it here I ask about the numbers and the demographics of the people on DSP? Instead of reading out the numbers, can I on notice have broken down the demographics of the number of people that are on DSP. I would like to know the number of people particularly over 50, and 60.

**Ms S Wilson:** You want an age breakdown over 50, over 60.

**Senator SIEWERT:** Yes. I am extremely concerned about those over 50s who get stuck on DSP, who are excluded from work and get basically DSP.

**Ms S Wilson:** So you want the proportion and numbers for our latest quarterly data of those who are aged over 50 and those who are aged over 60, presumably not cumulatively but separately.

**Senator SIEWERT:** Thank you. The other age cohorts as well, but I would particularly like that broken down.

**Ms S Wilson:** So distribution across the population.

**Senator SIEWERT:** That would be very much appreciated. I turn to the reassessment of people under 35. What are your projections for the numbers that will end up on Newstart?

**Ms S Wilson:** We think it will be about five per cent will lose eligibility for DSP and we will test their entitlement to another payment, which would include Newstart allowance.

**Senator SIEWERT:** How many is five per cent?

**Ms S Wilson:** It is 1,400.

**Senator SIEWERT:** How many of those are under 30?

**Ms S Wilson:** I have not got that broken down. We would have to take that on notice.

**Senator SIEWERT:** I want to know how many therefore could be caught up in the under 30 thing.

**Ms S Wilson:** I think it is a reasonable assumption that, had they previously been granted DSP, they have a partial capacity to work and therefore would likely be exempt from the under-30s new measure.

**Senator SIEWERT:** I understand that, but I would like to know how many are, in fact, under 30.

**Ms S Wilson:** We can give you those numbers. We do not have them with us, but I think we should be able to extract them.

**Senator SIEWERT:** How are you proposing that the re-assessment process occur?

**Ms S Wilson:** We are estimating that over the first nine months around 1,000 DSP recipients a month will be reviewed, and then after the first nine months it will be a higher rate. The reason for that is that we have to have them manually identified for the first nine months until there can be a system change put in place that would select people for review based on the characteristics.

**Senator SIEWERT:** By 'manual review', do you mean you will get providers or DHS—

**Ms S Wilson:** DHS would assess them under the revised impairment tables and the work capacity test.

**Senator SIEWERT:** How are you selecting the first people to go through?

**Ms S Wilson:** They are selected on age and when they were granted. People who were granted under the manifest rules will be exempt, and people who have a work capacity of less than eight hours a week will be exempt.

**Senator SIEWERT:** Manifest under the old table?

**Ms S Wilson:** Manifest does not really relate to the tables. There is a set of conditions or diagnoses for people without having to be assessed under the tables, in effect, because it is taken to mean that an assessment would find that they have an entitlement to DSP.

**Senator SIEWERT:** I do not have the eligibility tables in front of me. I am casting my mind back to the eligibility discussions we had then.

**Ms S Wilson:** The sorts of things that are manifest go to an intellectual disability with an IQ of less than 70; particular diagnoses of cancer at certain stages which show that a person effectively has a very poor prognosis and is terminally ill; HIV-AIDS at a certain level—

**Senator SIEWERT:** But didn't the manifest rules change under the review?

**Ms S Wilson:** They were actually liberalised. When we did the new fairer assessment measure, there were a number of additional criteria that we added to the manifest list in response to an ombudsman's inquiry that found that we needed more specificity for some conditions. Physicians were reticent to say that a person was terminally ill, so we needed descriptors that picked up those conditions better. We extended the definition of what was manifest to respond to those issues that were identified by the ombudsman.

**Senator SIEWERT:** When you say 'age', are you starting with the oldest first or the youngest first?

**Ms S Wilson:** I do not think we are starting with age, but they obviously have to be under 35.

**Senator SIEWERT:** I know that, but when I asked, 'How do you pick them?' you said that you look at age. Obviously I am assuming that they are all under 35, so when you said that I thought you meant that you would go in years or something like that.

**Ms Halbert:** It will be a combination of their age and when they were granted payments, so between 2008 and 2011. Within that group, there are already reviews scheduled and they will be picked up at those reviews.

**Senator SIEWERT:** Once they have been reviewed, you said probably five per cent will go on to Newstart.

**Ms S Wilson:** Our estimate is that five per cent could lose their entitlement to DSP as a consequence of the review. It is an estimate. We will not know until the reviews start. They will then need to apply for another income support payment. Some may be eligible for a parenting payment, some may be eligible for a student payment because they are studying and for some we will need to test their eligibility for Newstart.

**Senator SIEWERT:** So they will test their eligibility for Newstart, and now that we have the process where you do not automatically get DSP but have to prove that you cannot get work for 18 months.

**Ms S Wilson:** For DSP you have to demonstrate that you have attempted a program of support to improve your work capacity.

**Senator SIEWERT:** So they will not get an opportunity to do that at all in the future?

**Ms S Wilson:** I do not understand the question.

**Senator SIEWERT:** Now they are being reassessed against the new eligibility table, what happens if they cannot find work? Are they permanently on Newstart with a partial disability? They do not get to go through that process again.

**Ms S Wilson:** They will get an employment intervention, depending on what an assessment says is the right employment intervention for them. So it could be a disability employment service—either the ESS or the DMS. It may be another form of assistance that is appropriate for them. Those people who are found not to have a severe impairment of 20 or more points under one impairment table, and do have a work capacity of eight or more hours a week, and have not previously done a program of support, will be required to complete a program of support

while they receive DSP. So there will be some people who will stay on DSP whilst they are undertaking that program of support, to see if it can improve their work capacity. There will be others who will be found to have a work capacity of more than 15 hours, and they will have to apply for another income support payment. But if they are on an activity tested payment, like Youth Allowance (Other), or Newstart, they will get the relevant employment assistance for their assessment.

**Senator SIEWERT:** But if they come off DSP, will there be a gap in payment while they apply for another—

**Ms S Wilson:** Centrelink will ensure that they get continuity of income support—whatever is the appropriate payment.

**Senator MOORE:** In outcome 5.1 there is \$47.2 million over the forward estimates. What exactly is the new \$47.2 million being spent on?

**Ms S Wilson:** Sorry, but we are in outcome 1.

**Senator MOORE:** But I am asking about DSP recipients under 35 who are granted DSP.

**Ms S Wilson:** It is for employment assistance for these people.

**Senator MOORE:** And they are pre-existing programs and they are just augmenting the pre-existing programs?

**Ms S Wilson:** That is right.

**Senator MOORE:** Who will be eligible for the services. Are they people who remain on DSP or those who lose the DSP?

**Ms S Wilson:** Both.

**Senator MOORE:** They are identified through the review process of discussion?

**Ms S Wilson:** There will be a review process and, if there needs to be a subsequent assessment of what is the appropriate service offer for them, that would occur as well. But generally that can occur as part of the work capacity assessment.

