



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

**Estimates**

(Public)

THURSDAY, 5 JUNE 2014

CANBERRA

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**SENATE**

**COMMUNITY AFFAIRS LEGISLATION COMMITTEE**

**Thursday, 5 June 2014**

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



## **SOCIAL SERVICES PORTFOLIO**

### **In Attendance**

Senator Fierravanti-Wells, Parliamentary Secretary to the Minister for Social Services

### **Department of Social Services**

#### **Executive**

Mr Finn Pratt, Secretary

Ms Malisa Golightly, Deputy 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 DSS

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

**Outcome 2**

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 Cate McKenzie, Group Manager, Multicultural, Settlement Services and Communities  
Mr Paul McBride, Group Manager, Welfare System Taskforce  
Ms Elizabeth Hefren-Webb, Acting Group Manager, Families  
Mr Bryan Palmer, Group Manager, Housing, Homelessness and Gambling  
Ms Tracey Bell, Branch Manager, Communication and Media  
Ms Flora Carapellucci, Branch Manager, Welfare System Taskforce  
Mr Andrew Whitecross, Branch Manager, Rates and Means Testing Policy  
Ms Trish Woolley, Branch Manager, Civil Society and Program Delivery Policy  
Ms Chantelle Stratford, Acting Branch Manager, Program Systems and Strategy  
Ms Helen Board, Branch Manager, Program Performance  
Mr Phil Brown, Branch Manager, Parental Payments and Family Research  
Ms Eliza Strapp, Acting Branch Manager, Family Support Program  
Ms Lara Purdy, Acting Branch Manager, Welfare Payments Reform  
Ms Jill Farrelly, Branch Manager, Family Safety  
Ms Angela Hope, Acting Branch Manager, Children's Policy  
Mr Warren Pearson, Branch Manager, Multicultural and Settlement Policy  
Ms Kris Cala, Branch Manager, Settlement and Multicultural Programs  
Mr Leo Kennedy, Branch Manager, Program Operations

**Outcome 3**

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 Donna Moody, Group Manager, Ageing and Aged Care Services  
Mr Paul McBride, Group Manager, Welfare System Taskforce  
Ms Rachel Balmanno, Acting Group Manager, Aged Care Policy and Reform  
Mr Iain Scott, Group Manager, Aged Care Quality and Compliance  
Ms Louise O'Neill, Acting Branch Manager, Transition Office  
Ms Tracey Bell, Branch Manager, Communication and Media  
Ms Flora Carapellucci, Branch Manager, Welfare System Taskforce  
Mr Andrew Whitecross, Branch Manager, Rates and Means Testing Policy  
Mr Russell de Burgh, Branch Manager, Policy and Evaluation  
Mr Nigel Murray, Branch Manager, Finance and Funding  
Mr Craig Harris, Branch Manager, Access Reform  
Ms Shona McQueen, Branch Manager, Aged Care Programs  
Mr Ben Vincent, Branch Manager, Home and Community Care  
Ms Shirley Browne, Branch Manager, Ageing and Service Improvement  
Mr Damian Coburn, Branch Manager, Prudential and Approved Provider Regulation  
Ms Bernadette Walker, Acting Branch Manager, Quality and Monitoring  
Mr Michael Culhane, Branch Manager, Aged Care Complaints  
Mr Leo Kennedy, Branch Manager, Program Operations  
Dr Susan Hunt, Branch Manager Senior Nurse Advisor

**Outcome 4**

Mr Steve Jennaway, Group Manager and Chief Finance Officer, Finance and Services  
Mr Bryan Palmer, Group Manager, Housing, Homelessness and Gambling  
Mr Paul McBride, Group Manager, Welfare System Taskforce  
Ms Tracey Bell, Branch Manager, Communication and Media  
Ms Flora Carapellucci, Branch Manager, Welfare System Taskforce  
Mr Andrew Whitecross, Branch Manager, Rates and Means Testing Policy  
Mr John Riley, Branch Manager, Housing and Analysis  
Ms Amy Laffan, Acting Branch Manager, Homelessness and Gambling  
Mr Peter Deakin, Acting Branch Manager, Housing Affordability Programs  
Ms Kathryn Mandla, Branch Manager, Longitudinal Studies, Evaluation and Policy Capability

**Outcome 5**

Ms Fiona Buffinton, Group Manager, Specialist Employment Services  
Dr Tim Reddel, Group Manager, Program Office  
Ms Janean Richards, Group Manager, Legal and Compliance  
Mr Evan Lewis, Group Manager, Disability and Carers  
Dr Nick Hartland, Group Manager, NDIS  
Mr Paul McBride, Group Manager, Welfare System Taskforce  
Ms Tracey Bell, Branch Manager, Communication and Media  
Ms Flora Carapellucci, Branch Manager, Welfare System Taskforce  
Mr Andrew Whitecross, Branch Manager, Rates and Means Testing Policy  
Ms Karen Pickering, Branch Manager, Mental Health  
Ms Karen Wilson, Branch Manager, Disability and Carers Policy  
Ms Laura Angus, Branch Manager, BSWAT Employment Response Team  
Mr Mitchell Cole, Acting Branch Manager, Autism and Early Intervention  
Ms Jillian Moses, Branch Manager, Financial Policy and Performance

Ms Lyn Murphy, Branch Manager, Disability Employment Services Compliance  
Ms Sharon Stuart, Branch Manager, Disability Employment Services Policy  
Ms Lis Kelly, Branch Manager, Disability Employment Services Program  
Ms Deborah Winkler, Branch Manager, Governance and Stakeholder Relations  
Mr Bruce Smith, Branch Manager, Policy and Legislation  
Ms Alison Smith, Branch Manager, Policy and Legislation

**National Disability Insurance Agency**

Mr David Bowen, Chief Executive Officer  
Ms Louise Glanville, Deputy Chief Executive Officer and General Manager  
Ms Jo-Ann Rose, Chief Financial Officer, Corporate Services Division  
Ms Liz Cairns, General Manager  
Ms Anne Skordis, General Manager  
Mr Stephen Payne, Chief Financial Officer

**Aged Care Commissioner**

Ms Rae Lamb, Aged Care Commissioner

**Aged Care Pricing Commissioner**

Mr Stephen Dellar, Acting Aged Care Pricing Commissioner

**Australia Aged Care Quality Agency**

Mr Nick Ryan, Chief Executive Officer  
Ms Elizabeth Pringle, General Manager Operations  
Mr Chris Falvey, Australian Aged Care Quality Agency

**Australian Institute of Family Studies**

Professor Alan Hayes AM, Director  
Dr Daryl Higgins, Deputy Director, Research  
Ms Sue Tait, Deputy Director, Corporate and Strategy

**Social Security Appeals Tribunal**

Ms Jane Macdonnell, Principal Member  
Ms Louise Anderson, Registrar

**Committee met at 9:00.**

**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 for the portfolios of health and social services, including human services. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee is due to report to the Senate on 24 June, 2014 and has fixed 25 July 2014 as the date by which answers to questions on notice are to be returned. Senators are reminded that any written questions on notice should be provided to the committee secretariat by the close of business 12 June 2014. The committee's proceedings today will begin continue with its examination of social services, commencing with outcome 4.

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 a 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 the committee. The Senate by resolution in 1999 endorsed the following test of relevance of questions at estimates hearings: any questions going to the operations of financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings. 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 committee unless the Parliament has expressly provided otherwise. The Senate has also resolved 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 a superior officer or to a minister.



This resolution prohibits only 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)*

Witnesses are specifically reminded that stating that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of information or the document.

[09:03

**CHAIR:** I welcome Senator the Hon. Fierravanti-Wells, representing the Minister for Social Services, the departmental secretary—welcome back, Mr Pratt—and officers of the Department of Social Services. Senator Fierravanti-Wells, do you have an opening statement?

**Senator Fierravanti-Wells:** Yes, I do wish to clarify some comments that were made yesterday by Senator Doug Cameron. In estimates yesterday afternoon he made certain allegations in relation to Senator Abetz. I would like to table a statement in response to false assertions that shadow minister O'Connor made in response to an article that appeared in the Australian and also table a statement by the Department of Employment dated 24 March 2014. I would appreciate if that could form part of the record. I have a couple of copies and I would appreciate if they could be distributed to members of the committee.

**CHAIR:** These are public documents, are they?

**Senator Fierravanti-Wells:** These are public documents.

**CHAIR:** We are moving now into housing. Senator Bishop, you are leading off for the opposition, are you?

**Senator MARK BISHOP:** I don't know if I am. If I may just ask a procedural question. I do have some questions on NRAS. My question is whether that is to be done in 4.1 or 4.2 or do you run them together?

**Senator McLUCAS:** My suggestion is that we run them together. I was going to ask questions around NRAS.

**CHAIR:** Were you anticipating starting with those questions?

**Senator McLUCAS:** No.

**CHAIR:** I know that there are questions on NRAS from numerous people.

**Mr Pratt:** Technically it would come under 4.2, but we are, of course, happy to assist the committee and we will do it whenever it suits the committee.

**CHAIR:** Flexible as ever. Senator McLucas.

**Senator McLUCAS:** I first want to go to the National Partnership Agreement on Homelessness. Prior to the budget coming down, the government announced that \$115 million would be supplied for the 2014-15 National Partnership Agreement on Homelessness. How was the figure of \$115 million arrived at?

**Mr Palmer:** The figure was derived by looking at the service delivery component of the National Partnership Agreement on Homelessness for 2013-14 and applying an indexation factor.

**Senator McLUCAS:** What was the indexation, Mr Palmer?

**Mr Palmer:** I don't have the specific indexation factor, but it is simple arithmetic between the old agreement and the new agreement.

**Mr Pratt:** It would have been whatever the standard indexation factor that applies to these sorts of agreement is. Whether it is CPI or something else, I am not sure. But it would have been applied to the amount that was provided under the previous agreement for services to increase slightly.

**Ms Laffan:** It also includes a contribution for SACS.

**Senator McLUCAS:** Could I have that \$115 million disaggregated to reflect the base money, the SACS money and the indexation?

**Mr Pratt:** Yes.

**Senator McLUCAS:** I put a question through the Senate, and was frankly fairly disappointed. Part 3 of question No. 356 that I asked in the Senate was very explicit. It said that the 2013-14 NPAH was \$159 million and the 2014-15 was \$155 million. I then asked what projects or services will be cut or discontinued. Frankly, the answer was an intentional avoidance of the question. What I was asking was very plain, and I do not take kindly to departments intentionally not answering questions. So I ask again: what projects or services will be cut or discontinued in 2014-15, given, Mr Palmer, you said that \$115 million will be the service delivery part? What was the other money in 2013-14 applied to?

**Mr Pratt:** I have the question here. The question is, 'What services or projects will be cut or discontinued in 2014-15?' The answer says that the funding that is provided under this agreement goes to the state governments, and they are the ones who determine what services are funded. We don't know, basically, what services will be provided. In anticipation, the states will work that out and no doubt tell us in due course. But given that the money for services has been slightly increased as a result of indexation and the SACS component, it may well be that in macro terms there are no cuts there. I can't guarantee that. That will be subject to what the states and territories do with the money next financial year. The other part of the question relates to what was not provided in comparison to the previous partnership. So there is no funding there for capital, for example.

**Senator McLUCAS:** That is right. That is the answer to the question, Mr Pratt.

**Mr Pratt:** Yes.

**Senator McLUCAS:** And the other part is research, and now I want to ask questions about that.

**Mr Pratt:** Part 6 of the answer says, 'No, funding for capital projects under the 2013-14 NPAH for the delivery of milestones through 2013-14 only.' Part 4 indicates that funding is for homelessness service delivery purposes only and does not include a capital component. This is, of course, the minister's answer. In no way has the department sought to mislead, I assure you.

**Senator McLUCAS:** Thank you. I hope not. Let us go to the capital in the research component. What was the capital component previously in the old NPAH?

**Ms Laffan:** It is \$43.2 million.

**Senator McLUCAS:** What did that build or make?

**Ms Laffan:** That was for 11 projects in all states and territories other than the Northern Territory, which did not bid for a capital project.

**Senator McLUCAS:** Accommodation for what sort of people?

**Ms Laffan:** Examples include a common ground facility in Adelaide, a foyer light facility in Tasmania and another common ground facility in the ACT.

**Senator McLUCAS:** What type, what classification or what demographic of homeless people use common ground facilities?

**Ms Laffan:** I am sorry; I do not have details of many of the projects. But, for example, there were two projects in New South Wales to support young people in crisis and preventing homelessness for women and children escaping domestic violence.

**Senator McLUCAS:** So we have no more accommodation for young people in crisis and women and children escaping domestic violence because we have taken \$43.2 million out of this project? It is a decision of government, I understand that. That is what they have decided to do.

**Mr Palmer:** There was no money in the forward estimates for the National Partnership Agreement on Homelessness.

**Senator McLUCAS:** You do not have to defend the government, Mr Palmer. There was an opportunity for government to find the money to build accommodation for young people in crisis and women and children escaping domestic violence. That was \$43.2 million.

**Senator Fierravanti-Wells:** Can I just—

**Senator McLUCAS:** No, I want to finish the answer to this question.

**Senator Fierravanti-Wells:** If I can comment on Senator McLucas drawing aspersions about the intention of the public service: I think you have been around long enough, Senator McLucas, to know that that is not an appropriate comment. I find it really interesting. Let us not forget that we had to come in and clean up the mess that you left—

**Senator McLUCAS:** Here we go; another minister with the same song sheet.

**Senator Fierravanti-Wells:** You failed to leave any money for homelessness beyond 30 June 2014.

**Senator McLUCAS:** We would have found it.

**Senator Fierravanti-Wells:** We made a decision to allocate the \$115 million. You left us the grand total of zero, so it is a bit rich to come in and criticise us when you left nothing for homelessness after 30 June.

**CHAIR:** Senator McLucas, do you have a question?

**Senator McLUCAS:** Well, I was actually asking my question before the minister intervened. So \$43.2 million was the capital component. My reckoning, and it may be wrong, is that the amount of money not carried into the next NPAH was \$47.3 million. Is that right?

**Ms Laffan:** Maths is not my best point, but that is correct as far as I can tell.

**Senator McLUCAS:** So, is 4.1 the component that would have been applied to research?

**Ms Laffan:** There was \$4 million committed in Commonwealth own expenditure for research under the NPAH.

**Senator McLUCAS:** And what research was that doing?

**Ms Laffan:** That was primarily for the extension of the Journeys Home project.

**Senator McLUCAS:** Has that been re-applied in the budget somewhere?

**Ms Laffan:** Sorry, I do not understand your question.

**Senator McLUCAS:** Part 11 of the question I asked the minister was, 'Will we continue with the longitudinal study into homelessness Journeys Home?' The answer to that was, 'Yes we would, but it will be somewhere else'.

**Ms Laffan:** Apologies, Senator. Some of the money for Journeys Home in the 2013 financial year was taken from funds earmarked under the NPAH. The funding for journeys home for 2014-15 is in a separate allocation.

**Senator McLUCAS:** Where?

**Ms Laffan:** In 4.1, Housing and Homelessness programs.

**Senator McLUCAS:** It is one project isn't it, the Journeys Home?

**Ms Laffan:** Yes.

**Senator McLUCAS:** It is longitudinal evaluation?

**Ms Laffan:** Yes.

**Senator McLUCAS:** So we took money out of the NPAH but we will continue with that element. Is that 4.1 in this financial year?

**Ms Laffan:** Yes.

**Senator McLUCAS:** Have agreements been executed with the states and territories for the 2014-15 year?

**Mr Palmer:** Agreements have not yet been executed with the states and territories.

**Senator McLUCAS:** Are we going to sign another National Partnership agreement on Homelessness?

**Mr Palmer:** I certainly hope that we will. We are just finalising the negotiations.

**Senator McLUCAS:** It starts at the end of the month.

**Mr Palmer:** It does.

**Senator McLUCAS:** So who has not signed yet?

**Mr Palmer:** We had a meeting with the states and territories yesterday. There were a couple of draft clauses that they wished to discuss with us. We are currently re-crafting it, and I am hopeful that it will be issued very shortly for their signature.

**Senator McLUCAS:** The reason that the community was concerned that there was no information about this agreement was that people were losing staff and people couldn't see any future for that funding. Are you saying that that funding is still not assured, although the Commonwealth has committed a lesser amount?

**Mr Palmer:** The Commonwealth is committed to \$115 million.

**Senator McLUCAS:** Which are the clauses that are problematic?

**Mr Palmer:** I think the content of those discussions with the states and territories is not something that particularly should be aired here.

**Senator McLUCAS:** Is it reporting?

**Mr Palmer:** Yes.

**Senator McLUCAS:** I thought it would be. Is it the intention of the Commonwealth to sign another one-year agreement in the same vein as the National Partnership Agreement on Homelessness, with some extra clauses?

**Mr Palmer:** Do you mean for 2014-15? That is the intention of the Commonwealth—to sign a 2014-15 national partnership agreement.

**Senator McLUCAS:** With some additional clauses, I think you are telling me?

**Mr Palmer:** It is slightly different to the previous agreement. The reason it is slightly different is that some of the states have re-tendered their homelessness service mix, and we needed to change the agreement to facilitate that change in service mix from the states and territories.

**Senator McLUCAS:** Thank you. Is it the intention of the government to progress a national Partnership Agreement on Homelessness beyond 2014-15? That is probably a question to you, Minister.

**Senator Fierravanti-Wells:** We are in discussions with the states and territories in relation to 2014-15, and that is in progress.

**Senator McLUCAS:** No, I said beyond 2014-15.

**Senator Fierravanti-Wells:** That is a matter for consideration by the government.

**Senator McLUCAS:** I wonder if you could ask the minister if he could provide any more information than that?

**Senator Fierravanti-Wells:** I will pass it on to the minister.

**Senator McLUCAS:** So at the moment, Mr Palmer, you are simply trying to get through the next year before trying to even contemplate what might happen after that?

**Mr Palmer:** The years beyond the current year are decisions for government.

**Senator McLUCAS:** In Minister Andrews's press conference on 30 March, he said, ... yet at the same time give us some time and opportunity to work with all those who are involved over the next few weeks and months to try and ensure that what we have in place in the future can be a long-term commitment—  
What work has been done around the 'long-term commitment'?

**Mr Palmer:** You may have noticed in the budget papers the minister foreshadowed a review of housing and homelessness arrangements.

**Senator McLUCAS:** I did.

**Mr Palmer:** The National Partnership Agreement on Homelessness would be one element of that review.

**Senator McLUCAS:** Yes, we will come to that later, Mr Palmer.

**Mr Palmer:** Okay.

**Senator McLUCAS:** So we are not working now in the 'next few weeks and months' to try a long-term—

**Mr Palmer:** Our immediate priority, as you indicated, is to get an agreement with the states and territories that is executed.

**Senator McLUCAS:** Given that we now do not have a Select Council on Housing and Homelessness, what is the mechanism for a national agreement?

**Mr Palmer:** The mechanism for national partnership agreements is unchanged. It is actually an agreement between first ministers, and the agreement is managed between the first ministers' departments in that process.

**Senator McLUCAS:** So that is through the COAG subcommittee?

**Mr Palmer:** It is through COAG and senior officials.

**Senator McLUCAS:** Do personnel from DSS attend those meetings?

**Mr Palmer:** Ms Laffan and I were yesterday at a meeting with first ministers' officials on the national partnerships agreements

**Senator McLUCAS:** On homelessness?

**Mr Palmer:** On homelessness, yes.

**CHAIR:** Are you moving on to another section, Senator McLucas?

**Senator McLUCAS:** I am.

**CHAIR:** Senator Ludlam, do you have questions in this area? There are about six senators waiting with questions.

**Senator LUDLAM:** Is this the general portfolio overview?

**CHAIR:** We are primarily in 4.1. But Mr Pratt has pointed out that straying into 4.2 won't be too much of an issue. Is that how it goes?

**Mr Pratt:** We are happy to help the committee.

**Senator LUDLAM:** Great. I will start at something a little high level. And apologies that I am a little late in. What is the government's vision for housing? From some of the language of the minister and senior members of cabinet, it would appear to me that the Commonwealth is actually trying to get out of the housing affordability space. That is probably best addressed to you, Senator Fierravanti-Wells. Does the government actually have a national housing affordability strategy or do you believe that it is best just left to the states and territories?

**Senator Fierravanti-Wells:** We will be undertaking a review of housing and homelessness. The minister has stated publicly that there is a need to review housing and homelessness policies and programs to ensure increased housing supply and approve affordability. This review will include an examination of the National Rental Affordability Scheme. I am sure that we will come to that later as well. But our concern is to reduce and limit the trading of incentives, reduce red tape and increase delivery. The review will outline the direction in which the government is seeking to drive housing reform and will also feed into the white papers on reform of the federation and taxation.

**Senator LUDLAM:** All right. Thank you, Senator. Chair, would you rather that we held off questions on the National Rent Affordability Scheme until later in the morning?

**CHAIR:** I think that there is going to be a whole section on that.

**Senator LUDLAM:** That is fine. Let's stay with this review, then, which is into housing affordability and homelessness. That is the broad scope of the portfolio review that you just outlined, or is it narrower?

**Senator Fierravanti-Wells:** My understanding, as I have said, is that it will review housing and homelessness policies. We are very concerned that during the Labor years we had a revolving door of six ministers over six years, and we are working hard in this space. The minister will have more to say in relation to this.

**Senator LUDLAM:** I guess if you just abolish the housing minister altogether, then you don't have to worry about the revolving door. That is what you have done.

**Senator Fierravanti-Wells:** Senator Ludlam, we are first trying to clean up the mess that six years and six ministers left us—that the Labor Party left us.

**Senator LUDLAM:** Please do not start. I could recite your talking point in my sleep.

**Senator SESELJA:** If you are going to make political points in your questions—

**Senator LUDLAM:** Heaven forbid that a politician would make a political point.

**Senator SESELJA:** then don't complain when Senator Fierravanti-Wells responds.

**Senator LUDLAM:** Are you chairing this meeting? What are you doing?

**Senator SESELJA:** I am just adding helpful commentary.

**CHAIR:** Senators Seselja, would you allow Senator Ludlam to get on with his questions.

**Senator LUDLAM:** Thank you, Chair. What are the terms of reference and what is the timeline for this review?

**Senator Fierravanti-Wells:** We are currently determining how best to undertake the review. Those matters are under consideration.

**Senator LUDLAM:** So you have been in government for nearly 10 months, you have abolished nearly everybody with any expertise outside the department on housing affordability and homelessness—

**Senator Fierravanti-Wells:** That is your assertion.

**Senator LUDLAM:** It is. That is right; it is exactly what I'm doing. The National Housing Supply Council is gone, you have abolished the National Rental Affordability Scheme, or at least taken it out of the budget papers, and you have been in government nearly 10 months and you still don't know what this review is going to canvass. Is that a reasonable summary of your progress to date?

**Senator Fierravanti-Wells:** We are currently determining how best to undertake the review, Senator Ludlam.

**Senator LUDLAM:** What is taking so long?

**Senator Fierravanti-Wells:** We are currently considering the matter.

**Senator LUDLAM:** That is a great answer! Do you propose that there will be public consultations and/or a process for public submissions?

**Senator Fierravanti-Wells:** In due course the minister will have more to say.

**Senator LUDLAM:** We don't even know that. That is amazing. Any idea who has been appointed to conduct the review?

**Senator Fierravanti-Wells:** As I just said, Senator Ludlam, the matter is under consideration and the minister will have more to say on that matter.

**Senator LUDLAM:** Nothing! It is going to be very quick.

**Senator Fierravanti-Wells:** I am sure he will take your concerns into consideration.

**Senator LUDLAM:** We will see, won't we? So we just do not have anything yet. Is there a view within government that the Commonwealth should simply get out of this space and to allocate everything back to the states and territories?

**Senator Fierravanti-Wells:** As I indicated to you, we believe that there needs to be a review of housing and homelessness policies and programs. We are now undertaking that review. As I indicated to you, we are currently determining how best to undertake that process.

**Senator LUDLAM:** Great! We are waiting on the edge of our seats. Does the government acknowledge that there is a housing affordability crisis in Australia?

**Senator Fierravanti-Wells:** As I have indicated to you, the MINISTER has publicly stated that our National Affordable Housing Agreement needs improvement. He wants to incentivise performance, he wants to encourage competition, he wants to improve reporting and he wants to tie funding to outcomes.

**Senator LUDLAM:** Maybe if you let me try and phrase it in a different way: does the government acknowledge that there is a housing affordability crisis in Australia?

**Senator Fierravanti-Wells:** As I have indicated to you, the minister has publicly stated that the housing agreements need improvement. We are currently undertaking a review of housing and homelessness. As I have indicated to you, the process is being considered, and in due course the minister will make announcements in relation to it. Senator Ludlam, I can't give you any more than that.

**Senator LUDLAM:** I gather.

**Senator Fierravanti-Wells:** I am happy to refer the matter to the minister. I am sure in due course, if the minister has anything further to add, he will do so.

**Senator LUDLAM:** I am not detecting any particular sense of urgency, let's put it that way.

**Senator Fierravanti-Wells:** If I can summarise it this way: we inherited the mess and we are now trying to address it.

**Senator LUDLAM:** As I say, I could recite your talking point in my sleep. You have abolished the National Housing Supply Council. I know in my office we found that source of independent data on the affordability supply gap extremely valuable. When will you next be reporting on the national housing supply gap and where exactly are you getting your data from?

**Mr Palmer:** Matters of housing supply are actually matters in the Treasury portfolio. Questions on the National Housing Supply Council should be directed towards Treasury.

**Senator LUDLAM:** I would have thought that you would have found that input reasonably valuable as well. But that is fair enough. It has always puzzled me why it is parked in Treasury. Nonetheless, that is where it is. Where do you in the department get your information from about housing supply now that that supply council has been trashed?

**Mr Palmer:** There is quite a wealth of data published by the Australian Bureau of Statistics on housing supply. There is also a range of private market providers on housing supply data.

**Senator LUDLAM:** So we are getting by with what we have. Back to you, Minister. How important is evidence-based policy to this government?

**Senator Fierravanti-Wells:** Clearly our decisions are based on best evidence available. But, as I have indicated earlier, as part of this process the minister has committed to work closely not only with the state and territory governments but also with public, private and community sectors in relation to future housing and homelessness needs.

**Senator LUDLAM:** That was a cautious 'yes'. Is evidence important in informing housing affordability policy to this government?

**Senator Fierravanti-Wells:** Well, I think it is a statement of the obvious.

**Senator LUDLAM:** No, believe me, it really is not. That is why I am asking. If it is a yes—

**Senator Fierravanti-Wells:** As I have indicated to you, the minister has indicated publicly that he will be working closely with the states and territories as well as the public, private and community sectors on future housing and homelessness needs. That, of course, infers that he will gain information as part of that process.

**Senator LUDLAM:** What is the current number of homeless people in Australia?

**Mr Palmer:** The ABS census reports on homelessness every five years using the census. It was 105,000 people, in round terms, in the last census.

**Senator LUDLAM:** That was in 2011.

**Mr Palmer:** That is the latest data that is available on that. There is no other data that goes to the number of homeless people other than the census data.

**Senator LUDLAM:** So we have to rely on data points that are five years apart and imperfect?

**Mr Palmer:** That is correct.

**Senator LUDLAM:** What is the government's plan to provide homes and services to these homeless Australians?

**Mr Palmer:** The provision of homelessness services and the planning of homelessness services delivery is primarily a matter for the state and territory governments. That question would be best directed to them.

**Senator LUDLAM:** You want me to travel around the country asking the states and territories?

**Mr Palmer:** I did not say that, Senator.

**Senator LUDLAM:** Okay. Just tell me what you did say.

**Mr Palmer:** I said that the question of what services will be provided is a matter for state and territory governments. They are the direct service provider and the funder of direct services in housing and homelessness.

**Senator LUDLAM:** You are aware that the Commonwealth to date does provide significant amounts of funding for homelessness?

**Mr Palmer:** We provide to the states and the states administer the programs.

**Senator LUDLAM:** And you have no visibility of how they are using that money, what kind of services they are providing, whether they are coping or whether they are overwhelmed?

**Mr Palmer:** We have some information. There is the National Homelessness Services Collection run by the Australian Institute of Health and Welfare. But primarily the states are responsible for that service delivery.

**Senator LUDLAM:** Can you tell us the current gap of affordable and available rental homes in Australia and what the government's plan is for filling that? There are 105,000-odd homeless people as of 2011. What is the current affordable rental supply gap?

**Mr Palmer:** You are going to questions of housing supply again, which are questions primarily for the Treasury.

**CHAIR:** Make this your last question in this section, Senator Ludlam.

**Senator LUDLAM:** They would provide you with the data. I understand that the research is meant to come from Treasury, even though the government went and abolished the body that was doing it. But, presumably, you cannot operate in blissful ignorance of the national rental affordability supply gap. I get that the data collection is done elsewhere. But you must know, and it is your job to put the plan together, I would have thought, to close that gap.

**Senator Fierravanti-Wells:** Can I just make a comment, Senator Ludlam?

**Senator LUDLAM:** You could answer my question. That would be better.

**Senator Fierravanti-Wells:** One of the important aspects of housing supply is what happens at the local government level in terms of residential development. Perhaps you might look closer to home at some of your Greens councillors and some of their activities, especially in New South Wales, where they fight development every step of the way.

**Senator LUDLAM:** So it is local government's fault.

**Senator Fierravanti-Wells:** So you might look closer to home in relation to some of your assertions.

**CHAIR:** Senator Seselja.

**Senator SESELJA:** I might pick up there, Senator Fierravanti-Wells. I might get you to expand on that, because Senator Ludlam was pursuing the question around housing affordability and some of the supply issues. It is a really important point, and it is certainly something I have seen in the ACT with some people who are claiming to support housing affordability but seemed to oppose every land release, every new development which may actually provide housing stock, including to low- and middle-income earners. Is it your view that actually the land release question is an important part of making housing more affordable?

**Senator Fierravanti-Wells:** As Mr Palmer said, while the supply issues are predominantly in the purview of the states and territories, I also wanted to add at local government, because there are influences there. Whilst we can assist the states, a lot of this is predominately in their purview. I come back to the point that I made earlier, which is that that is one of the reasons why we believe that there needs to be a review in this space. As I indicated earlier, we will be working with the states and territories and stakeholders in this space to develop a better long-term policy and to clean up the mess that has been left to us by the Labor government.

**Senator SESELJA:** Is it fair to say that when we see the fairly extreme antidevelopment agenda on show, whether it is at a local level, in states and territories or around the country, that that has an impact on the ability of state and territory governments to make housing more affordable?

**Senator Fierravanti-Wells:** It is a supply and demand issue. Clearly, as I indicated earlier, as more and more development is knocked back, it affects supply. It is the simple levers of supply and demand.



**Senator SIEWERT:** You are just taking the opportunity to have a bash about limiting housing supply—gratuitously.

**Senator SESELJA:** Hang on! You are extraordinarily sensitive about this.

**Senator SIEWERT:** If you are going to do that, I think we should take the opportunity to explain what has been happening.

**CHAIR:** Senator Siewert, Senator Seselja is asking questions.

**Senator SIEWERT:** No, he is not. He is making political statements, and if that is what is going to happen, we will do the same.

**Senator SESELJA:** There is some serious sensitivity here from the Greens.

**CHAIR:** Senator Seselja, could you ask a question?

**Senator SESELJA:** I will, but I can't not respond to the rant over there from the Greens senator.

**Senator SIEWERT:** No, it was not a rant. You were the one who was trying to make this a political exercise.

**Senator SESELJA:** Senator Ludlam—

**Senator CAROL BROWN:** The Chair has asked you to ask your question.

**Senator SESELJA:** Excuse me, I am responding to the noise over here and I am entitled to do so. Senator Ludlam started down this path, and Senator Fierravanti-Wells has very sensibly put it into some context in the role that the Greens party often plays in making housing less affordable. I think that is perfectly reasonable, and I thank the senator for clarifying that. I note the extraordinary sensitivity from the Greens on this—

**CHAIR:** Can we have a question now please, Senator Seselja?

**Senator SESELJA:** I did want to go to some comments you made earlier about NPAH funding. I want to clarify what the situation was and what it is now. Is it true from your evidence, Senator, that the former government did not fund the NPAH beyond the middle of this year? Is that correct?

**Senator Fierravanti-Wells:** Yes, that is the situation.

**Senator SESELJA:** And there was nothing in PEFO that would have suggested that there was any funding beyond July 1?

**Senator Fierravanti-Wells:** That is exactly the situation. That is why we came in and had to clean up this problem and basically keep the services of approximately 180 homelessness initiatives continuing for another 12 months until 30 June 2015. This will also allow us to work with the sector and the states to look at the more long-term future of homelessness arrangements.

**Senator SESELJA:** So under the former government's plan, there would have been nothing, whereas now we have the additional \$115 million. Is that right?

**Senator Fierravanti-Wells:** That is right.

**Senator McLUCAS:** That is not correct.

**Senator SESELJA:** I am asking Senator Fierravanti-Wells.

**Senator McLUCAS:** Well, that is not correct.

**Senator SESELJA:** You are no longer at that side of the table, so I will direct my questions to Senator Fierravanti-Wells. If you have different questions I am sure that you can ask them later.

**Senator McLUCAS:** I am sorry, but the minister should not try and answer on behalf of a potential Labor government. She does not know.

**Senator Fierravanti-Wells:** Well, nor did you, Senator McLucas, because if you did know we probably would not be in the mess that we are in at the moment.

**Senator SESELJA:** I will pick that up, because Senator McLucas is right that you cannot go into what was in the minds of the former government. So let us go to the facts, then. Did the former government, just to make it clear for Senator McLucas, reveal its secret plan to extend homelessness funding in any budget documents that you are aware of?

**Senator Fierravanti-Wells:** No. The previous government terminated the National Partnership Agreement on Homelessness Funding beyond 30 June 2014 and did not include provisions for future funding in the Pre-election Economic and Fiscal Outlook, released in August 2013.

**Senator SESELJA:** If it had a plan, it is not apparent from any budget papers that you are aware of? It was something that it kept to itself?

**Senator Fierravanti-Wells:** Not that I am aware of.

**Senator SESELJA:** You cannot go into what was in the Labor Party's mind but what we have seen. Will the \$115 million provide the same level of services that we have seen in this financial year?

**Senator Fierravanti-Wells:** My understanding is that it will enable approximately 180 homelessness initiatives to continue for another 12 months until 30 June next year. The department may have further details in relation to that.

**Mr Palmer:** It will allow the same level of service delivery. Because the states manage the front-line contracts with service providers, they may choose to change the providers that deliver the front-line services.

**Senator SESELJA:** Thank you very much.

**Senator McLUCAS:** The research component of the NPAH, you have answered in terms of Journeys Home. Can I talk more broadly about research work that is happening in housing and homelessness and try and track it through the budget, because that was quite difficult to do? You told me that the Journeys Home money came out of the NPAH allocation and has gone to 4.1.

**Ms Laffan:** It has not been moved from that allocation. That funding that was earmarked under the NPAH will cease at the end of 2013-14. But under 4.1, the housing and homelessness program, one of the four components of that program is research. That is where the future Journeys Home funding comes from.

**Senator McLUCAS:** Is there any other research happening in that component?

**Mr Riley:** There is \$1.6 million per annum for the next three years for the Australian Housing and Urban Research Institute. As you would be aware, it has a broader focus, but one of the priority areas for research is homelessness.

**Senator McLUCAS:** So that is the three-year funding agreement with AHURI?

**Mr Riley:** That is correct.

**Senator McLUCAS:** \$1.6 million per year for three years. Is there any other research money that you can point me to?

**Ms Laffan:** It is all contained in program 4.1. As I said, 4.1 has four components, one of which is research. So we will not be able to tell what amount of that funding will go directly to research until selection processes and things are completed. As Mr Riley said, money has been committed to AHURI and money has been committed to the Journeys Home project.

**Senator McLUCAS:** So the National Homeless Research Agenda 2009-13 and the four components of that is what you are referencing there?

**Mr Palmer:** My understanding is that that was funded under the earlier national partnership agreement. That funding end at the end of this financial year. There is a small amount of money in our forward estimates in 4.1 in the out years that we have earmarked for homelessness research, over and above the money that Mr Riley mentioned for AHURI.

**Senator McLUCAS:** How much is that?

**Mr Palmer:** In the out years it is in the order of \$1 million a year.

**Senator McLUCAS:** Over 2015-16 through—

**Mr Palmer:** Through forward estimates, yes.

**Senator McLUCAS:** How will that be applied?

**Mr Palmer:** The actual processes for applying that have not been determined at the moment.

**Senator McLUCAS:** You would be aware that in the commission of audit report there was an annex that talked about what should happen to non-principal bodies. They have said that AHURI needs 'other action'. What does that mean to the department?

**Mr Riley:** The comments in relation to the national commission of audit report have been made elsewhere—that it is not a government report, and so forth.

**Senator McLUCAS:** I understand that. But you received it, so you will have to have a think about it.

**Mr Riley:** We did receive it. I think that the logic in the report says that if the Commonwealth went to the funding mechanism that is referred to in the report for the funding of public housing, it may flow from that that you will not continue with an arrangement with the Australian Housing and Urban Research Institute.

**Senator McLUCAS:** So if you completely vacate the space, pay Commonwealth rent assistance only, you do not need any research. That is what the commission of audit is saying, basically.

**Mr Riley:** I think that the commission of audit is saying that because housing is primarily a state responsibility under the constitution, it would be a matter for the states and territories how they funded the research they needed to perform their primary responsibility in this area.

**Senator McLUCAS:** And how does the government respond to that recommendation, that thinking?

**Mr Palmer:** The government is clearly considering the commission of audit report.

**Senator McLUCAS:** How then do you achieve the national leadership that the minister talks about if you don't do any research and you do not participate in any partnerships with the states and territories? How do you actually exhibit national leadership in housing and homelessness policy if the only thing you do is pay Commonwealth rent assistance?

**Mr Palmer:** I think that is a hypothetical question, and I do not accept the premise that—

**Senator McLUCAS:** Maybe it is a question to the minister.

**Senator Fierravanti-Wells:** As far as the commission of audit is concerned, that is a report to the government. The recommendations do not represent government policy. Until we formally respond to the recommendations, I don't propose to comment further.

**Senator McLUCAS:** It seems that the theme of the commission of audit is actually appearing in what is occurring on the direction of the government.

**Senator Fierravanti-Wells:** Perhaps, Senator McLucas, we will start by not having six ministers in six years. That would be a good start.

**Senator McLUCAS:** Your answer is to have none. That makes it easy. Can I talk now about engagement with the housing and homelessness sector—

**Senator SIEWERT:** Just because it is timely, because you have just touched on the research, I am wondering, as part of that are you going to be looking into the impact of the young people's measure where they do not get any income support to six months? Would you be looking at the impact of that measure on youth homelessness?

**Mr Riley:** The priorities for the AHURI are developed in cooperation with the states and territories. That process was well advanced for the next year's research priorities before that measure was announced.

**Senator SIEWERT:** So there is no capacity to alter that, given that a measure has come in that is likely to significantly impact and be a driver of homelessness?

**Mr Riley:** Research has not yet been tendered, if you like—if that is the right term. One of the focus areas is homelessness. I could not speculate at the moment as to whether that would be one of the areas that would be covered.

**Senator SIEWERT:** Thank you for that. Is there a potential that, in fact, given there is a new measure that is likely to be a driver, that you could take that into account in the final decision making?

**Mr Pratt:** Without speculating as to what might happen in the future, certainly it is possible for the Commonwealth and the states to agree different things considered under the research that we jointly fund.

**Senator SIEWERT:** Can I ask then, Mr Pratt, has that been discussed already or contemplated?

**Mr Pratt:** Not to my knowledge.

**Senator SIEWERT:** Given the circumstances, have you in the past made changes to this type of research in response to measures that may have an impact?

**Mr Pratt:** I can't think of an occasion where that has been the case, but that does not mean that it hasn't. Clearly we can change the parameters of what we want to have research into in the future, subject to agreement with the states.

**Senator SIEWERT:** But you have not taken that step yet?

**Mr Pratt:** No.

**Senator McLUCAS:** I want to move to engagement with the sector, please. I am trying to track how the minister is thinking about engaging with the housing and homelessness sector. He answered my question on notice after February stating that there will not be a social services ministerial advisory council. Is that still the case?

**Mr Palmer:** That is still the case.

**Senator McLUCAS:** In Minister Andrews's speech to AHURI he said that—

**Senator Fierravanti-Wells:** Chair, I understood that the previous procedure in this committee was that if a senator was quoting from a document, that document would be made available to the official to whom he or she was quoting. That was certainly the process I adopted and that Senator Moore enforced in this committee. So I was just wondering if Senator McLucas could do the officials the courtesy of providing them with a copy of the document that she is quoting from?

**Senator McLUCAS:** I am more than happy to.

**CHAIR:** It simply requires a request, because quite often what we find is that people are quoting from publicly available documents that are well-known. Would you like a copy of the document that Senator McLucas is referring to?

**Mr Palmer:** In this instance, I believe I have a copy of the document.

**Senator McLUCAS:** Everyone in the sector has a copy of the speech, because it is really the only comment that the minister has made about housing since he became the minister. He said in that speech:

I am currently considering what forum or engagement model might be best to provide sector-based advice on social and welfare issues.

My recollection is that that was in November last year. Then in November estimates Mr Lye told me in regards to that same question;

We are providing advice to the minister, so it is too early to tell.

Also have in February estimates, Mr Palmer, you indicated to me:

The Prime Minister announced the incorporation» of the Prime Minister's Council on Homelessness into the social services ministerial advisory council.

Then I asked the question about what is happening with the social services ministerial council and the answer was, 'No, we are not going to have a social services ministerial council.' We used to have the Prime Minister's Council on Homelessness. We used to have the National Supply Council, albeit in another place. We had lots of opportunities for the minister to engage with the broader sector on housing. So my question is, again, on the third estimates after this government has been elected, what is the mechanism that the minister is intending to use to have ongoing consultation and discussions about housing and homelessness in Australia?

**Mr Palmer:** The minister has a large number of organisations that come to his office that he meets with on a regular basis.

**Senator McLUCAS:** Yes, I have heard from them.

**Mr Palmer:** He is planning a holistic review that will provide further opportunities for consultation, and it is my understanding that he wants it to be a consultative review that takes the views of providers and people who benefit from services. But it is the minister's decision about the arrangements that he sets.

**Senator McLUCAS:** Yes. I absolutely accept that.

**Mr Pratt:** I may have touched on this at the last estimates, but it is my understanding that Minister Andrews is open to a variety of mechanisms for getting views—from bilateral meetings with his counterparts in the states through to, as necessary, gatherings of all ministers. The minister has been doing a lot of travel around the country talking to organisations which have interests in this area. There is a lot of consulting going on. My understanding is that the minister is happy to use a range of interventions from informal to formal, as necessary.

**Senator McLUCAS:** Well, I am hearing informal, ad hoc consultation—potentially. The minister is just picking the people he would like to talk to. Then you will get the message you want to hear. If you want to talk to everyone and get a proper analysis and understanding of what is happening, I would suggest that we do need something more formal than a few conversations here and there. That is not a question to the department. Is there any intention, though—and I am asking the department this—or is there any indication that the minister is intending to do what the Prime Minister has asked him to do and have a social services ministerial advisory council or another entity that would serve that same purpose? It is in the Prime Minister's media release that we would have a social services ministerial advisory council, and now we find out that we will not. So what is going to happen? What is the method by which we achieve some formal consultative process?

**Mr Pratt:** Ultimately, that is a matter for the minister to decide. So far, he has indicated that he is prepared to use existing consultative mechanisms that exist in the portfolio. As I was saying before, a range of formal and informal measures through bilateral and multilateral get-togethers with counterpart ministers and various stakeholders. My observation—and I am very keen generally not to make observations about ministers—is that he

is quite prepared to talk with people who may give him different points of view. He has expressed to me a number of occasions that he is prepared to do that. I understand that he does do so.

**Senator McLUCAS:** That is very generous of him. Mr Pratt, the existing structures in the portfolio that the minister is using to consult with housing and homelessness, what would they be?

**Mr Palmer:** He has been meeting with key stakeholder groups. He has met with a number of key stakeholder groups in the housing space and the homelessness space.

**Senator McLUCAS:** Mr Pratt said that he would use existing structures in the portfolio.

**Mr Palmer:** That is right. The minister is prepared to use existing consultative mechanisms within the portfolio. There are a range of them. I do not know whether or not the minister has used them to discuss homelessness or housing issues to date. But we have get-togethers with stakeholders in the families and community space, in the disability space and in the ageing sector. All of these areas. Sometimes there are overlaps with housing and homelessness issues, and on top of that, as I have indicated, he meets with counterpart ministers and stakeholders around the country.

**Senator McLUCAS:** I wonder if you could take on notice, Mr Pratt, which existing structures or consultative mechanisms in the portfolio have been used to consult on issues to do with housing and homelessness?

**Mr Pratt:** Yes, Senator.

**Senator McLUCAS:** Thank you.

**Mr Riley:** We meet every second month with the Community Housing Federation of Australia and also with National Shelter on a regular basis.

**Ms Laffan:** We are obviously in regular contact with Homelessness Australia via meetings or phone calls.

**Senator McLUCAS:** But that is from the department. I am asking from the minister's point of view. Senator Ludlam asked some questions about the review that is happening, and I tend to agree with Senator Ludlam in terms of the review happening in a lot of spaces at the moment. There was a simple sentence in the budget that says that there 'will be a review of housing and homelessness.' I am going over the same ground again, but when is it expected to report?

**Mr Palmer:** The life of the review is foreshadowed in the simple sentence you noted on page 129 of the portfolio budget statement. It will occur in 2014-15. The specifics are still being settled by the minister.

**Senator McLUCAS:** Will it include the review of the National Partnership Agreement on Homelessness?

**Mr Palmer:** I fully expect it to go to issues around the national partnership agreement. I expect it to go to issues around NRAS. The minister has foreshadowed those. What other issues would be included, I am not sure. He has used the language of 'holistic' in describing it to us.

**Senator McLUCAS:** Mr Palmer, were you indicating that the end of that review is 2014-15?

**Mr Palmer:** I do not have a specific date. He envisaged a review through the 2014-15 financial year.

**Senator McLUCAS:** Terms of reference?

**Mr Palmer:** They are still being settled by the minister.

**Senator McLUCAS:** When do you expect that will be announced?

**Mr Palmer:** The announcement is a matter for the minister.

**Senator McLUCAS:** How much work have you been asked to do to prepare for this review?

**Mr Palmer:** We have briefed the minister on this issue, but I can't go to the content of that briefing.

**Senator McLUCAS:** Of course. When was that?

**Mr Pratt:** We have been advising the government on this over the course of this year and, in fact, since the election.

**Senator McLUCAS:** That we would be having a review starting 10 months after we get elected?

**Mr Pratt:** No, sorry. Let me clarify. We have been providing ongoing advice and working with government on housing and homelessness matters since the election. We have been providing advice to government around the housing review over, I would say, this calendar year.

**CHAIR:** I thought we would now move to NRAS. Let's allocate 30 minutes for that. If we do better, great, but then other issues at the end. Senator Bishop, do you have questions in NRAS?

**Senator MARK BISHOP:** I do, thank you, Chair. Mr Pratt, I have been engaged in some correspondence with the government of Western Australia in the last few months over the NRAS, and they have advised me in

writing that despite a number of administrative deficiencies, NRAS has been one of the few initiatives that addresses both housing supply and affordability. Then they go on to develop some commentary, saying that the state government has provided support for a total of 7,000 incentives, and 2,000 dwellings have been delivered in that state. With the decision not to proceed with round 5, Western Australia will lose 1,568 incentives, and this means that 3,145 incentives have been approved in previous rounds but not yet delivered. I understand that the Western Australia minister for housing, Mr Marmion, has written to Minister Andrews seeking assurances that 'any amendments to NRAS will not jeopardise the delivery of the remaining incentives'. I want to look to you, if I may, about the delivery of the incentives for round 4 and round 5.

**CHAIR:** Do you have anything there that you wanted table so that the officials have it?

**Senator MARK BISHOP:** I heard the earlier discussion. I do have correspondence from the minister for housing in Western Australia. Whilst it is not private, the government also has a copy of it. I do not intend to use it improperly. If you insist that I table it, I will. But it is not my desire to table correspondence from the Western Australian minister.

**CHAIR:** I generally would not insist unless it was in the context of something that was necessary for the official's response.

**Senator MARK BISHOP:** I certainly don't want to table correspondence that the Western Australian Minister has provided to the Commonwealth minister without the authority of both.

**Senator Fierravanti-Wells:** We can ask the officials if they are aware of the correspondence. Have they seen it and do they have a copy?

**Mr Palmer:** I do not have a copy of that correspondence with me.

**Senator SMITH:** Just to be clear, Senator Bishop, this is correspondence between the Western Australian state housing minister and the Commonwealth?

**Senator MARK BISHOP:** No, it is correspondence from the Western Australian housing minister to myself. In that correspondence he advised that he had written of a particular set of concerns to Minister Andrews. That is a piece of correspondence I do not have.

**Mr Pratt:** We will take it as a given that he has written to Minister Andrews. We don't have access to that, but perhaps if you ask a question then I will attempt to answer it.

**Senator MARK BISHOP:** Yes, you will know where I am going. Firstly, can you tell me whether the department has received feedback from other states requesting that the scheme retain sufficient flexibility so that legitimate delays and location changes can be accommodated?

**Mr Palmer:** Yes, we have received that feedback from states and territories.

**Senator MARK BISHOP:** Is that relatively common that they wish to have that issue of legitimate delays and location changes accommodated as we go forward?

**Mr Palmer:** That is the view that the states have provided, yes.

**Senator MARK BISHOP:** Broadly speaking in that context, is it the intention currently of the government to honour existing incentives in Western Australia if the state department supports the reasons for delay in construction and completion times?

**Mr Pratt:** Can I take you to page 205 of budget paper number two on NRAS where it says that the government will not proceed with round five of the NRAS. It states:

Funding for incentives from earlier rounds that are uncontracted or not used within agreed timeframes will be returned to the Budget. Funding for tenanted NRAS properties is not affected.

My interpretation of that is that where we are operating within agreed timeframes, there is not going to be a problem.

**Senator MARK BISHOP:** But otherwise there will be issues. I have read that statement. It is a very broad statement, that is why I am really pursuing the question.

**Mr Pratt:** Yes, but there is a very important caveat there, which is 'within agreed timeframes'. So it recognises the possibility that, as has been the experience with the management of this program, there are sometimes things that are beyond the control of the various players, and therefore these needs to be taken into account.

**Senator MARK BISHOP:** Okay then. So if other departments advise you that with other projects there have been legitimate reasons for delay outside the control of the players, that would be something the government would consider?

**Mr Palmer:** I have actually anticipated this question, but it is rather a complicated question and I need to take you to a couple of facets, if I can take a couple of minutes. The government will honour all reserved NRAS incentives on the terms in which they have been reserved. NRAS funding will flow in respect of reserved incentives once they are delivered at the agreed location and the agreed timeframe, subject to compliance with the other regulatory requirements, such as that it is tenanted with an eligible tenant.

The budget has not changed the capacity for NRAS participants to apply to change requests. So they are still able to apply for change requests, and nor has it limited our decision-making ability under the regulations to consider those change requests. We are still accepting and processing NRAS change requests as they come in. The key change flowing from the budget is that where we withdraw an incentive that money is no longer available for reallocation in a subsequent round. It is returned to savings.

**Senator MARK BISHOP:** And that is really round 5, isn't it?

**Mr Palmer:** No, this is rounds 1 to 4. If we withdrew an incentive, previously we would have had that available in the funding envelope to reallocate into the future. That is no longer going to be the case. Change requests are considered by the department on a case-by-case basis and they are considered under regulations. The rules of the regulations are something we have to follow.

**Senator MARK BISHOP:** Can I ask you to take on notice and provide me a copy of the relevant regulations? I was not aware of that.

**Mr Palmer:** I am more than happy to provide a copy of the regulations. The department does not automatically agree change requests. On our website, we make this clear. Change requests, particularly those that depart from the fundamentals contained in the original NRAS proposal, are unlikely to be approved without considerable supporting evidence. So simply having a state government saying that they support it is not always sufficient.

For change requests in respect of location and dwelling configurations, the regulations require us to consider them consistent with the original selection criteria from that round. Different rounds have had different selection criteria. For Change requests seeking a time extension, the department considers whether the extension sought is reasonable and whether the participant can meet the new timeframe. If the department forms the view that a dwelling will not be delivered on time, the reserve incentive may be withdrawn. We are working through the change requests we have on hand in consultation with relevant state and territory governments and applying the rules as set out in the regulations.

Some change requests take a long time to evaluate. Sometimes it is about the complexity of the change request, and sometimes we get change requests without any supporting information and we have to spend some time actually finding the facts out. The requirements of the regulations require us to take a number of factors into consideration. While change requests are being considered, NRAS participants should not presume the department will automatically agree, and the participants really need to manage their business risk rather than making an assumption that the department will agree a change requests.

**Senator MARK BISHOP:** Okay, that is quite useful.

**Senator McLUCAS:** Is that a different approach to what you have taken in the past to deal with change requests?

**Mr Palmer:** The only difference in our processing of change requests at the moment is that when they are withdrawn, the money goes to savings. The decisions are made under regulations. The regulations have not changed.

**Senator MARK BISHOP:** The WA Department of Housing has advised that they take a proactive approach to delivery of NRAS incentives and meet with approved participants every two months to review delivery timeframes and resolve any issues that may lead to incentives being withdrawn. As a result of this engagement, the WA department has supported requests to extend delivery timeframes and relocation of incentives to alternative sites. Mr Palmer, can you advise what the process is for the relocation of incentives to alternative locations?

**Mr Deakin:** The process is actually set out under the regulations for NRAS, where broadly the participant is required to submit some template documents and provide those to the department for assessment. Often with those documents, we will require additional evidence to be provided. We often will be working backwards with the participant to actually gain that information required.

**Senator MARK BISHOP:** Do you know, off the top of your head, which particular regulations, so I can look them up?

**Mr Deakin:** I believe that it is 21, but we are more than happy to provide you with a copy of those.

**CHAIR:** One more question, Senator Bishop.

**Mr Deakin:** Just to clarify that, there are a number of different regulations that affect different types of change requests. I believe 21 is the one we are referring to here.

**Senator MARK BISHOP:** In the previous government, I received a briefing at one stage from officials who advised me that the views of the various state agencies and state governments were quite persuasive, and they provided information to the Commonwealth. Whilst the Commonwealth did not engage in a tick and flick, particular heed was paid to the decisions of the state governments. In that scenario, do decisions of the state government, in the discussion we are having to approve support incentives or relocations, carry any particular weight these days or is it just another matter to be considered?

