



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

COMMUNITY AFFAIRS LEGISLATION  
COMMITTEE

**Estimates**

WEDNESDAY, 3 JUNE 2015

CANBERRA

BY AUTHORITY OF THE SENATE

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**SENATE**

**COMMUNITY AFFAIRS LEGISLATION COMMITTEE**

**Wednesday, 3 June 2015**

**Members in attendance:** Senators Carol Brown, Cameron, Leyonhjelm, Ludlam, McLucas, Moore, Polley, Reynolds, Ruston, Seselja, Siewert, Xenophon.



## **SOCIAL SERVICES PORTFOLIO**

### **In Attendance**

Senator Payne, Minister for Human Services

Senator Fifield, Assistant Minister for Social Services

Senator Fierravanti-Wells, Parliamentary Secretary to the Attorney-General

### **Department of Human Services**

#### **Executive**

Ms Kathryn Campbell, Secretary

#### **Outcome 1**

Mr Grant Tidswell, Deputy Secretary, Service Delivery Operations Group

Mr Russell Egan, General Manager, Face to Face Service Delivery Division

Ms Michelle Lees, General Manager, Indigenous, Regional and Intensive Services Division

Mr Graham Maloney, General Manager, Service Performance and Coordination Division

Ms Jenny Teece, General Manager, Smart Centres Division

Mr Bill Volkers, General Manager, Child Support Smart Centres Division

Ms Malisa Golightly, Deputy Secretary, Participation, Aged Care, Service Strategy and Integrity Group

Ms Melissa Ryan, Acting General Manager, Participation Division

Mr Craig Storen, General Manager, Aged Care Division

Mr Nathan Williamson, General Manager, Service Strategy Division

Mr Mark Withnell, General Manager, Business Integrity Division

Mr David Learmonth, Deputy Secretary, Families, Older Australians and Service Information Group

Ms Vicki Beath, General Manager, Older Australians Division

Mr Darren Box, General Manager, Service Information Division

Mr George Thiveos, General Manager, Families Division

Mr Dennis Mahony, National Manager, Families and Child Support Policy Branch

Mr Barry Sandison, Deputy Secretary, Health, Compliance and Information Group

Mr Colin Bridge, General Manager, Health Support and Business Services Division

Ms Alice Jones, General Manager, Health Programs Division

Ms Kerry Vine-Camp, General Manager, Debt, Appeals and Health Compliance Division

Ms Michelle Wilson, General Manager, Strategic Information Division

Mr Jonathan Hutson, Acting Deputy Secretary, Enabling Services Group

Ms Rosemary Deininger, General Manager, Whole of Government Coordination Division

Mr Barry Jackson, General Manager, Corporate Operations Division

Mr Hank Jongen, General Manager, Communication Division

Ms Annette Musolino, Chief Counsel, Legal Services Division

Mr Michael Nelson, General Manager, People Services Division  
Mr Jeff Popple, General Manager, People Capability Division  
Ms Jo Talbot, General Manager, Enterprise Agreement Negotiation  
Mr Gary Sterrenberg, Chief Information Officer, CIO Group  
Mr Mark Jenkin, Chief Financial Officer, CFO Division  
Mr Allan Gaukroger, General Manager, Audit Division  
Mr Tam Shepherd, Executive Director, Welfare Payment Infrastructure Transformation Program

**Australian Hearing**

Mr Bill Davidson, Managing Director  
Ms Emma Scanlan, Principal Audiologist

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

Mr Finn Pratt, Secretary  
Ms Barbara Bennett, Deputy Secretary  
Ms Felicity Hand, Deputy Secretary  
Mr Michael Lye, Acting Deputy Secretary and Chief Operating Officer  
Ms Carolyn Smith, Acting Deputy Secretary  
Ms Jackie Wilson, Deputy Secretary  
Ms Serena Wilson, Deputy Secretary

**Cross Outcomes**

Mr Watson Blaikie, Acting Group Manager, Information Management Technology  
Mr Scott Dilley, CFO and Acting Group Manager, Finance and Services  
Mr Sean Innis, Group Manager, Policy Office  
Ms Margaret McKinnon, Group Manager, Corporate Support  
Dr Tim Reddel, Group Manager, Program Office  
Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal and Compliance  
Ms Sharon Bailey, Branch Manager, Ministerial, Parliamentary and Executive Support  
Ms Tracey Bell, Branch Manager, Communication and Media Projects  
Ms Jess Baxter, Branch Manager, Communications and Media  
Ms Helen Board, Branch Manager, Program Performance  
Mr Peter Broadhead, Acting Group Manager, Deregulation and Property Group  
Ms Christine Bruce, Branch Manager, Program Design and Policy  
Mr David Dennis, Branch Manager, Policy Evidence  
Ms Allyson Essex, Branch Manager, Strategic Policy  
Mr Greg Keen Branch Manager Program Management Transition Team  
Ms Lisbeth Kelly, Branch Manager, Disability Employment Services Program

Mr Leo Kennedy, Branch Manager, Program Support and Selections  
Ms Diana Lindenmayer, Branch Manager, Management Bargaining Team  
Ms Kathryn Mandla, Branch Manager, Policy Systems  
Mr Robert Michie, Acting Branch Manager IT Operations  
Ms Shona Moloney, Branch Manager, People  
Mr Tristan Reed, Acting Branch Manager, Project, Risk and Deregulation Branch  
Ms Chantelle Stratford, Branch Manager, Program Systems and Strategy  
Mr Alan Grinsell-Jones, Branch Manager, Schools, Commercial, Child Care, Disability and Information Law

**Outcome 1**

Ms Cath Halbert, Group Manager, Payments Policy  
Ms Sean Innis, Group Manager, Policy Office  
Mr Paul McBride, Group Manager, Social Security Policy  
Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal Services  
Mr Iain Scott, Group Manager, Housing, Homelessness and Assurance  
Ms Jo Carey, Branch Manager, Portfolio Governance, Welfare and Information Law  
Mr Ty Emerson, Branch Manager, Labour Market Payments Policy  
Ms Allyson Essex, Branch Manager, Strategic Policy  
Mr Murray Kimber, Branch Manager, Social Security Performance and Analysis  
Ms Mary McLarty, Branch Manager, Eligibility and Participation Policy  
Mr Sidesh Naikar, Acting Branch Manager, Family and Students Payments Policy  
Ms Michalina Stawyskyj, Branch Manager, Age, Disability and Carer Payments Policy  
Mr Andrew Whitecross, Branch Manager, Rates and Means Testing Policy  
Mr Philip Moufarrige, Director, Eligibility and Participation Policy

**Outcome 2**

Mr Philip Brown, Acting Group Manager, Families  
Mr David De Silva, Group Manager, Early Childhood Strategy  
Mr Sean Innis, Group Manager, Policy Office  
Mr Evan Lewis, Group Manager, Multicultural, Settlement Services and Communities  
Mr Michael Maynard, Group Manager, Early Childhood State Network  
Ms Cate McKenzie, Principal Adviser, Family Safety Taskforce  
Ms Gillian Mitchell, Acting Group Manager, Early Childhood Initiatives  
Mr Iain Scott, Group Manager, Housing, Homelessness and Assurance  
Ms Margaret Pearce, Group Manager, Early Childhood Care Support  
Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal Services  
Ms Laura Angus, Branch Manager, Multicultural and Communities  
Ms Kristine Cala, Branch Manager, Settlement

Ms Flora Carapellucci, Branch Manager, Birth, Adoption and Care

Ms Belinda Catelli, Acting Branch Manager, ECEC Payments to Families and Services

Ms Tracy Creech, Acting Branch Manager, Families and Children

Mr David Dennis, Branch Manager, Policy Evidence

Mr Alan Grinsell-Jones, Branch Manager, Schools, Commercial, Child Care, Disability and Information Law

Mr Matthew Hardy, Branch Manager, Early Childhood Data and Analysis

Mr Matthew Johnston, Acting Branch Manager, Welfare Conditionality Reform

Ms Amy Laffan, Managing Director, Family Safety Taskforce

Ms Lara Purdy, Acting Branch Manager, Financial Capability and Children's Policy

Mr Damian Coburn, Branch Manager, National Rental Affordability Scheme and Gambling

Mr Stewart Thomas, Branch Manager, Housing and Homelessness

Ms Jane Dickenson, Director, Birth, Adoption and Care

### **Outcome 3**

Ms Rachel Balmanno, Acting Group Manager, Aged Care Policy and Reform

Ms Fiona Buffinton, Group Manager, Access Quality and Compliance

Ms Donna Moody, Group Manager, Ageing and Aged Care Services

Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal Services

Ms Clara Barlow, Director, Investigations and Aged Care Law

Mr Michael Culhane, Branch Manager, Quality and Regulatory Policy

Mr Russell de Burgh, Branch Manager, Policy

Mr Craig Harris, Branch Manager, Access Reform

Mr David Laffan, Acting Branch Manager, Aged Care Complaints

Ms Carol Lankuts, Acting Branch Manager, Aged Care Programs

Mr Nigel Murray, Branch Manager, Funding Policy and Legislation

Ms Louise O'Neill, Branch Manager, Ageing and Sector Support

Mr Ben Vincent, Branch Manager, Home Support Implementation

Ms Bernadette Walker, Acting Branch Manager, Prudential and Approved Provider Regulation

### **Outcome 4**

Mr Iain Scott, Group Manager, Housing, Homelessness and Assurance

Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal Services

Mr Alan Grinsell-Jones, Branch Manager, Schools, Child Care, Disability and Information Law

Mr Stewart Thomas, Branch Manager, Housing and Homelessness



Mr Damien Coburn, Branch Manager, National Rental Affordability Scheme and Gambling

**Outcome 5**

Mr James Christian, Group Manager, Disability, Employment and Carers

Dr Nick Hartland, Group Manager, National Disability Insurance Scheme

Mr Iain Scott, Group Manager, Housing, Homelessness and Assurance

Mr Bryan Palmer, Group Manager, National Disability Insurance Scheme

Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal and Compliance

Ms Karen Wilson, Group Manager, Disability, Employment and Carers

Ms Deborah Winkler, Branch Manager, Governance and Stakeholder Relationships

Mr Mitchell Cole, Acting Branch Manager, National Disability Insurance Scheme Transition and Disability Service

Mr Alan Grinsell-Jones, Branch Manager, Schools, Child Care, Disability and Information Law

Ms Lisbeth Kelly, Branch Manager, Disability Employment Services Program

Ms Jillian Moses, Branch Manager, Financial Policy and Performance

Ms Lyn Murphy, Branch Manager, Disability Employment Services Program Assurance

Mr Warren Pearson, Branch Manager, Business Services Wage Assessment Tool Employment Response Team

Ms Karen Pickering, Branch Manager, Mental Health

Ms Catherine Reid, Director, Disability and Carer Policy

Mr John Riley, Branch Manager, Disability Employment Taskforce

Ms Alison Smith, Branch Manager, Policy and Legislation

Mr Bruce Smith, Branch Manager, Policy and Legislation

Ms Sharon Stuart, Branch Manager, Disability Employment Services Policy

Ms Joanne Llewellyn, Acting Branch Manager, Disability and Carer Policy

**National Disability Insurance Agency**

Mr David Bowen, Chief Executive Officer

Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal Services

Ms Jo Carey, Branch Manager, Portfolio Governance, Welfare and Information Law

Ms Louise Glanville, Deputy Chief Executive Officer

Ms Liz Cairns, General Manager, Operations Division

Mr David Fintan, Acting General Manager, Governance

Ms Stephanie Gunn, Branch Manager, Community Development Authority

Ms Esther Kerr-Smith, General Manager, Market and Sector Division

Mr Stephen Payne, Chief Financial Officer

Ms Anne Skordis, General Manager, Scheme Design Division

**Australian Aged Care Quality Agency**

Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal Services

Ms Jo Carey, Branch Manager, Portfolio Governance, Welfare and Information Law

Mr Nick Ryan, Chief Executive Officer, Australian Aged Care Quality Agency

Mr Ross Bushrod, General Manager Accreditation, Australian Aged Care Quality Agency

Ms Ann Wunsch, General Manager, Operations, Australian Aged Care Quality Agency

**Committee met at 09:00**

**CHAIR (Senator Seselja):** I declare open this hearing of the Community Affairs Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2015-16 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 23 June 2015 and has fixed 24 July 2015 as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business on 12 June 2015. The committee's proceedings today will begin with its examination of the human services portfolio, commencing with Australian Hearing.

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 or 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 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 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)

**CHAIR:** 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.

### **Australian Hearing**

[09:04]

**CHAIR:** I welcome Senator Payne, the Minister for Human Services, and officers of the Department of Human Services and Australian Hearing. Minister, do you wish to make an opening statement?

**Senator Payne:** Good morning, Chair. No, thank you very much.

**CHAIR:** We will move straight to questions.

**Senator CAMERON:** Mr Davidson, welcome. Is Australian Hearing still meeting all of its KPIs?

**Mr Davidson:** Yes.

**Senator CAMERON:** You are still operating at no cost to government?

**Mr Davidson:** Absolutely.

**Senator CAMERON:** I see competition seems to be heating up in the hearing area. I came across some ads for companies setting up and trying to entice people to go to the private sector. How are you dealing with that?

**Mr Davidson:** It is a constant issue for any sort of competitive market. The main issue for us at present tends not to be new entrants; it tends to be people who are already in the wellness or the health sector who are deciding to add hearing services onto their suite of customer services. We offset that by continuing to give absolutely the highest standards of service at the best rates, we believe.

**Senator CAMERON:** In terms of your service, you still have a very widespread service. Have you closed any of your service centres around the country?

**Mr Davidson:** We have closed no permanent centres. We have increased the number of visiting centres but have closed a couple of small ones where the requirement was minimal and we had another centre close enough so that access for the clients was still pretty reasonable.

**Senator CAMERON:** As part of the health committee I visited Elcho Island. How do you deal with a remote community like Elcho Island?

**Mr Davidson:** I will ask my colleague to respond to that.

**Ms Scanlan:** We organise visits to the community a number of times a year, usually between three and four. The audiologists go there and deliver clinical services after consultation with the community to determine what the needs of the community are.

**Senator CAMERON:** I suppose there are still particular problems in Indigenous communities in terms of hearing?

**Ms Scanlan:** There are issues with hearing, and that is why we go into those communities and try to target our services and discuss with communities their needs before we go, so that we can address the hearing concerns around Australia.

**Senator CAMERON:** Mr Davidson, in terms of the scoping study, have you had further discussions about the scoping study and the proposed privatisation?

**Mr Davidson:** No, Senator. We have only been informed as to the deferral of the decision, subject to further consultation with some stakeholders.

**Senator CAMERON:** Have you been consulted as part of that consultation?

**Mr Davidson:** We have not as yet been consulted. We have been informed of the process.

**Senator CAMERON:** Who informed you about the process and when was that?

**Mr Davidson:** The Office of Hearing Services. It was last week, during a regular quarterly meeting. It became part of an agenda item.

**Senator CAMERON:** So it was last week sometime?

**Mr Davidson:** Yes, on Wednesday or Thursday.

**Senator CAMERON:** What was the advice you received?

**Mr Davidson:** The advice was that during July a series of information sessions would be run in three centres, and for the next two or three months they would then be having consultation sessions with all of the stakeholders that had been previously identified during the scoping study. As yet we do not know who those stakeholders are.

**Senator CAMERON:** The Office of Hearing Services will be doing this?

**Mr Davidson:** I think in conjunction with Finance.

**Senator CAMERON:** Have you had any discussion with DHS in relation to any of the issues?

**Mr Davidson:** No, none at all.

**Senator CAMERON:** Minister, are you aware of the fears and concerns that some of the clients and customers of Australian Hearing are indicating about the uncertainty?

**Senator Payne:** I am aware that members of the community who are customers of Australian Hearing have, along the way of the discussion through the scoping study period, certainly raised concerns. Some of their representative organisations have had an opportunity to participate in that. What the government has indicated by Minister Cormann's announcement just before the budget is that we intend to carry out further consultations with the hearing community, most particularly in relation to the engagement with and implications of the NDIS for government funded hearing services.

As you would be aware, under the previous government, when the NDIS was mooted and established, it was to be completely contestable. So hearing services fall into a slightly mixed environment in that regard because of the way Australian Hearing operates and the operation of the private sector. It has become apparent to us through the scoping study and through other feedback from stakeholders that the NDIS establishment and rollout is something that we will have to consider in this process. So I think it is a constructive initiative from the Minister for Finance and one that I welcomed.

**Senator CAMERON:** In relation to this further consultation, what role will DHS play?

**Senator Payne:** Further consultation is directed by the Department of Finance, and we will cooperate completely with them in that regard through me and the secretary, and officers of the department as required.

**Senator CAMERON:** I think Minister Cormann's announcement was on 8 May?

**Senator Payne:** Yes.

**Senator CAMERON:** There were no discussions with DHS or you, Minister?

**Senator Payne:** Not at this stage. In the post-budget environment, obviously, we are preparing for this process of estimates and we will move from there.

**Senator CAMERON:** When was the scoping study completed?

**Mr Hutson:** The scoping study has not really been completed because we are now in the process of having further consultations prior to having it completed. That is being run by the Department of Finance, in conjunction with the Department of Social Services.

**Senator CAMERON:** That is not consistent with what Minister Cormann said. He opens by saying:

The Government will carry out further consultations with the hearing community about the findings of the scoping study ...

Are you telling me that the minister has got it wrong?

**Mr Hutson:** No, of course not, Senator. They are having further consultations about the scoping study prior to making any decisions. The minister's press release says that in the first sentence.

**Senator CAMERON:** 'About the findings of the scoping study'.

**Ms Deininger:** The Department of Finance has been leading the work in relation to the scoping study and has been working to develop the findings. In terms of where those are up to, I think that is really a matter for the Department of Finance. Certainly, as the press release says, there will be future discussions and consultations before the government makes a decision.

**Senator CAMERON:** Minister or secretary, have you seen the findings of the scoping study?

**Senator Payne:** The way in which we are looking at this at the moment is that, having had the work of the scoping study done, by Freehills and PwC, having had that examined within Finance and to some degree looked at by Human Services and by me—I have certainly seen it—the issue is around the process of implementation of the NDIS, its complete rollout across Australia, and the role of hearing services in that—not just in relation to Australian Hearing but generally speaking. Not everybody who is a participant in the NDIS is going to be a client of Australian Hearing, obviously. I think this is a very sensible decision. This is something that it is smart to do, to engage further so that we get a better appreciation of what engagement the clients are going to have in the NDIS process and what the needs will be on this side of the table.

**Senator CAMERON:** Nobody is arguing that point. It is just that Mr Hutson said the scoping study had not been completed, yet Minister Cormann is talking about the findings.

**Mr Hutson:** In providing that answer I was talking about the totality of the process rather than the explicit scoping study.

**Senator CAMERON:** No, I did not ask you about the totality of the process; I asked you about the scoping study.

**Mr Hutson:** My mistake, Senator.

**Senator SIEWERT:** How can you talk about 'further consultation on the findings', which is what the release says, if the people you are consulting have not seen the findings?

**Senator Payne:** The process is an iterative one. It is not one that is put in a small box, left there and finished. This is an ongoing process for government at the moment.

**Senator SIEWERT:** Yes, I understand that. But it explicitly says that there will be 'consultation on the findings'. I understand you want that so that you can then get more information on which to make a decision, but how can people give you adequate feedback on where the scoping study has got to on the findings if you are not giving them the findings?

**Senator Payne:** Probably those sorts of questions, frankly, should go to Finance. We did not run the scoping study. We participated in the scoping study but we did not run the scoping study. So the process itself is a matter for Finance.

**Senator CAMERON:** But we are entitled to ask questions about the scoping study.

**Senator Payne:** Absolutely. I am not saying that you are not.

**Senator CAMERON:** What were the findings of the scoping study?

**Senator Payne:** Senator, I am not going to go into the findings of the scoping study here. It is not my scoping study and it has not been released.

**Senator SIEWERT:** But you have seen it.

**Senator Payne:** I have seen it, yes.

**Senator CAMERON:** How then can DHS make a proper assessment of what is happening with this, certainly in the context of DHS and its involvement with Human Services, if you will not talk about it?

**Senator Payne:** Because it is a continuing process; it is not a secret. There are stakeholder policy implications.

**Senator CAMERON:** But it is a secret—the findings. You will not talk about the findings.

**Senator Payne:** If you would like to be part of the stakeholder consultation, I am sure that I can persuade Minister Cormann, if you are very nice on that particular day, to include you. That might narrow the field, of course.

**Senator CAMERON:** I am always nice, so you do not have to put that qualification; that is just a given.

**Senator Payne:** That is an interesting observation.

**Senator SIEWERT:** Let us not debate that.

**Senator Payne:** How long do we have, Rachel?

**Senator CAMERON:** Rachel, don't you buy in.

**CHAIR:** You are being nice so far, Senator Cameron.

**Senator CAMERON:** So it is not a secret, but you will not tell us about it. What does that make it?

**Senator Payne:** As I have said, it is part of a process—

**Senator CAMERON:** It does not matter if it is a part of a process.

**Senator Payne:** and the release or otherwise of any of that detail is a matter for the Minister for Finance. Did you ask any questions in Finance about it?

**Senator CAMERON:** I am here to ask you the questions.

**Senator Payne:** No, you did not.

**Senator SIEWERT:** Are you aware of whether there will be an overview or a summary document provided to enable or to facilitate the consultation process?

**Senator Payne:** I am not as yet, but I can certainly put that to the minister as a suggestion.

**Senator SIEWERT:** All right.

**Senator CAMERON:** I agree with Senator Siewert: how can you consult if people do not have an opportunity—

**Senator Payne:** I have just agreed with Senator Siewert's suggestion; I will put it to the minister.

**Senator CAMERON:** So you will put it to the minister or you will recommend to the minister? How about a recommendation that it be released?

**Senator Payne:** How about I put it to the minister?

**Senator CAMERON:** How about you recommend it?

**Senator Payne:** I have said that I will put it to the minister.

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

**Senator Payne:** It means that I will put it to Senator Cormann—

**Senator CAMERON:** Put what?

**Senator Payne:** the Minister for Finance.

**Senator CAMERON:** What will you put?

**Senator Payne:** The suggestion that Senator Siewert made about the provision of an overview to facilitate further consultation.

**Senator CAMERON:** How about you go a step further? How about you recommend to the minister that the scoping study does not become secret, as you have indicated—you have said that it is not secret—and how about your recommending that it gets released?

**Senator Payne:** I will have my own discussions with the Minister for Finance.

**Senator CAMERON:** So you have been briefed on the study, have you?

**Senator Payne:** Yes.

**Senator CAMERON:** Who briefed you?

**Senator Payne:** Representatives of the Department of Finance and representatives of the scoping study parties.

**Senator CAMERON:** That was, what, Freehills and PwC?



**Senator Payne:** Just PwC, from memory.

**Senator CAMERON:** When was that?

**Senator Payne:** I do not recall the exact date, but I will check.

**Senator CAMERON:** Was it weeks ago?

**Senator Payne:** No. It was more than weeks ago, but I will check.

**Senator CAMERON:** So some time.

**Senator Payne:** Yes. I will check.

**Senator CAMERON:** So the findings have been available for some time, have they?

**Senator Payne:** I have said that I will check. I am not sure of the date of that consultation.

**Senator CAMERON:** But I am asking you: you were briefed on—

**Senator Payne:** For a period of time, yes.

**Senator CAMERON:** For a period of time; thank you. Who is carrying out the further consultations?

**Senator Payne:** Finance and the scoping study operators.

**Senator CAMERON:** PwC?

**Senator Payne:** Yes, to the best of my knowledge.

**Senator CAMERON:** So you do not have any details about how that is going to be conducted?

**Senator Payne:** Not available here, no.

**Senator CAMERON:** Is there a terms of reference?

**Senator Payne:** No.

**Senator CAMERON:** So it is just further consultation—

**Senator Payne:** I think I would take it as an extension of consultation from the previous scoping study, but any of the detail of this goes to Finance.

**Senator CAMERON:** It can go to Finance but, as it relates to DHS, it can be questioned here.

**Senator Payne:** Certainly. I am just telling you that I do not have the detail that you are looking for and that is a matter for the Department of Finance.

**Senator CAMERON:** You have said that it is not a secret. Can you just explain how it is not a secret if nobody can talk about it?

**Senator Payne:** I know that you would like to build another grand conspiracy, but unfortunately I am not going to be able to assist you with that today.

**Senator CAMERON:** I am not looking for a conspiracy; I am just looking for information.

**Senator Payne:** And I have said that, with regard to the detail of the study itself, which is in the purview of the Department of Finance, that is where you need to ask for that detail.

**Senator CAMERON:** What will DHS's role be in the consultations? Will you be one of the groups consulted, or will you be participating as part of the scoping study group?

**Senator Payne:** I am happy for Mr Hutson or Ms Deininger to answer that.

**Mr Hutson:** The consultation is not the responsibility of the Department of Human Services. I expect that we will be kept informed as they progress, but they are not something that we are actively a part of.

**Senator CAMERON:** Will there be any role for Australian Hearing services in that?

**Ms Deininger:** We expect that Australian Hearing might be consulted in that process. The consultations are being led by the Department of Social Services and the Department of Health and, as has been canvassed, they will establish the consultation arrangements in consultation with Finance.

**Senator CAMERON:** So you were consulted; DHS were consulted by the scoping study group?

**Mr Hutson:** Yes.

**Senator CAMERON:** What issues did you raise with the scoping study group in terms of the proposed privatisation?

**Mr Hutson:** The issues which we would have discussed with the Department of Finance's consultants would have been fairly wide-ranging in terms of considering all of the issues accommodated by the terms of reference, in broad terms. In particular, there are responsibilities that we have in terms of the legislation and responsibilities in terms of our advice to the minister concerning Australian Hearing.

**Senator CAMERON:** What were those wide-ranging issues that you—

**Mr Hutson:** I am afraid that I do not have that detail with me to be able to give you a breakdown.

**Senator CAMERON:** Who from the department sat down with the scoping study group?

**Mr Hutson:** That would have been Ms Deininger and her staff.

**Senator CAMERON:** Ms Deininger, you were there. What wide-ranging issues did you discuss, in broad terms?

**Ms Deininger:** I do not have the information to hand. We had the opportunity to have some discussions in relation to the scoping study.

**Senator CAMERON:** So you cannot remember, or you are not going to tell us what is happening?

**Ms Deininger:** There was some information in the scoping study that there was potentially some factual information about Australian Hearing and the services it offers and how the Community Service Obligation and the Australian Government Hearing Services programs operate. As I recall, we provided some comments to ensure that that information was factually correct and accurate.

**Senator CAMERON:** When did you meet with the scoping study?

**Ms Deininger:** The scoping study has been ongoing for some time. There have been some committee meetings. I would have to take it on notice to alert you to the specific committee meeting times.

**Senator CAMERON:** When you say that there were committee meetings, what do you mean by a 'committee meeting'? Do you mean that this was a committee of people from DHS or that the whole meeting was called a committee meeting? What is the committee?

**Ms Deininger:** There was a committee that Finance chaired and that involved us and others who have an interest in the scoping study. They met on a few occasions. As I say, I would have to take on notice the exact dates of that.

**Senator CAMERON:** Sure.

**Ms Deininger:** But, as has previously been indicated, PwC and the legal advisers were those who took the lead, with Finance, on the drafting of the scoping study.

**Senator CAMERON:** So PwC and the legal advisers. Weren't PwC the lead adviser?

**Ms Deininger:** There were also some legal advisers. I just cannot recall.

**Senator CAMERON:** So they took the lead; is that what you are saying?

**Ms Deininger:** With Finance. It is a Finance responsibility.

**Senator CAMERON:** What was this committee called? It was just 'the committee', was it?

**Ms Deininger:** I am happy to take that on notice. It might have been called a steering committee or something like that.

**Senator CAMERON:** So there was the establishment of a committee that you were part of and you represented DHS on that committee.

**Ms Deininger:** That is right.

**Senator CAMERON:** You only ever gave factual information. Your total input to that committee was providing factual information?

**Ms Deininger:** As I have said, we had the opportunity to provide that factual information and make sure that the information that was in the scoping study about the various programs was accurate. I would have to take on notice what other information we might have provided.

**Senator CAMERON:** Why would you need to take on notice what your input was?

**Ms Deininger:** In terms of the specifics.

**Senator CAMERON:** How many meetings did you attend?

**Ms Deininger:** I am relatively new to the role. I believe that I attended one meeting, but there were meetings previously.

**Senator CAMERON:** Who was responsible for it previous to your involvement?

**Mr Hutson:** Prior to Ms Deininger's commencement at the Department of Human Services, other people in that role or who were in her position would have been responsible for it.

**Senator CAMERON:** How about saving me the problem of asking who that was?

**Mr Hutson:** I am just trying to recall. I think that was Ms Bird.

**Senator CAMERON:** Is she here?

**Ms Campbell:** No, I do not think Ms Bird is here today. She is in another role and we did not bring her to the estimates.

**Senator CAMERON:** That is understandable. Ms Deininger, before Ms Bird moved on, did you receive a briefing from her on the issues?

**Ms Deininger:** As part of my induction, I received a background briefing on the range of issues that are covered in my division.

**Senator CAMERON:** From Ms Bird?

**Ms Deininger:** From the relevant staff in the area as well; some of it was written and some of it was oral.

**Senator CAMERON:** You have said 'as well', so that is an affirmative that you did meet with Ms Bird.

**Ms Deininger:** Yes, I have spoken to her. I cannot remember exactly the conversation with Ms Bird. My division covers a range of issues.

**Senator CAMERON:** The question I have asked—and I am still not clear—is that you did speak to her about the issues raised through her involvement and the department's involvement in the scoping study? Did you get a briefing on that?

**Ms Deininger:** I was briefed in relation to our role in the scoping study. I cannot recall whether it was Ms Bird or a more junior staff member, but I was given information about the scoping study and the fact that it was ongoing.

**Senator CAMERON:** So you cannot remember if the officer that you took over the responsibility from briefed you. Seriously?

**Mr Hutson:** I do not think that was Ms Deininger's evidence. Her evidence was with respect to the specifics. She actually said that she did receive a briefing from Ms Bird and she also received a briefing from junior officers, as would normally be the case when you take over a new role.

**Senator CAMERON:** I do not think it was as clear as that. But, if that is your evidence on behalf of Ms Deininger, you should indicate that you are now speaking for her on this.

**Mr Hutson:** No. I am just giving you a general proposition as I understand it.

**Senator CAMERON:** No. What you are doing is giving me your opinion as to what she said.

**Ms Deininger:** I can confirm that I received a briefing from Ms Bird and from other staff in the area.

**Senator CAMERON:** That was easy, wasn't it?

**Ms Deininger:** Yes. I apologise if I—

**Senator CAMERON:** No, you do not need to apologise. I am not looking for an apology. Were there any written briefs from Ms Bird?

**Ms Deininger:** I received written information about the role of the division and the responsibilities. I could not tell you that it was drafted by Ms Bird or other particular—

**Senator CAMERON:** Yes, I am making it difficult. This was a simple question: did you get a written briefing from Ms Bird about the scoping study?

**Ms Deininger:** As you might appreciate, when you take on a new role, you receive a range of information, both verbal and written, and it is not always clear to say that this particular piece of information was drafted by this particular person or that particular person.

**Senator CAMERON:** Let us try again. Did you receive a written brief on the scoping study?

**Ms Deininger:** I think I would have received some written briefing in relation to the scoping study and where it was up to; I believe so, yes.

**Senator CAMERON:** You believe so; you are not sure?

**Ms Deininger:** Yes.

**Senator CAMERON:** Do you want to take it on notice?

**Ms Deininger:** I will take it on notice and confirm.

**Senator CAMERON:** You took the role over with this written brief—you are not sure who it came from. When did you take the role over?

**Ms Deininger:** In early December.

**Senator CAMERON:** How many meetings had DHS had with the scoping study people prior to your taking over? Would that be in your brief?

**Mr Hutson:** We will have to take that on notice.

**Senator CAMERON:** So you have had one meeting with the scoping study?

**Ms Deininger:** I believe so.

**Senator CAMERON:** That is since December. So in six months there has been one meeting.

**Ms Deininger:** That is a meeting of the steering committee, yes.

**Senator CAMERON:** Was there informal engagement with the steering committee other than through the committee process?

**Mr Hutson:** In addition to the formal meetings of the steering committee, there would have been a wide range of continuing consultations between officers of the Department of Human Services and officers of the Department of Finance. Some of those meetings would have, indeed, been informal.

**Senator CAMERON:** When you say, 'there would have been'—

**Mr Hutson:** There would have been, yes.

**Senator CAMERON:** What does 'would have been' mean? Were there meetings?

**Mr Hutson:** Yes.

**Senator CAMERON:** That is an easier form of words than 'there would have been'. So there were meetings.

**Mr Hutson:** There would have been conversations and meetings, yes.

**Senator CAMERON:** Are there file notes in relation to those conversations and meetings?

**Mr Hutson:** I expect that there would be some notes on those meetings, yes.

**Senator CAMERON:** Can you provide the file notes and the details of the meetings—that is, these informal meetings—that took place?