**Senator MOORE:** Is there an expectation there will be a new tender process for enhanced servicing, with this new—

**Ms S Wilson:** It is an extension of quite a large existing program. I think it is around \$800 million a year currently for disability employment services in DMS and ESS. I cannot recall the relevant amounts in Job Services Australia for streams three and four, which would be the other area where some of these customers might go. My assumption would be that that is a lot more expenditure, but off the top of my head I just cannot recall what it is as it is in another portfolio. So this would be an extension to the existing arrangements. It does not require new contracts for this quantum.

**Senator MOORE:** DSS looks after some of these services and Employment looks after the others?

**Ms S Wilson:** DSS is responsible for the disability employment services, which is both the Disability Management Service and the Employment Support Service.

**Senator MOORE:** Have those programs been out for a while?

**Ms S Wilson:** There are two stages—Finn will correct me if I am wrong—but there are existing contracts. Approximately half of the business is being put out to the competitive market as a result of this budget.

**Senator MOORE:** That is one of the budget items.

**Ms S Wilson:** The ESS services are contracted until March 2018, from memory.

**Senator MOORE:** It is a long-term contract?

**Ms S Wilson:** They went to tender previously.

**Senator MOORE:** The CRS process is happening fairly soon, is it not?

**Ms S Wilson:** That is right.

**Senator SIEWERT:** Can I confirm that that partial tender is the CRS?

**Ms S Wilson:** That is correct.

**Senator SIEWERT:** That is the one in the budget statement.

**Mr Pratt:** Eight and a half million dollars for the tender process.

**Senator MOORE:** That is supposed to happen in 2014-15?

**Ms S Wilson:** That is correct.

**Senator MOORE:** That is one of the line items. That is good; I know what that is now. In this whole program is there any extra funding for advocacy groups?

**Ms S Wilson:** No. It is not a massive change. Our view is that the existing capacity would be sufficient. There may well have been provision for SSAT in the measure and for DHS appeals.

**Senator MOORE:** There is \$198,000 for extra departmental resources for outcome 5 for this measure. Do you know how that is going to be spent—additional staff, communications?

**Ms S Wilson:** I assume it would be additional staff in the disability employment services part of the department if it is in outcome 5. They are not my staff.

**Senator MOORE:** Please put that on notice. I want to get an idea of the current review process for DSP. It is quite stringent, with regular reviews. What is the expected increase on that?

**Ms S Wilson:** I do not think we have that with us. This is a small group. All up we think it is going to be 28,000 of the under-35s who will be reviewed. The population under 35 is almost 140,000. So it is a fairly small proportion of the existing stock within this age range.

**Senator SIEWERT:** Were the 140,000 assessed since 2009?

**Ms S Wilson:** Some of them will have been granted more recently and some of them will be manifest or have an assessed work capacity of less than eight hours.

**Senator MOORE:** On notice, can I ask what the current review process is for DSP—how often they are reviewed, what stimulates a review? On top of that, can you tell me what the enhanced process is—how that is going to operate?

**Ms S Wilson:** We can certainly take that on notice. Alternatively, DHS—

**Senator MOORE:** We will be asking them as well, because they actually do it. But I am trying to get the policy for the review process and then what this is going to do on top of that, allowing that we already have a highly scrutinised group.

**Ms S Wilson:** It is probably fair to say that it is not a highly reviewed group. I have heard ministers from both sides of politics talk about it as a set-and-forget payment. It is not an area where there are frequent reviews done. They are done on the basis—

**Senator MOORE:** There is a schedule for reviews except for people who are manifest. There is a current schedule.

**Ms S Wilson:** There is a schedule for review, but, compared with other payments, it is a relatively low incidence of review.

**Senator MOORE:** If we can just get that process.

**Ms S Wilson:** I am very happy to take that on notice.

**Senator MOORE:** We will ask Human Services as well.

**Senator SIEWERT:** There will be a group that goes off onto other payments and then there is a group that will stay on DSP but then have participation requirements?

**Ms S Wilson:** They will be required to undertake a program of—

**Senator SIEWERT:** I understand there will be sanctions for noncompliance. What are those sanctions for noncompliance?

**Ms S Wilson:** It is a separate but related measure whereby those who are required to have a participation plan and to undertake activities within that plan—currently they are required to have a plan but they are not required to undertake the activities—which is about 20,000 existing recipients and 5,000 new entrants per year—

**Senator SIEWERT:** Plus however many come out of the reassessment process.

**Ms S Wilson:** That is included in our assumptions under the measure.

**Senator SIEWERT:** The 20,000?

**Ms Halbert:** The 20,000 existing and the 5,000 new.

**Senator SIEWERT:** Five thousand new? I thought you meant the ones that come out of this process.

**Ms S Wilson:** Twenty thousand.

**Senator SIEWERT:** The 5,000 new ones, the ones that came out of this reassessment process, all includes them.

**Ms S Wilson:** It would include them. It would include new entrants, potentially, as well.

**Senator SIEWERT:** That is what I assumed that meant.

**Ms S Wilson:** So it is both.

**Senator SIEWERT:** It is both.

**Ms S Wilson:** If the plans are not followed and a customer has not a good reason for following the plans, which will be tailored to their particular barriers and circumstances, then suspensions and cancellations may apply.

**Senator SIEWERT:** To DSP?

**Ms S Wilson:** That is correct.

**Senator SIEWERT:** These are people that have been reassessed with a disability.

**Ms S Wilson:** Currently, suspensions can apply for people failing to turn up to undertake their participation planning interview.

**Senator SIEWERT:** How many have been suspended for that?

**Ms S Wilson:** I do not have that information.

**Senator SIEWERT:** Can you take that on notice.

**Ms S Wilson:** Yes.

**Senator SIEWERT:** So currently they apply—

**Ms S Wilson:** Currently someone can have their payments suspended for not attending their participation interview without a good reason. This is strengthening the sanctions.

**Ms Halbert:** We do have some figures. From 1 July 2012 to 30 November 2013 there were 223 suspensions, which were of short duration, and one cancellation for noncompliance.

**Ms S Wilson:** I can talk you through the compliance regime.

**Senator SIEWERT:** Maybe you could take it on notice. I am watching the clock and know that we have a lot to get through. If you could take on notice the process that will be used, that would be great.