**Mr Palmer:** Our processing arrangements have not changed, because the regulations have not changed.

**Senator MARK BISHOP:** Has the interpretation of the regulations changed?

**Mr Palmer:** I don't believe so.

**CHAIR:** Senator Ludlam.

**Senator McLUCAS:** It would have been more comforting if the officer had said no. He said, 'I don't believe so.'

**CHAIR:** Senator McLucas, we are asking questions here. Senator Ludlam.

**Senator McLUCAS:** There is a lot of concern out there.

**Mr Pratt:** Perhaps we could clear that up. Nothing has changed in the way we operate under the regulations. The regulations are the regulations, and we adhere to them as we have in the past.

**Senator LUDLAM:** Under this government, does NRAS have a future or do we need to wait for the outcome of the review that we were discussing with Senator Fierravanti-Wells earlier? The government seems to have withdrawn all of its funding, which as far as the sector is concerned and as far as we are concerned, looks as though NRAS is dead. Is the government keeping open the option of reviving it post review, whenever that gets underway?

**Mr Palmer:** Future decisions about the NRAS scheme are a matter for government. But there is funding in the forward estimates right through to, I think, 2028 for the incentives that are currently in play. The regulations and the scheme will continue to pay those incentives.

**Senator LUDLAM:** Yes, I understand that. You are not capping off incentives that are already in the field. I don't mean you—the government itself is winding this back as aggressively as it can without breaching contracts. Does NRAS have a future past this review? Maybe it is best to put it to you, Senator Fierravanti-Wells. Has a decision been made that NRAS is over or are you keeping the option alive to reboot after your review?

**Senator Fierravanti-Wells:** Two things, if I can. One is that we clearly have decided to cap the scheme at around 38,000 incentives. These funds are included in the forward estimates for these dwellings. Incentives under the scheme will be paid for 10 years for these dwellings, subject to eligibility conditions. We hope to improve the administration of the scheme. It has been rorted. There has been the trading of incentives and we want to reduce red tape and better target the scheme. Basically, we are adopting a 'use it or lose it' approach. If delivery conditions aren't being met, then those incentives will be withdrawn. That is the first part. The second point that I want to make is that there will be a review and there will be a number of matters under consideration. No doubt NRAS will also be under consideration.

**Senator LUDLAM:** If the government had decided that NRAS was dead and you are going to pay out your existing obligation and then that was that, you would be telling us, right? It sounds as though the scheme may survive, even though you have taken all the money off the table in the meantime.

**Senator Fierravanti-Wells:** We are not going to pre-empt any review, suffice to say that we will be meeting commitments, as I have outlined, in relation to the current total of around 38,000 incentives.

**Senator LUDLAM:** Notwithstanding the kinds of concerns that Senator Bishop raised, which have been canvassed quite extensively in recent months, does the government believe that it worked as a supply-side measure?

**Senator Fierravanti-Wells:** Can I just say that this was another classic, problematic Labor program.

**Senator LUDLAM:** Oh, please don't start.



**Senator Fierravanti-Wells:** It was poorly designed. I have to, Senator Ludlam, because we have to again clean up another mess in another area. It was originally intended to deliver 50,000 dwellings. It has not. But in addition, it has generated a secondary market in which the NRAS incentives have been traded like futures shares. It was half baked in its design and it has been criticised. Indeed, I know that Senator Bishop himself has been critical of it, as have other colleagues.

**Senator LUDLAM:** As have I.

**Senator Fierravanti-Wells:** We have decided to cap the scheme at the current total of 38,000 incentives and we will meet our obligations in relation to it.

**Senator LUDLAM:** The scheme wasn't perfect by any means, but you must be aware that as far as the investor community is concerned, stability and continuity was that number one complaint. I think as a result of the negotiations over the Queensland flood levy, we had to talk the government out of killing the scheme. Now we have to talk you out of killing the scheme. All the funds want is some continuity as a stable investment vehicle in the affordable housing space. Are you aware that capping it off, as you call it, or killing it as I would put it, is providing exactly the kind of uncertainty that has been part of the problem all along?

**Senator Fierravanti-Wells:** I am sure that this and other issues will be considered as part of the review we discussed earlier, and I do not want to pre-empt what may be in the review.

**Senator LUDLAM:** Are you proposing to be just completely inert, apart from all of the things that you have cancelled, until the middle of next year? Is that what we can look forward to them—nothing?

**Senator Fierravanti-Wells:** As I understand, there is also a Senate inquiry into housing affordability.

**Senator LUDLAM:** Which I believe the government opposed.

**Senator Fierravanti-Wells:** Which is also due, I understand, to report, and I am sure that an appropriate time—

**Senator LUDLAM:** That is a funny thing to hide behind—you opposed it.

**Senator Fierravanti-Wells:** We will respond. This government takes very seriously ensuring that taxpayers money is used appropriately. Something that perhaps you, Senator Ludlam, and some of your Greens colleagues have not been as assiduous about in the past. But I won't make any further comments in relation to that.

**Senator LUDLAM:** You can't help yourself, can you? Can I just ask a technical—

**Senator Fierravanti-Wells:** Nor can, you Senator Ludlam.

**Senator MARK BISHOP:** I have one point, which will be of interest to yourself and the committee. The minister referred to and used the term 'rorting' in reference to, as I understand it, the trading of credits. I should put on the record that I received a briefing in 2013, attended by political officers of the then minister and departmental officials. I particularly raised the issue of trading of credits in the context of NRAS. I was interested to see if it was permitted. I was advised by the officials present that it was a commercial arrangement and they did not have a line on it. I specifically asked whether it was permitted or prohibited, and the officials chose not to respond. So I just want to make it quite clear that there was, under the previous government, advice to me that trading of credits was something that was not yet resolved as either improper or illegal.

**Senator Fierravanti-Wells:** Mr Pratt, if you would like to comment in relation to that briefing. I certainly was not aware of that briefing. Perhaps you may wish to add to it.

**Mr Pratt:** I do not have any knowledge of that briefing. Certainly there can be occasions where trading of incentives is legitimate. But also there can be occasions where the trading of incentives is not legitimate, is happening for the wrong reasons and is being done in contravention of the objectives and the spirit of the scheme.

**Senator Fierravanti-Wells:** Before we go there, I trust Senator Bishop that your comments were not in any way impugning the officials.

**Senator MARK BISHOP:** No.

**Senator Fierravanti-Wells:** You have made certain comments in the past. I wanted to make sure that on this occasion that was not happening.

**Senator MARK BISHOP:** No, Minister, they were in direct response to the language you chose to use.

**Senator LUDLAM:** This is just a technical question, I guess. It should be fairly quick and then I might put one on notice, if I may. In the budget process, where are we going to find this measure to wind it back? Will this need to be put through the parliament and, if so, where? I am talking about the NRAS changes specifically.

**Mr Palmer:** It is on page 205 of budget paper No. 2.

**Senator LUDLAM:** But are you going to need to move separate legislation or is it within the appropriations bills? Help me out. Where are these measures actually going to be?

**Mr Palmer:** There is no separate legislation required. The current administrative processes allow for that to be given effect to.

**Senator LUDLAM:** Finally, the NRAS participants who have signed contracts for construction or developments that then have the incentives withdrawn before completion, I guess you would acknowledge they may incur substantial financial losses due to breaking those contracts. How are you managing that? Are you pulling these incentives out from under people if they haven't met the rather arbitrary new timelines that you have set?

**Mr Palmer:** I indicated earlier that we were not changing our processing and consideration arrangements with change requests. So the arrangements that we were operating under for the last number of years are the arrangements that we are currently operating under.

**Senator LUDLAM:** But the incentives are being withdrawn from rounds that are under active negotiation. People have signed contracts.

**Mr Palmer:** That has been the practice of some time.

**Senator LUDLAM:** So no change. We are not going to be hearing from a whole flood of providers who think that you have yanked the carpet out from underneath them?

**Mr Palmer:** I cannot guarantee that providers who have not delivered and are well overdue will not complain. But I can say that our practices have not changed.

**Senator LUDLAM:** What if the result of a project being overdue is due to the bottlenecks inside the department in processing an application?

**Mr Palmer:** They entered into an agreement a number of years ago, depending on which round they applied under. That is the arrangement that they are making decisions on.

**Mr Pratt:** Clearly if we were at fault in this and it was not their fault, we would not arbitrarily withdraw the incentive. I am not acknowledging that we might be at fault.

**Senator LUDLAM:** Of course. Heaven forbid!

**Senator McLUCAS:** Can I ask how many of the uncontract or unallocated incentives of NRAS pre-round 5 are expected to be clawed back, and on what terms and time frame?

**Mr Palmer:** I don't have a target or an expectation or anything like that. Our experience has been around five to 10 per cent of incentives that are allocated don't come to fruition and are ultimately withdrawn.

**Senator McLUCAS:** But the numbers in the budget don't indicate a predicted clawback.

**Mr Palmer:** The forward estimates don't have any clawback in them. They just have the termination of number 5.

**Senator McLUCAS:** That is the full potential expenditure that could be applied?

**Mr Palmer:** Yes.

**Senator McLUCAS:** The world has changed a bit with people knowing that there is no round 5. Is there a desire and a keenness to make sure that incentives that have been allocated but are uncontract are delivered? What is the quantum of the allocated but uncontracted—

**Mr Palmer:** What is the number of reserved but not activated?

**Senator McLUCAS:** Is that the language?

**Mr Palmer:** Well, we will use that language.

**Senator McLUCAS:** Has that changed, because the language that the sector is talking to me about is this term of 'uncontracted' or 'unallocated'?

**Mr Palmer:** The language in the regulations is about reservations. It is 16,801 as of 19 May.

**Senator McLUCAS:** Describe those in the accurate terminology for me, please.

**Mr Deakin:** It is referred to in the regulations as a 'reserved incentive'. It is a NRAS incentive. That is a reserved incentive, and when they become activated they are an 'allocated incentive'.

**Senator McLUCAS:** When they become activated, is that when the contract is signed?

**Mr Deakin:** That is when the dwelling is delivered into the scheme.

**Mr Palmer:** It is built and it is tenanted.

**Senator McLUCAS:** That is at the very end?

**Mr Palmer:** Yes.

**Senator McLUCAS:** There are a number of points where the incentive can be clawed back, I understand.

**Mr Palmer:** Once it has been delivered into the scheme, it can't be clawed back.

**Senator McLUCAS:** Yes, but working back from there, at what point in the process from successful allocations, or reserving, to the endpoint can the department say, 'You have not met the time frame'? At what point in the process can that happen?

**Mr Palmer:** It can happen at any point. But obviously if people are on the development track, you would not go there. It depends on how far outside the development track before you might come to a view that they will not be delivered.

**Senator McLUCAS:** I will put some hopefully quite discrete questions on notice that might help answer some of those questions.

**Senator SMITH:** Can I asked some questions here about the Building Better Regional Cities program?

**Mr Pratt:** Yes.

**Senator SMITH:** I am just reflecting on the reserved incentive versus allocated incentive. Perhaps after these questions, if there are no other questions, I might go back to NRAS. I have in front of me the Auditor General's report number 25, 2013-14. Are you familiar with the report, Mr Palmer?

**Mr Palmer:** I have had the pleasure of reading it.

**Senator SMITH:** Can you share with me what the report says and what its key findings are?

**Mr Palmer:** Can I give a bit of background to this report before going there? The Building Better Cities program was first announced in July 2010.

**Senator SMITH:** That is the answer to my first question, thank you.

**Mr Palmer:** It was announced the day after the election was called but a day before the caretaker conventions commenced.

**Senator SMITH:** And one month after Julia Gillard deposed Kevin Rudd.

**Mr Palmer:** I do not have that on my chronology.

**Senator SMITH:** I would not expect you to. That is my commentary.

**Mr Palmer:** With the re-election of the Gillard government, a new portfolio was established—SEWPAC, or the Department of Sustainability, Environment, Water, Population and Communities. At the same time, or soon after, the Queensland floods occurred, the program was re-profiled from a \$200 million program to a \$100 million program. The guidelines for the funding of the program were settled at that time, the program was advertised in October and the applications closed in November. The assessment process began and was largely completed in there. The reason I go there is that the first finding of great substance in respect of that is that when the department made a recommendation to the minister on the recommended councils to receive the Building Better Regional Cities grant, the audit office found that we did not refer to the original target that were settled by the government and that the recommendation would have delivered far short of that original target. The difficulty for us, in assessing when the program came back to FaHCSIA in December 2011 with a ministerial reshuffle, was that the original target wasn't in the guidelines that SEWPAC had written. So it was hard to assess against a target that wasn't in the guidelines that was originally there.

**Mr Pratt:** Perhaps I could jump in on that. If we had taken into account something which was not in the original guidelines, I imagine the auditors would have had a real issue with us breaching probity.

**Mr Palmer:** The second issue that arose is that the minister at the time did not accept the recommendation, asked for further information, further information was provided and then the minister came to a different view—and not a completely different view—at the edges about which services should be funded. The audit office was critical of the department that we did not provide the minister with enough cautions around that process and decision-making in that process. There are a range of other technical flaws, in passing, as well.

**Senator SMITH:** I want to go to page 15 of the Auditor General's report. At the top of the page it says:

...the BBRC program has been implemented in a way that gave insufficient attention to the program's objective, the related key performance target (of delivering up to 8000 additional more affordable homes), the program guidelines and the importance of achieving value from the expenditure of public funds. Rather, emphasis was given to spending the program's \$100 million budget, notwithstanding that the recommended applications were expected to deliver less than 3200 additional

more affordable homes (a figure 60 per cent below the program target), and that most of the applications had been assessed by the department to lack sufficient merit and/or as not providing value for money.

**Mr Palmer:** That is correct—that is what the report says.

**Senator SMITH:** Do you have a view about that comment at page 15 of the Auditor-General's report?

**Mr Palmer:** It is a bit difficult to have a view. My knowledge of this program is purely from the audit report and from the files. I was not around at the time these events occurred. So beyond observing that that is what the Australian National Audit Office observed—that is their observation—I do not have anything more that I can bring to the table on that.

**Senator SMITH:** Would you model future programs like—

**Mr Palmer:** You will notice that in the department's response to the audit we made it very clear that we actually have quite a new way of managing grants within the department. In part that is to ensure these kinds of processes do not happen in this kind of way.

**Senator SMITH:** I just want to go then to page 18 of the audit report. It talks specifically about a number of applications and decisions that were taken by the then minister. Who was the minister at the time?

**Mr Palmer:** Minister O'Connor.

**Senator SMITH:** At page 18, heading 29, it talks about the minister having awarded '17 applications, 12 of which had been recommended earlier for funding by the department. In respect to the funding decision,' it says, 'unpublished eligibility criteria, that were inconsistent with key design parameters of the program'. Further, it says in regard to the five—and I will come to the five specific ones in a moment:

... the five not recommended but approved applications<sup>13</sup> had been assessed as offering 'marginal' value for money for the BBRC funding sought. They had also been assessed as not adequately meeting at least two (and in one instance, each) of the five merit criteria. Approving funding for these applications was seen as necessary, otherwise a significant proportion of the available funding of \$114.5 million would not have been allocated.

Does that sound like a good governance model—a good way to proceed when it comes to allocating funds?

**Mr Palmer:** You are asking me to speculate, Senator.

**Senator SMITH:** Sorry?

**Mr Pratt:** I think, in fact, Senator, you are asking Mr Palmer to provide an opinion on something, which we are not meant to do.

**CHAIR:** Do you have any further questions, Senator Smith?

**Senator SMITH:** I do, yes.

**CHAIR:** We do not have much time.

**Senator SMITH:** If my reading of the situation is clear, the former minister funded decisions despite their poor value for money, despite the department recommending against them, in the instance of five, and funding projects that did not adequately meet some of the criteria. I want to turn to five of those 17 applications now—

**Senator McLUCAS:** Wasting the public servants' time.

**Senator SMITH:** These are five non-recommended projects. I just want to share with the committee where they were located.

**Senator McLUCAS:** We can read the report.

**Senator SMITH:** Would you like to share with the committee where they were located, Senator McLucas?

**Senator McLUCAS:** We can read the report.

**Senator SMITH:** Would you like to share with the committee where they were located?

**CHAIR:** Senator Smith, please direct your questions to the officers.

**Senator SMITH:** Tamworth in the seat of New England; Lake Macquarie in the seat of Charlton, held by the member Greg Combet; Maitland in the electorate of Hunter, held by the member Joel Fitzgibbon; Wyong in the seat of Dobell, held by Mr Craig Thompson; and Latrobe in the electorate of Gippsland, handled by Darren Chester.

**Senator McLUCAS:** Chair, this is really wasting the time of the committee. The officer cannot make any comment.

**Senator SMITH:** We have a situation where the Auditor-General's report—

**Senator McLUCAS:** It is abuse of the committee process.

**Senator SMITH:** makes it very clear that funding decisions were made in a way that was not in accordance with best practice. Perhaps not surprising for some—not surprising for those people who read the report, Senator McLucas—seats dominated by Labor members and the independent member for New England.

**CHAIR:** Is that a question, Senator Smith?

**Senator SMITH:** No, it is a comment.

**Senator McLUCAS:** He is abusing your chairperson's authority.

**Senator SESELJA:** I know you do not like the question.

**CHAIR:** Senator McLucas, I think there will always be some varying opinions on what constitutes good questioning and time wasting, and I would like to point out that the opposition has had more than 70 per cent of the hour and a half we have had of questioning in this area already. Senator Smith, could you just—

**Senator SMITH:** My question is this. Does that amount to a wise decision on the part of the former minister in regard to allocating public moneys around those seats?

**Mr Pratt:** I will attempt to answer a question but perhaps not that question. That does ask for us to provide an opinion about the issues you have raised. The only comment I would make is that the former minister was the delegate in this case, and it is open to a minister as delegate to make decisions based on their assessment of what we present and what other information is available. I will leave it at that.

**Senator SMITH:** But a critical issue for the department, Mr Pratt, if I may, is footnote 13:

Under the grants administration framework, these five grants should have been reported to the Finance Minister but departmental advice to Ministers had not identified that these grants required reporting as instances of a Minister awarding a grant that the department had recommended be rejected.

**Mr Pratt:** Yes, our administration in that area fell down.

**Senator SMITH:** Thank you very much, Secretary.

**Senator Fierravanti-Wells:** Senator Smith did ask for an opinion and, in fairness, I would like to put on the record that this was just another debacle. It was intended by the former Labor administration to provide 8,000 additional affordable homes, and 3,200 were delivered. At least something was delivered. It could be considered some victory by the Labor Party but in the real world it was another wastage of taxpayers' money, another monumental disgrace to add to the litany of other debacles of the former Labor government.

**CHAIR:** Thank you, Minister. We will now move into other areas.

**Senator McLUCAS:** In November, Minister Andrews said, 'Improving NAHA is something that the government is currently considering in some detail.' That is quite a while ago now. Can I have an update on what work has been done in the department around improving NAHA?

**Mr Palmer:** There are a couple of things I would note here. In the budget decision the federation review process was announced. My expectation is that housing will be featured as a centre issue in the federation review, which would go to our Commonwealth–state arrangements, in which at the moment NAHA is the principal lead vehicle. That review process will take that forward.

**Senator McLUCAS:** So when Minister Andrews said in November, 'NAHA is something that the government is currently considering in some detail', what did he mean?

**Mr Pratt:** We have been working with the government on the NAHA—identifying some of the issues with the NAHA, which have been well known for quite some time—

**Senator McLUCAS:** We knew that already.

**Mr Pratt:** We have been providing advice to the government on these issues. As we have already discussed this morning, we have the forthcoming review of housing and homelessness and so these issues are being considered in that context. And, as Mr Palmer has pointed out, we have also the federation review white paper process which will cover these things. So we have been looking at these issues in that context as well.

**Senator McLUCAS:** Just for clarity, I understand you have been doing a lot of work but the action that has happened out of that work is that Minister Andrews has referred the NAHA to the federation review—or has he referred the NAHA to the internal housing review?

**Mr Pratt:** They will be connected.

**Senator McLUCAS:** They are connected, so—

**Mr Palmer:** The minister intends that the review he talked about would inform and be an input into the federation review as well. But the issues are linked.

**Senator McLUCAS:** In both places we will review the NAHA?

**Mr Pratt:** The outcomes of the review of housing and homeless will inevitably feed into the government's consideration of the review of the federation, housing of course being delivered by the states. It is their constitutional responsibility. We provide significant funding to the states for that purpose. That is how those are connected.

**Senator McLUCAS:** Okay, that is very clear. We know that we will review it and that is all.

**Mr Pratt:** I am not sure that I can agree with the last part of that premise.

**Senator McLUCAS:** Fine. I am not reflecting on the department.

**Mr Pratt:** Thank you for that.

**Senator McLUCAS:** I am reflecting on the minister's decision making. All I can see is that, nine months later, we have decided that we will have a review and it will happen in two places. I asked a question on notice about whether there would be a formal submission process regarding the future of NAHA. The answer said that at the famous national housing conference on 1 November the minister 'invited the sector and state and territory governments to contact him with their views on housing and homelessness policy'. That was the input process that he encouraged. The answer says, 'The minister has received a letter from two states and two non-government organisations so far.' Is that it?

**Mr Riley:** Those contacts are the ones that make specific reference to his remarks at the national housing conference. Of course he has been approached by a range of organisations in relation to a broad range of housing and homelessness issues.

**Senator McLUCAS:** So there have been no more responses to the invitation Minister Andrews offered at the 1 November AHURI conference. Four pieces of correspondence have been received in response to that offer to consult. That is it?

**Mr Riley:** As I said, there are four pieces of correspondence that make specific reference to the minister's remarks at the national housing conference.

**Senator McLUCAS:** Okay, thank you. I suppose there will be no more formal consultation specifically around NAHA because it is going to be reviewed elsewhere. Thank you for those answers.

**Senator Fierravanti-Wells:** Can I just add, Senator McLucas, that consultation is not just in writing. As has been indicated earlier, the minister is undertaking consultation in a broad range of areas.

**Senator McLUCAS:** Yes: broad, ad hoc. I do not know how the department can glean information from Minister Andrews having a conversation with someone in a hallway. It is a bit hard for the department to know what to do.

**Senator Fierravanti-Wells:** Senator McLucas, given the number of consultative bodies that you had when you were in government, it hardly helped you. Prime Minister Rudd at the time said he would halve homelessness, and it is very clear that homelessness has increased.

**Senator McLUCAS:** That is a very ill-informed comment.

**Senator Fierravanti-Wells:** So I would not be coming into this place and making those sorts of assertions, thank you, Senator McLucas.

**Senator McLUCAS:** I want to go now to the abolition of Housing Help for Seniors. How many people were forecast to take advantage of that program?

**Mr Pratt:** Senator, that is probably a question that should have been asked last night under outcome 1.

**Senator McLUCAS:** Why has Housing Help for Seniors—it has been abolished but then why has it gone to outcome 1?

**Mr Pratt:** That is a good question.

**Mr Palmer:** Housing Help for Seniors, as I understand it, was a change to thresholds on the means test for pension eligibility allowing people to have up to \$200,000 of the sale of their property in a special bank account that was not means tested. Because it goes to the operation of the income support system it is in outcome 1, not in outcome 4 for housing.

**Senator McLUCAS:** That is an answer, thank you. I will put those questions on notice.

**Mr Pratt:** That would be helpful. I am looking at my list of briefings from last night and I appear not to be able to help you.

**Senator McLUCAS:** Thank you. Rent assistance—is this in this area now?

**Mr Palmer:** We are happy to answer questions on rent assistance.

**Senator McLUCAS:** The budget is fairly silent on rent assistance. So I am interested to know what measures in the budget will affect the operation of Commonwealth rent assistance.

**Mr Riley:** There are broadly four things that affect the Commonwealth rent assistance outlays. There is the number of income support customers, there is the nexus between first home buyers and rental, there is the number of people renting and the amount of rent they are paying—so there are a couple of housing affordability things there—and then, at the margins, to some extent there is also the impact of transfers from public housing to community housing dwellings which then become eligible for Commonwealth rent assistance.

**Senator McLUCAS:** Sorry, Mr Riley; I have framed the question incorrectly. I am trying to ascertain—there are a number of measures that were introduced, including the one-week waiting period for all payments, the freeze on non-pension rates of payment, and whether the freeze on thresholds affects the operation of CRA. I am trying to tease out—

**Mr Palmer:** Certainly to the extent to which those parameter changes change the number of clients, as Mr Riley was saying, who receive income support and who are eligible to receive rent assistance there would be a flow-on impact on rent assistance outlays.

**Senator McLUCAS:** So will the one-week waiting period affect—

**Mr Palmer:** You would have to be eligible for a primary payment to receive rent assistance; you cannot get rent assistance as its own payment in its own right. It is a supplementary payment to a primary payment, be that an age pension or family tax benefit A.

**Senator McLUCAS:** Was any advice provided from the housing section of the department to those deliberations? That has enormous implications for making people homeless, as I am sure you understand.

**Mr Palmer:** Which element are you referring to, Senator?

**Senator McLUCAS:** In the framing of the budget, did the housing section—

**Mr Pratt:** Senator, if I can perhaps—this is unusual—re-ask your question for you, are you wondering whether we provided advice on the impacts on rent assistance of these measures?

**Senator McLUCAS:** Absolutely.

**Mr Pratt:** Yes, that would have been taken into account in the costings for the various measures.

**Senator McLUCAS:** Not the costings, Secretary—I am actually more interested in the implications of this measure. If we say to people who do not have any income that they cannot even get their rent assistance for a week, we know what happens in those circumstances: people lose their homes. So was the housing section of DSS consulted on the implications of applying the one-week waiting period on Commonwealth rent assistance?

**Mr Riley:** I do not believe we were specifically consulted in relation to what you are talking about. However, we were part of a broader governance arrangement in relation to the payments forum and were broadly consulted.

**CHAIR:** One more question here, Senator McLucas.

**Senator McLUCAS:** I want to finish off this element. How does the freeze on all non-pension rates of payment affect Commonwealth rent assistance?

**Mr Palmer:** The way rent assistance works is that if you get a dollar of an eligible payment you get the supplement as the supplement is calculated. So, to the extent that changes in the parameters for income support change the number of people who may be eligible, there will be a number of people who do not get rent assistance.

**Senator McLUCAS:** Have you worked out how many that is?

**Mr Palmer:** We would have worked out the costing element in doing the forward estimates.

**Senator McLUCAS:** How much is that saving for CRA?

**Mr Riley:** The outlay on Commonwealth rent assistance is forecast to increase by 9.1 per cent over the course of 2014-15.

**Senator McLUCAS:** That is a good answer but not the answer to the question that I asked.

**Mr Riley:** I do not have the details of the cost implications.

**Senator McLUCAS:** But you could find that out for me?

**Mr Pratt:** We can take it on notice.

**CHAIR:** One last question, Senator McLucas.

**Senator McLUCAS:** Does the freeze to the threshold result in a freeze to the cap—the total amount that could be paid? How will the freeze on the threshold affect the CRA?

**Mr Palmer:** The calculation of rent assistance is not affected by changes to the parameters in calculating the primary payment. The calculations for calculating rent assistance were not changed in the budget.

**Senator McLUCAS:** Okay. That answers that.

**Senator PERIS:** The National Rental Affordability Scheme—what was the funding applicable for the Northern Territory for rounds 3 and 4?

**Mr Palmer:** In round 3 we offered 1,200 reserved incentives. In round 4 we offered 496. They were the offers accepted.

**Senator PERIS:** I do not know if this question has been answered. On 24 March this year the review of the National Rental Affordability Scheme—there was going to be a review. Has the review been done?

**Mr Palmer:** No, the review has not commenced yet. It will be part of the larger review that the minister announced in the budget.

**Senator PERIS:** When do you envisage that being completed?

**Mr Palmer:** It will occur over the next financial year.

**Senator SIEWERT:** What work has the department done on any calculations of the impact of the young people's no income support measure on homelessness?

**Mr Palmer:** We have not done an impact calculation or an estimate.

**Senator SIEWERT:** Have you been asked to do any calculations on it?

**Mr Palmer:** No, we have not.

**Senator SIEWERT:** Mr Pratt, why haven't you done any work on looking at the impact of the young people's measure where they are forced to live on no income support for six months?

**Mr Pratt:** I would not agree that we have not done any work on that.

**Senator SIEWERT:** Calculations on the impact of homelessness?

**Mr Pratt:** I do not believe we have made a calculation on the impact of homelessness. As we discussed last night, I do not think we are in a position to be able to make a calculation of that sort.

**Mr Palmer:** We do not believe it is possible to make a reliable estimate. We just do not have the data that goes to causality, the evidence, marginal propensities for behavioural change—we just do not have the information to inform a reliable estimate.

**Senator SIEWERT:** You have said that you have not yet done any preparation work for asking for research to be done. Is it not inevitable with this measure that you can expect that there will be an increase in homelessness of young people?

**Mr Pratt:** We just do not know.

**Senator SIEWERT:** You know this is going to have a significant impact, because you have already budgeted for emergency relief funding. So you know that it is going to have an impact. What impact do you think it is going to have on homelessness?

**Mr Pratt:** I cannot tell you, Senator. I do not know.

**Senator SIEWERT:** Have you done any policy work—because I am not allowed to ask 'do you think'—on its impact on homelessness? Have you not taken that into consideration when you have been looking at its impact?

**Mr Pratt:** Certainly we have. I will remind you, Senator, that this measure affects more than my department; it covers a number of portfolios. What I will say is that in the budget process we looked at impacts to the extent we could in providing advice to government.

**Senator SIEWERT:** But why can you not then look at, given the comments that Mr Palmer made—I understand that there are some unknowns but you do know that it is going to have an impact. So why not at least do some work?

**Mr Palmer:** The measure was specifically designed not to have an impact on people who were not work ready. It has a range of exemptions: are people in full-time education, do they have a paid work capacity that is greater than 30 hours a week—

**Senator SIEWERT:** I am aware of those exemptions but it does not—

**Mr Palmer:** But that design—



**Senator SIEWERT:** But anybody with work readiness—if you have not got any money you still cannot pay the rent.

**Mr Palmer:** The framework was designed to—specifically at the work ready end, rather than people with high support needs.

**Senator SIEWERT:** I understand what you are saying. But the government knows it is going to have an impact. It has budgeted for the impact.

**Mr Pratt:** Senator, I do not want to be argumentative but we cannot calculate, for example, the extent to which people will rely on support from family and from friends and other support that might be available through existing services. We have not attempted to quantify things in this area and what we are saying to you is that we, certainly at this stage, are not able to do so.

**Senator SIEWERT:** I could sit here and argue for hours but I will not.

**CHAIR:** Senator Ludlam, just two or three so Senator McLucas can finish off.

**Senator LUDLAM:** I will be brief. I am going to continue in similar vein as Senator Siewert. There is actually a motion before the Senate at the moment to the government to provide an estimate of how many people will be made homeless as a result of the cumulative impact of the budget measures. Senator Fierravanti-Wells, do you want to take this one? Does the government intend to provide that figure—or at least that modelling, an estimate?

**Senator Fierravanti-Wells:** Can I just make a couple of points if I can.

**Senator LUDLAM:** I am after a reply to the question. That would be better.

**Senator Fierravanti-Wells:** As Mr Palmer has said, there are exemptions. And, as Mr Pratt has eloquently responded, this calculation has not been done.

**Senator LUDLAM:** The department is not sitting there helplessly waiting for direction from government. They are meant to be providing frank and fearless advice. Will the department provide this committee and the Senate with an estimate of how many additional people will be made homeless—because that has direct consequences for service providers, who are already struggling—as a result of the 2014-15 budget?

**Mr Pratt:** Two comments there, Senator. One is—and this was well covered yesterday—we do not do calculations of impacts of budget measures that go beyond what this department is responsible for. That is a role for Treasury, not for this department. Subject to the outcome of the process you have described in the Senate, we will react to what the government wishes us to do following that.

**Senator LUDLAM:** I am working with 40 or 50 people sleeping in their cars and in swags and in tents in a car park in Rockingham. What do I take home to them about this government's policy on homelessness and whether the cumulative impacts of the budget that is before the parliament now will be to throw thousands or probably tens of thousands more people into homelessness? Senator Fierravanti-Wells, do you intend to at least try to provide an estimate of the additional assistance that crisis centres, support centres and shelters are going to need to provide to the additional people who will be made homeless as a result of the budget? Can you at least commit to coming up with an estimate so that your department and the service providers on the front line and the people sleeping in a car park will have some idea of the impacts?

**Senator Fierravanti-Wells:** Mr Palmer's comment that we are not in a position to estimate that figure—

**Senator LUDLAM:** Don't you think it would be a useful thing to find out?

**Senator Fierravanti-Wells:** He gave you the reasons why—

**Senator LUDLAM:** I am asking you. You are in the executive.

**Senator Fierravanti-Wells:** Mr Palmer is giving advice in relation to that point. He is answering your question, Senator Ludlam. Mr Pratt also indicated the position. I do not add anything further to that. The reality is that there are provisions in the budget in relation to vulnerability and homelessness, and there are exemptions in relation to provisions. I cannot add anything further. As Mr Pratt said, this matter—

**Senator LUDLAM:** You could if you wanted to, Minister.

**Senator Fierravanti-Wells:** Senator Ludlam, I am not sure if you were present yesterday. Matters pertinent to provisions in the budget to do with social security matters were well canvassed yesterday at estimates. I am not sure if you attended. As Mr Pratt said—I am sure that had you been present you could have asked these questions but I am sure you would have got the same response that we are giving you this morning.

**Senator LUDLAM:** That is the first point of agreement so far.

**Senator McLUCAS:** I note that all the questions that I asked in the housing and homelessness space were answered after the cut-off date. On what date did each of them go to the minister's office?

**Mr Palmer:** I would have to take that on notice.

**Senator McLUCAS:** Thank you very much. Can I ask why Reconnect and the Home Advice program have been moved into outcome 1?

**Mr Palmer:** I understand that that would have been discussed at length yesterday as part of the broadbanding and reforming of the department's grant arrangements. I believe that the secretary tabled his honeycomb document—

**Senator McLUCAS:** Yes, he did, and that was very helpful. The question I am asking—and, Mr Pratt, you might be able to help me—is why those two programs, one of which is a youth homelessness program and the second a program to provide non-government organisations brokerage money to keep people housed, are not in housing anymore.

**Mr Pratt:** In fact they have moved into program 2.1, which is next on the agenda. We will have the people here who can—

**Ms Laffan:** I can respond. Broadly it was a program reform to reduce duplication and increase efficiency. With respect to Home Advice, it will sit under a financial capability and wellbeing program, and a target group of that program will remain families homeless or at risk of homelessness. With respect to Reconnect, it has been moved into outcome 2 because of the strong focus on family relationships as an important foundation to improving the living situations of young people at risk of homelessness. You might be aware that the Reconnect program—the funding agreements continue until 30 June 2016, so they will not be affected by the program reforms.

**Senator McLUCAS:** I suppose it is the philosophy we are bringing to it that I am questioning.

**CHAIR:** We will break now for morning tea.

#### **Proceedings suspended from 11:01 to 11:17**

**CHAIR:** We will resume with outcome 2. This goes through in programs, of course, but I think the first area where senators have questions is in the area of emergency relief. Secretary, I was told there was an income management summary that was to be tabled.

**Mr Pratt:** Madam Chair, I believe it was presented yesterday. This is the income management information that we provide each time ahead of the hearing to help senators see what—

**CHAIR:** Thank you. This is entitled 'Income management summary 16 May 2014'.

**Senator MOORE:** Ms Bennett, thank you so much for the information that you gave us yesterday. I have been through most of it. I have to admit I have not gone through every one of the grants, because it is killing my printer, but I am more than happy to have that. I will come back to some more questions—and I know many people have them—about the general grants stuff, particularly in this program where there are so many. But I have some particular questions about emergency relief. We had some discussion last night, and I am just trying to get it clear, about emergency relief. Can you give me any information about what has happened to emergency relief in this budget?

**Ms Bennett:** Emergency relief as it exists and has historically continues within this budget. Emergency relief has also, as was set up in the big hexagonal—

**Senator MOORE:** The honeycomb.

**Ms Bennett:** honeycomb is now part of financial wellbeing. The estimated—as I have explained previously, we obviously are going through a selection process for those broadbanded programs. But the estimated availability for funding for emergency relief as it stands—and I am separating that out from the new component which may come out of the learn and earn measure—

**Senator MOORE:** We will talk about that separately. I want to get the baseline and then anything that is coming in.

**Ms Bennett:** On the baseline the estimated funding for 2014-15 is just under \$60 million.

**Senator MOORE:** How does that compare to the previous year?

**Ms Bennett:** Sorry, it is \$50 million.

**Senator SIEWERT:** It is \$50 million now?

**Ms Bennett:** For 2014-15.

**Senator SIEWERT:** That is what I mean, yes. And what was it previously?

**Ms Hefren-Webb:** This year's funding is \$57.457 million.

**Senator SIEWERT:** So it has gone down.

**Senator MOORE:** So 2013-14 was \$57 million—is that right?

**Ms Bennett:** Yes. And, as I have said, this is an estimated funding depending on the arrangements.

**Senator MOORE:** Absolutely. So \$57 million was in the budget and spent in 2013-14—is that right?

**Ms Bennett:** Yes. And this year it is notionally allocated, pending the selection process, just over \$50 million. That reflects also a reduction in the number of requests or episodes for assistance. I will just go back with some numbers. In 2011-12 there were just over a million requests for assistance. In 2012-13 there were 864,000 requests for assistance. Last year there were, to date for a half year, 374,000.

**Senator MOORE:** That is until when?

**Ms Bennett:** To December.

**Senator MOORE:** So it is the end of December figure?

**Ms Bennett:** Yes. The adjustment in the funding reflects—

**Senator CAMERON:** What does that December figure include?

**Ms Bennett:** To the end of December.

**Senator CAMERON:** What was that figure?

**Ms Bennett:** Just over 374,000 requests for assistance. As you would be aware, that is not individuals. An individual over a period may have more than one occasion on which they seek that assistance.

**Senator MOORE:** Sure. And those guidelines for how many times they can seek and those things have not changed?

**Ms Hefren-Webb:** The guidelines ask that the organisation take steps to limit the number of repeat requests and try to assist people to—refer them to other services, financial counselling, other support services, with an aim of building their capability so as to not need to keep coming back. But it does not set any cap.

**Senator MOORE:** No, the guidelines actually are there in allowing an individual agency to determine their own process.

**Ms Hefren-Webb:** Correct.

**Senator MOORE:** My understanding is that if there are people who have concerns about that they can come back through the system and ask questions. Is that right?

**Ms Hefren-Webb:** If people have concerns about—

**Senator MOORE:** Individuals who are concerned about the way it is operating can actually go through the organisations that are supplying the emergency relief or, in some cases, contact the department with concerns.

**Ms Hefren-Webb:** Yes, they can ring our contact line or our complaints line if they feel they have been denied access.

**Senator MOORE:** And in the past we have asked that question. Do you have any statistics about how many complaints or concerns or calls about emergency relief have come through to the department?

**Ms Hefren-Webb:** I do not have that with me.

**Senator MOORE:** Can we get that on notice?

**Ms Hefren-Webb:** Yes, I will get someone to provide that.

**Senator MOORE:** In terms of the way the emergency relief funding is provided, is there a review after every year to look at the funding for the next year? We have heard that the reduction from \$77 million to \$50 million is responsive to the number of requests that had occurred the year before. Is there any—

**Ms Hefren-Webb:** It is from \$57 million to \$50 million.

**Senator MOORE:** Sorry.

**Ms Hefren-Webb:** The last set of funding was provided on a three-year basis, so it would have been determined back in 2010-11. You will remember that there were significant increases made to emergency relief at the time of the global financial crisis.

**Senator MOORE:** Yes, we do remember that.

**Ms Hefren-Webb:** Yes. A decision around the next three years of funding was made then. We are now entering a new funding agreement period. As Ms Bennett outlined yesterday, we are looking at five-year funding for providers. So these figures are our current estimate of how much emergency relief will be allocated over the next five years, based on our analysis of demand and on the funding available within the broader program activity.

**Senator MOORE:** We had a three-year funding cycle that was due to end this year. The emergency relief organisations are part of the general—looking at the discretionary grants program. Emergency relief—did they get a six-month or a 12-month letter?

**Ms Hefren-Webb:** Six month.

**Senator MOORE:** So from the period of now until July they will be funded on the basis of \$50 million—is that right?

**Ms Hefren-Webb:** No, the \$57 million was continued for the six months. As with other agreements, it was pro rata.

**Senator MOORE:** I did not get that clear earlier. So the letter that they have got to the providers—and one of us will ask about that soon. The letters that went out—and I have read your sequence of communication, Ms Bennett, so I presume they all got an email and then they got a letter, and the letter includes the information about what is going to happen to them over the next 12 months in the process. They have got a letter saying that for the next 12 months they will get pro rata of \$57 million. Is that right?

**Ms Hefren-Webb:** Six months.

**Senator MOORE:** Six months at a pro rata of \$57 million?

**Ms Hefren-Webb:** Yes.

**Senator MOORE:** Then there will be the process of a five-year grant program.

**Senator SIEWERT:** Are they on the five-year grant program?

**Ms Hefren-Webb:** They are in the selection process.

**Senator MOORE:** For a five year?

**Ms Hefren-Webb:** Organisations will be applying.

**Senator SIEWERT:** This is the 19 June tender document?

**Ms Hefren-Webb:** Correct: that process. We have a new activity called financial wellbeing and capability. It rolls in emergency relief, financial counselling, microfinance activities like the low-interest loans scheme, and money management services. Those organisations will be applying for funding under that activity. The figures that we were reading out are our estimate of how much of that activity will go for emergency relief.

**Senator SIEWERT:** Of that component?

**Ms Hefren-Webb:** Of that activity.

**Ms Bennett:** If I can refer you to page 98 of the portfolio budget submission, there is the estimate for financial wellbeing and capability as the total broadband program. And the emergency relief is—it is five down. Financial wellbeing and capability—emergency relief is an element of that program in the new broadbanding arrangement.

**Senator SIEWERT:** Okay, I could not see the words.

**Senator MOORE:** Ms Bennett, I am particularly interested—

**Senator CAMERON:** Where is the—

**Senator MOORE:** It is the yellow book, Senator Cameron.

**Senator CAMERON:** What page are we on?

**Ms Bennett:** Page 98.

**Senator MOORE:** What I have not heard yet—and I have religiously written down all the figures. What I have not heard yet is in that financial wellbeing and capability bucket, which picks up not just emergency relief but also the others, how much is there for each of those new components. We have not shared that information yet.

**Ms Hefren-Webb:** As Ms Bennett was outlining, we are going through a selection process. So we have asked organisations to apply. Some organisations will apply for just one type of activity and some might wish to deliver a no-interest loans scheme, emergency relief and financial counselling. Once we have received all the applications

and made the assessments then we will have a final figure on exactly the components that go to each. But our estimated component for emergency relief at this stage—

**Senator MOORE:** Emergency relief only?

**Ms Hefren-Webb:** Yes—emergency relief and things like food bank assistance, which really is the same sort of thing.

**Senator MOORE:** Okay.

**Ms Hefren-Webb:** \$50.149 million in 2014-15.

**Senator SIEWERT:** What are the estimates for the other components? So financial counselling—I understand what you just said; they are a bit flexible. But you have obviously allocated a notional emergency relief. What is it for those other components?

**Ms Bennett:** We will have to take that on notice to break up all those components. We will see if we can find it.

**Ms Hefren-Webb:** I am sure we can provide that this afternoon. I will get someone to send that through.

**Senator SIEWERT:** Thanks.

**Senator MOORE:** All of it has to fit within \$139,131?

**Ms Hefren-Webb:** Correct, yes.

**Senator MOORE:** So the whole component for financial wellbeing and capability is \$139,131, of which, based on your current calculations, \$50.149 million will be for the emergency relief for 2014-15?

**Ms Hefren-Webb:** Yes.

**Ms Bennett:** And, as you see, last year for those like-like activities, it was \$122,960. So the same activities that we are talking about that have been broadbanded to reflect the estimated actual in 2013-14 were also added together to what their expenditure was on those various elements from last year.

**Senator MOORE:** So \$122,960 for 2013-14 included all the things that we are talking about?

**Ms Bennett:** Yes. That reflects also the earlier conversation that the secretary showed about the reorganisation of the department. It shows the honeycomb. So for those elements that move into the future, the expenses in the last year for them have been added up together. As is the normal practice in a portfolio budget submission, you can see what the expenditure was in the previous year and then what the expenditure is in this year and the forecast in the forward estimates.

**Senator MOORE:** Given that, last year's emergency relief component was \$57 million and this is \$122,960; is that right?

**Ms Bennett:** Yes.

**Senator MOORE:** I need to know what the last year's components of all the other things are. If these figures are as they look, it says in 2013-14 for everything, including emergency relief, the total was \$122,960. In 2014-15, the same components identically will now total \$139,131. We already know that there is going to be less for emergency relief. There must be an increase in other things. Is that right?

**Ms Bennett:** It also includes the additional half-year or proportion of the assistance that will be provided under the learn and earn measure.

**Senator MOORE:** And how much is that?

**Ms Bennett:** For 2014-15, for the period of effect, it is estimated—as we have said, it is not final until we know what the arrangements will finally be—at \$20 million.

**Senator SIEWERT:** That is the half-year money, is it not?

**Ms Bennett:** A half year within the parameters which we discussed last night.

**Senator SIEWERT:** That is what I mean. It is not timed to go with the starting of the program?

**Mr Pratt:** One of the benefits of this broadbanding—I hope we have made this clear—is that if there is a requirement for more money in one subcomponent as compared to another one, we have the flexibility to move the money back and forth.

**Senator MOORE:** Making funding more flexible. You can move in between buckets?

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

**Senator MOORE:** As long as it is the one big bucket. You will not be able to move anything from financial wellbeing and capability into settlement services?

**Mr Pratt:** No.

**Senator MOORE:** You could not?

**Mr Pratt:** We could not.

**Ms Bennett:** No.

**Senator SIEWERT:** If you take that \$20 million off the 2014-15 budget, it comes down to \$119,000.

**Ms Bennett:** Yes.

**Senator SIEWERT:** So that is a decrease in that bucket?

**Ms Bennett:** A minor decrease.

**Senator CAMERON:** Where do you get the \$20 million from?

**Ms Bennett:** It is at page 35.

**Mr Pratt:** I might go to the further implications of your question. What was the basis for a \$20 million estimate for that financial year? We have made an estimate of the potential number of requests that we might get for assistance for people who are part of the earn or learn program. There is something that I think would be very helpful to clarify from the discussion last night. We used the term 500,000 people over four years. That is, in fact, 500,000 requests over the four years. In fact, the number of people no doubt would be a subset of that because our experience is a number of people will potentially seek extra assistance and on multiple occasions. Just to complete that, the estimate that we have done in this area is, on average, very roughly over the period of the four years—and this is an average—it will come to around \$400 of assistance on each request. That is a mathematical breakdown of the \$229 million.

**Senator CAMERON:** That really was not where I wanted to go. But thanks for that information.

**CHAIR:** Senator Cameron, you have some follow-up questions here?

**Senator CAMERON:** Yes. You talk about the honeycomb. Someone listening probably would not know what the honeycomb is. But that is basically the basket of funding of the envelope across all your different agencies. Is that right?

**Mr Pratt:** This goes back to my show and tell yesterday.

**Senator CAMERON:** Just wait a minute, Mr Pratt. This is a very simple proposition I am looking at. First of all, I am trying to find out this: is the \$20 million being shuffled within the overall allocation to DSS?

**Mr Pratt:** It is new money associated with the budget measure—the earn and learn.

**Senator CAMERON:** So where does that new money come from?

**Mr Pratt:** Well, it comes from the money set aside within the measure earn and learn, which is on Budget Paper No. 2.

**Senator CAMERON:** So let us chase that back a little.

**Ms Bennett:** That is different. It is reflected in the yellow book on page 35.

**Senator CAMERON:** This one here?

**Ms Bennett:** Yes. And in the other white book that you have on your table, it is, as the secretary referred to, on page 210.

**Senator CAMERON:** You say it is new money. You are saying \$20 million. Where does the \$229.6 million over four years come from?

**Mr Pratt:** It is in our PBS on page 35, as Ms Bennett has pointed out.

**Senator SIEWERT:** Could you just explain—

**Mr Pratt:** If I can please continue.

**Senator SIEWERT:** where it is on the page, though.

**Mr Pratt:** At page 35 of the PBS.

**Senator SIEWERT:** Yes. Which bit is it?

**Mr Pratt:** It is right down the bottom at outcome 2, administered expenses.

**Senator SIEWERT:** It is as clear as mud. It says 'administered expenses'. As if we could work that out.

**Ms Bennett:** Well, it actually has a heading that says 'Stronger participation incentives for job seekers under 30'.

**Senator SIEWERT:** But it does not say what it is for.

**Ms Bennett:** It is participation incentives for job seekers under 30.

**Senator SIEWERT:** It does not say it is for emergency relief.

**Ms Bennett:** But if you go to page 210—

**Senator CAMERON:** Before you go to page 210—

**Mr Pratt:** Can I please finish?

**Senator CAMERON:** I am happy. Everyone just seemed to be heading off.

**Mr Pratt:** I am getting a number of questions here. I want to finish. On page 210 of the Budget Paper No. 2, it sets out the stronger participation incentives for job seekers under 30 measure, which is a savings measure that has savings of \$1.2 billion over four years. That is the net result of this measure. But there are expenditure elements to this measure, including the extra money for assistance for people which will be provided through the emergency relief program.

**Senator SIEWERT:** I want to follow that up, then.

**Senator CAMERON:** Can I just finish my questions, please?

**Senator SIEWERT:** Well, you jumped in on us asking some questions, Senator.

**Senator CAMERON:** Actually, Senator Moore was asking questions and you jumped in. I am trying to get some follow-through.

**CHAIR:** I think there is a tradition of jumping in going on here, Senator Cameron.

**Senator CAMERON:** I want to finish this line of questioning. So in terms of this figure of \$230-odd million—is it \$234 million, is it?

**Mr Pratt:** It is \$229 million.

**Senator CAMERON:** Is that \$229 million all new money?

**Mr Pratt:** Yes.

**Senator CAMERON:** When you say new money, is it new money for the program or is it additional money for the portfolio?

**Mr Pratt:** It is both. It is new money for the program which has come to the portfolio as part of the earn or learn measure.

**Senator CAMERON:** Is there somewhere in the budget that can identify where that \$229 million came from?

**Mr Pratt:** Well, it arises from the combination of spends and savings associated with this measure, which are set out not in detail. But the net effect is set out on page 210 of the Budget Paper No. 2.

**Senator CAMERON:** So how about giving us some of the detail of where it comes from.

**Mr Pratt:** Yes. The savings come from Newstart allowance and youth allowance.

**Senator CAMERON:** So it is money that some of the lowest socioeconomic people in the country are losing. So poor people are losing it and it is being paid for this new earn and learn Work for the Dole scheme. Is that right?

**Mr Pratt:** Well, the measure is about people spending a longer period looking for work without income support. So there are savings associated with that, some of which have been reinvested for this purpose.

**Senator CAMERON:** So it is not really new money, is it? Some of the poorest people in the country are actually losing income to pay for this. Is that how it works?

**Mr Pratt:** I do not want to sound like a CFO, but this is prospective. So it is money that is anticipated to be expended in future years. The measure is an estimate of reduced expenditure in that area, which then frees up resources that can be invested for emergency relief purposes.

**Senator CAMERON:** So, in simple terms, it means that people on Newstart are getting less and it is being ploughed into the Work for the Dole scheme?

**Mr Pratt:** That is another component of the measure.

**Senator CAMERON:** But that is not what I was asking you. So the money comes from Newstart recipients. Is that correct?

**Mr Pratt:** The money comes from an estimate of reduced expenditure on Newstart allowance and youth allowance, which can be reinvested for interventions like Work for the Dole and emergency relief.

**Senator CAMERON:** Well, how can you say that is new funding? That is not new funding. That is a shuffling. That is actually taking money away from some of the poorest Australians in this country.

**Mr Pratt:** This is where I was being unhelpful in a technical sense. It is new money because it is money that is yet to be appropriated in future years. It has not happened yet. It is new to the emergency relief program.

**Senator CAMERON:** That is quite a technical explanation, is it not?

**Mr Pratt:** You are welcome.

**Senator CAMERON:** There are lots of laughs going on in the background from bureaucrats who are not going to suffer.

**Senator Fierravanti-Wells:** Senator Cameron.

**Senator CAMERON:** I just find that outrageous.

**Senator Fierravanti-Wells:** Senator Cameron, ask your question of the secretary.

**Senator CAMERON:** The secretary makes a smartarse remark and all the people start laughing.

**CHAIR:** Senator Cameron!

**Senator CAMERON:** What a joke.

**CHAIR:** Order!

**Senator Fierravanti-Wells:** Senator Cameron, please withdraw your comments. Do not impugn the officials.

**CHAIR:** Order!

**Senator CAMERON:** Okay. I will come back.

**CHAIR:** Order! Senator Cameron, would you withdraw that remark, please?

**Senator CAMERON:** That the secretary made a smartarse remark? Is that the one you want me to withdraw?

**CHAIR:** Please withdraw your comments, Senator Cameron.

**Senator CAMERON:** Is that what you want me to withdraw?

**CHAIR:** You know what I want you to withdraw, Senator Cameron, and I do not think you are behaving in a very professional manner at all. Please withdraw.

**Senator CAMERON:** If it makes you happy, I withdraw.

**Mr Pratt:** May I apologise for my remark. It was light-hearted, and I did not intend to provoke laughter with that feeble comment.

**Senator CAMERON:** Well, it did provoke laughter. I just find it really, really bad when people are sitting on \$100,000 plus—

**CHAIR:** Senator Cameron, three more questions.

**Senator CAMERON:** and people are on \$35 a day. I do not think it is appropriate for laughter, let me tell you. It is not appropriate.

**Mr Pratt:** My feeble joke was intended to make light of the difficulties associated with describing the technicalities behind our budget processes.

**Senator CAMERON:** I can understand why you are having that difficulty. It is difficult. Let us come back—

**Senator Fierravanti-Wells:** Senator Cameron, some of your people did not think about ripping off the HSU and other unions.

**Senator CAMERON:** Let us come back to this, Secretary. So can you tell me how much of the component is being allocated in the future to be removed from Newstart and youth allowance to be put into the Work for the Dole scheme?

**Mr Pratt:** No, I cannot. That is an employment department matter. They run the Work for the Dole scheme. But it will be the amount set aside for Work for the Dole.

**Senator CAMERON:** What about the expenses for the emergency relief? Can you tell me how much is coming back to the department from Newstart and youth allowance back to the emergency relief component of your budget?

**Mr Pratt:** It is \$229.6 million.

**Senator CAMERON:** So it is new money for the department, but in the overall budget parameters, it is not new money, is it?



**Mr Pratt:** Well, I probably cannot explain it any better or worse than I attempted to before.

**Senator CAMERON:** So it comes from Newstart recipients and it comes from youth allowance recipients and goes into your emergency relief. Is that not a bit circular, because a lot of these Newstart recipients and youth allowance recipients will probably come and ask for the money, some help?