**Mr Hutson:** We will search the file and see what we have. We will take it on notice.

**Senator CAMERON:** Thanks. Have you, Ms Deininger, come to a view about what DHS's and Australian Hearing's position should be in relation to the engagement with the NDIS?

**Ms Campbell:** With respect to the NDIA, that is a matter for the Department of Social Services. It has been clear that further consultation will be carried out with those entities. The Department of Human Services does not have a policy role in this respect and so it is a matter for social services and the health department from the hearing perspective, and they are the policy owners.

**Senator CAMERON:** But you have delivery responsibilities, haven't you?

**Ms Campbell:** Australian Hearing has delivery responsibilities, but these are policy issues that the government is considering. So we are providing input into these matters, but the policy rests with those two departments.

**Senator CAMERON:** Mr Davidson, have you had any—

**CHAIR:** Senator Cameron, I am sorry to interrupt. I am conscious of the time, and Senator Siewert is waiting. So I might get you to wrap up this line of questioning and I will give Senator Siewert a go.

**Senator CAMERON:** I may have to come back to this line of questioning, but I am happy to wrap up and come back to it, if I need to—if that is okay with you.

**CHAIR:** All right.

**Senator CAMERON:** Mr Davidson, have you had any informal discussions and meetings with the scoping study group?

**Mr Davidson:** Not since last year.

**Senator CAMERON:** So they were in December or November last year?

**Mr Davidson:** I think November, but I can certainly take that on notice.

**Senator CAMERON:** So no discussions for six months?

**Mr Davidson:** No.

**Senator CAMERON:** Thank you, Chair.

**CHAIR:** Senator Siewert.

**Senator SIEWERT:** Mr Davidson, I want to go back to how much of the scoping study you have actually seen and clarify that.

**Mr Davidson:** We have only seen what is in the public arena; nothing else.

**Senator SIEWERT:** So you have not seen a copy of the scoping study that affects your future?

**Mr Davidson:** In terms of the findings?

**Senator SIEWERT:** Yes.

**Mr Davidson:** We saw the terms of reference, but the outcomes?—no, nothing at all.

**Senator SIEWERT:** Have you asked to see them?

**Mr Davidson:** No, not really. I think that is a matter for government at the right time to share whatever information they wish with us.

**Senator SIEWERT:** In terms of the ongoing consultation process that we have been talking about, has it been made clear to you how you will be involved in the ongoing consultation process?

**Mr Davidson:** Not as yet. Having been party to the original consultation, we do expect that we will be part of the subsequent consultation, but we have had no detail on that.

**Senator SIEWERT:** In regard to the briefing process you have already been engaged with in terms of the most recent meeting, can you give us a bit of detail on what was expected of the outcomes from that process?

**Mr Davidson:** It was purely information and an outline to us of the next steps in the process. So it was factual information about the timing and the fact that it was covering previous stakeholders, with a view to understanding the possible impact of the implementation of the NDIS on hearing services.

**Senator SIEWERT:** Has your understanding of that possible impact changed since we talked about this at the last estimates hearings?

**Mr Davidson:** No, because we do not have any clarity on the processes that NDIS will impose when the whole industry becomes contestable.

**Senator SIEWERT:** So you have not spoken to the Department of Social Services further or to NDIA?

**Mr Davidson:** We have had one meeting with NDIA to indicate that we are more than happy to be part of any discovery process they have in terms of getting the best outcomes for our clients.

**Senator SIEWERT:** What is your understanding about where they are up to with such a discovery process?

**Mr Davidson:** They have established an expert committee regarding early intervention. I may throw to Emma Scanlan again because Emma is on that committee.

**Ms Scanlan:** The two principal audiologists from Australian Hearing are on the early intervention committee. We have so far had one meeting, which was on 31 March, to discuss the terms of reference; there were no actual findings from that meeting. I expect that we will continue to meet as a group to talk through the different aspects of the early intervention and how we can bring any expertise from Australian Hearing to that discussion.

**Senator SIEWERT:** So that was two months ago?

**Ms Scanlan:** Yes.

**Senator SIEWERT:** Is another meeting scheduled?

**Ms Scanlan:** Not as far as I am aware.

**Senator SIEWERT:** So it is not such early intervention. I presume that I should ask the NDIA for the terms of reference for that committee.

**Ms Scanlan:** Yes.

**Senator SIEWERT:** What is your understanding of the role that committee is to play in terms of discussing the ongoing findings of the scoping study, given that is the issue around NDIS that is explicitly referred to?

**Mr Davidson:** We do not really know, but I would think this expert advisory committee is purely there to make sure that any hearing issues that currently exist can be captured in any future service delivery model, and I do not think that committee will be part of the scoping study discussions. But I am not aware.

**Senator SIEWERT:** So you are saying that there is a committee that NDIA has that is looking at early intervention for hearing—obviously, looking at that is a good thing—but you do not think that will have any role in the discussion about ongoing consultation with the scoping study, even though it is said that part of the explicit work that will be involved in that ongoing consultation is around interaction with the NDIS.

**Mr Davidson:** I really cannot answer because I do not know what the NDIA, NDIS or DSS decision will be about that committee. Just giving you my personal opinion, I think it is an advisory committee with regard to service delivery and possibly not anything else.

**Senator SIEWERT:** Mind you, I would have thought that was still pretty important.

**Mr Davidson:** Yes.

**Senator SIEWERT:** I want to go back to the issue around the meeting that you had. Was that to update the information on what the next steps are and will you just be included as another stakeholder?

**Mr Davidson:** Again we are not sure how they are going to run the stakeholder engagement; we have not been advised of that. All we have been advised of is the process and we have no detail on that process. But I would hope that we would be part of that subsequent consultation.

**Senator SIEWERT:** How long did the meeting go for?

**Mr Davidson:** It was just one session on a quarterly meeting regarding a large amount of other stuff; it was just an agenda item at the end. It was for our information; we had no real discussion on it.

**Senator SIEWERT:** So it was just a normal meeting where they updated you on the process and you have not seen the scoping study and no-one has briefed you on the actual findings?

**Mr Davidson:** Correct.

**Senator SIEWERT:** Thank you.

**CHAIR:** Senator Cameron, I remind you that we are due to finish this area at 10 to 10, so we will try to stick to time.

**Senator CAMERON:** Yes. Let me formally make the request for the scoping study to be tabled.

**Senator Payne:** We will take it on notice. I would suggest that you make the request to Finance, frankly.

**Senator CAMERON:** Yes; but I am asking you. You have a copy, so I am asking you. How many recommendations were in the scoping study?



**Senator Payne:** I do not have that amount of detail with me.

**Senator CAMERON:** How many of the recommendations affected DHS?

**Senator Payne:** Clearly I do not have the detail with me. If you want to put some questions on notice about this, I will take them up with Finance as to what is possible to respond to.

**Senator CAMERON:** So it is not a secret?

**Senator Payne:** What is not a secret?

**Senator CAMERON:** Do you stand by the statement that you made that the scoping study is not a secret?

**Senator Payne:** Yes.

**Senator CAMERON:** Then why won't you talk about it?

**Senator Payne:** Because I do not actually 'own' the document about which you are speaking. I do not own the scoping study, I do not own the process. The process is managed by the Department of Finance, the Minister for Finance, and the extended consultation is being managed by the Department of Finance and the Department of Social Services.

**Senator CAMERON:** We are here till four o'clock, I think. Could I ask that the department contact the Finance department and seek their agreement to the tabling of the document here so that we can have a sensible discussion about it?

**Senator Payne:** We can put the question to the department, yes.

**Senator CAMERON:** Can that be done today—this morning?

**Senator Payne:** I will take advice from the Secretary. I suspect it can, yes.

**Senator CAMERON:** Secretary?

**Ms Campbell:** Senator, we will ask the Department of Finance.

**Senator CAMERON:** So that would not be a big ask. They will say either 'yes' or 'no'.

**Ms Campbell:** Senator, we will ask the Department of Finance.

**Senator CAMERON:** This morning?

**Ms Campbell:** I am assuming that someone behind me is ringing them now.

**Senator CAMERON:** That is fantastic.

**Senator SIEWERT:** No-one is reaching for their phone, though.

**Senator Payne:** Senator, they are all on silent or turned off.

**Senator CAMERON:** Secretary, I cannot ask for more than that. Well, I could ask for the document. Just table it—that would be a good thing.

**Senator Payne:** Sorry, Senator.

**Senator CAMERON:** Mr Davidson, the speech processor upgrades—remember we had the discussion about that at the last estimates hearings? Where are we up to with the funding for the upgrades and what are the implications of the funding issues?

**Mr Davidson:** If you do not mind me doing a tic-tac with my colleague; Emma can come in when I flounder a wee bit. There was a significant increase in demand that was not part of our forecast as a result of two elements. One was that the uptake of bilateral implant was

greater than at any time in the past and, in fact, was 30 per cent higher than the previous year. If you are looking for two to three to four per cent growth each year, we were woefully short in our forecast at that stage. Secondly, I think Cochlear themselves were very comfortable in spruiking the new upgrade and causing possibly greater demand than was expected, as well. Given that the funding is capped, we had to go and revisit the clinical criteria for the upgrade so that any person who had a genuine need to be on air would be on air. The previous processor of the Nucleus 5 and the Nucleus 6, the new processor, have only one fundamental difference. The reduction of noise in noisy situations is currently available in Nucleus 5, but you have to actually physically go in and adjust it yourself. The new Nucleus 6 does an automatic activation of that process. Emma, the process for deciding the clinical need?

**Ms Scanlan:** We reviewed the candidacy criteria specifically for upgrades from the Nucleus 5 to the Nucleus 6. The focus is always on making sure that every child is on air at all times. So we looked at which groups of clients would benefit the most from that upgrade. We based that on reviewing the scientific literature and also information on the features and benefits of the processors. We also consulted with the implant clinics to see who would actually benefit from this automatic access to the features that are available in the Nucleus 6 processor.

**Senator SIEWERT:** Who did you decide would be the main beneficiaries of that?

**Ms Scanlan:** Children under the age of five—

**Senator SIEWERT:** Who could not—

**Ms Scanlan:** who were unable to, yes, physically; and also older people who had an additional disability that would make it more difficult for them to access that feature themselves.

**Senator SIEWERT:** Have you turned down people who have sought an upgrade because it is capped? I understand what you have done with the criteria. How many people have you had to then say no to?

**Ms Scanlan:** As of 31 March, we had had six people who had asked for a review or made a complaint about the change in the candidacy criteria, people who had come in. But we do have a process for anyone to come in—the information is on our website—and actually have an individual review of the decision and we also have outlined the candidacy quite clearly on the website.

**Senator SIEWERT:** But you have only 'turned away'—sorry, they are not quite the right words—there are only six people that have missed out. The others may well have self-selected when they looked at the criteria. Would that be right?

**Ms Scanlan:** They were the people who had actually contacted us to make a complaint. There may be other people who had asked for a review and who were not successful in obtaining the upgrade, but I would have to take that question on notice to get the actual figure.

**Senator SIEWERT:** If you could, that would be appreciated. Thank you.

**Senator CAMERON:** Mr Davidson, how is the uncertainty for staff being handled?

**Mr Davidson:** We have been in this uncertain state for some time now.

**Senator CAMERON:** For how long?

**Mr Davidson:** Since the scoping study was announced and taken on board. I have to say that our staff engagement numbers are at the highest ever. Our vacancy for employees is at the lowest rate ever; in fact, in clinical services, it is less than one per cent at the present moment. In addition, lost time through unwarranted sickness levels is at the lowest ever. So, taking those three criteria, you would have to assume that the staff are comfortable with the current situation. That is not to say that that will continue forever. But at the present moment, I would say that there will be pockets of uncertainty but, in the main, it appears to be tracking fairly well.

**Senator CAMERON:** So they are pretty resilient at the moment?

**Mr Davidson:** People are.

**Senator CAMERON:** This will not be resolved, as I read it from the minister's letter, until the second half of this year, until some time late this year. Is that your understanding of the time frame?

**Mr Davidson:** It is. I have been reading the same publications that you have.

**Senator CAMERON:** So you do not have any copies of the secret document?

**Mr Davidson:** No, absolutely not.

**Senator CAMERON:** The government's secrecy has held firm. Thank you for that.

**CHAIR:** Are we done with Australian Hearing?

**Senator CAMERON:** And we are early.

**CHAIR:** Thank you very much. I know that there are a number of senators with questions in this area. Again I will start with you, Senator Cameron; I will give you about 20 minutes and then I will go to others and we will just go back and forth a little. I will go to Senator Cameron.

**Senator CAMERON:** Are we in cross-portfolio?

**CHAIR:** Yes, cross-portfolio. In consultation with the secretary, in particular—I think this is the way that we have done it in the past—given that there is only one outcome, we tend to just go across the issues. I suggest that is the best way to go.

**Senator CAMERON:** Minister and Secretary, I want to go to the ANAO report. I suppose I could ask the question that is asked in the publication: what kind of government service puts the public on hold for 811 years?

**Ms Campbell:** I am not sure where the 811-year number comes from. So I cannot answer that. It could be made up, for all I know. If we go to the substance of the ANAO audit, I think there is a waiting time, which of course has been quite transparent in the last number of PBSs and annual reports.

**Senator CAMERON:** I have heard other adjectives used as well as 'transparent'.

**Ms Campbell:** That KPI has been in place under this government and the previous government.

**Senator CAMERON:** Do you have the report before you?

**Ms Campbell:** Yes.

**Senator CAMERON:** Can I take you to page 12. We will go to the overall conclusion. Basically, in paragraph 7 on that page, they talk about the service being unique, being technically complex and being different from anything that applies in the private sector. Do you agree with that?

**Ms Campbell:** Yes.

**Senator CAMERON:** So it is quite a different organisation from—

**Ms Campbell:** Very much so. Particularly with the complexity of the legislation and the framework that has grown over many years, it is very complex. Many customers call seeking for us to decode that for them in order to understand how that fits together.

**Senator CAMERON:** So you need highly skilled, highly trained people operating at the front line?

**Ms Campbell:** We have highly skilled, highly trained staff answering those calls.

**Senator CAMERON:** In the introduction on page 11, they say that the cost is about \$159 billion a year, dealing with about 59.5 million calls, \$338 million for telephones and you are still implementing the smart-centre approach.

**Ms Campbell:** We are.

**Senator CAMERON:** One of the things in the ANAO report that raised my eyebrow a bit was that the report was dealing with the telephony as distinct from any other service.

**Ms Campbell:** Yes.

**Senator CAMERON:** I was wondering how the ANAO could actually get a fix on the issues, given that telephony and service are a mixed function.

**Ms Campbell:** I think you would have to ask the ANAO that question.

**Senator CAMERON:** I have asked them, actually. But I was wondering what your view was in relation to how you disaggregate that.

**Ms Campbell:** We did raise with the ANAO throughout the process of the audit that it is a holistic service. We have the telephony, we have the digital offerings and we also have face to face. Of course, in that smart-centre mix, both telephony and the processing, one of the objectives of the smart centre, having telephony and processing together, is for us to be able to balance our supply of staff basically with the demand that is coming in on any occasion. So we did raise with the ANAO that these were very complex and intricate services that were provided.

**Senator CAMERON:** I have been keen to try and deal with it in that context. That is not to say that some of the criticisms are not issues that I want to raise with you today, but I am aware of that complexity. Minister, have you had a briefing from ANAO?

**Senator Payne:** Not from the ANAO, no.

**Senator CAMERON:** Did you think about getting one?

**Senator Payne:** I have been consulting significantly with the department—I am sorry, 'significantly' is not the word I wanted—'comprehensively' with the department on this during the process of the audit and the release of the audit, obviously with the secretary and the senior officers, and these are issues with which I and previous ministers have been dealing on a daily basis for some time.

**Senator CAMERON:** I must say, I sought and received a briefing and it was very helpful to understand the issues in the report, because obviously the secretary cannot give you all the answers from the ANAO context. I am just a bit concerned that you did not seek to get that wider briefing on this very important document. Okay, so no briefing. There is the issue of the 16 minutes. I understand that you have said that is the KPI that has been there for some time. One of the areas was that—this is paragraph 10 on page 14 of the report—many customers waited an average of nine minutes and 42 seconds before hanging up. Does the department think that is the pain threshold and that is when people just cannot stand it any longer?

**Ms Campbell:** We tried to make the point with the ANAO on a number of occasions around what are called 'abandoned' phone calls. Sometimes it can be because customers may have received the information that they were looking for, because we have prerecorded messages which provide detailed information on, sometimes, changes to payments, what the payments mean and the wait times. We also in our prerecorded messages alert customers to the use of digital services where they can get on line some of this information which they may be seeking. When a customer abandons, it is not clear to us whether they have to do something else with their time or whether some of their information needs have been met.

**Senator CAMERON:** I have not rung up, to be honest. How long are the prerecorded messages for?

**Mr Tidswell:** That would vary, according to the program or the line that people come through. But sometimes when there are particular government initiatives that are related to a particular customer group, like families, then we will have on that general families queue a recorded message that you do not need to do anything further or this is what you need to do, and in some instances it can be quite lengthy. So what people do is they talk into the telephone and that interprets where they would go to in that message as a result of their inquiry. So quite often, as Ms Campbell has said, our customers get the information they need and they can then go on and go about their life.

**Senator CAMERON:** Can you give me details of how long the recorded message is on each different source of incoming?

**Mr Tidswell:** We will take that on notice, but I expect that would be quite a challenging thing—

**Senator CAMERON:** Would it?

**Mr Tidswell:** because it is a very complicated IVR with numerous utterances that will direct you to various places depending on points of time.

**Senator CAMERON:** I do not want to put the department to any unnecessary work on this—I want to be clear about that—but I would like to get some rough idea, even. The argument that you are putting back to me—that is, the department—is that yes, you look at that nine minutes and you are putting to us that people are getting genuine help during that nine minutes—

**Mr Tidswell:** Yes.

**Senator CAMERON:** But how long does the genuine help last for? If you are telling me that the genuine help lasts for one minute, then we have another eight minutes that people are hanging. If that help goes for five minutes, it is less that people are hanging. These are some of the issues—

**Senator Payne:** Could we provide you with a sample across a couple of different lines?

**Senator CAMERON:** Yes, that would be handy. What is your longest wait time and in what area? It is welfare, isn't it?

**Mr Tidswell:** What was the—

**Senator CAMERON:** What is the longest wait time?

**Mr Tidswell:** In the IVR?

**Senator CAMERON:** Yes, for any of your services?

**Ms Campbell:** For answering a call?

**Senator CAMERON:** Yes, the KPI ones.

**Ms Campbell:** On average, the longest?

**Senator CAMERON:** Yes. Is it welfare?

**Mr Tidswell:** We obviously have a number of different lines. There will be wait times above the 16 minutes wait times.

**Senator CAMERON:** Why don't you take that on notice? I am happy with what the minister has put to me.

**Senator Payne:** Thank you.

**Senator CAMERON:** We will do that sample. I might come back outside estimates or later today and say, 'Can you have a look at these specific ones?' That is okay. You have got 12.9 million abandoned calls and 13.7 million blocked calls; that is, about 31.7 per cent of total calls are blocked. I have not been out there. Have you got a control room?

**Mr Tidswell:** Yes, Senator.

**Senator CAMERON:** I should come and have a look at it. It has been described to me in layperson's terms as a big pipe. The calls come in through this big pipe and sometimes the pipe gets overloaded, so you restrict the pipe. And what can't get in goes to a 'call engaged' signal. Is that correct?

**Mr Tidswell:** One of the things we have done over some years is attempt to restrict the amount of call blocking, which effectively means the customer will receive an engaged signal over some time. We have reduced that by about 66 per cent over the last few years deliberately so that people can get the choice to enter into that IVR and get information about the service they might need.

In that sense what happens is that at certain points—say, at the end of the day—we have to clear the queues out. It is no different, in a sense, from running a club or a bouncer letting people come in to that environment. You can only let a certain number of people in to that environment to protect the telephone infrastructure and to make sure that you handle the workload in a suitable fashion; otherwise we would be working every day of the week 24/7. So we try to restrict it very much to a demand situation where we do it, or to protect our infrastructure. The easiest way to fix wait times is to introduce more engaged signals. Previously, that is what we did. With respect to the level of blocking previously, there were far more blocked calls than we ever answered in any given year.

We went to the industry. They told us that, to understand your true demand, you need to restrict your blocking as much as possible. We then surveyed our customers and they said,

'We would prefer to be able to make a decision about wait times.' We advertise those wait times on those phone lines now and people can then make the choice about waiting or not. On top of that, we have put in a 'place in queue' that gives people the chance to be rung back at their convenience when their call would have received that wait time.

**Senator CAMERON:** I read some of the critiques. I am sure you have as well. There are quite a lot of them. I have never seen so many. I did not realise this would run, and I am sure the minister and the secretary did not think this would run, as long as it did. I think it is going to continue to run, given this report. This is quite a serious issue. These are citizens of Australia engaging with government. More citizens engage with government through this process than any other process. This is their engagement with government. The ANAO has highlighted that it is not very effective for lots of citizens. It is certainly not good enough. Even the way you measure the wait times and the KPIs is critiqued in this report. They talk about the ATO KPI being 80 per cent within five minutes. That is on page 15. Since this report, have you given any consideration to reverting to what the ANAO seems to say is best practice on the measurement of wait times?

**Senator Payne:** I will ask Secretary Campbell to answer that. It is worth noting, in regard to some of the comparisons that are made in the report by the ANAO, that the ATO takes 10 million calls a year. We take 59½ million calls a year. I understand the point that they make about what is desirable, but you need to be comparing apples with apples, in my humble personal opinion. I will let Secretary Campbell talk further about that.

**Ms Campbell:** Yes, the ATO do take a lot less phone calls. They do deal with a different subject matter. I accept that the tax system is very complex as well, but we are often dealing with multifaceted issues. Customers will ring up not just about their family tax benefit but about their family tax benefit, their Newstart allowance, their rental assistance and various other issues. Often, if we have vulnerable customers, we will also look to referrals to other services that they may need. The tax office does not have that spread of responsibilities.

The report at one point says that we are unique and that we are quite different from anything else, but then it does go on to compare us with others and their wait times, which is somewhat challenging for us in making that case. So, yes, we are constantly looking at this issue. We are constantly reviewing these matters. Up to 2012, we used to block calls on entry. I think we used to block some 43 million calls. We would start blocking calls at five past eight in the morning so that people would have shorter wait times. But I think we had approximately 8,000 complaints a year about the engaged signal. We get probably a similar level of complaints about extended wait times. But as Mr Tidswell said, the advice, when we went out to customers and to the private sector experts on smart centres, was that people did want to know what the wait time was, rather than receiving that blocking and continuing to have to call.

**Senator CAMERON:** Can I take you to page 26 of the report. The minister offered to look at a number of the areas. Table 1.1 shows the top 10 telephone lines by number. The biggest is family and parenting; employment service is No. 2; disability, sickness and carers is No. 3; and then you jump down to participation solutions. Would it be possible to give me the times for the digital help—not the digital help—

**Senator Payne:** The IVR.

**Senator CAMERON:** On those four?

**Senator Payne:** Is that what we were talking about earlier?

**Ms Campbell:** Yes, we can do that, Senator. We will take it on notice.

**Senator CAMERON:** I am not sure whether other people might think there are more important ones but they are the big ones.

**Senator SIEWERT:** You did not bring those numbers with you when you knew very well that we would be talking about wait times?

**Senator Payne:** Senator Siewert, I do not think Senator Cameron is just talking about wait times. He wanted to know how long the IVR message went for.

**Senator CAMERON:** Yes.

**Senator Payne:** And what its wait time was.

**Senator CAMERON:** Yes. We have not even covered the wait times yet.

**Senator Payne:** No, I understand that. So there is a distinction between these two points.

**Senator CAMERON:** It is a different debate. Thanks for that.

**CHAIR:** Senator Cameron, if you are looking to move on to other areas, you are just about out of time on this.

**Senator CAMERON:** I have lots of different—

**CHAIR:** I know you do. You can have a couple more minutes and then I will go to Senator Reynolds.

**Senator CAMERON:** With respect to the issue of the computer system fixing this in the long term, I need to understand how the computer system, if it is not going to be up and running for seven years, will fix this problem.

**Ms Campbell:** Senator, you took us to table 1.1. The largest number of calls we have is families and parenting, at 6.6 million, compared to the next closest one at three million. Many of those customers are not customers of other services. Many of those customers are family tax benefit customers who may be in employment and may have regular interaction with digital services. So our strategy is to try and get as many of those customers onto digital services as possible so that we can free up this very popular service and this very popular channel. We are constantly looking at channel management. The new ICT system is very important in that, so that we can get best practice, really good digital products to the market, so that customers are able to use those and want to use those and will stick with those channels, rather than going back to telephony.

**Senator CAMERON:** But the ANAO report actually deals with the whole issue of channel management.

**Ms Campbell:** It does.

**Senator CAMERON:** They reference in here an OECD report on channel management. They indicate that channel management and digitisation are not delivering the benefits, the cost savings and the improved service that many governments around the world have forecast, because of the complexity of what you are dealing with. We spoke about that earlier. The complexity means that even if there is an app, even if there is a digital channel, people end up



saying, 'I have to get back and talk to somebody about this.' The digital channels overseas are actually creating more work for face-to-face delivery. So this is the conundrum.

**Ms Campbell:** The government has other initiatives in place. The McClure report on the social services framework has also reported. Our colleagues in the Department of Social Services are looking at whether there are ways to simplify the payment system so that it is easily able to be understood by citizens.

**Senator CAMERON:** That is a debate for another place because simplification of the system means that there are other implications for citizens who may not get a payment that they otherwise would have received. So there are other debates—

**Senator Payne:** I am sorry, Senator Cameron; I do not understand what you mean.

**Senator CAMERON:** If you simplify the system, you make it less flexible. It is not more flexible; it can be less flexible. That is another debate; it is not for here. But even where there are flexible systems, the McClure report is based on the British experience. The British experience still shows that by using digital it creates more calls back to face-to-face.

**Ms Campbell:** I do not think that is the evidence.

**Mr Tidswell:** I disagree with that. The evidence is not there in face-to-face. You were right in your opening comments about the complexity of the service delivery system that we run. In the last financial year there were 26.5 million transactions and contacts in our face-to-face environment, 59 million in the call environment, and 101 million self-service transactions in the last financial year. So it is a big, complex system. But the evidence is overwhelming. We are getting more and more people taking up the self-service offerings. We are getting well over 80 per cent of people reporting—

**Senator CAMERON:** So the 16 minutes is going to come down; is that what you are telling us?

**Mr Tidswell:** I am not saying that, Senator.

**Ms Campbell:** He is not saying that.

**Senator CAMERON:** That is what I want to talk about.

**Mr Tidswell:** I am saying more and more people—

**Senator CAMERON:** You tell us all of this stuff. We need to talk about how you can give citizens in this country a decent service. That is what we have to talk about.

**Mr Tidswell:** There is a lot going on, Senator.

**CHAIR:** You can get into some more detail on that when we come back to your questioning, if you like, Senator Cameron. I will go to Senator Reynolds now.

**Senator REYNOLDS:** Thank you, Chair. I would also like to pick up on some of the issues Senator Cameron has discussed this morning about the telephony system. Clearly, from the discussion this morning, it is a very complex system and environment. From what you are saying, is it the most complex of any federal agency?

**Ms Campbell:** We think so.

**Senator REYNOLDS:** Clearly, from what we have heard, something this complex is not only challenging but it is quite easy to sensationalise it, having regard to some of the headlines we have heard quoted this morning. What I would like to do first of all is to

understand the complexity of the problems that you face. Can you go through and quantify a bit further exactly what that problem is? If we understand the problem and the complexities, it makes it easier to understand how to fix it. Could you verify some of the numbers? How many clients do you have potentially who are going to seek information and advice from you every year?

**Mr Tidswell:** In the Centrelink program there are about seven million. As you can see from those figures within the ANAO report about top 10 telephone lines, there are obviously a lot of people that ring us more than once in any given year.

**Senator REYNOLDS:** So the potential users of this service at the moment are about seven million people and quite often on multiple occasions?

**Mr Tidswell:** That is right, Senator. In any given week we answer about 200,000 calls that are really general inquiry calls. They are about: 'When is my payment due? How does this work in the system? My child is attending childcare,' et cetera. One of the things we are trying to do is build more information offerings, either aurally through the IVR that we talked about earlier, or through the website, so that people have more of the information they need to understand what they are entitled to, and then go off and take action to self-serve.

**Senator REYNOLDS:** Could we go through the categories of calls and unpick them further? The first one is people seeking basic information?

**Mr Tidswell:** Yes, Senator.

**Senator REYNOLDS:** I think the secretary indicated that there was a multitude of different programs. Do you have any idea of how many programs and types of questions somebody who answers the phone might have to deal with?

**Mr Tidswell:** That is a challenge, absolutely, because it can be quite difficult for one individual agent to have the ability to answer all the things that one particular family might be entitled to. So it is challenging. What we are seeing is that we are getting more complex inquiries. As we push more for self-service and more for transaction work and activities done by the customers themselves, our agents then are dealing with more complex activities. One of the things that is going on is that you are getting a longer handle time, which means fewer calls—

**Senator REYNOLDS:** Because of the complexity?

**Mr Tidswell:** That is right. Fewer calls can be taken. In some instances we are able to finalise and finish those activities. In our families queue, for example, if someone rings and we can determine that it is to do with the progress of their claim, because they will speak that into the system, we will transfer them to an agent who is processing that claim. So in some instances it might take a little longer, but the work is done, the work is finished, and there is a great outcome for our customers.

**Senator REYNOLDS:** Someone on the first call is actually giving answers to the questions they have?

**Mr Tidswell:** That is right. That is what we want to try and do more of, to try and ensure that when the inquiry load comes through that it is a complex inquiry that cannot be handled by the individual themselves and it goes to the right agent with the right skill tag to do that work. We know there are a lot of moving parts to our system.

**Senator REYNOLDS:** So would it be safe to say then that you are getting—what did you say?—60 million calls per annum?

**Mr Tidswell:** Fifty-nine, yes.

**Senator REYNOLDS:** Fifty-nine; close enough to 60.

**Ms Campbell:** It is close to 60.

**Senator REYNOLDS:** The tax office gets about 10 million a year?

**Mr Tidswell:** That is right.

**Senator REYNOLDS:** So seven million clients, 60 million calls, and 20,000 a day—

**Mr Tidswell:** This is just the Centrelink program.

**Senator REYNOLDS:** were answered?

**Ms Campbell:** This is just the Centrelink program; this is not the Medicare Master Program or the Child Support Master Program.

**Senator REYNOLDS:** So a lot; hundreds of thousands. At the moment you are trying to move those people who have information inquiries that can be dealt with either on your recorded messages or digitally out of the telephony system so that your operators can then effectively and expediently deal with more complex advisory issues and perhaps even referrals or those sorts of things?

**Senator Payne:** And our more vulnerable customers, yes.

**Senator REYNOLDS:** And the more vulnerable customers—spend more time on the phone with them. Just to clarify: you have got the telephone, you have got digital services and you are obviously still physically going to the offices and talking to someone face to face. Are those the three main avenues—

**Mr Tidswell:** Absolutely, we have got the telephone, but within the telephone we have four 24/7 telephone lines where people can get information and do self-service. There is a phone self-service and we take about 5.5 million transactions per year in that area. We then have our digital offering, which is the online delivery, which invariably is more likely to be claiming activity, and that is increasing considerably. And we have our mobile transaction activity that last year did about 36 million transactions.

**Senator REYNOLDS:** On smart devices?

**Mr Tidswell:** On smart devices. Increasingly, more and more people are self-selecting to do that work and that activity themselves. We are trying to encourage and teach people how to use the digital service offering. Often a lot of the work our staff are now doing is not only explaining how it works but also encouraging and helping people to do that.

**Senator REYNOLDS:** To do it themselves.

**Mr Tidswell:** That is right. You will have seen that at the front of our service centres we have a digital service offering. We try and sit down with our customers—and we do not do certain work like we used to do for everybody. We show how you can use it yourself. You can go in there during our operating hours from Monday to Friday and use those self-service computers.

**Senator REYNOLDS:** I have seen those with the minister.

**Senator Payne:** We have.

**Senator REYNOLDS:** They are very effective. We have seen people use them and get assistance. With that volume of demand on the telephone system itself, obviously you are going to try and upgrade the system and your processes to make it more effective. You are getting some people off the phone so that others can then engage one to one on more complex issues. Can you explain a little more about this call blocking issue? How does that impact? Why did you introduce call blocking?