**Ms S Wilson:** Yes.

**Senator SIEWERT:** I have one other question in this area, not on notice. What is the justification for the cutting of the six weeks to four weeks for being away overseas?

**Ms S Wilson:** There was a concern that people on disability support pension were accessing the payment when not resident in Australia and having excess portability. So the desire was to tighten the provision.

**Senator SIEWERT:** I thought it was tightened not long ago, to six weeks, wasn't it?

**Ms S Wilson:** It was tightened to six weeks from 13 in the year before last.

**Senator SIEWERT:** What evidence have you got that people are over there whooping it up for that extra two weeks, from four weeks to six weeks?

**Ms S Wilson:** We can tell you how many people we anticipate it will impact on.

**Ms Foster:** It is estimated that about 2,000 people will stay overseas longer than four weeks each year and will need to reapply for pension.

**Mr Pratt:** Also, it is not just two weeks. The difference is between a maximum of four weeks in a 12-month period versus someone having up to six weeks on multiple occasions across the year.

**Senator SIEWERT:** So you can only have four weeks at the most?

**Mr Pratt:** That is right.

**Ms S Wilson:** In any 12-month period. Unless there are exemptions and special provisions.

**Senator FIFIELD:** Are the previous exemptions maintained?

**Ms S Wilson:** Yes.

**Senator SIEWERT:** I will find it on the website. I cannot remember all the exemptions off the top of my head. I know some of them.

**Ms S Wilson:** There are some things. Somebody with a very severe impairment and no capacity to work has unlimited portability. People who have a family emergency or who need to travel for their own medical treatment are not affected by this measure. So there are a range of exemptions. We can take that on notice and provide it to you.

**Senator SIEWERT:** Thank you, yes, maybe an up-to-date one. In the interests of needing to move on, I will put the rest of the questions on notice.

**Senator SMITH:** Just to make sure that I am clear, there are 20,000 existing DSP recipients, and we are expecting a projected 5,000 new recipients each year.

**Ms Halbert:** Yes.

**Senator SMITH:** They need a participation interview and, as a result of the interview, they need a participation plan.

**Ms Halbert:** Yes.

**Senator SMITH:** I would like to know how many have attended a participation interview. How many DSP participants have attended a participation interview?

**Senator SMITH:** Approximately 20,000, right. Can you break up what sorts of activities are in that participation plan?

**Ms Halbert:** I can give you examples of the kind of activities that would be in plans.

**Senator SMITH:** Do you have figures next to those?

**Ms Halbert:** No, I do not.

**Senator SMITH:** So give us a sense of that.

**Ms Halbert:** There is approved study, and a program of support is one of the activities that someone can undertake, which we were talking about earlier. There is: skills for education and employment, and adult migrant English. In the employment area there is: disability employment, job services, the Remote Jobs and Communities Program, voluntary work, work for the dole—and this is not an extensive list—and part-time or casual work. Other activities that perhaps would be suitable for a person with mental illness would be: participation in the personal helper and mentor services, and again, disability employment services or job services, counselling with a psychologist, drug and alcohol rehabilitation or independent living skills.

**Senator SMITH:** Has a participation plan ever been developed that merely requires someone to come back again for a participation interview?

**Ms Halbert:** That is the current regime.

**Ms S Wilson:** So they are required to have activities in the plan but they are not required to undertake the activities?

**Ms Halbert:** That is not compulsory.

**Ms S Wilson:** A number of people have chosen to and we have heard some good outcomes from those who have followed through. But in a very large proportion of cases our understanding is that they have not followed through on the activities.

**Senator SMITH:** So people have to do the participation interview and can develop a participation plan, but do not have to follow through that plan at all, and they can come back to a participation interview?

**Ms S Wilson:** That is the current policy.

**Senator SMITH:** How is that cycle broken under the current plan?

**Ms Halbert:** There is no compulsion to undertake those—

**Ms S Wilson:** If an individual is highly motivated they may well follow through.

**Senator SMITH:** But I am probably focused on the ones that are not motivated, to be frank. What quantum of people are in this 'participation interview cycle'?

**Ms S Wilson:** I think it would be about 20,000.

**Ms Halbert:** But this measure will make those activities in their plan compulsory.

**Senator SMITH:** And they are not compulsory at the moment.

**Ms Halbert:** That is right.

**Senator SMITH:** So at the moment, someone on a disability support pension can go and have a participation interview, develop a plan, and then just come back and have another interview. There is no compulsion whatsoever to undertake any of those activities.

**Ms S Wilson:** That is correct.

**Senator SMITH:** I think that many Australians would find that remarkable, and then quite unsatisfactory.

**Senator SIEWERT:** Many people would hopefully think that these are people with disabilities who have a number of barriers to employment.

**Senator SMITH:** It will be interesting at the next estimates and at future estimates to see what sort of improvement we might see around some of those figures.

**CHAIR:** I have had a request to move straight on to working age payments. Senator Moore, were you intending to ask questions?

**Senator MOORE:** I was going to follow in behind Senator Siewert.

**Senator SIEWERT:** Could we start with the young people's measure, the under-30s? On exemptions, I am aware of the exemptions that are part of this process, but there is one area I do want to clarify and that is care leavers.

**Ms S Wilson:** So young people leaving out-of-home care?

**Senator SIEWERT:** Yes. Are they an exemption or are they part of this process as well?

**Ms S Wilson:** They are not an automatic exemption. It would depend upon their characteristics as they are assessed under the JCI and the extent to which they were identified as requiring Stream 3 or Stream 4 assistance or fell into one of the exemption categories.

**Senator SIEWERT:** So they are not an automatic—

**Ms S Wilson:** They are not an automatic exemption. The JCI does have a loading, I believe, for young people who have been in out-of-home care.

**Senator SIEWERT:** What is that loading? Do they automatically go into 3 and 4?

**Ms S Wilson:** No, it would have to be in combination with other circumstances. This is really Employment's area of policy responsibility.

**Ms Halbert:** But it is quite likely that the young person leaving care will have other characteristics that would also attract loadings under the JSCI as well.

**Senator SIEWERT:** I would have thought they would have had a pretty poor start to life as it was, and now you are saying they have to do this—good on you!

**Senator MOORE:** Is there any evidence about the impact of people leaving care and accessing work?

**Ms S Wilson:** We know that the outcomes for young people leaving care are poor on a range of factors. That has been well documented in other places. We know that they tend to have lower educational attainment. That attracts loading in the JSCI. We know they tend to become parents themselves at a young age, in which case they would fall into an exemption category. We know they often have problems with mental health or psychological impairment, which may result in a partial capacity to work assessment or a loading under the JSCI. So there are a range of other factors that young people leaving out-of-home care might exhibit that would either put them into an exemption category or attract a loading under the JSCI. We know their outcomes are poor because they have had challenged lives.