**Mr Pratt:** This is a very conventional way in which budget measures operate and have done for decades.

**Senator SIEWERT:** I want to pick up that line of questioning. To check where the money is coming from, could you take us through the out years for the additional emergency relief money—the \$229 million—because we have \$20 million for the next financial year that comes off the \$139,000. In the next year, 2015-16, you have \$164,686. How much of that is the allocation that goes to this special emergency relief?

**Mr Pratt:** If you go to page 35 of the PBS.

**Senator SIEWERT:** That is that \$86 million. So all those administered expenses are all that emergency relief money. Is that correct?

**Ms Bennett:** I can walk you through the anticipated split between what we would call the base emergency relief and aligning it—

**Mr Pratt:** Before Ms Bennett does that, if you look across that line, you have \$20 million in 2014-15, \$86.5 million in 2015-16, and \$71.12 million et cetera. That line totals \$229 million.

**Senator SIEWERT:** And the \$51 million. So that all comes off the money that is allocated here against emergency relief. In other words, financial wellbeing and capability is now emergency relief. It goes down—

**Mr Pratt:** It contributes to that program.

**Senator SIEWERT:** So \$86 million comes off there, because half of the allocation is the emergency relief for this program. Is that correct?

**Ms Hefren-Webb:** The underpinning activities, such as microfinance, had some different funding profiles. For example, when funding was provided for the no interest loans Siemens Saver Plus at \$12.5 million a year, I think it is, it was provided in a terminating fashion. So there was already a predicted drop of \$12 million in 2015-16.

**Senator SIEWERT:** That is what we are trying to find out. I am trying to find out how much in each of those components that were running and some that were not were going to stop. That does not mean they were not important and that they should not be continued. That is why we need those figures. In order to properly do this, we need those figures against each of those programs to see where money is coming out of and where money has been going. Financial counselling is in this section as well. What we are really keen to know is what is happening with that money, for example. With this information so far, we cannot tell that.

**Ms Hefren-Webb:** That is related to the decision around broadbanding and the selection process. As I said, we will attempt to get you an indicative split, noting that for a terminating measure there may be a process next year to go and seek additional funding and so forth.

**Senator SIEWERT:** If we are able to get that, because we are continuing with this after lunch. I suppose what I am putting on notice and asking the chair is, once we get the information, we are going to have a whole number of questions that we would like to continue with once we have that information.

**Senator MOORE:** How long will it take, because I would have thought these were kind of expected questions? With the interest that we have had around these areas over many years, I would have thought that whole honeycomb effect of looking at financial wellbeing, and whatever the title is, would be an area where we would have that data. What is the problem?

**Ms Hefren-Webb:** Senator, the problem, I guess, is that we are in the middle of a selection process. So we have been out to talk to providers, as you know. There have been a number of information sessions. There is a probity adviser advising the department about what it is appropriate to advise in terms of specific funding amounts for specific activities prior to running a selection process.

**Senator MOORE:** That is the 19 June one?

**Ms Hefren-Webb:** Yes. So some of the detail is not there as it would have been there in previous years because of that process. We can provide it to you on the basis that you understand it is a very indicative split and with all the caveats around it.

**Ms Bennett:** I will add to that. To be emphatic and to define what might be in every component pre-empts that we are going out to selection. Organisations may come up with different configurations of delivering those services and those elements. The efficiencies that we talked about yesterday—about streamlined contracts, about

changed arrangements and about bundling up, to say X is available for this and Y is available for that—ends up perhaps pre-empting where they might come back and say how much they can do it for.

**Senator SIEWERT:** Ms Bennett, I understand that. But, from our perspective, we are looking at a table that says next year there is \$86½ million for emergency relief under the earn and learn measure. That comes off \$164 million. It takes it down to half. It takes it down to around, quickly doing the maths, \$80 million, which is substantially less than the money that was allocated for this financial year.

**Ms Hefren-Webb:** So it is partly in relation to a series of terminating measures as well as a decision to allocate savings from grant programs, as discussed yesterday.

**Senator SIEWERT:** What we are trying to understand is where those cuts come in.

**Senator Fierravanti-Wells:** Senator Siewert, I appreciate where you are going. I think it is probably appropriate that this question, given the probity issues, be taken on notice. After lunch perhaps—

**Senator MOORE:** For how long, Minister?

**Senator Fierravanti-Wells:** We may be able to give an indication of what information we can assist with. But I think we are going around in circles.

**Senator SIEWERT:** I want to frame why we need this.

**Senator Fierravanti-Wells:** I appreciate, Senator Siewert, your question. I understand there are also probity issues. Perhaps if we can come back to you just after the lunch break with another response in relation to this.

**CHAIR:** And then we will have further questions.

**Senator Fierravanti-Wells:** And then we will have further questions.

**CHAIR:** Last question, Senator Cameron.

**Senator CAMERON:** I want to clarify what you are going to come back with, because the honeycomb broadbanding rhetoric makes it more difficult to identify what is happening. I reckon you could get to the bottom of Eddie Obeid's trust funds easier than that.

**Senator Fierravanti-Wells:** Senator Cameron, you probably know how.

**Senator CAMERON:** Then you could get to the bottom of the Liberal Party's funding arrangements quicker than this.

**Senator Fierravanti-Wells:** Senator Cameron, those comments are not relevant to the inquiry.

**Senator CAMERON:** The question I am asking—

**Senator Fierravanti-Wells:** Senator Cameron, have you looked at it? Have you examined it? Do you have a copy?

**Senator CAMERON:** What do you intend coming back with?

**Ms Bennett:** What we propose to do is that we will set out the elements that we have bundled into that new financial wellbeing. I think there are about six programs. We will broadly explain what was spent in 2013-14, the previous year. Then we will provide an indication of the notional if you were separating it out, but, as I said, without it being clear, what it would look like just for this year. That will show you that there are some elements where the programs had reductions because they were cease or changes. What we are trying to say is that through the selection process, it may be that that indicative amount does not reflect that. Someone may be able to continue to provide those services in a more broadbanded way through the capacity of joining up or being able to provide the service in more spaces. That is the problem that we are trying to—the benefit of having—

**Senator CAMERON:** That is the expenditure side, is it not?

**Ms Bennett:** This is the notional allocation.

**Senator CAMERON:** That is expenditure?

**Ms Bennett:** Expenditure.

**Senator CAMERON:** What about the income? Where is the money coming from? That is what I am interested in. I am happy to hear where the expenditure is going and all the analysis you have just gone through. I would like details of where the money is coming from in detail. Can you provide that after lunch?

**Ms Bennett:** As the secretary said, the way the budget process works is that the forward estimates are always an assumption. That was discussed last night. There was an assumption made in previous years of how many people would have been receiving certain payments. Changes have been introduced under the learn and earn

measure, based on those assumptions, such that there has been a reduction in payments that would be made in that space. They have been used to offset some of these provisions.

**Senator CAMERON:** So can you provide details of the reductions in that space, whatever those spaces are, so that we can look at money in and money out? That is simple. Not honeycombs, not broadbanding. Money in and money out. Can we do that?

**Mr Pratt:** Well, not beyond what I have described already. In fact, my description is very much a shorthand for how the budget process works. But, to have another go at it, essentially, what governments do in setting the budget is they look across the various spending measures. They identify areas where they propose to make savings. Those savings go into a pot. They look across new policies, election commitments and new things that governments wish to do. Those cost money. The money for those purposes comes out of that pot. If the overall effect of the budget is to have savings, there is some left over in the pot. Really, I imagine the Treasury would say, 'Well, you can't actually hypothecate a particular spend measure to a particular savings measure. It really just comes from the generic bottom line of the budget.'

**Senator CAMERON:** But the generic pot is a DSS pot here, is it not? We are talking about what the DSS pot is. Is there money coming from outside the DSS pot? Is there another pot out there that is pouring money into DSS to increase the overall capacity of DSS?

**Mr Pratt:** The way the government would see it is, yes, it all comes from the budget ultimately.

**Senator CAMERON:** But that is not answering my question. The budget is made up of a number of areas. DSS has budget allocations. DSS had budget allocations through the last budget and forward estimates. You are saying that it all goes into one pot. Are you talking about an overall budget pot across all of the departments of government, all the areas of government? Are you talking about a smaller pot, a pot that is the DSS pot?

**Mr Pratt:** I am talking about across government.

**Senator CAMERON:** So it is right across government? Can you then this afternoon advise us where the money is coming from across government into DSS? How much money is being shuffled around within DSS? This is the input that I am looking for. This is the input area, not the expenditure. Where is the money coming from outside the DSS pot? Where is the money coming from in the DSS pot? We can sit down and look and go, 'That's where the money is coming from. We're satisfied there's more money.' But it does not look like it to me at this stage.

**Mr Pratt:** No. I do not believe I can do that. The budget papers set out all of the savings and expenditure measures. That is where the money comes from.

**Senator CAMERON:** I am not surprised you cannot, because it is a bit of a con job.

**Senator Fierravanti-Wells:** Senator Cameron, can you desist from verballing officials?

**Senator CAMERON:** I am not verballing the officials.

**Senator Fierravanti-Wells:** It just demonstrates that you are not in the detail. You have not read the detail.

**Senator CAMERON:** I am happy—

**Senator Fierravanti-Wells:** It is like the brochure you issued that was blatantly wrong which was telling pensioners that they would lose their seniors supplement, which they never got.

**Senator CAMERON:** The same as the minister. It is exactly the same as the minister.

**Senator Fierravanti-Wells:** Read the PBS documents and then come back and ask informed questions.

**Senator CAMERON:** Well, how about you explain it to me, then? You explain it to me, Minister.

**Senator Fierravanti-Wells:** Madam Chair, we said we would take it on notice.

**Senator CAMERON:** Minister, how about you explaining it to me?

**Senator Fierravanti-Wells:** We are just wasting time.

**Senator CAMERON:** Minister, how about explaining it?

**Senator Fierravanti-Wells:** We will take this matter on notice. I think Mr Pratt has sufficiently explained to Senator Cameron. Senator Cameron is clearly not understanding. But we will come back this afternoon and seek to provide further information.

**Senator CAMERON:** Well, can you explain it to me?

**CHAIR:** Thank you, Senator Fierravanti-Wells.

**Senator MOORE:** I have one other question. You may have to bring it back, but it is on this issue.

**CHAIR:** One more question. Then we will move on to the Institute of Family Studies on the basis we are going to resume this without more honeycombs after lunch.

**Senator MOORE:** In terms of the process and the range of organisations that receive funding for this area, are they subject to the administered program indexation pause on page 69 of Budget Paper No. 2?

**Ms Bennett:** In relation to the index—this is a general response to this—depending on the grant and what program it was, and the enduring period of it, some programs received indexing at different levels across the agencies that were joined. The measure that you are describing has said that there is an indexing pause for those programs. We are still working through with the Department of Finance how that would be reflected in the future contractual arrangements. Obviously, we would make it very clear when that is resolved at the time of entering into contractual arrangements, that that bid, in a sense, or that selection would be that for that time without indexing. Or if it is one that receives indexing, we would make it clear at that point that indexing would be part of it.

**Senator MOORE:** Thank you.

**Ms Bennett:** So there is not a precise answer as we are still working through those issues with the Department of Finance on that measure.

**Senator SIEWERT:** Yesterday you were going to come back to us and tell us the ones that you have already signed, whether they were indexed or not.

**Ms Bennett:** Yesterday we agreed that you could ask and we would try to give an answer to indicate, which I think Ms Woolley can, which programs. Not all of it will be the same. There will be different levels of indexing over different points and periods.

**Senator MOORE:** Before we go back, and we will get the general one, I am very keen to hear your answer, Ms Woolley. My question remains: in terms of the organisations which will be part of a tender from 19 June on issues to do with financial wellbeing, that includes emergency relief, will their tenders possibly be subject to the indexation freeze?

**Ms Woolley:** What Ms Bennett has explained is the application of the pause, which is detailed in the budget measure. The Department of Finance website details the 23 Department of Social Services programs that are impacted by that.

**Senator MOORE:** Say that again, I am sorry. Which piece of information lists all of those?

**Ms Woolley:** The Department of Finance website.

**Senator MOORE:** The one I have not read.

**Ms Woolley:** So the issue that has been described is that we are continuing to work through the application of what that measure in fact means in terms of applying it to grants programs and continuing to work through that issue. So we are not able to provide exact advice about how that will work in effect—how that measure will operationalise, in short.

**Senator MOORE:** We are rapidly seeking the Department of Finance website to see whether they are going to list the programs or they are going to list the agencies. They list the programs?

**Ms Woolley:** It lists the programs, in my understanding, by agency. But we can provide you with that information.

**Senator MOORE:** We have just been told it is unavailable. Do you have that?

**Ms Woolley:** Yes. I do.

**Senator MOORE:** Can we get a copy of it? Do the programs listed there include the ones that are now going to be broadbanded into financial wellbeing et cetera?

**Ms Woolley:** No. They do not. The issue of indexation, though, is slightly more complicated with broadbanding—

**Senator MOORE:** Of course it is.

**Ms Woolley:** which is why we are not being evasive in our answers. It is simply that when indexation is applied at the time a new policy proposal is brought forward through the budget process, there is often inconsistent treatment of indexation by different activities. When you broadband, you have a situation where certain activities might have different types of indexation applied and different custom and practice in how that has been received. That is an issue that we need to look at more broadly in the context of broadbanding before we can make commitments about how indexation would be applied for future grants.

**Ms Bennett:** I will assist. A provider might be successful in the selection, as Ms Hefren-Webb said, that might provide three or four different elements of financial wellbeing. Previously, one component may have had this type of indexing and then the other had this type and the third bit did not. We have to work through that as those providers put in their application for selection and work out what might apply in those circumstances.

**Senator SIEWERT:** I understand what you have just said, but you have signed contracts. Yesterday we went through who you had signed some contracts with.

**Ms Bennett:** Extensions.

**Senator SIEWERT:** Extensions.

**Ms Bennett:** For five years.

**Senator SIEWERT:** The five years.

**Ms Bennett:** Yes. We can explain the indexing for those five years.

**Senator SIEWERT:** Okay.

**Ms Hefren-Webb:** Senator Siewert, the five-year agreements are being prepared on the basis of no indexation until we clarify this issue. This is not an uncommon approach. Most years we are not clear about the indexation amounts before we enter into the contract at the beginning of the financial year. I am calling it a variation, although I am sure my colleagues will tell me there is another technical term. But we send a follow-up letter saying, 'We have now worked out your exact indexation component', and we do a little variation to the contract.

**Senator SIEWERT:** You do a variation that says, 'Actually, we know that the value of the contract will go down in real terms. Therefore, we understand that you may not be able to meet these outcomes.' You are signing a contract with a certain amount of money expecting to be able to achieve certain outcomes, yet they do not know exactly how much money they are going to get. I realise you do not use indexation, but you can usually expect an increase with indexation.

**Ms Hefren-Webb:** As Ms Bennett said, some programs have had no indexation for many years. Some have had indexation. It is really quite variable. Most providers would have some activities that have been indexed over the years and some that have not.

**Senator SIEWERT:** They are expecting to deliver. They are signing a contract and are expected to deliver certain outcomes.

**Ms Hefren-Webb:** Correct.

**Senator SIEWERT:** If you are signing a contract and you do not know how much you are going to get indexed, it is a bit hard to say, 'Yes, we can definitely achieve these outcomes', if you do not know how much money you are going to have.

**Ms Bennett:** Yes. But some did not receive indexing because they went to recontracting one year after another or two years and they recontracted for a new price, so they would have determined what that delivery was. What we have explained through this process is that—the five-year ones themselves have different indexing arrangements—the practice has been that we would look at the indexing, which is obviously to reflect an increased cost that is based on other parameters. For those contracts, we are going to come back to them if indexing is available.

**Senator SIEWERT:** I understand that.

**CHAIR:** Senator Siewert, this is your last point.

**Senator SIEWERT:** I am just trying to ask for the variation. I presume the variation goes two ways. We have clarified that you do not get indexation on this contract you have just signed. Therefore, there is a built-in understanding—

**Ms Hefren-Webb:** I guess our funding agreements are not, in general, specific fee-for-service type arrangements. It would be unusual, for example, for us to say to Communities for Children, 'You're getting this much. We expect you to see 7,300 children. If you see one less than that, you are in breach of your contract.' We generally have broad targets. So when the indexation comes through, we will offer it to the organisation. If they then say to us, 'We're really concerned about our ability to deliver', we can negotiate on that. But it is not a scientific case.

**CHAIR:** Thank you. We will now have the Institute of Family Studies until we break at 12.30 pm for lunch.

**Australian Institute of Family Studies**

[12:09]

**Senator MOORE:** I have some general questions about workload, the impact of the efficiency dividend and some personal interest follow-up questions about some of your programs. I want people to know that in case they want to jump in. Welcome. Professor Hayes, could we get some indication from AIFS—your website is very valuable; thank you, I have been through it—about what the key workload components are on the institute's agenda at the moment?

**Prof. Hayes:** Well, we have, as I indicated at the last estimates, around 60 projects at the moment. We have a full list of them on the website. I say 'around' because some are of short duration and there is new work coming on to our agenda. The seven longitudinal studies are a major component of our work. It is in prospect that we will have an eighth, which will be a transition study in the area of follow-up of those who have served in the Middle East and their families. That is with the Department of Veterans' Affairs.

**Senator MOORE:** A follow-up on that, even though that comes under veterans' affairs. I have heard your workload discussed. Can you tell me at what stage it is now between the discussion and you getting the gig?

**Prof. Hayes:** It is in preparation. We have signed the schedule and we are working with the department.

**Senator MOORE:** When was that signed?

**Prof. Hayes:** That was signed last week.

**Senator MOORE:** Last week. Okay.

**Prof. Hayes:** We are working with the department around the design of the families modules in that. It is a large collaborative project involving other universities. It is progressing very effectively.

**Senator MOORE:** And the details of that project will come up as you go on?

**Prof. Hayes:** They will, as it takes shape.

**Senator MOORE:** And what is the length of that one?

**Prof. Hayes:** That has not been finally decided, but it will be subject to budget and subject to the particular design of the study. So it is early days.

**Senator MOORE:** That is the major new piece of work you have at the moment?

**Prof. Hayes:** That is a major new piece of work. We have other smaller pieces of work coming on, including some work with departments like Victorian Health on sexual assault. That is a smaller piece of work. We have, of course, sound progress on other projects like Building a new life in Australia, which was for the Department of Immigration but now is hosted within the Department of Social Services.

**Senator MOORE:** Can you explain that to me? I read that, and I knew where it came from. Why has the transfer happened?

**Prof. Hayes:** Because, with the machinery of government changes, settlement services went across to the department.

**Senator MOORE:** So it is just in terms of the transfer? That is the only reason?

**Prof. Hayes:** That is right. That is exactly right. My understanding is that most of the personnel came to the department. It did not have any impact on our work. I am pleased to say that the first wave of data collection is completed.

**Senator MOORE:** When did that happen?

**Prof. Hayes:** We achieved a sample of 2,399. I believe that we completed that around March. It was in 11 sites and 14 community languages. It was a very complex project. Preparations are in train for wave 2.

**Senator MOORE:** My understanding—we had a bit of discussion about it, but that was before the data collection was completed—is that this is one of the first and biggest multilingual research projects that you have been involved with?

**Prof. Hayes:** Yes. There have been other longitudinal studies but of smaller scale. So this is arguably a larger enterprise. I think it is a very valuable area for the institute to be involved in.

**Senator MOORE:** I do not want to take up time here. In the future, we might have a briefing with the centre about that one in terms of the multilingual aspects of it, because it is a new element. But I will not take time today.

**CHAIR:** I am sure the secretariat can organise that for us, Senator.

**Prof. Hayes:** We would be very happy to give a briefing on that.

**Senator MOORE:** And the ongoing issues about the impact on families of family law and break-up and those things?

**Prof. Hayes:** Yes. We are doing a subsequent project following up on the sample that is being drawn of those couples who separated after the introduction of the family violence and other matters amendments that came into operation in mid-2012.

**Senator MOORE:** Your project is actually looking at the impact post that introduction?

**Prof. Hayes:** That is right.

**Senator MOORE:** When is the first round of data collection?

**Prof. Hayes:** Well, we are piloting at the moment. We are drawing a sample. The main wave will be collected in the latter part of this year.

**Senator MOORE:** The second half of this year?

**Prof. Hayes:** That is right.

**Senator MOORE:** And the ethics and all that stuff is fine?

**Prof. Hayes:** Yes.

**Senator MOORE:** Of course it would be if you had gone through the ethics committee.

**Prof. Hayes:** It goes through our ethics committee. In that case, yes, it is.

**Senator MOORE:** The other things are the standard programs that are up there and the publications.

**Prof. Hayes:** Yes.

**Senator MOORE:** Is your publications schedule strong?

**Prof. Hayes:** We are on track. Essentially, we have over 85 publications that are out by this time of the year, so we are on track to achieve the target, which is about 100.

**Senator MOORE:** And the bestseller?

**Prof. Hayes:** I would have to say the one that I have here. This is one we prepared earlier.

**Senator MOORE:** I knew that was coming.

**Prof. Hayes:** It is a new volume that we have published. It is freely available on the web. We have done a modest print run and it will be available at our conference particularly. There are 29 chapters and 38 authors. I will save the advertisement.

**Senator MOORE:** And the conference?

**Prof. Hayes:** The conference as well is underway in terms of the planning. I think the response has been very good.

**Senator MOORE:** And the date?

**Prof. Hayes:** The date of that is between 30 July and 1 August.

**Senator MOORE:** So far, the registrations are solid?

**Prof. Hayes:** Yes. We benchmark against—

**Senator MOORE:** How many in?

**Prof. Hayes:** We had 520 at the last conference and we are aiming for around that.

**Senator MOORE:** And the cost of the conference?

**Prof. Hayes:** The cost in total is around \$350,000.

**Senator MOORE:** And how does that compare with the cost of the last one?

**Prof. Hayes:** It is around the same. There is a slight increase.

**Senator MOORE:** You are maintaining?

**Prof. Hayes:** Benchmarking roughly the same. We aim to keep costs down.

**Senator MOORE:** You are not being indexed?

**Prof. Hayes:** Sorry?

**Senator MOORE:** Your funding for the conference is not indexed?

**Prof. Hayes:** No.

**Senator MOORE:** And that includes travel or not?

**Prof. Hayes:** That includes the keynote travel and it includes essentially the registration and other planning of the conference and the venue costs.

**Ms Tait:** The conference is run predominantly on a cost recovery basis. We seek to keep the registration fees as low as we can but to cover the bulk of the cost.

**Senator MOORE:** What is the registration fee this year, Ms Tait? You can put it on notice.

**Ms Tait:** I will take it on notice.

**Senator MOORE:** That is fine. In terms of general, that is all I have. My questions now go to the efficiency dividend and the impact on your organisation.

**Prof. Hayes:** Yes. Well, we have been, as with all other government agencies, subject to the efficiency dividend. We have had strategies over the years to manage that. Really, it is around further efficiencies around publishing. So we publish far less in print form and far more in electronic form. We have had a major increase in the access and amount of information on the web. I think up to March, we have had about 2.99 million pages downloaded. That compares very favourably with the total for last year, which was 2.6 million. So there is quite an increase.

**Senator MOORE:** For the full year?

**Prof. Hayes:** The full-year figure is 2.6 million. So we have exceeded that in the first three-quarters of the year.

**Senator SIEWERT:** What is the favourite?

**Prof. Hayes:** We get a lot of material downloaded through the Child, Family and Community Australia website. That would be the largest single component. Family facts and figures, which is the statistical area of the website, is very heavily used. We have a wide audience. We track the use. We get increasing use across the nation but also from the UK and the US. So we are very pleased. We get a lot of use of that area not only by the media but also by schools and by students, which is a good thing, and general community. We progressively update that area. Would you like to say anything more about that?

**Ms Tait:** I can give you the figures for the conference registrations. We have them online. The early bird rate, which has now passed, was \$840 for the three days of the conference. The standard rate is \$945.

**Senator MOORE:** Which, in terms of academic conferences, is mid-range?

**Ms Tait:** It is mid-range; that is right.

**Senator MOORE:** In terms of the decision—we talked about this as well—to move to the electronic methodology of publication because of the obvious printing savings, have you got any indication of how much you have saved in this area? This can go on notice. Secondly, has there been any feedback from the client group about their preferences in terms of how they feel about that change?

**Prof. Hayes:** Yes. We did actually survey. I will ask Dr Higgins to say more about that. The feedback is that people do like them online. They do like the accessibility of it. Dr Higgins, do you want to say any more?

**Dr Higgins:** Yes. Particularly with our information exchanges, we find that the target group there, which is largely policymakers and practitioners working in a range of welfare agencies and so forth, really appreciate the speediness with which they can directly access the material online and express a preference for that. It also allows us to be very flexible. Not only are there cost savings in terms of print costs but it also means that we can update something. To add to the question that Professor Hayes answered before in terms of our most popular ones, often they are the resource sheets, where we are really summarising what might be happening across the various jurisdictions in relation to topics like family relationship services, child protection, mandatory reporting or those kind of things. So they are ones where information changes very quickly. To be able to update them, revise them and make them available to our stakeholders in as short as time as possible is really important.

**Senator MOORE:** And that process brings you in line with places like the Productivity Commission and other agencies that have a similar methodology?

**Prof. Hayes:** Yes. It is consistent with that.

**Senator MOORE:** It is not peculiar, so people are used to it?

**Prof. Hayes:** Not at all.

**Senator MOORE:** The current staffing in the agency?

**Prof. Hayes:** In terms of head count, we have 97 staff. We have 82 at this moment ASL. That has been a slight increase. As you are aware, it fluctuates with the work program that we have on.



**Senator MOORE:** Can we get that in terms of ongoing and non-ongoing?

**Prof. Hayes:** Yes, you can. In fact, we will give it to you now.

**Ms Tait:** We have 45 ongoing and 52 non-ongoing staff at the moment.

**Senator MOORE:** And that ratio has been standard for a while? Is that an unusual structure?

**Ms Tait:** It fluctuates, again, according to projects coming on board. It has been relatively stable over the last three years. But it has gone up and down.

**Senator MOORE:** So has the 45 ongoing staff been a stable figure?

**Ms Tait:** That figure has reduced slightly over the last year or two.

**Senator MOORE:** And has that been a result of the efficiency dividend?

**Ms Tait:** That has been more a result of the flow of projects and the need to have flexibility in the skillsets of the staff to match particular projects.

**Senator MOORE:** On notice, can I get that staff breakdown in terms of gender, ethnicity and disability?

**Ms Tait:** I can give you gender right now.

**Prof. Hayes:** In round figures, it is three-quarters female and one-quarter male.

**Ms Tait:** It is 23 per cent male and 77 per cent female. I can give you the numbers, if you would like.

**Senator MOORE:** On notice, can I get that in terms of percentiles like ASO6 and below?

**Ms Tait:** You can certainly have that on notice.

**Senator MOORE:** On notice is fine. In the Department of Health agency, I was asking for it in different levels.

**Ms Tait:** Certainly. That is fine.

**Senator MOORE:** In terms of contract, are you on contract?

**Prof. Hayes:** I am.

**Senator MOORE:** And what is the term of your contract?

**Prof. Hayes:** Five years, the current contract.

**Senator MOORE:** And where are you in the five-year cycle?

**Prof. Hayes:** My contract terminates on 8 September this year.

**Senator MOORE:** Are you the only contracted senior executive in the agency, or is the rest of your management team on contract as well?

**Prof. Hayes:** They are both ongoing.

**Ms Tait:** I am a contracted member of the SES.

**Prof. Hayes:** That is right.

**Senator MOORE:** Ms Tait, when does your contract terminate?

**Ms Tait:** In 2016.

**Senator MOORE:** And you have a five-year contract as well?

**Ms Tait:** Indeed.

**Senator MOORE:** And Dr Higgins?

**Dr Higgins:** Slightly similar, although I have an ongoing position at an EL2 level.

**Senator MOORE:** In terms of your plan for the increased efficiency dividend impact, do you have any plans over the next 12 months regarding what the expected loss would be?

**Prof. Hayes:** It is modest for us. It is around \$12,000.

**Senator MOORE:** And you have plans in-house with how you will deal with that?

**Prof. Hayes:** What we have planned is what we have been doing, which is the growth of the business and the extension of the reach of the institute around the contracting agencies. We have contracts with 23 different organisations at present. I think that has been an important move for us because it extends the reach of the institute across government.

**Senator MOORE:** They are the efficiency dividend questions. I now have some questions to Dr Higgins about the lease and adoption process program.

**CHAIR:** You have about two to five minutes.

**Senator MOORE:** Yes. That is it.

**CHAIR:** Senator Siewert has questions.

**Senator SIEWERT:** That is where I wanted to go as well.

**Senator MOORE:** If you want to ask those questions, go ahead.

**CHAIR:** Perhaps if Senator Siewert starts.

**Senator SIEWERT:** In terms of the recent government adoption announcement, how much advice have you been providing to government? Have you been asked for advice, particularly from that excellent study you have been doing?

**Dr Higgins:** I presume that you referring to the interdepartmental committee?

**Senator SIEWERT:** Well, to the committee or to government itself.

**Dr Higgins:** Well, in terms of the committee, we have not directly been approached and we did not directly provide, but we understood from the Department of Social Services that they were making available the work that the institute has done—the national study that we did—looking at the impact of past adoptions. My understanding is that the most recent report in draft version had been provided by the department.

**Senator SIEWERT:** Thank you. So you have not specifically been engaged in any discussion with government itself or with the interdepartmental agency?

**Dr Higgins:** With the Department of Social Services, yes.

**Senator MOORE:** Has the advice from the institute gone to the minister? That is fine on notice.

**Dr Higgins:** I just want to clarify that it was not advice. It was the draft of the—

**Senator MOORE:** In terms of the information that had been gathered. I want to check whether that has gone to the minister.

**Senator SIEWERT:** There is a difference between providing the draft and actually being asked for advice, because the draft and the report provide specific information. This is a specific program. Have you provided any advice or been asked for any advice following your research?

**Dr Higgins:** No. That is typical in many ways for our agency, where it is about increasing information. It is not about determining policy directions.

**Senator SIEWERT:** I understand the point you are making—that there are some pretty significant issues with adoption and with the work that you have done. But you have not?

**Dr Higgins:** No.

**Prof. Hayes:** It is an area where we are maintaining our capacity and expertise. If opportunities are there for us to do further work, of course we would welcome them. But we have not been asked for specific advice. As you are aware, the report was delivered on time on 28 February. Essentially, that is where it is at.

**Senator SIEWERT:** I want to follow up on that comment. Have you looked at the government's proposals in light of your report?

**Dr Higgins:** I have read the report that is available. My understanding is that not all of it is available yet.

**Senator SIEWERT:** Sorry, I missed that last bit.

**Dr Higgins:** My understanding is that only part of the report is available.

**Senator SIEWERT:** So you have looked—

**Dr Higgins:** I have read what is available online.

**Senator SIEWERT:** Have you formulated any formal advice from that?

**Dr Higgins:** As I said, we have not been asked for advice.

**Senator SIEWERT:** That is different to my question. Have you formulated any? Regardless of whether you have been asked for it or provided it, have you done any further work on that report?

**Dr Higgins:** No. We have not done any further work.

**Senator Fierravanti-Wells:** I want to clarify that point. The government does not normally receive advice from the institute. We normally receive advice from the department. I want to clarify that.

**Senator SIEWERT:** That is why we were doing that.

**Prof. Hayes:** My understanding is that the report will be available on the web in the next few weeks. That is our report. That is correct, is it not?

**Dr Higgins:** It has actually gone to the department today, ironically, so it is just a matter of timing now as to when it can be uploaded.

**Senator SIEWERT:** Thank you.

**Senator MOORE:** I had similar questions. My only other question is: in terms of this area, there has been no further work around the issues of adoption provided to the AIFS?

**Prof. Hayes:** Not to this stage, no.

**Senator SIEWERT:** I have a completely separate question, if that is okay.

**CHAIR:** You can squeeze that in.

**Senator SIEWERT:** I will squeeze it in. I have been trying to find out if we can get figures on the number of young people under 30 who are still at home and/or living out of home. Have you done any work on that or can you advise me where I can find that?

**Prof. Hayes:** You can get that. It is available from secondary data sources. We have not done work per se on that. But we do look at statistics in terms of the breakdown by age, for example, for a range of purposes. It is one of the priorities for us around family facts and figures. The other thing is that we are planning a new volume which probably will not be completed until early next year. It is really looking at some of these family trends. It is building on the Australian family trends series that we have been progressively rolling out over the last 18 months. So that will be a new volume that updates a lot of the statistics. A novel feature will also be that it will look not only at the census data but also at some of the longitudinal datasets to which we have access. I think that will be a very useful addition.

**Senator MOORE:** That will be very interesting. The first cut of people at home at age 30 would come from stats, would it not, from your household surveys?

**Prof. Hayes:** That is right.

**Senator MOORE:** You have other work you have done—longitudinal studies—about the make-up of families and stuff?

**Prof. Hayes:** Well, that is what we are trying to basically leverage—those resources—because I think they are very valuable, powerful resources, which we use all the time.

**CHAIR:** Last question.

**Senator SIEWERT:** In the short term, which secondary information or datasets would you suggest?

**Prof. Hayes:** It would be ABS data that you would be looking at.

**Senator SIEWERT:** We will need to go to the ABS. Thank you.

**Prof. Hayes:** And the HILDA, household income and labour dynamics in Australia, is very useful too.

**Senator SIEWERT:** Thank you.

**CHAIR:** Thank you, Professor Hayes, and officers of the Institute of Family Studies. I think some of the committee members here will be talking to some of you further as we progress through the forced adoptions material. Thank you very much for attending. We will suspend now until 1.30 pm and resume with outcome 2, families and communities, where I gather some highly qualified but extraordinarily amazing data will be available. Is that the intention, Mr Pratt?

**Mr Pratt:** That is our aspiration. To borrow from yesterday, we will do our best.

**CHAIR:** Thank you.

#### **Proceedings suspended from 12:31 to 13:38**

**CHAIR:** We will resume the hearing in outcome 2, families and communities. The public servants have just gone to seek some advice with regard to the figures that they were going to provide to us. I imagine that we will have a fairly lengthy session on that issue later. The idea at the present time is to kick off with questions in the area of problem gambling.

**Senator CAMERON:** I have engagements. I want to be here for the stuff that is coming back on the accounts and how the budget estimates are dealing with these issues that we have spoken about. How long will it be before we get those figures, because I need to be here?

**CHAIR:** I would think as quickly as the officers are able to. What we can do is say that we will schedule it for three o'clock, for example.

**Ms Bennett:** I will confirm that.

**Senator CAMERON:** Can I get the secretary to contact my office and let me know?

**CHAIR:** That is the normal process.

**Senator CAMERON:** Thanks, Chair.

**CHAIR:** Senator Moore, you have questions about problem gambling.

**Senator MOORE:** Thank you very much. I have some questions following on what is happening with the gambling area. It is my understanding that the cessation of the trial that the previous government had put in place has already gone through the budget either in MYEFO—

**Ms Laffan:** That is correct. It was in my MYEFO.

**Senator MOORE:** Can you tell me how much money was linked to that?

**Ms Laffan:** An amount of \$45.634 million was returned to budget.

**Senator MOORE:** And that was linked to specific projects that were part of the previous government's approach to gambling?

**Ms Laffan:** That is correct. That is specifically for the ACT trial.

**Senator MOORE:** This year's Budget Paper No. 2, the yellow book, has a statement on behalf of the government about their approach to gambling policy.

**Mr Pratt:** Before Senator Cameron leaves, let me say that we will be on at three o'clock.

**Senator MOORE:** On page 22, there is a statement of intent from the government but there is no mention within the budget papers about any funding that is linked to that. Can we find out what the current work is in the area?

**Ms Laffan:** Funding is captured in outcome 2.1 under families and communities, financial wellbeing and capability. It does not have its own line item, if that makes sense, although there is an appropriation.

**Senator MOORE:** We will not know the amount, because we have come right back into the same area where we cannot get indicative figures.

**Ms Laffan:** This is a bit different. That is not grant money. It is money that has been allocated for research purposes. There is \$500,000 in 2014-15.

**Senator MOORE:** So where does that appear in the yellow paper in terms of things that came out in this budget?

**Ms Laffan:** It is part of that broader allocation.

**Senator MOORE:** Which page is that?

**Ms Laffan:** On page 98.

**Senator MOORE:** Of the yellow book?

**Ms Laffan:** Yes.

**Senator MOORE:** Or the white book? Page 98.

**Mr Palmer:** It is not a new measure. It is in the base.

**Ms Laffan:** That is correct.

**Senator MOORE:** So this is ongoing funding?

**Ms Laffan:** It is.

**Senator MOORE:** When was this funding originally allocated?

**Ms Laffan:** I just know it has been there historically. So at least in the last couple of years that I have been aware of it.

**Senator MOORE:** So in the larger allocation under finance wellbeing and capability, there is specifically \$500,000 for research?

**Ms Laffan:** That is correct.

**Senator MOORE:** What is the research process, the strategy around it?

**Ms Laffan:** We have not determined a strategy for next financial year. There are still some projects ongoing into the next financial year.

**Senator MOORE:** Which projects are they?

**Ms Laffan:** The Gambling Impact Society has a project that ends in December 2015.

**Senator MOORE:** How long has that been going for?

**Ms Laffan:** The initial project period for the Gambling Impact Society began in March 2012.

**Senator MOORE:** What was its term?

**Ms Laffan:** It was originally March 2012 to April 2013 and was extended from June 2013 to November 2014. Sorry, that is to correct what I said previously, which is December. It is actually November 2014.

**Senator MOORE:** That is under the heading of research?

**Ms Laffan:** That fits within that appropriation, yes.

**Senator MOORE:** How much is that for?

**Ms Laffan:** The extension was for \$183,658. That is in addition to the original funding amount.

**Senator MOORE:** And what was the original amount?

**Ms Laffan:** The original funding amount for March 2012 to April 2013 was \$50,325.

**Senator MOORE:** And that original funding was for a one-year period, or is it just part of the wider \$500,000 that was going to research?

**Ms Laffan:** That is how that was funded—through that appropriation.

**Senator MOORE:** This figure of \$500,000. What else has come out of that figure?

**Ms Laffan:** For this financial year, for example, the project that I mentioned, also part funding for the conduct of a live trial of dynamic warning messages on electronic gaming machines in Queensland and an annual contribution to Gambling Research Australia.

**Senator MOORE:** And how much are each of those?

**Ms Laffan:** The Gambling Research Australia was \$300,000.

**Senator MOORE:** When was that first allocated?

**Ms Laffan:** It is an MOU with the states and territories. Gambling Research Australia was established in 2003. It ran for a five-year period from 2003 to 2008. It was extended a further 12 months in 2008 and again for five years in 2009.

**Senator MOORE:** Is it due to end in 2013-14?

**Ms Laffan:** It is due to end in 2013-14. The MOU expires.

**Senator MOORE:** I imagine that the \$300,000 is the five-year plan.

**Ms Laffan:** It is \$300,000 per year. That is the Commonwealth government's contribution. States and territories also contribute.

**Senator MOORE:** So it is a composite fund. And that also comes out of that research?

**Ms Laffan:** It does.

**Senator MOORE:** And there is that other one—the trial of the dynamic process with machines in Queensland?

**Ms Laffan:** That is correct.

**Senator MOORE:** And how much is that for?

**Ms Laffan:** In 2013-14, it is \$118,213.

**Senator MOORE:** One year?

**Ms Laffan:** There was funding in 2012-13 of \$380,989.

**Senator MOORE:** And it is due to end at the end of 2014 as well?

**Ms Laffan:** It has already been completed.

**Senator MOORE:** All finished?

**Ms Laffan:** Yes.

**Senator MOORE:** Do we have a paper out of that?

**Ms Laffan:** We do have a paper. I believe either that research paper is on our website or in the process of being put on our website.

**Senator MOORE:** I do not think it is up there. But it is going to go on the public papers on your website?

**Ms Laffan:** Yes.

**Senator MOORE:** We have a figure of \$500,000. It seems to me that a lot of that has been allocated, if you go through the expenditure you just had, or is it an ever continuing \$500,000?

**Ms Laffan:** It is.

**Senator MOORE:** So \$500,000 a year?

**Ms Laffan:** It is \$500,000 a year, yes.

**Senator MOORE:** And that \$500,000 has been allocated for the year 2013-14.

**Ms Laffan:** That is right.

**Senator MOORE:** What about the year 2014-15?

**Ms Laffan:** We are still determining priorities for expenditure in 2014-15.

**Senator MOORE:** But the money is there?

**Ms Laffan:** The money is there, yes.

**Senator MOORE:** Where does it appear?

**Ms Laffan:** It is part of that larger figure. It is provided with a single line item.

**Senator MOORE:** When you look at page 98 under financial wellbeing and capability, it does not appear.

**Ms Laffan:** No. It is not mentioned specifically as something that is covered.

**Senator MOORE:** If I had not known that it was there, where would I find it? To go and look at the current financial situation, where would I find \$500,000 in here, which is a significant sum, for work within the gambling space? In the budget paper on page 22, it actually puts a specific paragraph in the opening statement about gambling with no mention of funding. I looked and I could not find anything against gambling here. I am just asking where I find that money. Mr Pratt, could you tell me where I could find that money in DSS's financial statements?

**Mr Pratt:** It probably is not highlighted in the PBS. I stand to be corrected if I have that wrong.

**Senator MOORE:** Are there other amounts of money in DSS expenditure that are not able to be seen in the financial document?

**Mr Pratt:** Well, yes. As we discussed yesterday, the money was funded. While I was trying to make the point yesterday that the various services and interventions that we have funded in the past through the subprograms are still all able to be done and we anticipate doing them through these, we will not have separate line items for them all. Clearly, we will in future in estimates be able to identify how much we have contracted under different headlines and things like that. We will be able to provide information on that. But at this stage that is not possible.

**Senator MOORE:** So when we had the discussion earlier about what comes under financial wellbeing and capability, I took meticulous notes which were looking at those issues that were raised in that area. But there was no mention of gambling in that bucket. So is there anything else in that bucket that we have not heard about yet under the term 'financial wellbeing and capability'?

**Mr Pratt:** Potentially, there would be activities which may be funded under that. I am looking for someone who is intimately across it.

**Ms Hefren-Webb:** Yes. That is my error. The \$500,000 for gambling research is also a component of that line item. I did not have that in my notes because it is run by a different part of the department. It is all bundled in.

**Senator MOORE:** That is everything. So, in fact, that figure of \$122,960 has another \$500,000 in it—could have, in fact, under that heading?

**Ms Hefren-Webb:** Correct.

**Senator MOORE:** On page 98, it could have another \$500,000 which is peculiar to gambling?

**Ms Bennett:** Well, that is last year.

**Senator MOORE:** This year is \$139,130. It would have been last year, too, would it not?

**Ms Bennett:** Yes.

**Ms Hefren-Webb:** I believe it continues for two years. During the lunch break, I was informed that the amount also includes that \$500,000 for gambling.

**Senator MOORE:** But that is everything you have got?

**Ms Hefren-Webb:** I believe that is everything.

**Ms Laffan:** I will add that there is also \$100,000 for gambling help online.

**Senator MOORE:** Which comes under this area?

**Ms Laffan:** It comes under this area, but it is separate from the \$500,000 I was talking about earlier.

**Senator MOORE:** And is the \$100,000 an annual amount that just keeps going?

**Ms Laffan:** Again, there is an MOU, so that is from 2012 to 2015 we have committed that \$100,000.

**Senator MOORE:** I ask on notice that we get a briefing on this amount instead of me just relying on these notes.

**Mr Palmer:** Yes.

**Senator MOORE:** It will be a vague question about whether you can explain all elements of the process of funding for gambling in DSS and then to get this itemised.

**Mr Palmer:** We are more than happy to do that.

**Senator MOORE:** Of the other aspects, \$500,000 keeps going. How is it determined which areas are funded through that \$500,000? The Gambling Research Australia allocation seems to be ongoing in terms of the specialist research they do there and the MOU that is in pre-existence. The trial is over, so that money is no longer going to be coming out of the \$500,000. There was some specialist research that you mentioned to me earlier that was done. How is it determined what projects will be funded? Is that something that your branch looks at and then makes a recommendation on through the department to the minister?

**Ms Laffan:** That is correct. Obviously that has been shaped by the government's priorities.

**Senator MOORE:** In terms of that, how many people are in your branch working on gambling issues?

**Ms Laffan:** In terms of gambling, we have three people, not including the executive.

**Senator MOORE:** And your branch is part of the financial wellbeing and something branch?

**Ms Laffan:** No. I am part of the housing, homelessness and gambling group and the homelessness and gambling branch.

**Senator MOORE:** It is a very confronting title—the housing, homelessness and gambling branch. In your area, how many people are working on housing and homelessness?

**Mr Palmer:** We have 28.

**Senator MOORE:** I apologise. Mr Lye gave me a snapshot of the whole department at the last estimates and I will be able to check that out, so I will not waste your time.

**Mr Palmer:** It is not wildly dissimilar to the numbers Mr Lye gave you at last estimates.

**CHAIR:** We just have a couple of hours on this analysis, Senator Moore. It is up to you.

**Senator MOORE:** I have one more question. It is probably to the minister. Minister, the statement on page 22 says—

**Senator Fierravanti-Wells:** Page 22 of?

**Senator MOORE:** Of the yellow book. It is the statement on gambling at the front. It naturally reinforces the policy that you want a meaningful and measurable support for problem gamblers. It talks about developing a consultative approach and working with people to look at a new plan. Can we have any idea about what the timeframe will be for developing a new consultative approach and implementation of a range of preventative and treatment measures?

**Senator Fierravanti-Wells:** As you know, Senator Moore, parliament passed the amendments to the former National Gambling Reform Act on 25 March this year. The Labor Party supported those reforms. As a priority, I understand that the department is working with agencies to give effect to the secondary commitment to divert the regulator's funds to the states and territories towards counselling and support services.

**Senator MOORE:** Is that the online gambling hotline or support line that is part of the MOU?

**Mr Palmer:** No. That is funding out of the 2013-14 financial year. It is the funding out of that financial year.

**Senator Fierravanti-Wells:** Basically, we are in the process of agreeing how many funds or what funds are remaining and we are in that process in discussions with the Department of Finance. Apparently, the regulator was operational for about nine months, so there is a calculation that is now being done in relation to how many funds are available. Before that funding can be provided to the states, I understand that there will be some discussions on how best to target this money. At this point in time, it is a matter to be considered by government as to how these funds will be distributed. That is my understanding of the situation.

**Senator MOORE:** Has there been any consultative approach with industry and consumers about the next stage?

**Senator Fierravanti-Wells:** I am not sure. Perhaps Ms Laffan or Mr Palmer can assist me on that.

**Ms Laffan:** Throughout the process of the legislative amendments, there was a large amount of engagement with industry and other stakeholders. The priority for the government has been on those legislative commitments. As the senator has mentioned, we are now moving into the next phase, which is not only the diversion of funds but also the establishment of an industry advisory council. Following on from that will be consultation with industry, state and territory governments, the community sector and academia. The government's commitment to that consultation is now enshrined in the amended Gambling Measures Act.

**Senator MOORE:** The timeframe for the industry advisory council?

**Senator Fierravanti-Wells:** It is a matter for government.

**Senator MOORE:** There has been no movement on that? There is going to be one and that is it? Okay. I take it that will be a ministerial appointment?

**Senator Fierravanti-Wells:** At this stage, it is held to consideration.

**Senator MOORE:** And the definition of 'industry' in this section? What is the definition of 'industry' for an industry advisory group?

**Ms Laffan:** From the words of the election commitment, it is venues—clubs and pubs.

**Senator MOORE:** So it is venues as opposed to people who make the machines?

**Ms Laffan:** That is the election commitment, although obviously the exact make-up of the members is a decision of government.

**Senator MOORE:** On consultation, can we also find out what the community sector and academia means in this paper in terms of defining what that would be?

**Senator Fierravanti-Wells:** That would be similar.

**Senator MOORE:** Thank you. I may have some more questions later, but that is for today. Thank you, Chair.

**CHAIR:** Any other questions on problem gambling? If not, we will move to income management. I think Senator Siewert has questions.

**Senator SIEWERT:** Thank you for this update. It is much appreciated. In terms of the figures on income management, I want to ask a few questions around the figures. Of those figures in the place based measures, now that we have the higher numbers, is it possible to break that down into the vulnerability measures used?

**Ms Purdy:** In the place based sites, the numbers for vulnerable clients are still under 20 in each location. I can give you the numbers for the vulnerable youth triggers but not the general vulnerable measure.

**Senator SIEWERT:** Let us go to greater Shepparton, where we have 348 that are place based on income management. From the other table, we have 172 that are voluntary. That is correct, is it not?

**Ms Hefren-Webb:** Which other table are you looking at?

**Senator SIEWERT:** I am looking at the table that you have just given us. Then I am looking at the back page, which breaks down the number of people voluntarily income managed for more than 14 weeks at that location. That is not the total amount of people on voluntary income management?

**Ms Purdy:** No. That is just those who have been on it for more than 14 weeks.

**Ms Hefren-Webb:** I think you have asked about that in the past, so we thought we would provide that.

**Senator SIEWERT:** Yes, you have. Thank you. It is appreciated. So what you are saying here still is that there is now a cohort of people who are on voluntary income management that have been on for under 14 weeks?

**Ms Purdy:** Yes. That is correct.

**Senator SIEWERT:** So do I interpret from what you have just said that, under the vulnerability triggers, there are less than 20 in each site?



**Ms Purdy:** That is correct, yes. Except for the vulnerable youth triggers. There are more than 20 in each of the sites on those particular triggers.

**Senator SIEWERT:** And there are 30 of them granted, though? It says here, 'Vulnerable youth trigger exclusions'. I beg your pardon. Could you tell me how many for the vulnerable youth triggers in each of those locations?

**Ms Purdy:** Sure.

**Senator SIEWERT:** Do I also assume that they are also within the 348, for example, in greater Shepparton?

**Ms Purdy:** That is correct. So in Bankstown, there is 108; in Shepparton, 135; in Logan, 782; in Playford, 480; and in Rockhampton, 373.

**Senator SIEWERT:** So that makes up the significant total of those numbers, does it not?

**Ms Purdy:** That is right. The total is 1,878.

**Senator SIEWERT:** That is for the vulnerable youth?

**Ms Purdy:** That is correct.

**Senator SIEWERT:** I will come back with some more detailed questions on the breakdown, I think, on questions on notice. In terms of the vulnerability triggers, you take out the vulnerable youth. Still the vast majority of each of these are voluntary income management, are they not? Is that correct?

**Ms Purdy:** The number of customers on the voluntary measure in the place based sites comes to 560. So that is less than the numbers on the vulnerable youth trigger, yes.

**Senator SIEWERT:** In terms of the amount of money for the extension of income management, we have an extension of money for income management specifically for expansion into Ceduna.

**Ms Hefren-Webb:** Correct.

**Senator SIEWERT:** And Senator Wright asked about that so I will leave that to her to ask. You have an extension of money for the continuation of the place based?

**Ms Hefren-Webb:** Senator, that was already in the forward estimates, because the place based measure was funded to 2015-16.

**Senator SIEWERT:** That is what I thought.

**Ms Hefren-Webb:** So it comprises a continuation in the Northern Territory, continuation in Western Australia, APY Lands and in Ngaanyatjarra lands and the extension to Ceduna.

**Ms Purdy:** That is right. And that comes to a total of \$101.1 million.

**Senator SIEWERT:** And that is from just another year, is it not?

**Ms Purdy:** Yes.

**Senator SIEWERT:** Can we go through the review process, please? Can you give us an update on the review? There are two processes going on. Can you give us an update on both of those measures, please?

**Ms Purdy:** Sure. One of the evaluations is of the place based income management sites, and that is being undertaken by Deloitte Access Economics. We have received the baseline report from the consultant and that has been provided to the minister. He has agreed for that to be released. We are currently just working on details for when that release will occur.

**Senator SIEWERT:** Was that the completed version, did you say?

**Ms Purdy:** Yes. The final of the first report, the baseline report.

**Senator SIEWERT:** I know that you cannot tell me exactly, but are we talking about days or weeks?

**Ms Purdy:** I would be guessing. I would think soon.

**Senator SIEWERT:** That is the baseline study.

**Ms Purdy:** That is right.

**Senator SIEWERT:** What is the timeline for the next process?

**Ms Purdy:** The consultants have been out in the field resurveying people who participated in the baseline survey. That has just completed. We are expecting to receive the draft report from that next stage in June.

**Senator SIEWERT:** So that is over what period of time?

**Ms Purdy:** The people were first surveyed when they first came on to income management up until November last year. They have now been resurveyed six months later.

**Senator SIEWERT:** So that is coming back in June. It will be released after that some time?

**Ms Purdy:** Yes. Well, it is up to the minister.

**Senator SIEWERT:** Then what happens?

**Ms Purdy:** Then there is another interim report in December this year. The final report is due in May 2015.

**Senator SIEWERT:** Given the fact that there are so few vulnerable clients still on these measures, how statistically valid is this going to be for an assessment process? Have you looked at that?

**Ms Hefren-Webb:** It will affect, I guess, the robustness of any conclusions. We have had a lot of discussions with the evaluators and with DHS about that clientele. One thing DHS has said to us a number of times is when the social worker enters a discussion with the person about potentially a referral to income management, the person may make a judgement about going on voluntary income management. Of the two groups, the vulnerable and the voluntary, may have some similarities. Early data suggests that that is the case. Having said that, any conclusions will have to be caveated by low customer numbers.

**Senator SIEWERT:** In terms of the vulnerable youth trigger, is this evaluation going to include that group?

**Ms Purdy:** Yes. It will.

**Senator SIEWERT:** But that will obviously be a bit behind, because that trigger is only just relatively recent.

**Ms Hefren-Webb:** That is why we extended out the survey time for the baseline, because we wanted to ensure some of those young people were included.

**Senator SIEWERT:** So the final one is due in May this time next year?

**Ms Purdy:** That is right.

**Senator SIEWERT:** In terms of the Stronger Futures evaluation process—

**Ms Hefren-Webb:** You mean the Northern Territory income management evaluation?

**Senator SIEWERT:** Yes.

**Ms Purdy:** We are expecting to receive the draft report from the consultants in June this year. So this month.

**Ms Hefren-Webb:** And that is the final report.

**Senator SIEWERT:** That is the final one. That is intended for release for some stage after that. Is that right?

**Ms Purdy:** That is right. Up to the minister, yes.

**Senator SIEWERT:** I want to ask about matched savings. It is 38. That is still very low, is it not?

**Ms Purdy:** I think it is four more than last time. Yes, it is very low.

**Senator SIEWERT:** Of the vulnerable youth trigger exclusions, what are the exclusions based on?

**Ms Hefren-Webb:** There is detail in the policy guide, which I would be happy to provide you on notice. It is essentially where a young person perhaps is very transient, does not have set housing deductions that could be made and it is not going to work for them to be on income management.