**Mr Tidswell:** Previously call blocking was used literally as a way to prevent customers entering the queue. It is the simplest and easiest way—

**Senator REYNOLDS:** To reduce call waiting times.

**Mr Tidswell:** to effectively game the system to deliver a result.

**Senator REYNOLDS:** You have great statistics.

**Mr Tidswell:** Correct.

**Senator REYNOLDS:** You cannot report what you don't know.

**Mr Tidswell:** That is right, Senator. We were told some years ago—this was before the department was created—that if you do not understand your demand, you will not be able to manage your demand. If you block, you will prevent people from entering that system. When we say there were 13 million blocked calls last financial year, they are blocked call attempts. That is where somebody could be sitting at their office desk or in their home hitting re-dial 10 times in the space of a very short period of time. They are call attempts. In the crudest and simplest way, the best analogy is how you would deal with a hotel or a club environment that is only licensed to take 500 people and you only let 20 in when 20 come out. It is the simplest way of giving the better average speed of answer.

**Senator REYNOLDS:** Some of these 13 million blocked calls could well have been, as you said, the same person who is just sitting there going redial, redial, redial—

**Mr Tidswell:** That is right.

**Senator REYNOLDS:** within one minute or two minutes.

**Mr Tidswell:** That is right. We have no way of identifying that unless we do some sample survey or something to find out exactly how that occurs. Blocking occurs everywhere in contact centre environments. If a contact centre operator tells you that they do not block, I would not necessarily believe them, because everybody has got a bandwidth—

**Senator REYNOLDS:** Having experienced it regularly myself with other services, I know exactly what you mean.

**Mr Tidswell:** That is right. Our customers have said that they do not like it. What we do now is advertise a wait time. We have been extraordinarily transparent in this process. We advertise the wait time, which leads me to have some difficulty with complaints and other activity. But then people can make a choice. That is what our customers have told us.

**Senator REYNOLDS:** In an axiomatic or a perverse way, by actually reducing the amount of calls blocked, in the long-term it is going to allow you to provide a better service because you know what the demand is and then you can deal with it through the telephone, smart devices or anything else.

**Mr Tidswell:** Yes.

**Senator REYNOLDS:** So while it might be a bit frustrating for those people who do experience longer call times, in the longer term it will make things easier.

**Mr Tidswell:** That is right. On top of that, for some of the more vulnerable customers, we do not block. With some of the more vulnerable queues, effectively, we have a very low average speed of answer.

**Senator REYNOLDS:** Have you got any examples of that?

**Mr Tidswell:** We have; the income management BasicsCard after-hours number. We have an average speed of answer—this is year to date up to 24 May this year—of two minutes and 18 seconds. For the BasicsCard inquiry line—this is not a small line; it has taken up to a million calls up until 24 May this year—the average speed of answer is nine minutes and seven seconds.

**Senator SIEWERT:** Over what period of time?

**Mr Tidswell:** This period of time is for this financial year—year to date up to 24 May 2015.

**Senator REYNOLDS:** Sorry, Mr Tidswell; what line is this one?

**Mr Tidswell:** That is the income management BasicsCard inquiry line.

**Senator REYNOLDS:** That was a two minute average wait time?

**Mr Tidswell:** No. That is the income management BasicsCard inquiry line. That is the one that is at nine minutes and seven seconds and we have taken 1,091,590 calls already this financial year. The previous one that I talked about at two minutes was the income management BasicsCard after-hours line. That runs 24 hours.

**Senator REYNOLDS:** They are clearly some of the people who are more vulnerable and need a much quicker access—

**Mr Tidswell:** That is right.

**Senator REYNOLDS:** and it is a 24-hour service.

**Mr Tidswell:** That is right. We have got the TTY—the telephone typewriter service—for the hearing impaired—

**Senator REYNOLDS:** You do have a lot of acronyms.

**Mr Tidswell:** at an average speed of answer of 16 seconds. We have taken 1,400 calls in that period. We are deliberately protecting those who have urgent payment inquiries. There is another queue, which is probably our most complex queue, and that is the participation solutions team. This is where a job seeker may not have done the right thing.

**Senator CAMERON:** Sorry, I missed that.

**Senator Payne:** Participation solutions.

**Senator CAMERON:** That is the one that—

**Senator Payne:** Job seekers.

**Ms Campbell:** Job seekers who have not met their obligations.

**Mr Tidswell:** We have to talk to the job seeker. Sometimes we have to phone their Job Services Australia provider. We have a three-way hook-up, to say, 'Why didn't you attend the

appointment? Why didn't you do this?' We have taken 759,000 calls on this line, on average, to 24 May this year, with an average speed of answer of 16 minutes. That has got some of the longest average handle time that you will get. We are concentrating on helping those customers with their needs.

**Senator REYNOLDS:** It would be safe to say, from what you are saying—this is my perception of what you have said—that while it is very easy and perhaps a bit sensationalist to aggregate numbers, when you disaggregate them and have a look at them, it is very different. Where you can identify vulnerable groups who need a longer, more rapid response, you have the capability to do that.

**Mr Tidswell:** Yes.

**Senator REYNOLDS:** And then you move people off the lines. I think the secretary may have mentioned this briefly, but are there significant variations in calls? Do you get peaks and troughs which might aggregate some of the figures?

**Mr Tidswell:** Absolutely. We have a number of peaks through the year. We have an end of financial year and new financial year peak. We have a Christmas-January peak. We have a students peak. We have a whole raft of peaks.

**Senator REYNOLDS:** What sorts of variations would you get then?

**Mr Tidswell:** Considerable variations. You can get upwards of 50 per cent more calls, in particular, in about the July-August period and the December-January period. It is challenging. We try to match the demand with the supply. We try to get our staff in the right place at the right time to handle the work.

**Senator REYNOLDS:** What staff have you got on this telephony system?

**Mr Tidswell:** The total number of staff we have at the moment? I do not have that figure with me. We have probably got it in here in our ANAO report. It is probably best to stick to that. For 2013-14, and I think we can go to page 39 in the report—

**Senator REYNOLDS:** Sorry, say that again?

**Mr Tidswell:** Page 39 in the ANAO report. It is probably best to keep to these figures.

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

**Mr Tidswell:** Page 39.

**Senator Payne:** We might need a little more volume in the room.

**Senator MOORE:** It is an issue with this room.

**Senator CAMERON:** I thought it was my old boilermaker ears.

**Senator REYNOLDS:** No, it is the room.

**Mr Tidswell:** Senator, I will speak up. How is that? Is that better?

**Senator REYNOLDS:** That is great. Thank you.

**Mr Tidswell:** We have 2,743 staff—

**Senator REYNOLDS:** 2,743?

**Mr Tidswell:** FTE for 2013-14. It is best, I think, if we deal with those figures in that sense because the numbers vary. We try to put on extra staff to manage these peaks. In the last number of years we have been using intermittent and irregular employees. In some of our

service centres we are running seven day a week to manage the demand and workload across the entire system.

**Senator REYNOLDS:** That is quite sizeable; 2,743 is a very sizeable permanent workforce already. So you have them on—

**Senator MOORE:** Permanent work?

**Senator REYNOLDS:** Shifts?

**Mr Tidswell:** Shifts, that is right.

**Senator REYNOLDS:** Obviously over 24 hours. Some of them will be business hours?

**Mr Tidswell:** We run our call lines across Monday to Friday, but we also run some of the lines across Saturday and Sunday and operate 24/7 on those lines.

**Senator REYNOLDS:** I have one final question. It relates to a *Canberra Times* story last week about the nearly \$500 million telephone contract. I do not know whether you have seen the article. The article was quite critical of the contract with Telstra. Can you give us a bit more information about that particular contract and what it is designed to do?

**Mr Tidswell:** This is one of our great opportunities—particularly for me—to manage telephony volume and traffic across the country. We hope, by this calendar year, that we will have in place the ability to move calls around the entire network and I will have 15,000 handsets to be able to distribute calls to. On top of that, we have built a work distribution system to pass all the work up and move the work around. We are now in the process of working with our partner provider Telstra to schedule those 15,000 staff in terms of the work and activity. It gives us the chance to move the work where there is the available skilled tag agent around the country. It will mean improvements in managing the demand. I do not think we have ever said it will reduce the demand, but it will give us a great chance to manage that demand in a much more coordinated way than we do at the moment. When the pressure is on we try and have as many people early in the week. We get a surge of activity on a Monday and on a Tuesday and it trails off towards Friday. So we try and schedule as many people on the phones early in the week, take the demand out of it, and then move those people back into doing processing work and other activity. There is always work coming in in that phase.

**Senator REYNOLDS:** So as you said, at the moment you have just over 2,700 staff whom you try to manage, including some surge workforce to deal with the daily, weekly, monthly and yearly peaks and troughs. It is exponentially going to give you the capacity to manage those more effectively by having another 15,000 across the department? Is that right? It is almost like a surge capacity, all to better manage the calls.

**Mr Tidswell:** That can mean that I have an expanded network now. We will have to train people. There will be times when we will distribute phone calls. We will also distribute processing work. We will also maybe shift work back and forwards between the face-to-face network, the processing teams and the inbound telephony teams in that sense. On top of that—Mr Sterrenberg can give some more details—we are getting greater ability to find out more information about why people are ringing, the ability to record utterances and give us that sense of what is happening on those phone lines. Why are people ringing us? What has happened? Has something gone on? Has an announcement been made? Is something happening? So we can real-time respond—not just moving staff to the effort but also

adjusting our communication products in our website, in our IVR, in our general media information to manage that in a better way. It is an exciting opportunity, the technology—

**Senator REYNOLDS:** I'd say it is.

**Mr Tidswell:** is very challenging. It will take us some time to take the great benefit of the technology.

**Senator CAMERON:** Chair, can I follow up on this? That all sounds very soothing. It sounds very good—a terrific management approach. But I haven't heard the staff mentioned once, other than your IIEs. Your staff don't seem to come into it. Given that you have managers in your place who think your staff are rats—

**Senator REYNOLDS:** Excuse me, Chair. I think my colleague has taken a pass through the telephony issue through to the EBA—

**Senator CAMERON:** They are the equivalent of toilet paper.

**CHAIR:** Senator Cameron! You wanted a follow-up and I allowed—

**Senator CAMERON:** I am seeking answers—

**CHAIR:** You are not. You are making all sorts of assertions now.

**Senator REYNOLDS:** You have gone into the EBA now—

**CHAIR:** Senator Reynolds had the call. If it were going to be a genuine follow-up on this issue, I would allow it.

**Senator CAMERON:** As a genuine follow-up, how do you engage with your staff in this? You haven't spoken about your staff once.

**Senator REYNOLDS:** Excuse me, again, Chair.

**Senator CAMERON:** If people think they are the equivalent of rats and toilet paper, how are you going to fix it?

**Senator REYNOLDS:** Excuse me again, Chair. Senator Cameron has interrupted my time and he has moved into the EBA—

**Senator CAMERON:** The EBA?

**Senator REYNOLDS:** I clearly heard them talk a lot about staff. We have gone through staffing in some detail, in the course of my questions.

**CHAIR:** On that note, we are over time. This is an opportune time to break. We are over time. We will come back at ten to eleven.

**Proceedings suspended from 10:33 to 10:49**

**CHAIR:** Let us recommence. Before I go to others—and I think Senator Reynolds was finished there—I had one follow-up there. I do not think it was asked. In relation to the number of blocked calls, do we have numbers over the last few years? Have we seen it going down, going up or staying steady? What has been the trend in the last few years?

**Mr Tidswell:** We have made a dramatic reduction. The report I do not have at the table in front of me. It is at page 37 of the ANAO report. You can clearly see there the reduction in blocked calls from 2010-11, from just under 40 million down to 13.7 million last financial year. So we have been quite active in literally weaning ourselves off using blocking as a way



in which to control average speed of answer. It is about a 66 per cent reduction in call blocking.

**CHAIR:** That is a very good outcome. Thank you for that. Now I will go to Senator Siewert, who has been waiting.

**Senator SIEWERT:** I want to go, firstly, to the comment you made about the income management lines. Could you clarify what the first line was?

**Mr Tidswell:** This is the average speed of answer from the period 1 July 2014 to 24 May 2015. The first line is the income management BasicsCard after hours line. That is an average speed answer of two minutes 18. We have taken thus far 737,000 calls. The next one is the income management BasicsCard inquiries line. That obviously does not run 24/7. That was an average speed of answer of nine minutes and seven seconds. We have taken 1,091,000 calls so far up to 24 May.

**Senator SIEWERT:** Just to be clear, that is on income management. My calculation from the figures that DSS has very helpfully provided in advance is about 27,000 people and we are getting over a million calls?

**Mr Tidswell:** I do not know. I do not have those figures in front of me. My colleagues here may have those figures. As you know, I knew the numbers backwards. I cannot confirm that.

**Senator SIEWERT:** I obviously will be following that up with DSS. I would say that is an alarming amount of phone calls from 27,000 people.

**Mr Tidswell:** I think it just highlights what we are trying to do here with the most vulnerable to make sure that they have access to their money, and we had many conversations in this room about what we try to do. On top of that people can get their BasicsCard balances through auto line. They can get it through a phone line. They can get it in smart app as well. So we have tried to do as much as we can because we know how important that is.

**Senator SIEWERT:** Can I go back now to the wait times, please. I am pretty certain that you would have a list of the most up-to-date wait times against those lines.

**Mr Tidswell:** We can give you what we call 'the 'main queues'.

**Senator SIEWERT:** Can you table that instead of us writing it down? Are you able to table the document now?

**Mr Tidswell:** We will see what we have. We have all the data there. I can read it into *Hansard*.

**Senator SIEWERT:** I am very conscious that we are going to run out of time. If you could table it, that would make life a lot easier for everybody.

**Mr Tidswell:** We will have a look if we can.

**Ms Campbell:** We can give you this piece of paper, if that is okay. It is not typed.

**Senator SIEWERT:** I don't care if it is not typed. As long as you are comfortable to give it to us, maybe we could get that.

**Mr Tidswell:** Okay.

**Senator SIEWERT:** Thank you. That would be appreciated. I wanted to go back to how you know that the people that are hanging up at nine minutes may have got the information from the recorded messages?

**Mr Tidswell:** We do not.

**Senator SIEWERT:** You do not?

**Mr Tidswell:** There is a debate about a good abandon and a bad abandon. We are not quite sure. But what our customers told us was: 'Don't stop us getting in there. We will make up our own minds up whether we want to wait or not wait.' The other thing on those main business lines at the moment is that over 12 per cent of calls this financial year thus far have been placed in queue. So people have elected to take a place in a call queue. We are getting a very good strike rate in calling people back. They are very appreciative of it.

**Senator SIEWERT:** What is the strike? I wanted to come to the call back. I will come back to that in a minute. I want to know, in terms of the hang-up at nine minutes—and we have established that we do not know from the wait time why they are hanging up—what calls are calculated in the wait time.

**Mr Tidswell:** Basically the average speed of answer is once you have entered the IVR until you speak to an agent. So that is our average speed of answer.

**Senator SIEWERT:** But it does not include the nine minutes after they hang up?

**Mr Tidswell:** No.

**Senator SIEWERT:** So we actually do not know what the wait time would be if those nine-minute hang up people actually stayed on the line?

**Ms Campbell:** And we do not know whether they ring back and get through and have their question answered. It is a bit like—

**Senator SIEWERT:** That is a whole other matter. It is still about accessibility for people that need to know information. That, we have already established this morning, is a very complex process that people are trying to navigate.

**Ms Campbell:** I do not think we can add those people who wait for the nine minutes onto the ones who do not and assume that they do not ring at some other time and get through as well.

**Senator SIEWERT:** Basically we do not know if we have got an accurate understanding of the wait time because if those people actually stayed on they would be waiting longer?

**Ms Campbell:** But then they may not ring back later and be another call later on. We do not know whether those people who abandon then ring back the next day and go into the average then. So to say that all those people that abandon do not ring back later and get through and add that in is not—

**Senator Payne:** On that premise—

**Senator SIEWERT:** But we do not—

**Senator Payne:** we put the whole Medicare population in as potential waiting caller. That does not logically flow.

**Senator SIEWERT:** Yes, it does. I am sorry, these people are ringing up and then giving up.

**Senator Payne:** The whole Medicare population?

**Senator SIEWERT:** You are saying the average wait time is 16 minutes, when people are waiting on, and the average hang-up time is nine minutes; so they are not included in the wait time.

**Ms Campbell:** No. But it is possible that they may ring back a different time and be answered and be included in the wait time. So it is not reasonable then to add the hang-ups and say that that may have necessarily extended the wait time.

**Senator Payne:** Or that they may have received useful information in the period in which they were on the phone in the first place.

**Senator SIEWERT:** Basically we do not know. So we are making some assumptions.

**Senator Payne:** We have to.

**Senator SIEWERT:** We are saying it is only a 16-minute wait time when there are a whole lot of people that are hanging up and are not being included in the wait time. We do not know if they are ringing back and we do not know if they are getting the information they need.

**Mr Tidswell:** Sometimes what we found was that there is a particular flurry of activity because of a policy announcement or something in the press, and we have been able to get a quick message into the IVR. This is those people who will go into the IVR and listen to that message. Then we have seen a drop-off in demand for calls. People have got a message, 'You don't need to do anything—this is not going to happen until January such and such,' which is a very real circumstance in our world. We are trying to perfect that ability to manage in real time, to give people information, calm people down if necessary, so that we do not have to deal with really simple inquiry calls, because our trained agents want to do the best thing they can do for more complex inquiries.

**Senator SIEWERT:** In terms of the average hang-up time at nine minutes, do you have an understanding of when that happens? Following up on what you just said in terms of you getting surges, is the nine minutes across the board? Do you have an understanding of when people are hanging up?

**Mr Tidswell:** Generally, in the broad sense, you get demand coming on and there is more pressure by people trying to come in through the queues—and we have some pressure in respect to adjusting the call-blocking parameters—you are likely to get a high level of abandon. Where you are not having high level of demand, later in the week and it is not a period of one hour season peaks, your abandon figure will be much lower. That is the general proposition of how it works.

**Senator SIEWERT:** But the 16 minutes is over the year?

**Mr Tidswell:** Yes.

**Senator SIEWERT:** It can be higher in those high demand periods?

**Mr Tidswell:** Yes.

**Senator Payne:** And lower, yes.

**Senator SIEWERT:** Yes, it can be lower. I am worried about, obviously, the numbers that are trying to find out what is going on.

**Mr Tidswell:** In the early part of the evidence here we did say that we still had a substantial physical network handling 26.5 million transactions last financial year, 100,000 transactions every day. We do provide that service—and we know this—for the most vulnerable in those settings. That continues. We are getting better at managing. We have an average wait time there of 12 minutes 45 seconds year-to-date, I think to 30 April this year. We are more in control of that environment than we ever have been. We are doing longer activities with those customers because more of those customers are doing the simple stuff themselves.

**Senator SIEWERT:** That was what I was going to come to, the complexity of the issues that are being dealt with. How many of the staff in the call centres are casual workers?

**Ms Campbell:** Irregular and intermittent employees?

**Senator SIEWERT:** If that is what we are calling them now, yes.

**Ms Campbell:** That is under the Public Service Act. I think that is what we are calling them, yes.

**Senator SIEWERT:** Sorry, I am still old fashioned. I call them 'casual'.

**Mr Tidswell:** We are just trying to find the percentage of IIEs that we have, if you can bear with us.

**Senator SIEWERT:** It has been put to me that those that are casual are unable to deal with the more complex issues that people ring up with and that it lengthens the time that their call takes because they have to be transferred or they are told to ring back.

**Mr Tidswell:** In the early days, probably three or so years ago—

**Ms Campbell:** Two years ago.

**Mr Tidswell:** when we put a big number on, it was a particular issue for the former government. We did have that with our first group of people.

**Ms Campbell:** First few months.

**Mr Tidswell:** But now we have much lower transfer rates. We are trying to develop what we call a skills pyramid, where we have a general layer of more simple inquiry load and then it goes up to a more complex inquiry load. Our aim is to try and get a customer with that inquiry to the right agent at the right time so that you do not have multiple transfers. It is difficult because some individuals might have multiple payment issues for their family, and it is very challenging for one agent to be able to do this. It is the same with a bank. You do not go to the same agent to talk about your credit card, your home loan and your insurances; you have to go to different desks or phone contact points to do that.

We are trying to minimise that trend. We know that it adds time to the activity for the customer and it is not an efficient way to utilise our staff. More and more, we are getting that generalised layer working right across the board. That is generally where we surge early in the week to get on top of that demand.

**Senator SIEWERT:** Do we have the figures on how many are casual?

**Mr Tidswell:** As at 30 April 2015 we have 1,010 FTE IIEs across smart centres.

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

**Mr Tidswell:** 1,010—

**Ms Campbell:** Full-time equivalents.

**Senator Payne:** Who are IIEs.

**Senator SIEWERT:** Who are?

**Ms Campbell:** Irregular and intermittent employees, or 'casuals' in your terminology.

**Senator SIEWERT:** Yes, casuals. So of the FTEs, the 2,743—and I know the problem is I am now comparing apples to oranges.

**Mr Tidswell:** Yes.

**Senator SIEWERT:** You can tell me that to 30 April this year. That was to this year, wasn't it?

**Mr Tidswell:** That is right. That is this year's figures.

**Senator SIEWERT:** Surely, you can tell me how many FTEs overall there are, if you can tell me how many irregular and—

**Senator Payne:** Intermittent. You can keep saying 'casuals', Senator. We know what you mean.

**Senator SIEWERT:** Thank you.

**Senator CAMERON:** Unless you change the meaning.

**Senator Payne:** You would have to go to the Public Service Commissioner. Nothing is that simple.

**Senator SIEWERT:** My head hurts already!

**Senator Payne:** It just means not permanent.

**Mr Tidswell:** We will have a problem here with apples and oranges because the ANAO report particularly talks about inbound telephony staff for the Centrelink master program. We have figures here for our smart centres, where they will do work across a variety of queues outside Centrelink. In terms of our smart centre staffing profile until 30 April 2015, we have 2,515 staff, both non-ongoing and ongoing. Then we have 1,010, as we said, intermittent and irregular employees.

**Senator SIEWERT:** The 1,010 are on top of—

**Mr Tidswell:** Yes. That is a total figure of 3,525. You cannot compare back to that other dataset because that was just for the Centrelink inbound telephony. These staff will do work across a number of other queues that are contained within the—

**Senator SIEWERT:** The smart centre?

**Mr Tidswell:** That is right.

**Senator SIEWERT:** I understand that. Of that, there is about a third of the smart centres—

**Ms Campbell:** Less than a third, Senator.

**Senator SIEWERT:** A bit less than a third.

**Ms Campbell:** Yes, less than a third.

**Senator SIEWERT:** So that 1,100 is actually for the smart centres as well?

**Ms Campbell:** That is 1,010 for the smart centre call—

**Mr Tidswell:** But it does not just apply to the Centrelink only queues that are in the ANAO report.

**Senator SIEWERT:** I understand what you are saying.

**Ms Campbell:** It does things like Medicare public, Tasmanian freight equalisation and some of those other—

**Senator SIEWERT:** Thank you. The question is: for 2013-14, would there have been a similar proportion of irregular and intermittent staff?

**Ms Campbell:** Broadly, it has been about those same proportions. We would have to take that on notice and get you the numbers.

**Senator SIEWERT:** So a fair proportion of them are casual?

**Ms Campbell:** Less than a third. The irregular and intermittent employees allow us to surge, when the surges are required, and not to have them there when it is a quieter time. So we are able to provide better service when we experience surge.

**Senator SIEWERT:** There are still some on, though, throughout the year; is that correct?

**Ms Campbell:** When I say 'surge', sometimes we surge on Mondays and Tuesdays and not on Thursdays and Fridays.

**Senator SIEWERT:** So you are not just talking about surges in terms of what we were discussing earlier, of when announcements are made?

**Ms Campbell:** No; and it can be surge within the day as well. Sometimes we are really busy on different queues at lunchtime; sometimes it is later in the afternoon. So we are able to match supply and demand.

**Senator SIEWERT:** In terms of the number of calls, the issue then is ability to deal with complex issues. Do you keep records of how many are having to be transferred?

**Mr Tidswell:** I do not know whether I have that figure in front of me. We will have to take that on notice.

**Senator CAMERON:** You do. If you look at page 72 of the ANAO report—I was just looking at it, fortuitously—they say that it used to be 40 per cent that were transferred. It is now 29 per cent.

**Senator SIEWERT:** I want to know the figure for this year.

**Mr Tidswell:** We do not have those figures. We acknowledge that in the early days there was a higher transfer rate than we would have liked. We really worked hard. The aim here is to guide the customer to the right place.

**Senator SIEWERT:** I understand what you are saying. I am trying to find out what the figures are.

**Ms Campbell:** We will also have transfers from ongoing staff because they will start with an issue—and I refer to Mr Tidswell's analogy to the bank—and they will discover that they cannot talk about some question. So those transfers are about getting the best customer service for that customer. This implies that transfer is bad, whereas transfer can often be very good because the customer is going to get the right answer.

**Senator SIEWERT:** I understand what you are saying. So there is the issue around transfer where it is a really complex issue and they need to be transferred. There is the issue

around transfer where you are dealing with somebody who does not know all of the detail because they are irregular and intermittent staff, and people are being transferred anyway.

**Ms Campbell:** We will often have staff under training who are full-time, ongoing staff and who will not be able to deal with an issue because in the course of the conversation it becomes outside their skill set. I am not sure whether we define why calls are transferred. We will take that on notice and get back to you.

**Senator SIEWERT:** If you could.

**Ms Campbell:** I do want to be clear that we should not take transfer as being a bad outcome.

**Senator SIEWERT:** I understand that. That is why I am asking around the two issues. I realise there is that complexity. Could you take that on notice for the two? Does anybody that rings up ever told that they can go and look it up themselves on the computer?

**Ms Campbell:** We often encourage people, so that they do not have to wait next time, to use digital services. Again, we see digital services as a positive thing. People can find the information they want in their own time.

**Senator SIEWERT:** I understand that. Telling people for future reference—that is fine. Are people, once they get through, told to go and look it up digitally rather than being given it there and then, once they are on the phone?

**Mr Tidswell:** I have no information that that occurs. Our aim is to try to tell people that there are other solutions, without telling them, 'You shouldn't have come through to us and we're not going to answer your questions.' We do not do that. We deal with the inquiry and move it forward. What we are really trying to showcase to people is that there are alternatives for a lot of the calls; not all, but for a lot of the calls. They are pretty good alternatives, and more people are taking them up. Our role is to try and help people cross that digital divide if it is an issue for them. Increasingly, it is not. We have gone out of our way to try and do that, in that sense. I have never heard of it; I have not had a complaint where somebody has said to me they have been told they have not got an answer and to go and search a website. I would not be comfortable with that service outcome at all.

**Senator MOORE:** Mr Tidswell, have you particularly told staff not to say that?

**Mr Tidswell:** I do not think it is in our scripts to do that. Our scripts are really about—

**Senator MOORE:** That is not my question, Mr Tidswell. This is not an unusual statement from people in the community, and I am surprised that you have never heard of it. In terms of the discussion with the community, one of the things we have been told is that sometimes people feel—again, I am not a witness to these conversations—as though they have been told to go away and look at a computer and check it out themselves. I take all the arguments you have put about encouraging people to use alternative systems. I am saying that this is something we hear not irregularly, having regard to the concerns of people that contact our offices. It would be useful to know whether there is something in the training so that, in the midst of encouragement to use alternative methodologies, you could learn better ways of actually saying that.

**Mr Tidswell:** I will take that on notice. Certainly, we encourage our staff to sell the digital service options, but it would not be in a way that is described here. We will take it on notice and look at our training and provide that information.

**Senator MOORE:** That would be great. Thank you.

**Senator SIEWERT:** I want to go back to the issue about call-backs. Do all requests for call-backs now get done?

**Mr Tidswell:** The approach that we have, as I said, in this financial year—I am not quite sure of the date—is that about 12 per cent of all the calls we have taken on those main business lines, where it is offered, are placed in queue calls. My figure, unless somebody can correct me, is that it is about a 94 per cent success rate in getting back in contact with people. Sometimes people might not be at their phone, they go and do something else or whatever. This is well received. It is a great thing for customers. It is very difficult to manage because you can almost turn your inbound telephony operation into a 'place in queue' service offer. So at about 3 pm every day we close that offer down, because we could be there until midnight answering calls. It is a great solution for those who have urgent and pressing concerns and needs. I would hope that it is, by and large, used for that purpose.

**Senator SIEWERT:** In terms of the well-known issues with the software problem—

**Ms Campbell:** The Centrelink computer system?

**Senator SIEWERT:** Yes, the Centrelink computer system. People have talked to me about the fact that sometimes the systems are not working when they ring, so they cannot get the information that is required. Is that an issue or is that just anecdotal?

**Ms Campbell:** Mr Sterrenberg can come to the table and tell us when the systems were down. For most of the information that people have sought, that is usually on the website. I do not think the website has been down very often.

**Senator SIEWERT:** Surely, people are ringing up around their particular payments, and, in particular, where you have complex issues around when people were working, when they are reporting their earnings. For example, I have had people tell me that they have reported their earnings and it has not been processed. It has not actually been processed in their payments.

**Ms Campbell:** Mr Sterrenberg can tell us about when the system has been down. Sometimes there are a number of ways to report earnings. We can do it by the digital system. We can do it by telephony self-serve. We can do it by telephony. We can do it face-to-face.

**Senator SIEWERT:** I am using that as an example of some of the things that people have raised with me that they have rung up to talk to a human about.

**Mr Sterrenberg:** I can provide the information you are looking for. Over the last three months, January to March, our average systems availability has been 98.77 per cent. We manage and monitor service levels across 324 different services, including availability, reliability and transaction response. In the last month the performance was 99.07 per cent.

**Senator SIEWERT:** When is the period of time that that is not going to be working? Is it for a period of time or will you have glitches for a short period of time when the system will not be available for something?



**Mr Sterrenberg:** We have a categorisation in terms of the types of errors. Where it is a priority one incident, that means that the service is not available generally to the public because of a major system failure, which could be hardware related or whatever. In the last three months we have had two such incidents. That equates, if you compare that against the previous three months—that is, January to March in the previous financial year—to a 95 per cent reduction. Year on year against the same seasonal period we have had a significant stabilisation in our systems.

**Senator SIEWERT:** I think we are talking about two different things. That is useful information. That is when the system has been available to the public, as I understand it.

**Mr Sterrenberg:** Yes.

**Senator SIEWERT:** What about when they ring up and ask something about the details of their payments or query something and the person answering the call then has to use the system?

**Ms Campbell:** It is the same number.

**Senator SIEWERT:** It is the same number. So when we are talking about it being available to the public, we are actually talking about—

**Mr Sterrenberg:** To the staff as well.

**Senator SIEWERT:** whenever someone is ringing or online themselves?

**Mr Sterrenberg:** Yes.

**Ms Campbell:** It is one system available both to the public and to staff.

**Senator SIEWERT:** Thank you for that. That is helpful.

**CHAIR:** Senator Cameron.

**Senator CAMERON:** Thank you. Mr Sterrenberg, we will come back to the computer system. In terms of the statements that have been made about the importance of the computer system to resolve some of these call wait problems, it is about seven-year lead time for the ISA system to be dealt with, isn't it?

**Ms Campbell:** The system is going to take seven years in entirety. It will be modularised, so there will be some improvements as the modules are built.

**Senator CAMERON:** What modules are going to be built for improving smart centre wait times?

**Ms Campbell:** As the minister has said, if we could have systems which are able to be used by customers from start to go, a system that could tell them where their claim is up to. We get a lot of calls from people who say, 'Where is my claim up to?' They are told that claims will take a certain period, but they might ring quite regularly to find out where their claim is up to. If we have a system that tells them where their claim is up to, that it has gone through, they have got the information and we expect it to be X days, we are hopeful that that will reduce the number of calls coming into our smart centres.

**Senator CAMERON:** When will that be in place and operating?

**Ms Campbell:** We are starting this process now. We are about to go to the market. We do not have those finalised time frames. We will be able to advise it once we have been to the market and we have the project plan established.

**Senator CAMERON:** I will come back to that when we deal with the computer system itself. The recommendations in the ANAO report—the first recommendation you have agreed, and that is to establish a pathway and timetable for the implementation of a coordinated channel strategy. How long will it take before the channel strategy is in place?

**Mr Tidswell:** We have engaged an external company to provide that advice. They are working on that as we speak. We are hopeful to have that report by the end of this month, so the end of this financial year. It is to help us work through a lot of the stuff we have been saying here. How can we actually increase the channel movement from the older traditional channels, face to face and voice, through to the modern digital channels? What do we need to do to effect that?

**Senator CAMERON:** The channels are not just digital channels, are they?

**Mr Tidswell:** I think, Senator, you opened your questioning with the view that it is a total service system. I think the ANAO would have given you that advice as well. So we look at the whole thing together. What happens in face to face, what happens in an inbound telephone conversation, what do we do in an outbound telephone conversation, how do we actually keep people in the digital world? There is all sorts of modern technology coming our way that the rest of the world is using to keep people in the digital channels as part of the context of their environment.