**Senator MOORE:** Do you have any indication of the figures for people who are leaving care and are likely to be affected, based on figures collected about care leavers' activities immediately after finishing school?

**Ms S Wilson:** No, Senator.

**Ms Halbert:** We have estimations of the exemption categories and so on, but as they are not an automatic exemption category we do not have that.

**Senator SIEWERT:** Can we come to that in a minute. Would anybody have that figure?

**Ms S Wilson:** There would be a national figure for young people leaving care which colleagues in other parts of the department might be able to access. We will take that on notice for you.

**Senator SIEWERT:** Could you take it on notice, and we will follow it up tomorrow. What are the numbers on the exemptions that you are expecting?

**Ms Halbert:** Those who are in receipt of FTB, because they have more than 35 per cent care for a child—the single parents—

**Senator SIEWERT:** That is the principal carer?

**Ms Halbert:** No, that is a single parent with at least 35 per cent care. Out of a total exemption population of about 50,200, we think there would be about 1,446 in that category. These, I have to emphasise, are estimations; they are not exact. For principal carer parent there would be about 2,184; those who would be accessing disability employment services, 3,278; JSA stream 3 and 4, 31,591; partial capacity to work, 11,759. That is for 2014-15.

**Senator SIEWERT:** On notice, could you provide us with the figures for the out years?

**Ms S Wilson:** Yes, we can do that.

**Ms Halbert:** Sorry, I should emphasise that 2014-15 is a half year.

**Senator MOORE:** One of the areas is 'carer' and there has been a concern that there has been some variation about the definition of 'carer' for a range of issues but particularly for this payment. The Department of Human Services website states that a principal carer parent would be exempt. Speaking on ABC radio, Minister Andrews said that the exemptions applied to those who are 'the parent of a child or a principal carer'. The budget papers say 'principal carer of a child'. Which is right?

**Ms S Wilson:** I think they are all talking about the same thing, which is a principal carer parent. That is the title we give them. So there is someone who has the primary responsibility for the care of a child.

**Senator MOORE:** And that is a standard definition?

**Ms S Wilson:** Yes.

**Senator SIEWERT:** Are you using the definition under the Social Security Act? I am being pedantic here because we have had this discussion before, way back, about who the principal carer is.

**Ms Halbert:** Compared to a single parent, this would be a person who is a member of a couple, so obviously they are both parents and someone has primary care.

**Ms S Wilson:** One has more responsibility for care.

**Senator MOORE:** So it does not include a principal carer who looks after a person with disability, mental illness—

**Ms S Wilson:** No, they are not an exemption category currently.

**Senator SIEWERT:** They are not an exemption category?

**Ms Halbert:** They are on a different payment.

**Senator SIEWERT:** So that is why they are not exempt—because they are on a different payment?

**Ms S Wilson:** If you have got a high level of care, you would generally be on a carer payment.

**Senator SIEWERT:** Okay.

**Senator MOORE:** This is just more clarification to be absolutely accurate, because people are concerned. Does the waiting period apply to people under 30 who are transferring from carer payment onto Newstart allowance or youth allowance, other, because the care recipient has died or moved into institutional care or other forms of care and the former carer has not been in a position to gain work experience because of their caring responsibilities?

**Ms S Wilson:** A person in those circumstances could have an exemption arising out of an assessment of their labour market barriers associated with the JSCI. A long time on income support is something that attracts a loading under the JSCI, but it is not, as currently proposed, an automatic exemption category.

**Senator MOORE:** They would have to establish their status by having the assessment, and then their status would be determined; is that right?

**Ms S Wilson:** That is the current thinking.

**Senator SIEWERT:** This would apply to young carers?

**Senator MOORE:** Yes.

**Senator SIEWERT:** Can I come to the area around principal parent carer. If you have a couple who are both unemployed, you have one who is the principal carer as understood by the Social Security Act; the other is not. They are subject to this measure?

**Ms S Wilson:** That is correct, unless they have an exemption category in their own right.

**Senator SIEWERT:** I am being really clear about this. If—once this process gets underway—you have a couple, one is principal carer, so they will continue to get parenting payment, partnered?

**Ms Halbert:** They could be on Newstart as principal carer parent.

**Senator SIEWERT:** So they could be on Newstart or they could be on parenting—

**Ms S Wilson:** It depends upon the age of the child.

**Senator SIEWERT:** They are probably, generally, going to be relatively young, depending on when they were born. The point is that the partner will be subject to this and subject to no-payment periods.

**Ms S Wilson:** In a couple, one partner would likely be a principal carer parent and would be exempt from the measure. The other partner, who is not a principal carer parent and has no other basis for exemption, could be subject to the measure, yes.

**Senator SIEWERT:** In other words, you have people with kids who are going to be subject to—this is worse than cutting single parent payments, in a way, because you are going to have at least three or four people living on Newstart.

**Ms Halbert:** They will still have access to family tax benefit and any other supplements for the children.

**Ms S Wilson:** Payments with respect to the children and rent assistance, if they are eligible, et cetera will continue, but—

**Senator SIEWERT:** Have you tried living on that—two adults and a couple of kids?

**Ms S Wilson:** No, I have not. I think it would be very difficult.

**Senator SIEWERT:** Unbelievably, every time you ask for information, it just gets worse. This is a family that will be living then on Newstart.

**Ms Halbert:** Yes.

**Ms S Wilson:** Yes, there are families potentially impacted.

**Senator SIEWERT:** Did you model that when you did any of your modelling—what impact it will have on those families?

**Mr Pratt:** One thing that I should probably point out is that of course it is open to the parent who is not on income support to undertake study or training which would mean that they would be able to go onto the relevant income support for that purpose.

**Senator SIEWERT:** Can we go to the training. I asked this question yesterday when we were in Employment and they said that you were the body that we had to talk to about what counts as accredited training?

**Ms S Wilson:** It has to be a course that qualifies someone for a student payment, so either for youth allowance, student, or for Austudy. There are a range of courses that are secondary school completion, TAFE, university et cetera that are approved courses for those purposes.

**Senator SIEWERT:** If we looked at the criteria for a student payment, you would be able to tell what training you would be able to receive.

**Ms S Wilson:** That is correct.

**Senator SIEWERT:** What happens when you have somebody who has come through uni—they have done their study—but they cannot find work? What you are saying that these people have to apply for any sort of training? Is that what the process is going to be?