**Senator SIEWERT:** But you cannot break this down for what they have been excluded for?

**Ms Hefren-Webb:** I do not believe we have that data.

**Senator SIEWERT:** Senator Wright, are you going to cover some of the APY Lands as well?

**Senator WRIGHT:** Senator Edwards has questions as well.

**CHAIR:** What area are yours on?

**Senator EDWARDS:** I have questions on APY Lands.

**Senator SIEWERT:** I will ask a couple of overarching questions and I will leave it up to the South Australians to do South Australia.

**CHAIR:** Yes. Senator Siewert has a couple of follow-up questions.

**Senator SIEWERT:** It ties in with all the national stuff. Then I will hand over, if that is okay.

**CHAIR:** Yes. That is beautiful.

**Senator SIEWERT:** In terms of the APY Lands and the Laverton shire, they are all voluntary?

**Ms Purdy:** Largely. In the APY Lands, there are 264 out of 274 on the voluntary measure. In the Ngaanyatjarra lands, 200 are on voluntary out of a total of 239 people.

**Senator SIEWERT:** So 200 in Ngaanyatjarra?

**Ms Purdy:** That is right.

**Senator SIEWERT:** And the others are the child protection trigger?

**Ms Purdy:** Or vulnerable or vulnerable youth. So for each of those three categories, it is under 20.

**Senator SIEWERT:** So we have under 20 for vulnerable youth?

**Ms Purdy:** Yes.

**Senator SIEWERT:** And the child protection trigger?

**Ms Purdy:** Yes. And the general vulnerability measure.

**Senator SIEWERT:** They all do have those three groups of people?

**Ms Purdy:** That is right.

**Senator SIEWERT:** You have a 12-month continuation of the place based and then you have the 12 months for the others. What is the policy process from here? Based on the evaluation, will the department be preparing advice for government about this program?

**Ms Purdy:** Yes.

**Mr Pratt:** The government generally, yes. It will arise in the context of the welfare review, the Forrest review and on the basis of the evaluations of income management.

**Senator SIEWERT:** As part of that process, what else will be taken into consideration? I am thinking of the NT intervention report that has just come out that shows a lot to be desired.

**Mr Pratt:** Anything which is relevant to working on policy for what may happen in the future will get taken into account. We will look at all of the data we have on the existing sites around the country as well as the formal evaluations as well as the McClure report outcomes and what Mr Forrest comes up with when the government gets his report—those things.

**Senator SIEWERT:** That is interesting, because income management is not supposed to be about just Aboriginal people. So that is interesting. Mr Forrest's report is just on Aboriginal employment, is it not?

**Mr Pratt:** He is looking at employment and training for Aboriginal people, yes.

**Senator SIEWERT:** In terms of the NT report, the latest report that was out a couple of weeks ago shows that we are lacking progress in a number of areas.

**Ms Hefren-Webb:** Are you talking about the report released in late 2012?

**Senator SIEWERT:** No. It showed a lack of progress on some of the alcohol measures.

**Ms Hefren-Webb:** There is a broader report, *Stronger futures*.

**Senator SIEWERT:** The *Stronger futures* report out. It does straddle some of the intervention stuff. It shows that we have had a lack of progress there. Will those sorts of things be taken into consideration, because income management has been a part of that process?

**Ms Hefren-Webb:** We would certainly be looking at the full evidence base in forming our advice. We work very closely with indigenous affairs, still obviously because of that relationship of income management originally commencing in the Northern Territory. We have an ongoing dialogue generally on policy issues with PM&C, so yes.

**Senator SIEWERT:** But you take the lead on income management?

**Ms Hefren-Webb:** Yes, correct.

**Senator SIEWERT:** What process will be undertaken to consult? You have these processes, but obviously there is also feedback from peak organisations, service providers and community organisations. Is there going to be a consultation process to get feedback from those organisations on income management?

**Ms Hefren-Webb:** I think yesterday there was some discussion about a potential consultation process arising out of the McClure report, which may go part way to having some consultation. I meet every three or four months with both ACOSS and Welfare Rights and, as you would imagine, we have a pretty robust discussion. We meet with the Northern Territory legal services very frequently and get a lot of input. I could not predict where the government might want to go in terms of a public consultation process. That is certainly one option going forward. But I would not want people to think we do not receive a lot of frequent feedback and input on the policy.

**Senator SIEWERT:** I would not doubt that you are talking to those groups—in fact, I would say they are not doing their jobs unless they are talking to you frequently—but that is different to having a formal consultation process.

**Ms Hefren-Webb:** Understood, yes.

**Senator SIEWERT:** Particularly with organisations that are on the ground working with people involved.

**Ms Hefren-Webb:** Yes, understood.

**Senator WRIGHT:** Good afternoon. I have a few questions about the South Australian sites. First of all, how much has been spent to date on establishing and operating income management in Playford and other South Australian sites?

**Ms Hefren-Webb:** We cannot provide a split site by site. Income management, as it is a national program, has a number of infrastructure elements, like the BasicsCard contract, the national office component staff and the policy development staff that sit across the whole program. Then we have implementation costs in each location. But we are not able to cost location by location.

**Senator WRIGHT:** You could presumably give the implementation costs to me, allowing for the fact that there are some other shared costs or costs which would be part of a larger national framework.

**Ms Hefren-Webb:** I could potentially provide on notice the cost of DSS staff in South Australia and then the cost of financial management services in South Australia. DHS would need to provide the costs of their staffing. Then there would be a component of the national costs that would be attributable as well. So it is very difficult to do. We have not broken down the costs that way.

**Senator WRIGHT:** I do not know how you arrange your finances, but when you decide to start at a new site, presumably there is some form of planning and estimation about what the additional costs are going to be to the departments?

**Ms Hefren-Webb:** For example, the cost of implementing in Ceduna for one year is \$1.15 million. However, we absorb that cost within a broader envelope because, as I said, there are some basic costs for income management.

**Senator WRIGHT:** I want to understand better what you are saying there. So the cost of implementing income management in Ceduna, you have said, is a figure of \$1.15 million?

**Ms Hefren-Webb:** Correct.

**Senator WRIGHT:** But there are other costs associated with that that are not within that figure which are part of the infrastructure to set up nationally?

**Ms Hefren-Webb:** Correct. I will give you an example. We have a \$5 million or \$6 million contract, I think it is, with Indue, who is our BasicsCard provider. We have that contract for a certain number of cards each year. I think it is up to a maximum of 40,000. That is fixed. To extend to an area like Ceduna, we do not vary that contract. So there would be a proportion of the costs attributable way back to our original contract with Indue et cetera.

**Mr Pratt:** Another example might be the costs associated with the share of calls handled by the human services call centre that relate to income management, which is run out of one or two areas, I think.

**Senator WRIGHT:** I do understand that. When you said it would be very hard, I was not sure if you were meaning to be totally accurate or whether you meant it would take a lot of resources of your department to give me some kind of a figure. You gave me that figure for implementation. What I am understanding is that there are some figures there, but there are additional costs. Could you perhaps on notice provide those figures that are clear about the implementation for Ceduna, for instance, and Playford, and then give an indication of what the other costs would come from, even if you cannot actually identify particular additional costs? Do you understand what I am asking there?

**Ms Hefren-Webb:** I do. I am happy to have a look at what we can provide on notice.

**Senator WRIGHT:** Thank you for that. What amount is budgeted over the forward estimates for the rest of the South Australian sites? Is there some budgeting that relates to income management in South Australia over the forward estimates?

**Ms Hefren-Webb:** No. There is not a single figure we have here. So income management in Playford is funded for two years. Income management in Ceduna has just been funded for one year. Income management in the APY Lands has been funded for one more year. It would be an aggregation of three different budget measures that we would need to work through. We could do that, but I do not have it here.

**Senator WRIGHT:** That is fine. I understand you may not have it here. So, thank you. If you could do that for me and answer that as best you can, that would be good. Thank you for that. I am interested to know what

evidence the department has gathered in South Australia regarding participation, the number of complaints and evaluations about the success of income management in South Australia.

**Ms Hefren-Webb:** Playford is part of the place based income management evaluation that Ms Purdy just spoke about. I do not know if we would have a number of how many of the interviewed clients came from Playford.

**Ms Purdy:** No. I do not have that.

**Ms Hefren-Webb:** But the evaluators drew clients from all of the sites. So that will provide us with some evidence about the experience in Playford. The evaluators have also met with a number of community organisations, a number of intermediaries and South Australian government officials et cetera. So there will be input into that evaluation on Playford. APY Lands is the subject of a—

**Senator WRIGHT:** I will stop you for a minute to tease that out first. That is in relation to Playford. What form will that evaluation come in? How available is it for people to have a look at that?

**Ms Hefren-Webb:** I think you were out of the room when Ms Purdy said that the baseline report of that evaluation is very close to being publicly released.

**Senator WRIGHT:** Will the South Australian information and the results of the consultation about South Australia be identifiable, or is that all just caught up in that? Do you understand what I am asking there?

**Ms Hefren-Webb:** Yes. I do understand.

**Senator WRIGHT:** I am fairly new to this area, so please excuse me if my questions are a bit naive. I am asking these on behalf of a constituent.

**Senator EDWARDS:** Not at all. They are very interesting.

**Ms Purdy:** My memory is that it is aggregated up, that it is not by place.

**Ms Hefren-Webb:** There may be some mention by the evaluators that this issue was a particular issue in Playford versus Bankstown. There might be the odd mention like that. But, in general, they have collated all the experiences together.

**Senator WRIGHT:** So there is no specific evaluation of that particular income management site in Playford?

**Ms Purdy:** No. That is right.

**Ms Hefren-Webb:** There is a separate evaluation on the APY Lands which is underway.

**Senator WRIGHT:** You started to talk about that, I think. Would you like to continue with that?

**Ms Purdy:** Sure. We are again expecting a draft report on that evaluation to be received by the end of this month. That has involved a qualitative survey with 51 community members, most of whom are on the voluntary income management measure, and a comparative survey with people who are on income support but not on income management.

**Senator WRIGHT:** Is that a draft report?

**Ms Purdy:** That is right. A draft report in June. And the final report is due in October. Sorry. My apologies. It is the final report that we are receiving in June.

**Senator WRIGHT:** And that will be available publicly?

**Ms Purdy:** Again, that is a decision for the minister.

**Senator WRIGHT:** So that has not been decided yet at this stage?

**Ms Purdy:** Not yet, no.

**Senator WRIGHT:** What about numbers of complaints? How can we find out about what reporting there is? How do we know about them?

**Ms Hefren-Webb:** We do not really receive direct complaints about income management. DHS may. It may be useful to ask them when they are here. There is reporting on reviews and appeals, though. I guess that is an indicator of where people have sought reconsideration of a decision.

**Ms Purdy:** I have some data on reviews and appeals. In 2013-14, 83 appeals to an authorised review officer have been affirmed.

**Senator WRIGHT:** So that means the original decision was affirmed?

**Ms Purdy:** That is right.

**Senator WRIGHT:** Not the appeal. The original decision?

**Ms Purdy:** Yes.

**Senator WRIGHT:** Just so I am clear on what that says.

**Ms Hefren-Webb:** That is out of a total of 113 appeals.

**Senator SIEWERT:** Are you looking at giving information on what you have been asked on this sheet?

**Ms Purdy:** It should be the same.

**Senator WRIGHT:** If it is in the same sheet, I actually have that, so I do not need you to run over that. I wondered about that, actually.

**Senator SIEWERT:** Where it is less than 20, you have said 18.

**Senator WRIGHT:** So you are going to run through the information that is available on that sheet that you handed out earlier, I think. Is that right?

**Ms Hefren-Webb:** I was just saying that I guess that is one source of information about complaints. It is not technically a complaint.

**Senator WRIGHT:** No. But all I am saying is I do not need you to take the time of the committee to run through that if you have already distributed it. I did get it, so thank you for that.

**Senator SIEWERT:** I just thought there might be more.

**Senator WRIGHT:** That is what I was wondering too. They are probably all my questions for the time being.

**Senator EDWARDS:** I want to specifically go to two areas in South Australia. The management of Ceduna is outsourced to Ninti One. Is that correct? What is that relationship?

**Ms Purdy:** We have had a contract with Ninti One to undertake some community surveys for us, which was in June last year.

**Senator EDWARDS:** So that is completed and all done?

**Ms Purdy:** That is complete. That is right. They provided a report back to the department, which is actually available on the department's website.

**Senator EDWARDS:** As a result of that, the program is in full swing?

**Ms Purdy:** No. Not yet. So following the Ninti One report, we held some consultations in Ceduna ourselves along with representatives from Prime Minister and Cabinet and human services, again to talk with people about what benefits they could see from the introduction of income management to the Ceduna region. That information was provided to government. Government made a decision in the budget to roll it out to Ceduna, but that does not commence until 1 July this year.

**Senator EDWARDS:** I believe that the local community and all stakeholders in the community, including the council and the mayor and everything like that, are fully supportive of it going ahead, including the communities that will be served by the initiative?

**Ms Purdy:** That is right. The feedback we got through the consultation process and through the surveys that Ninti One did was there was quite broad support for the introduction of income management to the region.

**Senator EDWARDS:** I must say that Ninti One seemed to have done a very good job with that report. I have not always been a supporter of their work with the camels and things like that, as they well know, but I think they have actually done a very good job in here. So bouquets where bouquets are due. I will look forward to the implementation next month to that. Obviously the community is in great need. I will move to Playford now. Do you have any idea on the numbers? It seems to be about 500 or 580 or 490 people that are in the program at any one point in time. Have you got a number you could give me that I could just work with?

**Ms Purdy:** At present, there are 588 people participating on income management in Playford.

**Senator EDWARDS:** Do you have any idea of the recruitment rates to that per month and the exit rates for that? What is the turnover?

**Ms Purdy:** I do not have that here.

**Senator EDWARDS:** In Playford, have we just got 500 people that are locked in and have been locked in since the program began, or are we turning off 20, 30, 50 or 100 a month and 100 new ones are coming in?

**Ms Hefren-Webb:** There would be some ons and offs in that. I do not know that we have more detailed data.

**Ms Purdy:** I can tell you that 76 people who have been on voluntary income management have been on it for more than 14 weeks. But I do not have a further breakdown than that.

**Senator EDWARDS:** I am just going to culture. If we have identified, say, 600 people out there that need income management and it is a continual issue, it is obviously the only issue we have and all we need to do is manage those 600 people and educate them and take them to the next level of understanding of how to manage their money. If we have 600 people coming out the other side of the program, we do not need the program any more. It is not quite right; I know that that is not what happens in real life. But the program was implemented by the previous government, although when we were in government last, we did not need it, but they brought it in. Certainly the member for Wakefield, when his party was in government, was very supportive of this. I am too. But I just want to know that it is actually meeting its mark. How do you measure the performance of the program if you have just got people locked in there and not making any progress?

**Ms Hefren-Webb:** Some people would be moving off the program.

**Senator EDWARDS:** But we do not know how many.

**Ms Hefren-Webb:** Well, that is something that we could probably track, but it would be quite a detailed data request to do that.

**Senator EDWARDS:** I do not want to put you to work. I also want the program to be accountable for outcomes or results.

**Ms Hefren-Webb:** Understood.

**Senator EDWARDS:** My next question is: how much does it cost on a fully-absorbed-accounting basis to run the program? How much money does it actually achieve? I will come to that.

**Ms Hefren-Webb:** I guess I was just going to say that some people have volunteered for the program and have chosen to stay on. For whatever reason, they find it useful.

**Senator EDWARDS:** There are about 100 of them, are there not?

**Ms Hefren-Webb:** In Playford, I think there is a bit more than that.

**Senator EDWARDS:** It might be 20 per cent. If we talk in percentages, it might be easier.

**Ms Hefren-Webb:** It is. It is about 97—you are right—of the 588. Then there are other people who are triggered on by virtue of being in a particular set of circumstances.

**Senator EDWARDS:** Sure. Which happens across all the income managed.

**Ms Hefren-Webb:** They can go and talk to the Centrelink social workers if they feel that their situation has changed, that they no longer need this assistance. We also fund financial counselling and money management services in those locations.

**Senator EDWARDS:** I get all that. I understand we are supporting it. But what are we doing to arrest the dysfunction we are seeking to address?

**Ms Hefren-Webb:** You are getting into a much bigger area of policy, which is around family breakdown, youth homelessness and a whole lot of factors that drive the take-up of income management. The department has a whole suite of programs aimed at early intervention and prevention, trying to prevent these issues from arising.

**Senator EDWARDS:** I do not think you are contending that we are actually just going to allocate money for these people for the rest of their breathing days.

**Ms Hefren-Webb:** No. I am not contending that.

**Senator EDWARDS:** So how do you measure an outcome?

**Ms Hefren-Webb:** Through the evaluation process, where we are asking people to identify the benefits that they have gained. We are asking third parties to identify the benefits they see for families that they work with from the program. So that is one of the ways we are identifying outcomes.

**Senator EDWARDS:** But is not the ultimate goal to get them functioning so that they can operate within the social parameters?

**Ms Hefren-Webb:** Absolutely.

**Senator EDWARDS:** Not being delinquent with their debts and things like that and that they are able to operate?

**Ms Hefren-Webb:** Absolutely.

**Senator EDWARDS:** With the help of the support system that the taxpayers are paying for to give them a hand up rather than continuing to give a handout? We are trying to actually wind down this program, not crank it up, by arresting the dysfunction that exists.

**Ms Hefren-Webb:** I would comment that some women who suffer financial harassment from their family find it quite a protective mechanism. It is not really about their lack of skills or capability. It is about the environment they are living in.

**Senator EDWARDS:** I am not suggesting for one minute that these people do not qualify for this. Do not get me wrong. I am interested to know that the department is holding itself accountable for measurable outcomes for these people. That is my issue. My mob inherited this. It is—

**Senator SIEWERT:** Your lot started it.

**Senator EDWARDS:** Well, we inherited this program.

**Senator SIEWERT:** You started it, though.

**Senator EDWARDS:** That is fine.

**Ms Bennett:** I think that some of these issues, when we are able to provide the evaluation, will give you an insight into some core aspects of it, such as people becoming more financially stable, paying their rent, paying their bills and those other associated outcomes—that they have moved into a space of financial stability and independence. That evaluation, I think, which will go to some of the questions that you are asking, is not yet available.

**Ms Hefren-Webb:** I might also mention that the evaluation of income management in Western Australia, which was released some time ago, had a number of cases of people who had been participants, maybe referred by child protection, for two or three years. They were now out the other side and were reflecting back on the benefits of it.

**Senator EDWARDS:** That is exactly what I am after.

**Ms Hefren-Webb:** So we do have some evidence around people's pathway through the program. I guess there are multiple pathways through. Different people are acquiring those skills or changing their circumstances at different rates.

**Senator EDWARDS:** If you are able to, can you provide me with, since the program has started, how many exited out of the Playford program—

**Ms Hefren-Webb:** Yes. We will be able to provide that.

**Senator EDWARDS:** and how many are still on board. Is there an increasing trend? Is there an awareness? Is it being well marketed out there so people are joining voluntarily, or have we got 100 people still there voluntarily? How many people have qualified in Playford for the matched savings since the program has been implemented?

**Ms Purdy:** Unfortunately, I have only a national figure for that, which is 38. I cannot tell you how many—

**Senator EDWARDS:** Thirty-eight people?

**Ms Purdy:** That is right.

**Senator EDWARDS:** Well, it is not going to be many in Playford.

**Ms Purdy:** No. That is right. But I can certainly get that for you.

**Senator EDWARDS:** So that implies that people cannot actually get to the \$500 of savings. That is 100 per cent on your money. That is a very good incentive to save.

**Senator SIEWERT:** Yes. You have to have money to save.

**Senator EDWARDS:** My point is factual. It is 100 per cent on your money. Save \$500 and get \$500.

**Senator SIEWERT:** You cannot save if you do not have any money.

**Senator EDWARDS:** In departmental terms, in Playford, do you have any idea of the amount of money that you administer on an annual basis of the people whose incomes you administer? Do you know that number?

**Ms Hefren-Webb:** I do not have that figure broken down by location. I am aware, because I sign them off every month, how much flows through the income management account on and off. I think about \$150 million—it may be a bit more than that—of income support is subject to income management. But that is across the country.

**Senator EDWARDS:** Are you able to provide that for me for Playford? Is it broken down?

**Ms Hefren-Webb:** I would have to go to DHS and ask them for that data.

**Senator EDWARDS:** I will give you some context. There is 45 per cent youth unemployment in Playford in that area and we are trying to do something about it. We are trying to get some concept of what is being delivered



out there to help those people. This is not just some little folly. This is about trying to deliver some things to do that.

**Ms Hefren-Webb:** I will endeavour to get that data for you.

**Senator EDWARDS:** I am sorry that was not a question. Can you tell me, then, what the fully absorbed cost of administering that program in Playford is?

**Ms Hefren-Webb:** I think it is similar to the question that Senator Wright was asking.

**Senator EDWARDS:** Yes. She pinched a lot of mine.

**Ms Hefren-Webb:** I was describing how the program has—

**Senator EDWARDS:** I think we have the same informant.

**Ms Hefren-Webb:** a number of fixed elements which support the program nationally and then some locational-specific elements, like staff on the ground in Playford. I have undertaken to try to develop up a cost for Playford, so we will obviously provide that on notice. But we do not have it.

**Senator EDWARDS:** There has been a figure of \$23 million per annum to administer it. I would be interested to know how much money we are actually administering for \$23 million. That is what I am after.

**Ms Hefren-Webb:** Understood.

**Senator EDWARDS:** Chair, thank you. I really enjoyed being here with you all. Thank you.

**CHAIR:** We enjoyed your being here, Senator Edwards.

**Senator EDWARDS:** I will now leave. I think the minister probably would not mind if I left.

**CHAIR:** Senator Peris has some more questions on income management.

**Senator PERIS:** My questions are with regard to Territorians. I want to get some numbers on the Territorians who are subject to income management going back from 2011-12, 2012-13 and 2013-14.

**Ms Purdy:** I can only give you a current figure as at 16 May this year. I can certainly provide you with that information on notice.

**Senator PERIS:** For the other two, yes.

**Ms Purdy:** Would you like it broken down by category?

**Senator PERIS:** Yes, please.

**Ms Purdy:** In the Northern Territory, for the voluntary measure, there are 3,720 people; child protection is 66; vulnerable is 183; and vulnerable youth triggers is 447.

**Senator PERIS:** What does that mean, voluntary youth triggers?

**Ms Purdy:** The vulnerable youth triggers?

**Senator PERIS:** What is that category? What does that mean?

**Ms Hefren-Webb:** There are certain young people who, by virtue of their particular payment type, are triggered on to income management. That is that group of people. It is the people who are receiving payments for being unable to live at home, people who are released from a justice institution, and people who claim a crisis payment.

**Ms Purdy:** And people under 16 who are receiving special benefit.

**Senator PERIS:** What was that age group for that category?

**Ms Purdy:** Under 25 years of age. Then there is a long-term income management measure, which has 11,104 people.

**Senator PERIS:** They are long term. What is that category?

**Ms Hefren-Webb:** They are people aged over 25 who have been on income support for more than 12 months of the last two years in relation to either Newstart or parenting payment.

**Ms Purdy:** Then there is the disengaged youth measure, which is 4,363. There is also the supporting people at risk measure, which is linked to the Alcohol Mandatory Treatment Tribunal. There are 120 people on that measure.

**Senator PERIS:** So that is the mandatory alcohol treatment that was introduced last year?

**Ms Purdy:** That is right.

**Senator PERIS:** So when they went into treatment, were that 120 currently on some sort of income management, or they were put on to it because they went into it?

**Ms Hefren-Webb:** That figure refers to people referred to DHS by the tribunal. So they have been placed on income management because we have received instructions from the tribunal. On the question of whether they were on income management prior to the tribunal, we would not have that information here. But the tribunal has made a finding in relation to their circumstances.

**Senator PERIS:** Do you have a breakdown on indigenous and nonindigenous?

**Ms Purdy:** I do for some categories, but not all. For the first three, I can tell you that it is the majority of indigenous people, but I cannot give you an exact figure today. For the vulnerable youth triggers, 74 per cent are indigenous. For the long-term unemployed trigger, it is 87 per cent. Disengaged youth is 89 per cent. For the AMTT measure, the majority are indigenous.

**Senator PERIS:** Let me say 99 per cent because it is 99 per cent that have gone through that treatment program. They are all the questions I have on that.

**CHAIR:** I think we have run out of questions in the area of income management.

**Senator CAROL BROWN:** I have questions about relocation assistance for students.

**Senator SIEWERT:** Is that back to families and communities?

**CHAIR:** What have you got questions about, Senator Smith?

**Senator SMITH:** The drought support package.

**CHAIR:** That sounds like a good one. Which program does that come within?

**Ms Hefren-Webb:** That is outcome 2.

**Senator SMITH:** By way of explanation, could you explain to me how much of the drought support package is managed or administered by the Department of Social Services?

**Ms Strapp:** Senator, \$9.7 million of the \$10.7 million social support package has been allocated to the Department of Social Services.

**Senator SMITH:** So the great bulk of it is administered by the department?

**Ms Strapp:** That is right.

**Senator SMITH:** What particular sorts of services will you be funding?

**Ms Strapp:** There are two sorts of services. One of them is family support services or family and relationship services. They are primarily outreach support, very similar to the kind of support that was provided in Western Australia, as you are aware, under the measures in Western Australia under the drought package. So we trialled them in Western Australia a few years ago.

**Senator SMITH:** That is right, yes.

**Ms Strapp:** So it is outreach support to families. It is also community support activities, attending events and raising awareness about the types of supports that are out there—not just family support, but the types of payments that Centrelink has available. That is \$4.5 million over two years. Then there is \$5.2 million total to targeted community care, which is mental health support. That is one-to-one mental health support for people affected by the drought and their families, and community events and activities that are around awareness raising.

**Senator SMITH:** What level of feedback have you had from community based organisations so far?

**Ms Strapp:** To be honest, the services are really only just up and running. We have had some working groups with them and some feedback. I guess that they are monitoring the level of demand at the moment, but they are only just getting started. They are existing services, so they are used to seeing it. But in some circumstances they have, I guess, broadened their boundaries. They have received additional funding to broaden their boundary so they can do additional outreach to locations that they might not have normally serviced. But it is really the initial stages, so we are monitoring.

**Senator SMITH:** So the organisations that are servicing the communities are well established, obviously well-known and very familiar to the communities that they are operating in, and the communities in return are very familiar with them. There is always work to be done in terms of increasing the level of awareness?

**Ms Strapp:** That is right. But there might be some organisations where we have gone to existing providers because of the need for urgent funding. We have gone to existing providers. Some of those providers have had to increase their boundaries. They might be in some regional and remote locations that they would not normally be in. But they are doing a lot of, I guess, community capacity building and awareness raising to let people know that they are there. DHS have drought coordinators that have been funded under the social support package. They are also joining up with the targeted community care providers.

**Senator SMITH:** Do the DHS drought support workers fall under the targeted community care element?

**Ms Strapp:** No.

**Senator SMITH:** They are a separate element?

**Ms Strapp:** They are a separate element specifically funded by the Department of Human Services. They coordinate, I guess, not only the payment side of it but also the social support side of it. Their aim is to link up all the different elements of the drought support package.

**Senator SMITH:** Have the funding agreements been signed, then, with the providers?

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

**Senator SMITH:** They have all been signed?

**Ms Strapp:** Yes. They have all been signed.

**Senator SMITH:** How many providers are there in the first element—the family and relationship service element—and then the second element, the targeted community care element?

**Ms Strapp:** There are 14 family and relationship service providers. There are 35 targeted community care providers.

**Senator SMITH:** Can you give me a state breakdown of the 14 and then of the 35?

**Ms Strapp:** I might just have to do a quick calculation. There are 15 in New South Wales. That is both family support and targeted community care. I am just counting. It is just 15 in New South Wales family support and targeted community care. Then there are eight in Queensland. I hope that adds up.

**Senator SMITH:** Well, some people will be providing services across both streams. Is that right?

**Ms Strapp:** Yes.

**Senator SMITH:** I know it is early days that you have shared with us. Clearly, we have done some work about how many people we expect to access the service. What does that figure look like?

**Ms Strapp:** We have estimated that around 4,500 to 5,000 people will access the services in both New South Wales and Queensland.

**Senator SMITH:** Is that in each state?

**Ms Strapp:** No. That is the total across the two states. So it is 26 LGAs in Queensland and 24 local government areas in New South Wales.

**Senator SMITH:** And about 4,500 to 5,000 people?

**Ms Strapp:** Yes. That is right.

**Senator SMITH:** Excellent. Thanks very much for that.

**Senator CAROL BROWN:** I would like to ask some questions about the Stronger Relationships trial. When we asked about it at the last estimates, there was very little information available at that time. Can you update the committee on what work has been done since then on the policy development and how it is going to work?

**Ms Strapp:** We are in the very, I guess, late stages of planning. The measure starts on 1 July. Since the last committee hearing, the minister has agreed some parameters around the trial. We have designed a system as to how couples can register online. We are also about to undertake a selection process for providers to come on board to be, I guess, approved to provide the service to couples. I can go through both elements of that for you, if you would like?

**Senator CAROL BROWN:** Yes.

**Ms Strapp:** As part of the trial, in terms of approved providers, there will be, I guess, two types of providers. One is those who are existing family and relationship service providers, which currently sit under the family support program but will sit under the new families and children's activity. I guess they will be preapproved although opt in to be providers. That is the sort of selection process. But additional providers will have the opportunity through an open selection process that will occur at the same time as the broader grants process. On 19 June, they will be also invited to apply to be approved providers. So that is how you become an approved provider. It will be an ongoing open selection process as well, so it will not have a closing date. So over the course of the 12-month trial, providers will be able to, I guess, still apply for funding. It is different to, I guess, a grants program, where they get funding upfront, because it will be a fee for service. They will receive \$200 once they put in the couples registration number and we confirm that the couple has actually received a service. So that is the provider side of it.

Our department has designed a web portal that couples will go through from our website, where they will be able to register to receive a voucher, or what we are calling a subsidy. It is not a physical voucher. They will log in and they will be asked a series of questions. Most of the questions are actually optional. They will be able to opt in to whether they are happy to be part of an evaluation of a measure, which we would encourage.

**Senator CAROL BROWN:** Who can access those vouchers or subsidies?

**Ms Strapp:** There are three eligibility criteria. The first is that they are a couple in a committed relationship. The second is that they are an Australian citizen or permanent resident. The third is that they are 18 or over. However, if they are under 18, we do have a provision to look at that. The department will look at that on an individual basis and determine whether they need permission from their parents. I think we probably wanted to be able to have that to look at the individual circumstance before saying anyone under 18 can access the service.

**Senator CAROL BROWN:** Just on the additional providers, in a response to a question on notice No. 268, the department indicated that there are no industry standards or guidelines that regulate the use of the term 'marriage educator' or 'relationship educator'. So what level of qualification would be required for those providing the counselling?

**Ms Strapp:** Basically, this is regular for our family and relationship service providers. They need to, I guess, be eligible for membership or a member of a set of different, I guess, recognised bodies. We have a list of those bodies that, I guess, are recognised accreditation bodies. One is the Marriage and Relationship Education Association and those sorts of things.

**Senator CAROL BROWN:** Can I get a list of those?

**Ms Strapp:** Yes. I might need to provide that on notice.

**Senator CAROL BROWN:** That is fine.

**Ms Hefren-Webb:** The other element will be that they will need to provide evidence that they provide couples counselling more than 100 times per year. So they have to be experienced couples counsellors.

**Ms Strapp:** That is right.

**Senator CAROL BROWN:** How will you monitor the program to ensure that vouchers are being used as intended?

**Ms Strapp:** I probably should also mention that it is only not-for-profit organisations that will be able to be approved providers. Basically, the process will be that once a couple has registered online and they have emailed their registration, they use the list of approved providers that are on our website. They will take that registration number to the provider. The provider has to provide a minimum of \$200 worth of a service. That may differ. The type of service is not just relationship counselling. It is also education. It has to be a minimum \$200. Once the couple has received that service, the organisation would then put in, through the same portal that the couple registers with, that registration detail and they would basically say on that form or that online system, 'Yes, I have provided a \$200 service to that couple.' We then email that couple and ask them to confirm that they received a service.

**Senator CAROL BROWN:** Would I be able to get a list of the questions that you ask online?

**Ms Hefren-Webb:** The portal is in the final stages of system development. Once it is finalised, yes.

**Senator CAROL BROWN:** On page 92 of the social services budget portfolio statement, it states that the trial will be open to all couples aged 18 years and over and who are in a committed relationship, including engaged, married, de facto and same sex couples. Is that right?

**Ms Strapp:** That is right, yes.

**Senator CAROL BROWN:** But in the families and children's program information, it states that couples will be at least 18 years or, if they are under 18 years, legally able to marry under the Marriage Act 1961. Are both those statements correct?

**Ms Strapp:** I think it is more that we would take them on an individual basis if they are under 18. So it is not a blanket statement that if you are under 18, you cannot receive a service. But because there are legal parameters around providing a marriage type service or a relationship service to couples that are 18 or over, we wanted to take an individual based approach rather than having a blanket.

**Senator CAROL BROWN:** But does that mean that if you have a same sex couple, one being 17 and one being 18, they will not be able to apply to go through the counselling?

**Ms Strapp:** No. Not necessarily. What we would ask is that they contact the department. There will be clear instructions on that on the registration form.

**Senator CAROL BROWN:** I am just trying to clarify the statement in the document that says if you are under 18 and legally able to marry under the Marriage Act 1961. Unless something has changed, it is in regard to same sex couples.

**CHAIR:** You are saying that there are under 18-year-olds who are not legally able to marry under the act?

**Ms Hefren-Webb:** What is the second document you are quoting from?

**Senator CAROL BROWN:** It is the families and children's program. I have a copy of it here.

**Ms Hefren-Webb:** Program information?

**Senator CAROL BROWN:** It is hiding under my honeycomb. It is program information.

**Ms Strapp:** It is this.

**Senator CAROL BROWN:** I think it is page 11.

**Ms Hefren-Webb:** We will have a look at that information. I think the issue that we were trying to get to was that in some cases people under 18 are allowed to marry, but not in all cases.

**Senator CAROL BROWN:** I understand.

**Ms Hefren-Webb:** It was not precluding any particular couple.

**Senator CAROL BROWN:** But it does talk about legally able to marry under the Marriage Act.

**Ms Hefren-Webb:** We will have a look at that wording.

**Senator CAROL BROWN:** If you can come back to me on that.

**Ms Hefren-Webb:** Sure.

**Senator CAROL BROWN:** Is there going to be a communication plan for the trial?

**Ms Strapp:** Yes. That is right. There will be. We are in the final stages of planning that communications campaign and all the communications that will go out. It will be a range of products. I guess we will be promoting the trial of both the secular and nonsecular celebrants as well as our existing family and relationship services and other family support services and through our websites and other channels.

**Senator CAROL BROWN:** Is that the extent of the communications plan? Will there be any other sort of advertising?

**Ms Strapp:** Not at this stage; that is my understanding.

**Senator CAROL BROWN:** Is there a budget for a communications-advertising plan?

**Ms Hefren-Webb:** There is no funding allocated for communications. We have used some general departmental communications funding to do this type of communications activity. I think it is about \$60,000 worth, but I will confirm that for you.

**Ms Bennett:** It is more information about it and is predominantly web based rather than a marketing campaign.

**Senator CAROL BROWN:** Well, I would appreciate if you would confirm that on notice. If there is any further information about the communication plan, I would appreciate that as well. You have developed benchmarks to determine the success of the trial?

**Ms Strapp:** We will be having an independent evaluation of the trial. Part of that design will be with whoever the successful evaluator will be. We will be designing some benchmarks around that. But we have not set them just yet. The aim is to get, I guess 100,000 couples—that is what it has been funded for—but we will certainly be developing that in consultation with the evaluator about what a good benchmark is. The previous pilot that was run in 200 was only in two sites and it was only with celebrants. The results of that were that 25 per cent of couples that accessed the pilot, I guess, indicated that they would not have accessed that service had it not been for the pilot. So I guess that is a bit of a starting point for us in terms of evaluating this trial.

**Senator CAROL BROWN:** I will ask two questions and I will put the rest on notice. When do you expect to develop those benchmarks?

**Ms Strapp:** Very soon. We would be hoping to get the evaluator by early July to late July.

**Senator CAROL BROWN:** Great. So the evaluation will be undertaken by an outside person or the department?

**Ms Strapp:** That is right. It will be an independent evaluation.

**Senator CAROL BROWN:** Is that put out for tender? How is that going to work?

**Ms Hefren-Webb:** We have a standing evaluation panel, so we would likely approach that panel to seek an evaluation.

**Senator CAROL BROWN:** That is fine. I have some others.

**CHAIR:** Senator Smith has a couple of follow-up questions.

**Senator SMITH:** Someone makes application for the voucher and then there is a list of approved providers, effectively. How many approved providers are there?

**Ms Strapp:** I cannot tell you that because we have to do a selection process for one part of it. But I can tell you that we will be asking existing family and relationship service providers—we have 83 of them currently funded. Those providers are also getting five-year grant agreements starting from 1 July.

**Senator SMITH:** I go back to the issue of same sex relationships. What is in the selection process to ensure that a provider is suitably skilled to manage relationship issues that same sex couples might bring to the provider?

**Ms Hefren-Webb:** That is part of our current work when we fund family relationship services—that the service provider has a demonstrated capacity to work with families and couples from a whole range of diverse backgrounds.

**Senator SMITH:** Including same sex relationships?

**Ms Hefren-Webb:** Including same sex relationships.

**Senator SMITH:** If a provider says, 'Look, we can do all these things. We can do them very, very well. We don't want same sex couples coming through our door', are they eligible or ineligible to apply for this?

**Ms Hefren-Webb:** Ineligible.

**Senator CAROL BROWN:** Does the same apply to organisations that might insist on taking a Christian approach to counselling? Would they be ineligible as well?

**Ms Hefren-Webb:** I guess there is—

**Senator CAROL BROWN:** Do they have to take a non-denominational or nonpartisan approach?

**Ms Hefren-Webb:** Yes. They would have to be able to demonstrate they had the capacity to work with people from a diverse range of backgrounds and not—

**Senator CAROL BROWN:** Including a diverse range of beliefs?

**Ms Hefren-Webb:** Religious backgrounds and belief systems et cetera in a sensitive way. That would be part of the criteria for selecting an organisation. So, I guess, theoretically, if an organisation said, 'We're only interested in promoting marriage in a particular religious context', that would—

**Senator CAROL BROWN:** Or even promoting marriage. We are talking about promoting relationships, are we not, not marriages?

**Ms Bennett:** I will reiterate that we will not be telling a couple where to go. They will receive a list of providers.

**Senator CAROL BROWN:** They might be telling each other that, Ms Bennett.

**Ms Bennett:** So there will be the choice of the individuals and what they might know about those organisations and those providers, where they take the subsidy. So there is the opportunity for the individual couples to make some choice about where they go.

**Ms Strapp:** We will be funding a range of providers, both secular and nonsecular. That is the way we already fund in terms of family and relationship services—organisations such as Relationships Australia. We also fund organisations that are church based. So there will be a variety of providers for a couple to choose from.

**CHAIR:** Thank you. We are moving now, Senator Cameron, to the material that was requested—thank you very much, Mr Pratt and officers—by senators before the break relating to the financial management program, including where the funding was and where the funding is now. There has been a brief meeting of the committee around this. Mr Pratt, is it you or someone else who will talk us through the material here? We will have a discussion about the issues raised.

**Ms Bennett:** I will defer to Ms Woolley in a moment. You asked us to understand the elements that made up the new broadbanding of the financial management program and what the spending was in the year 2013-14. We have provided that information. A number of activities now make up that financial wellbeing and capability broadbanding. We have provided the details of that component, which aligns to page 98 in the PBS, of what was 2013 and 2014 and the elements that now make up financial wellbeing and capability. The question was then

asked whether we could translate those elements into the funds that would be available for 2014-15 and so on. I am going to hand over to Ms Woolley, who will explain why we are not in a position to provide this.

**Ms Woolley:** The issue that we have raised is the up and coming selection process for DSS grants, which will open on 19 June.

**Senator CAMERON:** I could not hear you. What is the first reason? Please start again.

**Ms Woolley:** The issue that goes to the heart of this relates to the up and coming selection process for DSS grants, which will open on 19 June. It is a large selection process across the broadbanded programs. The issue that the department has to manage is being able to provide information about that selection process in accordance with probity principles so that all potential applicants, which could be existing service providers and new service providers within the market, all have the opportunity to receive consistent information about those grants processes. In the context of broadbanding, that means that whilst a lot of information has been placed on the website about the operation of those programs, which goes to that program information level, details about the specific amounts of funding per selection process will not be available until 19 June. That is across all of the selections. The reason for that is to give all applicants the same opportunity to receive information at the same time and to be able to see those activities that will be open for selection. In that process, the department is required to provide quite a bit of information to applicants, which is the very thing that, I think, would give you the sense of what dollars would be available and for what types of activities which make up the components of these new broadbanded programs. So that will include information about what people can apply for and how much will be available. I guess the issue we are raising is, beyond providing the information contained in the PBS that goes to the program level that comprises the new sets of activities, it is difficult to drop to a lower level without compromising the details of that process.

**Senator SIEWERT:** This has been tabled?

**CHAIR:** This document has now been tabled, yes.

**Senator CAMERON:** First of all, I am certainly not satisfied with that response. I do not think the Senate is seeking details to the level that would create any problem for commercial confidentiality. What we were seeking, as I understand it, certainly myself, is details of the different funding allocations from one part of the budget to another on what is a macro level. So I cannot understand for a minute why you cannot provide us more details and why you cannot fill in where the funding sits in both the financial crisis and material aid area, the financial counselling capability and resilience area, and in the training sector and support area. So it is taking that top box and migrating the various amounts back into that second box for a start. What is the problem with that?

**Mr Pratt:** I think we can do that for you. What we are saying is in two weeks, simply because we have this selection process which is going to be underway.

**Senator CAMERON:** But providing the Senate with details about the macro budget, I think, is the important issue. I do not think you have made a case on commercial confidentiality in any way, shape or form here. You say you can do it. You should do it now. If there were those figures filled in, just explain to me in detail why that would create a commercial confidentiality issue.

**Ms Woolley:** From the commencement, we have been in a period which is characterised by a series of probity requirements for us moving into it. We have been clear publicly that we are about to run selection processes across our grants. That period has commenced. Consistent with that, our public messages on our website and our written correspondence has told anyone who is interested in that process that information about that level of detail will be available on 19 June, consistent with all other applicants. There is an issue if somebody has taken that information in good faith and then tomorrow we release separately to that advice a different set of information. It is inconsistent with that piece of information.

**Senator CAMERON:** It is an inconsistency. Because you have set about to try to achieve a competitive tender, that then makes the macro economic forecasts and the forward estimate details here unavailable to the Senate? Is that what you are saying?

**Ms Woolley:** That is the issue that we are raising quite specifically in the context of running this process. In terms of what is provided, though, in the PBS, you do have program by program information about the composition of funds and information about any savings that comes in from the grants.

**Senator CAMERON:** But the issue is that clearly there is a cover-up here. I think clearly there is a political decision. That cover-up means that—

**CHAIR:** Order!

**Senator SESELJA:** I raise a point of order.

**CHAIR:** Senator Seselja, what is your point of order?

**Senator SESELJA:** Senator Cameron has made a habit today of slurring public servants. The public servants have come and given honest answers.

**Senator CAMERON:** It is not the public servants.

**Senator SESELJA:** Well, it is, because the public servants are giving an answer and you are suggesting that they are not telling the truth. It is the same rubbish we saw from Senator Conroy, and I think you should desist.

**CHAIR:** Thank you, Senator Seselja. That is not a point of order. I will make the point, Senator Cameron, that being abusive towards the departmental officers is a cowardly way to behave. I do not think it is appropriate.

**Senator CAMERON:** I reject that I am being abusive. What I am trying to do is make sure that your welfare recipients in this country on \$35 a day do not get it even tougher. I am not accusing the secretary or any of the departmental officers of any cover-up. The cover-up is from the government. The cover-up is quite clear. They are ripping money out of welfare recipients in this country and putting it in another pot.

**CHAIR:** Senator Cameron, you appreciate that there are other senators with questions in other areas. We have less than half an hour on this whole section now. Other than making comments about it, what do you want to ask? The secretary wants to make a statement.

**Mr Pratt:** Perhaps I can help. I hope I can help a bit here with the macro level detail. I refer to this table that we all have. I want to establish that there is nothing going on at the macro level which is unusual. If you look at the first box, we have a total FMIA number there of \$118.613 million. That is for the period 2013-14. The second box breaks down the financial wellbeing and capability program. Below the areas which we have sought to explain that we cannot provide detail on for the next couple of weeks because of the selection process, we have a total running across the next four years which is in our PBS.

I will give you two examples of how we get to those figures. In 2014-15 and 2015-16, there is \$139.13 million and \$164.68 million respectively. The comparator is the \$118.6 million in 2013-14. The \$139.13 million in 2014-15 includes the extra \$20 million for the under-30s measures, which is the extra emergency relief. If you were to subtract that, that would give you roughly \$118 million or \$119 million, which is comparable. It is never going to work out as smoothly as this, but it is comparable to the 2013-14 figure. If you look at 2015-16, you have \$164.68 million. If you were to take off the under-30s money, which is \$86.6 million roughly, that gives you about \$78 million. If you look in the terminating measures underneath that, and you look at 2014-15, the year preceding that, we lose \$20 million from income management, one \$1½ million for innovative projects and the CAFE project, and then \$12.5 million in microfinance. If you add those up, that is another \$35 million. Add that to the \$78 million and, again, you are over \$100 million, which is not that far off the \$118 million that is in this financial year.

Lastly, just to slightly complicate that, of course, we have the budget measure, which we talked about yesterday, which has the \$214 million in savings across all of the grants programs, including this one. There will be a share of savings from that here. So that sort of gives you a rough guide to how the bottom line for the financial wellbeing and capability program was developed, which I understood to be part of your interest. All we are saying is, with the break-up of that \$139 million in those new categories, there is a temporal issue that we need to wait a couple of weeks, according to our probity and legal advice, before we reveal that. The alternative is, I guess, we could look at trying to organise an in camera briefing for the committee so that we can just give that.

**CHAIR:** We cannot do that as part of estimates, Mr Pratt, because estimates must be on the record.

**Senator SIEWERT:** That is part of the problem here. Thank you.

**Mr Pratt:** In advance of the two weeks from now, we could do that, at least to give individual senators—

**Senator CAMERON:** I must say that I am not convinced that you have satisfied—

**CHAIR:** Do you have questions, Senator Cameron?

**Senator CAMERON:** You raise the \$214 million. One of the issues we have tried to raise with you is where that \$214 million comes from. You say you do not give any details on that. That is the fundamental issue. Where does that \$214 million come from? What programs have been reduced? Where is the money going? How much of that money is going into those three areas that are laid out in the financial wellbeing and capability area? So that is one issue. I am not sure, Secretary, if you are claiming public interest immunity on this.

**Mr Pratt:** Senator, I certainly want to avoid any suggestion of that.

**Senator CAMERON:** Well, if you are not claiming it, then you must answer these questions.



**Senator Fierravanti-Wells:** Senator Cameron, we are happy to take the question on notice. By taking the question on notice, we deal with both the probity issue and the provision of information after 19 June. I think that that would be a satisfactory resolution of this matter.

**Senator CAMERON:** I do not think so.

**Senator Fierravanti-Wells:** So Senator Cameron and the members of the committee do get the information that they wish, and we do comply with the necessary probity concerns that have been legitimately raised with us and based on the legal advice that we have received, Madam Chair, I think that is the simplest way of the matter being dealt with. Senator Cameron, if you wish to place on the record the question that you want answered, we will take it on notice and we will deal with it in that way. I think that that is probably the most sensible way of dealing with the matter given the discussion that we had earlier.

**Senator CAMERON:** I raise a point of order. What we have before us is to all intents and purposes a public interest immunity claim.

**CHAIR:** Mr Pratt has said it was not, Senator Cameron .

**Senator CAMERON:** He just cannot walk away and take it on notice as easily as that. The issue is clear. The secretary considered earlier that those figures are available. But the only reason the Senate is not being provided those figures, according to the secretary, is because of some public interest matter relating to tenders. Either there is a public interest matter or there is not. If there is a public interest claim for immunity, then state that. If not, then simply taking this on notice when the figures are available is unacceptable and I think a clear breach of your responsibility, Minister, and your responsibility, Secretary, to the estimates process. That is the point of order. That is the key issue here.

**Senator SESELJA:** That is a speech from Senator Cameron.

**Senator CAMERON:** This is a cover-up. This is an absolute cover-up at the expense of the lowest paid welfare recipients in this country.

**Senator SESELJA:** They have clearly spelt out the reasoning and all he is doing is giving a speech.

**CHAIR:** Senator Cameron, in my view, there is no point of order. The secretary and the minister have both made the point that there is no public interest immunity claim being made. They have explained the probity issue involved. As far as I am concerned, taking the question on notice is the way that we can resolve this to the satisfaction, I would have thought, of all parties involved. I would have hoped—

**Senator CAMERON:** Not to my satisfaction, let me tell you. These are the poorest people in the country getting ripped off by this government. This is a cover-up, nothing more, nothing less—a cover-up. And the poorest people in this country are the victims. They are the victims on this.

**Senator Fierravanti-Wells:** Senator Cameron, you did not think about the people of this country when you left the economic mess that you left us, which this government now has to deal with. So do not sanctimoniously come into this place and just—

**Senator CAMERON:** You watch the economic mess for poor people in this country. You preach to me about economic mess when the poorest people in the country are getting thrown onto the street.

**Senator CAMERON:** Order! Senator Siewert, you have the floor.

**Senator SIEWERT:** The strong concern here is the broadbanding process that does not enable us—if this is going to continue, you are going to continue to have these issues—to get to the detail during estimates. For example, I am particularly interested in the financial counselling band. We cannot pursue those questions because of the way you have broadbanded this. If this is going to be the way things are handled, we are going to continue to have these problems.

**Mr Pratt:** This is the estimates, where we have just done the broadbanding. We have explained over the last two days that we are going through selection processes now with different providers to determine who will provide what service and at what amount. Once we have gone through that process, we will have all that information available and we will be able to drill into it as much as you like.

**Senator SIEWERT:** In that case, instead of having a private briefing, which does not enable us to use that information, do we recall this committee when that information is public and do this properly?

**Senator CAMERON:** Chair, my view is that the information is available. The information is available now. It should be put on the table.

**CHAIR:** Senator Cameron, you have had more than an adequate turn. Senator Smith.

**Senator SMITH:** The issue here is a very, very simple one. Senator Cameron is absolutely stretching the truth and any boundaries of believability when he talks about a conspiracy. It is very clear. The information is available and is available to the committee from 19 June. Senator Cameron, what you are asking for is access to that information now and not on 19 June and instead put at risk the probity of a Commonwealth procurement operation, which will benefit the very people you think you are trying to protect. There is absolutely no cover-up here. There is no cover-up here, but there is a very sensible approach being proposed by the secretary and officials.

**Senator CAMERON:** Well, that is because you want to rip off the poorest people in this country. That is what is going on here, and you are part of that problem.

**Senator MOORE:** Chair, in terms of process, the key issue that started this discussion was trying to find out what the savings were under the discretionary grant program reform. We have been pursuing that for two days. I understand the position being put by the department about the probity process and 19 June, but this is the budget estimates process. The reason the budget estimates are called at this time is to consider the budget and look at what changes are in process. I totally believe that this is a public interest immunity issue. It may be a public interest immunity issue for two weeks. But it has to be clear that the reason we cannot have the information we require to look at specifically what grant money is no longer going to be available is the process about the broadbanding. I accept the department's position. This is possibly a one-off because of the change in the way the structure operates. Nonetheless, our questions, which happen at every estimates about specific amounts of money, cannot be answered because of the position that is being put forward by the government. I believe the government should claim public interest immunity for the two-week period. I strongly support, which has happened before, extra meetings of estimates processes. Post 19 June, when we will see the data that will be available to the community, we should actually reconvene this meeting.

**CHAIR:** I am more than happy to reconvene after 19 June. But we have to accept the department's view.

**Senator MOORE:** But I want them to claim public interest immunity.

**Mr Pratt:** If it will assist the committee—Senator Cameron, you may wish to hear this—I would like to take a question on notice so I can refer a potential claim for public interest immunity to the minister. I think there is a public interest for information relating to specific funding amounts available in the up and coming DSS selection process for discretionary grants remaining confidential to be publicly released on 19 June 2014. I will refer that to the portfolio minister.

**CHAIR:** That is more than acceptable. That is the way I would rule on that, Senator Cameron. We will now move on to questions.

**Senator CAMERON:** No. I want to go to the very issue of public interest immunity. That now means that the secretary has sought public interest immunity.

**CHAIR:** I beg your pardon, Senator Cameron. That is not what he said. I have ruled on this. Senator Cameron, I have ruled on this. You either have to dissent from the ruling or move on. So we are moving on now to questions related to the financial management program, thank you.

**Senator SIEWERT:** I would like to go back to the issue around the emergency relief specifically related to the earn and learn measure. We have these areas that have been allocated here. Have you been through the process of—I am aware that I am on shaky ground here—whether this goes into the discussion we have just had? Have you done an indicative allocation against the states?

**Ms Hefren-Webb:** No. Not as yet. Because this money is particularly allocated for this group, we are going to undertake some research and mapping around the impact of the cohort before we make decisions about how it is allocated in terms of regions or locations.

**Senator SIEWERT:** You have not done that yet, but you will at some stage allocate to specific regions?

**Ms Hefren-Webb:** Yes, we will.

**Senator SIEWERT:** In the first instance, presumably, that will go against the 18 regions?

**Ms Purdy:** We have a request in for data at the moment from Centrelink about the 18 regions as well as other locations across Australia where there are high numbers of unemployed people on Newstart and youth allowance.

**Senator SIEWERT:** In terms of the way this relief will be provided, is it just food relief?

**Ms Bennett:** I think those questions were covered last night by Ms Wilson, where she set out the type of activities.

**Senator SIEWERT:** So it is not just being focussed on one particular area of that?

**Ms Hefren-Webb:** The emergency relief program generally provides food relief, vouchers for medications, utilities et cetera.

**Senator SIEWERT:** I understand that. And this will cover all of that?

**Ms Hefren-Webb:** At this stage, we anticipate it would. But as I said, we are working through the detail of the program.

**Senator SIEWERT:** I want to be clear—I do understand what emergency relief provides—that this money will cover all of that spectrum?