**Senator CAMERON:** Who is undertaking this work for you?

**Mr Tidswell:** PriceWaterhouseCoopers.

**Senator CAMERON:** PwC. They get a lot of work from you.

**Senator Payne:** Sorry?

**Senator CAMERON:** I said they get a lot of work, PwC, around government.

**Senator Payne:** From the government?

**Senator CAMERON:** Yes. It is just an observation. I am not asking for any response. So their report will be ready in a month?

**Mr Tidswell:** It will be delivered to us by the end of this month.

**Senator CAMERON:** Then there will be an implementation period.

**Mr Tidswell:** Then we will review and consider what we have got to do and develop an implementation approach and strategy.

**Senator CAMERON:** Will that be another secret report?

**Ms Campbell:** The report will be received by the department. We will provide advice to the minister.

**Senator Payne:** It is the normal process of government.

**Senator CAMERON:** The report is not advice to the minister, is it?

**Ms Campbell:** I said that we would get the report, we would consider it—

**Senator CAMERON:** I heard what you said. I am making the comment that the report is not advice to the minister. So when the report is available, will you provide it to this committee?

**Ms Campbell:** Will I provide it to?

**Senator CAMERON:** To the committee.

**Ms Campbell:** We can take that on notice.

**Senator CAMERON:** Okay. The second recommendation relates to the quality call listening process. That goes to this IIE problem that the ANAO talk about extensively in terms of the transferred calls. Partly this is because of quality assurance and part of it is because of lack of experience. It was 29 per cent in 2014-15—that is, 29 per cent transferred calls. This quality control framework is designed to try and help that, isn't it?

**Mr Tidswell:** Yes. We agree with that recommendation. We have been working on that to develop a more integrated approach to our quality listening and quality approaches across the board. I am not quite sure when; my colleagues might be able to tell me.

**Mr Maloney:** As Mr Tidswell said, we did agree with this. We have already increased the amount of quality call listening that we are doing. But, broader than that, we are looking at the framework around quality generally inside the organisation. I believe that is also due to be completed by the end of this month.

**Senator CAMERON:** Will that report be available for the committee?

**Mr Tidswell:** We will take that on notice.

**Senator CAMERON:** The third area is the key performance indicators. As I indicated, the recommendation was to change the mode to the mode market standard, which is equivalent to Telstra, Qantas and other companies like that. You have agreed with qualifications. What does that mean?

**Ms Campbell:** I was not convinced that that was the only part of the recommendation to clarify that and to make it like Telstra and the other ones, because of the complex nature. This comes back to that part in the report where, in the first part of the audit report, it says we are very different, and then in the recommendations it draws it says 'make it the same'. We agreed that there was an issue there, but we were not convinced that taking it to the way that Qantas and Telstra do it was going to be ideal. So we said we would review but we were not guaranteeing that we would change.

**Senator CAMERON:** What has happened with this review?

**Ms Campbell:** This report has been out for not very long. We will review it as part of our normal corporate planning and our strategic planning and in accordance with the KPIs which form part of the portfolio additional estimates and the portfolio budget statement. It will be part of that process.

**Senator CAMERON:** And the length of time?

**Ms Campbell:** We have got PAEs later this year.

**Senator CAMERON:** Do you see this as an issue that is important to deal with?

**Ms Campbell:** I think all recommendations of the ANAO are important to deal with. That does not mean that we will do exactly what the ANAO have suggested. Their recommendation is to review. We will conduct the review. Depending on where we come to with that review, we may or may not do what the ANAO have suggested.

**Senator CAMERON:** The performance indicators are always dealt with in consultation with the minister, aren't they?

**Ms Campbell:** They are, because of the additional estimates—

**Senator CAMERON:** So the minister can make a call on this and say, 'I think this is what should be done.'

**Ms Campbell:** We provide advice to the minister.

**Senator CAMERON:** Yes, and the minister can advise you what to do as well.

**Ms Campbell:** Indeed.

**Senator CAMERON:** Minister, why would we not move to the industry standard?

**Senator Payne:** I will work closely with the department on this. I refer to the observation that the secretary made in relation to the context in the report where it begins in its contents by saying that this is a very different service; it is not easily comparable to any other operation. You have cited too where the report says that. Then at the end it says that we should become more like those services in the way we respond. But we do not work in the same sort of business environment. I think that is an important qualification from the secretary. I will work with the department and wait for their advice.

**Senator CAMERON:** Why don't you just show some leadership and say, 'We should do it because it is helpful to the citizens of this country'?

**Senator Payne:** That would be a silly thing to do if it would not work.

**Senator CAMERON:** The ANAO seems to think it works everywhere else.

**Senator Payne:** The Department of Human Services is not everywhere else. That is the point we have made, repeatedly.

**Senator CAMERON:** The document that you tabled, this handwritten document—

**Senator Payne:** We have handed it up and not kept a copy. If we could get one from the secretariat, that would be helpful. I do not think it was returned to us.

**Senator CAMERON:** Do you want a copy of that?

**Ms Campbell:** It was not returned.

**Senator Payne:** I do not think it was returned to us.

**Senator SIEWERT:** We have got five. That is how efficient we are.

**Senator Payne:** It is stunning efficiency, Senator.

**Senator CAMERON:** While that is being done. I want to go to page 41 of the ANAO report, table 2.3. It gives the 2013-14 figures in terms of this issue. There is a bit of triage that goes on, isn't there? You have explained that. There is a triage across all of these different telephone line areas.

**Mr Tidswell:** I am not sure what you mean by 'triage' there.

**Senator CAMERON:** A triage is when you deal with the most important issues first.

**Mr Tidswell:** What happens is that we have—

**Senator CAMERON:** Unless there is another—

**Mr Tidswell:** The way the triage works, in a sense, is that we run 50 call lines for Centrelink: 50. The triage starts when people ring a number and then find their way into the IVR. They may well hear information and not have to do anything further and exit that call or they may then wait to speak to an agent in that designated queue.

**Senator CAMERON:** Let us go to participation solutions on page 41. In the handwritten document that you have handed up you have got 'PST'. I suppose that is 'participation solutions'?

**Mr Tidswell:** That is right.

**Senator CAMERON:** 16.08.

**Mr Tidswell:** Yes.

**Senator CAMERON:** At 21/5, that is 16.08. The participation solutions figure in table 2.3 show that 52 per cent of people are waiting more than 30 minutes—

**Mr Tidswell:** Senator—

**Senator CAMERON:** in 2013-14.

**Mr Tidswell:** Can I—

**Senator CAMERON:** Can you just let me finish?

**Mr Tidswell:** Sorry.

**Senator CAMERON:** How does that relate to this figure that you have handed up?

**Mr Tidswell:** Can I firstly state that you cannot look at these figures and put them into this table. We either concentrate on this table or we look at these figures, because this is for a different time period.

**Ms Campbell:** This is for 2014-15.

**Mr Tidswell:** There might be different things that have gone on and changed. I just want to make that statement.

**Senator CAMERON:** Yes, I understand that.

**Mr Tidswell:** Basically, what we have got here in table 2.2 on page 41 is that it breaks down—

**Senator CAMERON:** 2.3.

**Mr Tidswell:** Sorry, 2.3, yes. It breaks down the calls answered over those intervals. Obviously, the figure we have here is for a different time period, but this is the average. Naturally there are calls answered much quicker and there are calls answered beyond the 16. Any normal bell curve distribution occurs. But on this one, this is a really tricky, complex area with high average handle time. It is where a job seeker may well lose their entitlement. We concentrate hard. I will give you an example on this one. We kick in placing a queue on this line if the wait time is over five seconds—

**Ms Campbell:** Five minutes.

**Mr Tidswell:** Because we know that for a lot of customers it is a really important area for them.

**Senator CAMERON:** Can I just ask you this question? You had this figure back in 2013-14 of 52 per cent waiting more than 30 minutes. Does that include if they rang up and got an IIE or casual worker? The casual worker picks up the phone and then the transfer takes place. How do you measure the length of that call? Do you measure the length of the call from when the IIE picked it up until it is transferred or do you measure it until that call has been completed?

**Mr Tidswell:** There are two different things going on here. There is the average handle time of the inquiry load; so there is that period of time. Then there are the participation solution teams. Generally, these are highly trained staff. Generally, I do not think we have IIEs doing this work. So they are our more highly trained people who really understand the employment system and what needs to occur. So, firstly, I do not think there is a transfer involved in these calls, unless you came in on another queue and we discovered that you have a payment participation issue that needs to get sorted out. But, generally, people know this queue very well. Also, and why the figures are better than they have ever been with this queue, we are trying to do more outbound calls to people who we can see are impacted. Where we have advice from the Job Services Australia provider that the jobseeker is not doing what they need to do, we try and make contact with that jobseeker before their payment gets stopped. So we are doing more outbound calls in that line. But the average speed of answer here is really about the time it takes for them to speak to a trained agent.

**Senator CAMERON:** One area in your response that worries me a bit is this attitude that people can make a choice whether they hang up, hang on or use an app. Lots of people are given no choice. It is not like you are one of the Liberal senators ringing their stockbroker to get some advice. This is a much different proposition, isn't it?

**Mr Tidswell:** That is why they are placed in queues there, for that purpose, where it is an urgent inquiry. I gave incorrect advice to the committee. In the PSTs—participation solution teams—it is at 15 seconds. If the wait time is more than 15 seconds, we provide the opportunity for somebody to receive the place in queue call. On the other general business lines, the wait time is five minutes. So we do give that option to people to do that for that urgent inquiry. We do not stipulate that it has to be only urgent, but we give that to them. On top of that, we are open, as you know, right around the country doing 100,000 transaction work and activities in the service centres. So we do provide those avenues for people where there are challenging circumstances.

**Senator CAMERON:** When was the last time you did a systematic survey of your staff who are answering calls, as to the issues they are facing?

**Mr Tidswell:** I am not quite sure that we have necessarily done that. We talk to our staff a lot—often also through their representatives. So often we get feedback about how things are going and what is operating. We have our surveys, engagement surveys and other things, where we get feedback about how things are going in that sense. To what extent we ask staff about what calls they are taking, I cannot recall.

**Senator CAMERON:** But if you are going to deal with these issues, the staff have hardly been mentioned—it has been about technological fixes, management system fixes and making management changes. The staff are the key to this and I find it unacceptable that you have not engaged in a systematic way with your staff to talk about these problems, deal with these problems, survey the staff and get some ideas in a systematic way—not just by talking to them.

**Ms Campbell:** Our managers talk to their staff every day. They have stand-up meetings. If you go to a smart centre, every morning they have a stand-up meeting where a number of the staff representatives come in and talk about what is happening that week: what are they seeing, what is the surge and how can we better deal with what is happening at the moment? So I do not accept that we do not talk to staff. You are suggesting a survey, and we can take

that away and consider how that might work. But we engage with staff each and every day, so we do hear what they are saying and we do know what they are seeing in the front line.

**Senator CAMERON:** Who is doing this? This is your front-line managers, is it?

**Ms Campbell:** It is.

**Senator CAMERON:** Are these the same people who put the rat up on the website, or the toilet paper?

**Senator Payne:** Senator, I have already said that if you are going to buy into that sensationalism then you are just going to cheapen the whole process.

**Senator CAMERON:** It is not sensationalism; I am not cheapening anything.

**Senator Payne:** Yes, it is actually.

**Senator CAMERON:** That is your opinion; it is not mine. So how do you capture that information?

**Ms Campbell:** The staff who run those smart centres are engaging with their staff, their team leaders, their managers every day and they are hearing that. They feed that back through the processes which Ms Teece runs at the smart centres so that they can get that feedback on how we can improve. Each and every one of our staff and managers want to improve the service we provide to customers. That is what we are trying to achieve all the time.

**Senator CAMERON:** Can I move to the computer system, Chair?

**CHAIR:** Just one moment. You have had 20 minutes. I was going to ask some questions, and Senator Siewert is waiting. There is a clarification needed, and then I will come back to you. I have questions on the IT system, as well.

**Senator Payne:** Senator Cameron made a passing reference to the room where the department can observe all of this activity and so on. My colloquial reference to it would be the control room; Mr Tidswell would have a better term. May I offer to the committee, through you, Chair, an opportunity to visit that location at the Caroline Chisholm offices of the department to get some visual and literal appreciation of some of the sorts of issues we have been talking about today. I am sure the department will facilitate that visit.

**CHAIR:** Wonderful. I would certainly appreciate that.

**Senator CAMERON:** I am not a member of the committee.

**Senator Payne:** I extend that offer to you as well, Senator Cameron.

**Senator CAMERON:** I may not be able to match my time frame with the committee's. So if the offer is to me as well, I appreciate that. Thanks for that. I would like to make it with the committee, if I could.

**Senator Payne:** Yes, I understand.

**Senator CAMERON:** But if I cannot, can we organise something separate?

**Senator Payne:** I understand. Yes, Senator Cameron.

**CHAIR:** Wonderful. I want to go to some questions around the new IT system.

**Senator SIEWERT:** Can I clarify a mistake before we move on? I want to clarify a figure on your handwritten table. For the YAS, do I read that as 21?

**Ms Teece:** I am sorry; 24:42 as at 24 May.

**Senator SIEWERT:** So YAS is 24?

**Mr Tidswell:** It is 24 minutes and 42 seconds at 24 May, 2015, and that is the youth and students queue.

**Ms Campbell:** That was a decision of the former government, to try to encourage youth and students to take up the digital offerings. So there was a decision on that in a previous budget.

**Senator SIEWERT:** I just wanted to clarify what that figure was so that I did not misread it. The other thing is: do you have the figure—you may have given it and I missed it—for the number of abandoned calls? We talked about the time frame in which people abandon calls. Do we have the percentage of calls that were abandoned for the year to date?

**Mr Tidswell:** We do not have that. We could take that for you.

**Senator SIEWERT:** Could you take that on notice?

**Mr Tidswell:** We will take that on notice.

**Senator SIEWERT:** Are you able to give us that before we finish today?

**Mr Tidswell:** Yes, we can.

**Senator SIEWERT:** Thank you.

**CHAIR:** Moving on to the IT system, we are talking about the Welfare Payments Infrastructure Transformation Programme; is that correct?

**Ms Campbell:** Yes.

**CHAIR:** The \$60.5 million, which is to kick-start the process: are you able to talk us through what that money is exactly for and how that might get the process going?

**Ms Campbell:** I will ask Mr Shepherd to take us through that detail.

**Mr Shepherd:** The allocation of funds is specifically for what we call tranche 1 of the program. The major focus, as you can imagine in a program like this, of tranche 1 is procurement activity. So we need to do all the preparatory work around the procurement, we need to engage in the procurement and we need to execute on the procurement. So it is a significant piece of work. Also, as you can imagine in a multi-year program of this size and scale, there is a significant amount of activity to set up the actual program—governance structures, stakeholder engagement structures, risk management structures. All of that work will occur during tranche 1 as well. The figures we touched on before. During tranche 1 there will also be some delivery that occurs. One of the lessons we learned from a range of large transformation programs is that you have to get on and deliver as well as rebuild the systems. So we will deliver a range of digital enhancements during tranche 1 of the program—the Secretary touched on one of those enhancements—and that is, when people submit digital claims or digital transactions, they want real-time feedback about where they are at. Minister Morrison has talked about the Domino's pizza wheel. When you order the pizza, you see that your order has been submitted, you see when someone is cooking it, you see when it is being delivered. Lo and behold—you look out of your lounge window because it is telling you, 'It's here'.

**Senator CAMERON:** By that time, you could have gone out and bought it.

**CHAIR:** I am going to make comments on the quality of Domino's versus others pizzas.



**Senator CAMERON:** It is up to Minister Morrison what analogies he uses.

**Mr Shepherd:** Our customer experience is not that. When they submit their digital claim, we can usually only pass two statuses back to them: 'You have submitted it' and 'It has been completed'. Because of that, they will often ring us or come in and check. Have we received it? Are we processing it? Is the claim completed? So that is one of the deliverables.

**CHAIR:** When you say that is a deliverable, that is something you would expect to see as an improvement early on?

**Mr Shepherd:** Yes.

**CHAIR:** What kind of time frame are we talking about?

**Mr Shepherd:** Tranche 1 is for 18 months from 1 July. So we will deliver the first deliverables—the procurement, the program management—all within that first 18 months.

**CHAIR:** So you are delivering the procurement and all those preparatory things, but then also delivering improvements to the system as you go?

**Mr Shepherd:** Yes. One of the things we did was go back through the feedback that customers had given us and staff had given us around our digital products. One of the things in that feedback was: 'If I am in your digital channel and I need help, I want to stay in that digital channel to get that help.' So one of the things we are looking at is whether we can use the same sort of technology that other organisations use to get help in the digital channel. It is called 'click to chat'; you might have used it. When you are in the middle of a transaction and you need help, you click to chat and you are actually talking to an operator in a smart centre who is helping you online with your question online. At the moment, the customer experience is that you have to get off your computer and ring us to get that help. But it is sort of counterintuitive if you have already decided to do business online, so we are looking at working on that in our first 18 months.

**CHAIR:** Just give me a little more detail on this initial spend. You have talked about procurement and upgrades and things. What does that look like in real terms within the department? Has a team of people been established to look after this, and how big is that team?

**Mr Shepherd:** The spend to get us to the business case—because a lot of work was done to get us to the business case—was that the government allocated \$16.2 million.

**CHAIR:** That is part of the 60?

**Mr Shepherd:** That is right.

**Ms Campbell:** No; the 16 was previously allocated; it is 60 from now on.

**Mr Shepherd:** It is 60 from now on. The department will have a team of people—

**Senator CAMERON:** You are saying 60?

**Mr Shepherd:** It is 16.2 for the business—

**CHAIR:** There was the 16 and then the 60.

**Mr Shepherd:** That is right.

**Senator CAMERON:** Yes, I get that. I am just trying to be clear where that is in the budget measures. I am on table 1.2.

**Ms Campbell:** It was two years ago, so it was in budget 2013-14: the business case, \$16.2 million.

**Senator CAMERON:** So this is the previous money that was allocated.

**Ms Campbell:** Yes, it is previous.

**Senator CAMERON:** So there is no new money for this computer system?

**Ms Campbell:** Yes, there is new money.

**Senator CAMERON:** How much? Is that the 18.6 and the 27.7?

**Ms Campbell:** Page 19 in the portfolio budget statement.

**Senator CAMERON:** I am sorry, Chair. I was confused about the money. I am always confused about money!

**Senator Payne:** Page 19.

**Senator CAMERON:** Thank you. Where are we?

**Senator Payne:** Under table 1.2, part 1, just above where it refers to the department of agriculture, there is the welfare payment infrastructure transformation tranche 1.

**Senator CAMERON:** It is \$93.3 million in 2015-16?

**Ms Campbell:** Yes.

**Senator CAMERON:** And that is that carried forward money?

**Ms Campbell:** No. This is new money that the government is providing for the WPIT program.

**Senator CAMERON:** Then there is \$29.3 million in 2016-17. How come you have these savings of \$44 million and \$64 million in 2017-18 and 2018-19?

**Ms Campbell:** Pardon?

**Senator CAMERON:** What are those figures in 2017-18 and 2018-19?

**CHAIR:** Senator Cameron, if you are going to go into detailed explanations here, I might get you to come back to it because I am assuming it is a slightly different line of questioning.

**Senator CAMERON:** No problem.

**CHAIR:** We can come back to that. Just to get a little more clarification, we have this program, particularly over the next 18 months, with all of those activities. Going back to my earlier question, what does that look like within the department? Do we have a new team that is set up? How many people are devoted to it? What does it look like?

**Mr Shepherd:** There is an extension with the new program, a new team. Resources from the department are being moved into that team to set up the program, to oversee the commercial and procurement activity and to go in on the first deliverables. With the build of that accelerating from 1 July, we have needed to engage in preparatory activity to switch the lights on on 1 July.

**CHAIR:** How many staff within the department are we talking about in this project team?

**Mr Shepherd:** I can take the number right now on notice. But the size of the program at the moment is under 100 staff.

**CHAIR:** Presumably it will grow?

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

**CHAIR:** If much of the job is procurement, how much do you need particular expertise when it comes to ICT and the like? How much of that will you bring in in terms of staff and how much will you be contracting out to the private sector?

**Mr Shepherd:** During the business case phase of the program, it was pretty clear from all large transformation projects that what was required was a blended team of public servants who know the Social Security Act very well, public servants who know our business very well and who understand the service delivery, experts who understand building large ICT systems and experts who understand how to procure those. So already we have some of those experts on board.

**CHAIR:** Are they on staff?

**Mr Shepherd:** They are. They are contractors that have been brought in from companies, and a number of them have just rolled off very large procurements of similar type projects, some for very large government clients.

**CHAIR:** Just going to some of those benefits, you have talked about one of the benefits that you could be seeing early on with that real time. Are there any other benefits of the system for customers that we envisage going forward?

**Mr Shepherd:** The answer—and I will link this back to Senator Siewert's question about digital—is that we will be able to move from an environment where a customer can input something into the department in a digital channel but we actually need to then grab it and do a lot of manual processes to have that actually finalised. This will allow the customer to have that input digitally and we will be able to process the input, the transaction in digital, end-to-end right throughout the process. We are unable to do that because our back-end legacy systems are over 30 years old. They were not built in a time when digital was the way customers transacted with us; they transacted face to face, on paper and on the phone.

While with the front end of our systems we have made a lot of good progress in the digital space, often they are talking to a back-end system which is not able to transact in an automated form. So there is a big benefit there for customers in terms of getting real-time feedback about their applications, about being able to track and monitor how their applications are going and about the ability to be able to do their transactions with government when they want to in their own time. As opposed to many environments and many applications they make, we need to be open on the phone or open in the face-to-face environment.

**CHAIR:** Is part of this easing the compliance burden for customers in terms of all the forms and various things they have to fill out, whether on line or otherwise?

**Mr Shepherd:** There is a really big red-tape reduction element to this. You will have customers in your offices telling you how much running around they have to do to collect information to give multiple times to fulfil other requirements of applying for one of our payments. In many circumstances they will be able to do that online. We will be able to help them by providing things like real-time, live links to agencies like the ATO. So you will be able to have, in real time, your income information transmitted from the ATO to us. That cuts out millions and millions of people having to every week tell us what their income is every

fortnight, every month or whenever they are paid. So there is a large lowering of compliance for the customer.

At the back end of the system, we will move from a system that still requires a lot of manual intervention to perform the functional compliance to something more akin to the banking industry where the compute power of the back-end systems of the banks does a lot of the heavy lifting of the data, and then the compliance officers apply their high-level skills around analysis. But at the moment a lot of that work, a lot of that data collection, happens via manual intervention. It will be far more automated and far more of the standard than you currently see in the banking and insurance industries.

**CHAIR:** Are there benefits for staff as we see these improvements?

**Mr Shepherd:** I do not know whether you have sat in a call centre and watched our staff do a complex transaction across the multiple parts of the portfolio, but let me describe one to you where you sit in the Brisbane call centre and you hear a grandparent ring up and their grandchild has become separated from their parents and you watch the fantastic work that the staff do with the fragmented systems in front of them. They do the Centrelink work from the Centrelink system. They work with the child support elements and the Medicare elements, bringing that together for the staff so that they can focus on and provide a better service to the customers rather than needing to literally slide between different systems to try and provide an end-to-end service. That is a massive benefit to staff.

**CHAIR:** We will start to see some of these benefits before the 18 months are over? Is that what we anticipate?

**Mr Shepherd:** That is right. In fact, we have designed in particular those customer interfacing benefits to come out in the first 18 months. The back-end system, the stuff I have just described for staff, that is part of the seven-year program and that is actually transforming the back-end system that they use. Some of that will be slower and will be staged but that is the intention, yes.

**CHAIR:** What about fraud detection? Will part of the new system build be focused on fraud detection and, if so, how?

**Mr Shepherd:** The ability that I talked about to be able to use the computer power to do a level of work around that is really key, but I would need to ask the accountable officer, fraud, to come and give the specifics. But like the banks, they transform from a mode where multiple people are pulling together computer data, Excel spreadsheets and analysing it into an environment where the computer power can do a lot of that data collection and initial analysis. Then the officers actually are providing the high-end analytics.

**CHAIR:** Do we have someone to come and speak about the fraud aspects?

**Ms Campbell:** I think Mr Withnell is just about to join us at the table.

**Mr Withnell:** I am not sure if I caught the question.

**CHAIR:** The question really was about whether or not the new system will improve fraud detection. Tell us a little about how it will do that.

**Mr Withnell:** I think the system will assist, largely because we will be able to improve some of the monitoring and logging capability. Because the current system is not as stable, when we keep hitting it, if you like, from our systems, that creates problems. So we will

actually be able to touch the system far more and, therefore, do the risk profiling we need to do.

**CHAIR:** What does 'touch the system far more' mean to a lay person? You will be able to 'touch the system a lot more'.

**Mr Withnell:** If you think of the main system as being here—we have our own systems where we do risk profile—we would take information out of that system, do the risk profile and then decide what to do with it. The more we can keep doing that in real time, the more effective we can be in identifying fraud early and then intervening quickly.

**CHAIR:** At the moment what is the main impediment to that?

**Mr Withnell:** The limitations on both systems.

**Ms Campbell:** This new system will be built with the risk profiling in it whereas, at the moment, it is kind of like an add-on to the old system.

**CHAIR:** And you have to try to deal with the old, creaky system and you have to make sure that you do not break it when you are doing that?

**Senator SIEWERT:** Is that for fraud or mistakes?

**Mr Withnell:** Both.

**Senator SIEWERT:** But can you tell the difference?

**Mr Withnell:** Yes.

**Senator SIEWERT:** You can tell the difference between fraud and mistakes?

**Mr Withnell:** Sometimes at the early point you cannot and you will have to make some further inquiries to make a distinction between the two, but in general we can.

**Senator SIEWERT:** Can I ask how? How can you tell?

**Mr Withnell:** Fraud has intent.

**Senator SIEWERT:** But how do you know intent from the—

**Mr Withnell:** If a person has created a false identity, they have clearly intended to do something.

**Senator SIEWERT:** So you can pick up whether or not it is a false identity?

**Mr Withnell:** Yes. In some we can pick up very clearly that they have intended to actually do something to defraud us. In some, because of the nature of the welfare system, the fraud only becomes apparent over time. Mistakes generally can be quite simply understood. If a person has, for example, declared the same amount of income each fortnight and then in one fortnight it is clear that the decimal point is in the wrong spot, we can have risk profiles that pick that sort of thing up which actually then flag that that is an incorrect amount, potentially.

**Ms Campbell:** And it would be service recovery rather than a fraud action.

**Senator CAMERON:** You have analytics that do this now, haven't you?

**Mr Withnell:** We have analytics that do some of that now, yes.

**Ms Campbell:** But by building it into the new systems, we think it will be more efficient and more timely.

**Senator CAMERON:** I will come to that.

**CHAIR:** No worries. What about customer privacy? What is going to be built into the system to make sure that is protected?

**Mr Shepherd:** The new system will be built in a way that complies with the government's obligations under privacy legislation as it is today. One of the key, I guess, enhancements around privacy has already started with the development of the MyGov program where consumers actually, on a consent basis, drive what they want to link to. That will be an ongoing feature of the digital journey where, on an ongoing basis, consumers, who are walking with their fingers, want to link the way they do business. But, in terms of privacy, the program will be subject to not only the privacy provisions but also the secrecy provisions and it also will be guided by security policies on how personal information is collected, stored and used. There is nothing unique in that regard.

**CHAIR:** We are just about at our scheduled break time, so I think we may as well pause for lunch. It will be an early lunch, which means that we have a long afternoon. We will suspend now and come back at one o'clock.

**Proceedings suspended from 11:58 to 13:02**

**CHAIR:** We will recommence. What we are proposing to do is Senator Xenophon has some questions around the Child Support Agency, so we might deal with those questions, and then Senator Cameron will go back to some other areas. Senator Xenophon.

**Senator XENOPHON:** I will be relatively brief. Ms Campbell, I just want to talk in general terms and put this to the minister. I understand I will be having further discussions with the department and the minister about the broad principles as well, so I will be somewhat circumspect. If I can go to the 2008 Ombudsman report titled *Child Support Agency, Department of Human Services: Responding to allegations of customer fraud*. The report was initiated because: 'A growing number of complaints to the Commonwealth Ombudsman have raised concerns about the way in which the Child Support Agency, CSA, responds to allegations that one of its customers has provided false or misleading information.' I know that that is seven years old, and I am happy to get an update from the department in respect of that. It did make some criticisms that the department was wanting with respect to its response when a parent made an allegation that the other person was not telling the truth. The Ombudsman made the statement that the integrity of the child support scheme hinges on the reliability of the evidence on which child support assessments are made, and that it is a core function of the CSA to uphold that principle. Does the department disagree with the Ombudsman's opinion, Ms Campbell?

**Ms Campbell:** I do not have the Ombudsman's report. Unfortunately I was not in the department in 2008.

**Senator XENOPHON:** I am not suggesting you were.

**Ms Campbell:** I will just ask someone to grab it for me so I can see it before I respond.

**Senator XENOPHON:** Okay. If I can quote directly from the report: 'The integrity of the Child Support Scheme hinges on the reliability of the evidence on which child support assessments are made.' And it is a 'core function of the CSA to uphold that principle'. I am reading directly from the report.

**Ms Campbell:** Is that a statement by the Ombudsman?

**Senator XENOPHON:** It is a statement by the Ombudsman. If you assume for the purpose of the question that I am reading to you a direct statement from the Ombudsman. If that was a statement by the Ombudsman, would that be a principle with which you would agree?

**Ms Campbell:** I would like to see the context of the quote, and that is why I am trying to get the report, because I was not there in 2008.

**Senator Payne:** I am not immediately familiar with all of the aspects of that report either.

**Senator XENOPHON:** It is at page 1 of the executive summary, and maybe I could ask the secretary to run off a couple of copies so that there is no confusion. Can I just speak to you as a general principle?

**CHAIR:** We might come back to that.

**Senator XENOPHON:** I think that might be better, Chair. I do not want to put the minister or the agency at any disadvantage.

**CHAIR:** We will come back to that in a little while. I will go to Senator Cameron.

**Senator CAMERON:** We were talking about the expenditure. I think you drew my attention to page 19 of the DHS budget statement, table 1.2. Can you explain how this expenditure works over the forward estimates?

**Ms Campbell:** We have been funded for tranche 1 of the project. There is both an expense measure on page 19, and I am just looking for the capital measure, which is on page 24. There is funding in both of those lines for this measure.

**Senator CAMERON:** The WPIT?

**Ms Campbell:** Yes, that is it.

**Senator CAMERON:** That is a great item.

**Ms Campbell:** We are hoping people will remember it. Mr Shepherd outlined some of this. We are going back to government after we have commenced. We have a number of these projects that Mr Shepherd talked about that we will deliver in the next 18 months, as well as doing a business case, going to market, determining how the following tranches will be delivered. This is just tranche 1. This is just that business case process as well as some of those digital transformation projects that we talked about. The funding in the expense measure is reflected there in that table on page 19, and then again on page 24, which is the capital money. For example, if we go to page 24 with the capital funding, that funding is for those builds and those constructs that we were talking about before.

**Senator CAMERON:** So, this is really a small part of the overall project?

**Ms Campbell:** Yes, it is a small part, the commencement of it.

**Senator CAMERON:** What is the cost of the project overall, from the business plan?

**Ms Campbell:** We need to go to the market to determine those costings. Estimates may be commercial-in-confidence, and we need to get the best value we can.

**Senator CAMERON:** Yes, I understand. But it is significantly higher by some numbers?

**Ms Campbell:** Yes.

**Senator CAMERON:** Tell me how the \$44,688,000 figure on page 19 kicks in. What is that about?

**Ms Campbell:** That is a save which, of course, is offset by amounts on page 24. Also, we would expect in 18 months to go back to government with the business case and ask for more money. That money would be appropriated at that point in time.

**Senator CAMERON:** How do you make a \$44 million save in 2017-18 and a \$64 million save in 2018-19? What is that save?

**Ms Campbell:** We are expecting saves in both our ICT operations and our processing operations.

**Senator CAMERON:** I am genuinely confused about this. We have a business plan, right?

**Ms Campbell:** Yes.

**Senator CAMERON:** That was the previous government funding the business plan. It ran through about the first 12 months of this government. The government has received the business plan and made announcements for a \$1 billion-plus spend, right?

**Ms Campbell:** Yes.

**Senator CAMERON:** You are now saying, and Mr Shepherd outlined some of the projects that were going to take place in that first couple of years.

**Ms Campbell:** Yes.

**Senator CAMERON:** With a small amount of money.

**Ms Campbell:** Yes.

**Senator CAMERON:** How did you determine to go ahead with those projects without going to the market for the overall business plan?

**Ms Campbell:** We are going to do most of those projects in house. We are going to commence them in house and we are going to bring in expertise just as we do with all our ICT projects, but managed in house and bring in that expertise.