**Ms Halbert:** Or find employment.

**Senator SIEWERT:** Let us take it is as read that they are going to be trying to find work.

**Ms S Wilson:** Most university leavers do in fact find work and many of them have had work during the course of their university studies that may reduce the waiting period that they would otherwise face.

**Senator MOORE:** Do you have stats on that?

**Ms S Wilson:** Not with me, no.

**Senator MOORE:** But there are stats that can prove that?

**Ms S Wilson:** There are stats about the employments rates of university graduates, and we could certainly find stats about the employment rates of students whilst they are studying.

**Senator SIEWERT:** It is not just uni students, it is also people who have gone through TAFE, people who have been through training courses, who still cannot find work.

**Senator CAROL BROWN:** Do those statistics that you have indicate how long they were looking for work before they found employment?

**Ms S Wilson:** There are statistics available about how long it takes a graduate to find work in the area in which they have studied, but that is a different question from finding work.

**Senator MOORE:** But there are statistics?

**Ms S Wilson:** We know the unemployment rates for graduates are much, much lower.

**CHAIR:** Senator Siewert, have you finished your questions?

**Senator MOORE:** We are sharing this topic.

**CHAIR:** Yes, but there are other people who have questions.

**Senator SIEWERT:** No, I have not finished by a long stretch of the imagination.

**CHAIR:** Could you perhaps go for two or three more minutes and then we will give someone else a go.

**Senator SIEWERT:** If you are in training you can sign up for a course that is longer than the six-month Work for the Dole no-payment period. As I understood an answer from yesterday, if you have a training program that is longer than that six months you can keep doing that, you do not have to stop that to do Work for the Dole.

**Ms Halbert:** If you are in full-time study or training you are not subject to the waiting period

**Ms S Wilson:** You are subject to the measure. If you are in an approved course that qualifies you for a student income support payment, either youth allowance student, Austudy or Abstudy, you are not subject to the measure. There is no waiting period and there is no impact on income support conditions from this measure for those payments.

**Senator SIEWERT:** You are assuming, therefore, that people would not be wanting to look for training. The process is that if you do not have training you are either training or you are on no payment. Is that correct?

**Ms S Wilson:** We have made an assumption that there would be I think it was a 30 per cent increase in the take-up of student payments by young people under 30 doing approved study training or education for the purposes of receiving student income support. One of the assumptions that have gone into the measure is that we are likely to see an increase in the take-up of student income support payments related to approved training.

**Senator SIEWERT:** When this was being planned did you look at what impact this would have on things like emergency relief services?

**Ms S Wilson:** Yes. There is additional funding for emergency relief related to the measure. It is \$229 million over the four years. That was provided for in the measure. It starts with just a bit over \$20 million in the first year and rises to \$86 million, then \$71 million and then \$51 million.

**Senator SIEWERT:** The \$20 million in the first year—

**Ms Halbert:** Half year.

**Senator SIEWERT:** Sorry?

**Ms S Wilson:** The first half year, the first six months—it starts in January 2015.

**Senator SIEWERT:** That is for the high-unemployment areas, isn't it?

**Ms S Wilson:** No. This is a separate appropriation. We are still working through the detail of how it will be administered, but we propose that it would be separately administered from general emergency relief funds to ensure that it goes to this target group. So it has been specifically provided for in this measure, \$229.6 million over four years.

**Senator SIEWERT:** Who is working on that, and how do you intend—

**Ms S Wilson:** Colleagues in outcome 2 will be working through the detail of that and will be available tomorrow—and we are working with them, clearly, on it. The purpose of that funding is to provide assistance to people who need assistance with food, utility bills and those sorts of things, so it is about essential needs. We have estimated that around 550,000 job seekers would access that assistance over four years.

**Senator SIEWERT:** 550,000?

**Mr Pratt:** Over four years.

**Senator SIEWERT:** Over four years?

**Ms S Wilson:** Over four years.

**CHAIR:** Could you make your next question the last one for now, Senator Siewert.

**Senator SIEWERT:** Okay. In terms of homelessness, what are you predicting is going to happen with these young people in terms of accommodation?

**Ms S Wilson:** We do not have a specific estimate. For young people who are already homeless or marginally housed, again, that picks up points on the JSCI.

**Senator SIEWERT:** Are you talking about the ones who go into homelessness and housing stress when they do not have any money?

**Ms S Wilson:** Our colleagues in outcome 4 would be able to give you more advice about the discussions and the representations that they have received from the sector concerned about the impact on likely homelessness or

housing insecurity. We are unable to predict, in a way, the specifics of that because this measure has not started, but it is risk.

**Mr Pratt:** But you would also be aware that there is a budget measure here to renegotiate with the states the national partnership arrangement on homelessness.

**Senator SIEWERT:** But that is to deal with the mob that are already homeless, not the mob that you are going to make homeless.

**Mr Pratt:** I am just mentioning that there is that budget measure there.

**Senator SIEWERT:** Yes.

**Senator SESELJA:** Is the department able to provide figures on how many people under 30 rely on unemployment benefits at the moment?

**Ms Halbert:** I do not think we have the under-30 figure here, but we can certainly get that.

**Senator SESELJA:** It looks like someone is coming to the table.

**Mr Emerson:** It is 250,000.

**Senator SESELJA:** 250,000 currently?

**Mr Emerson:** Yes.

**Senator SESELJA:** How many of those are long-term unemployed? How many of those 250,000 under 30 would have been on unemployment benefits for over a year?

**Mr Emerson:** Sorry, we will have to take that question on notice.

**Senator SESELJA:** You do not keep the figures on long-term—

**Mr Emerson:** We do have that, but—

**Ms S Wilson:** It is not broken down in that way. We just have to do that separately for you. We have average durations on income support.

**Ms Halbert:** That is 228 weeks, but that is for all ages.

**Senator SESELJA:** So 228 weeks is the—

**Ms Halbert:** The average duration on income support for Newstart allowance.

**Ms S Wilson:** It is higher for youth allowance—no, 95 weeks.

**Mr Emerson:** Yes, it is 95 weeks for those on youth allowance, other. But this is not for those just under 30; this is for all.

**Senator SESELJA:** I see some figures perhaps coming to the table again.

**Ms Halbert:** All youth allowance recipients obviously are under 30, but they are not the total population affected by this, so you cannot really get the average out of those two figures because the Newstart covers people up to pension age.