**Ms Hefren-Webb:** At this stage, I have no reason to think otherwise.

**Senator SIEWERT:** How is it going to be provided? Is it going to be part of the open tender process, or have you got some other process in mind?

**Ms Hefren-Webb:** Our thinking on that has not got to the stage of how that will work. So we are doing some design at the moment. We will put some options forward to the minister about how it might be rolled out.

**Senator SIEWERT:** So it may go to new providers. It may go to existing providers?

**Ms Hefren-Webb:** Obviously there is a set of possibilities there around how it might be distributed that we are looking at.

**Senator SIEWERT:** Is additional support being provided to youth services—specifically youth services and specifically emergency relief services?

**Ms Hefren-Webb:** Outside of this funding?

**Senator SIEWERT:** No. This funding.

**Ms Hefren-Webb:** This is the funding for—

**Senator SIEWERT:** I know it is for youth. But to the actual youth services—services that are specifically targeted at providing support for youth as opposed to some of those broader relief services?

**Ms Hefren-Webb:** As you know, Senator, emergency relief is delivered by 1,200 different outlets across Australia. Some of them specialise in youth. Some of them provide—

**Senator SIEWERT:** That is why I am asking.

**Ms Hefren-Webb:** Some of them provide housing, employment and emergency relief. There is a really wide range of structures. Obviously, as Ms Purdy indicated, we are keen to target this assistance to the people who need it. Obviously, the specialty of the service provider would be one of the factors that goes into our thinking. But I do not think we are at the point of saying exactly how it will be targeted.

**Senator SIEWERT:** I want to go back to the comments I think Ms Bennett made this morning about the reducing number of calls for emergency relief. When you talk to emergency relief organisations on the ground, they all tell you that there is increasing call demand for their services, that there are an increasing number of people that are being turned away, and that there are an increasing number of phone calls. I am pretty certain that those figures that you outlined this morning are contested by the sector. I would like to ask you about that and ask you on what basis they are made. Do you also collect the details and the data around those that are turned away?

**Ms Bennett:** Many of these organisations provide services and assistance that are not funded through these arrangements. We cannot reflect or have any information about the range of services that they provide that are not specific to this. Our data is about the episodes of assistance—the numbers of assistance—provided under this program.

**Senator SIEWERT:** Given your comments just then, they do, I am aware, provide services that are not funded. In terms of the relief that you are talking about offering, given that there is unmet need out there, going on the evidence from the organisations, have you considered looking at this new lot of emergency relief money to better target the needs of the people who might be needing assistance that is not normally covered by the funding you provide under emergency relief?

**Ms Bennett:** This measure that we are discussing is specifically for those under-30 job seekers.

**Senator SIEWERT:** I must have not worded that properly. I understand that completely.

**Ms Bennett:** We are going out to tender for those arrangements under financial wellbeing. So on 19 June there will be a clearer picture more broadly.

**Senator SIEWERT:** You are saying that may change. It is only the first lot of funding that will go out. So you are still working on the arrangements?

**Ms Bennett:** This measure will not be part of that tender arrangement because we are still working out the original conversation about the current emergency relief funding. We will have information that we can talk to you about on 19 June.

**Senator SIEWERT:** So what you are saying is that may change. Then this separate pot of money may or may not be consistent with that new approach?

**Ms Bennett:** That does not make sense, sorry.

**Ms Hefren-Webb:** I do not know if this will answer it, but obviously in administering a program, you are always aiming to target it to most optimally and most efficiently meet the need. If we make some changes hypothetically in how emergency relief is distributed in relation to a new program and then we add another element, we would always aim to ensure that it was targeted and efficient. But I think we are getting into a level of hypotheticals.

**Senator SIEWERT:** Yes.

**CHAIR:** Senator Siewert, people have specifically asked me if there will be time for other areas. We have only really got about five minutes left in this area. We are blowing the other questions.

**Senator SIEWERT:** I totally understand what you are saying. I just want to be clear that at the moment you are saying that the funding is there, you will be looking at how to best target that funding and it will not necessarily be the same as the program that is currently—

**Ms Bennett:** No. The current broadbanding allows, as we have said in the beginning, providers that might provide emergency relief to provide other things or in different ways to deliver outcomes and other services that help that cohort that you are talking about. But this new measure and the details are still being worked through.

**Senator SIEWERT:** Some of that we can talk about if we have this subsequent meeting. Thank you.

**CHAIR:** Has anyone else got questions related to the information in the financial management program?

**Senator CAMERON:** I have some broad questions.

**CHAIR:** We are talking about detail here.

**Senator CAMERON:** No. I have a point of order. You must take the point of order.

**CHAIR:** Once again, Senator, please go ahead with your point of order.

**Senator CAMERON:** Chair, my point of order is in relation to the issues we raised on public interest immunity. My view is that the secretary has made a claim for public interest immunity. The Odgers clearly lays out how the process for that should be undertaken. Harry Evans, the Clerk of the Senate, has written a piece on that, which is extremely clear—

**Senator SESELJA:** He will be notifying for public interest immunity.

**Senator CAMERON:** on how this goes. It indicates that the officer must state the ground to specify the harm to the public interest.

**Senator SESELJA:** You have not made a point.

**Senator CAMERON:** So that is the first point. The second point is that any senator can request—

**Senator SESELJA:** Chair, I raise a point of order.

**CHAIR:** We are dealing with one point of order.

**Senator SESELJA:** This is a long speech from Odgers.

**CHAIR:** We are dealing with one point of order.

**Senator CAMERON:** It is not.

**Senator SESELJA:** It is a long speech from Odgers.

**CHAIR:** Senator Seselja, Senator Cameron.

**Senator SESELJA:** He is claiming that the secretary has made—

**Senator CAMERON:** You should stop trying to cover up.

**CHAIR:** Senator Cameron, finish your point of order, please.

**Senator CAMERON:** Stop trying to cover up, Senator Seselja.

**Senator SESELJA:** You think everything is a conspiracy.

**CHAIR:** Senator Cameron, please finish your point of order.

**Senator CAMERON:** Okay. The point of order is that my view is that the secretary has made a public interest claim for immunity.

**Senator SESELJA:** Even though he says he has not.

**Senator CAMERON:** That is clear.

**Senator SESELJA:** But he said he has not.

**Senator CAMERON:** Any senator can request that the matter be referred to the minister. That is the second point. And if the minister concludes that it would not be in the public interest to disclose the information or document, the minister must state the ground for that conclusion and specify the harm to the public interest. I do not think we had got to that stage.

**CHAIR:** Thank you. You have made your point of order.

**Senator CAMERON:** No. I have not made it yet.

**CHAIR:** You have.

**Senator CAMERON:** I have not made it yet.

**CHAIR:** You do not make an argument during a point of order.

**Senator CAMERON:** I am saying the minister must now state the grounds, specify the harm to the public interest and, in detail, advise why these tenders would be affected by the disclosure of public records that are publicly available to the Senate right now. That is the point of order.

**CHAIR:** Thank you, Senator Cameron.

**Senator CAMERON:** It is up to the minister.

**CHAIR:** My understanding would be that the minister is represented here. The minister is not here in person. It is quite common within estimates for ministers representing ministers to undertake to go and get an opinion on information that is sought or views that are to be fleshed out further. I would not have thought that the way it is expressed would suggest that Senator Fierravanti-Wells, who is here representing the minister, could be expected to respond now.

**Senator CAMERON:** The minister has access to the information that is being asked for. The minister must now, under Odgers—

**CHAIR:** Senator Cameron, you have made your point of order.

**Senator CAMERON:** The minister must now—

**CHAIR:** I suggest—

**Senator CAMERON:** according to Odgers and standing orders, provide details—

**CHAIR:** I suggest, Senator Cameron—

**Senator CAMERON:** about why they are not being made available.

**CHAIR:** that this discussion would be better conducted in a private meeting.

**Senator CAMERON:** I am happy for that.

**CHAIR:** I also point out that I certainly would need to seek advice before going further with ruling in or out your point of order. Mr Pratt?

**Mr Pratt:** As I understand it, I am not able to actually make a public interest immunity claim. These claims can be made only by ministers. What I am seeking to do is to take these issues on notice so that I can refer a potential claim for public interest immunity to the minister, Minister Andrews, who is the portfolio minister who is represented at the table today by Parliamentary Secretary Fierravanti-Wells.

**CHAIR:** Senator Cameron, I have just been given advice that it is more than reasonable for Mr Pratt and for Senator Fierravanti-Wells to take on notice the need to seek advice from the actual minister in this area and that that is a relevant way to go. I simply restate my earlier ruling that there is no point of order and suggest that we proceed on now to someone who has questions on the multicultural areas.

**Senator CAMERON:** The cover-up continues. This is a big cover-up.

**Senator SESELJA:** You have been rolled. That is the problem. You have been rolled, mate. You look silly when you cannot even get your facts right.

**Senator CAMERON:** All those poor people in Canberra.

**Senator SMITH:** It is only a cover-up because you never stayed for the whole proceedings. If you stayed for the whole time, you would pretty well get them.

**Senator SESELJA:** What an embarrassment.

**Senator MOORE:** Chair, I have questions on multicultural grants. In terms of the process, I wish to put on record that the questions that the opposition had specifically around the issues of discretionary grants reform and the significant savings in there have been unable to be brought forward because of the restriction in the information that we have.

**CHAIR:** As I understand it, you have been offered a briefing on 19 June when it is reasonable for that to occur.

**Senator MOORE:** I accept that. However, we are not at liberty to pursue what we wish to do on record. I think that should stand. I have asked on the grants in multiculturalism. The multicultural grants come under the old Centrelink grants program and humanitarian settlement services. In the honeycomb, they now have their own little box.

**Ms Bennett:** They do.

**Senator MOORE:** We want to know what is currently occurring in terms of the process for those two areas.

**Ms Bennett:** I can talk you through that. If you look at page 98 of the PBS, you will see in settlement services that it includes funding that is not to go out in the grant process, which is to the humanitarian settlement services. They are contracted services. Those contracts are in place.

**Senator MOORE:** So settlement services are \$142,839 in this budget.

**Ms Bennett:** The budget for settlement services has \$110,899 for last year and \$142,839 for next year. If you look in the box above, it explains that the movement in that amount to that amount reflects that there is a rollover of \$16.2 million for the humanitarian settlement services program, which I explained to you is a contracted service, not in part of the grant reforms. That rollover reflects that while there is a number each year, the flow of people arriving under that program may be granted within a year but they may not arrive into the country until after the end of the financial year. That money is rolled over. It has in previous years as well. Further, that box explains that there were some ceasing one-year programs, specifically the ceasing of the Building Multicultural Communities and the Empowering Local Communities programs. So it reflects the rollover and the ceasing; those were one-year programs that ceased.

**Senator MOORE:** So in terms of the core funding that was in the humanitarian settlement services program and the settlement services program, which I understand you have now rolled together, has there been a reduction in the core funding?

**Ms Bennett:** Other than those elements that I have just explained to you, there is no reduction.

**Senator MOORE:** What about indexing?

**Ms Bennett:** I do not think it includes indexing, no.

**Senator MOORE:** Were the programs indexed before?

**Ms Bennett:** I would have to take that on notice.

**Senator MOORE:** So, from what you are saying, there has been no cut to the settlement grants per se?

**Ms Bennett:** I will walk you through the elements of it. In 2013-14, the funding for humanitarian settlement services was \$85.837 million, but the actual expenditure to year to date is \$65 million. We are anticipating that \$16.2 million needs to be rolled over.

**Senator MOORE:** That \$16.2 million is to be rolled over to 2014-15?

**Ms Bennett:** That \$16.2 million is to be rolled over. There is also a small component for complex case support, which is built into the HSS base. Settlement grants was in total the funding for 2013-14, taking off those elements that I have explained that were only one-year programs—that in 2013-14 was \$41.287 million. In 2014-15, it will be \$43.699 million.

**Senator MOORE:** Is there any new funding for humanitarian grants?

**Ms Bennett:** There is no new funding.

**Senator MOORE:** There is no new funding?

**Ms Cala:** No, Senator.

**Senator MOORE:** There is no new money for humanitarian services?

**Ms Bennett:** No. Because the numbers have been set by the government at 13,750 for 2013-14 and 2014-15, and they are the numbers that are the basis for the forward estimates at this stage.

**Senator MOORE:** The numbers have been set in 2013-14 and 2014-15 for a two-year period. That funding was \$85.3 million in 2013-14 of which—

**Ms Bennett:** It was \$89.537 million.

**Senator MOORE:** I am sorry, but I missed that.

**Ms Bennett:** Sorry, \$85.3 million. You are right.

**Senator MOORE:** I wrote it down—\$85.83 humanitarian services funding in 2013-14. Of that, \$16.5 million has rolled over because it was not expended in 2013-14. But the total amount for two years was \$85.83 million. So there is no new money in humanitarian services. Is that how it always works?

**Ms Bennett:** My understanding is that there have been years where there has been rollover because of the flow of arrivals under that program.

**Senator MOORE:** What I do not understand is if you are getting people coming through, the numbers have been set at the beginning of 2013-14, so that is the full amount. I think I see where it is. It is a two-year program. Is that right?

**Ms Cala:** Yes.

**CHAIR:** Senator, there are questions in some other areas.

**Senator MOORE:** I am sorry, Chair. I have been waiting for the multicultural area and I did not have a time limit, I understood.

**CHAIR:** Senator Waters has questions.

**Senator WATERS:** I have hopefully five minutes, no more, in families and communities, 2.1.

**CHAIR:** Can I give Senator Waters the last five minutes? Does that work for you or not? You have time.

**Senator MOORE:** I still have questions around the Building Multicultural Communities program. I will put the others on notice.

**CHAIR:** Keep going, Senator Moore.

**Senator MOORE:** I will be quick. Between 7 September 2013 to the present date, were any complaints received regarding the Building Multicultural Communities program?

**Ms Bennett:** Sorry, Senator. The question was whether there have been any complaints?

**Senator MOORE:** Any complaints received. I will get through these quickly.

**Ms Bennett:** We have a number of organisations that were advised of the change of arrangements for the program and that it is ceasing. A number of organisations contacted us to seek a review.

**Senator MOORE:** Can we get a list of the complaints received?

**Ms Bennett:** I would not classify them as complaints.

**Senator MOORE:** Could we get a list of the issues received?

**Ms Bennett:** We can take that on notice.

**Senator MOORE:** Can we get documentation of the response to those issues?

**Ms Bennett:** We can take that on notice as well.

**Senator MOORE:** When we see that, we will be able to see if all issues were responded to, so we will be able to have subsequent questions on that. It was revealed in Senate estimates in February 2014 that organisations did not receive BMCP funding because their funding agreements were not executed by 4 October. Can the department also please provide a breakdown of the process undertaken to fully execute a funding agreement? I am prepared to take that on notice as well. If organisations returned all their—

**Mr Pratt:** That is yes.

**Senator MOORE:** Yes. For the *Hansard*, thank you. I personally accepted the nod, Ms Bennett, but *Hansard* would want the yes. If organisations returned all their paperwork on time, the remainder of the process would be the responsibility of the department. Why did the department not complete the process, which resulted in funding agreements not being executed?

**Ms Bennett:** We will take that on notice for you as well.

**Senator MOORE:** Was the department instructed by either the Prime Minister, his office, the Department of Prime Minister and Cabinet or Parliamentary Secretary Fierravanti-Wells to not execute the funding agreements? I am happy to put that question directly to Parliamentary Secretary Fierravanti-Wells.

**CHAIR:** We will take that on notice.

**Senator MOORE:** And the notice time will be? My understanding is that these questions have been asked by letter over several months and the responses have been—

**Ms Bennett:** With regard to the last question, I can actually answer that no, it was not at the direction. There was a cross-government, which we have set out before, review of grants that came just after the government was elected. These grants were grants across government. There was a review and a process that went through. We have provided that previously, but we can provide that process again.

**Senator MOORE:** Has the department—

**Senator Fierravanti-Wells:** I will add that there was a request from Ms Rowland for a briefing on BMCP. That briefing was provided by Minister Andrews's office on 11 February. During the course of that meeting, a request for further and more specific information was made. At the conclusion of the meeting, the minister's office undertook to provide additional information to Ms Rowland. Work began to bring together the required information in the minister's office, but before that process was completed, an FOI was lodged by Ms Rowland seeking the same information. Given that an FOI has been lodged, Minister Andrews's office contacted Ms Rowland's office and advised that they would not provide the information previously discussed with Ms Rowland to her via an office-to-office arrangement but rather would let the FOI process take its course.

**Senator MOORE:** And the status of that FOI request?

**Senator Fierravanti-Wells:** It is taking its course.

**Senator MOORE:** That was my last question—had you received an FOI request?

**Senator WATERS:** I am seeking some clarity on the funding for the national action plan to reduce violence against women and their children. From my understanding of the budget papers, it is included in the broader national initiatives bucket with two other initiatives. Can you tell me how much funding is dedicated just for the national action plan to reduce violence against women and their children?

**Ms McKenzie:** Yes, I can. There are three subactivities under the national initiatives, none of which are grants programs, so none of which are affected by the discussion that has been had today about grants. So I can break them down.

**Senator WATERS:** Lovely.

**Ms McKenzie:** The national plan has a budget of \$27.101 million in 2013-14; in 2014-15, \$24.996 million; in 2015-16, \$25.774 million; in 2016-17, \$26.343 million; and, in 2017-18, \$26.896 million. Victims of people trafficking is the second component.

**Senator WATERS:** I might just focus on the DV plan, given that time is tight. Would you mind providing those other numbers on notice. That would be wonderful. Do the figures that you have just given me include action for the second action plan?

**Ms McKenzie:** Yes.

**Senator WATERS:** How much of those quantum are for the implementation of the second action plan?

**Ms McKenzie:** Pretty well 100 per cent.

**Senator WATERS:** Great. Was there any funding allocated for the first action plan in previous budgets?

**Ms McKenzie:** Yes. There was funding for the first action plan. What has happened is that funding was under the women's safety agenda many years ago. Then some of that funding was used for the first action plan as some of the initiatives that were under the women's safety plan were let go and other initiatives came in. Now we are looking at the initiatives under the second action plan.

**Senator WATERS:** Does that mean, effectively, that the first action plan will cease and that the second action plan will now take over?

**Ms McKenzie:** Yes. It is all within the 12-year national plan. So the idea is to have the long-term strategic measures that cover the 12 years. Some of those start in the first action plan. Some of them start in the second action plan. There are some things that were in the first action plan that were there to do things in that first period where we do not see the same need in the second action plan, because the things that we are trying to do are slightly different.



**Senator WATERS:** Finally, if I may, in the PBS on page 130, there is a key performance indicator which is about the percentage and number of contacts for the 1800RESPECT number.

**Ms McKenzie:** Yes.

**Senator WATERS:** I am just interested in why that is the lone KPI for the DV plan.

**Ms McKenzie:** Well, I think it is actually for the number of contacts to 1800RESPECT that are women. So it was really about ensuring that women felt comfortable about ringing the 1800RESPECT helpline. If the helpline is succeeding, it is likely that a number of other initiatives are also succeeding. It is really about women getting the help that they need and women being prepared to utilise that. Because our helpline has all professional counsellors, it is also online and it provides frontline support to services like domestic violence services, where the workers are isolated, and workers in other industries, it was really important to understand whether the women were getting the support they need. So it gives us a good overall demographic.

**Senator WATERS:** It sounds fabulous, and full support to you. Were there any other aspects of the plan that you felt should have had KPIs? Are there any other ways to measure the success of the DV plan beyond the phone calls?

**Ms McKenzie:** Well, it is the national plan so it covers both domestic violence and sexual assault. In the national plan, there are a number of KPIs that go across the 12 years of the plan.

**Senator WATERS:** They are not in the budget papers, though.

**Ms McKenzie:** No.

**Senator WATERS:** Why is that?

**Ms McKenzie:** I suppose because they relate to the national plan and they relate to the activities of states and territories as well as the Commonwealth. But there is an evaluation of the national plan that will be done that will look at the progress reports over each of the four years.

**Senator WATERS:** So why was that not a KPI in the budget, then?

**Ms McKenzie:** About having an evaluation?

**Senator WATERS:** Yes.

**Ms McKenzie:** I would say that is more a program report rather than a KPI. It would have been reported in the annual report from last year. The progress will be reported in the annual report from this year.

**Senator WATERS:** So it is not considered a lesser commitment just because not in the budget?

**Ms McKenzie:** No.

**Senator WATERS:** I have some other questions, but I will pop them in on notice. Thank you, Chair.

**CHAIR:** Thank you, Senator Waters. We will go to a break and resume at 4.20 pm with outcome 3, ageing and aged care.

#### **Proceedings suspended from 16.02 to 16.17**

**CHAIR:** We will resume with outcome 3, ageing and aged care. We have already been advised that none of the agencies are required. They were advised of this yesterday. We are going to go, I hope, in a very orderly fashion from program 3.1 to program 3.6 in the next 135 minutes. Who has questions in 3.1?

**Senator SESELJA:** Yes.

**CHAIR:** Senator Polley, you might like to lead us off.

**Senator Fifield:** If it is acceptable to the committee, I have a short statement.

**CHAIR:** I am sure that is very acceptable to the committee.

**Senator Fifield:** Thank you, Chair. I thought I would use the opportunity afforded by Senate estimates to inform the parliament of an issue that has arisen within the aged-care portfolio. By way of background, the previous administration legislated a dementia and severe behaviour supplement in residential care in the last parliament. The dementia supplement was introduced as part of the aged-care reform package and was designed to provide additional resources for providers who give care to people with severe behavioural and psychological symptoms of dementia. The coalition, when in opposition, gave the then Labor government support for the majority of the aged-care reform package because we recognised the necessity for change in this area and accepted that, in the broad, the package was a step in the right direction.

That being said, it has become increasingly clear that not all elements of the reform package went through the sort of rigorous policy design process necessary to ensure programs keep within their budget. Unfortunately, it is

incumbent upon me to advise that the dementia supplement is one such program that has gone well beyond the budget allocated to it by the previous administration. The previous government estimated that 2,000 people in residential care would be eligible for the supplement. As at March 2014, there are in fact 25,451 people receiving the supplement at that time. This represents a twelvefold blowout in the eligibility estimates of the previous government. The supplement was budgeted at \$11.7 million for this financial year, and this amount was spent in January 2014 alone. As of January this year, almost \$50 million had already been spent on the supplement. Based on these figures, there will be almost a tenfold blowout in expenditure.

The dementia supplement is another example of poor design and execution of a well-intentioned initiative by the previous government. Since our election in September, it has become clear to this government that the legacy of our predecessors—and this is an example—is one of poor policy execution leading to unintended consequences. The dementia supplement is an example. I want to reiterate here in this forum that I am fully cognisant of the challenges of providing a good quality of life to older people with dementia. I do not underestimate the challenge and I do not shy away from the role of government to provide support to people living with dementia and to the aged-care providers who care for them. Nonetheless, it is clear that the dementia supplement is not working as was intended by the previous administration due to poor design. Once again, this is not a problem of the government's making, but it falls to this government to find a solution. I am actively considering options that will realign the design of the program to the funding envelope laid down by the previous administration. I intend to seek input from the aged-care sector committee on an appropriate response to this situation. I want to make it clear that I will not be rushing the policy development process, only to see a repeat of further poor design. We will work hard and take the time necessary to be assured that our response is the best possible outcome in the circumstances. I want to reiterate again that these are not circumstances of this government's making. We have been left a ticking policy package with a program blowing out tenfold.

This is, I think, Chair, another example of how there cannot be a sustainable social policy without a good economic policy and without good budget management. As I often say, they are two sides of the one coin. Chair, the government does remain committed to supporting providers who give care to people with dementia and severe behaviours, giving them support. We will work to find a solution to this situation. Thank you, Chair.

**CHAIR:** Thank you, Minister. Where do questions with regard to the dementia support package come? Are they in 3.6? Am I right in that?

**Mr Pratt:** In 3.4, Madam Chair.

**CHAIR:** I am in the committee's hands. Do people want to ask questions in that area first before we move on?

**Senator SESELJA:** I would like to clarify a few issues. That would not be a bad thing.

**Senator POLLEY:** I thought we were going to follow the program.

**CHAIR:** That was the idea, but I think this has raised a new matter.

**Senator Fifield:** I am in the hands of the committee.

**CHAIR:** I suggest we spend 10 minutes on it now and then go straight into the program.

**Senator McLUCAS:** I am not trying to be annoying. We need to think through what the minister has just advised us. Can I suggest that we go through the program? We need to consult people about what has just been said so that when we get to 3.4, we will be able to deal more meaningfully with the minister's statement. Secondly, is it possible to have a copy of the minister's statement?

**CHAIR:** You are happy to provide a copy of your statement, I presume, Minister?

**Senator Fifield:** We will organise that, Chair.

**CHAIR:** I am happy to proceed through the groups. As I said, we have 135 minutes for six issues here. Senator Polley, we will start with you and put, say, 20 minutes towards 3.1 all up.

**Senator POLLEY:** Thank you very much. It is good to be back. Could you walk me through, Mr Pratt, the honeycomb, which has been getting a lot of attention in the last few days? Can you explain to the committee how it impacts on the ageing area, please?

**Mr Pratt:** I will kick off. Then I will hand to Ms Smith. In the first document in that group of documents which I provided yesterday and which I just gave you, the first page sets out the DSS outcome and program structure as specified in our PBS and in the budget 2014-15. In the top right-hand corner, you will see a beige box, which is outcome 3, which handles the Department of Social Services ageing and aged-care programs and activities. What we have attempted to do there, for the assistance of the committee, is under each of these programs which are in the schedule out, set out the subprograms that sit beneath them. So, for example, under 3.4, residential and flexible care, this is where you would find the last dot point on the accommodation bond guarantee

scheme. That is that document. I go to the infamous honeycomb document. I regret using that description. It is something that has been bandied around in the department in recent times simply because the document looks like a honeycomb.

**CHAIR:** That seems a good enough reason to me, Mr Pratt.

**Mr Pratt:** I am not sure it has aided our discussion of things. It has maybe been a bit of a distraction. In the bottom left-hand centre, you will see darker blue and lighter blue hexagonal diagrams, which set out the outcome 3 programs and the subprograms. For example, 3.2, which is the home support program, has subprograms day therapy centres, assistance with care and housing for the aged et cetera. One thing that this document was designed to do, when you look at some of the things like the families programs and the disability programs, was to show how those programs under our previous PBS have mapped into the new program structure. As part of this exercise and announced in the budget as part of the machinery of government changes, we in DSS got 18 grant programs with 120 subprograms. We have rationalised those down to seven broadbanded programs, with 25 subprograms. This is of particular interest in the areas outside ageing and aged care, because, in fact, a couple of years ago, the Department of Health and Ageing did this broadbanding on the health and aged-care programs. This has been in place for some time, so there has not been a big change in ageing and aged care. The last page is our new organisational chart, which sets out the streams and outcomes looked after by each of the streams. You will see in this context over the right-hand side that outcome 3, again in the beige, headed up by Ms Smith, is the ageing and aged care part of the department. So that is the personnel we have here today to answer your questions.

**Senator POLLEY:** Thanks very much. Have we got the number of full-time equivalent jobs available since the change?

**Mr Pratt:** Yes. We canvassed all of that yesterday in cross-portfolio. There is some further information coming in that area.

**Senator POLLEY:** That is all I have in 3.1.

**CHAIR:** In other questions in 3.1?

**Senator SMITH:** Just in regard to the requirement for aged-care providers to publish pricing material on the My Aged Care website. I would like an update in terms of how many providers have provided that information.

**Ms Balmanno:** As at 3 June, the start of this week, about 85 per cent of providers had published their prices on My Aged Care. We had another seven per cent had pricing information which had been submitted but which was in the process of being published or in a draft form. About eight per cent had not actually started a draft in our systems yet. They may have obviously started with their own arrangements.

**Senator SMITH:** They provide a draft to you. You check that, do you, or authorise it?

**Ms Balmanno:** Yes. Technically, the obligation on them under the legislation is to submit the pricing information to the secretary of the department, to publish the information on their own website and to publish it in any relevant materials that they give to consumers and their families. The secretary then publishes the information that is provided on to the My Aged Care website. The information for publishing comes to us through an online portal. We check to ensure it complies with the legislative requirements, clarify anything we need to with the provider and then publish that information.

**Senator SMITH:** There are another about seven per cent that have not provided that information. What action or what sort of remedies are being put in place there? What explanation do we have for that difference?

**Ms Balmanno:** At the moment, there is regular contact between the department and the whole 15 per cent—those who are in a draft state and those who are not yet in a draft state. There has been follow-up by email and by phone to providers. The numbers of providers submitting drafts and publishing is steadily climbing every day, so at this stage it is very much a strategy of working with providers to assist them to meet the requirement.

**Senator SMITH:** What is the deadline for the publication of those details?

**Ms Balmanno:** The details were supposed to be published by 19 May. It is about prices that will apply from 1 July. So if the provider has not published accommodation price information by 1 July, from 1 July they will not be able to charge accommodation prices. That is where it really comes to bite.

**Senator SMITH:** Am I right in looking at those figures and thinking that things are progressing well given that we are just in June? We have until 1 July and we only have a small percentage out?

**Ms Balmanno:** We had about 75 per cent who had published on 19 May. That is now up to 85 per cent, as I have said. So it is still climbing quite quickly.

**Senator SMITH:** I should know this, but how many aged care homes do we have? What quantum of figures does the 85 represent?

**Ms Balmanno:** The 85 is coming out of the number of providers rather than the number of services, which is over 1,000 providers. It is just over 1,000 aged care providers.

**Senator SMITH:** That makes the maths easier.

**Ms C Smith:** I would like to add something. We are conscious that this is a new requirement for providers, so this is the first time that this level of transparency has been available in terms of providers publishing their prices. Our approach as the department has been very much to help them to understand and comply with the new obligation. We are very pleased with the amount of material that is currently published and that we are making steady progress in getting that to a full 100 per cent.

**Senator SMITH:** How would you describe the attitude of providers, then?

**Ms C Smith:** I think there are some providers who may be struggling a bit with the new requirement. But I think overall there is a view that this is an important step in residential aged care and aged care more broadly becoming a more transparent market based system in which providers can advertise what they have to offer for consumers.

**Senator SMITH:** And consumers can see the full range of choice that is available to them. So what have we seen, then, in terms of any uplift in the traffic on the My Aged Care website?

**Ms Balmanno:** We have not got the reports that would cover the relevant period in terms of My Aged Care traffic yet. They will come in in the next little while, so that is something we could take on notice and provide.

**Senator SMITH:** At future estimates. Excellent. Thanks very much.

**CHAIR:** I think we are ready to move to 3.2, home support.

**Senator POLLEY:** Could you explain to the committee the rationale behind the reduced rate of rural funding growth in the Commonwealth Home Support Program, please?

**Ms C Smith:** This was one of the budget measures. As announced in the budget, a real growth rate of 3½ per cent will be applied to the program from 2018-19. That rate of growth is commensurate with the estimated growth in the older population. There is actually a measure that was announced in August 2013 by the former government, which was the national fees policy for the Commonwealth Home Support Program. That measure already reduced the rate of growth in the forward estimates period to below the 3.5 per cent mark. It was expected that, with the introduction of the fees policy, that fee revenue would begin to increase from the current average of around five per cent of program cost to 15 per cent of program costs by the end of the measure. Therefore, the program would continue to grow not just through an increase in government revenue but also in terms of those people who could afford to pay contributing to the cost of the support they were being provided. So this is really building on that previous measure.

**Senator POLLEY:** Are you not concerned that this could add pressures to the aged care system, which already has to confront the ageing baby boomer population moving into the aged care system?

**Ms C Smith:** The 3.5 per cent growth rate is consistent with the growth in the older population. There is also the other related program, which is home care packages available to support people to receive care at home. That is scheduled to have steady expansion in coming years as well. So there is already a substantial investment both through home care and home support in meeting the preference of older people to receive care in their home.

**Senator POLLEY:** Are you aware of comments made by Ian Yates that, in his opinion, it was wrong to link the change to the growth in the 65 plus population as most users of community aged care are in their mid-70s or over and that those numbers are increasing at a faster rate?

**Ms C Smith:** I am aware of those comments. But, as I said previously, we are satisfied that a growth rate of 3.5 per cent from government as well as the increase in fees revenue that we would expect under the national fees policy will enable the program to grow and meet consumer preferences.

**Senator POLLEY:** Hasn't the program been growing at six per cent, though?

**Ms C Smith:** That has been the historical growth rate. But, as I said, under that national fees policy measure introduced by the former government, that was not to occur from 1 July 2015 anyway.

**Senator POLLEY:** So you are not concerned, then, that this could have an effect that will make the packages more expensive for home care and for residential care and that hospitals will be impacted?

**Ms C Smith:** There is a longstanding preference of older people to receive care and support in their own home and, in fact, stay at home as long as possible. There is already a significant expansion planned in terms of home

care packages both in terms of last year's aged care approvals round as well as the one that has just been announced. The Home Support Program continues to grow in line with population growth. The view is that that enables that part of the system to grow and meet people's needs.

**Senator POLLEY:** But are there not waiting lists in certain areas around the country that cannot get access already? Is there not a concern by your department that those people are having to wait, in some cases, long periods of time without the support that they need?

**Ms C Smith:** I think the measure that you are talking about does not actually take effect until 1 July 2018. In that period of time between now and then, the Home Support Program and the Home Care Packages Program will continue to grow and be able to meet the needs of people wanting to receive care in the community.

**Senator POLLEY:** Has the government expended all the 2013-14 funding for the national respite for seniors program grants?

**Ms Moody:** We are expecting the National Respite for Carers Program to be largely spent by the end of the financial year.

**Senator POLLEY:** That is for the seniors program?

**Ms Moody:** Yes.

**Senator POLLEY:** Are they going to continue the grants?

**Ms Moody:** The funding agreements for the National Respite for Carers Program have been extended to 30 June, or are in the process of being extended to 30 June 2015, when they will form part of the new Home Support Program.

**Ms C Smith:** You might remember that, as part of the aged care reform package, it was agreed that the Commonwealth HACC program and the National Respite for Carers Program and the Day Therapy Centres program should be combined to form a new Commonwealth Home Support Program that covered all those basic support services that were available to people in their own homes.

**Senator POLLEY:** Can you give us an update as to how that process is developing?

**Ms C Smith:** Yes. We have just released a discussion paper on the design elements and future directions of the program. That was released, I think, in mid-May and there is a process of consultation going on at the moment. People can provide written submissions or there have been information sessions being held around the country that people can go along to. The aim is that we will get that feedback. That will enable us to settle the program framework and ensure that we are in a position to start the program as scheduled from 1 July 2015.

**Senator POLLEY:** Can we get a copy of the discussion paper?

**Ms C Smith:** It is on the website. But we are also happy to get a copy for you.

**Senator POLLEY:** That would be useful. So in this new framework, then, will there be a nationally consistent approach to the fees?

**Ms C Smith:** That is correct. That is the measure that I referred to earlier that was announced in August 2013.

**Senator POLLEY:** Can you outline to us what the underlying priorities will be and whether it will be implemented in a timely manner?

**Ms C Smith:** The underlying priority for the program?

**Senator POLLEY:** Yes.

**Ms Moody:** A lot of this information is outlined in the discussion paper. There are a series of issues that are still to be determined. The discussion paper actually seeks feedback from the sector, consumers and anybody else who is interested in providing us with feedback about some of those issues. So we will get you a copy of the discussion paper. As the feedback from that discussion paper is analysed, we will actually be making recommendations to government about how some of the detail of the program will roll out.

**Senator POLLEY:** Well, we look forward to getting that. Then we will no doubt have the opportunity to follow up. Thank you very much.

**CHAIR:** Senator Smith, did you have questions in 3.2?

**Senator SMITH:** Just with regard to home support. What is the expected saving to the Commonwealth over a 10-year period as a result of the change in the annual growth of the Home Support Program?

**Mr Pratt:** I take you to page 189 of Budget Paper No. 2. It sets out savings of \$1.7 billion over the six years from 1 July 2018.

**Senator SMITH:** Just to be clear, no existing provider will have their funding cut. That is true, is it not?

**Ms C Smith:** That is absolutely correct. What this means is that the program would grow by 3.5 per cent, so there would be more money available each year for allocation to support expanded service delivery. But there would be no cuts to any existing—

**Senator SMITH:** So we are seeing a reduction in growth, meaning that growth is continuing. So it is the rate of growth that is changing. We are not actually seeing a cut?

**Ms C Smith:** That is absolutely correct—no cut.

**Senator SMITH:** In your earlier comments, you talked about some changes that were going to take effect from 1 July 2015 anyway that were initiatives under the previous government. Could you just elaborate on that for me?

**Ms C Smith:** That was the national fees policy measure. That was from 1 July 2015. When the new Commonwealth Home Support Program began, there would be the introduction of a fees policy that would mean that fees would grow as a proportion of overall program costs from the average of five per cent that we have now to an average of 15 per cent by the end of the period. That would mean that, in addition to the growth in revenue coming from the government, the program would be able to continue to expand. Obviously, the user contributions that apply in the basic end of the system are also important in terms of sustainability as well as ensuring that those who can afford to pay can pay at higher ends of the system, such as residential care.

**Senator SMITH:** Why was the figure of 3.5 per cent chosen? What is the justification around that figure?

**Ms C Smith:** That was a growth in the population of over 65s. We looked at, I think, the survey of disability and carers and other ABS datasets to determine that growth rate.

**Senator SMITH:** Excellent. Thanks very much.

**CHAIR:** We are now moving on to 3.3, home care.

**Senator POLLEY:** I have only a couple of questions. When is the government going to announce the aged care approval rounds?

**Ms C Smith:** The aged care approvals round was launched on 24 May.

**Senator POLLEY:** Has there been any financial modelling done on the impact of increasing the indexation on ACFI by 2.4 per cent?

**Ms C Smith:** That is a question for the residential subprogram.

**CHAIR:** ACFI would not fit in here.

**Senator SESELJA:** I have a follow-up on the aged care approval round. It was launched in May. Has there been an expansion of places under this round?

**Ms Moody:** Yes. As part of a budget measure around the home care packages, there is just over—I am trying to find the exact number for you—6,000 home care places available nationally. There was some movement in the budget of places between years. There was a lower number originally for 2014-15, with higher numbers in some of the out years. We have smoothed that out so that we can bring not only a smoother acceleration of the program but also more of those packages can become available sooner. I am trying to find the right number. There are 6,653 home care packages and there are 9,330 residential care places available in the ACAR.

**Senator SESELJA:** So they are additional places coming online this year. Is that right?

**Ms Moody:** Yes.

**Senator SESELJA:** What is the average level of funding for the 6,653 home care and then the residential care?

**Ms Moody:** There is no one standard answer for that. In the case of the residential care places, that depends on the aged care funding instrument. That depends on the actual needs of the resident and is a matter that the provider assesses and provides to the department once the place is allocated. So there is no one standard answer to that because it depends on where they fit within the various domains of the funding instrument. In the case of home care, there are four different package levels available to people. The amounts in those levels differ. So, for instance, in the home care package, a level 1 package is worth \$7,501. A level 2 package is worth \$13,644. A level 3 package is worth \$30,003. A level 4 is worth \$45,607. And on top of that there may be other supplements that may be applicable depending, again, on the needs of the individual.

**Senator SESELJA:** With those four categories, of the 6,653, is it just a needs basis, or is there a certain amount allocated for each category of home care?

**Ms C Smith:** It is probably worth mentioning at this point that, prior to the aged care reform package, we only had two package levels—the equivalent of what is now called a level 2 and the equivalent of a level 4. What we were doing through the creation of the home care packages was not only expanding the number of packages that could be made available but adding two new levels—that lower level and the intermediate level. So we are actually in a period of time where we have a lot of level 2 packages. We are actually trying to grow some of the package levels to enable that continuum of care. We made a conscious decision in this year's ACAR to try to put out more level 3 packages. It did not previously exist, and the feedback from the sector is that there was a strong view that we should be making more of those level 3 packages available. Part of this budget measure was not only smoothing out the numbers over the years to enable a more structured approach to expanding home care but also to changing the levels available so we have more level 3s available than we would have otherwise.

**Senator SESELJA:** So they are categorised, then, in terms of how many of each level is available?

**Ms C Smith:** We can take that on notice for you.

**Senator SESELJA:** That would be good.

**Senator POLLEY:** Could you get the breakdown of the numbers by state and territory?

**Ms C Smith:** Yes.

**Senator SESELJA:** That was going to be my next question, really, on all those places, if possible—so the 9,330 residential and the 6,653 home care—and as much characterisation is as reasonable. I am sure how you split it up will be fine just to give us a bit of a picture of what each state and territory is getting and in what areas.

**Ms C Smith:** We would be able to let you know what has been advertised. This is the packages that are available by state by level. Then obviously there is a process under which providers have to apply. Then they are assessed and then decisions are made later in the year.

**Senator SESELJA:** When later in the year are those decisions made?

**Ms C Smith:** That would be by the end of the calendar year.

**Senator SESELJA:** Is there anything in this round to encourage capital investment in areas of need?

**Ms C Smith:** There is up to \$103 million in capital grants available. That capital funding is prioritised to rural and remote areas or providers who are looking after people with special needs.

**Senator SESELJA:** Is there a fixed maximum amount for each grant? It is a \$103 million pool for capital grants. How are they allocated? How are they split up?

**Ms C Smith:** There is a range of criteria in the Aged Care Act about how to do that. That capital is available to support the renovation or refurbishment of an existing facility through to the construction of a new facility. Really it is a matter of looking at all the applications and assessing relative priority against the criteria in the act. One of the important things is that the provider does not have a capacity to fund the work from their own resources. So we obviously try to ensure that the money is supporting providers who would not otherwise be able to deliver care in those areas.

**Senator SESELJA:** Is there an expectation of roughly how many capital grants there will be out of that \$103 million?

**Ms C Smith:** Because we do not know how many applications we receive or relative priority or the size that will be requested, I would not be able to tell you that at this point.

**Senator SESELJA:** Just to clarify, there is no maximum for an individual grant out of that pool?

**Ms C Smith:** No. But obviously we would want to ensure that the money delivers as positive an outcome as possible. I think it would be highly unusual if you saw one facility getting \$103 million.

**Senator SESELJA:** I would not expect that to be the case. Thank you very much.

**Ms Moody:** The split of residential and home care places by state is actually available on our website. It is also on the minister's press release of 22 May.

**Senator SESELJA:** I did not read that one, I am sorry. I apologise.

**Senator SMITH:** I have a question about the smoothing, which I think is a word you used. Is that revenue neutral to the budget? There is no change in funding?

**Ms C Smith:** It is cost neutral over the forward estimates. Basically, it is a spend in years one and two and a saving in years three and four. So you have actually brought them forward further than they otherwise would have and it all smooths over the forward estimates period.

**CHAIR:** Thank you. We will move to 3.4.

**Senator McLUCAS:** I have one question on ACAR.

**CHAIR:** An ACAR question before we go to 3.4.

**Senator McLUCAS:** What is the date when the results of the ACAR round will be known?

**Ms Moody:** Late this calendar year, Senator.

**Senator McLUCAS:** You do not have a date?

**Ms Moody:** Probably late November. It is quite an extensive process and takes a considerable amount of time.

**Ms C Smith:** Obviously, the speed of the assessment process, to some extent, is affected by the number of applications you receive.

**Senator McLUCAS:** Thank you.

**CHAIR:** We will move to 3.4 now. Minister, can we have your statement formally tabled?

**Senator Fifield:** Please.

**CHAIR:** Thank you. Questions on 3.4, residential and flexible care.

**Senator McLUCAS:** Can I interpose at this point and ask a series of questions that may not be in 3.4? I have an obligation at another committee shortly and—

**CHAIR:** What are they about?

**Senator McLUCAS:** The Torres Strait master plan. I know that Ms Smith will know all about it. Is that okay?

**CHAIR:** Three or four, that is fine.

**Senator McLUCAS:** Can I have an update, please, Ms Smith, on the Torres Strait aged care services strategic review and master plan, please?

**Ms C Smith:** We talked last time about the development of the plan. The department has engaged Deloitte Touche Tohmatsu to develop the plan. We have been working with a steering committee to oversee development. The steering committee members include local, state and federal government agencies. To date, three steering committee meetings have been held. We are working to complete the plan by the end of June. I think they are in the process of doing some community consultation at the moment.

**Senator McLUCAS:** Do you know the starting date?

**Ms C Smith:** I do not know, Donna, if you have any more information?

**Ms Moody:** Only that the next steering committee is on 11 June, so it is progressing quickly in order to make that 30 June deadline for the production of the plan.

**Senator McLUCAS:** So there have been three steering committee meetings and another one planned?

**Ms Moody:** Yes.

**Senator McLUCAS:** Let me understand who is on the steering committee, not by name. You said, Ms Smith, that they are people from all three levels of government?

**Ms Moody:** Yes. The committee is chaired by the DSS Queensland state manager. We also have a senior representative from the aged care stream in the department. We have a representative from the Department of Prime Minister and Cabinet and the Commonwealth Department of Health. We have senior representatives of the relevant state agencies, including the Queensland Department of Communities, Child Safety and Disability and Queensland Department of Housing and Public Works. We have a senior representative of the Torres Strait Regional Council and the Torres Strait Regional Authority.

**Senator McLUCAS:** And their task, Ms Moody, is to do what?

**Ms Moody:** Basically to oversee the development of the plan and the work of the consultant.

**Senator McLUCAS:** And they meet where? Where do they meet? On the phone?

**Ms Moody:** I think so. I would need to get some detail on that. I can tell you that the next meeting is occurring on Thursday Island.

**Senator McLUCAS:** Can you tell me where the other three meetings have been held?

**Ms Moody:** I will have to take that on notice, but I can get that for you.

**Senator McLUCAS:** Ms Smith went to some consultation. What is happening in terms of consultation with the local community?

**Ms Moody:** As part of the consultant's work, they are meeting with key stakeholders, including service providers, to get their perspectives on issues as well.



**Senator McLUCAS:** Can I have a list of those key stakeholders?

**Ms Moody:** I do not have that with me, but I can take that on notice.

**Senator McLUCAS:** Once I have seen that, I might have some more questions about the level of consultation. So it is just meetings with stakeholders?

**Ms Moody:** Yes.

**Senator McLUCAS:** When is the consultation going to occur?

**Ms Moody:** I will need to get the actual dates of that. I believe some of it may already have been occurring, but I will need to clarify that for you.

**Senator McLUCAS:** And there is no broad community consultation with the community of the Torres Strait?

**Ms Moody:** They have been trying to meet with various stakeholders. But, clearly, getting the stakeholders within the time frame has also been a bit of a challenge. But I will get you some more detail on that on notice.

**Senator McLUCAS:** What is the need to get this done so quickly?

**Ms Moody:** I guess in terms of people wanting to move forward with a plan and ensure that we actually start to make changes or, depending on what the outcome of what the plan says, get improvements in aged-care facilities on the Torres Strait. The sooner that the plan is ready, the sooner that concrete proposals will be able to be developed that can then be submitted and examined and considered for funding, among other things.

**Senator McLUCAS:** Is the steering committee or the department, for that matter, concerned that if we do not actually formally and properly consult with the people of the Torres Strait, the desire of people in the Torres Strait to have a well-referenced plan may be—you might make a mistake?

**Ms Moody:** I guess there are representatives from the representative bodies of the islands, including the TSRA and the shire.

**Senator McLUCAS:** And the regional council. And that is good. That is great. There is a lot of ownership of this issue in the Torres Strait, and I want to make sure that you capture all of it.

**Ms C Smith:** We certainly understand the need for good community consultation here. Some of the speed with which the process is moving is to try to recognise that there have been very longstanding concerns about the standard of the services available in the area. We are trying to balance a process that does the necessary consultation with ensuring we move forward. If the community view is that 30 June is too fast, we will be prepared to look at that as long as it does not drag on indefinitely—

**Senator McLUCAS:** Absolutely.

**Ms C Smith:** and prevent some solutions being identified.

**Senator McLUCAS:** There has been some discussion about the relocation of the Star of the Sea. Is that part of the consideration of the steering committee?

**Ms Moody:** They are looking at the provision of aged-care services. Clearly, the presence, location and state of existing services will have to factor into that. Whether the report will recommend that it be moved, I could not tell you, because we do not have the consultant's report at this point.

**Ms C Smith:** But we are aware that that is one of the issues that has been raised within the local community. I am sure it will feature in further consultation with the community. So we will see where it goes.

**Senator McLUCAS:** So the report would have to go to issues of land ownership—the ownership of the Star of the Sea?

**Ms C Smith:** Certainly land ownership is one of the issues the report will need to address.

**Senator McLUCAS:** But how can the steering committee direct the Star of the Sea as to where they might be located? I do not understand how that could happen.

**Ms C Smith:** I am not suggesting that they would, but I am aware that that is an issue that has been raised within the local community and, no doubt, will get raised through the consultation process. We do not know yet how the steering committee and the consultants will address that in their report.

**Senator McLUCAS:** But there is no power for the federal government to direct an aged-care provider as to where their service is.

**Ms C Smith:** You are right. No, there is no power for the Commonwealth to do that.

**Senator McLUCAS:** You cannot just say, 'You can't be there. You've got to go somewhere else.'

**Ms C Smith:** Absolutely. You are right.

**Senator McLUCAS:** Is the plan to identify alternative land where the Star of the Sea may be able to be located?

**Ms Moody:** There are a number of issues associated with that, including the current physical condition of the Star of the Sea and what is possible in terms of that site or any other site. So that is certainly an issue that the consultants need to address. But it is a long way from a decision about even what they might recommend about the physical condition of the Star of the Sea and what can be done about it and any alternatives and what they might look like. Certainly, in looking at that, there are some cost-benefit analyses that would need to be done about what you might do with an existing site to bring it up to a standard that you would like versus what you might do.

**Senator McLUCAS:** How much did we give to the Star of the Sea in the ACAR round before last in the capital component?

**Ms C Smith:** We might have to take that on notice. Certainly there has been a degree of financial assistance provided to support that facility over the years. So we could take that on notice for you.

**Senator McLUCAS:** Is there any funding that is associated with the planning that is attached to the results of the planning process? There will be a cost for the master plan. I do not think I have asked you that question before. How much is it going to cost?

**Ms Moody:** In answer to your other question about the grant, we have provided \$1.3 million to address the most urgent health and safety issues at the Star of the Sea.

**Senator McLUCAS:** When was that, Ms Moody?

**Ms Moody:** I would have to get you a date on that. I will come back to you on that. The work is expected to be completed in 2014. It was provided in October 2012. I am just looking for the price of the consultancy at the moment.

**Ms C Smith:** It was just over \$200,000. At this point, the money that has been allocated is for the development of the plan. Any decision on action required will be one for the government to take in the future.

**Senator McLUCAS:** But the way that funds are applied to residential aged-care services is almost fully done on a competitive basis. So if there were money to be allocated to residential aged-care facilities in the Torres Strait outside that process, that would have to be a decision of government separate to the normal ACAR round. Is that correct?

**Ms C Smith:** That is correct.

**Senator McLUCAS:** I think that does it for me.

**Senator POLLEY:** I seek clarification of how much time you are going to allow for this, because we have quite a few questions. I need to be able to prioritise the number of questions.

**CHAIR:** We are going through until 6.30 pm, so I would have thought we could spend half an hour on 3.4, could we not? I understood you had quite a lot of questions in this area.

**Senator POLLEY:** We have, yes.

**Senator SMITH:** I am happy for you to proceed first.

**Senator POLLEY:** Thank you very much. Could you outline to us what modelling was done by the government on the impact of removing the aged-care payroll tax supplement on the aged-care providers and the residents? In particular, what is the impact going to be on the profitability of the small operators?

**Ms C Smith:** You would be aware that it was a budget measure that the payroll tax supplement for residential care providers will be discontinued from 1 January 2015.

**Senator POLLEY:** I am aware of that. I want to know what modelling was done to make that decision.

**Ms C Smith:** I want to make sure it is understood that it is effectively an indirect transfer of revenue from the Australian government to the states and territories. So states and territories are free to exempt aged-care providers from the tax if they choose. You might be aware that, as part of the 2014-15 budget, Victoria reduced their rate of payroll tax. I believe the ACT government has made some changes in the last couple of days as well. Obviously, the government went through a process of consideration in the budget context in terms of the impact of removing this supplement. The supplement makes up approximately four per cent of the total residential care subsidy paid to an eligible provider. The average level of supplement paid in 2013-14 is estimated to be \$114,000 per eligible service and \$320,000 per eligible provider. That does not take effect until 1 January 2015.

**Senator POLLEY:** It is buried far away with all the other changes that have been impacted on the sector, though.

**Ms C Smith:** Yes. Including that, in 2014-15, the new financing arrangements take effect. The modelling that was done by the former government as part of the development of the legislation estimated there would be an additional \$3 billion in accommodation bonds flowing into the sector in that year. So I think you have to look at the cessation of the payroll tax supplement in the context of the increased revenue and capital that the residential care sector will be able to get from the new financing arrangements.

**Senator Fifield:** I should just underline, Senator Polley, that it is important, when looking at the payroll tax supplement concluding, to also take into account the reprioritisation of the workforce supplement. To get a true picture, you need to net those things. There is also the increase to the viability supplement for rural and regional providers who are eligible.

**Senator POLLEY:** Some people are going to lose \$120,000, but they will get less than \$3,000.

**Senator Fifield:** I am just making the point that it is important to look at the additional funds that providers will be receiving as well.

**Senator POLLEY:** Minister, can you confirm that your government did no modelling before this decision was taken and that you cannot provide to the committee any evidence of the adverse effect it is going to have on rural and regional areas and smaller providers?

**Senator Fifield:** Senator Polley, there are a few issues here. I will provide context for the decision of the government. One is, I guess, a matter of principle, and that is that the maintenance of state tax bases is ultimately a matter for states and territories. The application of state and territory tax bases is a matter for the states and territories. Exemptions from state and territory tax bases are a matter for the states and territories. It was an unusual situation having the Commonwealth, in effect, intervening in what is a state tax base.

**Senator POLLEY:** Once again, just to clarify—I understand all of that—you as a minister, at the last round of estimates when I was here, was talking about how you were going to cut red tape. I do not think really that your colleagues in the states are going to thank you for adding more red tape. Nor is the sector. You have not actually done any real modelling before you have made that decision. Are you aware that there are those in the sector that are already struggling with the changes that have been introduced? This is another burden on them in a very short time where they were not even consulted.

**Senator Fifield:** Senator Polley, you would be aware that the nature of budget decisions is that the consultations which may take place in relation to decisions outside the budget period do not happen within the budget period. That is the nature of putting budgets together.

**Senator POLLEY:** This is a pretty significant change.

**Senator Fifield:** It is in the nature of putting budgets together that there is that approach. Obviously, the government and the department were aware of what the effects would be of budget decisions taken—both the conclusion of the payroll tax supplement and the repurposing of the workforce supplement and the rolling in of the cap into the payments that providers receive, which is in itself a reduction in red tape, consolidating those payments together. Obviously, the government is aware of what the effect of budgets measures will be.