**Senator CAMERON:** It is extra funding that you have?

**Ms Campbell:** Yes.

**Senator CAMERON:** You will use that funding in house?

**Ms Campbell:** We will manage it in house. Quite a large proportion of our—

**Senator CAMERON:** Yes, so it could be external contractual suppliers?

**Ms Campbell:** Yes, plus all ours.

**Senator CAMERON:** So the first two years it is about \$110 million, \$112 million or \$113 million?

**Ms Campbell:** Yes, and that is at the point where we go back to government in that 18 months and we do the market testing. We have been to the market; we can see what are the costs of the next tranche. There are five tranches—tranches 1 to 5—and then we go back to government in a normal procurement methodology where we say we have gone to the market and this is how much it was.



**Senator CAMERON:** Given this is a seven-year project, why is there no funding allocated over 2017-18, 2018-19?

**Ms Campbell:** Because we are going to go back to government once we have been to the market to determine that pricing, and go back to government then.

**Senator CAMERON:** In reality, the big fix, if I can use that colloquial term, that is the ISIS system replacement, really will not commence until sometime in maybe 2017-18 or 2018-19?

**Ms Campbell:** The 18 months that we have spoken about—we are in 2015 now, and we will go back in 2016 with more detail after we have been to the market. We will go back to government and tell them what the market said, and that is when we would be appropriated more money.

**Senator CAMERON:** The government has announced a commitment to this, has it not?

**Senator Payne:** Yes.

**Senator CAMERON:** That commitment was a \$1 billion-plus commitment?

**Senator Payne:** As the secretary said, until we have actually been to the market and costed through the tranches, there is not a final figure, but you and I and the secretary all know that it is a very significant investment for government in government infrastructure.

**Senator CAMERON:** Yes. When this is described as the first stage of the Centrelink upgrade, it is not the ISIS system upgrade, is it?

**Ms Campbell:** We are going to the market to determine the ISIS system upgrade. This enhancement that Mr Shepherd spoke about will be a sort of bolt-on to the ISIS. We will not go into ISIS, but we will sort of have bolt-ons to the outside of it.

**Senator CAMERON:** This is to try to deal with some shorter term issues?

**Ms Campbell:** We would be seeking to reuse what we do now as part of the new system as well.

**Senator CAMERON:** What methodology did you use to come up with these savings of \$109 million?

**Ms Campbell:** We looked at what efficiencies were likely to come from these programs that we were putting in place. It is not dissimilar to what we did with service delivery reform in 2011-12. We did benefits realisation; we looked at how these strategies would produce benefits in our operations.

**Senator CAMERON:** Is it your understanding that there is a clear commitment to this project?

**Ms Campbell:** Yes.

**Senator CAMERON:** There will be funds available in 2017-18 and 2018-19?

**Ms Campbell:** This is not unlike a number of procurements where money is appropriated to departments for initial phases, and then we go back to government.

**Senator CAMERON:** Mr Shepherd, you indicated that one of the initiatives would be the click to chat initiative. You looked quite excited when you were talking about that.

**Mr Shepherd:** My mother-in-law spent an hour and a half telling me how she wanted to click to chat online, so I am very excited.

**Senator CAMERON:** Does that raise the issue that ANAO raises, and that is that actually online creates more demand for face-to-face or direct contact? So, if you click to chat, someone has to be there to chat?

**Ms Campbell:** They do, but hopefully they will only have to do it once. Hopefully once they are able to convert that customer on to digital, then we have invested in that transition and they will stay on digital.

**Senator CAMERON:** Hopefully?

**Ms Campbell:** That is the whole basis—

**Senator CAMERON:** Is that the best you can give me?

**Ms Campbell:** That is what everybody else does. That is what Qantas does. That is what Telstra does. That is the thinking behind click to chat. If we can keep people on the digital channels, they will continue to use them. If they are delighted by the digital channels, it is handy for them and they can do it at any time of the day.

**Senator CAMERON:** I assume that you are familiar with the business plan?

**Ms Campbell:** Yes.

**Senator CAMERON:** I have called on the minister a few times to table or make the business plan public. Minister, can we see the business plan?

**Senator Payne:** I think I have indicated in previous estimates that the business case is a cabinet document prepared for the express purpose of supporting cabinet to make the decision in relation to the future of the welfare payments ICT system, and as such, as a cabinet document, it is not able to be made available to the committee.

**Senator CAMERON:** You have the most secretive Minister for Human Services ever.

**Senator Payne:** My life is an open book.

**Senator CAMERON:** I am not interested in your life, I am interested in what is happening at Human Services. This is a huge commitment—

**Senator Payne:** You are right; it is not that interesting, actually.

**Senator CAMERON:** We will strike that from the record. This is a huge commitment.

**Senator Payne:** Yes, it is. There is no question about that.

**Senator CAMERON:** We were told that there is a \$1 billion-plus investment. The history of these investments by private sector and public sector is that they can go horribly wrong. That is reality.

**Ms Campbell:** There are significant challenges in a large ICT transformation project.

**Senator CAMERON:** One of my concerns is that we seem to be moving on to these little bolt-on platforms immediately without any idea what the hardware solution will be or what is the software solution for the mainframe ISIS system. Was it in the business plan as to how to do that? Was that part of the business plan?

**Ms Campbell:** The early transformation pieces?

**Senator CAMERON:** Yes.

**Ms Campbell:** One of the pieces of feedback we received from a number of large organisations that have undertaken this sort of transformation was: make sure you provide something to the customers early so that they understand that you are actually transforming rather than going away for three to five years and then coming out and saying, 'Wow, look at what we have been working on.' That was advice we received from a number of parties: make sure you had deliverables early and deliverables constantly.

**Senator CAMERON:** So was that part of the business plan?

**Ms Campbell:** Yes.

**Senator CAMERON:** So, get in early, make these changes. This is a minor part of the overall structure. There is something like a \$1.7 billion saving on improved compliance measures.

**Ms Campbell:** Yes.

**Senator CAMERON:** When will we see those \$1.7 billion savings kicking in?

**Ms Campbell:** I will just get the relevant officers to the table and they can talk about that in more detail.

**Senator CAMERON:** Does this first tranche have anything to do with that?

**Ms Campbell:** I do not know that you would say directly linked, but of course it is within the social services portfolio.

**Ms Golightly:** The \$1.7 billion savings is over the forward estimates. The measures start on 1 July this year, 2015.

**Senator CAMERON:** They start on 1 July. Those measures, as I understood it, were reliant on the new computer system?

**Ms Golightly:** No, that is not the case.

**Senator CAMERON:** Tell us how you start making these savings.

**Ms Golightly:** There is a number of aspects of the measure. The main one is around doing better analysis or more analysis of the data matching that we have in place already with the ATO. We know that, going back for the last three years, there are potential cases that we need to look into. This measure gives us the resourcing to do that.

**Senator CAMERON:** That is \$1.7 billion worth?

**Ms Golightly:** Yes. There is quite a lot of savings in that part of the measure. That is the main one. There are also other aspects of the measure which will look at people who are not declaring their changes in circumstances or maybe issues of unexplained wealth. But the main one in terms of the saves is around the declaration of income.

**Senator CAMERON:** Are there any compliance measures in other areas of DHS, such as in Medicare?

**Ms Golightly:** Yes, this is in addition to what we would normally do.

**Senator CAMERON:** There is \$1.7 billion on top of what you would normally do?

**Ms Golightly:** That is right.

**Senator CAMERON:** It was only a \$1.7 billion saving factored in the budget papers. Are you telling me it is more?

**Ms Golightly:** The savings associated with this particular measure are \$1.7 billion. Of course we will continue to do the work we normally do, which in itself already produces savings.

**Senator CAMERON:** If it was so easy to get \$1.7 billion, why did you not do it before?

**Ms Golightly:** The tools that we have had to investigate these particular cases have been very manual based, and we have been doing some. But what this measure does is give us better tools to be able to do those investigations quickly and more efficiently.

**Senator CAMERON:** What is the cost of this measure?

**Ms Golightly:** I think it is in the order of \$173 million over four years.

**Senator CAMERON:** Is this further software or hardware?

**Ms Golightly:** It is for a number of things. It includes some software ICT tools, but it is also for people to actually do the investigations.

**Senator CAMERON:** So, there are people there as well?

**Ms Golightly:** Yes.

**Senator CAMERON:** Is there a business plan on how this works?

**Ms Golightly:** We will be doing a lot of analysis about where to start, which cases to start with first, and how many we can get through each year, but that work is just starting. The measure commences on 1 July.

**Senator CAMERON:** So, there is an estimate of \$1.7 billion without any business plan, without your starting to do the analysis?

**Ms Golightly:** No, I am sorry if that is what was gained from that answer.

**Senator CAMERON:** That is what you said.

**Ms Golightly:** No, I said—

**Senator CAMERON:** I thought you were starting.

**Ms Golightly:** Yes, we are starting our work on 1 July, and I thought you were referring to a business plan going forward. We have done analysis on the cases that we know about, and as I mentioned we have already investigated some of those. On that basis, we are able to extrapolate what the saves might be.

**Senator CAMERON:** Is this a cost-benefit analysis that you have done?

**Ms Golightly:** Yes.

**Senator CAMERON:** How long did it take to develop the cost-benefit analysis?

**Mr Withnell:** We have been working on this on and off for probably three years. In the initial stages, the cost-benefit analysis did not stack up, because the costs to do it were far greater than the returns or equivalent. What we have looked at with the new available technology and the move to online is a more streamlined process beginning in years 2 and 3 for this measure. That means we can do considerably more interventions at a lesser cost than we would historically.

**Senator CAMERON:** So, you will do more interventions because you have better technology?

**Mr Withnell:** Correct.

**Senator CAMERON:** What is the cost of the technology?

**Mr Withnell:** The technology is a small component of the measure. I do not have the exact costs, but I think it is around \$10 million for a range of IT solutions. That is part of that solution.

**Senator CAMERON:** Is there some documentation we can have a look at, because I am quite sceptical that \$1.7 billion will be achieved over a four-year period; you have invested \$10 million in computer software and you have some more management changes and increased staff?

**Mr Withnell:** Perhaps if I explain a bit more detail. The \$1.7 billion largely comes from undeclared income. It is based on information we already have from the Australian Taxation Office. The analysis of that data over three years has identified 1.1 million matches, if you like, using a data match term of people who have declared a different level of income to us than they declared to the tax office.

**Senator CAMERON:** That is 1.1 million?

**Mr Withnell:** That is 1.1 million annual matches. It is around 800,000 individuals. Some have matches in multiple years.

**Senator CAMERON:** So you know that now?

**Mr Withnell:** We know that now.

**Senator CAMERON:** Without spending \$10 million?

**Mr Withnell:** We know that now, yes. We need to spend the \$10 million to be able to cost-effectively deal with it.

**Senator CAMERON:** Is this mainly in the welfare area?

**Mr Withnell:** Yes. It is largely around Newstart, age pension, DSP, carers—anything where there is an income declaration required.

**Senator CAMERON:** What about in Medicare?

**Mr Withnell:** No, there is no Medicare involved in this particular measure.

**Senator CAMERON:** This is just targeting welfare recipients basically?

**Mr Withnell:** Yes. It is a target on those welfare recipients who have underdeclared their income.

**Senator CAMERON:** So this is separate software, separate hardware and a separate fix from the main game computer system?

**Mr Withnell:** It links into what Mr Shepherd has been talking about.

**Senator CAMERON:** Why did the minister say that the new system would contribute to this?

**Mr Withnell:** I was just about to explain. There are some elements that sit separately. We do data matching separately from, for example, the main system that Centrelink uses. We have done so for 20-odd years. We also do our risk profiling quite often separately from the Centrelink system. We manage some of our interventions separately, so we are not interfering with the normal service delivery stream. However, some of this requires people to engage with us online. The online environment needs to be part of the mainstream system. Some

elements of this will be done in our system, but some of it will be done in the mainstream system.

**Senator Payne:** You have just referred to my comments about the new system, and the contribution in terms of the new system will significantly streamline the way we are able to do this work, which is what Mr Withnell has just explained.

**Senator CAMERON:** I got the impression reading your press release that this new system was going to deliver all of these savings, to be honest. That might be how the press release has gone out.

**Senator SIEWERT:** The PBS were about the savings made from the system.

**Ms Campbell:** From within the operations of our department.

**Senator SIEWERT:** No, under the new system, on the page that we were on before, page 19. There are dollars in brackets.

**Ms Campbell:** While you were out, we also talked about page 24, which deals with the capital elements of this project as well.

**Senator CAMERON:** Nobody is arguing that, if people are rorting the system, they should not be dealt with, and cheats should be dealt with. But it just seems to me that, after the report that you gave at the last estimates about your integrity system, suddenly we pop up with no mention of your compliance program, 2013-15. You say you have been working on this for three years. Why was it not in your compliance program report?

**Ms Campbell:** I think Mr Withnell talked about the cost-benefit analysis, that at some point it was going to cost us much more to actually find this information. I think one of the features will be that we will be able to say to people who are currently customers, 'You said this to us. We believe this is the amount you earned. Can you tell us which is correct? Ability to access that information has not always been there. The costs have changed over time, and it is now at a point where it is beneficial to put in place these mechanisms.'

**Senator CAMERON:** You have used analytics for some time?

**Ms Campbell:** We have used the analytics, but this issue is about being able to do that data match and go out in a digital form to 800,000 customers and say to them, 'We have two different sources of your income. Tell us which is correct.'

**Senator CAMERON:** Is it possible for you to provide to the committee a cost-benefit analysis that has been done?

**Ms Campbell:** We can take that on notice.

**CHAIR:** I will just go to Senator Xenophon as we said we would at 1.30, but I know Senator Siewert has more questions on fraud, so we will come back to fraud, if you like. I have some questions on fraud as well. We will go to Senator Xenophon on Child Support.

**Senator XENOPHON:** If I can indicate, Ms Campbell, on the last occasion I referred to a specific case. I do not intend to refer to that case. I think it is appropriate at this stage not to. I did get a letter from a resident of Western Australia about a matter which I might refer to obliquely, because I think I was copied in on that. But I might refer to that in the most general of terms. Going back to the Ombudsman's report—and I am sorry I did not provide that to you earlier—the report is seven years old and it related to responding to allegations of customer fraud in the Child Support Agency. The Ombudsman made the statement that the integrity of

the Child Support scheme hinges on the reliability of the evidence on which child support assessments are made and that it is a core function of CSA to uphold that principle. I am happy to put this to the minister. As a general principle, that is an unobjectionable reasonable statement?

**Ms Campbell:** That we should, to the best of our ability, ensure the integrity of that information, yes.

**Senator XENOPHON:** It is a question of what systems you have in place to try and effectively do that.

**Ms Campbell:** Indeed.

**Senator XENOPHON:** The Ombudsman went on to say that 'quality child support assessments rely on the ability of the agency to make people tell the truth and that, if it fails to do that, no decision it reaches can be free from doubt. That is in the report.

**Senator Payne:** Is that in the conclusions?

**Senator XENOPHON:** It is. I will just give you the specifics. I did have the executive summary. I am sorry, that was a more general statement in relation to that. As a general principle, in going back to the original statement of the Ombudsman's report, if there are prima facie allegations of false and misleading information being tendered as part of the CSA inquiry, it is a matter that is being sorted out perhaps not harshly but formally by the CSA. So, what happens if a statement is made not necessarily intentionally but recklessly or carelessly by one party? How do you deal with that? I know it is a very difficult area, but what protocols do you have in place to deal with those statements?

**Ms Campbell:** I will see whether we can find someone who has more knowledge about how we deal with it. Mr Withnell has taken responsibility for the fraud elements, but I think your question is more about day-to-day operations.

**Senator XENOPHON:** I will just put it in context. The Ombudsman made this observation in the report at page 7:

Centrelink, another service delivery agency within the DHS portfolio with 6.5 million customers, carried out 42,000 fraud related investigations in 2006-07 financial year. This translates to approximately one investigation for every 155 Centrelink customers. By comparison CSA's ratio of fraud investigations is one investigation for every 93,333 customers.

That was an observation made at page 7 of the Ombudsman's report, and then it made a number of observations of when there were matters last prosecuted for fraud under Child Support. They go back to 2007, 1998 and in February 2000.

**Ms Campbell:** I do not have comparative numbers for 2014 or 2015 at the table.

**Senator XENOPHON:** I am happy for you to take that on notice.

**Ms Campbell:** I think we might need to take it on notice. I understand the question, but unfortunately I do not have those numbers here.

**Senator XENOPHON:** I am relying only on the Ombudsman's report of 2008 that there seems to be a much lower ratio of fraud investigations with one for every 93,000 plus customers compared to one for every 155 Centrelink customers. That could say something about whether there are—

**Ms Campbell:** That was in 2008?

**Senator XENOPHON:** 2008; that is right. I am just trying to work out where the ratio is.

**Ms Campbell:** I hate to make—

**Senator Payne:** They are quite different environments.

**Ms Campbell:** Yes. Things have changed quite significantly since 2008 in Child Support. We have many more customers who have private collect relationships than in 2008 where they work it out. They use the formula. They work it out amongst themselves.

**Senator XENOPHON:** I am happy to take it on notice to show that obviously things have changed significantly.

**Ms Campbell:** Things have changed and I think it would probably be better for us to get more up-to-date information to give you a much more accurate answer.

**Senator XENOPHON:** And if you could take on notice an update on CSA referrals to the DPP with respect to section 119 and sections 159 and 159A on the collections provisions.

**Ms Campbell:** Yes.

**Senator XENOPHON:** Do you have any idea of what the trend has been?

**Ms Campbell:** No, I do not have that information. I do not think that there are any officers at the table with that.

**Mr Withnell:** In terms of referrals to the CDPP, it is a bit up and down year on year, obviously as many of these things are, but certainly in 2013-14 we referred 29 matters to the CDPP in relation to child support.

**Senator XENOPHON:** So, there is quite significant change from the Ombudsman's report?

**Mr Withnell:** Correct.

**Senator XENOPHON:** Can I just point out that Senator David Johnson sought similar answers in 2012. That was question on notice 2159 of October 2012. If I can just refer you to that, because I think the answer to Senator Johnson's question back then was that no matters had been referred to the Commonwealth DPP under sections 159 or 159A of the Child Support Assessment Act of 1989, so it seems that the numbers vary.

In terms of general protocols—and this is not about being punitive—sometimes there might be sloppiness on the part of one of the parties that is not deliberate and it is not even reckless, but there has been perhaps a carelessness in terms of information provided that then leads to a chain of events with all sorts of consequences. What happens in terms of protocols when a customer makes an allegation if not of fraud then of inaccurate or misleading information being provided? I am trying to couch this in fairly gentle terms because that seems to me to be the nub of this.

**Mr Volkerts:** There are a number of mechanisms in the Child Support Scheme. One of the most basic, fundamental ones is that there are two parents always involved in this process so the scheme itself has an almost built in checks and balances mechanism. Many of the issues that are raised by one party will be checked with the other. For example, it might be a change in care so one person will notify us of that change in care. We talk to the other party to check that. Then if there is a dispute we gather evidence and make a decision. That is analogous to a lot of the processes that happen in the Child Support Scheme.



**Senator XENOPHON:** Is that what happens as a matter of course? Could there sometimes be circumstances where an allegation is made or an assertion is made as to what one partner's income is or their circumstances, the other partner disputes that but there might then be a chain of events that ensues in the absence of having an ability to test the two assertions?

**Mr Volkens:** I have just used the care example there. In income we will obviously always have the ATO to use as the ultimate in a sense arbiter of what the right income is. We get that daily download from the ATO about the latest income information. If a customer wants to put in an estimate of income, if their income changes, which is an important provision in the scheme to allow us to have the flexibility and respond to a person's change in circumstances, but if they want to put in an estimate we will also look for some information from them to support and accept the estimate that they provide for us. Any change that we make to the assessment notice is issued to both the parents to say, 'This is what we have changed.' Then there are objection rights that are involved and checks and balances in the system in that sense.

**Senator XENOPHON:** What deterrence is there? I am not necessarily talking about prosecuting people. If a statement has been made that has been reckless or deliberately wrong—and it can be a very highly charged environment—what deterrence is there firstly and what mechanisms are there to try to correct that and perhaps a sanction? I am not necessarily talking about dragging someone through the court and having a conviction to their name, but what mechanisms and what deterrents are there with respect to that?

That leads to another question, which may be a question for the minister. Is this something that needs to be considered, whether there is an alternative approach or something that is less harsh than the current legislation but an easier way with not the same onus of proof that leads to the same outcome; that is, to have a fair assessment?

**Mr Volkens:** The ultimate penalty in that sense would be once we have obtained the correct information—and let us say we use the income as an example, which is obviously a common one—when we find the correct incomes the assessment is backdated correctly. The new amounts are generated and the penalties are applied to that amount.

**Senator XENOPHON:** Or conversely, if the information that you are given is that the income is X but it is only half X, what happens then? In other words, if the information given was exaggerated in terms of income?

**Mr Volkens:** That is quite an unlikely scenario in terms of a paying parent. That would possibly be a receiving parent in that case and essentially it is in reverse. The same sort of situation happens. The assessment goes down and the person has an overpayment. The receiving parent in that case would have an overpayment. That is the checks and balances in the system itself. Probably the main thing that we see is along the lines of non-compliance with a notice or gathering information from third parties. We use those different elements to provide—

**Senator XENOPHON:** I am coming towards the end. If it is possible to get how it works in terms of the mechanisms with both sides, because there are two sides to a coin. I have constituents who complain to me. Women who have ex-husbands, fathers of their children, who seem to be very well off but because of the way they have set up their affairs through

family trusts they get away with paying next to nothing for their kids and then there is the flip side where sometimes the other side happens, although the former seems to be more common than the latter in terms of some men being able to arrange their affairs in a way that they are paying little or nothing in terms of child support, which I find repugnant. Finally, there is a matter that I was cc'd into from a Western Australian resident that was sent to you, Ms Campbell. I am not going to go into too much detail. I might write to you about it. I am sure that you get squillions and probably more than most of us senators in terms of correspondence, which is a lot. I want to be very careful about it. I just want to talk about general principles. It was sent on 28 May. I was copied into it for my sins, I think probably for asking questions in this field.

There was an issue of arrears, an assertion of formal arrears of about \$17,800. The case officer conceded a quick review would put the arrears at around \$10,000. The customer thought it should be about \$3,000. An offer was made of about \$6,600. Now there are enforcement proceedings for the full amount when it seems that the case officer considered that it should be a lesser amount. I am very careful. What I am trying to understand is in cases where there appears to be an opportunity to sit down with the parties and where the case officers or the department thinks there is a fair way of resolving this without the cost of a prosecution or enforcement proceedings, what flexibility is there to achieve a fair outcome, particularly for the children?

**Ms Campbell:** I have received that correspondence and sent it to Mr Volkers to respond to.

**Senator XENOPHON:** I am not asking specifically. I might write to you separately. It is the general principle. He says the case officer said, 'This is the upper limit. You are only a bit over half that we think.' He says a lesser amount. Do you try to save enforcement costs? Is there an informal mechanism or a mechanism to try to resolve these matters more expeditiously?

**Mr Volkers:** Absolutely. The way we address all issues in Child Support is that it is an escalated approach. Firstly, it is best if people are not in that debt situation in the first place, but once they are we will talk to them and try to arrange for a suitable payment arrangement. We have guidelines around that. Our staff are trained in having conversations around those things with our customers and set up an arrangement that meets the person's needs but also within the requirements. We are dealing with another person's money here. We want to make sure that the receiving parent has the money to support the kids. Then it is graduated. It might go then to us using more of our notice powers and getting information from third parties or getting payments from third parties. The ultimate is things like litigation action when we take them through court or departure prohibition orders and the like. Those are all at the end of the spectrum. We are always looking to try to get an agreed outcome, even when we are going through a litigation process.

**Senator XENOPHON:** I know it is a very difficult field. I will put some questions on notice through you, Chair, in terms of issues of legal costs and how much is spent in relation to that about this particular matter that I raised at the last estimates. I look forward to having a discussion with you, Minister, later this week.

**Senator Payne:** In relation to the recommendations in the Ombudsman's report of 2008, I will also ask the department, in putting together the responses to the questions that we have taken on notice, to put a summary of actions taken since then in the fraud area in particular.

**Senator XENOPHON:** That would be very helpful.

**Senator SIEWERT:** I wanted to go back to the fraud issue and compliance as well. Can I ask an overarching question first and that is before everything went online in the old days did you used to have a fraud investigation manual?

**Mr Withnell:** That is right.

**Senator SIEWERT:** How long ago did that cease to be one document?

**Mr Withnell:** It is contained in a number of documents that are available online for our staff to use.

**Senator SIEWERT:** Now?

**Mr Withnell:** Now. Some of it is protected and some of it is more publicly available.

**Senator SIEWERT:** What does 'protected' mean?

**Mr Withnell:** It deals with controls that we would prefer not to compromise and investigative techniques.

**Senator SIEWERT:** I am sorry?

**Mr Withnell:** It deals with some of the controls against fraud that we do not want them to make public.

**Senator SIEWERT:** Was it previously public?

**Mr Withnell:** Some of it was.

**Senator SIEWERT:** So, are you saying that when there was one manual some of it was not public?

**Mr Withnell:** That is right. Some of it was not made public.

**Senator SIEWERT:** The same issues that are now not made public?

**Mr Withnell:** Correct.

**Senator SIEWERT:** So, those bits that were previously public are still public?

**Mr Withnell:** We do not publish them as such. They are not published, for example, on the internet or anything like that.

**Senator SIEWERT:** Are they publicly available?

**Mr Withnell:** We do not generally make them publicly available.

**Senator SIEWERT:** Now I am—

**Mr Withnell:** If we were asked specifically for them we may be able to make elements of them public, but we do not, as a general rule, publish the actual fraud investigation manual.

**Senator SIEWERT:** So, people that want to understand what processes you undertake are not able to access that information?

**Mr Withnell:** Some of that information they could access.

**Senator SIEWERT:** Can you table for me the information that is accessible?

**Mr Withnell:** Yes.

**Senator SIEWERT:** Do you have a map of the process that you are now undertaking?

**Mr Withnell:** There are several maps, because there are multiple processes depending on what the problem is. We need to be clear that there is not one type of fraud.

**Senator SIEWERT:** I understand that.

**Mr Withnell:** And there is not one way of conducting the—

**Senator SIEWERT:** I was thinking of a higher principle map.

**Mr Withnell:** We may have a flow. We will see what we can do.

**Ms Golightly:** We will get something together for you.

**Senator SIEWERT:** That would be appreciated. You do not make the entire process available and you never have? Is that the message I take from that?

**Mr Withnell:** Correct.

**Ms Golightly:** That is correct.

**Senator SIEWERT:** Will that include in the process that is publicly available the current investigation, selection and prioritisation guidelines?

**Mr Withnell:** For fraud investigations or more broadly for compliance?

**Senator SIEWERT:** More broadly for compliance or for fraud and compliance.

**Mr Withnell:** More broadly for compliance they generally relate to data matching activity and some risk profiling in relation to the data matching activity. Fraud can be more difficult because the information may come from other sources, including law enforcement. The actual case prioritisation can vary quite widely in fraud, given the nature of the activity itself and given the nature of some of the material that we have available to us. In terms of compliance, generally, that is much more straightforward to be able to deal with that for you.

**Senator SIEWERT:** Can you take both of those issues on notice?

**Mr Withnell:** We will see what we can provide.

**Senator SIEWERT:** Do you provide the intelligence assessment template?

**Mr Withnell:** To whom do we provide them?

**Senator SIEWERT:** The one that you use.

**Mr Withnell:** Yes, but who do we provide it to?

**Ms Golightly:** Are you asking whether we provide it publicly?

**Senator SIEWERT:** No. I beg your pardon. Can you provide the committee with one?

**Mr Withnell:** We can provide you with a template.

**Senator SIEWERT:** I am sorry I was not clear. You have already taken the process with serious non-compliance and then investigation. Could you provide that as well?

**Mr Withnell:** Much of that is in what you call the fraud investigation manual. Some of it is more difficult because it is integrated to our case management system, but we will just have to see what we can pull out that is useful.

**Senator SIEWERT:** If you can, that would be useful and if you could include that when you are providing the maps of the process.

**Ms Golightly:** We will point that one out.

**Senator SIEWERT:** Tell me if this was asked when I was in another meeting. I could not get here for the restart at 1 o'clock. I was listening when I came in, in terms of the discussion about the process. There seems to be some misunderstanding. I think I share Senator Cameron's misunderstanding about what the process is with the new IT system and what I understood that came out of budget night, also subsequent media and the packages of materials that were provided on budget night that clearly linked the improvement in the system with savings in compliance. I think it was a substantial amount of money. Unfortunately I did not bring one of the glossies up with me, but it clearly says it in there or it can clearly be inferred from that document that that is a large part of what the system was about.

**Mr Withnell:** Probably the easiest way to describe it is that most of the strengthening integrity in the welfare system measure deals with historic overpayments but also provides some money for development into the future, which will connect into the welfare payment infrastructure.

**Senator SIEWERT:** I am having trouble hearing you.

**Mr Withnell:** With the budget measure most of the savings are historic overpayments, so they are overpayments that have already occurred. Those savings, in a sense, are retrospective because they have already occurred. In terms of benefits going forward there is a small amount of funding within the compliance measure which allows us to take advantage into the future of the developments in the welfare payment infrastructure transformation program.

**Senator SIEWERT:** I will come back to the historic overpayments in a moment. Is that the \$20 million?

**Mr Withnell:** Of which? I am not clear on your question.

**Senator SIEWERT:** Is that money allowing you to take advantage of the new system?

**Mr Withnell:** It is a relatively small amount. I do not have the exact figure. I could get the exact figure for you on notice to break it down.

**Senator SIEWERT:** I heard \$20 million being thrown around so I apologise if that is a misleading figure. Are you able to provide it before we finish?

**Mr Withnell:** Those that allow us to take advantage of the developments in the WPIT program. We can certainly provide that.

**Ms Golightly:** It is also the case that the WPIT program, the new technology, will be able to help us to do other things in compliance over and above what this particular measure does, so both statements are true.

**Senator CAMERON:** How do you know that if you do not have a business plan?

**Ms Golightly:** I think Mr Shepherd mentioned the new system will allow us, for example, to have a lot better real-time interaction with the customer. We will be able to do things like pre-fill fields from information that we already know and get them to confirm it. All of that will go to help to stop error or indeed fraud. Down the track we will also have better real-time interaction with the tax office as well, for example. That takes us forward from what we have now.

**Senator SIEWERT:** This goes back to the historic overpayments. Some of the errors and the processes, whether you call it fraud or where we have talked about before where people

have made honest mistakes with processing of when they are putting in their income and so on, is that based on the estimates that you are making?

**Ms Golightly:** The estimates are savings for the specific fraud measure that Mr Withnell has been talking about. It is purely based on the historical cases where we know that someone has declared a different income to the tax office than to us. It is completely separate to the error-type issue.

**Senator SIEWERT:** I understand that. That is where I am going. So, in terms of the comment that you just made to Senator Cameron, where you said, 'We'll now be able to do it in real time', part of what the process has been is people making genuine mistakes and also the department making mistakes where data was not put into the system. Is that what you are using for those estimates of how you get the not wilful non-compliance but you can still say it is non-compliance but not deliberate non-compliance?

**Ms Golightly:** Yes. I am not sure that I was talking about the estimates, but what I was trying to explain is that the new WPIT system will absolutely have benefits in terms of reducing that sort of error.

**Senator SIEWERT:** I understood that. There is information about quite big claims of savings that have been made.

**Ms Campbell:** We have just had a look at the glossy and the website where it says 'Fairness of benefits'. It talks about the transformation program, which talks about the initial \$60 million and then welfare system integrity, which has the proposal that has just been discussed here. The proposal and the higher education loan program for recovering from people who are overseas and the changes to PPL. They were side by side so there was a—

**Senator SIEWERT:** And they all add up to \$1.7 billion?

**Ms Campbell:** I have not got that.

**Ms Golightly:** No, the \$1.7 is purely to do with the business integrity measure.

**Senator SIEWERT:** Which is the fraud?

**Mr Withnell:** It is both.

**Ms Campbell:** I think the net number is \$1.5 billion, because it is \$1.7 billion in savings and \$200 million in expenses, which is a net \$1.5 billion.

**Senator SIEWERT:** It is the \$1.7 billion that I was talking about in terms of savings.

**Ms Golightly:** That is to do with the business fraud measure. Those \$1.7 billion savings are not to do with WPIT.

**Senator SIEWERT:** Just so that I am clear, are you saying that there will be additional savings because of WPIT for all those reasons that you have just articulated?

**Ms Golightly:** I am saying that there will definitely be benefits in terms of accuracy. It will be preventing errors. You cannot estimate how many that will be.