**Mr Emerson:** What we can say is that around 77 per cent leave within 12 months.

**Senator SESELJA:** Sorry, 77 per cent would not be on—

**Mr Emerson:** Would leave payment.

**Ms S Wilson:** Would leave payment, so those who come in—

**Mr Emerson:** Would leave payment within the 12-month period.

**Senator SIEWERT:** Now, you mean?

**Mr Emerson:** Yes.

**Senator SESELJA:** Does that mean 23 per cent will—

**Mr Pratt:** So 60,000 to 70,000 would, by a process of deduction, be long-term unemployed.

**Senator SESELJA:** How many, sorry?

**Mr Pratt:** Sixty thousand to 70,000 roughly, I would have thought.

**Senator SESELJA:** So that would be of the under-30 cohort who have been on unemployment benefits for over a year—it would be something like 60,000 to 70,000?

**Mr Pratt:** We will clarify that on notice, but—

**Ms S Wilson:** It would be of that order.

**Mr Pratt:** that would be about right.

**Senator SESELJA:** That is a pretty high number. These are fit and able young people; these are not people eligible for disability support. These are people who are capable of finding work.

**Ms S Wilson:** This measure applies to people who have full work capacity. Within those numbers that we have just quoted to you, they pick up people with a partial capacity to work and other characteristics as well. We at this table cannot separately identify for you the average durations of those other characteristics.

**Senator SESELJA:** Yes, but, taking that number of 60,000 to 70,000 for a second, is that suggesting that we have at least in pockets an entrenched culture of welfare? Some of those people presumably are not just on for a year; they would have been on for two years or three years or even longer. Is that right?

**Ms Halbert:** In terms of their duration?

**Senator SESELJA:** Yes.

**Ms S Wilson:** Yes. The average implies that there are people with longer and people with shorter.

**Senator SESELJA:** Yes. It is quite a surprising number in terms of that many fit young people who, I guess, are out of work for more than a year.

**Ms S Wilson:** Yes.

**Senator SESELJA:** Obviously we have a significant number under 30, around a quarter of a million, who are on unemployment benefits and maybe 60,000 or 70,000 who have been on them for over a year. These people, though, under these changed arrangements, people on existing unemployment benefits, will not be affected by these changes in terms of things like the waiting period; is that correct?

**Ms Halbert:** Not at 1 January 2015, but they will start to be affected by the measure.

**Senator SESELJA:** Over a period of time.

**Ms Halbert:** From July 2015.

**Senator SESELJA:** From July 2015, so another 12 months. And there are a number of exemptions, I understand, as well?

**Ms S Wilson:** That is correct.

**Senator SESELJA:** Are you able to talk us through some of those exemptions?

**Ms S Wilson:** Yes. People who are exempt are clearly those who are in full-time education, those who have a partial work capacity of less than 30 hours a week, a single parent receiving family tax benefit for a child, a part-time apprentice, a principal carer parent, a stream 3 or stream 4 job seeker or Remote Jobs and Communities Program equivalent, or people who are participating in and eligible for disability employment services.

**Senator SESELJA:** That is a pretty significant number of exemptions. That would, I guess, cover a reasonable proportion of those people under 30 who find themselves unemployed?

**Ms Halbert:** For example, in a full year, 2015-16, we expect 161,595 people to actually be affected by the measure and 104,034 to be exempt from the measure.

**Senator SESELJA:** So the majority of those who could be affected actually will fit into one or another exemption?

**Ms S Wilson:** No.

**Ms Halbert:** Not the majority, but 161,500 will be affected by the measure, and 100,000 will—

**Mr Emerson:** They would have to serve the waiting time.

**Senator SESELJA:** Sorry, I misunderstood those figures. My apologies. When you say 'exempt', does that include the exemption when it comes to the sorts of credits that people get for having worked?

**Ms S Wilson:** No. They are people who are automatically exempt. We have further assumptions about people who will serve reduced waiting periods.

**Mr Emerson:** For example, in 2015-16, 32,319 will be entitled to a wait period reduction, so basically they will have a discount on that waiting period.

**Senator SESELJA:** Because many people will have worked for a period of time and that sort of thing?

**Mr Emerson:** Yes. They will have one month for every one year of work history.

**Senator SESELJA:** Just clarify this for me, because I am not clear on this: does that include part-time work or is that pro rata?

**Ms S Wilson:** You are pro rataed.

**Mr Emerson:** It is pro rata, yes.

**Senator SESELJA:** It is pro rata in terms of the rough hours they are working—

**Mr Emerson:** That is right.

**Senator SESELJA:** in comparison to a full working week. It is fair to say then that, firstly, it will not immediately apply to people who are currently unemployed? That will be phased in?

**Ms S Wilson:** They will start to phase in from July 2015.

**Senator SESELJA:** Over a period of time—and significant numbers of people will get exemptions. And, of course, anyone who chooses to train will get an exemption automatically as well.

**Ms Halbert:** They are not affected by the measure—

**Ms S Wilson:** They are not affected by the measure.

**Ms Halbert:** so they are not included in the exemption category.

**Mr Emerson:** It is full-time study or other training.

**Ms S Wilson:** It is has to be study or training that makes them eligible.

**Mr Emerson:** Accredited courses, yes.

**Ms S Wilson:** Accredited courses make them eligible for a student exemption.

**Senator SESELJA:** Just to clarify, because we were working on an assumed number there with the 60,000 to 70,000—not an assumed number, but we were surmising—

**Mr Emerson:** Estimate.

**Senator SESELJA:** a bit of an estimate—if it is possible for the department to come back with the actual number or as close a number as you have, I would appreciate that as well.

**Mr Emerson:** Certainly.

**Mr Pratt:** Okay.

**Senator CAROL BROWN:** On the flip side of the questions that were just asked then: if someone serves the six-month period without getting any benefits, when they re-engage with Centrelink, what will happen?

**Mr Pratt:** Two things. One, of course, is that during that period they are able to access employment services—that is, they will get assistance in that area. And then, at the six-month point, they will go into Work for the Dole and get income support.

**Senator CAROL BROWN:** That is for 25 weeks?

**Ms Halbert:** 25 hours.

**Ms S Wilson:** That is 25 hours for six months.

**Senator CAROL BROWN:** For six months.

**Ms S Wilson:** For 26 weeks.

**Senator CAROL BROWN:** How much and which income support?

**Mr Pratt:** It would be Newstart allowance or youth allowance.

**Ms S Wilson:** It is at whatever rate they are entitled to.

**Senator CAROL BROWN:** What I want to know is this. There has been some discussion in the media and in other places that the six-month period without any benefits can be longer. Is that correct?