**Senator POLLEY:** But this was introduced, what, back in 1988 and you did not think it was appropriate to consult with the sector before taking away such a supplement?

**Senator Fifield:** As I said—

**Senator POLLEY:** It is just creating red tape, is it not?

**Senator Fifield:** No. I do not see how the conclusion of a supplement is creating red tape.

**Senator POLLEY:** You are pushing the onus back on the states to keep to the party.

**Senator Fifield:** Because the states and territories are responsible for their own tax base. Payroll tax is a state and territory tax base. The states and territories are responsible for determining the application of their taxes. They are also responsible for determining exemptions from their tax bases.

**Senator POLLEY:** Did you use any modelling to look at the significance of the effect this would have on future investment in the sector? My understanding is that competitive neutrality was the underlying factor in the sector.

**Senator Fifield:** Which takes me back to the point that the ultimate responsibility for ensuring competitive neutrality in relation to state tax bases is with the states themselves.

**Senator POLLEY:** According to ACFA, the residential aged sector will need to build close to 80,000 additional care places over the next decade. This involves an estimated investment of new stock and rebuilding of existing stock in the order of \$25 billion over the next decade. Would you still agree with those figures? Can you

advise the percentage of capital works being undertaken by private providers subject to the payroll tax supplement removal?

**Senator Fifield:** If, as you say, they are figures of the Aged Care Financing Authority, if there is any update on those figures, I would seek to refer that to the Aged Care Financing Authority. But if officers at the table have anything that they can helpfully add, I invite them to.

**Ms C Smith:** Those figures were from ACFA's report from last June. They will be due to provide their next annual report in early July this year. No doubt they will update those figures as part of that report.

**Senator POLLEY:** So what modelling has the government done, Minister, to assess the impact on service provision and, importantly, quality through a loss of jobs as a direct result of the removal of the aged-care payroll tax supplement?

**Senator Fifield:** You have several assumptions in that question.

**Senator POLLEY:** Well, that is what the sector is saying—that people are going to lose their jobs. I would have made the assumption that the government would have done some modelling on this. You would have seen the media reports, no doubt, Minister.

**Senator Fifield:** Senator Polley, the government's approach with this budget across all portfolios is to work towards having the budget on track to being back in balance, being back in surplus. The reason for that is that we want to ensure that government can continue to deliver on its core business, an important part of which is support for people with significant disabilities and an important part of which is providing support through aged care for people of different means. If we did not take the decisions that we have taken in this budget, we would be undermining government's capacity to ensure that it can deliver on this core government business.

**Senator POLLEY:** Minister, you would have seen the reports in relation to the trading halt by one of the large providers in this country. That does not give you any concern?

**Senator Fifield:** I do not—

**Senator POLLEY:** You do not think there should have been some modelling done?

**Senator Fifield:** Senator Polley, I do not seek to make comments in relation to individual providers. Company directors need to discharge their duties and do what they think they are required to do. I do not think I can really add anything to that.

**Senator POLLEY:** So of the measures that have been taken, what assistance has been put in place for providers in regional Queensland, for instance, who will receive an additional \$2,900, which I alluded to earlier, in a viability supplement but who will lose \$100,000 to \$120,000 in the payroll supplement? What is your government doing to assist them? In my own home state of Tasmania, there have been reports that a small provider will lose two staff. That has to have an impact on a smaller provider in that facility to give good quality care.

**Senator Fifield:** Sure. I made reference before to the importance of looking at the effects of all measures and changes in this area. I will invite Ms Smith to go through some of them.

**Senator POLLEY:** Minister, before we do, can you explain to the committee why you did not take the advice of the Commission of Audit in this area that there will be a real impact on the sector?

**Senator Fifield:** The Commission of Audit made a number of recommendations.

**Senator POLLEY:** And a lot of them the government has taken up.

**Senator Fifield:** Some of which the government has accepted and some of which the government has not. I will invite Ms Smith to go through the range of government measures and the changes. As I say, you have to take all of them into consideration together.

**Ms C Smith:** So if we take the reprioritising of the workforce supplement and we look at the 2014-15 year, there is increased revenue going to providers of \$232.1 million. That includes \$6.3 million for a 20 per cent increase to the viability supplement and \$225.8 million in terms of an increase to subsidies. The abolishing of the payroll tax supplement does produce a saving of \$86.3 million, but the net impact is a positive of \$145.9 million. So, overall, providers are better off than they would have otherwise been to quite a significant amount.

**Senator POLLEY:** That is not actually what the sector is saying. What assistance—perhaps we can talk about this specific case in Queensland—will be put in place for a facility that is going to lose \$100,000 to \$120,000 to get less than \$3,000 to replace that? What is the solution for those people to maintain their standard of care and to keep their viability?

**Ms C Smith:** I do not think I can comment on the individual case that you are referring to. Certainly, as I said, there is a net positive impact of the measures for the sector. In relation to individual providers, one of the things that has been made available as part of the reforms is the transitional business support advisory services. I think \$6 million over three years has been provided. We have KPMG on board to assist with that. So if an individual provider is concerned about their individual circumstances, they can actually approach the transitional business support advisory services and seek guidance on how to understand the impact of the changes and some strategies for responding. I do not think you can look at the impact of the payroll tax supplement in isolation of the significant changes to financing that are occurring on 1 July 2014 and the capacity of providers to charge lump sums across the board for them to have access to a higher rate of accommodation supplement if they have a new or significantly refurbished facility. So any individual provider would need to look at their situation in total in light of the new world that we are entering into. We understand that that is challenging for some providers, particularly in rural and remote areas. That is why this assistance has been put in place so that they can sit down with some expert guidance in relation to their own circumstances.

**Senator POLLEY:** Can you outline to us what modelling was done on the impact of residential pricing? What consultations did the Commonwealth have with consumer groups before making this decision? What consultations has the Commonwealth had with the aged-care sector, including consumer groups, since the decision was made?

**Ms C Smith:** I am just not sure what you are referring to. By residential pricing, do you mean the publishing of prices on 19 May?

**Senator POLLEY:** Yes.

**Ms C Smith:** The requirement to publish prices and the change to financing arrangements dated back to the legislative changes that went through the parliament in June 2013. There was an exhaustive process of consultation through the National Aged Care Alliance and the sector board leading up to that process. There was then a very significant inquiry through this committee, during which many organisations had the opportunity to put their views. Since decisions have been taken and legislation has passed, we have been going through a process of quite extensive further consultation as part of developing the delegated legislation and the guidelines. All of that has gone out for multiple rounds and public consultation.

**Senator POLLEY:** That has happened. What sort of consultation have you had with the sector since the payroll tax supplement was announced?

**Ms C Smith:** Since that measure was announced, we have certainly spoken to a range of groups and explained the measure to them. But this is a decision the government has already taken.

**Senator POLLEY:** So you are confident, then, that they will be able to cope with any changes? The sector is able to meet these challenges and there will not be any impost on new residents going into those facilities?

**Ms C Smith:** Senator, I am not sure what I can add in addition at this point. I think we have tried to convey the need to look at that measure in the context of the positives in the budget for the aged-care sector and the positives of the aged-care reform package more generally.

**Senator POLLEY:** But you would agree that residential aged care is the highest regulated industry with prices, and they are fixed. So how are the providers going to recoup this money to remain viable?

**Ms C Smith:** Well, aged care is a sector that is quite regulated, which is why the government has an active plan in place to look at the scope to reduce unnecessary regulation. If you look at the new publishing requirements and new accommodation pricing arrangements that will take effect on 1 July, that is actually a freeing up of regulation and giving the opportunity for a transparent and competitive market in relation to accommodation. So providers will actually have the capacity to set prices in a way they have not had before.

**Senator POLLEY:** If it is okay, can we move to—

**Senator SMITH:** I have a couple of questions with regard to the payroll tax. Just to be clear, if I understand what was happening, Ms Smith, the Commonwealth was really just making a payment to state governments via aged-care providers in meeting those payroll tax costs. That is what was happening fundamentally, was it not?

**Ms C Smith:** That is correct. It was, in effect, an indirect transfer of revenue from the Commonwealth to state and territory governments.

**Senator SMITH:** And it is a state based tax regime that aged-care providers, in their states and territories, were having to pay?

**Ms C Smith:** That is correct.

**Senator SMITH:** For some of them, the particular jurisdictions in which they operate have payroll tax exemption regimes. They might be eligible under those arrangements to find some support with regard to the payroll tax costs?

**Ms C Smith:** Certainly state governments do exempt some providers from those requirements either because of the type of organisation they are or because of the size of the business. So states and territories have thresholds for payroll tax cuts in terms of numbers of employees.

**Senator SMITH:** I understand that, in Western Australia, aged-care providers are now having a conversation with the state government. I understand from your evidence—I do not know the detail—that the ACT government has come to lend local ACT aged-care providers some assistance in meeting ACT payroll tax costs.

**Ms C Smith:** I think the ACT government made some changes across the board. Aged-care providers, amongst other organisations, would be able to take advantage of that if they meet the criteria. But certainly I am aware that relevant providers are talking to the state and territory government. I know in WA they are.

**Senator Fifield:** Senator Smith, it is also true that, as part of the Victorian government's 2014-15 budget, Treasurer O'Brien announced that there would be a reduced rate of payroll tax from 1 July.

**Senator SMITH:** So, in fact, the Commonwealth's actions are forcing a greater responsibility on the part of the states and territories to respond to what is a state and territory payroll tax issue?

**Senator Fifield:** I think Treasurer O'Brien has long had a desire to reduce payroll tax rates in that state.

**Senator SIEWERT:** I have a question on residential care. I want to go to the question I asked last night. I do not know if people passed it on. When changing the indexation, was there any consideration of what impact that would have on aged care providers in residential care and the 85 per cent payments from the pension for aged care?

**Ms C. Smith:** As you are aware, residents pay 85 per cent of the basic pension in terms of their basic daily fee to providers. If indexation of the pension is changed, that does have a flow-on impact in terms of 85 per cent of the new amount.

**Senator SIEWERT:** That is what I thought. When the changes were being discussed to indexation, was that taken into consideration? Were you consulted or did you provide any advice on that process?

**Ms C. Smith:** I think you would be aware that the work on pension indexation was done in another area. Serena Wilson was the relevant deputy secretary. You spoke to her at length yesterday.

**Senator SIEWERT:** I said that I would be bringing it. We did not get a total, full answer.

**Ms C. Smith:** I can certainly talk to you about the impact, which I think you have already outlined. But I do not think I am in a position to go into what was considered by government.

**Senator SIEWERT:** Were you asked to provide, or was your advice asked—

**Senator POLLEY:** Was your advice sought in relation to the impact it would have on the aged care sector?

**Mr Pratt:** Perhaps I can answer this. Of course, the detailed work was done in outcome 1 in the social security stream. Ms Smith and others were part of the high-level team which was involved in the development of advice to government on the budget and so would have had some capacity to provide input and to be involved. But it was primarily done in other areas. So it would be at a high level as opposed to as to very specifically.

**Senator SIEWERT:** Sorry, the people that devised the policy, you mean, at the high level?

**Mr Pratt:** No. What I am saying is that—

**Senator SIEWERT:** The advice was sought?

**Mr Pratt:** Well, yes. There was an opportunity to be involved and to provide advice, but it would have been at the high level. The detailed work was done elsewhere.

**Senator SIEWERT:** In that case, though, my question still stands. Whether it was Treasury, or wherever that high-level work was done and whomever they consulted in the department, I am presuming, Mr Pratt, you were involved in that discussion?

**Mr Pratt:** Yes.

**Senator SIEWERT:** Were you already aware that this would have an impact on aged care providers because of the 85 per cent contribution from the pension for the cost of aged care, or did you then seek Ms Smith's advice?

**Mr Pratt:** Without going into the nuts and bolts of the process, certainly those involved in the development of these related policy measures would have an understanding of those sorts of connections.

**Senator SIEWERT:** So how has that been calculated into any further work that you are doing in the section around aged care and consultation with providers in terms of the potential impacts on them?

**Mr Pratt:** Prospectively, this will be picked up in our dealings with stakeholders and providers and so forth. We will hear from them their points of view. As you know, in a budget process, unless there is a specific agreement to do this, there is very limited opportunity to directly consult with people.

**Senator SIEWERT:** I understand that. That is why I did not ask that question. I have tried that enough this estimates. What I will ask and seek is whether there has been any feedback from the sector yet about the potential implications of this measure on their cost base.

**Ms C. Smith:** I have not had it raised directly with me, but I have seen commentary in some of the industry newsletters that this may be an issue they have to grapple with. But I think the same point is relevant here as was relevant in the point on the payroll tax supplement. You have to look at those two measures in the context of the broader benefits that are flowing to the sector from the workforce supplement repurposes, from the increase in private—

**Senator SIEWERT:** Work at that workforce supplement.

**Ms C. Smith:** And from aged care reform more broadly. We cannot undersell the changes to financing arrangements which are due to take effect and the capacity for increased funding to flow to the sector.

**Senator SIEWERT:** Ms Smith, I appreciate all that. As you know, I was involved in quite a lot of toing and froing on that legislation.

**Senator Fifield:** Senator Siewert, I think it is also important to note that a number of these changes are happening at different times. We have the changes coming in on 1 July. We have the concluding of the payroll tax supplement at the start of next year, and the pension indexation changes do not come into effect until September 2017.

**Senator SIEWERT:** I take that on board. But there is a staged implementation of the reforms. It is one of the reasons I am asking the questions on this area. The reform has been made and people have been engaging, providers have been engaging with them and consumers have been engaging with them. Some do not like them as much. But here is another variable as well as the payroll tax on top of the reforms. That is why I am asking. When you were working on the reforms, this was not on the horizon, so you did it under a certain indexation.

**Ms C. Smith:** Any modelling or any analysis is correct at the time you do it. But the world is not a static place. Governments make decisions—

**Senator SIEWERT:** But this change is coming before the next lot starts.

**Ms C. Smith:** No.

**Senator Fifield:** September 2017.

**Ms C. Smith:** Yes.

**Senator SIEWERT:** But you have announced them before the next lot starts.

**Ms C. Smith:** I think providers have to understand that they are operating in a dynamic environment in which governments do change policy settings but in which the market operates. And they have to be dynamic, mature organisations that can actually cope with changes in their operating environment.

**Senator Fifield:** There will still be the indexation of pensions, and pensions will still go up.

**Senator SIEWERT:** Let us not go there again, please.

**CHAIR:** I suggest that we probably—

**Senator POLLEY:** I have some questions in relation to that.

**CHAIR:** We did say that we would spend half an hour in this area and we have spent almost that entire time. Senator Smith, did you have questions in this area?

**Senator POLLEY:** Well, we are going through to 6.30. There is not much more to go.

**CHAIR:** I understood that you were concerned about being able to fit it all in, Senator Polley. I do not think we are just worrying about fitting your questions in. We are worrying about fitting senators' questions in.

**Senator POLLEY:** That is right, but we have almost an hour left.

**CHAIR:** In 3.4.

**Senator SMITH:** I am happy for Senator Polley to go on with her line of questioning.

**Senator POLLEY:** I want to move on because Rachel stole some of mine, obviously. I want to ask you, Minister, whether you or your minister were involved in relation to the budget decisions to index the pension and the effect that was going to have on aged care providers.

**Senator Fifield:** I was involved in the measures in my direct areas of responsibility.

**Senator POLLEY:** So there is going to be an impact. Eighty-five per cent of the changes to the indexation of the pension are going to mean there is less money going to those providers. I was wondering, then, if the department can actually provide for us where those facilities are going to be. The providers that provide most of their residents are pensioners. Where is the breakdown of those? Is it in regional areas or is it in the suburban areas or the inner city, because that will have some impact on the viability of those providers?

**Senator Fifield:** Let me just pick you up on the first thing you said in relation to the changing of the indexation for the age pension—that providers will be getting less money. We have to be clear again, as I tried to be last night, that the—

**Senator POLLEY:** I was not here last night.

**Senator Fifield:** The rate of the pension is not being cut. The pensions are still going to increase.

**Senator POLLEY:** It is not going to be the same. We can debate that. It is still going to have an impact on the aged care sector and the providers.

**Senator Fifield:** So you cannot say that people will be getting less, because that implies that they will be getting less than they are now. It will not be the case, because pensions will still be indexed. It will be a different indexation. But pensions will still rise.

**Senator POLLEY:** But they will not rise to the same level, as you well know. But the sector, I am sure, will make you very aware of it, as they are us. Can you outline to us what effect the clean energy supplement is going to have on the sector. Was there any modelling done as well by the government?

**Senator Fifield:** The clean energy supplement is having its title changed to the energy supplement.

**Senator POLLEY:** That will have an impact on pensioners. You can be smug about it, but it is going to have an impact.

**Senator Fifield:** But the energy supplement is continuing.

**Senator SESELJA:** How is changing the title going to have an impact? It is still being paid.

**Senator POLLEY:** Not to the same level.

**Senator SESELJA:** It has not been changed.

**Senator Fifield:** But there is good news, Senator Polley.

**Senator POLLEY:** Well, tell us about it.

**Senator Fifield:** Hopefully, with your support, we will repeal the carbon tax. So that will be of great benefit—

**Senator SMITH:** To aged care providers—

**Senator Fifield:** To aged care providers and aged care residents, and people in home care.

**Senator SMITH:** And they will get a supplement.

**Senator Fifield:** Despite the fact that we are going to get rid of the carbon tax, we are maintaining the compensation.

**Senator POLLEY:** But with the changes that are staggered coming in, there is a huge impact on the sector. You would surely grant me that. During the Living Longer, Living Better process, there was widespread consultation with the sector. In fact, the previous government brought the sector together with the consumer groups in the full understanding that there needed to be some changes. What you have done now since you have been in government is introduce even further changes without any consultation to the sector.

**Senator Fifield:** There are two points.

**Senator POLLEY:** You have just said that you had no impact on the deliberations of the budget and how that was going to affect the aged care sector. I just wanted to make sure that you were aware of it.

**Senator Fifield:** No. I said I was involved in the measures in my direct areas of responsibility. But there are two points in response to your question. One is what I canvassed before, which is that different arrangements apply in the budget context in terms of the limitations on consultation. That is something that has always been the case under successive governments. The other is the broader context in which decisions in budget have been taken, and that is that the previous government had cumulative deficits of \$120 billion plus and left net debt in



excess of \$190 billion. They are very relevant considerations when it comes to the sorts of decisions the government takes. Some of the decisions are ones that may not have been taken had we inherited no net debt, which is the situation that we are left. But I think that fiscal context is important.

**Senator SMITH:** Minister, I have had a chance to read your opening statement. Just to be clear, there is no question about the need to have a mechanism to support those people in residential care that have severe behavioural and psychological symptoms. What we are looking at here is the design of the initiative that currently exists to support those people in residential aged care. Is my understanding of your statement correct?

**Senator Fifield:** That is right. When we were on the other side of the chamber, we broadly supported the changes that the previous government legislated. The dementia supplement was one of them. Obviously, when you are in opposition, you are not in the business of designing particular measures. That is the responsibility of the government of the day. The government of the day set about establishing a funding envelope, which for this financial year for this supplement was \$11.7 million. The previous government anticipated that there would be 2,000 people in residential care eligible for that supplement. As I indicated in my opening statement, as at March 2014, there were over 25,000 people as opposed to 2,000 people receiving that supplement. Now, what that says to me is that there was a problem with the design of the scheme. The design was not in alignment with the funding envelope. I might ask Ms Smith to go through some of the further financial implications. I have really just scratched the surface of what the case has been. Ms Smith might be able to shed some further light.

**Senator SMITH:** As you say, a well-intentioned initiative, but there are questions around design and targeting?

**Senator Fifield:** Absolutely. The figure was about \$50 million in January. Ms Smith might be able to take us through some updates of the figures and what the financial implications might be of no policy change.

**Senator POLLEY:** Something that might help clarify it for Senator Smith and the committee is if we find out who actually did the modelling for the previous government. Who provided the modelling for the government?

**CHAIR:** Perhaps we could take these questions in this area.

**Senator Fifield:** Ms Smith will, as I have invited her to. Then, with your concurrence, Chair, we will move on to Senator Polley's question.

**Ms C. Smith:** I think the minister outlined that the expenditure for the supplement was expected to be \$11.7 million in 2013-14. Because we have around 25,000 residents attracting the supplement instead of the 2,000 that were estimated, it is estimated that we will have spent \$110 million on the supplement by the end of this financial year. If claiming patterns continue as they are now, it is estimated that \$780 million will be spent on the supplement over the four years from 2014-15 compared to the original—

**Senator McLUCAS:** That was \$780 million, was it?

**Ms C. Smith:** It is \$780 million compared to the original estimate of \$52 million. In fact, if you looked at it over a 10-year period, I think around \$1.5 billion would be spent. So that is clearly a very significant oversubscription on what was estimated.

**Senator SMITH:** Can you explain for us what the program is aimed at doing?

**Ms C. Smith:** The supplement was designed to provide funding for those residents who have severe behavioural and psychological symptoms associated with dementia.

**Senator SMITH:** So we are not talking about people who unfortunately have dementia. We are talking about people that have severe dementia?

**Ms C. Smith:** This supplement is paid in addition to ACFI payments. The ACFI assesses resident care needs in three areas—activities of daily living, complex health care and behaviour. That behaviour domain includes a range of issues around cognition and behaviour. That is where people with dementias and the care needs associated with that dementia are recognised. About 60 per cent of residents currently attract a high rating in the behaviour domain. A significant amount of funding already goes to carers of people with dementia through the ACFI. The supplement, though, was intended to capture that very small group of people who have very severe or extreme behaviour needs. It was expected that one per cent of all residents would qualify for this supplement. That was based on consultation with a range of clinical experts in this area. Instead, 15 per cent of residents are claiming it.

**Senator POLLEY:** It would be helpful to explain who actually did the modelling at that time.

**CHAIR:** Senator Polley, when Senator Smith is finished we can ask that question.

**Senator SMITH:** When we look at the design of the program, has the design not been prescriptive enough or tight enough? We went from 2,000 people who would be eligible to 25,000 receiving the supplement. It is a bit remnant of the interim satellite service, which I would not expect you to know too much about, Ms Smith, in the national broadband network. Is it the design?

**Ms C. Smith:** Senator, we did consult with relevant parts of the sector and had clinical expertise to assist in designing the supplement. Two eligibility requirements have to be met. One is a medical diagnosis. The second is an assessment of the severity of the behaviours and the psychological symptoms using a tool called the neuropsychiatric inventory nursing homes tool.

**Senator SMITH:** It does not have an acronym?

**Ms C. Smith:** The NPI-NH tool is not a catchy one.

**Senator Fifield:** You will get us on to EACH-D if you keep talking like that.

**Ms C. Smith:** Based on the advice that we had from clinicians and experts in the area at the time, that tool was the best available to be able to differentiate this small group of residents that we were trying to capture with the supplement. Clearly, the claiming patterns that we have seen in its first year would indicate that that tool has not proven as effective as we expected in differentiating this group of residents. I think the task is now to do as the minister has asked, which is to work with the Aged Care Sector Committee to look at what has happened and to look at what—

**Senator SMITH:** To understand the problem better and then to work out what might be a better policy response to meet the needs of this specific group in aged care.

**Ms C. Smith:** I think that is what the minister has asked for advice on.

**Senator SIEWERT:** The flipside of this is: are there more people—it is a combination of both—that actually have these severe behaviours than was expected? That is the first question. Secondly, as I understand what you have just said, the agency was acting on the best advice at the time. What could have been done? Minister, I really do not want to get into a bunfight about this. The minister was implying it was mishandled. What could have been done better at the time? Was this information known and it just was not sought?

**Ms C. Smith:** Certainly the discussion we have had with clinicians at the time was that 2,000 was a reasonable estimate. That was based on a range of clinical evidence and studies that had been done with this group of people. We have talked to those same clinicians in the last couple of months to understand the patterns of claiming that we are seeing. They do not believe it is a reasonable conclusion that there can be 25,000 residents who have these very extreme behaviours.

**Senator SIEWERT:** Is the tool being misapplied?

**Ms C. Smith:** There is probably a range of issues that are happening here, one of which is in the original design of the supplement. Another is having a sufficient compliance regime in place to ensure that the supplement is being claimed by those residents who should receive it. As I said, there is a two-part process for the design—a diagnosis and a score on this NPI-NH tool. One of the things that I think needs to be looked at is whether a compliance regime or a third step might have also been beneficial.

**Senator Fifield:** Senator Siewert, I should add at this point, and it is in response to, I guess, both you and Senator Polley, that the department and public servants provide advice and options. Ultimately, the responsibility is that of the government of the day to be satisfied that a measure will achieve its objective and do so within the funding envelope that the government of the day has established. I do not think anyone has done this. I think it is all too easy for governments and former governments to say, 'Oh, it was the responsibility of the department', whatever the department may be. It is ultimately the responsibility of the minister of the day and the government to be satisfied on an option put to them because it is the government of the day that owns a given measure. I thought it was important to state that.

**Senator SIEWERT:** What do you say the timeline is for doing this new work on this?

**Ms C. Smith:** The first step is for us to discuss it with the Aged Care Sector Committee. We will do that very shortly. Then, as the minister said, we will work through the next stage in a considered way to ensure we really understand what the issues are. This is an important policy area to get right. We want to learn from what has happened thus far.

**Senator POLLEY:** I will follow on from questions I have asked previously. Can you inform the committee what the expected increase in the aged care workforce will be for the next 20 to 30 years? Minister, can you outline the main workforce priorities facing the aged care sector and how important wages are to that sector?

**Senator Fifield:** I guess the main workforce challenge facing the sector is bodies and the need for many, many more in the aged care sector workforce in a variety of positions. One thing that I discovered when I came into the portfolio was, wherever I looked, I found another bucket of money to do with some aspect of workforce strategy or workforce development. So one thing that we are going to be doing is, in effect, having an audit of those buckets of money to make sure that we have a more coordinated and comprehensive workforce strategy to the extent that government has a role to play. I think it is important to recognise that there are some things that government can do in relation to workforce strategies and assisting with planning. But workforce will ultimately be a matter for providers. We are not a centrally planned economy. Obviously, there are particular things that the government can do. You are right, Senator Polley, that the circumstances of employment are important when it comes to recruiting and retaining staff. One of the reasons why we suspended the workforce supplement of the previous government was because we wanted to give the maximum flexibility to providers to deploy that \$1.1 billion over four years in their organisations. We think it is important, and we probably differ here, that employers and employees work out cooperatively together the best employment arrangements in a given workplace. There were numerous aged care providers, Senator Polley, who were pleased with the repurposing of the workforce supplement.

**Senator POLLEY:** No doubt. But back in November you talked about—

**Senator Fifield:** I will share with you just one example, and that is Catholic Health Australia, who welcomed the reallocation of the more than \$1 billion originally earmarked for the flawed aged care workforce compact, back into the general fund for aged care delivery. This article states:

It will mean all aged care providers can benefit from the funding boost and deliver better care for older Australians.

Mr Laverty went on to say:

The government of the day was seeking to use an industrial outcome requiring providers to enter into or amend their existing enterprise bargaining agreement to bring about a rise in wages.

**Senator POLLEY:** Well, thank you for that.

**Senator Fifield:** Mr Laverty said:

The costs associated with signing up to the policy, including the sharp increases in wages that were mandated, were also prohibitive for many providers.

I just thought that would be useful context for the committee.

**Senator POLLEY:** We have read those reports. Back in November at estimates, I asked you these same questions. You said that there was going to be an audit undertaken by the government. We are now in June. What has been the outcome? What is the government's strategy in anticipation of the workforce growth in this sector? What modelling have you got in place to ensure that there are going to be enough people recruited into this sector going forward?

**Senator Fifield:** Thank you, Senator Polley. In one of your earlier contributions, you referenced the importance of consultation. In February this year, I and Minister Andrews got together with a group which was essentially a precursor to the aged care sector group that we have appointed. One of the things that we discussed there and which we took on board was the importance of auditing and seeing if we can do better with the dollars that are in the various pots of money for workforce strategy. But that is a work that is in progress.

**Senator POLLEY:** With the consultation that you had and obviously the strategy you have in place, what are the skill shortages? What is the government's plan to address these moving forward? I did not get an answer to the question when I asked how many people are going to be needed in the aged care sector in the next 20 to 30 years. A significant amount of people are going to be needed in this sector. What strategies have you got in place?

**Senator Fifield:** I will invite Ms Smith to comment on the exponential growth in demand that there will be for staff in the aged care sector.

**Ms C. Smith:** In the Productivity Commission Caring for Older Australians inquiry, it was estimated that there would need to be approximately 827,000 aged care workers by 2050.

**Senator POLLEY:** That is a lot of people.

**Ms C. Smith:** I think there are around 350,000 currently. So, yes, we certainly recognise that it is a significant challenge for the sector. That is why the government has put in place the initiatives it has in terms of repurposing the workforce supplement in a more flexible way. The audit of current workforce programs and the development of the strategy in partnership with the sector will be really important because both government and the sector have responsibilities in this regard.

**Senator POLLEY:** So can you outline to the committee what strategies have been put in place to ensure that we have an adequate and well skilled workforce in rural and regional Australia and in indigenous communities?

**Ms C. Smith:** There are currently a range of programs that support training and development in the aged care sector. Those programs will continue to roll out. But we also think it is important to take stock and look at all those programs and see whether they are achieving the outcomes that are needed and whether they will meet the challenges moving forward. Certainly the needs of the workforce in rural and remote Australia will be a key part of the strategy.

**Senator POLLEY:** Is the department considering outsourcing any of the aged care specific workforce programs to other government departments?

**Senator Fifield:** Is there something particular you have in mind, Senator Polley?

**Senator POLLEY:** I am seeking information. I am hoping you can inform us.

**Senator Fifield:** Outsourcing? Are you suggesting—

**CHAIR:** Like using the army or something, Senator Polley?

**Senator Fifield:** Do you mean outsourcing to beyond government or drawing upon other expertise within government from other portfolios?

**Senator POLLEY:** Are you looking at other departments to provide the skills? Do you have any plans to go into the private sector?

**Senator Fifield:** Obviously, when it comes to training and trades, there are other portfolios for whom that is more their core business. I will invite Ms Smith to contribute.

**Ms C. Smith:** Certainly a range of Commonwealth departments have an interest in this area. We work closely with the Department of Health and other departments who have an interest in training. But none of the training that is done in the aged care area is actually done by the department. We have arrangements with registered training organisations and a range of training providers who actually undertake the training. We would expect that arrangement to continue. There is no plan to change that.

**Senator POLLEY:** There seems to be a focus on ensuring that there are programs for registered nurses. I wonder what focus is being placed on developing the skills in the other areas of the sector that we need to recruit more people into.

**Ms C. Smith:** Certainly the registered nurses are a core part of the sector. But there is also a very large personal care workforce, as you would be aware. There is also a need for allied health skills. We have training programs that support that full spectrum of skills. As part of the work we do on the strategy, we will be looking at the needs across the entire aged care workforce and the interfaces with other relevant sectors—with the disability sector, as the minister has outlined, and with the health sector—and working out the training and development priorities that best support the sector to grow and retain the workforce they need.

**Senator Fifield:** On that, Senator Polley, one thing we all hope is that, with the National Disability Insurance Scheme, numbers of unpaid family carers will be in a position to re-enter the workforce into paid employment. There will be people in that situation who will have obtained some relevant skills, not necessarily in a formal or paid setting. I think it is important to look at ways that we can make use of those skills and those individuals who hopefully will be in a better position to consider rejoining the workforce. This sector is one of them.

**Senator POLLEY:** With the reallocation of the workforce supplement, there are no conditions placed on it? Could that money now be considered to be part of the development strategy?

**Senator Fifield:** Well, I think absolutely it can be considered part of the strategy to develop the sector. The good thing about it is that providers working with their staff are in the best position to know how to deploy those dollars in their particular organisations. That is a good thing.

**Senator POLLEY:** But was that money not really redirected to assist with the loss of the payroll tax supplement for the for-profit sector? If that is what it is doing, it is not really doing anything to increase the workforce.

**Senator Fifield:** I think you will recall, Senator Polley, that it was a commitment that we made before the last election. We have fulfilled that commitment.

**Senator POLLEY:** Can you explain to the committee why there are no conditions in relation to the workforce being asked or sought by the government for this additional supplement?

**Senator Fifield:** Well, I guess the previous government saw it as an additional supplement. We do not. We have repurposed it. Let me cite Aged and Community Services Australia, where Professor Kelly said, in response to the repurposing of the workforce supplement, and in referring to the previous arrangements:

Tying into industrial arrangements meant workers employed by smaller providers were not able to tap into the funds.

What we have done is made it available to a larger number of providers. We have done it in a way that gives providers the greatest capacity to determine for themselves how those dollars are best deployed in the services that they provide to make sure that they can continue providing a quality service with good staff.

**Senator POLLEY:** So do you have any way of monitoring how that money is now going to be utilised? What sort of encouragement has the government given to encourage more young people to come into the sector? As you would be well aware, Minister, there is a high turnover of staff in this sector. They are also an ageing workforce. What government strategies have been put in place to cope with these future needs?

**Senator Fifield:** Well, we are not formally monitoring how providers deploy the repurposed money because—

**Senator POLLEY:** You just give it to them?

**Senator Fifield:** Because we do not believe in central planning, Senator Polley. We do not think government knows best. We think that people who are actually providing aged care services are in the best position to know how to deploy the resources of their organisation to satisfy their mission.

**Senator POLLEY:** But, quite clearly, the sector is having trouble recruiting people into it. Surely the government has some responsibilities. There was nothing that I could see in the budget that goes anywhere near developing the workforce. I could also cite again Ian Yates, who has said that there is nothing in your budget at all to develop the workforce. As you said, you were having a review. You were going to have an audit from November last year. That is seven or eight months on and there is still no strategy.

**Senator Fifield:** Senator Polley, an important part of the strategy is giving greater flexibility and greater autonomy to aged care providers over how they deploy their resources. I do not think recruitment of the staff that you are talking about would be enhanced by government dictating how providers use this money. I think our approach will put providers in a much better position to encourage and recruit staff than your approach. Our approach will make that available to all providers, not just some providers.

**Senator POLLEY:** Well, some may actually see that as abandoning the workforce and the sector in terms of trying to engage people.

**Senator Fifield:** We are trusting employers and employees to work together and to work out arrangements that are best for the circumstances of their particular venture.

**Senator POLLEY:** I look forward to the next round of estimates. We will put some more questions on notice to see when this government is actually going to take some responsibility in this sector. I ask the department—

**Senator Fifield:** Well, we have by repurposing the workforce supplement.

**Senator POLLEY:** Without any conditions about having any strategy to increase the workforce.

**Senator Fifield:** Senator Polley, I am surprised that you hold providers in such low esteem.

**Senator POLLEY:** I certainly do not. I hold the government to account to make sure that the sector is going to be viable going forward. Do not verbal me.

**Senator Fifield:** I am surprised that you think you know better than individual providers—

**Senator POLLEY:** We, I have been out talking to them and listening to them. You clearly have not.

**Senator Fifield:** how to deploy that \$1.1 billion.

**CHAIR:** Senator Polley, ask a question, please.

**Senator POLLEY:** I was in the process of asking a question.

**CHAIR:** Ask your question.

**Senator POLLEY:** I will ask the department, then: were the outcomes in the budget along the lines of your recommendations in terms of the reuse of that \$1.1 billion?

**Mr Pratt:** No. You cannot ask that question.

**Senator POLLEY:** I can ask, but you are not going to answer.

**Mr Pratt:** Yes. A good clarification.

**Senator Fifield:** Are you talking about the \$1.1 billion, Senator Polley?

**Senator POLLEY:** I did ask the department, and they gave me their answer. Obviously, Minister, the government has every right to make their own decisions about policy direction. What I am trying to ascertain, and the sector is, is whether there is any clear strategy for ensuring that we have the appropriate number of people in this workforce going forward, and you do not seem to be able to provide a strategy.

**Mr Pratt:** I will make a general comment. What I should have said was that we, of course, do not talk about what we recommend to government in the budget process or generally in terms of our policy advice. But, as the minister has indicated, the workforce supplement was, of course, an election commitment. Our advice would have been around how to implement that.

**Senator POLLEY:** Yes. And, as I said, government has every right to introduce its own election commitments, the ones that it is prepared to honour, but there is still no strategy.

**Senator Fifield:** Well, Senator Polley, I have to take—

**Senator POLLEY:** I am sorry, but I have not finished. There is still no strategy for—

**Senator Fifield:** I must respond on that. If you are saying governments have the right to implement their election commitments, can I take it that you are indicating that the opposition will support the repeal of the carbon tax?

**Senator POLLEY:** No. I did not say that.

**Senator Fifield:** It is important.

**Senator POLLEY:** You are trying to verbal me again.

**CHAIR:** Let us go back to the portfolio. Senator Polley, could you ask a question?

**Senator POLLEY:** Yes. How many times has the Aged Care Sector Committee met? How many times has the new committee that you have established met, Minister or the department?

**Ms C. Smith:** There was an informal meeting of the individuals, who then went on to form the Aged Care Sector Committee—

**Senator Fifield:** The precursor group.

**Ms C. Smith:** The precursor group in February. One of the early issues for discussion was workforce issues and the repurposing of the workforce supplement. Then they met on 9 May. We have a meeting next week.

**Senator POLLEY:** As you just said, the workforce supplement and how that would be used was part of their discussions. Was it their recommendation that there would be no conditions around that workforce outcome?

**Ms C. Smith:** I think there were a range of views expressed at that meeting. The ministers attended and heard directly what those views were.

**Senator Fifield:** That is right. I do not think it is breaching any confidences, because I think I read a good summation of the meeting in an aged care journal shortly thereafter. I am not breaching any confidences in saying that there was a broad consensus at that February meeting around three things. One was that the bulk of the repurposed workforce supplement should be put back into the general pool as per our election commitment and that that should be as flexible as possible for providers. Secondly, there was a consensus, I think, around the importance of doing something in relation to viability for rural and remote providers. Thirdly, there was heated agreement in relation to the fact that it has to be possible to do better with the various pots of workforce money. They were the three things. I do not want to mislead in any way, but the representatives of the unions who were there obviously had a different view in relation to whether or not there should be particular requirements on the repurposed workforce supplement. But they recognised that we had been very clear in our election policy on that issue, so they were very cooperative in talking to us about the other issues in relation to the repurposing.

**Senator POLLEY:** Can we have copies of minutes from those meetings?

**Senator Fifield:** I am not sure whether there were formal minutes. I am sure we can provide for you a copy of the article that appeared in one of the aged care journals shortly thereafter, which gave a fairly good summary. I am sure we can make that available.

**Ms C. Smith:** We can take that on notice.

**Senator POLLEY:** Take it on notice, though if you can get the minutes, that would be most helpful. Thank you.

**CHAIR:** We want to move to 3.6 now. Senator Polley, have you finished?

**Senator POLLEY:** I can go to 3.6. I would be happy to.

**CHAIR:** We have just over 10 minutes left.

**Senator POLLEY:** Thank you very much. I think it would be now just over six months since the scrapping of the advisory panel on positive ageing. The government has adopted to also axe the Andrew Fisher Applied Policy Institute for Ageing. What future plans for ageing and aged care does this government have? Where is the guidance or the leadership on how the aged care sector will meet the increasingly complex needs of our ageing population? Minister, do you think Ian Yates has a point when he says that the budget has no real strategy to address the ageing population and there is no comprehensive strategy for ageing Australia? Minister, do you have any plans on how the nation can meet these challenges?

**Senator Fifield:** Thank you, Senator Polley. Let me first start in terms of the advisory bodies that you mentioned—

**Senator POLLEY:** Positive ageing.

**Senator Fifield:** positive ageing, which I think was in the Treasury portfolio, from memory. As you point out, its work has been concluded.

**Senator POLLEY:** Work had not been concluded. You disbanded it. They continued their work on their own.

**Senator Fifield:** What I mean is that the government has concluded its support for their work. I think you raise a very good point. It is very interesting how a number of bodies, such as this particular one, which I think Mr Crompton chaired, and the climate body, which again we are no longer supporting, are continuing without government support. Is that not a good thing? People in the community can get together and talk about the issues that are important to them. I think we have demonstrated that you do not necessarily need government support for those sorts of bodies. Importantly, the government has appointed the Aged Care Sector Committee, which is going to have a very important role advising government in relation to red tape reduction and what the next stages of reform will be. As I have indicated today, I will be seeking their input in relation to the future of the dementia and behaviour supplement, so that is a very important and nimble group that we will be continuing to draw upon. I should make particular reference to the good work of Professor Shergold, who has a very strong interest, particularly in consumer directed care and putting the individual at the centre and in charge.

We do have and are continuing the Aged Care Financing Authority, which was established by the previous government. Again, I should commend Lynda O'Grady for the good work that she is doing and important work that they will do monitoring the changes that come into effect on 1 July. The National Aged Care Alliance is an important source of advice to government as well. Again, it is an interesting example because—Ms Smith will correct me if I am wrong—government does not actually fund that group.

**Ms C. Smith:** Not the alliance, no.

**Senator Fifield:** That is right. The alliance is not funded. Various members make contributions. I have managed, I am pleased to say, to attend each of their meetings since the election. It was important, I thought, to make clear that I saw an important and ongoing role for the alliance. So they are some of the broad advisory mechanisms, Senator Polley, which you invited me to elaborate on. You did ask about the government's strategy in relation to ageing. Let me start at the macro level, which I touched on earlier. A lot of people see good economic policy and good social policy as alternatives. They are not. They are two sides of the one coin. You cannot sustain a good social policy unless you have a good economic policy. At the heart of a good economic policy is a good budget policy. Without a good budget policy—

**Senator POLLEY:** Well, if you do not have the policy, we do not know what the economic outcomes will be.

**Senator Fifield:** With the best will in the world, without the fiscal resources, you cannot deliver on the business of government. That is, I would say, the first and most important part of our overall strategy to ageing. Government needs means and resources to make sure that we continue to be in a position where we can provide the age pension. Government needs to be in a position where it can continue to put resources to aged care. As you probably know, Senator Polley, government puts in excess of \$13 billion towards aged care. Aged care is a bit different to disability. You cannot plan for disability, because you are born with a disability or you acquire a disability. It is hard to plan and put aside resources for that. It is a little different in aged care. We all hope to get older. There is a greater capacity to put money aside. Part of our overall approach in aged care is that it is important to get a balance between individuals making a contribution who have the capacity to do so—

**Senator POLLEY:** I think we established that when we were in government.

**Senator Fifield:** and not only ensuring affordability for the taxpayer but also always making sure that there is a safety net in aged care. They are just some of the elements of our approach to ageing in the broad.

**Senator POLLEY:** We still wait for the actual strategy rather than just words. But I have one final question. We did start a bit later. At a meeting with senior DSS staff in April, the industry was advised that after 1 July

2014, prospective care recipients would be able to have a means test completed prior to entering care and that this will remain valid for 120 days. The importance of early means tests, particularly for self-funded retirees, cannot be overstated. I think you would agree. However, consumers and industry stakeholders have no information about this provision nor, as far as we are aware, does any other document published by DSS or DHS. Can you please advise the committee on how this important provision will be promoted to consumers and to the provider networks and agency, who are likely to interact with consumers prior to them entering aged care facilities?

**Ms Balmanno:** Senator Polley, the changes to means testing that come into effect on 1 July will affect people who enter care after 1 July. So for people who are seeking means tests now in relation to care they might be entering, that happens under the current rules. The Department of Human Services will be undertaking the means testing for residential care as well as the income testing for home care. They will release new forms for those means testing and income testing arrangements. They will manage that testing arrangement and provide the information both to the consumer and, if the consumer has already entered care, the provider in terms of the fees that the consumer may pay based on their means test.

In terms of communicating to the sector, there has been quite a large volume of material released in recent weeks both on the My Aged Care website and on the Department of Social Services website in relation to the changed financing arrangements that commence on 1 July. That material obviously is still talking about what will happen in the future rather than this as the current set of rules. We are also in the process of a roadshow around the country. We are doing capital cities and some regional centres. We have so far done Victoria and New South Wales, and South Australia is underway at the moment. That roadshow is continuing in the coming weeks. That is an opportunity for—it was broadly advertised to the sector—not only providers but also consumer representatives, advocacy organisations and workforce representatives et cetera to come and get further detail about the arrangements that commence on 1 July and to have their questions answered in relation to them. There will then be further information released on 1 July.

So, as what we keep referring to as the 'new world' actually becomes the 'current world', there is obviously a significant change that needs to happen to the nature of those communication materials, particularly the information that is available to consumers on the My Aged Care website. As we move towards 1 July, there will, for example, be a fees estimator available for consumers to enable them to estimate their fees for residential care and for home care. And the content on My Aged Care will start to recognise that those new arrangements are now the arrangements that apply for people entering care. There will, of course, still be information about what we refer to as old world content still available for people who entered under the current rules.

**Senator POLLEY:** Would it be possible for you to table the timetable for the roadshows?

**Ms Balmanno:** Absolutely. It is on our website, but we can also table it. We can provide it on notice, yes.

**Senator Fifield:** Are you going to be a groupie, Senator Polley?

**Senator POLLEY:** It is always good to be prepared.

**CHAIR:** Last question, Senator Polley, is it?

**Senator POLLEY:** Yes, it is, unfortunately. The minister just mentioned the website. Are you actually monitoring the amount of traffic through that website?

**Ms Balmanno:** On the My Aged Care website?

**Senator POLLEY:** Yes.

**Ms Balmanno:** Absolutely.

**Senator POLLEY:** Has there been a significant increase? There are so many changes, as you said.

**Ms Balmanno:** There has been a steady increase in uptake. The website commenced on 1 July last year. There has been a steady increase in the use of the website over that time. It continues to increase. We do not yet have the data in relation to the utilisation of the website during May, which is the month where the pricing information went live. So that is the information we will have soon but not yet.

**Senator POLLEY:** I have held aged care forums in Tasmania, a number of them thus far. As much as we are all very afraid with websites, a concern raised in every forum I have attended is that we all do not have access to computers, particularly in Tasmania, where the government has failed to roll out the NBN. People do not have access to it. Are there other options available?

**Ms Balmanno:** Absolutely. My Aged Care includes a phone based contact centre as well. So the staff at the contact centre are trained in the content on the website and are able to answer people's questions and send out information. They are able to calculate and do the fee estimates on behalf of people. They are just estimates, but they are able to do that to help people make their decisions.



**Senator POLLEY:** I have a whole raft of other questions on the NBN and the impact on aged care.

**CHAIR:** We would love to hear those on notice, but not in this section.

**Senator POLLEY:** Unfortunately.

**CHAIR:** Not in this committee.

**Senator POLLEY:** Thank you very much.

**CHAIR:** No more questions.

**Senator CAROL BROWN:** Chair, just before we conclude, I would like to request a short private meeting after we conclude this session.

**CHAIR:** I was going to suggest that that might be something we would do. That, regretfully, brings us to the end of the Department of Social Services estimates hearing. Thank you, Minister. Thank you, Mr Pratt. Thank you very much to your officers. I think they behaved in an extremely professional way today. This committee will be resuming at 7.30 pm with the beginning of our hearings into the Department of Human Services.

**Senator MOORE:** Before we wrap up this session, Chair, the senators on this side want to acknowledge your chairing in this area. It may not be your last Senate estimates hearing—we can talk about that—in your schedule, Senator Boyce, but you will be retiring as the chair of community affairs at the end of this Senate estimates period. I want to acknowledge that on record to note the work you have done for many years on this committee.

**CHAIR:** Thank you, Senator.

**Senator POLLEY:** When do questions on notice have to be in? Has a reporting time already been set?

**CHAIR:** Yes. We will give you those later, because they have been set. Thanks, everyone.

**Proceedings suspended from 18.32 to 19.38 pm**

## **HUMAN SERVICES PORTFOLIO**

### **In Attendance**

Senator Payne, Minister for Human Services

#### **Department of Human Services**

Ms Kathryn Campbell, Secretary

#### **Outcome 1**

Mr Ben Rimmer, Associate Secretary, Service Delivery Transformation Group

Ms Robyn Calder, Acting General Manager, Business Systems Design and Transformation Division

Ms Sheryl Lewin, General Manager, Transformation Projects Division

Mr Kim Terrell, General Manager, Change Management Division

Mr Tam Shepherd, General Manager, Digital Transformation Division

Mr Grant Tidswell, Deputy Secretary, Service Delivery Operations Group

Ms Dianne Fletcher, General Manager, Smart Centres Division

Mr Graham Maloney, General Manager, Service Performance and Coordination Division

Ms Roxanne Ramsey, General Manager, Indigenous, Regional and Intensive Services Division

Mr Bill Volkers, Acting General Manager, Face to Face Service Delivery Division

Mr Bruce Young, Acting General Manager, Child Support Smart Centres Division

Ms Malisa Golightly, Deputy Secretary, Social Services Group

Ms Vicki Beath, General Manager, Service Strategy and Policy Division

Ms Catherine Rule, General Manager, Participation Division

Mr George Thiveos, General Manager, Families Division

Ms Michelle Wilson, General Manager, Disability, Carers and Older Australians Division

Mr Mark Withnell, General Manager, Business Integrity Division

Mr Dennis Mahony, National Manager, Families and Child Support Policy Branch

Mr Barry Sandison, Deputy Secretary, Health and Information Group

Ms Katy Balmaks, Acting General Manager, Strategic Information Division

Mr Darren Box, General Manager, Debt, Appeals and Health Compliance Division

Ms Alice Jones, General Manager, Health Programmes Division  
Ms Mary O'Hanlon, Acting General Manager, Health Support and Business Services Division  
Mr Jonathan Hutson, Acting Deputy Secretary, Enabling Services Group  
Ms Sue Bird, General Manager, Whole of Government Coordination Division  
Mr Hank Jongen, General Manager, Communication Division  
Mr Phil Lindenmayer, Acting General Manager, Corporate Operations Division  
Mr Michael Nelson, Acting General Manager, People Services Division  
Mr Jeff Pople, General Manager, People Capability Division  
Ms Mandy Ritchie, General Manager, CRS Australia  
Ms Jo Talbot, General Manager, Enterprise Agreement Negotiation  
Mr Shane Bennett, National Manager, Deregulation and Red Tape Reduction Branch  
Ms Alison McCann, National Manager, CRS Australia  
Mr Gary Sterrenberg, Deputy Secretary, CIO Group  
Mr Mike Brett, General Manager, ICT Infrastructure Division  
Ms Sue Kruse, General Manager, Customer Service Systems Division  
Ms Melissa McClusky, General Manager, ICT Business Services Division  
Ms Emily Canning, Acting Chief Financial Officer, CFO Division  
Mr Rohan Wong, National Manager, Internal Budgets and Reporting  
Ms Annette Musolino, Acting Chief Counsel, Legal Services Division  
Mr Maris Stipnieks, General Counsel, Programme Advice, Legal and Ombudsman, Legal Services Division  
Mr Allan Gaukroger, General Manager, Audit Division

#### **Australian Hearing**

Mr Bill Davidson, Managing Director  
Ms Gina Mavrias, Operations Director

**CHAIR (Senator Boyce):** Given that I have been through this opening statement a number of times, I was proposing to do a truncated version. Anyone who requires the full statement, please see the secretariat. I declare open this hearing of the community affairs legislation committee. The Senate has referred to the committee particular proposed expenditure of 2014-15 and related documents for the portfolios of health and social services, including human services. The committee may also examine the annual reports of the departments and agencies appearing before it. This statement says that the committee is due to report on Tuesday, 24 June, but I will advise you of a change to that shortly, 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 the close of business on Thursday, 12 June.

We begin tonight with human services, commencing with Australian Hearing. Under standing order 26, the committee must take all evidence in public session, and this includes answers to questions on notice. I remind all witnesses that giving evidence to the committee is protected by parliamentary privilege. The Senate has resolved 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 provided otherwise. The Senate has also resolved 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 precludes only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policy or factual questions about when and how policies were adopted. Mobile phones should be switched off or switched to silent.

I welcome Senator the Hon. Marise Payne, the departmental secretary, Ms Kathryn Campbell, and officers of the Department of Human Services. Before we begin, for the sake of officers: we have just had a private meeting where we have resolved that the committee will continue its estimates hearings into the Department of Social Services from 4.30 to 7.30 on Thursday, 19 June. As a result of that, we have resolved to move our reporting date to Thursday, 26 June. Minister, do you have an opening statement?

**Senator Payne:** No, thank you, Madam Chair.

**CHAIR:** We will now proceed to whole-of-department corporate matters. I am advised that any questions on business transformation, such as mobile applications and digital service transfers, should be asked in this area under corporate affairs because they relate to ICT.

**Senator SIEWERT:** Does that mean that is where we ask about payment systems?

**Ms Campbell:** We had understood that Australian Hearing was going to—

**Senator SIEWERT:** Yes, but I am just asking is that where—

**Ms Campbell:** Yes.

**Senator SIEWERT:** It is a question—I am not starting to ask questions, I am merely asking is that where I ask those questions.

**Ms Campbell:** Senator, that is about ICT payment systems or are you thinking more about how a payment is made?

**Senator SIEWERT:** No, it is the system of making the payments.

**Ms Campbell:** The ICT systems, that would be the place to—

**Senator SIEWERT:** I think it may involve—I am not being sarcastic here; I think it probably does involve the ICT system.

**Ms Campbell:** I think that is where those questions would be best asked, Senator.

**CHAIR:** I was reading off an older agenda; we are starting with Australian Hearing. We have them for half an hour.

**Senator CAMERON:** Just on this issue of the mobile apps, the use of mobile apps is not only an ICT issue, it is a service delivery issue, which could also be in program 1.1 and 1.2. There could be issues relating to the consumers' use of the apps, not a technical issue, that could fall in either one of those two programs. Is that your understanding?

**Ms Campbell:** Senator, depending on your question, that may be the case.

**Senator CAMERON:** I just do not want to miss anything on mobile apps. I do not want to be told, 'You should've asked it here', because I think some of it goes to service delivery.

**Ms Campbell:** Depending on your question.

**Senator CAMERON:** Yes.

**CHAIR:** I think asking questions in two places is the sort of thing you end up specialising in at estimates, Senator Cameron.

**Senator CAMERON:** That is good, because you have to make sure you get your questions in. Can I just also indicate, before we go on to Australian Hearing, there was a bit of debate yesterday about the spillover tomorrow. I have to indicate, as the shadow minister responsible for human services, that I am not happy with the amount of time that has been allocated. I am not saying that is anyone in particular's fault, I just think the DHS is now even more important given some of the policy developments that we are facing. I would expect that it will not just be this time that we might seek a spillover, so I am alerting the minister, the department and the members here that I could be seeking spillovers in the future—unless there is a radical change to the program that has been in use for years. I am not asking for a radical change; I think the best way for me is to get a spillover to get more time on the DHS portfolio.