**Senator SIEWERT:** In other words, the money that is articulated in the budget statement is all about the—

**Ms Golightly:** The \$1.7 billion.

**Senator SIEWERT:** Is it just a benefit that is uncoded of avoiding some of those mistakes?

**Ms Golightly:** That is correct. For WPIT, yes.

**Senator SIEWERT:** That is clearer now.

**Ms Campbell:** It is just that WPIT was on the same page in the glossy. We are looking at the glossy now and we can see why there would be some confusion.

**Senator SIEWERT:** Can I then go to the compliance measure? Is that where I ask about the compliance measure and the senior policeman coming on board?

**Ms Campbell:** This is a good opportunity.

**Senator SIEWERT:** Can we go through that in terms of the cost and the process?

**Ms Golightly:** As part of the same measure, as well as using the better tools for the income matching with the tax office, another part of the measure is to do a lot more investigations as well on the ground. That could look at not just income but more broadly at changes in circumstances more generally that may not be declared to us. That might go to things like where people are single or partnered and a whole lot of other things. Also, unexplained wealth. We will do a lot more investigations on the ground into other compliance issues. That work will be headed up by a senior AFP officer.

**Senator SIEWERT:** Will they be seconded to the department?

**Ms Golightly:** That is correct.

**Senator SIEWERT:** What is that costing?

**Ms Golightly:** I could get you that, but that is part of the overall \$200 million that we mentioned as the cost.

**Senator SIEWERT:** If you could take it on notice about the specifics of how much it is going to cost?

**Ms Golightly:** Yes.

**Senator SIEWERT:** Could you take us through how that officer would then go about looking at changes in circumstances, unexplained wealth and those sorts of things? What would be the process there?

**Mr Withnell:** We have done a range of analysis, as we have indicated previously. What we have identified are some locations where we believe there is a high risk of people with overpayments. In some instances that seems to be quite systematic and quite organised, but in some instances less so. It is focusing in on those areas. It will be quite different depending on what we perceive as the risk in terms of how they may go about that, but I would see it as a range of integrated strategies, one of which will be an investigative strategy.

**Senator SIEWERT:** Investigative as in?

**Mr Withnell:** As in conducting a potential criminal investigation. Some others would be more compliance related activities. Some may be broader activities in terms of how people view the welfare system.

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

**Mr Withnell:** We know in some locations that there is a more general view that rorting the welfare system may be okay and so changing people's—

**Senator SIEWERT:** What areas are you talking about?

**Mr Withnell:** We have not publicly identified the locations as yet, but there are some places. We get that from tip-offs, for example, that there is a general perception so it is changing people's view about the welfare system.

**Senator SIEWERT:** Are you talking about physical locations around Australia?

**Mr Withnell:** Yes. I can give you one example that we have had in the media. Some work we have done with family day care educators. One of the things that concerned us there was that many of the family day care educators and others were telling us that people were being informed they did not have to declare the income they earned to Centrelink even though they were receiving welfare benefits.

**Senator SIEWERT:** Do you mean the family day carers?

**Mr Withnell:** The family day care educators. So, when we had a number of tip-offs in that regard then we started to look at that whole activity more generally.

**Senator CAMERON:** Where you see this as systematic is this a problem where people do not genuinely understand the system or are getting bad advice or are you seeing that there is some massive conspiracy to defraud?

**Mr Withnell:** I would say it is the third. I would not call it a mass conspiracy. I think there are small groups who are organised in terms of how they work to rip off the system, if you like.

**Senator CAMERON:** How much money is involved in that aspect that you have just raised?

**Mr Withnell:** It is always difficult to predict with fraud, because it is one of those things that is both invisible and we are dealing with active opponents.

**Senator CAMERON:** If that is the case, how do you then figure that you are going to get \$1.7 billion?

**Mr Withnell:** That is largely the people that we know of that have already underdeclared their income. That is not necessarily fraud, but in some instances it may be.

**Senator SIEWERT:** Is that the historic overpayments?

**Mr Withnell:** Correct.

**Senator SIEWERT:** So, when you are talking about historic overpayments are you talking about the genuine mistakes with overpayments? Were you actually talking about the cases that we are talking about now?

**Mr Withnell:** I am talking about anyone who has failed to declare the income that they are required to tell us about.

**Ms Golightly:** The historical mismatches were people have told the tax office one income and told us something different. Proving whether that is fraud is another issue again, because you have to prove intent. Some of it might be fraud.

**Senator SIEWERT:** So, there is the process about getting the money back?

**Ms Golightly:** That is right.

**Senator SIEWERT:** And then there is the fraud investigation?

**Ms Golightly:** That is right.



**Mr Withnell:** That is right.

**Senator SIEWERT:** Are they the main compliance measures in the budget?

**Ms Golightly:** They are the main ones, yes.

**Senator SIEWERT:** Are there other ones?

**Ms Golightly:** We are going to have a look at working with AUSTRAC, for example, to help us with some other data matching. Mr Withnell can perhaps talk about that.

**Mr Withnell:** We already have an arrangement with AUSTRAC, but it is very manual so we are looking at a much more automated system that will streamline that, particularly where people appear to have significant wealth but are declaring very low levels of income. That is one element of it. Again, it is relatively small compared to the ones we have spoken about. We are also going to have a look at some strategies we might use in relation to students and study load.

**Senator SIEWERT:** Students and study load?

**Mr Withnell:** Study load.

**Senator SIEWERT:** What is that?

**Mr Withnell:** If students declare their study load incorrectly that can lead to overpayments, for example, if a student drops out of half of their study load that can impact on whether they are eligible. If they fail to tell us then they incur a significant debt if they continue on say for the rest of the year. We are looking at ways we can intervene earlier in relation to that.

**Senator SIEWERT:** Any others?

**Mr Withnell:** We are looking at the way we intervene with students and some other things we already do, and how we might broaden those which, again, would allow us to take advantage over time of the WPIT program.

**Ms Golightly:** And extend that early intervention to other benefits from what we learn with students and what works. We will have a look at incorporating that in the WPIT program.

**Senator SIEWERT:** Is that all part of the \$200 million?

**Mr Withnell:** Yes.

**Ms Golightly:** For students, yes.

**Senator SIEWERT:** Presumably that is not going to involve AFP?

**Ms Golightly:** No. As Mr Withnell said, those last couple are the smaller parts of the measure. The main parts of the measure are the first two things that we spoke about.

**Mr Withnell:** I think it would be fair to say with the measure there are those big parts but the other parts are allowing or helping us to start modernising some of our compliance activity, which will then help us to integrate more effectively with the program over time and with a focus on earlier intervention; therefore, being able to prevent debts rather than recover debts at a later time.

**Senator SIEWERT:** Is that why some of the measures appear to have a small return, in spending \$3 to make \$1? Is that why those appear to be, in the short term, a smaller return because you are investing in early intervention?

**Mr Withnell:** Yes. Early intervention is hard to calculate. The current model for calculating assumes a level of debt which is then extrapolated over a period of time. If you do not have a debt you do not get a dollar figure. However, in some we have looked at different ways of calculating that. We do have one early intervention measure that is now in its third year and on our calculations that has prevented nearly \$200 million in debt.

**Senator SIEWERT:** Which one is that?

**Mr Withnell:** It was about three years ago. It is for people commencing work. It is early intervention for people commencing work. It is people who are starting work. What we do is intervene as soon as we are aware they are starting work and help them get their income declarations correct. What we have found is that over 80 per cent remain correct for the next 12 months or beyond and so they are then not incurring a debt.

**Senator SIEWERT:** I remember that one. Was that \$200 million?

**Mr Withnell:** It is getting close to \$200 million so far.

**Senator SIEWERT:** Thank you.

**Ms Campbell:** Chair, I have some answers to questions that were asked earlier this morning, if that would be useful.

**CHAIR:** Certainly.

**Ms Campbell:** Senator Siewert was asking about the number of abandoned calls year to date.

**Senator SIEWERT:** Yes.

**Ms Campbell:** It is 6.5 million. It is about 17.9 per cent of the calls.

**Senator SIEWERT:** Is it 6.5 million?

**Ms Campbell:** Yes. It is about 17.9 per cent of calls compared to 2013-14, which was 18 per cent so very much on par.

**Senator SIEWERT:** The number of abandoned calls is about the same?

**Ms Campbell:** The same.

**Senator SIEWERT:** I should have asked at the time about unanswered calls.

**Ms Campbell:** We will come back to you on that.

**Senator SIEWERT:** I should have asked that before.

**Ms Campbell:** We will see whether we can get that for you. Senator Cameron asked us to ask the Finance Department and they provided some advice back on scoping studies. I will read what they have provided:

Scoping studies are independent reviews to government about its entities and activities and contain significant commercial information, the release of which would prejudice the government's commercial interests. The practice of both this and previous governments has been not to publicly release such reports. It should be noted that Australian Hearing is a commercially exposed business operation which operates largely in a competitive market where there are another 250 competing providers.

As outlined by the Finance Minister in his media release of 8 May 2015, the government has not made any decisions on the scoping study at this stage. The government has committed to carry out further consultations with the deaf community on the implications of the introduction of the National Disability Insurance Scheme for government funded hearing services which will significantly change the way hearing services are delivered to community service obligation client groups, regardless of ownership of Australian Hearing.

The consultations will also include the relevant findings of the scoping study into Australian Hearing.

**CHAIR:** Thank you. Just following up on the fraud and compliance issues. There was a story last night on *A Current Affair*. It was about a person who fraudulently claimed her dead mother's pension and was convicted. I just wanted to get to the bottom of it, because it involved a fake ID. I am just wondering how that was able to happen and what is in place now to make sure that sort of stuff would not happen in the future.

**Mr Withnell:** The false ID was created, from memory, back in 1973.

**CHAIR:** 1973?

**Mr Withnell:** I think it was 1973, but it may have been earlier than that. It was certainly some time ago. The proof of identity arrangements within the Centrelink program became more robust around 2000. Prior to that it was far more difficult in terms of proof of identity arrangements. In terms of where we have got to, there are two things that are worth talking about. The first is difficult to go into detail, but we have a number of ways in which we are now identifying longstanding identity frauds within the system. We have had a number of projects in relation to that over the last few years which have been quite successful in finding these long established identities.

The second is in terms of our current arrangements. We are trialling the document verification service which will enable us to verify source documents for proof of identity back to the original agency that created the document, for example, Births, Deaths & Marriages. That will allow us to do a real-time verification of the authenticity of the document so the ability to fabricate identities in the system will be far reduced.

We also do a range of other risk profiling on a constant basis looking for false identities that are coming into the system. We have far more robust controls around that whole issue now that have been building since 2000 and have continued to evolve, both to stop false identities getting into the system but also some methods of identifying those that were established before those more rigorous controls were in place.

**CHAIR:** In this case I think it was a quarter of a million dollar fraud over 20 years. Are you able to tell us how that was detected?

**Mr Withnell:** If we were to tell you how it was detected it may make it easier for others to circumvent that control.

**CHAIR:** I understand. Thank you very much.

**Senator CAMERON:** I want to go to your annual report on page 142, and this issue of the secondment of a federal police officer as if it is something new. At page 142 of your annual report it talks about the department 'works with the Federal Police to promote a high level of program integrity'. It is not just program integrity. It is a high level of program integrity. You confirm that again in estimates last time when we were talking about the role of

the Federal Police and Customs and your overall integrity program. The impression I got from all of your answers was that there was engagement with the Federal Police and there was a high level of integrity, and that is confirmed in that report.

It goes on to say on page 143, 'The department consults with a wide range of stakeholders such as the Federal Police, the ATO, the Australian Transaction Reports and Analysis Centre, the AUSTRAC, the AMA, College of General Practitioners, Pharmacy Guild' and on it goes. On page 148 it says, 'The Australian Federal Police supports the department's fraud control effort.' We had nine seconded federal agents working with the department during 2013. Are these all second rate Federal Police officers where you needed to put someone else in to actually get it all under control?

**Ms Campbell:** The police commissioner and I are working on the secondment of a senior AFP officer. These are excellent officers that we have currently seconded, but we are looking for a more senior officer at the SES equivalent level.

**Senator CAMERON:** It seems like a bit of froth and bubble to me. So, you have had nine Federal Police officers seconded last year and that is into your Financial Intelligence Assessment Team. That goes on as well?

**Mr Withnell:** We have a lot of links to the AFP and to other agencies. We have people like my own staff seconded to the AFP and seconded to the Australian Crime Commission and other agencies for various tasks including the Financial Intelligence Assessment Team. We also have AFP officers seconded to us and we often do exchanges with other agencies in a sense to build on the expertise they have and to skill up our own staff. People coming in have different views of how we might go about these things and I think it is useful for us to think of different ways in which we might tackle some of the problems.

**Ms Campbell:** I could add that the seconded police officer at the SES level will lead this work. They will lead this taskforce.

**Senator CAMERON:** So, you will have all the indians and no chiefs?

**Ms Campbell:** I am sorry?

**Senator CAMERON:** There were nine of these Federal Police officers. You said you had nine working with you.

**Senator Payne:** It is a different job. It is a different task.

**Ms Campbell:** We have this new taskforce. The nine police who were previously seconded and continue to be seconded are working in the business integrity area led by Mr Withnell. This is a new taskforce which will be led by a senior police officer.

**Senator CAMERON:** The minister's press release on 10 April really links the crackdown on welfare cheats, according to Minister Morrison, saying that the system is going to help stop the rot. The system would be in place for seven years and you are going to have two years before you even start the new system. I will leave it at that. It just seems to me that it is a bit of imaginative thinking that you are going to get \$1.7 billion out of this. Let us see what happens.

**Ms Campbell:** They are different programs. We have worked through that, but they are different measures. They are vastly different.

**Senator CAMERON:** That is not how it was presented, but that is another story. I would like to come back to the actual system itself. Will the IT program kick in, in two years time, when you start building the mainframe?

**Ms Campbell:** It will start from 1 July. Mr Shepherd talked about those four projects. There are four projects which will start in the next 18 months. During that 18 months we will be going to the market to determine the platform and how we are going to deliver the system. Then we will be going back to government with those costings on what it will cost to do that replacement.

**Senator CAMERON:** How does the Senate keep itself abreast of what is happening with this given that you claim commercial-in-confidence for the previous business plan? I assume you do not have a business plan ready for the main project commencing in two years time?

**Ms Campbell:** We will go to the market and take those soundings about how much it is going to cost and how we will go about building this. The Senate will be informed, because before we can build it we need to be appropriated funds. Those appropriations will be documented in the portfolio budget statement and in the appropriation bills.

**Senator CAMERON:** But there is a difference from appropriating funds and an understanding of what is happening.

**Senator Payne:** We are able to ask questions about appropriations.

**Senator CAMERON:** I am asking questions and you keep telling me it is a secret because it is commercial-in-confidence.

**Ms Campbell:** I think we have articulated what the money that has currently been appropriated will be used for. When we go to the next phase and government hopefully agrees to that process and if we are appropriated funds then we will be able to outline what those funds are for.

**Senator CAMERON:** The minister has already made an announcement that there will be \$1.1 billion spent on this system that you do not have a business plan for.

**Ms Campbell:** I do not think that we have ever said we did not have a business plan. We said that there was a plan that went to government, that the plan involved some production over the next 18 months and it also involves us going to the market to determine and to get someone to work with us to build the system.

**Senator CAMERON:** So, over this next seven years are you in a position to provide those key achievement points in the build?

**Senator Payne:** In the build?

**Senator CAMERON:** In the build of the new system.

**Senator Payne:** I was just trying to clarify the word you used.

**Senator CAMERON:** The build. That is what you call it when you build a system.

**Senator Payne:** I did not hear you.

**Ms Campbell:** We have broken it into five tranches. We have talked today about tranche 1. As part of tranche 1 we are going to the market for tranche 2 and when we have gone to the market, to ensure the commercial integrity of that process, then we will be in a better position to talk about what is going to happen in tranche 2.

**Senator CAMERON:** So, you cannot tell us about what is in tranche 2. How many tranches do you have?

**Ms Campbell:** Five tranches.

**Senator CAMERON:** What are those five tranches?

**Mr Shepherd:** We can be very detailed about tranche 1, because we understand the nature of the activities, program activities and the things outlined. We will actually build them ourselves so we understand how long that will take with the resourcing requirement, the detailed milestones and when they will be delivered. During the procurement phase one of the things we will do is go out to the market and say, 'The department has the following task. Come back to us with proposals around how you might approach that.' They will come back with proposals around resourcing, costs and timeframes and then we will, as part of the commercial negotiation, bid those down and come back to the government with advice around the plan for tranches 2 and beyond.

We developed, as part of the two-year process, an idea about how to phase these tranches and that was deeply informed by the consultations we did with others. The very firm advice we got was to start a tranche 1 with some customer facing deliverables and across the replacement of the back end system, to do that in a very methodical and careful way, with payment by payment by payment. How the market might respond to that challenge we will not find out until we go out to market through the processes of the tranches.

**Senator CAMERON:** You say you have five tranches?

**Mr Shepherd:** Yes.

**Senator CAMERON:** What is the headline for each one of those tranches and are there tender documents associated with each one of those tranches?

**Ms Campbell:** No, not yet. We are working through the procurement for tranche 1 at the moment. That is what we are doing.

**Senator CAMERON:** Let us forget about tranche 1. Tranche 1 is a minor change which has got linkages. We were told it is a bolt on to the main build. Let us talk about the main build. You have told us plenty about tranche 1. You have told us a lot about a smaller thing. I want to know about the main game. So, there are four tranches to come.

**Ms Campbell:** Tranche 1 includes the procurement for those latter tranches. We are working with our procurement advisers and going to the market for those later tranches as part of the next 18 months.

**Senator CAMERON:** So, what are you looking to procure?

**Mr Shepherd:** We are looking to procure a software product and a systems integrator to help configure that software product to meet the challenges that we have with replacement of the core Centrelink system, for example. So, across that challenge there are four. We know what they are. We have got an idea about logical sequence, but once again we need to go to the market because the vendor community will have ideas around how to meet those challenges.

**Senator CAMERON:** I am not arguing that you do not have to go to the market. I am not arguing that for one minute. Of course you have to go to the market, but you indicated you

have five tranches in this project. You must have some overarching view of what each tranche will deliver, whether you go to the market or not.

**Mr Shepherd:** Yes, we do.

**Senator CAMERON:** And you call for tenders based on that parameter.

**Mr Shepherd:** We do.

**Senator CAMERON:** Do you have details of the parameters for each tranche of work that we can have a look at?

**Ms Campbell:** That forms part of the business case which we have talked about and the commercial-in-confidence nature of the business.

**Senator CAMERON:** What is the commercial-in-confidence? You are putting it out to public tender.

**Ms Campbell:** We are going to put it out to tender one at a time. We are going to go out and what we get when we go out in the next six to 18 months may change what the subsequent tranches are. Yes, the business case detailed that so the first procurement that Mr Shepherd has spoken about, which is about the platform, the software, and an integrator for that.

**Senator CAMERON:** Let us come back briefly to that first tranche and not the PR stuff that you are doing to make it look as if you are doing something. The issue is ensuring that we will get a business plan moving forward. Is that in that first tranche?

**Ms Campbell:** The first thing we are doing is the four very important customer facing functions as well as going to the market to procure a software platform and a system integrator to commence—and rather than say tranche—the first bit of the work that we are doing.

**Senator CAMERON:** When you talk about a system integrator, and I am not in any way an expert on this, but you have software and you have got hardware that drives the software. What is the system integrator?

**Mr Shepherd:** This is actually a key lesson in relation to the situation with ISIS. The issues with the system that we have is we are the only kind in the welfare space in the world. The only other kind is the Pentagon. So, when we go out for product what we will get is a product that will usually be one of the global providers. We will put their product up and that comes as a general product that you then need to configure to the business rules of the Australian social welfare system. It is that configuration and integration with the existing system that you need a systems integrator to do. The product in itself does not deliver on the welfare payment system. You actually need to have this.

Now, this has been a tried and tested approach by companies like the Commonwealth Bank of Australia. They went and bought a product and then they brought that project down to Australia to configure that product to meet all of the regulations and rules within the financial service sector. It was also pretty clear that when we went through the process of talking to other people who run these last transformations that if you do this in the right way, you sector a product that is manufactured and used by multiple people and then configured for your rules in your own country, you lessen the chance of being stuck with a system that only works for

you and being responsible for all of its upgrade and all of its future investment, which is the situation that we are currently in. When I am trying to make sense of all of this I liken it to—

**Senator CAMERON:** When you are trying to make sense of it.

**Senator Payne:** For other people.

**Senator CAMERON:** So, when you are trying to make sense of it for me?

**Senator Payne:** Such as your good self.

**Mr Shepherd:** You will use a HR system in parliament and you will use a finance system in parliament. A lot of that system will come from a product that is actually globally the same everywhere. It just gets tailored for your HR rules and your finance rules and the organisation where you use it but two-thirds of that is actually a product which is used by other people.

**Senator CAMERON:** Does that mean that you are going out for this internationally recognised system, if that is the one?

**Ms Campbell:** An off-the-shelf product that we can then customise.

**Senator CAMERON:** Like Holden and Ford do with an international base for their car. They build on it for each country. Is it something like that? They do different things. There could be a left-hand drive.

**Ms Campbell:** I am not as well across the car industry as you.

**Senator CAMERON:** It sounds like that is what this is. You have a broad base that is internationally used and it will be customised.

**Ms Campbell:** Configured.

**Senator CAMERON:** Customised and configured. Would it be both?

**Ms Campbell:** The important thing about the configuration is what we used to do in the past was build it from scratch so then you had to maintain it from scratch, whereas if you buy a platform it is maintained and updated over time and you can configure into it.

**Senator Payne:** I would like to do two things. Firstly, I would like to ask Mr Shepherd to perhaps speak briefly about the engagement with business that we have undertaken in advance of getting to this point. Secondly, if you are interested, to provide an offer of a briefing to you without commercial-in-confidence material about this.

**Senator CAMERON:** Sure, but that briefing was out of commercial-in-confidence, as long as there are no restrictions on the briefing in terms of the issues—

**Senator Payne:** Without the commercial-in-confidence material.

**Senator CAMERON:** Let's see how worthwhile that is without any commercial-in-confidence.

**Senator Payne:** All right. The offer is there.

**Senator CAMERON:** I am happy to take up that offer.

**Senator Payne:** If I could ask Mr Shepherd to give some context—

**Senator CAMERON:** Just before Mr Shepherd does that, can I also ask him to indicate what are the opportunities for local suppliers of software, system integration and hardware systems within Australia? What have you done specifically to do with that?

**Mr Shepherd:** Perhaps I will deal with the first question and then come back.



**Senator Payne:** No, answer this question first.

**Mr Shepherd:** At the last estimates you asked me to articulate what our engagement had been with the department and the minister in particular on this issue. The engagement with the then Department of Industry, Innovation, Climate Change, Science Research and Tertiary Education—we have a shorter name now—started in August 2013. We actually went as a matter of course at the beginning of the business case to every agency, fronted up, told them what the business case exercise would be about, invited them for their input, and flagged to them that we would be coming back once we had developed further detail for their further engagement. The now Department of Industry and Science was involved in quite an in-depth session around designing the business case. They put this issue and they asked to provide support for us around their thinking through this issue then, and we have had subsequent meetings on 9 February, 16 February, 26 March, 8 April and 27 May with the department on this issue. As part of the tranche 1 activity, we need to go to market. When we go to market, we need to do that in compliance with our policy on this issue. The Department of Industry has given us support to make sure that what we do is absolutely compliant.

**Senator CAMERON:** Not so much compliance; I am more interested in opportunity for Australian business.

**Senator Payne:** It is about providing opportunity for small and medium enterprises in Australia to have involvement in that program. That is what the process with industry is about.

**Senator CAMERON:** So that will be part of the tender documents?

**Mr Shepherd:** There are policies that stipulate the words that we have to use. There are also practical ways in which we can facilitate that by providing additional briefings, for example, to make sure that industry in its broadest sense, including in Australia are aware. Perhaps as a nice segue to—

**Senator CAMERON:** So industry in Australia will be aware. All the industry knows that there is a \$1.1 billion project out there. What I am asking is what can we do, within the constraints of cost, quality and delivery, to maximise Australian jobs, Australian IT advancement, what can we do with this \$1.1 billion spend to do that?

**Senator Payne:** The engagement with the Department of Industry is about the participation of Australian industries, small and medium enterprises in particular, in the WPIT activities—I am using the acronym—the opportunities for small and medium enterprises in future procurement and the capacity for the potential to upskill Australian industry and workers as a result of this significantly large program. They are very specific engagements with industry. Industry brings the players, if you like, or the SMEs back towards us, and it becomes a discussion at least between the two departments. We have been very careful about that.

**Senator CAMERON:** Will that be reflected in the tender documents?

**Senator Payne:** I think that remains to be seen. But that is the whole point of these discussions, to make sure we cover off these points which we know are of great concern to you and, in fact, every member of the House of Representatives I have ever met, because of their own constituencies.

**Senator CAMERON:** I think that is right. I am not saying that I am the only one concerned.

**Senator Payne:** No, it is very important.

**Senator CAMERON:** Everyone, including you. There is no argument about that. Is the tender for the business plan going out in the first tranche?

**Mr Shepherd:** This is the RFT for the different tranches to build. We are looking at post 1 July. We would have to take on notice as to the actual time and sequences to be worked through.

**Senator CAMERON:** I am just worried that there might be a lot of talk between DHS and the Department of Industry, and they would put out a tender and it is all forgotten about. That is what I am concerned about.

**Senator Payne:** This is integral to what we are doing. It will not be forgotten about.

**Senator CAMERON:** It is integral. Can you explain to me how that integral approach is reflected in the tender documents?

**Senator Payne:** The tender documents are not yet finalised.

**Senator CAMERON:** I know that. That is why I am asking. There is no use asking after it if it is not there.

**Senator Payne:** I think Mr Shepherd has been through a monthly set of meetings with you, beginning in February and stretching to 27 May, which are a consistent part of this process to ensure that that engagement is there.

**Senator CAMERON:** Can this be part of the briefing that I get?

**Senator Payne:** We will take that on notice and try to incorporate that, yes.

**CHAIR:** We need to wrap up this section here, Senator Cameron. Others are waiting. Are you done with that one?

**Senator CAMERON:** Yes. I have other issues I want to move to.

**CHAIR:** Sure. That is no problem. We will come back to you. Senator Reynolds has been waiting.

**Senator REYNOLDS:** I would like to move on to the enterprise agreement negotiations if I could. Last time you appeared, you gave us an update at the time on the agreement negotiations. I would just like to run through a number of questions to give us an idea of where it is up to today. Can you remind us when the bargaining process began?

**Mr Hutson:** The bargaining process formally began with the issue of our notice of employee representational rights, which as I recall was May. I am just looking for the exact date. The issue of the notice of employee representational rights was on 3 June 2014.

**Senator REYNOLDS:** How many meetings have been conducted to date since that time?

**Mr Hutson:** Bargaining meetings?

**Senator REYNOLDS:** Yes.

**Mr Hutson:** I believe the answer to that is 36.

**Senator REYNOLDS:** So, 36 meetings in just under 12 months—or just over 12 months now, in fact?

**Mr Hutson:** Yes.

**Senator REYNOLDS:** How many offers have been put to staff as of today?

**Mr Hutson:** We have tabled two offers to staff in that time. We tabled one in July 2014 which we were seeking to put to staff, and following some action that occurred in Fair Work Australia, that did not formally go to a vote. We put a second offer to staff in February this year, and following some staff feedback, the secretary indicated at the last estimates that we were going to reconsider that offer. That is the current situation.

**Senator REYNOLDS:** You were going to reconsider the offer?

**Mr Hutson:** Yes.

**Senator REYNOLDS:** What has happened since then?

**Ms Campbell:** We have worked on that offer and we currently have another offer with the Public Service Commission for consideration.

**Senator REYNOLDS:** When did that go to the Public Service Commission?

**Mr Hutson:** That would have gone to the Public Service Commission on 27 May.

**Senator REYNOLDS:** What was the most recent offer? What were some of the key elements of the one that—

**Mr Hutson:** The key elements of the February offer?

**Senator REYNOLDS:** Yes.

**Mr Hutson:** I will ask Ms Talbot to take you through some of the key details.

**Senator CAMERON:** The February offer was the one that was rejected that is under reconsideration, is it?

**Ms Campbell:** It has not been rejected. We put the February offer on the table. As in all good faith bargaining, we had significant feedback on elements of it, and I said at the last estimates hearing that we would take it away and consider those. We have continued to work with our bargaining representatives, and we have now worked up another proposal which is currently with the Public Service Commission, which we will then put on the table.

**Senator CAMERON:** Which went on 27 May?

**Ms Campbell:** Yes.

**Senator CAMERON:** What is the point of going over the February offer if that is not what is being considered?

**Senator REYNOLDS:** Chair, if I were allowed to continue my questioning?

**CHAIR:** Yes, I thought it was just a quick interjection.

**Senator CAMERON:** I was trying to help you.

**Senator REYNOLDS:** Thank you very much, Senator Cameron, but I think I am absolutely capable of asking my own questions. But thank you for the very kind offer to assist me with my questions.

**Senator CAMERON:** Any time.

**CHAIR:** I have no doubt. Please proceed.

**Senator REYNOLDS:** Thank you.

**Ms Talbot:** The February pay offer was for a total general pay increase of 4.15 per cent over three years, which average out at about 1.4 per cent per year. It was headlined by a general pay increase in 2015 of 1.5 per cent, 1.5 per cent in 2016, and 1.15 per cent in 2017, which provides the total of 4.15 per cent. The other element was salary advancement for the three years of 0.5 per cent, which meant a total of 1.5 per cent salary advancement for those staff eligible to receive it.

**Senator REYNOLDS:** Is that on top of the general pay increase?

**Ms Talbot:** That is correct.

**Ms Campbell:** But not for all staff.

**Ms Talbot:** No.

**Ms Campbell:** No, only for those who are not at the top of the band.

**Ms Talbot:** About 38 per cent of staff were eligible for salary advancement at that point in time.

**Senator CAMERON:** Did you say that was 0.5 per cent?

**Ms Talbot:** Yes.

**Senator REYNOLDS:** With respect to that agreement that was put in February—not withdrawn but reconsidered in February—what would have been the implementation date for that, had it been accepted?

**Ms Talbot:** That would have depended on when we entered what is called the access period in terms of the length of time that we provided for staff to consider the pay offer. Then it is dependent on a successful outcome of a vote. The next element, if the vote is successful, is when it is actually endorsed by the Fair Work Commission. Some of those timeframes depend on how long that can take.

**Senator REYNOLDS:** Is it safe to say that, throughout that process, would the agreement have been implemented by now? Is it generally one month, three months—

**Ms Talbot:** It could take anywhere from I guess six to maybe 10 weeks, just depending on how long it is taking for the Fair Work Commission to assess, and how long the access period was. But it would have been implemented by now.

**Senator REYNOLDS:** Assuming it had gone through at the usual rate, even if it was at the outside of the eight weeks, your staff now would have been receiving an increase in pay?

**Ms Talbot:** That is correct.

**Senator REYNOLDS:** So, they now have an indeterminate period of time when they are actually getting paid less than they would have been had the agreement gone through; is that correct?

**Ms Talbot:** Yes.

**Senator REYNOLDS:** Last time you were here you talked about some protected industrial action. Can you give us an update on what action has occurred?

**Ms Campbell:** While the officers are getting the details, we have had a number of actions including not wearing the corporate wardrobe, coordinated lunchbreaks, reading out statements to customers, providing statements with a piece of paper detailing that the staff member was involved in industrial action.

**Senator REYNOLDS:** Just on that, if they were reading that out over the phone, would that have exacerbated the call wait times?

**Ms Campbell:** It would have extended the average handling time and, yes, that would have led to longer waits.

**Senator REYNOLDS:** Do you know how many clients were subject to this extended wait, how long the script was, and how much it may have extended people's time waiting?

**Ms Campbell:** As to the average handling time, we can talk about how many minutes or how long it took.

**Ms Talbot:** Since last estimates, we have had two periods of industrial action. The first period was from 30 March to 10 April. We received a notice of industrial action every day from 30 March up until 10 April. The notice identified five identical actions: coordinated lunchbreaks for the whole department, ban on the use of auxiliary codes, which are codes that indicate an individual is following their planned schedule for a particular day by staffing scheduled environment, bans on wearing the corporate uniform—that is only for those staff who are in face-to-face customer service, providing customers with CPSU verbal authorised statement for staff receiving inbound calls, and providing customers with a CPSU written authorised statement which was only at 26 sites. This period included two double lodgement periods, two public holidays over the Easter break, school holidays, and we had very high leave ceilings, given the time—

**Ms Campbell:** Can I just outline what a double lodgement date is?

**Senator REYNOLDS:** Thank you, yes.

**Ms Campbell:** Double lodgement dates are when we know we have a public holiday and customers would need to report their earnings on the public holiday. But because we are not operating on the public holiday, we bring that earnings lodgement date generally forward, so we have two lots of lodgements on that date, which means we have an increase in activity on those double lodgement dates. It is kind of to deal with our normal essential work that we would do on a public holiday.