**Ms Halbert:** There are other waiting periods that currently exist that will also have to be served.

**Senator CAROL BROWN:** Can you explain those?

**Ms S Wilson:** If somebody, for example, has left work with a redundancy payment, an annual leave payout et cetera, they can be subject to what is called an income maintenance period.

**Mr Pratt:** Mind you, they will also have a deduction of the waiting period.

**Ms S Wilson:** Because they have had employment, so they can offset each other, but they have to be assessed separately.

**Ms Halbert:** There is also a liquid assets waiting period.

**Senator CAROL BROWN:** Is there a maximum period where a recipient may receive no payment? Is the maximum period six months, or can it be more?

**Ms Halbert:** It can be more than six months.

**Mr Pratt:** But someone would have to have significant—

**Ms Halbert:** Personal resources.

**Mr Emerson:** The maximum would be 11 months.

**Senator CAROL BROWN:** Eleven months?

**Mr Emerson:** Yes, that is right, because one month would be the minimum waiting period.

**Senator SIEWERT:** Does that include the noncompliance because they have not turned up to their compulsory meeting with their employment provider? You see, they are still on Newstart; they just do not get a payment. It is called nil payment. Does it include that?

**Mr Pratt:** Someone who would have to wait that long would have to have quite significant resources.

**Ms Halbert:** Yes. There are other waiting periods such as for moving to an area of low employment et cetera. We have not done a calculation of a person who, for some reason, was subject to every single waiting period. We have looked at them. The usual amount would be six months, possibly with reductions for previous work history, but there will be some people who are affected by more than one waiting period.

**Senator CAROL BROWN:** Have you done any cameos on the various scenarios that are under this measure?

**Mr Emerson:** We have, as part of the normal process of preparing—

**Ms Halbert:** Not the same sort of cameo as we were talking about with family tax; just about how someone might move through the system.

**Ms S Wilson:** As part of developing the policy guide et cetera, we have to look at examples to understand what the interaction of waiting periods et cetera might be, so we can continue to do that work in developing the micropolicy to be clear that we have got it right.

**CHAIR:** Last question, Senator Brown.

**Senator CAROL BROWN:** Okay.

**CHAIR:** You have done it?

**Senator CAROL BROWN:** No, I have not. So, where did the idea for this measure come from? Was it modelled on a proposal from overseas, from an academic? Was it proposed by this department, or another department?

**Mr Pratt:** It arose during the development of the budget.

**Senator CAROL BROWN:** By this department?

**Mr Pratt:** No, it arose during the development of the budget.

**Senator CAROL BROWN:** From another department.

**Mr Pratt:** I am not saying where it came from. It emerged in the budget process.

**Senator CAROL BROWN:** It is a simple question.

**Senator MOORE:** It just arose!

**Senator Fifield:** The budget process has many moving parts, and these measures—

**Senator CAROL BROWN:** Nobody wants to take ownership of it.

**Senator Fifield:** The government takes ownership of it.

**Senator SMITH:** An article appeared in the *Courier Mail* which was quite revealing about the number of people—

**Senator MOORE:** That is a great newspaper, Senator!

**Senator SMITH:** who were receiving unemployment benefits. And there was another article in the *Daily Telegraph* that talked about the total number of people on unemployment benefits in New South Wales. I was hoping you could provide a national picture for me and give me a breakdown of the numbers of people on Newstart benefit in each of the states and territories—excluding Queensland and New South Wales, because that has been published in the paper. So, I want the number of people who have been on Newstart for more than 10 years, the number of people who have been on Newstart for more than two decades and, if possible, the number of people who have been on Newstart since it started in 1991, because both of those figures did appear in the press.

**Senator MOORE:** Are they all public figures?

**Senator SMITH:** Well, I do not have a complete set. My research skills came to an abrupt halt!

**Senator MOORE:** Maybe you should go to the *Sydney Morning Herald*!

**Mr Emerson:** We can give you a breakdown of the number of people who have been on Newstart for between 10 and 15 years by jurisdiction: ACT, 58; New South Wales, 3,128; Northern Territory, 309; Queensland, 1,265; South Australia, 918; Tasmania, 359; Victoria, 2,118; and Western Australia, 555. You also asked for 20 years. We can do that too, for each jurisdiction: ACT, fewer than 20—I cannot give you the actual number; New South Wales, 228; Northern Territory, fewer than 20; Queensland, 55; South Australia, 90; Tasmania, 51; Victoria, 154; and Western Australia, 20.

**Senator SMITH:** And can you give me the number of people who have been on Newstart since 1991?

**Mr Emerson:** I can give you the number of Newstart recipients since Newstart began in 1991—again, by jurisdiction: ACT, fewer than 20; New South Wales, 88; Northern Territory, fewer than 20; Queensland, fewer than 20; South Australia, 35; Tasmania, 24; Victoria, 46; and Western Australia, fewer than 20. That is a total of 231.

**Senator SMITH:** So, 231 Newstart recipients have been receiving the benefit since 1991.

**Mr Emerson:** Correct.

**Senator SMITH:** Can you give me the total number of Newstart recipients across each of the jurisdictions—the total number?

**Senator SIEWERT:** Could these questions be put on notice so that we can actually ask some of the policy questions? We have 10 minutes left to ask questions about these quite awful measures—

**Senator SMITH:** I suspect that we have all got more information in the last minute and a half of my questioning than we have from many of your questions, Senator Siewert.

**Senator SIEWERT:** If you had bothered to look at some of the answers we had to questions on notice, you would see these numbers.

**Senator SESELJA:** We have allowed you to drone on and on and on, and now you are complaining when we ask questions.

**Senator LUNDY:** Excuse me, chair—

**Senator SMITH:** Senator Lundy, some of us have been here for a very long period, consistently. Sorry, Mr Emerson—

**Senator Fifield:** You should have heard Senator Cameron's contribution earlier.

**Senator SMITH:** Perhaps we could continue with the total number of recipients for each jurisdiction.

**Ms S Wilson:** I am not sure that we have that with us, I'm afraid. We may have to take that one on notice.

**Senator SMITH:** Really? I would have thought the more difficult questions were the ones you have already answered.

**Ms S Wilson:** Sometimes we just cannot predict the questions that will come up and have everything with us.

**Senator SMITH:** With all due respect, in your earlier evidence you did say that you read the papers and you read the news. Here are two papers. Both of them carry—

**Ms S Wilson:** And we would have provided that data.

**Senator SMITH:** the total recipient numbers for these two jurisdictions. Do you have the total recipient numbers for the other jurisdictions for me?