**CHAIR:** And as I noted yesterday, Senator Cameron, there were numerous discussions with all members of the committee, there were three private meetings, there was certainly every attempt to accommodate the opposition senators' requests regarding the program, and it would have been good if this problem had been drawn to your colleagues' and to the committee's attention much earlier than it was. However, let us start questions, shall we?

**Senator CAMERON:** We will not have the problem in the future because you are on notice, to my view anyway.

**Senator Payne:** To your view, Senator.

**Senator CAMERON:** To my view, yes, and I think that would be supported by the Labor senators on the committee.

**Senator Payne:** Why? What will you do to them otherwise?

**Australian Hearing**

[19:42]

**CHAIR:** Who has questions for Australian Hearing?

**Senator CAMERON:** I have.

**CHAIR:** We have half an hour for this section, so you might like to get started. I think Senator Siewert will have questions as well.

**Senator CAMERON:** Thank you. Mr Davidson, welcome back. First of all, can I acknowledge the very good report, the positive and constructive report, you got from the ODH—well done. I notice in the introduction to the Audit Office report, it talks about the estimated cost of hearing loss in Australia as being \$11.75 billion, or 1.4 per cent of GDP. Has the contribution of Australian Hearing, not only to the health of Australians but also to the productive performance of Australia, ever been estimated?

**Mr Davidson:** It certainly has not been an item that has fallen under the portfolio of Australian Hearing.

**Senator SIEWERT:** There is an estimation in our excellent Senate report.

**Senator CAMERON:** Yes. But I am just asking: given that it is now an issue that the Australian National Audit Office has raised, would you be in a position in the future to make some sort of estimate as to the contribution to the improved productive performance through the work that you do with Australians?

**Mr Davidson:** I would think, Senator, that is a question for the Australian National Audit Office or Finance.

**Senator CAMERON:** No, they would not do it; it would be you who would do it. I am just simply saying this is an issue the Audit Office has raised. As you are the managing director, you obviously make a contribution to improve productivity—that is all I am saying; it is a good thing—and I am just asking whether there would be any way you could have a look at that? Now there is this scoping study to privatise Australian Hearing, my view is that you simply do not look at the numbers that are in the balance sheet, you also to look at the broader contribution to people's standard of living, people's lives and the productive performance of the community. I am simply asking is that something you can look at?

**Mr Davidson:** We have not had any input into the scoping study and we are not aware of the terms of reference or the objectives at the moment. I would imagine—

**Senator CAMERON:** We will come to that. I am not asking about the scoping study at this time, but what you are faced with as an organisation is a scoping study from the Department of Finance, who are setting it up with some contractors or consultants—I am not sure who they will be; we might find out later. They will look predominantly at the money-in money-out I would think, so the issue of the improved productive performance arising from the work that you do—I would have thought that would be an issue that the board may have a look at or that you may take to the board. Your organisation is under attack. There is talk about closing it down. I would have thought you would want to look at all of those issues.

**Mr Davidson:** Again, until we see the scoping study reference and the scope that it covers, I am really not in a position to answer that question.

**Senator CAMERON:** You can do this without the scoping study. I am not asking you to wait for the scoping study to do this; I am simply saying to you that surely you, as the managing director reporting to the board, and given the Australian National Audit Office has raised this issue of improved productivity through the activities of improving people's hearing, would try to factor that into a defence of your organisation.

**Mr Davidson:** It is a skill set that sits outside of Australian Hearing, and I do believe it is not a matter for Australian Hearing to address the economic benefit of the services we deliver. I am not sure whether or not—it may well be covered in the scoping study.

**Senator CAMERON:** It may not be.

**Mr Davidson:** It may well be.

**Senator CAMERON:** Anyway, I have raised it; hopefully some of your board are listening to this and maybe they will take a more positive view about what the ANAO has said about improved productive performance. Minister, when did you find out about the decision to undertake a scoping study?

**Senator Payne:** When the budget was released.

**Senator CAMERON:** So that was on the night of the budget?

**Senator Payne:** Yes.

**Senator CAMERON:** I assume, Mr Davidson, that you were the same, that you read about it in the budget?

**Mr Davidson:** Yes, Senator, budget night.

**Senator SIEWERT:** Minister, there has never been anyone talk with you about the potential sale of Australian Hearing?

**Senator Payne:** I am not going to go into the details of conversations with my cabinet colleagues, Senator.

**Senator SIEWERT:** Mr Davidson?

**Mr Davidson:** The first I heard of it was when I got a call on budget night from Jonathan Hutson, from the department, informing me that it was in the budget papers. I got the full detail once we got the papers.

**Senator CAMERON:** I remember last estimates there were reports coming back to me about people talking about privatisation and meetings taking place. You indicated that you knew nothing about it. Since that estimates hearing have you taken any steps to try to find out if there were any meetings?

**Mr Davidson:** Yes. That meeting was a staff meeting that had been prearranged for a picnic day to talk about staff engagement results. It was the staff of NAL—the National Acoustic Laboratories. During the course of their picnic day, that matter came up for discussion and a senior manager in the department gave his own personal opinion, for which he has subsequently apologised and been reprimanded for. He confirmed it was a personal opinion; it was never the official position of Australian Hearing.

**Senator CAMERON:** So my information was broadly correct then?

**Mr Davidson:** Your information that the meeting took place and that the statement was made is correct.

**Senator CAMERON:** That is good. I am pleased about that. Have you prepared any advice for the minister in relation to the proposed scoping study?

**Mr Davidson:** No.

**Senator CAMERON:** Are you developing any submissions internally in terms of what may come up at the scoping study?

**Mr Davidson:** We will be considering scenarios as any sensible business will do, but until we get the terms of the scoping study we will not be able to put any meat on the bones.

**Senator CAMERON:** What do the bones look like at the moment for your preparatory work for the scoping study? What sort of issues are you looking at?

**Mr Davidson:** The bulk of the work that we are doing is all business as usual. We are just marking time until we get the detail.

**Senator CAMERON:** You are going to take a reactive approach are you?

**Mr Davidson:** We are gathering data.

**Senator CAMERON:** That is what I was asking.

**Mr Davidson:** We are gathering data as we would expect in the financial field and data on staffing levels—all the normal things that you would in terms of looking at the data comprising your organisation.

**Senator CAMERON:** I assume some of the work that has been put into your annual report would also be included in your preparatory work—the highlights and the good work that you do?

**Mr Davidson:** I would hope so, Senator.

**Senator CAMERON:** Your annual report through Associate Professor Rae Cooper says that you have worked with 4,178 children and young adults and 1,796 adults to improve hearing in 224 communities. Do you operate in communities where there is no commercial basis for private hearing companies operating?

**Mr Davidson:** Absolutely correct. At the present moment we do.

**Senator CAMERON:** Where are they roughly? I do not want you to give me every one, but give me a rough idea.

**Mr Davidson:** They are right across Western Australia and Northern Territory in the main, and in Far North Queensland out to the islands.

**Senator CAMERON:** Australian Hearing is the main provider of hearing help right across that area?

**Mr Davidson:** We are contracted under the community service obligations contract to deliver those services currently.

**Senator CAMERON:** Did the Audit Office make any comments about how you were delivering under your community service obligation?

**Mr Davidson:** They did. They indicated that we had delivered in accordance with all the necessary contract terms. They did a full audit of our performance against contract and we were given a fairly clean bill of health.

**Senator CAMERON:** I think you are underestimating what the Australian Audit Office says—they are known for their understatement on things. I have to say again that I thought you did really well.

**Mr Davidson:** Thank you.

**Senator CAMERON:** I think a lot of departments would be very happy if they had an audit office outcome like you did. It has been put to me that one of the benefits of Australian Hearing is that people trust Australian Hearing. Is that your understanding?

**Mr Davidson:** I believe we are a trusted organisation. Yes.

**Senator CAMERON:** I have read a number of reports, I have read a number of blogs and I have seen a number of newspaper reports that talk about people believing they get ripped off by the private sector industry in this area when they go for audiology tests and buying hearing aids. Have you heard any of that?

**Mr Davidson:** I think in every industry you are going to get rogue performances, but we only have 30 per cent of the voucher market and we are not growing very quickly in that market. That means that 70 per cent of the current market seems to be suitably serviced outside of Australian Hearing.

**Senator CAMERON:** When you say 'seems to be suitably serviced', on what analysis do you make that claim? Only because you do not do it?

**Mr Davidson:** Yes. Because people are not flocking to our door; they are remaining with the private provider.

**Senator CAMERON:** Have you have heard any of those criticisms of the private sector audiology delivery?

**Mr Davidson:** I have. I think that in a service industry there are going to be some occasions when in fact you do not manage to meet your client's needs.

**Senator CAMERON:** Are you saying I am overstating the depth of the problems in the private sector?

**Mr Davidson:** Again, I do not have the figures in front of me, because we do not receive that data at all.

**Senator CAMERON:** So your estimate that people are being adequately serviced is not based on any analysis. It is just your opinion.

**Mr Davidson:** It is based on the data that we are not gaining large numbers of new clients from other providers.

**Senator CAMERON:** You provide, as you have said, all the community service obligation through Western Australia and the Northern Territory. Have you had any discussions with anyone about how that could be done through a privatised commercial operation.

**Mr Davidson:** No, but there have been discussions about holistic solutions to hearing difficulties for some significant time.

**Senator CAMERON:** I am not sure what that means.

**Mr Davidson:** I will elaborate. There is data in the market at the present moment that indicates that, if we take a remote community newborn child who is tested at birth or close to birth, they have no issues with either hearing or health.

**Senator SIEWERT:** Okay, I know what you mean now.

**Mr Davidson:** Within three weeks they have started to get infections. Within three months they have hearing difficulties.

**Senator SIEWERT:** Yes.

**Mr Davidson:** It really is not a hearing issue at that stage; it is a hygiene issue.

**Senator SIEWERT:** What were you proposing when you made those comments about integrated approach? It is something we have discussed a lot before. Are you looking at that? Is that what you are implying by those comments?

**Senator CAMERON:** Yes, and what do you mean by 'integrated approach'?

**Mr Davidson:** The holistic delivery of health into community incorporating the hearing services.

**Senator CAMERON:** So you would work with other health providers.

**Mr Davidson:** Yes.

**Senator CAMERON:** Don't you do any of that now?

**Mr Davidson:** We work at the same community centres as they do, but we do a distinctly non-integrated delivery of hearing services.

**Senator CAMERON:** In areas like rural and regional Australia—not remote Australia—how are you standing up there against the commercial opposition? You have some difficulties because you are restricted, aren't you, in terms of what you can deliver through the CSO and the voucher system?

**Mr Davidson:** In the CSO we have 100 per cent of that contract. The contract currently runs until June 2015. In the voucher market we have approximately 30 per cent of the available market at the present moment. There is a section of the market that is currently not open to us, and we call it the private market, but I have no detail on what that market comprises and who operates within it.

**Senator CAMERON:** Part of your operations are the National Acoustic Laboratories.

**Mr Davidson:** Yes.

**Senator CAMERON:** Does the commercial sector have anything of that equivalent within Australia?

**Mr Davidson:** Not to my knowledge.

**Senator CAMERON:** So this is an Australian unique situation on audiology and research in audiology.

**Mr Davidson:** There are four research institutions on hearing operating in Australia. NAL is one of the premier ones. The others are all attached to universities. And then there is the hearing CRC.

**Senator CAMERON:** In relation to the National Acoustic Laboratories, is it your understanding that that is going to be part of the scoping study?

**Mr Davidson:** According to the commission of audit report and the budget papers, National Acoustic Laboratories has to be part of the scoping but has been separately identified as requiring a separate type of scoping.

**Senator CAMERON:** And what are the specialist skills in NAL?

**Mr Davidson:** NAL is a research house full of PhDs and people who deliver research papers on items and issues around hearing improvement?

**Senator CAMERON:** How many are employed there?

**Mr Davidson:** Forty-seven.

**Senator CAMERON:** How many PhDs do you have there?

**Mr Davidson:** I do not have the—

**Senator CAMERON:** Just roughly.

**Mr Davidson:** I think it is roughly 20-25.

**Senator CAMERON:** So it is a pretty high-power operation.

**Mr Davidson:** I think all research institutions of that nature have a similar ratio of 50 per cent PhDs to other providers.

**Senator CAMERON:** Can you give me an idea of some of the medical breakthroughs or participation you have had through NAL with hearing issues?

**Ms Mavrias:** In terms of some of the areas NAL has been world leader, they have done some work on central auditory processing disorder, which is a condition where children have difficulties hearing with background noise. They have been quite a leader in that area in terms of some of the things they have developed. They have also done some work on assessments. They have helped develop a piece of equipment called HEARLab, which helps in the fitting of infants with hearing loss. They have also done a lot of work in hearing conservation.

**Senator CAMERON:** Take me through what discussions you have had with the staff at both NAL and Australian Hearing about what the implications of the scoping study might be.

**Mr Davidson:** We have issued a number of notifications and have had question-and-answer sessions with our staff indicating only the facts that we are aware of at the moment: the scoping study, the possible time frames and the fact that we need to concentrate on business as usual.

**Senator CAMERON:** Could you take those on notice—unless you have those notices with you.

**Mr Davidson:** I have one.

**Senator CAMERON:** Could you table that notice and table all notices and correspondence between you, the staff and CPSU or any of the unions that are involved?

**Mr Davidson:** Quite happy to do so.

**Senator CAMERON:** Okay. What feedback are you getting from the staff in relation to what is happening?

**Mr Davidson:** I think quite a normal reaction: concern about our obligations under the community service obligations to make sure all the good work we do there is not lost. That is of great concern to nearly all the staff and to the board. There are the normal concerns like: 'Will I have a job?' 'Will I have the same job?' 'Will I have the same benefits?' Then there are the opposite—the polarised thoughts: 'Maybe this will be one way we can finally get into the full market and service more clients.' That is a cross-section, but it is a common theme.

**Senator CAMERON:** Minister, what is the thinking within your office about the terms and conditions of staff who may be affected by the scoping study?

**Senator Payne:** I am not sure they will be affected by the scoping study.

**Senator CAMERON:** Decisions that you make arising from the scoping study.

**Senator Payne:** What do you mean, what is the thinking within my office?

**Senator CAMERON:** Have you given any thought to what happens if the scoping study recommends privatisation? I am not sure, but I think Commonwealth staff have some rights if there is a privatisation. Could you take us through what they would be?

**Senator Payne:** I might ask Mr Hutson to do that.

**Mr Hutson:** The staff of Australian Hearing are employed by Australian Hearing, which is a statutory agency. They are not public servants as such, so that would be very different from the circumstances of an organisation within government that was privatised. In the event that a privatisation was the decision the government took, there would be nothing that would necessarily of itself affect the employment of those people. They are employed by Australian Hearing and would be employed by Australian Hearing in the future.

**Senator Payne:** In terms of the direction of your questions on the scoping study: it is very early days yet, as you would appreciate—just some weeks down the road from the announcement in the budget itself. So I think ruling things in and ruling things out would put us a little ahead of ourselves. But I am very conscious of a number of the issues that you and Mr Davidson have been discussing already this evening, as you can well imagine.

**Senator CAMERON:** Minister, do you have any idea of the time frame of the scoping study?

**Senator Payne:** The budget makes it clear that these studies will report back to the government and make recommendations in the context of the 2015-16 budget. So that sets up its own time frame, and, as I understand it, Australian Hearing is one of four government areas in which scoping studies will be made. I am obviously in contact with my appropriate colleagues and working with the department and talking to Australian Hearing as we get the process underway.

**Senator CAMERON:** Does that mean then that the staff can be fairly comfortable that no decision will be made until the lead-in to the next budget?

**Senator Payne:** Absolutely, senator. That is the time frame that we are working to.

**Senator CAMERON:** Tell me, if you can: what would be the practical time frame to make any decisions prior to the budget to have it included in the budget outcomes? I mean, there has to be a decision before the budget.

**Senator Payne:** Ultimately, that will be a matter for Finance, in terms of the recommendations that they make out of the scoping study, and, as been observed to me, it is not always a decision to privatise as a result of a scoping study. It very much depends on what comes back. But the finer detail of the time frames that you are asking about and that decision-making process will be run through Finance in the first instance.

**Senator CAMERON:** Will the scoping study be made publicly available for the Senate to scrutinise?

**Senator Payne:** I do not know the answer to that, but I am happy to take that question on notice.

**Senator SIEWERT:** Is it intended that the scoping study would be public once it is completed?

**Senator Payne:** That is the question that Senator Cameron just asked me.

**Senator SIEWERT:** I am sorry, I thought he said if the terms of reference for that would be.

**Senator Payne:** I thought he asked about the scoping study. I am sorry, perhaps I am confused. I will take it on notice.

**Senator SIEWERT:** In terms of input from Mr Davidson, have you been asked or told whether you would be invited to participate in the actual development of the scoping study—or consulted, I should say?

**Mr Davidson:** No, we had no contact prior to the announcement.



**Senator SIEWERT:** No, I mean after.

**Mr Davidson:** Afterwards—we have been told that we will be consulted as part of the scoping study, yes.

**Senator SIEWERT:** But in terms of what would be any involvement in the drafting of the scoping study?

**Mr Davidson:** No, we had no involvement in that.

**Senator SIEWERT:** What have you been told would be the extent of your process of involvement—just that you would be consulted by whoever carries out the scoping study?

**Mr Davidson:** Finance, as the senator has already said, have carriage of the scoping study.

**Senator SIEWERT:** I understand that.

**Mr Davidson:** We will just be responding. We will be reactive to their needs and timetable.

**Senator SIEWERT:** We did not complete that discussion around the integrated approach. You started talking about that in response to Senator Cameron's questions around the areas that you service, and my understanding from our previous discussions and the work that this committee has done is that you are basically the only providers of services in the areas that you were talking about. When you are talking about the integrated approach, are you suggesting that there is room for you to be able to do that, because you have got very specific scope of operating under an act. That is my understanding. That is correct, isn't it? So where were you going with those comments? It is something that has been needed for a long time and it is not happening.

**Mr Davidson:** I am happy to come in first and then for Gina to follow up if you do not mind. The problem in remote is extremely difficult as everyone knows. I think we have all known for a long time that attempting to bring together a holistic approach is probably the best way to do that, and bringing various agencies together and coordinating that is the main task. We are definitely of the opinion that prevention is better than cure and that we will work with any of the agencies and with the Office of Hearing Services to try and see if there is a better way of doing things. It is not a contractual issue for us. We are quite committed to outcomes. It is something that we have been piloting, I think in Queensland.

**Ms Mavrias:** The work we do in the community is important to us. As Mr Davidson outlined, we feel that there are opportunities there to work more collaboratively early on in the piece so that we can link better with medical services. We work quite closely with education. It is more about saying that we feel that there is scope for us to look at our service delivery model. We are already working with some of those places. We are looking at how we might do some of the early intervention and early diagnosis—trying to get in earlier.

**Senator SIEWERT:** I understand what you are talking about. Is that consistent with your service obligations under the act? I am not trying to ping you on this. We have had a conversation a number of times about sound fields and the fact that you cannot even stretch out what you do to install sound fields. In fact, one of the committee's recommendations was that there should be changes made so that you could, because it still addresses the issue around hearing. Is that something you can do, or you would essentially need a revision of the objects of the act?

**Ms Mavrias:** It is a complex one. We have a memorandum of understanding with the Office of Hearing Services, which outlines some of the activities we do in that space in terms of the funding we have. Most of our focus is on tertiary-level services—that is, working with children who have been diagnosed as having hearing loss—and we do not do as much in the space of screening. As an organisation, there is not anything in our legislation that does not allow us to do that. It is about looking at how we might use that funding in a different way. Certainly, the audit report was very complimentary of the service, but it did encourage us to keep looking at ways in which we can continue to get better outcomes in that space.

**Senator SIEWERT:** Mr Davidson, you mentioned the other universities and I straightaway thought of the hub. How involved are you in that?

**Mr Davidson:** Australian Hearing is on the board of the HEARing CRC, which is separately funded in its own right and does a lot of global research into hearing improvement opportunities. It employs PhDs. We work collaboratively now with the other agencies, both in Queensland and in Melbourne.

**Senator SIEWERT:** Although they are separate research organisations, they are linked. That is my understanding. Is that correct?

**Mr Davidson:** They are linked very well. That is correct.

**Senator SIEWERT:** If that were privatised, would that change the nature of that relationship?

**Mr Davidson:** It is not for me to give a personal opinion, but I probably will. I do not think it will change, because they need each other for the research. There are always bits missing that someone else is doing. In order

to join the dots or complete the puzzle, you need to collaborate with other research houses. It is not a competitive thing.

**Senator SIEWERT:** I am aware that we have to move on, but I just wanted to go back to this integrated approach. I am specifically interested in Aboriginal and Torres Strait Islander hearing. That is what we are talking about largely when we talk about remote Australia. Are there things currently on your books that you are doing that are progressing that integrated approach?

**Ms Mavrias:** One of the things that we are looking at is a piece of equipment to help with screening within communities. That would help in terms of screening without us actually being present. We are doing that within Queensland, as Mr Davidson mentioned.

**Senator SIEWERT:** Do you do that with an Aboriginal health officer?

**Ms Mavrias:** Yes.

**Senator SIEWERT:** Can you take on notice to give me some information about that, please?

**Ms Mavrias:** Definitely.

**Senator SIEWERT:** That would be great. Is that with Queensland Health?

**Ms Mavrias:** It is in Queensland, but I would need to check as to which agency.

**Senator SIEWERT:** If you could take that on notice that would be really appreciated. Mr Davidson, I am sorry, I cut you off.

**Mr Davidson:** That is okay. I think everyone is looking for a better solution.

**Senator SIEWERT:** Yes. The problem is that we have been for quite a while and we are not making significant progress. It would be great if you could provide that on notice.

**Senator CAMERON:** Mr Davidson, what would happen to research studies like the Longitudinal Outcomes of Children with Hearing Impairment, or LOCHI? Could that be guaranteed under any privatisation?

**Mr Davidson:** Again, I am not sure, supposing that privatisation went ahead, what the surrounding circumstances would be. LOCHI is currently separately funded for another three years, so I am really not in a position to be able to give you a proper answer on that.

**Senator CAMERON:** Are there any other separately funded research studies being undertaken?

**Mr Davidson:** Yes, NAL receives funding from a number of sources, not simply the Australian government. They have pockets of projects going on continually. Some of their funding goes out for as long as another five years, but it may be only pays for one or two PhDs on a particular project.

**Senator CAMERON:** Mr Hutson, now I come back to this issue of the terms and conditions after a privatisation and whether workers entitlements will be guaranteed. You are indicating that none of the National Acoustic Laboratory or the Australian Hearing employees have the same protection as public servants—is that correct?

**Mr Hutson:** What I said was that the employees of Australian Hearing are employees of Australian Hearing and they are not public servants, which was the tenor of the question which you asked. Really, a lot of these questions will be addressed in the scoping study by the department of finance. I am unable to help you with the detail that you are looking at, and that would be something scoping study would be able to address.

**Senator CAMERON:** I am asking you what the legal position is now.

**Mr Hutson:** What the legal position is now?

**Senator CAMERON:** Do you actually know what the legal position is now for these employees?

**Mr Hutson:** They are employed by Australian Hearing, which is a statutory agency.

**Senator CAMERON:** Mr Davidson, what do you see as the situation in terms of their superannuation, their entitlements and their payments? You have no control over that, have you, if it is privatised?

**Mr Davidson:** Just to reiterate what Mr Hutson has said, we do not know the outcome of the scoping study and the direction that will be taken until government makes that decision. So I am not really in a position to say yes or no to that.

**Senator CAMERON:** So you cannot give any guarantee to any of your employees about their entitlements or their future employment. You would not be in a position to negotiate with someone trying to take the place over?

**Mr Davidson:** Again, I cannot say yes or no to that until we see the outcome of the scoping study.

**Senator CAMERON:** So these workers are basically in limbo now. How many employees do you have?

**Mr Davidson:** Just under 1,200.

**Senator CAMERON:** So all your workers are skilled, but you have some really highly skilled workers in limbo between now and the next budget?

**Senator Payne:** Senator Cameron, I think the position at the moment is best described, from the Australian Hearing perspective, as business as usual. Mr Davidson, Ms Mavrias, the staff there and the teams around Australia are operating under a business as usual environment. I am sure Mr Davidson would agree with me on that.

**Senator CAMERON:** I am sure he would.

**Senator Payne:** I say that because I know Mr Davidson takes a very responsible approach, as Managing Director, to the operation of Australian Hearing. The process, though, of the scoping study is not done in a bubble. It is operated, as I have said and as I think Mr Hutson has said, by Finance. They are the managing entity in that space, but it is not done in the bubble. Of course it is done in consultation and in conversation with affected bodies and with their boards and so on—not just of Australian Hearing, but also the other entities which are or will be under a scoping study process as well.

**Senator CAMERON:** What engagement will there be with the staff and their unions?

**Senator Payne:** I am sure that is a matter that will be determined. As Mr Hutson said and as I said, we are so early in the process that trying to get ahead of ourselves—particularly given that it is not being done by the Department of Human Services or by Australian Hearing itself, but rather by Finance—is far too—

**Senator CAMERON:** I think if I were an employee of either of the two organisations I would not be sure what is happening. There is a great degree of uncertainty. I am worried about these highly skilled workers. If there is no certainty about their future over what could be nine months, ten months, eleven months, we may end up seeing, just by attrition, people looking for more secure options and leaving. That is not good for Australian Hearing and that is not good for National Acoustic Laboratories.

**Senator Payne:** I know the value of both of the organisations very well. I know the value of the staff that we have. I also might suggest if I may—you might regard this as gratuitous—if you have not had the opportunity to ask these questions of Finance and you want to put some on notice there then that may add to the narrative we have here.

**Senator CAMERON:** Finance are not the organisation responsible for NAL or Australian Hearing; you are.

**Senator Payne:** I understand that, but some of the questions that you have been pursuing relate to what will or will not be in a scoping study or how staff will or will not be dealt with in a scoping study that will be managed by Finance. I do not think it would be a complete waste of your time to talk to Finance.

**Senator CAMERON:** Are you saying the scoping study will deal with how staff are dealt with?

**Senator Payne:** I am waiting to see details of the scoping study.

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

**Senator Payne:** The terms of the scoping study will be developed. It is a drafting process. It is an iterative process. I do not think you can rule anything in or anything out at this stage.

**Senator CAMERON:** Are you having any engagement with Finance about the terms of reference?

**Senator Payne:** We will be, yes.

**Senator CAMERON:** Have you had any so far?

**Senator Payne:** I do not have a time frame for that yet.

**Senator CAMERON:** Have you had any so far?

**Senator Payne:** Not with the Department of Finance, no. I have not. I will leave it to my other staff.

**Senator CAMERON:** What about the department?

**Mr Hutson:** Yes, we have been in contact with the Department of Finance over the draft terms of reference.

**Senator CAMERON:** What is the framework of that engagement? What does it mean? What is the engagement? what has been happening so far?

**Mr Hutson:** The minister said and I reiterate it is extremely early days in terms of the development of the scoping study and the terms of reference for that scoping study. Yes, we have had some very preliminary conversations with the Department of Finance, but that is sort of where it is at, at this stage.

**Senator CAMERON:** What has been involved in those preliminary, is it negotiations did you say?

**Mr Hutson:** No.

**Senator CAMERON:** Discussions?

**Mr Hutson:** Preliminary discussions; I did not say negotiations at all.

**Senator CAMERON:** What has been the tenor of them? What have they been about?

**Mr Hutson:** At this stage—I am not sure that I particularly want to go into the detail of the conversations, but as I said the Department of Finance—

**Senator CAMERON:** Why wouldn't you? Why is the Senate not entitled to know?

**Mr Hutson:** They are at this stage very preliminary discussions. I think I have had one meeting with the Department of Finance.

**Senator CAMERON:** What was discussed in that meeting?

**Mr Hutson:** In that meeting we talked about what Australian Hearing is. What sorts of issues might need to be addressed in the scoping study, some of which are really the sorts of issues you have raised today.

**Senator CAMERON:** Can you go through the issues that were discussed?

**Mr Hutson:** I would probably have to take that notice to give you a full answer, but if you are happy I will just give you an overview, which includes issues such as the dealings with the community service obligation and how that might be delivered in future, National Acoustic Laboratory and how that might be dealt with in future. That is probably as far as it really went.

**Senator CAMERON:** Has there been, sorry—

**Mr Hutson:** No. That is as much as I wanted to say.

**Senator CAMERON:** So you will take that on notice. I am sure you have got minutes of the meeting?

**Mr Hutson:** I would actually be surprised if there were minutes of that conversation.

**Senator CAMERON:** Would you?

**Mr Hutson:** It was an informal preliminary conversation.

**Senator CAMERON:** Will you be having minutes, or taking minutes of future meetings? Or will they all be informal discussions?

**Mr Hutson:** That depends on the nature of the conversations. Between public servants we have informal conversations of which there are no minutes taken lots of times.

**Senator CAMERON:** Have you had any formal correspondence by email or letter with the department on this issue?

**Mr Hutson:** Yes.

**Senator CAMERON:** Can you table those documents.

**Mr Hutson:** I will take that on notice.

**Senator CAMERON:** Do you see any reason why you could not table them?

**Mr Hutson:** I would have to have a conversation with the Department of Finance, but at the moment, I will take the question on notice.

**Senator CAMERON:** I would ask you for all times of any telephone conversations and dates of telephone conversations. I would like all correspondence both by letter or by email from and to the Department of Finance.

**Mr Hutson:** Yes, I will take that on notice.

**CHAIR:** I am really sorry, but you can leave now, Australian Hearing. Thank you, very much, for coming.

[20:26]

We will now move to whole-of-department corporate matters.

**Senator CAMERON:** My understanding is that the Department of Social Sciences, through the Department of Human Services, causes a letter to be sent to a payment recipient in relation to which department has policy responsibility whenever there is an impending or recent change to an individual or family's payment. Is that correct?

**Ms Campbell:** Can I clarify, is the payment-type letter in the service delivery space? Did you want to talk about that under program 1.1?

**Senator CAMERON:** No, I want to talk about it now because it is an issue that is part of the corporate response to this.

**Ms Campbell:** We will get someone who can come to the table and talk about individual letters and when letters are sent to payment recipients.

**Mr Rimmer:** We send some 120 million letters a year to Centrelink customers when their circumstances change, when they have a change of rate and payments, when they are suspended from payment, when they make an application that is rejected—there is a very wide variety of payments. There is some 9,500 paragraphs, or thereabouts, that get assembled into letters that guide our customers in different circumstances at different times, as well as SMSs and emails and other forms of correspondence.

**Senator CAMERON:** Let me read the question to you again. Does the department cause a letter to be sent to a payment recipient in relation to which the department has policy responsibility whenever there is an impending or recent change to an individual or family's payment? If you are changing a payment, do you send a letter to them?

**Ms Campbell:** When you say 'policy responsibility', the policy responsibility rests with, I think, in this example, the Department of Social Services.

**Senator CAMERON:** I accept that. Does the department have responsibility to advise about policy changes?

**Senator Payne:** I think some of the hesitation is because perhaps the officers, as I did, thought that you meant when, in the normal course of events, somebody's payment changes for a reason. So a child leaves home or a baby is born or whatever it might be—

**Senator CAMERON:** No, thanks for that, Minister. I mean a policy change. Sorry if I confused you.

**Senator Payne:** In the current circumstances, where policy changes are opposed, you are asking whether DHS sends a letter to a customer?

**Senator CAMERON:** Yes.

**Ms Golightly:** We do advise customers of changes to their payments. It can take the form of a number of channels or types of communication. It may be a letter. It may be something that we put on our website. It could be advice through our customer service officers or our phone channels, for example. There are quite a number of ways. It would depend on the nature of the policy change. It is a case-by-case type of thing.

**Senator CAMERON:** Does a major policy change result in an advice by letter, by email, by app, by whatever, from the department? This is not policy change from Human Services, but policy change as part of the budget change. Would you then advise your clients about changes?

**Ms Golightly:** Yes, that is right.

**Senator CAMERON:** When is that normally done?

**Ms Golightly:** Again, it is case by case. It could be when the customer next has some other change happening for them. As is the case at the moment, we have information on our website about the budget announcements just made. That happened on budget night, for example. If a customer makes an inquiry, we would advise them of anything that affected them or was about to affect them. It is on a case-by-case basis.

**Senator CAMERON:** You say 'on a case-by-case basis', but if there is a major policy change you do not wait until an individual is going to receive some other piece of correspondence, do you? You would normally send a letter out across the board on a major policy change.

**Ms Campbell:** It often depends on the interactions. We work with the policy department on how best to communicate those messages to customers.

**Senator CAMERON:** Is it your policy department that analyses the policy or the policy—

**Ms Campbell:** No.

**Senator Payne:** No. The Department of Social Services, or employment, or whatever it is.

**Senator CAMERON:** Do you have a group who analyse the policy on how you deliver that through your services?

**Ms Campbell:** We do.

**Senator CAMERON:** What is that group called?

**Ms Campbell:** We generally call it the program area. For example, for the social services payments, Ms Golightly's area looks after that analysis and works within the department about implementing those policies.

**Senator CAMERON:** Is there a general rule that, if there is a major policy change, you would, close to the time of that change, advise people?

**Ms Golightly:** We would certainly advise the customers that may be impacted by that policy change and, yes, it would probably be very close to when that was happening.

**Senator CAMERON:** Are you planning to have any mail-outs in relation to the current budget proposals?

**Ms Golightly:** We do not have any firm plans. These are the sorts of things we would work very closely with the relevant policy agency on, as the secretary just mentioned.

**Senator CAMERON:** Have you got any plans—firm, shaky, wobbly?

**Ms Golightly:** No, we are in very early days of discussions with the policy agencies on these matters.

**Senator CAMERON:** Could there be a mail-out?

**Ms Golightly:** There could be. That is one option, yes.

**Senator CAMERON:** For example, regarding changes to the family tax benefit B means test, there might be an end-of-year letter to potentially affected recipients.

**Ms Golightly:** That could be in one of the options, yes.

**Senator CAMERON:** What is the average cost of a Centrelink mail-out to FTBA recipients?

**Ms Golightly:** I might have to take that on notice. I can get that figure for you.

**Senator CAMERON:** Would you be able to get that figure for me tomorrow?

**Ms Golightly:** I will attempt to, yes.

**Senator CAMERON:** I would have thought you would have had some idea. And the same for FTB B recipients.

**Ms Golightly:** Sure.

**Senator CAMERON:** And Commonwealth Senior Health Cardholders.

**Ms Golightly:** Yes.

**Senator CAMERON:** Pensioners, Newstart, Youth Allowance and other recipients. What is the rough unit cost per letter that you guys achieve through Australia Post? You must get a decent rate.

**Mr Rimmer:** I would want to take that on notice but once you add in the processing, packaging and handling of it, it is in the order of 65c to 70c. I would want to confirm that on notice.

**Ms Campbell:** Of course, some of our customers choose to have their letters delivered to them electronically as well.

**Senator CAMERON:** On your website you have indicated that customers will be faced with paying \$7 in what is described as a co-payment but is basically a tax increase when they go to the doctor. Why did you make the decision to put that up immediately?

**Ms Campbell:** It has always been our practice with the budget announcements to put that information on the website as announced by the government of the day.

**Senator CAMERON:** Even prior to having legislative passage?

**Ms Campbell:** That has always been our practice with governments of both sides.

**Senator CAMERON:** What are you advising people who ring you up about it?

**Ms Campbell:** Are you looking for the exact words?

**Senator CAMERON:** Is there a set of words that you are using?

**Ms Campbell:** We are using scripts. Our staff are provided with that information, particularly on budget night.

**Senator CAMERON:** Tell me what the script is.

**Ms Campbell:** I will see whether we have got someone here. I do not have it with me.

**Senator CAMERON:** I want to know the scripts for each one of those areas of payments that are affected. What department is it that determines the script?

**Ms Campbell:** We work with the policy agency to develop the script.

**Senator CAMERON:** Internally in DHS who does it?

**Ms Campbell:** It depends on the nature of the program. For example, if it is a social services policy, Ms Golightly's program group works with the policy agency on the script. If it is a health policy, Mr Sandison's health group does that.

**Senator CAMERON:** I am just looking at the annual report and the structure. Who did you mention first?

**Ms Campbell:** Ms Golightly, and I think we may have had some changes to the structure.

**Senator CAMERON:** So that has changed? Do we have an up-to-date structure?

**Ms Campbell:** We can get you an up-to-date structure.

**Senator CAMERON:** That will be helpful. I am sure we can muddle through with this one. When you say there have been changes, is it only changes to personnel, not changes to the structure as such?

**Ms Campbell:** There have been changes to the structure. We have decreased the groups by one, so there has been a combination of some groups and changes to personnel.

**Senator CAMERON:** Does that account for the job losses since the election of the coalition government? That is, 300-odd jobs.

**Ms Campbell:** The positions are not in the organisational structure per se, that was not the case. Those positions have been identified for reduction in the forward estimates. We can table the new structure.

**Senator CAMERON:** That would be helpful, thanks.

**Ms Campbell:** We might need to get a blown up one that people can read.

**Senator CAMERON:** Is Ms Golightly still Health and Service Delivery Reform?

**Ms Campbell:** No. Ms Golightly is social services program, so she has responsibility for the program implementation and interpretation of the social services working with the Department of Social Services.

**Senator CAMERON:** So it is quite different? I think I should wait for the—

**Ms Campbell:** We have changed it to reflect the machinery-of-government changes, so there is a social services area and a health area.

**Senator CAMERON:** While we are waiting for that, can we just go back to where we were and get on record what some of these scripts are that you are using.

**Ms Bird:** You are interested in knowing about the voice scripts that communicate the budget measures?

**Senator CAMERON:** When someone rings up and says, 'I am a pensioner. I cannot afford this \$7. I am worried about it,' what do you tell them?

**Ms Bird:** Perhaps I can give you some background and then I will come back to that. In terms of communicating budget measures, including the one you have just mentioned, initially there are some voice scripts that are recorded and put onto our main lines to try to provide information to people who are ringing up on budget night, for example, and so on. Those scripts simply explain what the measure is about and when it starts. That is the main thrust of those particular measures. In terms of the actual wording—

**Senator CAMERON:** Sorry, but how can you tell them it starts if it is not legislated?

**Ms Bird:** All we are doing is communicating the information conveyed by government in the budget. The government gives us a commencement date for the measure.

**Senator CAMERON:** So you could really be misleading the public if any measure does not achieve parliamentary approval?

**Ms Bird:** I do not think we are misleading them because a whole lot of steps would need to take place for that to happen. This is the traditional way that we have always communicated budget material.

**Senator CAMERON:** Can you tell me what you are doing in that area?

**Ms Bird:** For the measure you mentioned there?

**Senator CAMERON:** I think the first measure was FTB-A recipients.

**Ms Bird:** Regarding the individual recorded messages, I do not have them word-for-word with me, but we could give you those on notice.

**Senator CAMERON:** Yes. But you were going to give me an overview. You know what is on them, don't you?

**Ms Bird:** I am the communications person, so I actually put the communications side together. In terms of the measure we are communicating, you are probably better off talking to my colleagues who are responsible for those measures.

**Senator CAMERON:** You are responsible for the communications measure?

**Ms Bird:** My role in this whole scenario is to coordinate the drafting and the communication of those budget measures, in collaboration with my colleagues to make sure they go through the proper clearance processes.

**Senator CAMERON:** You are the boss!

**Ms Bird:** No, Senator.

**Ms Campbell:** It is a large activity in a short time frame. Ms Bird was coordinating and relying on subject matter experts to work through that.

**Senator CAMERON:** I think there are some 60 different change in DHS.

**Ms Campbell:** That DHS will deliver.

**Senator CAMERON:** Yes.

**Ms Golightly:** On that script we would give a summary of the measure. Depending on the measure we would read out what it was about and when it was due to commence. For each measure there would be a description very similar to what is in *Budget Paper No. 2* as being the descriptor there. As Ms Bird said, we can table the exact words for you.

**Senator CAMERON:** That would be handy. This is being done with the Department of Social Services?

**Ms Golightly:** Yes, for their measures.

**Senator CAMERON:** Does a team come together to do this?

**Ms Golightly:** Within DHS, yes, and then we have a liaison point with the Department of Social Services.

**Senator CAMERON:** What is the size of the team in DHS, with 60 measures?

**Ms Golightly:** For the Social Services ones, which are a subset of the 60, there would be people in my area who would work with their counterparts in DSS, the normal program-to-program type people, and we would come up with a paragraph or a couple of sentences or whatever was needed for that measure and feed that into the coordination team that Ms Bird was running.

**Senator CAMERON:** Who can give me a flavour of, say, what you are saying to a pensioner who rings up worried about two issues: first, about the cuts to the indexation of the pension, and, second, the \$7 doctor tax?

**Ms Campbell:** We are seeking to get the scripts for you, so we can give you the exact details of what was provided to staff so that they were able to answer questions.

**Senator CAMERON:** Ms Golightly, did you actually put some of these together?

**Ms Golightly:** The scripts, yes.

**Senator CAMERON:** When will these be available, Ms Campbell?

**Ms Campbell:** We had the scripts on budget night—oh, for you?

**Senator CAMERON:** For estimates, yes.

**Ms Campbell:** We are just looking to see whether we can get those scripts now.

**Ms Bird:** We can probably get them for you for tomorrow.

**Senator CAMERON:** You might come back with them tomorrow, but can you just tell me what you would say? I am sure the department has had calls from people worried about the \$7 doctor tax—is that correct? You have had calls?

**Ms Golightly:** Yes.

**Ms Campbell:** Ms Golightly does not generally answer those calls. So these are the scripts that we provide to service centres.

**Senator CAMERON:** Who answers the calls?

**Ms Campbell:** The smart centres, which are our call processing centres.

**Senator CAMERON:** Who answers them here?

**Ms Campbell:** Mr Tidswell looks after those smart centres, but I think it would be better for us to get the actual words so we do not mislead you.

**Senator CAMERON:** So what happens when somebody rings up? You have a pensioner who is worried that they are not going be able to pay the electricity bill, or you have a pensioner who does not know whether they can pay for food because they are worried about the reports out there about cuts to the pension and increases in the cost of going to the doctor. So do you just read a script to them and say, 'See ya'? Surely not.



**Ms Campbell:** We do provide staff with these details and we also provide training for the staff on how to use these scripts. But, rather than speculating about what might be said, it would be more useful if we actually had the scripts.

**Senator CAMERON:** When you say you do training, is this a module of training or something that you do?

**Mr Tidswell:** As the secretary said, on budget night we uploaded the information onto our website and also onto our call lines. The day after budget, we would have got our staff in early, before 8 am. We would have briefed them on the budget measures. We would have downloaded documentation for them to see. On top of that—

**Senator CAMERON:** Can I just go point by point here, if you don't mind. So you brief them. I must say I went off what the minister was saying about some aspects of the budget. Minister Andrews got it wrong. How do you know that your assessment of the budget measure is accurate if even the minister cannot get it right?

**Ms Campbell:** That is why we go through a pretty comprehensive process of ensuring that the scripts are checked by the policy agents working with us. They make sure that they are in accordance with Budget Paper No. 2, and then there are a number of checks and balances to ensure that what we provide to our staff correctly reflects what is in the budget.

**Senator CAMERON:** So then you do the script. It would be okay for a script but other people might say, 'But I'm not sure—this is very complex.' How many pensioners know the difference between CPI and the wage index? Do you explain that to them?

**Mr Tidswell:** Our first line of information is through the website with material. We then have our recorded voice messages. We are going to get you those scripts so you can see what is said in those messages. What we find is that those messages—because we try to keep them brief, to the point and to capture the elements that have been contained in the Treasurer's budget statement—help people to make decisions, get the information they need and not have to have further conversations. Sometimes people then ask for more information and we provide our staff with extra material to explain how the various measures work.

**Senator CAMERON:** Yes, but some pensioners, even some young people, will not have access to your website.

**Mr Tidswell:** True, yes. But that is one of the ways in which we provide the information. A lot of other people get it when they listen to our recorded messages. We have the full raft of budget measures on our 132468 number. You can listen to them all as you go through it, measure by measure.

**Senator CAMERON:** Some customers will not do either of those two things; they will come along to the office, won't they?

**Mr Tidswell:** Some will, yes. But, with the information we have provided this time around, we have not had a huge influx of inquiries in service centres or in our call centres. What we have found is the provision of that information upfront—straight, simple, factual information—helps people, calms them down and gives them the information they need.

**Senator CAMERON:** So everybody is ringing you up and saying, 'Thanks very much for telling me that I am going to be worse off when I go to see the doctor. Thanks for telling me I am going to be worse off when I get my pension. Thanks for telling me that I could go up to 11 months without any payment if I am on Newstart.' They are all very happy little vegemites, are they?

**Senator Payne:** I am going to take that as a comment, Senator Cameron.

**Senator CAMERON:** I am asking a question.

**Senator Payne:** What was the question?

**Senator CAMERON:** The question is whether they are all very happy. Is that what you are telling me?

**CHAIR:** I think you said 'happy little vegemites'. I am not sure that is a term used—

**Senator CAMERON:** I did say 'happy little vegemites'. I thought Australians knew what that meant, but maybe you do not. You must be getting pushback on some of this stuff.

**Mr Tidswell:** We have found that, because we provided good, factual, simple information to people, they have absorbed it. They understand what is going on. Obviously people listen to radio and television. They talk to members of their family and friends et cetera. We have found that people have a good sense of what is going on. Admittedly, a number of these measures have not kicked in yet. Generally, we will get a higher inquiry load as the measures start to take effect.

**Senator CAMERON:** How do you determine people have 'a good sense' of the measures, given that even the minister did not have a good sense of the measures?

**Mr Tidswell:** I am just telling you that we were not inundated by an inquiry load as a result of the budget, I think, because of the good work we did—

**Senator CAMERON:** That is not the question. Whether you are inundated or not, I am asking you about anyone who rings in. I am not asking about whether you are inundated—I am asking what you tell people when they ring in. It does not matter if one person rang in; how do you deal with it?

**Mr Tidswell:** We provide information about the variety of measures, how they will work and the elements contained within those measures in a simple, factual way.

**Senator CAMERON:** What measures do you have that have kicked in?

**Mr Tidswell:** Sorry, Senator?

**Senator CAMERON:** Have any measures kicked in from the budget? Have any measures been implemented?

**Ms Golightly:** The start date for the earliest ones was 1 July 2014.

**Senator CAMERON:** So you are telling people now that they will be up for a \$7 doctor tax when they go to the doctor?

**Ms Campbell:** We have provided information to customers about the budget as announced by the government, and we have done this in previous years as well. This allows customers to have a point of reference to understand what is in the budget that may impact on them.

**Senator CAMERON:** There is huge uncertainty. I do not think I have ever seen more uncertainty about budget provisions in all the time I have been watching budgets. This is quite different, I think, from other budgets in that the government does not seem to be able to sell its budget; the government does not seem to be able to get the message out. You are saying the message is out there. I think the message that is out there is that people are saying, 'We don't want this.' If you look at what is happening in the Senate, the chances of this going through are pretty small. It is just not going to happen. I am wondering why you would rush to put this out months ahead of the start date when there is not a lot of chance of a lot of these things going through.

**Senator Payne:** As Ms Campbell has made quite clear, this is a normal approach or even a 'business as usual' approach for the department to take. It was taken after the 2013 budget under your government.

**Senator CAMERON:** This is not a 'business as usual' budget.

**Senator Payne:** That is your opinion, but if we were not communicating with people then I suspect I would find you sitting here saying, 'This is outrageous—why aren't you telling people about the awful things you are proposing?'

**Senator CAMERON:** I can assure you that I would never be asking you to tell pensioners they have to pay \$7 extra. I would never be asking you to tell people that they might be without any income whatsoever for 11 months. I would not do that.

**CHAIR:** Senator Cameron, is there a question here?

**Senator CAMERON:** I can talk to the minister. Is that allowable?

**Senator SMITH:** In 1991, Senator Cameron and the Labor Party might have been trying to convince you of the merits of the co-payment. But it is not 1991.

**Senator Payne:** They might have. But it is not 1991; it is 2014.

**Senator CAMERON:** That did not last long. It did not happen.

**CHAIR:** I think, perhaps, it is worth putting on record that Minister Andrews, in fact, corrected himself later in the interview when he made a minor error. Nothing he had printed or authorised was incorrect.

**Senator CAMERON:** He made a minor error?

**CHAIR:** It is somewhat difficult for the officials when you are trying to put them into the position of being political. It would better if you could—

**Senator CAMERON:** I am asking them questions.

**CHAIR:** You are asking them—

**Senator CAMERON:** Are you trying to stop me from asking questions.

**CHAIR:** You are loading the questions that you are asking them.

**Senator CAMERON:** Am I? That is your opinion.

**CHAIR:** Why do you want to behave in this way that makes things very difficult for the officials? You are not asking for answers to questions of fact, but please go on.

**Senator CAMERON:** Thank you. Tomorrow morning we will have all of the standard responses. Could you also provide a copy of the training module that you are using with your staff on these issues. Is it available?

**Mr Tidswell:** We would not have had a training module straight after the budget night. We would have provided staff with the material—not only the recorded scripts that you will see tomorrow but extra information for them to be able to download and look at and refer to. A lot of our material is contained online. It gives extra information about each measure. When the measures roll out, and when Ms Golightly is involved in rolling those measures out, there will be training packages for staff. But they are not yet developed. This is just an information transfer of what has been said by the Treasurer. We provide it to the general public so they are alert and aware about what is going on.

**Senator CAMERON:** You are going to do training packages for your staff. The public, as you have indicated, seem to understand the issues. Is that what you are pointing to?

**Mr Tidswell:** No. What I said was that we have not been inundated in our call lines or in our service centres. Obviously, we have had budget inquiries. Obviously, we have had a range of people raising issues and concerns. That happens every time there is a budget. There are always changes to the social service area and health area. In that sense it is not unusual for us. What we try to do is provide people with the factual information, because they trust us to provide that information to them.

**Senator CAMERON:** You have 60 budget changes documented on your website. When was the last time you had such a number and with such wide-ranging effect?

**Ms Campbell:** In a number of other budgets, when Centrelink, Medicare and Child Support were separate entities with the Department of Human Services. We would have to go back and look through that to ensure that we could do an apples to apples comparison.

**Senator CAMERON:** All right. We may continue on again with this tomorrow once I have a look at the standard responses. Do you give your staff a package of links to various areas?

**Mr Tidswell:** We have a capability on the staff IT system so they can get the links of the information and get the materials. We would have loaded that material up on budget night after the Treasurer got to his feet so it was available there for staff. We brought our staff in early prior to the start of their shifts so that they could be apprised of what was in it and do the work that they had to do straight after.

**Senator CAMERON:** Was that a presentation that they were given?

**Mr Tidswell:** That would have been a product and material of all the things in the budget. I am not quite sure if I would regard it as a presentation. But we could—

**Senator CAMERON:** Describe what happened, just briefly. What happened?

**Mr Tidswell:** We brought our staff in across the country earlier than the normal 8am start time. We asked our local managers to brief the staff and provide the information and the links about what was in the budget. We had a big program of cascading that information through so they could start the day in the best possible way. You want your staff to be able to deal with the inquiry load as it starts on Wednesday after the budget.

**Senator CAMERON:** So some of your staff wouldn't even have watched the budget?

**Mr Tidswell:** I am sure they all watched the budget!

**Senator CAMERON:** The smart ones probably weren't! So they came in at 7 am and they were given a briefing on what was happening in the budget. How long was the briefing?

**Mr Tidswell:** I would have to take that on notice, but I would not think it would be much more than 30 minutes. It would have been: 'Here's the material, this is what's gone on, this is how you find the links, this is what you need to do, here's what we think the inquiry load might be, here's how we organise the messaging.' That is the normal stuff we do with these things.

**Senator CAMERON:** Were they handed a document they could follow?

**Mr Tidswell:** I am not sure. Generally, we do most of this through electronic means because our staff sit at their computers all day and they refer to their computers.

**Senator CAMERON:** So you say, 'Go and look on this link and you'll find all of this'?

**Mr Tidswell:** Yes.

**Senator CAMERON:** Can we have access to that link?

**Ms Campbell:** Those are the scripts that we are seeking to provide.

**Senator CAMERON:** Were they given any advice about how to handle distressed customers?

**Ms Campbell:** Our staff deal with a range of customers every day—some are happy, some are distressed.

**Senator CAMERON:** The staff, or the customers? Or both!

**Ms Campbell:** The customers are sometimes happy and sometimes distressed. Staff have training and skills in dealing with those different kinds of customers. In extreme cases, they also have the ability to refer distressed customers to other entities or referral.

**Senator CAMERON:** So you have a little specialist team as well? You said staff could refer to other entities.

**Ms Campbell:** That is just a normal part of a normal day. We have protocols in place for people who are distressed.

**Senator CAMERON:** Did the staff who are dealing with distressed customers have the half-hour budget briefing as well?

**Ms Campbell:** I did not say that there were distressed customers from this—sorry, I may have misled you. I was talking about our normal protocols for dealing with distressed customers.

**Senator CAMERON:** What I am asking you is: did the staff who deal with distressed customers have the half-hour briefing?

**Mr Tidswell:** Generally they are social worker staff. We have social workers to whom those calls would be referred. I would have expected that all our front-line staff, prior to starting their business day—admittedly, not everybody starts at 8 am; so you have got a rolling roster of people starting their shifts around the country—would have been given a heads-up saying, 'This is the material and here are the things that got on in the budget.' This is our normal approach and protocol. We would not have had a particular message about how you deal with customers who are concerned about the measures, because that would be how we normally operate. Our staff are good at that.

**Senator CAMERON:** That half-hour briefing would have given your staff access to a website that contained information about the 60 budget measures?

**Mr Tidswell:** On budget night, that information was loaded onto our website for the general public. Our internal documentation is put onto our internal capabilities so that our staff can get the information they need to do their job. We have done this many times before; it is a well-oiled machine.

**Senator CAMERON:** In the past, what happened when a budget measure that you had put on your website was not passed?

**Mr Tidswell:** We changed our messaging; we do that all the time; invariably, it is because of changes that occur; we are used to that. The intention is to give people the best possible set of information so that they can make decisions on what they need to do in their lives because a whole range of things occur.

**Senator CAMERON:** But they do not need to do anything at the moment, do they?

**Mr Tidswell:** Some people might make some decisions as a result of what is being considered.

**Senator CAMERON:** So they are making those decisions without understanding the implications of the budget because the budget is not law. Is that right?

**Ms Campbell:** The information we are seeking to provide at this stage informs customers of the measures that were in the budget. As it gets closer—

**Senator CAMERON:** Is there any disclaimer that says, 'These are the budget measures but they may be subject to change'?

**Ms Campbell:** I think we talk about 'measures that are proposed in the budget'. That is the same type of wording we have used over many years to explain the budget to customers.

**Senator CAMERON:** If, as I think the public are expecting, there are changes—and all of the Senate numbers would lead me to believe that there will be—you can react to the changes pretty quickly?