**Senator REYNOLDS:** Which is clearly designed to impact on your clients?

**Ms Campbell:** They are very high usage days of our services.

**Senator REYNOLDS:** They gave notice of five actions. The first one you said was a coordinated lunchbreak, which means pretty much that the people all go off at the same time?

**Ms Campbell:** Yes.

**Senator REYNOLDS:** That would mean that all of your clients who use your telephone—does that include your call centre staff?

**Ms Campbell:** This is for union members, not all staff.

**Senator REYNOLDS:** So, call centre people in your offices. Does it affect the people who are sort of doing the internet work?

**Ms Campbell:** Generally we have managed by allocating other staff to fulfil what are essential tasks during those periods. For example, with the coordinated lunchbreaks, I think it is fair to say that a small number of offices have had to close over lunch to deal with this

action. It has been two or three I think on a few days, for example. I think it was Horsham, Moree and Merimbula.

**Senator REYNOLDS:** Would the lunchtime be one of your peak periods, when people actually either ring in because they are on a lunchbreak or they can sort of pop around to the office and see you?

**Ms Campbell:** It is a busy period.

**Senator REYNOLDS:** The first one is a coordinated lunchbreak, which is clearly designed to cause maximum inconvenience to Centrelink clients. The second one was auxiliary codes. I do not really understand that. Is that actually just something internal or is that something that also has an impact on your clients?

**Mr Hutson:** That would really be internal.

**Senator REYNOLDS:** So that is internal, okay. So, one is designed to really stuff up your clients. The second one is to stuff up the other staff in the office with these auxiliary codes, whatever they are. The third one was the uniforms; is that right?

**Mr Hutson:** That is right.

**Senator REYNOLDS:** Apart from a bit of civil disobedience, I guess it is also a bit of a show of disrespect. So, clients coming in and not having people properly dressed—to me, I think that is just a show of disrespect to your clients. What was No. 4?

**Senator CAMERON:** A joke!

**Senator REYNOLDS:** You might consider it a joke, but—

**Senator CAMERON:** Senator, how would you know what these staff are doing is disrespectful. You would not have a clue.

**Senator REYNOLDS:** Please, Chair. It may be uncomfortable to you, but we are not on shopfloor right now, Senator Cameron, and please—

**Senator CAMERON:** I am happy for you—

**Senator REYNOLDS:** —give me the respect and give the department the respect for answering the questions.

**Senator CAMERON:** I am happy for you to keep going.

**Senator REYNOLDS:** You get heard in silence, no matter how outrageous your questions are, so please give me the same courtesy, Senator Cameron.

**CHAIR:** Well said.

**Senator CAMERON:** Keep going.

**Senator REYNOLDS:** You can bully me all you like and talk over me, but I deserve the same respect you do, Senator Cameron.

**Senator CAMERON:** I am not bullying you.

**Senator REYNOLDS:** Yes, you are.

**CHAIR:** You have been heard in silence. No-one has interjected on your questions. We do not comment on the quality of your questions or otherwise. Please allow Senator Reynolds to continue.

**Senator REYNOLDS:** Thank you, Chair. Can you remind me what the fourth action was?

**Mr Hutson:** The fourth was providing customers with a CPSU verbal authorised statement for staff who receive inbound calls.

**Senator REYNOLDS:** So, that is a verbal statement. If someone rings up and says, 'Can you please help me with this issue?', presumably from the clients in great distress and great need through to pretty much any inquiry, how long is this statement? Do you have a copy of it?

**Mr Hutson:** I might have a copy of it.

**Senator REYNOLDS:** Otherwise if you could table it for us. Is it one sentence?

**Mr Hutson:** It took about 20 seconds to read that.

**Senator REYNOLDS:** So before they say, 'Hello, my name is, whatever else, how can we help you? What can we do for you?', they get a 20-second written statement which delays their assistance, but also I guess this is where it would impact on your phone time?

**Ms Talbot:** On that average handling time, depending on how many do it.

**Senator REYNOLDS:** So, two of them are internal sort of stuff up your colleagues at work. We have had two that are absolutely directed at your clients by subjecting them not only to the message but also to delays and telephone calls. The fifth one was the phone statement. What was the last one?

**Ms Talbot:** Providing customers with a CPSU written authorised statement, which was at 26 sites.

**Senator REYNOLDS:** How did that work? This is actually at your offices?

**Ms Talbot:** It was a photocopy that was handed out by service centre staff.

**Senator REYNOLDS:** So, these are your clients again who are coming in to seek advice and assistance in your offices. They are greeted at the door, and I have seen how friendly the guys are there with their iPads and, 'How can we help you?' and 'What can we do?' Is it those people or somebody else who is handing them out at the door?

**Ms Talbot:** It would have been staff that were participating in the action. It is only members of the CPSU that are eligible to participate.

**Senator REYNOLDS:** Out of those five actions, three of them clearly were designed to inconvenience your customers? Not great staff customer service, I would have thought. We have had those two periods of industrial action since then—

**Senator CAMERON:** How good they are—

**Senator REYNOLDS:** Please, Senator Cameron.

**Senator CAMERON:** I just know how good they are.

**CHAIR:** Senator Cameron, allow Senator Reynolds to keep asking questions, please.

**Mr Hutson:** Those actions were in respect of the first period of industrial action.

**Senator REYNOLDS:** So those five ones were just for the first?

**Mr Hutson:** Yes.

**Senator REYNOLDS:** What was the second one, then?

**Ms Talbot:** The second period of industrial action was from 12 May to 21 May. There were four identical actions. They were coordinated lunchbreaks again, a ban on the use of auxiliary codes, a ban on wearing corporate uniforms, providing customers with a CPSU written statement. Then on 18 May we had notification of a stoppage of work for one hour commencing at 1130 hours local time and ending at 1230 hours local time.

**Senator REYNOLDS:** So, all union members just downed tools?

**Ms Campbell:** All those who participated.

**Ms Talbot:** It applied to the entire department, but it did exclude those that were in the National Emergency Call Centre or the Australian Organ Donor Register or Authorised Medical Personnel line.

**Senator REYNOLDS:** That was during the period from February, when you were reconsidering, through to May when you put forward a revised offer?

**Ms Campbell:** We have not put forward the revised offer to the bargaining room yet.

**Senator REYNOLDS:** But it has gone to the Public Service Commission?

**Ms Campbell:** Yes.

**Senator REYNOLDS:** I had heard reports, and you did not mention it here, that people had unscheduled absences from work as part of this action. During the past 12 months, have you had an increase in unscheduled, unauthorised absences, or whatever is the terminology in your agreement?

**Mr Hutson:** 'Unscheduled absences' is the term which is used to describe a variety of different leave types, primarily concerned with personal and carers leave. That number has been pretty stable over the past 12 months.

**Senator REYNOLDS:** So it has stayed the same?

**Mr Hutson:** It has been pretty stable. It is not totally stable.

**Senator REYNOLDS:** I cannot recall the date, but I recall reading in Perth that there had been a story that tens of thousands of Centrelink staff had participated in this industrial action, primarily designed against your clients. Is there any truth to these numbers that tens of thousands of your staff were engaged?

**Mr Hutson:** No. Certainly not tens of thousands. The numbers that participated have varied depending upon the action and depending upon the location. But it would not be true to say tens of thousands. If I can talk about the first period we talked about, which ran at about Easter, the percentage of staff who participated in the action over that two-week period was fairly low. Some 9 per cent of staff participated in coordinated lunchbreaks, 8 per cent of staff participated in the use of auxiliary codes, and less than 15 per cent of face-to-face staff participated in the ban on corporate uniforms. Of the 753 staff who could participate in providing customers with a CPSU written statement, only 23 per cent did so. Less than 2 per cent of staff participated in providing customers with the CPSU verbal statement.

**Senator REYNOLDS:** Less than 2 per cent. I do not have your total staffing here at hand, but that is significantly less than tens of thousands.

**Mr Hutson:** Indeed.

**Ms Campbell:** It is quite a small number.



**Mr Hutson:** Very small numbers.

**Senator REYNOLDS:** One final area I would like to talk about is something that has received a bit of media attention. I am sure I heard Senator Cameron raise with you earlier the issue of 'rats', apparently somewhat pejoratively. Could you explain to me this issue of the icons?

**Ms Campbell:** We have a system which I think is called Total View that records what people are doing within their day. There are icons, mainly used in the SmartCentre space—an icon for allocating what they are actually doing with that period of time. It came to our attention that a relatively junior staff member, when they had been allocating icons to protected industrial action, had chosen a mouse to be the icon for protected industrial action. Immediately it came to our attention, we changed it. We then changed it to a piece of paper, which some representatives felt was like toilet paper, so we immediately changed it again. There was no intentional disrespect to our staff members. I have put out a staff note and apologised for the offence taken, and that it was unintentional. That was published in *The Canberra Times*. Someone passed it to *The Canberra Times* and it was published the next day.

**Senator REYNOLDS:** Presumably, given there is a wide range of tasks that people perform, how many icons would you have in the system?

**Ms Campbell:** Mr Tidswell will take us through it, but there are over 200, and I have suggested that we go through and check that we can get rid of the animals.

**Senator REYNOLDS:** Any version of paper, clearly notebooks, papers, any Mickey Mouses or anything else.

**Ms Campbell:** Letters like P and U we are hoping will not offend.

**Mr Tidswell:** We had 270 of them.

**Senator REYNOLDS:** So 270 icons?

**Mr Tidswell:** Yes.

**Senator REYNOLDS:** As to the selection of the icon, with there being so many of them and you are adding and subtracting them, presumably it is not an issue at the secretary level of the FAS level in terms of what icon of these 270 goes to what item?

**Ms Campbell:** No. I think it is fair to say that I first learned of icons when the 'rat' issue was raised, and I have now reviewed said icon and it is a mouse, but it was removed as soon as—

**Senator CAMERON:** Looks like a rat to me.

**Ms Campbell:** We have another picture of—

**Unidentified speaker:** Well, you are in the New South Wales Labor Party.

**Senator CAMERON:** You would know all about it with a brown paper bag, wouldn't you?

**Ms Campbell:** We did not mean any offence whatsoever. This was a junior staff member who, when we talked about it, thought it was cute and innocuous. But we can now understand that others have taken offence and we have acted immediately.

**Senator REYNOLDS:** So it was a junior staff member who is probably quite mortified by all of this attention. You identified it, you corrected it, so no more animals, and no more pieces of paper?

**Ms Campbell:** Mr Tidswell is reviewing icons, I am sure.

**Senator REYNOLDS:** If you need that many, you will clearly run out of the alphabet. You will clearly run out of all sorts of different icons.

**Mr Tidswell:** We code the leave for the staff member or their breaks, so it is important for the team leaders and the staff to understand what their schedule is and where they ought to be at certain times. The staff member, as Ms Campbell says, a very junior staff member, thought it was a cute and relatively easily observable symbol. It is very small on your screen. It does not sit there very big, so it was considered by them to be very harmless.

**Senator REYNOLDS:** My characterisation of what you have just told the committee is that it is a sensationalist much to do about nothing story; that is my take of what you said.

**Ms Campbell:** Yes, that is right.

**Senator CAMERON:** I will be brief on the bargaining. You gave an outline of some of the offers that were on the table, but you did not go to the whole package that was put forward last time, did you?

**Ms Campbell:** We can go through more detail if you would like.

**Senator CAMERON:** You have already done that. You have done it on notice to me, but just for the record, we cannot leave the impression, can we, that what was responded to in terms of the questions was the whole story. It was not, was it?

**Ms Campbell:** There is more detail we can go through if you like.

**Senator CAMERON:** Yes. So, you wanted to increase the working hours from 37 and a half to 40 hours per week?

**Ms Campbell:** To the standard, yes.

**Senator CAMERON:** You wanted to reduce the accrual of personal carers leave from 18 days to 15 days?

**Ms Campbell:** Yes, to address our unscheduled absence issue.

**Senator CAMERON:** You wanted to maintain a workforce profile target ratio of one executive level staff member to nine APS members even though the staff had absolutely no control over that issue?

**Ms Campbell:** As we said at the last estimates hearing, we took that on board, realised that was the case and we are seeking to change that at the moment.

**Senator CAMERON:** You have changed the eligibility rules for higher duties allowance from no minimum periods to periods greater than 10 continuous working days?

**Ms Campbell:** And we are working with the bargaining room about changes to that proposal as well.

**Senator CAMERON:** You wanted to reduce the preparation and pack-up time for employees in scheduled environments from 15 minutes a day to 10 minutes?

**Ms Campbell:** We have worked with the bargaining reps and they have sought us to broaden that definition.

**Senator CAMERON:** At least now we have the whole picture there. That is good. Now, the mouse icon or whatever it was. It was either a relatively junior person or a very junior person. There were two different stories from two different officers. What was the level of this person?

**Ms Campbell:** APS 5.

**Senator CAMERON:** Who else had access to this icon?

**Ms Campbell:** Mr Tidswell can give more details on who accesses icons in this system.

**Mr Tidswell:** About November last year the spectre of protected and unprotected industrial action became a reality as a result of—

**Senator CAMERON:** I do not need an explanation. All I am asking is who else is accessing.

**Mr Tidswell:** Basically at that time we had to put in place icons in our Total View scheduling system for this new activity. As Ms Campbell said, it was at the APS 5 level. That is where we had this task delegated to. We have since raised that delegation to a more senior officer so they can look at the total picture of the icons. We do this all the time. Things change with different coding. It has never surfaced as an issue.

**Senator CAMERON:** Do not panic. You have answered my question. Was there anyone else that had access to these icons other than the APS 5 officer?

**Mr Tidswell:** It was literally a simple task. Somebody said, 'We need to do this.' It would have been followed through. It would have been sent through to the team for that team to do it.

**Senator CAMERON:** It is a simple question.

**Mr Tidswell:** As far as I know—

**Senator CAMERON:** Who else had access?

**Mr Tidswell:** I am not sure what 'access' means.

**Senator CAMERON:** Who else could have put the rat up on that?

**Mr Tidswell:** I think at that stage it was at that APS 5 level.

**Senator CAMERON:** Only an APS 5 person?

**Mr Tidswell:** But obviously there would be a chain of command to say, 'We need to put this into the system.' The choosing of the icon was at a very low level, because it seemed to be such a simple task.

**CHAIR:** It was not a subcommittee fault.

**Senator CAMERON:** No subcommittee.

**Ms Campbell:** No subcommittee.

**Senator CAMERON:** You have put a revised proposition to the Public Service Commissioner for approval on the bargaining. Has that offer been discussed with the CPSU and the bargaining reps?

**Ms Campbell:** The proposal we have has been informed by the discussions we have been having in the bargaining room but it is yet, in its totality, to be put to the bargaining room so we have sent it to the Public Service Commission to ensure that we adhere to the framework.

**Senator CAMERON:** So, it has to go through the bureaucracy first?

**Ms Campbell:** It has to go through the appropriate process.

**Senator CAMERON:** The bureaucracy. Are you aware that the Public Service Commissioner has made an offer to the staff in the Public Service Commission of 1.5 per cent a year with no trade-offs?

**Ms Campbell:** I am aware that that has been reported in the *Canberra Times*, but given the quality of that reporting from my own circumstances I am not sure whether that is true or not.

**Senator CAMERON:** In your proposal that you have put to the Public Service are there still concessions that you are seeking from the staff?

**Ms Campbell:** My understanding is that under the Fair Work Act we are not to talk publicly about it until it has gone to the bargaining room, because we are trying to adhere to the good faith bargaining principles.

**Senator CAMERON:** Who made this rule?

**Ms Campbell:** I think it is in the Fair Work Act.

**Senator CAMERON:** In the Fair Work Act?

**Ms Campbell:** I need to bargain in good faith and, therefore, need to present any proposal publicly in the first instance.

**Senator CAMERON:** The Public Service has not been bargaining in good faith now for a year and a half so why would this be an issue for you now?

**Ms Campbell:** We have been bargaining in good faith.

**Senator CAMERON:** You do not have the capacity to bargain with your employees, do you, without external interference?

**Senator REYNOLDS:** The unions?

**Senator CAMERON:** No. We are talking about the Public Service Commission and the minister. That is what we are talking about.

**Ms Campbell:** We bargain in good faith within the framework that has been provided by the government. This has been the case for many years under a number of governments.

**Senator CAMERON:** When do you expect to have a response from the Public Service Commissioner?

**Ms Campbell:** We would hope in the next couple of weeks.

**Senator CAMERON:** When did you put it in?

**Ms Campbell:** I think we sent it on 27 May.

**Senator CAMERON:** So, it could be up to three weeks before you get a response?

**Ms Campbell:** I have not spoken with the commissioner myself, but we are very keen. We are working very closely with the commission to get a response as quickly as possible.

**Senator CAMERON:** Which will be three weeks. I think I will leave it at that. Hopefully you are not proceeding with more concessions given that the Public Service Commissioner is showing the lead on this. Has there been a change in the definition of 'productivity'?

**Ms Campbell:** There has been some additional material provided on interpreting the productivity requirements and we have worked closely with the Public Service Commission.

**Senator Payne:** Please do not do this to me again.

**Senator CAMERON:** 'Productivity' was one thing at last estimates. It is a different thing at this estimates. Is that correct?

**Senator Payne:** Do me a favour and just take the *Hansard* from Employment estimates.

**Senator CAMERON:** You are here. I have got you.

**Ms Campbell:** We are working closely with the Public Service Commission on the interpretation of the framework.

**Senator CAMERON:** That really is Monty Python, is it not?

**Ms Campbell:** We are working to get the best proposal we can for our staff.

**Senator CAMERON:** I know we all want to get to other issues. Just fix this, Ms Campbell, please.

**CHAIR:** We will take that as a comment. I know that on this issue Senator Reynolds has one quick follow-up from her earlier questioning. Have you finished with the bargaining?

**Senator CAMERON:** We will see where it leads.

**Senator REYNOLDS:** I just wanted to pick up the point about the agreements. The first one was put a month after, so going back to July-August last year. Have you worked out how much your staff would be losing every month because of the fact that they have not had a pay increase come into effect for the last 12 months, had that first agreement or even the second agreement been accepted? Presumably it is still going to be several months more now before anything is finalised for your staff? Have you done any costings on the cost to staff?

**Mr Hutson:** In the offer that we were proposing—

**Senator REYNOLDS:** The first one?

**Mr Hutson:** The first offer, which was for the first year. We will just check on the amount. The proposal was that would kick in from 1 September.

**Senator REYNOLDS:** Let us say that first one had gone through. Have you got a couple of different salary bands, just to give us an idea, by month since September last year of how much your staff have lost out?

**Ms Talbot:** I can give you an example of the February pay proposal in terms of what the salary would have been for a staff member. For an APS 4, who was not at the top of their salary band, from 1 July 2013 their salary was \$62,493 per annum. The pay scenario—if the department met its workforce profile target ratio, the person would receive the general pay increase of 1.5 per cent, which was \$937, and a salary advancement payment of 0.5 per cent, which was \$317. That meant their total 2015 yearly salary was \$63,747.

**Senator REYNOLDS:** So, that is about \$1,300 for someone who is in the mid-range of a standard APS 4?

**Ms Talbot:** It is \$1,250 extra.

**Senator REYNOLDS:** So, pretty much all of your APS 4s since that time had that gone through over this 12 months have now missed out on over \$1,200 in salary and those who were entitled to the additional salary advancement bonus would have missed out on even more than that?

**Ms Talbot:** It was \$1,200 over general pay increase plus salary advancement combined.

**Senator REYNOLDS:** That is under the first agreement. What about under the second agreement?

**Ms Talbot:** That was the February pay offer.

**Senator REYNOLDS:** That was February.

**Ms Talbot:** I do not believe I have the figures for the July pay offer.

**Senator REYNOLDS:** What was the total bill across the department for what has not been paid to staff?

**Mr Hutson:** What has not been paid to staff?

**Senator REYNOLDS:** Yes. What is the total cost to the department?

**Senator Payne:** Do you mean a total amount?

**Senator REYNOLDS:** A total amount, yes.

**Senator Payne:** That would have been paid?

**Senator REYNOLDS:** Yes.

**Ms Campbell:** I am just working out what the percentage is. There has been moneys not paid out in the order of at least \$30 million.

**Ms Talbot:** I do not have that.

**Senator REYNOLDS:** Did you say \$30 million?

**Ms Campbell:** We will identify that figure and come back.

**Senator REYNOLDS:** If you could take that on notice.

**CHAIR:** Yes, take it on notice to get it right.

**Senator REYNOLDS:** Do you say a rough quantum of \$30 million has not gone to your staff because of the delays of this process?

**Ms Campbell:** We will get that for you.

**Senator REYNOLDS:** You will get the correct figure for me?

**Ms Campbell:** Yes.

**Senator REYNOLDS:** I am just picking up a point from Senator Cameron. In terms of what you were just giving evidence on you are saying the department has accorded with the Fair Work Act. You are also going through a process that I presume every other Commonwealth department would go through in terms of the process so there is nothing unusual or nothing out of the ordinary with the process that you are going through?

**Ms Campbell:** No.

**Senator REYNOLDS:** So, you are not the only department attempting to do things in good faith?

**Ms Campbell:** No.

**Senator REYNOLDS:** Thank you.

**Senator CAMERON:** The process is extraordinarily bizarre, is it?

**Ms Campbell:** I am sorry, I did not understand that question.

**Senator REYNOLDS:** I do not think it was a question.

**Senator CAMERON:** The process is extraordinarily bizarre. I will just follow up on that. Given that you have been so helpful in calculating what could have been a pay increase, can you also calculate the quantum that would have been transferred from employees back to the department arising from all of the increased work hours, reducing the accrual of personal carers leave, the changing in the eligibility for higher duties and reducing preparation and pack-up time? Has that been calculated?

**Ms Campbell:** It has. That is calculated.

**Senator CAMERON:** If you can give us that as well.

**Mr Hutson:** We have that for February.

**Ms Campbell:** We can talk about the proposal that we put on the table in February if you would like to talk about that.

**Senator CAMERON:** I am just after the cost to the employee of those proposals.

**Mr Hutson:** We have the value of the productivity from each of those measures.

**Senator CAMERON:** Can you run through them? This is not productivity. This is a transfer of conditions from the staff and savings back to the government. It is not productivity. The definition changes every estimates anyway.

**Ms Talbot:** For the increase in working hours the productivity saving was approximately \$95 million.

**Senator CAMERON:** So, \$95 million goes from the staff to the department?

**Ms Campbell:** This is over the three-year life of the agreement.

**Senator CAMERON:** Yes. It is \$95 million. It is \$30 million a year from the staff to the department.

**Ms Campbell:** The \$30 million was not over a full year.

**Senator CAMERON:** Personal carers leave?

**Ms Talbot:** Reducing the accrual of personal carers leave was \$2.1 million.

**Senator CAMERON:** So, another \$2.1 million against the pay increase.

**Ms Talbot:** Reducing incremental salary advancement was \$76 million.

**Senator CAMERON:** Where are you? Is that the change in the eligibility of higher duties?

**Mr Hutson:** No. In the previous agreement we had a salary advancement of 2.75 per cent and in the February offer we were proposing to reduce that to 0.5 per cent.

**Senator CAMERON:** That was not in the response to my question on notice. Do you know why?

**Ms Talbot:** We can get the question on notice and have a look to see whether it has categorised under another heading.

**Senator CAMERON:** Just run that one past me again.

**Mr Hutson:** Reducing the incremental salary advancement from 2.75 per cent to 0.5 per cent per annum.

**Senator CAMERON:** How much?

**Mr Hutson:** It is \$76,200,000.

**Senator CAMERON:** From the employees back to the department.

**Ms Talbot:** The workforce reprofiling target was \$38 million.

**Senator CAMERON:** Is that the executive level staff member?

**Ms Talbot:** That is right.

**Senator CAMERON:** How much was that?

**Ms Talbot:** It was \$38 million.

**Senator CAMERON:** So, that would have been jobs gone to meet that. You give up jobs for a small salary increase?

**Ms Talbot:** Changing the eligibility for higher duties was \$6 million.

**Senator CAMERON:** So, \$6 million from employee entitlements back to the department.

**Ms Talbot:** And reducing the preparation of pack-up time was \$18 million.

**Senator CAMERON:** \$18 million from an entitlement workers had back to the department. It is not quite as simple as saying workers have given up a pay increase and how terrible that is. The result is concessions that would be enforced on workers. What is the total figure?

**Ms Talbot:** The total productivity figure is approximately \$238 million.

**Senator CAMERON:** Over three years?

**Ms Talbot:** Yes.

**Senator CAMERON:** So, that is transfer of entitlements and wages from workers of \$238 million over three years back to the department. What was the figure for the wage increase over those three years? Do we have that?

**Mr Hutson:** The way in which the bargaining policy works is that—

**Senator CAMERON:** I am not asking you about that.

**Mr Hutson:** I would be approximately—

**Senator CAMERON:** I have heard people trying to explain how this bizarre bargaining policy works in various estimates. I really do not need you, Mr Hutson, to try to tell me again because it has changed again.

**Senator Payne:** The officials are trying their best to help you.

**Senator CAMERON:** I do not need their help.

**Senator Payne:** To provide the information for which you are asking.

**Senator CAMERON:** Yes. I have asked one simple question.



**Senator Payne:** We are endeavouring to identify that.

**Senator CAMERON:** What is the value of the wage increases over three years that were on offer in February?

**Mr Hutson:** I do not have the exact number with me, but that would be pretty much close to the value of the productivity.

**Senator CAMERON:** So, the workers pay for their own pay increase. I will leave it at that.

**Senator REYNOLDS:** I have some further follow-on questions. In terms of the bargaining policy that my colleague has just described as bizarre, which is interesting given his government actually introduced the policy and the act—

**Senator CAMERON:** And the—

**Senator SIEWERT:** I do not think you should.

**Senator REYNOLDS:** I do not think you should given it was your own piece of legislation. That aside, you gave me the figures for an APS 5. Do you have the figures there for an APS 6, which I understand is more the median salary in the department?

**Ms Talbot:** I only have the figures for an APS 4, and the majority of our staff are APS 4.

**Senator REYNOLDS:** But I understand in terms of the wage—

**Ms Talbot:** We could provide an APS 5 on notice.

**Senator REYNOLDS:** Is there an APS 6 in terms of the median wage paid over the department?

**Ms Talbot:** No.

**Senator REYNOLDS:** Could you take that on notice?

**Ms Talbot:** Yes.

**Senator REYNOLDS:** Perhaps if you could provide on notice for the APS 4, 5 and 6.

**Senator Payne:** You have the APS 4.

**Senator REYNOLDS:** No, I have APS 5. You said it was APS 5.

**Ms Talbot:** It was APS 4.

**Senator REYNOLDS:** It was APS 4?

**Ms Talbot:** Yes. I do not have the APS 5. I only have the APS 4.

**Senator Payne:** We can take that on notice.

**Senator REYNOLDS:** If you could take APS 4, 5 and 6 on notice. I have APS 4, but you can take the other on notice. I might be looking at this very simply, but as I understand the complexities of this it is that by having a 12-month delay your APS 4—not 5 which I thought it was—is now out of pocket around about \$1,250 which they will never get back. Is that right?

**Ms Campbell:** That is correct.

**Senator REYNOLDS:** That will continue until a new agreement is made?

**Ms Campbell:** Correct.

**Senator REYNOLDS:** That could be some time before it is agreed and implemented?

**Ms Campbell:** And that impacts on their wages as well as their superannuation and salary.

**Senator REYNOLDS:** All the fancy explanations of the ins and outs of all the changes that occur, because there are some things that come and some things that go out, but after all of that, as I understood it, you said that there was \$30 million that was left unspent. Are you going to clarify the exact number? It was somewhere around that that was never paid out to staff and never will be paid out to staff.

**Ms Campbell:** Our salary budget is about \$2.5 billion. One per cent of \$2.5 billion is \$25 million. We are just trying to find that figure for you.

**Senator REYNOLDS:** I am happy for you to take that on notice, but thereabouts. That is money that will never go to staff because the agreement has not been signed and that will continue to rise into next financial year the longer this dispute goes on.

**Ms Campbell:** That is right.

**Senator REYNOLDS:** The staff lose out.

**Mr Hutson:** That is right.

**Senator REYNOLDS:** Thank you.

**Senator SIEWERT:** I would like to go to payment for aged care providers.

**Ms Campbell:** We can find someone for that.

**Senator SIEWERT:** I know we discussed this issue before and I thought it was fixed, but the feedback that I am getting is that it is not.

**Ms Golightly:** I am sorry, but I did not catch that.

**Senator SIEWERT:** There have been ongoing issues with payment to aged care providers from what I understand. I can certainly list a whole lot of the examples that I have been given.

**Ms Golightly:** Any information you have we are more than happy to look into.

**Senator SIEWERT:** I have had advice and we have talked about this before. I am sure I was told that there had been some issues and that it was fixed.

**Ms Golightly:** We have fixed the ones that we know about.

**Senator SIEWERT:** We have had issues with some home care providers not receiving payment; that there have been random amounts with no clear information to enable reconciliation; that some organisations have only recently had final reconciliation of some of their payments over quite a long period of time; and, that there were errors that occurred in January with the changes to the income test fee subsidy.

**Ms Golightly:** I would need to have the individual details. In general terms we are not aware of any providers that have not been paid as long as they have submitted the documents they need to. The reconciliations are up to date.

**Mr Storen:** Payment statements have been available to providers since late 2014. They have been available upon request from providers. There can be instances with the way the system works. It works on advances and then reconciliations from providers. If the reconciliations or the paperwork have not been completed the department cannot continue the payment cycle so they are followed up with providers when that arises. There can be instances where claims are held up when the paperwork is not completed and we need to work that

through with providers. When that is brought to our attention we have arrangements in place for when we do come across that.

**Senator REYNOLDS:** I have also had similar complaints from aged care providers that this has been a regular occurrence.

**Ms Golightly:** Whenever we get a complaint we look into it. I would very much ask for any of those things to be passed through so that we can get on to it straightaway. Mr Storen can add to this, but I think any of the ones that we have received in the last few months have more or less pointed to earlier issues that have been resolved.

**Senator SIEWERT:** What about some of the assessments for some people where I am told there have been reductions? This is from the income test fee subsidy. Reductions are being incorrectly deducted from subsidies, not matching income test fee letters or deductions simply overstated. This has confused families, not to mention providers.

**Ms Golightly:** Very early on there were some issues with letters and, again, the ones that we have referred and we have looked into, in a large majority of the cases, it related back to those earlier letters. I think it is also fair to say that people may not have understood that when we do a means test assessment that may give a result that they were not expecting. That does not necessarily mean it is an error.

**Senator SIEWERT:** I understand there is a difference between people underestimating what they think is going to happen.

**Ms Golightly:** We cannot, of course, ever eliminate totally human error. That is why we very much want to see any details that you might have and we can talk to the customer or the provider to make sure that it is not an error or resolve whatever the issue is.

**Senator SIEWERT:** Whether it is a mistake or whether they have underestimated what their assets are, families are being notified some way down the track and they are not prepared for the cost. Are you saying that is more about where they have underestimated their assets?

**Ms Golightly:** Yes. Whether it is under or over, either way they will be notified of the result.

**Senator SIEWERT:** I am told that people have been raising this with Medicare.

**Ms Campbell:** With Medicare?

**Senator SIEWERT:** They say Medicare.

**Ms Golightly:** We have regular meetings with all of the peak bodies, both the provider peaks and the consumer peaks, as well as people at the Department of Social Services. People do raise issues and we very much encourage them. We look into all of them. What I am saying is that quite often when we look into that in most cases it is not a systemic issue. It may have been an earlier issue that has been fixed or it is something about that particular case that is a bit more complicated and a one-off.

**Senator SIEWERT:** Are you saying that the issues are generally not systemic?

**Ms Golightly:** Yes.

**Senator SIEWERT:** That means some are. What are those issues?

**Ms Golightly:** The ones that were a bit more systemic were the earlier issues.

**Senator SIEWERT:** The issues that we have talked about before?

**Ms Golightly:** Yes.

**Senator SIEWERT:** Do I take it from your answer that you do not think that there are any systemic issues now?

**Ms Golightly:** Not that we know of. Again, that is why, as well as fixing it for the customer, we are very keen to look at any information people have.

**Senator SIEWERT:** Who should people write to? I am told that their concerns have gone unanswered. Is it better to write straight to the department?

**Ms Golightly:** Yes.

**Senator SIEWERT:** I will feed that back.

**Ms Golightly:** Either Mr Storen or myself and we will deal with it.

**Mr Storen:** If they can communicate directly with me that is fine.

**Senator SIEWERT:** That is the best approach.

**Mr Storen:** The more specific the case is, the better it is. I have had communications with a range of providers over quite a few months. We prioritise correcting the issue for the particular recipient. That is the first priority. The second priority is to look for systemic trends, as Ms Golightly said. The vast majority relate to the data issues we had a lot earlier on, but we look actively for systemic issues to ensure that it does not continue.

**Senator SIEWERT:** I will pass that information on. What is the largest amount of money that a provider might be owed at one time?