**Ms S Wilson:** No, but we can take them on notice. We would have provided that data to the journalists.

**Mr Emerson:** Actually, we can; we can do this, if you just bear with me. Okay, total recipients of Newstart: ACT, 5,707; New South Wales, 213,512; Northern Territory, 11,691; Queensland, 144,288; South Australia, 60,121; Tasmania, 21,667; Victoria, 168,731; WA, 57,616; total, 683,333.

**Senator SMITH:** I am very grateful for your assistance.

**Senator SIEWERT:** How did you pick six months to keep people off income support?

**Ms S Wilson:** The government made a decision about the parameters for this measure.

**Senator SIEWERT:** Minister, how did you pick six months?

**Senator Fifield:** These are the characteristics of the measure that came out of the budget process.

**Senator SIEWERT:** Did you provide advice to the government about any limit, any time frame for how long you keep people off income management—as a punishment?

**Mr Pratt:** We did not provide any advice about punishment.

**Senator SIEWERT:** I will rephrase that. Did you provide any advice to government on the time limit on such a measure?

**Mr Pratt:** I am sure we did, and one thing that might have informed us is I think is that for some time we have known that a significant proportion of people who go on to unemployment allowances leave in the first six months. I am just trying to remember what that proportion is. It might be 70 per cent or something.

**Senator SIEWERT:** So, how does that link to, 'It's a good idea to keep them off income support for that period of time'?

**Mr Pratt:** I did not say it linked to that. I said that would be one of the pieces of evidence that informed the—

**Senator SIEWERT:** I am trying to ask why that would inform the process. How is that in some way related to people not being on income support?

**Mr Pratt:** Basically the majority of people will go into employment during that period and therefore do not need to go on to income support; that would be the link.

**Senator SIEWERT:** Why? Don't they get to live?

**Ms S Wilson:** A very high proportion of people who apply for and are granted unemployment benefits currently leave within the first six months, and it is about 46 per cent for Newstart.

**CHAIR:** Were you going to find that figure? Or do you have it there.

**Ms S Wilson:** It is 46 per cent.

**Senator SIEWERT:** So, it is 46 per cent who go on to—

**Ms S Wilson:** Forty-six per cent leave within the first six months. So, they have been granted Newstart, and within that first six-month period they have left the payment.

**Senator SIEWERT:** How does that relate then to them not having any income support for that period of time?

**Mr Pratt:** Well, we did not say it did, but you asked a question as to what sort of information might be available in this context, and that is a piece of information that is informative in this context.

**Senator SIEWERT:** My next question is, how does it relate to it? I just do not understand how somebody finding a job within six months is related to them not needing income support or being able to live on nothing for six months.

**Mr Pratt:** I am not suggesting that there is a direct link. I just said that it was a piece of information available to the government in that period.

**Senator SIEWERT:** So, did you provide advice—I am not asking what the advice was—on periods of time with no income support to government? Did you make a recommendation on a particular length of time? I am not asking whether you recommended this particular time. I am asking: did you, for any particular period of time?

**Mr Pratt:** This is a government decision. And, as we have indicated, the measure was developed across a number of portfolios. A number of portfolios have an interest in this—DSS, Employment, DHS.

**Senator Fifield:** Senator, the purpose of the measure is to create an environment that is conducive to earning or learning or participating in work for the dole.

**Senator SIEWERT:** That takes me to my next question. If people become homeless as part of this process, will they be reassessed into stream 3 and 4?

**Mr Pratt:** Certainly that will be taken into account, and one would imagine that a significant proportion probably would be. But you cannot guarantee that in every circumstance.

**Senator SIEWERT:** Would they be reassessed onto 3 and 4.

**Ms S Wilson:** If there are factors of disadvantage that manifest in the period that people are subject to this measure then it is open for there to be reassessment of their circumstances that might make them become exempt from the measure, and that would be one factor that could contribute to someone being reassessed and going into stream 3 or 4.

**Senator SIEWERT:** In what way would you not think that people will become disadvantaged if they do not have income support for six months.

**Ms S Wilson:** I have made no comment on that.

**Senator SIEWERT:** You said 'if they become disadvantaged'.

**Ms S Wilson:** If there are factors that result in a need to reassess the level of labour market disadvantage that would mean that they are in a different servicing stream, such as stream 3 or stream 4, such as if it becomes evident that they have a partial capacity to work, or they have the care of a child. That would lead to a reassessment, and they could become exempt from the measure. And that happens in the current environment—that people get reassessed and maybe move into a different stream with different servicing.

**Senator Fifield:** Also, someone might seek to test their eligibility for student income support. They might seek to undertake an Australian apprenticeship. They might examine the Trade Support Loan Scheme. There are a range of additional measures that we have put in place.

**Senator MOORE:** Have you received representations of concern about these measures?

**Senator Fifield:** I am sure all colleagues have received emails and correspondence with a range of views about most budget measures.

**Senator CAROL BROWN:** I am just wondering about this one.

**Senator Fifield:** They would probably be more likely to go in the first instance to Minister Andrews.

**Senator CAROL BROWN:** So, you do not know what correspondence you have received?

**Senator Fifield:** I receive a lot of correspondence. I am just making the point that people who have views about particular measures tend to correspond directly with the ministers who have primary carriage of those.

**Senator CAROL BROWN:** It is a simple question. Have you received correspondence of concern about this measure?

**Senator Fifield:** I have received correspondence with a range of views about a range of measures across portfolios.

**Senator CAROL BROWN:** Since you will not answer, I will take that as yes.

**Ms S Wilson:** Senator, you might be interested to know that the department will be undertaking a range of consultations and discussions with relevant stakeholders in this territory, and we have contacted 63 organisations with whom we will be having those discussions in the coming week—in the week beginning 16 June.

**Senator MOORE:** You know our question: can you tell us who they are?

**Ms S Wilson:** I can take that on notice.

**Senator CAROL BROWN:** Can the department identify any modelling or evidence demonstrating that this cohort of people who are at the moment on Newstart for less than six months will find a job more quickly under the new arrangements? Have you done any work on that?

**Mr Pratt:** I think that is a question for the employment department.

**Senator SIEWERT:** I just want to confirm: if somebody is working part-time—if they managed to find work part-time during that six months of no income support—they do not then flick back on to Newstart, because that actually have work, which is what you are trying to do.

**Ms Halbert:** No, they do not. That is still in work.

**Senator SIEWERT:** Okay. I am just being clear that I understand it.

**CHAIR:** Thank you, Minister. Thank you, Mr Pratt. Thank you to the officers, some of whom we will not see tomorrow, I am sure, when we start again at nine o'clock with outcome 4, Housing.

**Committee adjourned at 23:01**