**Ms Campbell:** We implement the law.

**Proceedings suspended from 21:06 to 21:20**

**Senator SIEWERT:** I wanted to ask about aged care—some ICT questions. I understand that a new aged-care payment system came in about the second half of last year.

**Ms Golightly:** The second half of last calendar year?

**Senator SIEWERT:** Yes, that is what I meant.

**Ms Golightly:** The answer is yes.

**Senator SIEWERT:** I understand there were some problems with the system?

**Ms Golightly:** We have had some transitional problems, yes.

**Senator SIEWERT:** Are they still ongoing?

**Ms Golightly:** I think they are all resolved. I think we have resolved the last few issues in the last few days. If not, we are very close.

**Senator SIEWERT:** What was the nature of the problems? What caused the problems?

**Ms Golightly:** We had, as you mentioned, a new IT system. I think it would be fair to say that there were some issues with some of the ways bits of that system worked. However, we were able to make all the normal advance payments that we make every month to aged-care facilities. The issues that we had were more at the end of the month, affecting the reconciliation side of the process—the adjustment that we make at the end of the month. What we have them working on is making sure that those adjustments are correct—in getting that reconciled money out to the providers.

**Senator SIEWERT:** So they got some money but not all of their money?

**Ms Golightly:** They got most of their money because the advance is the main payment at the beginning of the month. Then the normal process is that we reconcile at the end of the month—we compare against what has actually happened for that facility during the month.

**Senator SIEWERT:** What was the problem? Was it the software? Was it the hardware?

**Ms Golightly:** I think it would be fair to say it was on the software side. My colleague Mr Sterrenberg might be able to give you more information on that.

**Senator Payne:** This was the implementation process for the previous government's aged-care reform package. That is what we are talking about.

**Mr Sterrenberg:** I can provide some insights that may be useful. The systems that we were transforming were some 20 years old. There were two separate systems, so data had to be merged into one, with associated rule sets. Several thousand had to be merged. So it was quite a complex, technical piece of work. That caused some of the complications. In addition, some of the data was somewhat old.

**Senator SIEWERT:** Did you close the old one down? Normally you run the two systems at the same time? Or did you not do that? Did you close the old one down and go on to the new one?

**Mr Sterrenberg:** We chose to use a technique called a regressive parallel run. During the testing phase, there were two parts to the testing. The first one was unit testing, where we tested the functionality in a normal test environment, and then we had a period where we mimicked the historic data from the old system versus the data from the new system over a payment period.

**Senator SIEWERT:** There were no problems when you did that?

**Mr Sterrenberg:** No, not during the testing.

**Senator SIEWERT:** When did the problems become apparent?

**Ms Golightly:** I think it was a month or two in when we first noticed that some of the reconciliations were not producing the results we were expecting. We looked into it and found some issues that had not previously been identified.

**Senator SIEWERT:** That was a couple of months in; it was, what, August, September?

**Ms Golightly:** No. The new system came in in October. So it was roughly around December when we first started identifying some issues.

**Senator SIEWERT:** When you saw there were issues, did you have to go to manual or back to the old system?

**Ms Golightly:** Yes. To be safe, we have gone back to manual processing where that is needed. Where we can fix it in the system we do. I suppose the answer is: a little bit of both. But, yes, to be safe we have done manual checking of everything.

**Senator SIEWERT:** When you said a couple of moments ago that you seem to have resolved the issues, does that mean you are resolving them because you are doing the manual reconciliation or because the system is now fixed, or both?

**Ms Golightly:** Again, it is a bit of both. I should also make the point again that what we are talking about here is the adjustment process at the end of the month. The system was making all the advance payments. That did not have to be done manually or anything. We have been working through, manually processing the claims that come in, to make sure that they are reconciled correctly and that they are then reflected in the next month's advance. That part has been manual. The actual payment has been done through the system.

**Senator SIEWERT:** So they are still being done manually, is that right?

**Ms M Wilson:** I might talk you through the process of what we are doing with each of those claim reconciliations. Each month we pay the advance payments. When we receive a claim from the services we process all of the things that have happened in that service during the month. They are called events. For example, if they have had somebody come in to the service as a new care recipient or somebody has left the service for whatever reason—maybe to enter residential care or that sort of thing. All of those things happen in a month and will adjust the payment that a provider would have received. The claim reconciliation payment looks after all of the changes that would have happened during the month. Those events need to be input to the system for us to be able to generate that claim adjustment.

**Ms Golightly:** I think it is right to say that we are in a position or very shortly will be in a position where the processing can go back to the automated processing because we have fixed most of the defects in the system.

**Senator SIEWERT:** How soon will that be?

**Ms Golightly:** I think we are just doing the final checks, so I am hoping it will be in the next week or couple of weeks.

**Senator SIEWERT:** Does that mean all the outstanding claims have been dealt with?

**Ms Golightly:** We have cleared the outstanding claims wherever possible. Sometimes when we come to do the final reconciliation we find that we may be missing a claim for a particular month from a service—this sometimes happens in normal circumstances. Because one month effects the next month—we have to process those claims in a particular sequence—we ring the service and make sure we get the information from them and put it in the right sequence. So there will be some where we are still doing that, but that is more in the normal type of processing.

**Senator SIEWERT:** What number are you talking about there? Are we talking about hundreds?

**Ms Golightly:** I might be able to do it in dollar terms.

**Senator SIEWERT:** That was going to be my next question.

**Ms Golightly:** Ms Michelle Wilson may have the numbers, but in dollar terms we process around \$10 billion worth of claims a year, and I think in the last day or two we have processed \$16 million. So it is orders of magnitude smaller.

**Senator SIEWERT:** It is still a lot of money for the providers. In terms of the size of the money that has been slower to get out to service providers, what is the average, if there is an average, or what order of magnitude are we talking per payment?

**Ms Golightly:** It would be hard to say because the services themselves vary so greatly in size and their business each month can vary greatly from one month to another.

**Senator SIEWERT:** That is one of the reasons I am asking. Some of these services are not exactly flush with money. Are we talking about a couple of thousand dollars or are we talking about bigger sized claims here?

**Ms Golightly:** It could be either, depending on the size of the service. Perhaps to go to the point of your question about services that may otherwise have been concerned, we have had a process in place all along whereby the service can call us if they think that they are missing a significant amount of money or something that is causing them concern. We have had a case-management team set up where they handle that case, and we get that money prioritised for them. We have been able to manage any of those issues, more or less, on the spot.

**Senator SIEWERT:** It sounds as if this has been really labour intensive. How many people have presumably been redirected to deal with this?

**Ms Golightly:** You are correct. It is labour intensive. I probably would have to take on notice the number of people.

**Senator SIEWERT:** Have you had to have additional temporary staff to do that?

**Ms Golightly:** We have put on some additional temporary staff, but we use the same people who would help us with peaks and troughs in our processing pool anyway.

**Senator SIEWERT:** Could you take on notice the number of staff who have been redirected, for what length of time, the number of temporary staff and the cost?

**Ms Golightly:** Certainly.

**Senator SIEWERT:** Because staff have had to be redirected to take on this, presumably there is stuff that has not been done because staff have had to be redirected?

**Ms Golightly:** From memory, and I will check this for you, most of the additional staff we have put on are from our temporary pool, and we have quite a flexible way of scheduling their rosters so that we can fit in with their availability and also the amount of work we have on hand. To that extent, we are not actually stopping something else to do this. There may well have been some permanent staff who have been reassigned temporarily—I would have to check that for you.

**Senator SIEWERT:** That would be appreciated, thank you. In terms of the date when you expect this all to be resolved, it sounds like there are still some ongoing issues. What is your expected completion date?

**Ms Golightly:** We really want to have this all resolved in the next week or two so that services can be certain of exactly what their financial position is. I do not see any reason why that would not be the case. Of course, services put in claims every day. That is the way our normal process works. We will process those as quickly as we can. I think we get around 200 claims a day.

**Ms Michelle Wilson:** We get 150 to 200 claims per day on average, but sometimes in the month there are peaks when we might get 400 claims each day because of the way the cycle for the services works.

**Senator SIEWERT:** If you are getting that many claims a day—and I understand the advance payment process—it sounds like there could be substantial sums of money where some of the larger organisations are actually behind in getting paid.

**Ms Golightly:** There could be, Senator. I think that is fair, but I think it is also for context in the normal process of a month or a year. The adjustments at the end of the month can be small or large. It really depends on what is happening with the recipients of the home care or residential care. How many came in or went out or moved to a different pay rate and so. Sometimes it is a really lean month in terms of volume, but other months can be quite large. That is a normal part of the way the aged care system generally works. The system of upfront advance is there so the facility has money to get through the month and then we balance up at the end. That balancing up can be over or under; it is not always money owed.

**Senator SIEWERT:** Can you please take on notice the maximum amount an organisation was owed and for what period?

**Ms Golightly:** Certainly. The amount will not be a problem, but the period of time can be a little difficult because, again, in the normal course of events services are allowed to submit claims for a month several years later. Our system will track the month that claim belongs to. It might have related to March last year, but we may have received it last week. It is a bit hard for us to distinguish between that sort of event, which is a normal event, and ones where we might have been holding the adjustment to make sure it is correct. We will see what we can do.

**Senator SIEWERT:** Are providers perturbed by delays?

**Ms Golightly:** Of course, some people ring up concerned about what is happening or what was in their payment. It is about them trying to reconcile with what happened. But for those inquiries we have a support line available. We make sure people on the inquiry line are properly briefed on this sort of thing. But, as I said before, we also have a dedicated case management team to help those providers who may have more complex issues to work through.

**Senator SIEWERT:** So nobody is unhappy and nobody is asking for compensation for moneys owed.

**Ms Golightly:** Not for the latter, no.

**Senator SIEWERT:** Or for the fact that they have not been paid.

**Ms Golightly:** They do keep getting their advances.

**Senator MOORE:** I have been contacted by a number of small organisations in Queensland, mainly Brisbane, and they have been in contact with you. Does the case management team still exist?

**Ms Golightly:** Yes.

**Senator MOORE:** Will it continue to exist or is it only for emergencies?

**Ms Golightly:** We will keep it as long as we need it. We hope we do not need for too much longer, but as long as it is needed it will be there.

**Senator MOORE:** What is the standard KPI for turning those claims around?

**Ms Golightly:** The standard KPI is to turn around 95 per cent of claims within 10 days. That is the internal KPI for the department and the rest within 28 days.

**Senator MOORE:** Is that the KPI that was for the proposed system or is the one you are operating under now?

**Ms Golightly:** That is the KPI that has been in place for at least the last financial year, to my knowledge.

**Senator MOORE:** That would be what is expected under the system. If I understood you correctly, you are still manually processing and monitoring claims. Is the intention for everything to be mechanised?

**Ms Golightly:** That is correct. I must stress again that the main one, the advance, is automatic.

**Senator MOORE:** I think everyone is clear about that, and that is the salvation.

**Ms Golightly:** Yes. That is right. Certainly, the intention is—that was always the plan—to have this automated as much as possible. There will always be that exceptional claim or much more complex claim where we really want to have a real-life person checking it anyway. That would be more on the edges than the normal process.

**Senator MOORE:** Absolute respect, and I do apologise to the chief information officer. Systems tend to do that kind of thing from time to time. You said you hope to have it fixed within a week or so. Probably by the end of the financial year would be your target?

**Ms Golightly:** The areas in the systems that are causing these issues with the reconciliations are either already fixed or very close to being fixed.

**Senator SIEWERT:** In terms of being able to get adequate acquittals or information for providers to be able to start their acquittal process for the end of the financial year, are you confident that organisations or providers will have that information?

**Ms Golightly:** Yes. That has been a real aim of the extra work we have been doing in the last little while.

**Senator SIEWERT:** Do you expect the system to be fixed and able to deal with the new reforms, which are coming in less than a month,?

**Ms Golightly:** Yes. We have a phasing approach. There are two parts, as you know, to the aged-care industry: there is home care and residential care. What we have been talking about tonight is the system for home care. And, yes, it will have the changes made to reflect the new arrangements from 1 July. The other part of the industry is, of course, residential care and that too is operating in older systems, but it is a much larger task. The plan is that we will progressively phase in the new system for providers. The changes that are needed for 1 July will be made, so they will have those, but we thought it would be best that they are using a system that they are familiar with, so we will phase in the new system, hopefully in chunks that the industry can digest.

**Senator SIEWERT:** With all due respect, it does not sound like it is the industry digesting it. I am not having a go, but the system did not work.

**Ms Golightly:** Yes, that is correct. It is a way of managing any risk as well. It is one of those things. When we talked with the policy agency and the relevant peak bodies, this was an approach that people thought was best to be followed given all the risks and all the other change that is happening.

**Senator MOORE:** What is the timeframe for residential transfer?

**Ms Golightly:** From 1 July there are changes. Those 1 July changes will be made in the system. It is looking more like the phasing of the new system will come in by the end of October or early November.

**Senator SMITH:** I would like to go to the issue of the myGov website. You might just start by sharing with the committee how you expect the myGov website to improve government service delivery, and, as part of that, talk about the growth that you are experiencing but also the expected future growth.

**Ms Campbell:** I will ask Mr Rimmer to assist.

**Mr Rimmer:** The myGov website was launched a year ago—in fact, exactly a year ago today—and, in the year since its launch, there have been two million new myGov accounts created that build on some previous accounts from an older service that used to be in existence. Right now, there are 2.7 million myGov accounts in existence and in active use, and that number is growing by something like 5,500 or 6,000 each day.

Over time, more government agencies have joined the service. The National Disability Insurance Agency—as it is now called—was linked into the service on 1 July last year. More recently, the Australian Taxation Office has



become part of the service, and, broadly speaking, the plan is that more government services will come on board with the myGov website as they can and as they choose to do so.

In March this year, a new service was launched which allowed people to look at their government mail from Centrelink, Medicare and Child Support through myGov, and there are a range of other enhancements to the service that have taken place over the last few months and more that are planned for the future.

**Senator SMITH:** Can you explain something to me? As an example, I am in receipt of a government payment. I go and register on the myGov website. Do I type in my name and my address?

**Mr Rimmer:** What you do to start is you create a myGov account for yourself—and, in fact, individuals are entitled to have more than one myGov account if they choose to do so. You then have to put in your email address and a mobile phone number to allow us to help you recover your account details if they get lost. Once you have a myGov account, then you can prove through myGov that you own a record from one of the underlying services—whether that be the Tax Office, Centrelink, Medicare or the NDIA.

There are a number of different ways to prove that you own a record. You can, in some cases, enter an old agency-specific online credential—for example, if you have a Centrelink online services username and password, you can enter that, or our staff can issue what is called a linking code, which helps you link into the service. Alternatively, you can actually prove that you own the underlying record by entering some details, as an example, from your Medicare record. It might ask you dates of birth of children that are on your Medicare card, when you last went to the doctor, the postcode of the doctor that you last went to, the amount of money that you paid when you last went to the doctor—those kinds of things. It is a fairly onerous process to prove that you own one of the underlying records, as you would expect, because it is people's very sensitive and personal information that is to be protected in that circumstance. That process then links your Medicare record or your Centrelink record or your tax record to your myGov account and allows you to use that one password and login to access online services of agencies that you have linked.

**Senator SMITH:** Can you apply for government welfare payments through myGov? Or can you just see them?

**Mr Rimmer:** If you link your Centrelink online services account to a myGov account, yes you can apply for a new payment once you are in. In practice, if you were entirely new to the Centrelink system today, it would be impossible for you to do that without at least one visit to a service centre or something like that. If you, for example, have applied for a family payment in the past or were on a payment some time ago and you still have sufficient details about that, then you could come back in using the online services and apply for a payment using those online services.

**Senator SMITH:** Can you explain to me why someone would have more than one account?

**Mr Rimmer:** Sorry, I am confused.

**Senator Payne:** You said that people could have more than one myGov account.

**Mr Rimmer:** Yes. The whole design of myGov is intended to protect people's privacy and their personal information as the top priority. There are some people in the community who would prefer to have different logins—different myGov credential sets, basically—to access their child support information separate from, for example, their Medicare information. They would prefer to have different usernames and passwords to access those different services. It is not something that we expect to happen in large quantities, but it is an option that is available to the community if they choose to do so.

**Senator SMITH:** I want to go to the issue of privacy and security. This will not come as a surprise to you, given the media reports that I have seen, and, by your own admission, privacy is a top priority and governments of all legal persuasions are very sensitive to privacy issues, particularly around citizens and government record keeping et cetera. Can you just step me through what the existing security arrangements are? You also may as well go into a conversation about what those media reports have been saying and what the government's response to those issues of privacy have been.

**Mr Sterrenberg:** I could provide some information. It should be noted that the department takes security of its digital services very seriously and that Australian citizens can be very confident that their personal information is kept secure. The department has, for all changes made to digital services, what is known as penetration testing on each release. That is sometimes referred to as ethical hacking, and the idea is to make sure that our services are secure from those who would otherwise seek to penetrate our systems.

**Senator SMITH:** So ethical hacking is hacking a system to demonstrate and to be confident of its privacy arrangements.

**Mr Sterrenberg:** Yes. We do that with independent external companies whose speciality is to do those sorts of things. We also do it on a regular basis outside in the production environment to again make sure that we are well covered. We do not normally comment in detail about our security, given the obvious possible consequences should people understand the details around it, but I can give you a high-level view to give you some confidence.

**Senator SMITH:** It is Senate estimates, so it is a very powerful way to demonstrate and give community confidence around privacy issues. Let us use this as an opportunity to do that.

**Mr Sterrenberg:** I think there is a limit to what I am able to do.

**Senator SMITH:** I respect that. What I am saying is that, if there is an opportunity to say more and not create a risk, then this is a great environment to do that. But, of course, always use your professional judgement around the privacy and security issues.

**Mr Sterrenberg:** At the broadest context, most large organisations that have a large digital presence secure their perimeter using a number of techniques, and you can assume that we may do the same both at a government level and at an external provider level to make sure that the perimeter is secured. At the layer below that, we have gateway security to ensure that those people that are not known to us are treated in certain ways. The best way to describe it in lay man's terms is that it is like Customs: if you are a trusted person that we know, you go through the fast lane; if you are not, you would go through further checks using what is known as a reverse proxy-type security.

Beyond that, we have application security and we work within the framework provided by the department of security, whereby there are a number of security controls that we have. The architecture, like for most large organisations, is layered. I suppose the best way to describe that, again in layman terms, is when you try and protect yourself you do not do it with one measure; you do it with a series of measures, almost like fighting a disease. It is a cocktail of security measures that secure your applications.

**Senator SMITH:** So it is never just one measure.

**Mr Sterrenberg:** Agreed. We have many of these. I will not go into the exact numbers and those things. But, just to give you some broader context, there are two main types of security threats that we defend. One is based on what is known as a denial of service, where the intent of the perpetrator is to close down your service for whatever reason, and the second measure is around when the perpetrator is trying to defraud—to steal information that may be available or change information within that site.

We have protection against the denial of service, and that is done by third parties on our behalf using a range of techniques that I obviously do not want to go into at this point. In terms of the second type of threat, we have both preventative and detection techniques that we use. Obviously the prevention is related to a lot of the technical things we have. I will not go into the technical details, but it is a combination of secure socket layers, the way we encrypt data and the way we have secured those websites through certification of security tokens.

**Senator SMITH:** So to what extent do we use external professionals to constantly test the security and privacy arrangements surrounding myGov? Do we test it against any external standards? Do we test it against any audit controls? Do you know what I am saying? Do we have access to a group of people who come in independently and say, 'This does meet the highest standard,' or, 'Here are some areas for improvement'?

**Mr Sterrenberg:** We test it against two standards. One is a government standard, which is the ISM, which is set up by the defence secretariat.

**Ms Campbell:** The Australian Signals Directorate.

**Mr Sterrenberg:** The second one is known as an OWASP standard, which is an external industry standard for the security of authenticated websites. So a combination of those are used by an external agency. We do not like to say who it is because sometimes hackers will join those companies to try. We do not necessarily use only one. We may use many—I do not want to go into details.

**Senator SMITH:** I understand that.

**Mr Sterrenberg:** We do it as an external thing. We also have an internal cyber team who are monitoring the networks for behaviour change, because some of our defensive mechanisms will show patterns and we have monitoring equipment to detect those issues.

**Senator SMITH:** In your earlier evidence you used the words 'on a regular basis'. How regular is that?

**Mr Sterrenberg:** It depends on when we do modifications to the system. It is our practice to do a penetration test whenever we make any changes to the myGov system, and that could be on a monthly basis or whatever. But we also do a secondary test. It is not as regular as that but it is going to be on a quarterly basis.

**Senator SMITH:** Just before I move to some specific comments, when myGov was developed who was responsible for developing the privacy and security settings around the website?

**Mr Sterrenberg:** That is done by the PRA.

**Mr Rimmer:** The myGov service has a history that goes back in time, in fact to work that was done within this department as early as 2007. There have been various incarnations of it since then. The most important step, if you like, was in 2010, when the Australia.gov.au service was launched. At that time, you could have an Australia.gov.au account, and some hundreds of thousands of Australians took that up over the three years that that was available. In actual fact some of that technology was run by this department, even under that arrangement with the department of finance.

So at various steps during the process there have been privacy checks, privacy impact assessments and other technology security assessments. They went right through that process. But, certainly since the Department of Human Services became accountable for the service, with every major release there has been a privacy impact assessment. It is also subject to all of our normal internal assurance controls, such as internal audits and those kinds of things.

**Senator SMITH:** Regarding the criticisms that have been through the media over the last four or five weeks, am I correct in saying they really boil down to the issue of two-factor authentication?

**Mr Sterrenberg:** That is one of the views put forward by others. We have a multifactor authentication. We have an MBUN, which is the digit, and you have to guess—

**Senator CAMERON:** Chair, a point of order on security issues. I raised a range of the issues that are being raised here with the department at estimates. I raised these issues and I was offered a private briefing on them. The issues that were raised with me in the private briefing are now being traversed in the public arena. I do not want to hide anything from the public, but I am just wondering why, when I raise the issues, I am told that these issues should not be traversed in the public arena because we should not be creating any sense of instability or problems with security, yet we have spent the last 15 minutes traversing issues that the department had asked me not to raise. Whether I raise them or not is a matter for me, but I am just wondering why a government senator is now traversing the issues and why those issues are not dealt with in the same manner you asked me to deal with them in. As far as I am concerned, all bets are off.

**Senator SMITH:** I might just have a more persuasive style than you.

**Senator CAMERON:** I do not know what that means.

**Senator SMITH:** If there is anything in this exchange that should not be revealed, then I am certainly happy to respect that.

**Senator CAMERON:** Chair, when can I get the call?

**CHAIR:** Senator Cameron, I think Senator Smith is just about finished.

**Senator SMITH:** We were just getting to the issue of the two-factor authentication.

**Mr Sterrenberg:** We have a multi-credential security system, so you can choose. We go through three credentials, versus a two-factor. In fact, in some of the services we offer, we offer a two-factor. For example, our mobile channels are two-factor. We use both a position and a knowledge factor on the mobile devices. On the online service we have the three credentials, and our independent security experts believe that that is strong enough at this point.

**Senator SMITH:** I think it is fair to say Australians have a lot of confidence in their exchanges with banks. How would we compare the security and privacy arrangements of the myGov website with those in the banking system in Australia?

**Mr Sterrenberg:** We are comparable.

**Senator CAMERON:** Secretary, were you or any of your officers aware that these security issues with the computer system were going to be raised tonight by a government backbencher?

**Ms Campbell:** I was unaware.

**Senator CAMERON:** I am just wondering: Minister, were you involved with the secretary or any of the officers in giving me advice? Did you discuss the issue of giving me advice not to raise any of these issues in the public arena?

**Senator Payne:** I understood that you had been offered a private briefing and that you took up that offer.

**Senator CAMERON:** So did you have any discussions with the secretary or any of the officers about seeking to keep the issues away from the public domain?

**Senator Payne:** There is a general understanding that the finer detail of the issues should not be in the public domain, and I think that if we can look at the *Hansard* after this evening you will see that Mr Sterrenberg has been very, very careful in the responses that he was able to give to Senator Smith.

**Senator CAMERON:** It just seems quite a bizarre position when the government backbenchers are raising them publically and I am being urged not to raise the issues. That is all. Maybe the secretary or Mr Sterrenberg can advise me: why did you go through these issues that you did not want me to raise in the public arena?

**Ms Campbell:** I think Mr Sterrenberg has indicated tonight that he is able comfortably to disclose some items but not to go further, and I note that he has been very careful in what he has said. Unfortunately I was not at the private briefing to you. I know that it was about specific issues that had arisen and were very topical at that time in the media.

**Senator CAMERON:** Which have been traversed here tonight.

**Ms Campbell:** I am not sure about the context in which that happened, but I do note that Mr Sterrenberg was very careful about where he went in that space. It is very important for us not to go into too much detail here because of the risk to the system.

**Senator CAMERON:** The Senate is entitled to ask the questions. I do not think there are huge security issues here, but I am a bit concerned that there is an attempt to get me not to raise the issues and then the backbench of the government can come out and traverse a range of those issues. It is just a bit bizarre. Anyway, let's move on.

**CHAIR:** I think you know that saying about a conspiracy or a muck-up, don't you, Senator Cameron?

**Senator CAMERON:** Yes. I would go for the muck-up. I want to continue on and I will get some of the issues on security out of the way. There was an ANAO audit report on security, on compliance with the mandatory security documentation. You are aware of the report? In their report they indicated that on security risk management plans you were not compliant, on system security plans you were not compliant and on standard operating procedures you were not compliant. What has been done since the ANAO report to make the security compliant in those areas of mandatory security documentation?

**Mr Sterrenberg:** We can provide you with more details on notice, but I can give you an overview. You would note from the ANAO report that we had partial compliance. There are reasons for the parts of noncompliance, particularly around the patch-in of systems. We are 2½ years into a three-year program of modernising some of our systems, and in the discussions we had with the ANAO the new systems—for example, the new desktop—are compliant with the patch-in, but the older ones, more than 10 years old, are not. Those PCs will be decommissioned at 30 June. To answer the question, we have a plan in place. We shared that plan with the ANAO about the actions that we will be taking, as part of the ongoing actions we have been undertaking since the service delivery reform program, to be compliant within those areas.

**Senator CAMERON:** So what is the time frame to be compliant with the mandatory security documentation?

**Mr Sterrenberg:** I can come back to you with full details. It is quite comprehensive. For the different areas our ability to be compliant will be sooner in some cases and, in other cases, will take a little bit more time.

**Ms Campbell:** For example, some of them require documentation of systems that have evolved over some 30 years and documentation has not been completed over that number of years. So we need to determine how to do that and if it is even going to be possible.

**Senator CAMERON:** I thought after 30 years you might be an expert at it!

**Ms Campbell:** I have not been working on it—

**Senator CAMERON:** I am not talking about you individually; I meant the department.

**Ms Campbell:** These things grew. For example, for some of the systems which we are replacing, such as the desktop that Mr Sterrenberg spoke about, there is no point. We are just going to get rid of it.

**Senator CAMERON:** I want to try to move on. This is a very important issue. Mr Sterrenberg is obviously prepared to give overviews and then provide more detailed analysis on notice. I would like the more detailed analysis, so I am happy for you to take the following questions on notice. Table 6.2 of the report indicates that you are not compliant with risk management and that the requirement is that you treat risks that are deemed to be unacceptable and mitigate residual of risks by introducing alternative security measures. This goes to some of the issues that have been raised here tonight by Senator Smith and issues that I have raised in private briefings. So you are not compliant in that area. Can you give me detail on that. I have not quite worked out what 'minus one' means but it is a requirement that you incorporate the controls outlined in the ISM into the risk management processes and document identified risks, the evaluation of those risks and the mitigation strategies introduced to manage them in the security risk management plan. Do you accept those findings?

**Mr Sterrenberg:** Yes. Response we gave to the ANAO was not only an agreement with the recommendations; we also indicated in that report where we were partially compliant and, where we did have plans, we were able to demonstrate to the ANAO that we were executing those agreed plans.

**Senator CAMERON:** In terms of the penetration testing results—and again, that is something we have heard issues about tonight and that you have discussed with me in some detail—on the Medicare Express Plus mobile phone application, there is one medium and two informational vulnerabilities. Have they been fixed?

**Mr Sterrenberg:** I will take that on notice, but I believe they have.

**Senator CAMERON:** On myGov, which we have discussed, there were four medium, four low severity and four informational vulnerabilities. Do you accept that?

**Mr Sterrenberg:** That one has been remediated. There are two parts to the security reviews. There is normally an assessment made by the penetration testing company and then they give an assessment of individual vulnerabilities. There is then a threat and risk analysis conducted to determine the validity of those vulnerabilities in the combination of security measures that we have, and then an assessment is made on that basis. For example, in the case I have just referred to—as in many cases—the individual assessment was medium but because we had two or three complementary controls the independent assessment viewed the threat and risk on that particular item to be of low value.

**Senator CAMERON:** This is the last question that maybe on notice you can provide some comment on. They indicate that on myGov, which is what Senator Smith and I have raised with you previously, the code is quite sound, with five minor findings. Maybe you can provide some more detail on those on notice, because it is very difficult to understand if you are not an IT specialist.

**Senator Payne:** I am with you there, Senator.

**Senator CAMERON:** I think we need to try and get it in lay terms if we could. On Medicare Express Plus, they say no major vulnerability is identified. So it is a mix of issues, but when ANAO raise them, my estimation of the ANAO is that they are a bit like me: they are very diplomatic in how they express things. So you can read a bit more into them than they actually say. I am always worried about that. Thanks for taking them on notice. I will move to another area.

**CHAIR:** Where did you want to move to now, Senator Cameron?

**Senator CAMERON:** We are still on Corporate Matters.

**CHAIR:** Could you outline an issue perhaps.

**Senator CAMERON:** I will just go to the questions. How many staff does the department currently employ?

**Ms Campbell:** Mr Hutson is going to join us, and he has got those numbers in detail.

**Senator CAMERON:** Just while that is happening, Chair, I need to do ISIS, the IT, staffing.

**CHAIR:** Would it make sense to do IT first, given that some of the IT people are still at the table, and then do staff?

**Senator CAMERON:** I am in your hands, Chair.

**CHAIR:** I saves too much musical chairs going on.

**Senator CAMERON:** Can we just go to ISIS, which is the Centrelink mainframe. That mainframe has been in place for something like 30 years, hasn't it?

**Ms Campbell:** Yes.

**Senator CAMERON:** It has been described as the workhorse. Thirty years is a long, long period. As I understand it, the contract to extend the ISIS system for 10 years was entered into in 2004.

**Mr Sterrenberg:** That is correct.

**Senator CAMERON:** Is that correct, Mr Sterrenberg?

**Mr Sterrenberg:** Yes, it is.

**Senator CAMERON:** When does that contract formally—

**Mr Sterrenberg:** The exact date I think is 16 June.

**Senator CAMERON:** 16 June this year.

**Mr Sterrenberg:** Yes, it is.

**Senator CAMERON:** So we are still under a contract that was signed by the Howard government. It was a 10-year contract signed under the period of the Howard government. Is that correct?

**Ms Campbell:** That is the licensing agreement to use the software which ISIS runs on. But there have been many changes in that period and adjustments as new measures have come on board and other measures have ceased. That is kind of like the Microsoft Word-type thing that we are still putting new documents in all the time.

**Senator CAMERON:** What happened there was that basically we were locked into the system until 2014 by that contract.

**Ms Campbell:** That contract is like a licence to use that system. That contract was put in place for that period of time.

**Senator CAMERON:** So we signed it for 10 years.

**Ms Campbell:** In 2004 it was signed for 10 years.

**Senator CAMERON:** It was a 10-year contract. We have contractual obligations for 10 years under ISIS for the software.

**Ms Campbell:** To use that licence.

**Senator CAMERON:** That software would have been of no use for any other mainframe system, would it?

**Ms Campbell:** It is only used for ISIS.

**Senator CAMERON:** So once you sign a 10-year contract, given that you are locking in for the software, you are actually locking in a specialised software for a specialised mainframe system. Is that right, Mr Sterrenberg?

**Mr Sterrenberg:** Yes, for social welfare.

**Senator CAMERON:** The other use, as I understand it, is that the Pentagon use it as well. Is that correct?

**Mr Sterrenberg:** Yes.

**Senator CAMERON:** Does the Pentagon still use it?

**Mr Sterrenberg:** Yes. My understanding is yes.

**Senator CAMERON:** So the Howard government locked us in to this type of approach.

**Ms Campbell:** Senator, it is usual to have longer term contracts on software of that nature.

**Senator CAMERON:** That is fine. So you have those long-term contracts, but once you sign the contract and you commit yourself to that software—

**Ms Campbell:** You buy that software for that period of time. You may choose to use other software, if you like.

**Senator CAMERON:** But that was specialised software for the ISIS system. Obviously the strategic decision by the Howard government was that we would get another 10 years at least out of the ISIS system. Is that correct?

**Ms Campbell:** The department—or the predecessor—did sign a contract, I understand, in 2004 for 10 years.

**Senator CAMERON:** Is the ISIS in such bad shape that we would be concerned about it being able to meet the needs of Centrelink in the short term?

**Ms Campbell:** It is an old system. It is a legacy system. It runs batches. When it was designed, it would run one or two batches a day. It now runs several thousand in order to function as a real-time system. In the budget for 2013-14, the then government identified money to be spent on a business case to replace the ISIS.

**Senator CAMERON:** It was \$160,000, was it not?

**Ms Campbell:** No, it was approximately \$16 million for the business case over two years. I do not have the exact dollars. It was over two years—2013-14 and 2014-15.

**Senator CAMERON:** That came out of savings from within the department?

**Ms Campbell:** Yes, that came out of savings from within the department.

**Senator CAMERON:** The previous government took steps to try to identify what we would need to do to replace the system?

**Ms Campbell:** To commence the business case, yes.

**Senator CAMERON:** Are you confident that the system will continue to carry out its function until that \$16 million needs analysis is done?

**Ms Campbell:** We are continuing to work with the system. It often requires patches or fixes and it requires constant monitoring. Mr Sterrenberg might be able to talk more about that in technical detail. But that is the layperson's view of it. That is what we have to do to ensure that the system continues to meet the needs of the government.

**Senator CAMERON:** So the system meets the needs of the department in terms of the work that it is doing now?

**Ms Campbell:** It is important that—

**Senator CAMERON:** You can always do better, but we are not facing a meltdown in the system, are we?

**Mr Sterrenberg:** No.

**Ms Campbell:** The system is—

**Senator CAMERON:** This is important. Mr Sternberg, you are saying, no, we are not facing a meltdown.

**Mr Sterrenberg:** No.

**Ms Campbell:** But it—

**Senator CAMERON:** Will we be in a position to do that \$16 million analysis then go through a process of identifying how we take the system forward or what new system will replace it? You are confident that there will not be disruptions of such a magnitude that Centrelink cannot undertake its core functions?

**Ms Campbell:** One of the issues with the system is that it lacks flexibility. It lacks the ability to adapt to change and that has been the case for some years now. It means that changes take some time and, often, a change will be made in one part of the system which leads to adverse outcomes in another part of the system—sometimes that occurs unexpectedly. That is because of the way the system has evolved over many years. It is not a modern system that allows a flexible approach. That is why, in 2013-14, it was identified that there was a need to commence a business case for the replacement of the ISIS. Whilst we are confident it can continue to make the payments—the payment runs that go to citizens, customers, every week—we do not believe it has long-term longevity or the flexibility to change and adapt.

**Senator CAMERON:** You signed a contract that locked you into a mainframe system and specialised software. You locked yourself into that in 2004. You have to expect that these sorts of issues eventually need to be dealt with by purchasing a new, more flexible system. Is that correct, Mr Sternberg?

**Mr Sterrenberg:** Yes, it is. To add to the secretary's comments: ISIS is best described as 3000 functions, 250 work processes and 500 combination screens that require 17,000 batch runs every night to maintain the integrity of the system.

**Senator CAMERON:** As with all IT systems, there is a bit of work needed to keep it going. The longer the system is there and the older the system gets, the more effort you have to put in and the less flexibility you have. None of this was unforeseen, though, was it—over the years?

**Ms Campbell:** That is why, in 2013-14, we commenced the business case.

**Senator CAMERON:** The business case was commenced under the previous government—'Look how we fixed this.' We would not be spending a billion dollars to try to keep it going, would we?

**Ms Campbell:** On an annual basis?

**Senator CAMERON:** On an ongoing basis.

**Ms Campbell:** No.

**Senator CAMERON:** Nobody is arguing that we should spend \$1 billion just to keep the ISIS system going.

**Ms Campbell:** I do not think I have ever seen that figure mentioned.

**Senator CAMERON:** You have not seen that figure?

**Ms Campbell:** That is about running the current ISIS system, to keep it going?

**Senator CAMERON:** Yes.

**Ms Campbell:** No.

**Senator CAMERON:** Would you say that we have a parlous state of affairs with the system?

**Ms Campbell:** The system is very old and it does prohibit changes.

**Senator CAMERON:** You have said that. I am talking about a description of the ISIS system as being in a parlous state of affairs. To me, the ordinary reading of 'parlous state of affairs' means it is just not doing the job.

**Ms Campbell:** You were previously talking through the ANAO report about some of the security issues, and some of those run to ISIS and the documentation of ISIS. Describing the system as having 'issues' is about running, as well as about flexibility, as well as security type issues around the system. Without going too much into those security issues, we are worried about ISIS and that is why we have talked about it to both the previous government and this government.

**Senator CAMERON:** The Treasurer told Radio 3AW that there was a requirement for \$1 billion to be spent—that the system was in such poor repair that at least \$1 billion was required to get it working well enough to enact desired reforms. It was never part of the human services strategy to spend \$1 billion to keep the current system running, was it?

**Ms Campbell:** I do not have the transcript of what the Treasurer said in front of me. My memory was of him talking about a replacement system.

**Senator CAMERON:** I am telling you that this is what was said on Radio 3AW and you can check that. It says here that the human services minister, Marise Payne, confirmed the parlous state of affairs. I assume, Minister, you will take the advice from Mr Sterrenberg and the secretary that we are not in a parlous state of affairs, that we need to do something so that Centrelink recipients can be confident that the system is not in a parlous state of affairs and it is not going to crash to the extent that it is unserviceable.

**Ms Campbell:** I do not think I would use the word 'parlous' but there are problems with the ISIS system. I do worry about its ability to continue to operate in terms of security issues, documentation issues and the fact that when we do make some changes we come up with unexpected outcomes—and that does impact on some citizens and it does sometimes impact on their payments. We sometimes get their payments wrong.

**Senator Payne:** My recollection of the Treasurer's comments is the same as Secretary Campbell's. That was my understanding as well.

**Senator CAMERON:** There was one interview that I indicated, and there was another interview where there was talk about spending billions of dollars and having to find billions of dollars to replace it. The impression that was given in the interview with Neil Mitchell on 3AW was that something had to be done quickly. Minister, can you point me to the budget allocation for replacement—anywhere in the forward estimates where there is an allocation of funding to replace this, given that the Treasurer was talking about the need for a replacement?

**Senator Payne:** I do not think that you would expect the government to provide an allocation of whatever number before the completion of the business case. As you know, the business case, which we have just been discussing, is still underway.

**Senator CAMERON:** How long will the business case analysis take?

**Ms Campbell:** The funding was provided over two years and we are about to finish the first year with some preliminary information, and then we will provide advice to government and then work through more options.

**Senator CAMERON:** I have seen figures of that \$1.5 billion. Does that include the figures in the range of the \$1.5 billion?

**Ms Campbell:** We have not finalised that advice to government.

**Senator Payne:** We are not going to talk about the details of the business case in detail here, before the business case is even at a point of finalisation.

**Senator CAMERON:** But it is 12 months down the track, and if the Treasurer is out there creating concern amongst the community about people being able to access their pensions, Medicare benefits and welfare benefits, I think it is important that we clarify that what the Treasurer is saying, and what the minister has said, about the parlous state is hyperbole and not the correct position.

**Senator Payne:** The state of the system, as the secretary has said and with which I would concur, is a matter of concern. It is not optimal by anyone's standards.

**Senator CAMERON:** I agree.

**Senator Payne:** There is very serious work underway in terms of the preparation in this first stage of the business case. It is a matter which is of concern, as you have said, to senior members of the cabinet. They have raised it and the department will continue to work on that.

**Senator CAMERON:** I have this last question on this point, and then I have other issues. In *iTnews*, there was a detailed interview with you, Mr Sterrenberg, on 8 November 2013. Do you remember that one?

**Mr Sterrenberg:** Yes.

**Senator CAMERON:** You said there—I do not have a copy to hand to you, so I am happy for you to have a look at this on notice—that the \$60 million was there for the business case, that you and your team are now in the process of selling a new business case to the new human services minister, Marise Payne. You said, 'There is no hurry, however.' I am sure you would remember that comment. The article says:

He speaks—  
that is you—



about the workhorse system like an old friend, and one he holds in high esteem.

'It's a soldier. The ISIS system has been a trusted servant of our social welfare program over the past 25 to 30 years.

'A lot of people call it legacy,'—

but you 'prefer to call it heritage.' You want a more modern system that is more agile, but you are not saying, 'Look, we are about to have a catastrophe or any huge problems; we can manage with this system until we get a new one in place.' Is that correct?

**Mr Sterrenberg:** Yes. And it is my strong advice to the department that we need to replace the system.

**Senator CAMERON:** So people should stop getting out there for political purposes and saying that this system is in such bad repair and that there are billions of dollars to be spent on maintaining it—that is not correct. But there is a process, where there is an analysis being made, to get a new system put in place. That process was started under the previous government. Everyone agrees that this is not an optimal system, but it will carry us through until we do this two-year analysis and then set about replacing. Is that your view?

**Senator Payne:** I do not think that you can expect Mr Sterrenberg to agree, or disagree, for that matter, with your political observations in particular.

**Senator CAMERON:** I am asking him to confirm what he said himself.

**Senator Payne:** No, you are not. You did, in fact, in those observations—if you wish to read the *Hansard*—make some political comments. I do not think you can expect Mr Sterrenberg to agree with it.

**Senator CAMERON:** I do not agree with you about it, but anyway. So in the context, let us just do the technical aspects. You are confident, Mr Sterrenberg, that we can get through that period of the two-year analysis, which is one year in, and that the current system will suffice, even though there are problems of inflexibility, increasing downtime and outages because of the age of the system? You are confident it can still be that workhorse for the department until we get the new replacement put in place, is that your position?

**Mr Sterrenberg:** The new system will take a number of years to do. ISIS is obviously a very comprehensive system and we need to do whatever it takes to make sure that we are able to continue the payment of citizens as we always have.

**Senator CAMERON:** I want to go into some staffing issues.

**Ms Campbell:** Chair, do we think that we have finished with the IT issues?

**CHAIR:** Senator Cameron is the person who knows the answer to that, I think.

**Senator CAMERON:** I have some other questions, but I might put them on notice.

**Ms Campbell:** So we can finish with the IT people?

**CHAIR:** Yes.

**Ms Campbell:** Thank you.

[22:34]

**CHAIR:** We will move onto staffing.

**Senator CAMERON:** I think I started this already. How many staff do we currently employ in the department?

**Mr Hutson:** In terms of the headcount of people employed in the department, as at 30 April 2014 the number was 34,160.

**Senator CAMERON:** How many redundancies have been offered since the federal election in 2013?

**Mr Hutson:** I do not have that information.

**Senator CAMERON:** Can someone get it for me by tomorrow morning?

**Mr Hutson:** We might be able to assist you by that stage.

**Ms Campbell:** Sorry, we do not have that, but we will endeavour to have that tomorrow morning.

**Senator CAMERON:** Thank you. Can you also have for tomorrow a look at how many were voluntary and how many were involuntary?

**Ms Campbell:** We have had only one involuntary redundancy. That was a staff member who had decided voluntary and then changed their mind.

**Senator CAMERON:** How many staff does the department employ in the ACT?

**Ms Campbell:** As at 30 April, in the ACT we employed 4,901 staff.

**Senator CAMERON:** So I assume then the same answer. There has been only one involuntary, so there have been no involuntary redundancies in the ACT?

**Ms Campbell:** I am not sure whether that one staff member was in the ACT.

**Senator CAMERON:** How many redundancies have been offered in the ACT? You can take that on notice.

**Mr Hutson:** Since the federal election?

**Senator CAMERON:** Yes. So tomorrow again for that one. Can you take me through the staffing changes that make up the 557 decrease and the 161 increase that is on the estimates of average staffing levels for DHS on page 132 of Budget Paper No. 4? If you need time on that, I am happy to try to have a little package of time tomorrow morning to deal with this.

**Ms Campbell:** So you would like to do this tomorrow morning?

**Senator CAMERON:** I am just alerting you to the issues. It may be quicker. What is the longest continuous fixed-term, non-ongoing tenure that the department has offered and that an employee has accepted?

**Ms Campbell:** Since September?

**Senator CAMERON:** Yes, do that from September.

**Ms Campbell:** I think we can probably do that.

**Senator CAMERON:** How far back in the estimates can you do this in a reasonable manner?

**Ms Campbell:** I think September would be a reasonable period for us to be able to get that information to you by 8.30 tomorrow morning.

**Senator CAMERON:** And then we might look, on notice, to go back further.

**Ms Campbell:** You might want to put some questions on notice.

**Senator CAMERON:** I want to move to the issue of the DHS bargaining. Can you advise me what has caused the significant delays in the commencement of the negotiations for the next DHS collective agreement?

**Ms Campbell:** We do not believe that there have been significant delays. I will ask Mr Hutson to walk us through the process.

**Mr Hutson:** No, we do not think there have been significant delays. The government released the bargaining policy, in my recollection, in late March this year. We had to make some assessments regarding the bargaining policy and also regarding how much financing and requirements were going to be on the department that came out of the budget. Following the budget we issued the notice of employee representational rights. My recollection is that that was on 3 June.

**Mr Hutson:** No. Before a bargaining period starts you have to issue a notice of employee representational rights, which provides for those employees who wish to be represented in the bargaining process to put their names forward.

**Senator CAMERON:** I thought you were talking about something else.

**Mr Hutson:** It is a formal requirement. I think it is probably under the act.

**Senator CAMERON:** That is new to me.

**Mr Hutson:** That was issued on 3 June. We have an expectation that we will commence bargaining on 11 June.

**Senator CAMERON:** Are we in a current agreement? Has that agreement expired?

**Mr Hutson:** No, that agreement expires on 30 June.

**Senator CAMERON:** If there is an extended period of bargaining, is there any back pay to the date of the agreement expiring?

**Ms Talbot:** Back pay could only be provided if there were exceptional circumstances. That is what is outlined in the Australian government employment act.

**Senator CAMERON:** What are the particular circumstances?

**Ms Talbot:** That particular detail has not actually been provided. I will have to take that on notice.

**Senator CAMERON:** What do you mean it has not been provided?

**Ms Talbot:** It does not actually define exactly what exceptional circumstances would be.

**Senator CAMERON:** How long has this been in place?

**Ms Talbot:** The bargaining policy itself?

**Senator CAMERON:** The exceptional circumstances policy.

**Ms Talbot:** My understanding is that exceptional circumstances have been applied previously under other frameworks for bargaining.

**Senator CAMERON:** Have there been any changes to how it has been applied previously and how it is going to be applied by this current government?

**Ms Talbot:** Not to my knowledge. That would be a question for the Australian Public Service Commission.

**Senator CAMERON:** So you do not determine the parameters on how you bargain; the Public Service Commission determines the parameters. Is that correct? How is that bargaining?

**Ms Campbell:** There is a framework that has been issued by the Australian Public Service Commission, and we bargain within that framework. Each agency has different requirements and different productivity issues, and they bargain in good faith.

**Senator CAMERON:** Has the Australian Public Service Commission issued any changes to the bargaining framework since the previous government?

**Ms Campbell:** There is a new framework that has been issued.

**Mr Hutson:** That is correct.

**Senator CAMERON:** So this is a unilateral decision that the employees are faced with—is that right?

**Ms Campbell:** That is a Australian government framework that was previously in place, and the government has issued this framework.

**Senator CAMERON:** What are the changes?

**Mr Hutson:** That would really be a question for the Australian Public Service Commission.

**Senator CAMERON:** No, it is a question to you. You are bargaining with the employees of DHS and we are talking about DHS. I am asking you about your bargaining with DHS employees. Why would I have to go to the Public Service Commission? I am not asking you to change the policy. I am asking what policy are you bargaining under and what are the changes.

**Ms Campbell:** We will take the details of the changes on notice.

**Senator CAMERON:** Can you provide that tomorrow? You should know what the differences are. It should be pretty easy. Can you do that?

**Ms Campbell:** We are focused on sitting with this framework. We have not gone back and done a comparison between it and the previous framework.

**Senator CAMERON:** That is right. You might do that. I want to know what the differences are.

**Senator Payne:** And we have taken it on notice.

**Senator CAMERON:** Can you do that by tomorrow sometime?

**Senator Payne:** I am not sure that we can, given the expectations of the staff that need to be here tomorrow for you and the committee.

**Senator CAMERON:** They do not need to sit here all morning. They can do that.

**Senator Payne:** Then you might decide you want them. So I would prefer them to be here.

**Senator CAMERON:** Have there been any changes to representational rights as far as delegates of the CPSU and other unions are concerned?

**Ms Talbot:** No, those requirements are set out under the Fair Work Act. There are no changes.

**Senator CAMERON:** What are the budget implications for the department of the increased efficiency dividend?

**Ms Campbell:** We can take you to the efficiency dividend increase that was announced in August last year. Do you want to go through that one first?

**Senator CAMERON:** Before we do that, is there any point in dealing with the increase in the efficiency dividend without dealing with the total efficiency dividend?

**Ms Campbell:** I can take you through both the recent increases. There was an increase in the efficiency dividend in August and then an increase in the efficiency dividend in the budget.

**Senator CAMERON:** Can you take me to the implications of that.

**Ms Campbell:** I can tell you the dollar impact on our budget of both those efficiency dividends. If we go to the increase in August 2013, it was a total impact of \$400.3 million over four years. That was \$40.4 million in 2014-15, \$87.1 million in 2015-16, \$135.7 million in 2016-17 and \$137.1 million in 2017-18.

**Senator CAMERON:** What do those quantum represent in terms of staffing?

**Ms Campbell:** We have tried to minimise the impact on staffing, because we think staffing numbers are very important in our customer service role. We are working with the minister on some of the changes, about what the changes may entail to achieve these efficiencies. Some of them will be staff related, some will be property related, and some will be different ways of doing things, such as seeing whether we can save on printing. We are working through those issues.

**Senator CAMERON:** I must say, and this is not a criticism of you, I always get a smile when we hear about millions of dollars of reductions and we are going to do something on printing. I know printing is a big issue.

**Ms Campbell:** In this department it is.

**Senator CAMERON:** I hope it can actually soak up much of your problem.

**Ms Campbell:** I do not think 'much' is a good way of describing it, but we will continue to seek ways of doing that. We have looked at a number of efficiencies so far in trying to achieve those savings, and it is about 300 ASL reduction in 2014-15. But that will grow over time.

**Senator CAMERON:** So there is a process to consult with the CPSU on the implications for their members?

**Ms Campbell:** We have already commenced some of these measures. We have worked with the staff on commencing these measures—

**Senator CAMERON:** When you say 'the staff' does that include the CPSU, as their representative?

**Ms Campbell:** Yes.

**Senator CAMERON:** I will put on notice any further issues on bargaining and staffing. How often is *News for Seniors* published in hard copy?

**Ms Campbell:** It will be published twice per annum.

**Senator CAMERON:** Will it be published in hard copy in 2014-15?

**Ms Campbell:** We are just about to deliver a version out now in 2013-14. It is envisaged it will be issued twice in a financial year.

**Senator CAMERON:** Will it be published in an electronic format in 2014-15 in addition to the—

**Ms Campbell:** It is already done.

**Mr Rimmer:** Yes. It is published in an electronic format and in a range of community languages.

**Senator CAMERON:** In the Commission of Audit there was a range of recommendations applying to the department. Are you working on any of the recommendations arising from the Commission of Audit?

**Ms Campbell:** A number of the recommendations from the Commission of Audit were considered in the budget process and were decisions, and we are working on those decisions.

**Senator CAMERON:** So you are working on them. You have got nothing you can tell us about the implications for the department on that working process?

**Ms Campbell:** The implications were in the budget documents on those proposals and the staffing numbers as reflected in the budget documents.

**Senator CAMERON:** On the National Commission of Audit phase 2 recommendations, I think No. 14 spoke about reducing the number of non-principal government bodies. At page 135 of the audit phase 2 report there is a list of nine DHS non-principal bodies ticked for other action. Are you aware of that?

**Ms Campbell:** Yes.

**Senator CAMERON:** That goes to the Child Support National Stakeholder Engagement Group, Compliance Working Group, CRS Australia, Health Professionals Online Services Sub-committee, National Multicultural Advisory Group, the National Place-Based Advisory Group, the National Student Services Partnership Group, Older Australians Working Group, and Stakeholder Consultative Group. These are mapped as 'other action'. Can you tell me what these other action issues are? What does it mean?

**Senator Payne:** Can we take that on notice given the number of groups there?

**Senator CAMERON:** You can do what you like, but I am not trying to be—

**Senator Payne:** So charming!

**Senator CAMERON:** I did not mean it like that; don't be so defensive. What I mean is that you can take it on notice.

**Senator Payne:** That was I was trying to offer, to get the appropriate detail for you.

**Senator CAMERON:** If you want to take it notice and come back in detail on these, you can do that. That is what the point I am making.

**Senator Payne:** Okay.

**Senator CAMERON:** I did not mean to be churlish or anything like that. I was not doing that. I am sorry—it is getting late at night, so maybe we are all getting a bit tired. If you want to take it on notice, that is entirely up to you, but I am just trying to get some description of what 'other action' means.

**Ms Campbell:** Many of those groups are like advisory groups who provide advice on how programs are delivered and the like. We will work with the government about those groups to determine whether they continue, whether they continue in a different forum or we find that advice from other mechanisms.

**Senator CAMERON:** It would be good if you could come back in some detail, because I am not sure what it means.

**Senator Payne:** Okay, we will do that.

**Senator CAMERON:** I would like to know what I am asking questions about, because I do not know what it means.

**Senator SIEWERT:** Waiting times?

**Ms Campbell:** Waiting times would probably the best answered under 1.1 or 1.2 or 1.3.

**Senator SIEWERT:** I thought it was; I was checking.

**Senator MOORE:** I would like to know what the numbers are in the Social Work Network and where they are distributed. You can put that on notice.

**Ms Campbell:** Good; we probably could not answer where they are.

**Senator MOORE:** I would like to know where they are too.

**Senator Payne:** Everywhere I go, if that is any consolation.

**Senator MOORE:** That is, actually.

**CHAIR:** We will now adjourn and will resume tomorrow morning.

**Committee adjourned at 22:55.**