**Ms Golightly:** That is very hard to answer. I could take on notice what we could give you. The reason that it is a little difficult to answer right now is because, as Mr Storen mentioned, this whole system is one of an advance payment at the beginning of the month and then a reconciliation at the end. The beginning of the month advance is based on what their end result was for the two months prior to that. It goes up and down. It depends on the size of the provider, the number of recipients they have in their care, and that sort of thing. I am more than happy to take on notice what we could get you to help answer that question.

**ACTING CHAIR (Senator Siewert):** That would be appreciated, thank you.

**Senator REYNOLDS:** I have got more. Have you got more questions?

**Senator CAMERON:** No—

**ACTING CHAIR:** I will get people to follow up with you and if you could take those other questions on notice, that would be appreciated.

**Ms Golightly:** Absolutely.

**ACTING CHAIR:** Did you want to kick off on the next one?

**Senator CAMERON:** Yes. You made an announcement on Friday, 22 May that there would be a new criteria for consumer leases. There would be an exclusion for leases that run for an indefinite period or of a duration of four months or less. How many indefinite and short-term contracts will be excluded?

**Senator Payne:** I do not have the number of short-term consumer leases and indefinite consumer leases with me immediately. One of the reasons for that, as you know, is that when

the system records the relationship between the provider and our customer it does not necessarily record the nature of how they obtain the credit. I have been discussing with the department how we can actually address that so that the data we hold is improved in that regard. What we have done in making that change is to say that those unregulated consumer leases and leases of less than four months duration will no longer be covered by Centrepay. If an individual still wishes to use those as a form of credit then they are free and able to do so, but it will not be paid through the Centrepay process.

In that announcement, as you would know, we also extended the use of Centrepay to include a number of other low cost finance options, including laybys, savings plans and low interest loans. No interest loans have previously been included, but we are also going to include low interest loans.

**Senator CAMERON:** How many citizens who are on Centrepay will no longer have deductions made as a result of the changes?

**Senator Payne:** Again, we are going to grandparent that process so that we can support those customers and engage with those businesses to ensure that people are not negatively affected, but because of not holding that specific data it is difficult to estimate that. I can tell you that, if I am correct, over 600,000 Centrelink customers use Centrepay as a method of payment of particular bills such as utilities, household goods, a combination, and so on.

**Senator CAMERON:** So, you do not know how many contracts will be affected, you do not know how many Centrepay clients will be affected by this decision; is that a prospective decision?

**Senator Payne:** Yes, it is prospective and the department is engaging extensively with providers to work with them where they are existing providers to our customers, where the issues and system changes may affect them.

**Senator CAMERON:** But your press release says that there will be a 12-month transition period.

**Senator Payne:** I said grandparenting, actually, yes.

**Senator CAMERON:** If you do not know who is actually caught up in this sort—

**Senator Payne:** We talk to all providers.

**Senator CAMERON:** Will you talk to every provider?

**Senator Payne:** Yes, we will engage with all providers.

**Senator CAMERON:** What is the proportion of all consumer leases to which Centrepay deductions are made that are not regulated by the Consumer Credit Code?

**Senator Payne:** Again, that is not a piece of information that our system currently holds. That is an alteration I have asked the department to look at making so we are able to have a better idea of that. Obviously, the Centrepay system which was commenced in 1989 has been operating for a period of time. The process of both the review and the administration we have been looking at over the past 12 to 15 months means we are trying to change things progressively. It is not easy to change our system but these are requests that I have made of the department in terms of the system reform.

**Senator CAMERON:** Who is the department consulting with over these changes?

**Ms Campbell:** I will ask Mr Learmonth to talk through those entities.

**Mr Learmonth:** We have a range of stakeholders that we are consulting with and have consulted with over the last couple of years in relation to these changes. We will continue to do so.

**Senator CAMERON:** It was only announced recently.

**Mr Learmonth:** I am going back to the review.

**Senator Payne:** We work with the providers and the stakeholders all the time.

**Senator CAMERON:** I would like to know who you are consulting with, not over the last review that was not implemented. I am asking about who you are consulting over the changes announced in the minister's press release.

**Mr Learmonth:** We will be consulting with a number of stakeholders, including CHERPA, the Consumer Household Equipment Rental Providers, with the Aboriginal Community Benefit Fund, with the Financial Rights Legal Centre, and undoubtedly with our regulators as well.

**Senator CAMERON:** Have you consulted with anyone so far?

**Senator Payne:** I have met with a number of representatives in that space: Financial Counselling Australia, the Consumer Action Law Centre, the National Welfare Rights Network, and with Good Shepherd Finance. I told you in the chamber some period ago that I was in discussions with the Assistant Treasurer, who of course has some significant responsibility for the regulators that Mr Learmonth has just referred to—ASIC and so on. That part of our consultation is also ongoing.

**Senator CAMERON:** Have you got a program for consultation?

**Mr Box:** Yes, there is a program for consultation. Consultation has started. There has been draft documentation for the new terms and conditions provided to stakeholders. There has been a video hook-up and a telephone hook-up with stakeholders. The exact list of the names that Mr Learmonth gave you are parties to those consultations.

**Senator CAMERON:** Can you take it on notice and provide me a list of who you have consulted with, where you have consulted and the outcome of the consultations?

**Mr Box:** Definitely.

**CHAIR:** We are at our scheduled finish time. I need an indication—

**Senator CAMERON:** I have this to finish. I am nearly there. I have a few questions on a communications issue.

**CHAIR:** Senator Siewert also has some additional questions. Given that, and that there are some issues with the timing of the break, I would say we are probably going to need another 15 to 20 minutes. I would prefer to break. I apologise for that, but we are going to just have to extend—

**Senator CAMERON:** Is that 15 to 20 minutes including the break?

**CHAIR:** No, in addition I think, perhaps as much as half an hour. We will break.

**Senator Payne:** Are we going to have the break and then come back for another half hour?

**CHAIR:** We will then come back for around that time. Hopefully it will be a little bit less, but we will see how we go. We will come back at 4 o'clock.

**Proceedings suspended from 15:40 to 16:00**

**ACTING CHAIR (Senator Siewert):** We will now resume.

**Senator CAMERON:** We were on the consumer leases. I think I am nearly finished. The calls I have had to my office from people using companies like Radio Rentals indicate that the effective interest rate is somewhere about 40 per cent, and sometimes people are paying about three times the face value for the goods that they are buying. Are you aware of that, Minister?

**Senator Payne:** I am aware and concerned, yes. I did consider those concerns in my recent announcement as well.

**Senator CAMERON:** Given that there are reasonable alternatives, far better alternatives, such as Good Shepherd Microfinance, why do you not just ban these lease-buy operations that really make it tougher for people in the longer term?

**Senator Payne:** We have made the decision in relation to the indefinite consumer leases, the indefinite unregulated consumer leases and the less than four months consumer leases to exclude those. We have increased the options, as I mentioned earlier. In making that decision, and in my discussions with the Assistant Treasurer, I have also had stakeholders put it to me that the sorts of consumer leases that we are talking about still do play a role for a certain cohort of Centrelink customers. I have had this discussion, for example, with the National Welfare Rights Network who made this observation in their submission to the Centrepay review which the previous government instituted. They still hold that view, for example. Some of our colleagues who represent some of the more remote areas of Australia remain concerned that families who do not have access to any other sort of credit, because of their financial situation and their status as a Centrelink customer, still are quite limited in their options in what they can access. So the option of consumer leases in the regulated sense remains important for them.

That is not to say, though, Senator Cameron, that I do not appreciate some of the concerns that you have raised, and obviously people speaking to you have raised, and in fact have been raised directly with me. I intend to continue working with the Assistant Treasurer to try to identify ways that we can ensure that our customers are as well informed as possible. We have already made changes to the presentation on our website, so you can see the ASIC link, the MoneySmart link, to make those assessments. We have been speaking about training our staff in this area about exposing our customers to information about other options, including no- and low-interest loans and so on. I am just hesitant at this point in time to completely cut off that option. I do intend to follow it up further with the Assistant Treasurer.

**Senator CAMERON:** I have been advised that this is just another way of maximising profit at the expense of some of the poorest people in the country. People like Radio Rentals depend on half of their turnover on these types of loans that are at least 40 per cent interest, and three times the face value. I just cannot see any reason—and I know the National Welfare Rights Network have a view—but in my discussions across the country, across all of the various groups, their view, quite frankly, is in the minority.

**Senator Payne:** I regard this, if I might say, as a work in progress. One of the reasons for that is because, having listened to stakeholders across the board, including those that you have

mentioned before, others I have met with and the National Welfare Rights Network, they make a compelling argument particularly in relation to immediately vulnerable women in violent circumstances, and a number of other examples which I am listening to. I am being very frank with you here. This is something I have been working on for some time. I think we can make some changes in the way that Centrelink and the Centrepay system inform our customers of the implications of a consumer lease that will help in this space. The level of immediacy is something that the National Welfare Rights Network certainly continues to support. I take on board what you say, and I hope you will take what I say in good faith, and that is that this is an ongoing process, and I continue to review it with the department and with stakeholders.

**Senator CAMERON:** I appreciate your frankness on that. I have to say, I have the highest regard as you have for the National Welfare Rights Network. But quite frankly, I think they are wrong in this one.

**Senator Payne:** You are entitled to think that.

**Senator CAMERON:** I think that is the general view. I have had discussions with Anglicare, St Vincent de Paul and some of the legal support networks for poor people; I have had all of that discussion, and I just think what is going on is terrible. This continues to allow people like Radio Rentals to make a profit off the back of the poorest people in this country. It also lets people like Rent The Roo—have you heard of them?

**Senator Payne:** I have.

**Senator CAMERON:** They should have no place absolutely for presenting themselves as a reputable company. They are not excluded.

**Senator Payne:** ASIC has dealt with a number of the cowboys in this space, as we have tried to support them in doing, and we have had experience of that as well. As I said, we are going to agree to disagree this afternoon, but it is for me an ongoing process.

**Senator CAMERON:** With respect to this Good Shepherd Microfinance, I think they have about \$150 million in terms of support from I think the National Australia Bank.

**Senator Payne:** NAB, definitely.

**Senator CAMERON:** They have significant funds available to help poor people in this country. They are a not-for-profit organisation; they are a charity. I know you said you were talking to them, but really, when people come in in these dire straits, surely there is something better we can do at Centrelink to say, look, do not go to Radio Rentals, because you will pay three times, and you will pay 40 per cent interest; go to Good Shepherd, go to a microfinance company and they will help you.

**Senator Payne:** We are doing that. I went to the Good Money store in Collingwood in Melbourne, which is the Good Shepherd store front, if you like—

**Senator CAMERON:** For a loan!

**Senator Payne:** I did not make the cut-off!

**Senator CAMERON:** That was a joke, for the *Hansard*.

**Senator Payne:** It is 'insert irony here', I believe. I am definitely very much aware of them, and am a very big supporter of them. We are doing a lot more in our service centres, in our face-to-face engagement, and in our telephone engagement with our customers to advise



them of options. That is exactly why we have extended to low interest loans as well, because that is an important step in that process.

**Senator CAMERON:** I appreciate your candour; I appreciate your views, but I am sorry I have to finish on this: you should stop it now. People are being ripped off.

**Senator CAMERON:** You do not have to be sorry. I knew you were going to say that.

**Senator CAMERON:** Stop it now. I am finished on that, thanks, Chair. I have one more area on which I can be very brief.

**CHAIR:** I know Senator Siewert has another area as well. Shall I let Senator Cameron finish?

**Senator SIEWERT:** Yes.

**Mr Box:** Sorry, could I just correct the record before we leave Centrepay. I advised the minister that it was 1989; that is incorrect. It was 1998. I got my 8s and my 9s mixed up.

**CHAIR:** Easy to do.

**Senator CAMERON:** Is Mr Jongen here?

**Ms Campbell:** He is, but I can also try to answer your question.

**Senator CAMERON:** The tender has been put out for communications. Do you know the tender?

**Ms Campbell:** Yes. I will find someone who knows some details about this.

**Senator CAMERON:** I thought Mr Jongen would be here because when I read it, I thought this is the Jongen juggernaut.

**Senator Payne:** We do not call it that in Human Services.

**Ms Campbell:** I am not quite sure who does that tender, but I am sure someone will be here any minute.

**Senator CAMERON:** Talk of the devil; here he comes.

**Mr Hutson:** I am assuming you are referring to the one that was mentioned in *The Australian Financial Review*?

**Senator CAMERON:** Yes.

**Mr Hutson:** For some years the communications division has had in place a media monitoring arrangement that assesses the volume of material across the press and various other media sources in order to work out some broad statistics about those issues. That contract has been in place for a number of years. It has a value of somewhat less than \$80,000 per annum. That contract is coming to an end, and this is a retender for it.

**Senator CAMERON:** The report in *The Australian Financial Review* says that this goes well beyond its existing media monitoring service. Can you explain to me where it goes beyond and why?

**Mr Hutson:** First of all, I do not agree that it goes beyond the arrangements which we have had in place for quite a lot of years. It is different to media monitoring in the sense that, when I say 'media monitoring', normally that involves looking at the press articles as they appear and reporting on what has been done. That does not generate any statistical

information. This contract also generates statistical information. Mr Jongen, would you like to speak about the stats?

**Mr Jongen:** Yes. What we look for is statistical information to tell us whether we are appropriately targeting our various audiences. As a department, we do not have an advertising budget, which means we use media extensively in order to keep our customer base informed. This is similar to mechanisms used by commercial companies which provide you with information about the effectiveness and the number of sets of eyes, if you like, that actually hit your various media stories. I have to say that story is a complete beat-up.

**Senator CAMERON:** So you are telling me that you will not have probably the best picture of issues relevant to your remit outside of the intelligence agencies?

**Mr Jongen:** No, we will not.

**Senator CAMERON:** That is what the community thinks.

**Mr Jongen:** I know it does. They did not approach us in relation to that story. They clearly looked at the tender document but, as has already been indicated by Mr Hutson, I think for a contract in the order of about \$70,000 per annum, it is not going to give us the sorts of intelligence that that article implies.

**Senator CAMERON:** So ASIO has nothing to worry about?

**Mr Jongen:** I will not be competing with them.

**Senator CAMERON:** Thanks, Chair. I will put a range of questions put on notice.

**Senator SIEWERT:** I will be as quick as I can. I apologise for going back to issues related to the aged care process and means testing. I am sorry that I am skipping around. Just when you thought it was safe to get away, I want to go back to the issues around the means testing process. I understand that you have improved the system about how you are dealing with sending out the means testing letters, which partly goes to some of the issues I was talking about before.

**Ms Golightly:** Yes.

**Senator SIEWERT:** You have put additional processes in place. At the moment, how many letters would you be dealing with on means testing per month?

**Ms Golightly:** I know we have about 10,000 letters, but—

**Mr Storen:** Depending on the month, it is 10,000 to 15,000 letters outside of what we call the quarterly review process. In addition to 10,000 to 15,000 per month, four times a year there is a review process of means tests and subsidies and so forth. Those reviews can then release in between 70,000 to 120,000 letters.

**Senator SIEWERT:** In that quarter?

**Mr Storen:** In a quarter, you could say—let us say 12,500 per month on average; multiply that by three and you get 37,500 or thereabouts, plus let us call it about 90,000 on average for a quarterly review, so it is about 120,000 to 130,000 letters in a quarter.

**Senator SIEWERT:** Let us take out the quarterly review ones. Of the, say, 12,500 average, do you know how many of those have been incorrect?

**Ms Golightly:** What we do know is where we have had people raise an issue with us so we could take on notice how many of those have resulted in something being incorrect.

**Senator SIEWERT:** Could you take on notice how many per month and, in particular, in the last six months of last year?

**Ms Golightly:** The last six months of the calendar year?

**Senator SIEWERT:** Yes, of 2014.

**Ms Golightly:** Certainly.

**Senator SIEWERT:** How many staff are dealing with this issue of just the means testing? It is a huge task.

**Mr Storen:** When you say 'dealing with the issue'?

**Senator SIEWERT:** How many are engaged in the process of addressing this particular issue of the means testing process? Do you still have to do it manually?

**Ms Golightly:** No. Maybe if we could clarify it, the means test assessments are done as part of our normal business. We do them for all sorts of payments, including age pension, for example, as well as for aged care. If your question is how many people are dealing with complaints or queries we receive, we could get that for you again on notice.

**Senator SIEWERT:** Because the aged care means testing is now part of the normal process, can you separate out the number of people who are dealing just with the aged care means testing process?

**Ms Golightly:** We might be able to. I will take that on notice.

**Senator SIEWERT:** If you can take that on notice, that would be appreciated. Do you keep the details of means testing for those that are eligible for home care packages separately, or is it all dealt with as one?

**Mr Storen:** The processing is part of the same processes we do for residential.

**Senator SIEWERT:** Okay, so you cannot provide me with breakdown figures on what is home care?

**Ms Golightly:** We might be able to give you a rough split, because we know roughly the size of home care program compared to residential care, but that would be sort of a rough proportional estimate.

**Senator SIEWERT:** There is a specific reason that I am asking about that. There was some concern when we were debating the whole living longer, living better, that the way the package was set is actually going to be a disincentive for people actually taking up the package for home care. That is why I am asking for that. If you do have those figures, once you have done the assessment, are you able to tell us how many are actually taking them up?

**Ms Golightly:** I think that would be more a question for DSS because they handle the package. I am sorry if this is not directly relevant to you, but the other thing to remember is that if the person is an age pensioner already, for home care we already have their details. So that might not show up in an actual assessment, if you like, because we do not have to redo the assessment.

**Senator SIEWERT:** All right, I will ask DSS. Would they be getting payments?

**Ms Golightly:** DSS would know how many packages are taken up.

**Senator SIEWERT:** Yes. Can you provide the number that are means tested?

**Ms Golightly:** We can probably—

**Senator SIEWERT:** But you do the mean test assessment?

**Ms Golightly:** Yes.

**Senator SIEWERT:** Okay, that would be appreciated, thank you. They are all the issues I have on aged care. I have two extra questions which hopefully will be very simple. You might need to take them on notice. I am interested in the number of people on DSP that have now been approved for portability.

**Ms Campbell:** We might have to take that on notice. I do not think we have that with us.

**Senator SIEWERT:** So can I put that on notice, please: what is the success rate of people on DSP applying for portability?

**Ms Campbell:** Do you want success rate, or do you want the number?

**Senator SIEWERT:** Sorry, can I have the number and the success rate? Is it possible to give it to me for each year from 2012?

**Ms Golightly:** We think so.

**Senator SIEWERT:** I have one last question. In terms of bereavement statements, I have had a constituent who has expressed concern that after his wife passed away, he went through the process of notifying Centrelink and that he was then asked to check a summary of income and assets within 14 days of his notifying of his wife's passing away. Is that the normal process?

**Ms Campbell:** I am not sure if we have anyone who knows that exactly, but we can come back to you on that.

**Senator SIEWERT:** If you could come back to me, I also will put on record that, when I had to deal with the service to notify of a death, I must say that I had excellent service from Centrelink, but then I did not deal with the statement, so I do not know what the process is.

**Ms Campbell:** It may pertain to his own circumstances separate from the bereavement. We would need to look at those particular circumstances.

**Senator SIEWERT:** Could you provide information on what actually does happen and what gets sent out, because we can understand that it is a very sensitive time.

**Ms Campbell:** It is.

**Senator SIEWERT:** It is probably fairly confronting.

**Ms Campbell:** Indeed.

**Senator SIEWERT:** Thank you. That is all of my questions.

**CHAIR:** Before we conclude, I understand that the secretary has something to add.

**Ms Campbell:** Just a couple of clarifications. Senator Reynolds asked us about moneys foregone from pay increases, had they been in place. If the agreement had been in place from 1 April, some \$21.1 million would have been paid in this financial year. We have just seen some media, and there seems to be some confusion about the wait times, so just to clarify across all the average against the key performance indicator, year to date, up to 24 May, it is 16 minutes and 27 seconds.

**Senator SIEWERT:** So what is the difference in terms of the figures that you gave?

**Ms Campbell:** We gave you averages, so we are just trying to work out—

**Senator SIEWERT:** So the average of the averages—

**Ms Campbell:** The averages will affect different numbers attached to them. If there was an average of 19 minutes for one million calls, an average of 15 minutes for 20 million calls, that will have skewed how the average works out.

**CHAIR:** So the 16 minutes is an average of all calls?

**Ms Campbell:** All calls.

**CHAIR:** Rather than an average of the average?

**Ms Campbell:** Yes.

**CHAIR:** That makes sense.

**Senator CAMERON:** Does this not add some validity to the ANAO recommendation that you should look for a more understandable key performance indicator?

**Ms Campbell:** Average is something that is relatively easily understood, but I understand that there has been some confusion today.

**Senator CAMERON:** The average is 16 minutes, but if you wait for an hour and 15 minutes, it is irrelevant. For some people, the average does not reflect what the call time is.

**CHAIR:** That is going to be a bit of a mathematical debate.

**Senator CAMERON:** It is. That is why the ANAO said do something different.

**Ms Campbell:** Yes. The ANAO has suggested we review it, and we will review that.

**Senator SIEWERT:** Can I ask a question, because somebody has just fed back saying that they have been told to go and record their data online for their earnings from their investments, and they cannot do it online. There is no provision for them to do it online; is that correct?

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

**Senator Payne:** It depends in which program, which payment.

**Senator SIEWERT:** Pensioner.

**Senator Payne:** Is it income stream report?

**Senator SIEWERT:** Yes, income stream report on the changes to their investments.

**Mr Tidswell:** I am happy to take the individual details.

**Senator Payne:** It is very hard to answer like that, Senator Siewert.

**Mr Tidswell:** I have a father in that very circumstance, and we have him online changing his set of circumstances as things vary from time to time. But as both the minister and Ms Campbell have said, it is difficult, with all of the things that we do and the different products that people are on. If we can have some details, we can follow it up for you.

**Senator SIEWERT:** He is receiving a pension, and states:

We must notify Centrelink of any changes above \$2,000 in the value of our assets.

So it is the value of the assets.

Given that the value of our self-managed superannuation fund varies from stockmarket movements, we typically need to advise Centrelink at least once a month, sometimes twice. This can only be done by phone or by visiting a Centrelink office.

This is the lived experience of someone right now.

**Mr Tidswell:** So effectively, if we can get that information, we can find out what is going on. What often happens is you may not have the level of access to do that, so you need to increase the level of access to do it.

**Senator SIEWERT:** What do you mean, 'the level of access'?

**Mr Tidswell:** The level of security access when you go on line to do that, so that we know who you are, you have provided extra information so that we can make sure that these things are done appropriately.

**Senator Payne:** I must say, even in the last 12 to 18 months in this particular role, the department has been transitioning a number of payments and capacities to report into the online space as well, but it does not happen overnight.

**Senator SIEWERT:** This says, 'It has not permitted changes to superannuation fund asset values.' Would that be one of the things that you are currently transitioning?

**Senator Payne:** We will follow that up for you.

**Senator SIEWERT:** So this particular concern is that they just get busy, busy, busy, busy, busy, and they end up driving down to Centrelink.

**Ms Campbell:** We will follow up on that one. I think you said it was self-managed superannuation funds, which may be different from the other superannuation funds where we have direct data matching. We will need to look at that one.

**Senator SIEWERT:** So twice a month, potentially, they have to drive to Centrelink or spend a vast amount of time on the phone.

**Senator Payne:** We would rather help them in another way, and if we can get the information, we will follow it up.

**CHAIR:** All right, thank you; that concludes examination of Human Services. Thank you, Minister; thank you, Ms Campbell and officials and to the Hansard, broadcasting and secretariat staff. Senators are reminded that written questions on notice should be provided by close of business Friday, 12 June, to the secretariat. We will now move on to Social Services.

#### **Department of Social Services**

[16:30]

**CHAIR:** I now welcome Minister Fifield representing the Minister for Social Services and officers of the Department of Social Services. Minister, would you like to make an opening statement?

**Senator Fifield:** No, thank you, Chair.

**CHAIR:** All right, we will move straight to questions. Senator Moore.

**Senator MOORE:** I have one general question to start with, and then I would like to go into grants, if that would be okay, to knock them off first, because we have the inquiry as well, so I need some clarification. This committee conducted an inquiry in 2013 around forced sterilisation of women with disabilities and also a second report on the involuntary or

coerced sterilisation of intersex people in Australia. We have not had a response but the recommendations in both of these reports go across the board to DSS issues mainly around the NDIS. There are quite a few and I want to talk a little bit with NDIA tomorrow about that. It also goes into Attorneys because of the process and it goes into Health. I am just wanting to know from whom we should be asking for a response to these two inquiries, as we do not know.

**Mr Pratt:** I suspect we will probably want to do that in outcome 5 under disabilities. We will try to work out where the best spot is and I will let you know shortly.

**Senator MOORE:** It is really just to know who is responsible for the response from government, Minister, as to where we can go from there. It was October 2013. It was just before we were getting into the process around elections and so on. I think that has just kind of been lost. I do not know, Minister, whether you attended any of the hearings.

**Senator Fifield:** A few in opposition.

**Senator MOORE:** They were extraordinarily important hearings and I am just wanting to know the follow-up on that. I do not expect a response tonight, but it would be really nice if we could get one.

**Senator CAROL BROWN:** I think there are a couple of other reports from the references committee that have not been responded to. Is the *Extent of income inequality in Australia* a report that would have gone to your department? It was tabled on 3 December.

**Senator MOORE:** It was. That was actually a DSS one.

**Senator CAROL BROWN:** And the *Grandparents who take primary responsibility for raising their grandchildren* was in October 2014.

**Senator Fifield:** We will check each of those on the same basis as Senator Moore's query.

**Mr Pratt:** I am advised that is likely that the Attorney-General's Department has got the lead on it but if we have got any other information—

**Senator MOORE:** It could well be because of the nature, but it is just one of those ones where it would be lovely and then we can follow up appropriately. Thank you.

The first part of the question I have on grants is a general, where are we now, question in terms of at this point in time. My first question is about the reporting back and the feedback process which we talked about in the last inquiry and from the hearing on 21 April. I will quote from Dr Reddel. Doctor, I am not attempting, in any way, to verbal you. This is from the record. It said:

We have received no formal complaints through the official channels. We have had 30 contacts made through the inbox or through grant agreement managers about people being offered less funding than what they applied for and we have received 27 emails where applicants had received notification that their application was unsuccessful and were dissatisfied with the evidence so we are very open to receiving feedback.

Then further on you said that there were 450 people who had asked for feedback and that there was a date for which they were going to be receiving their feedback. Can we get an up to date process on what has happened with the feedback requests and also about the complaint requests?

**Ms Bennett:** Doctor Reddel will go into that but following the inquiry we wrote and provided the individual feedback to all of the organisations that were listed.

**Dr Reddel:** There were 428; a \$2 million group manager program offers. I think as I mentioned at the inquiry we asked for registrations for individual feedback. That closed on 13 February and we undertook to provide that feedback by 12 May. We met that time line and provided 428 organisations that registered for feedback, on over 800 applications, an individual letter to them providing feedback and also provided contact details of an officer in the relevant state or territory office for them to follow up with a phone call and discuss their particular issues with the department.

As of 26 May there were 23 organisations that contacted the department for further support following receipt of that individual feedback letter. The types of inquiries from applicants received by the department included some clarification around their application, issues around areas for improvement, explanation of the funding decision and in terms of opportunities for future funding.

**Senator MOORE:** On 21 April we heard that there would be 450 people who would be getting feedback, so in the end it was only 428.

**Dr Reddel:** It was 428. Those were the final details.

**Senator MOORE:** Those 428 received a letter. You put that letter through the processes and then did they receive a follow-up phone call?

**Dr Reddel:** If they requested a phone call.

**Senator MOORE:** And only 23 people have requested that?

**Dr Reddel:** Twenty-three as of 26 May.

**Senator MOORE:** Who will be doing the follow-up phone call?

**Dr Reddel:** There is an individual contact person from each state and territory office.

**Senator MOORE:** So, it will be done at the state level, not at the national level?

**Dr Reddel:** Yes. I should also mention that at the national level we have also been talking directly with key stakeholder groups, individual applicants but also peak bodies around feedback on the process. We have contacted and met with over 50 organisations.

**Senator MOORE:** How have you done that? What is the process for that because that is another element of feedback? As you know, what I am trying to find out is what the feedback was with that communication between the people and the organisation.

**Dr Reddel:** We have been invited to various relevant organisational meetings. Through our networks, as I said, we have been invited to such meetings and also followed up with organisations around particular queries that they might have come to us with.

**Senator MOORE:** Some of those have been stimulated by organisations?

**Dr Reddel:** Yes.

**Senator MOORE:** Umbrella groups or groups of that nature?

**Dr Reddel:** We have been invited to a peak body stakeholder meeting as part of our regular engagement across the department.

**Senator MOORE:** Was the invitation specifically on the issue of the grants process?



**Dr Reddel:** Some were and some were more general as part of our regular stakeholder engagement.

**Senator MOORE:** Were other forms of interaction initiated by the department?

**Dr Reddel:** In terms of the course of our regular engagement at the state and territory level with organisations; they would be discussing some of the issues around the current grant process and future grant funding.

**Senator MOORE:** So, with the 23 that have asked for a telephone call, what is the schedule for having that process completed?

**Dr Reddel:** They have contacted the department and spoken to someone.

**Senator MOORE:** Was the conversation when they called back the feedback?

**Dr Reddel:** They were requesting a conversation around their application or for their grant.

**Senator MOORE:** So, from the department's point of view the whole feedback process has been concluded. Is that right?

**Dr Reddel:** This phase of it, but we would see it as an ongoing process to engage.

**Senator MOORE:** Now, we know that the minister—and Senator Brown will have more questions—actually encouraged people to contact him directly.

**Dr Reddel:** Yes.

**Senator MOORE:** Are you aware of how many people or organisations contacted the minister, or do I need to ask the minister how many people responded? On a number of occasions Minister Morrison said, 'If you have issues contact me directly.' Do you have any idea how many people contacted the minister directly?

**Senator Fifield:** I cannot give you a figure. Officers may be able to but, if they cannot, we can certainly take that on notice. I know that the minister, as well as asking people in general to come forward, was also keen for colleagues across the parliament who had particular circumstances that they thought should be examined more closely to do so.

**Senator MOORE:** Can anyone from the department tell me how many people in the community and MPs contacted the minister on this issue? I know there is a large amount of correspondence, but it was a particular issue that the minister took upon himself.

**Mr Pratt:** No. We will have to ask the minister's office.

**Senator CAROL BROWN:** Has any correspondence come to you that may have been addressed to Minister Morrison as part of the service gap work that you did?

**Mr Pratt:** Not to my knowledge. Potentially within the department we might have had things copied to us which have also gone to the minister. I do not know whether anyone has a feel for the extent of that.

**Ms Bennett:** No. We can take that on notice.

**Senator CAROL BROWN:** It seems strange to me that Minister Morrison is asking MPs and senators, his own colleagues as well, to identify issues for frontline services that they may have concerns about and no-one in the department knows whether any of those letters have made their way to the department.

**Ms Bennett:** If I could just explain that. We have had what you would call normal ministerial correspondence. There has been some but I do not have the information with me at the moment.

**Senator CAROL BROWN:** Do you know whether you have responded to any?

**Ms Bennett:** The department has normal processes where we would prepare a response for the minister's consideration. There have been representations made to the minister from organisations that have been handled in the normal way, but we do not have with us the numbers or who they are from.

**Senator CAROL BROWN:** Will you be able to provide the numbers in terms of, firstly, the organisations and, secondly, the members and senators?

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

**Senator Fifield:** Senator Brown, you would not necessarily expect the department to know each interaction that the minister and his office have had. Some of those, obviously, would come to the department in the ordinary course of events. I think the best thing is for it to be taken on notice to see if it is possible to bring together those contacts which obviously the department has had involvement with and those that have been channelled through the minister's office.

**Senator CAROL BROWN:** Yes. I understood what Ms Bennett was saying. What I was indicating was whether we could get two things: the numbers from organisations and the numbers from members and senators, in particular from the call from Minister Morrison for people to contact him directly about any service gaps that they believe there are. I wrote to Minister Morrison. I am still waiting for a response and I am sure there will be other members and senators that also took up that opportunity that the minister put out there for them. I did expect, at some point, to receive a response.

The other part of the question goes to whether those letters that we sent were fed into the service gap analysis that the department was undertaking.

**Ms Bennett:** We are still in that process of undertaking it. I do not recall whether your letter has arrived in the department or not. We would have to take that on notice.

**Senator MOORE:** It would have to be a priority.

**Senator CAROL BROWN:** Given the minister was the one that made the call. I am keen to know, with the analysis that has been undertaken by the department, with the concerns from members and senators—and I am sure probably from the coalition members and senators as well—whether they had verbal discussions with the minister or put it in writing and whether that is fed into the analysis that you have been undertaking?

**Mr Pratt:** I think you can be reassured that this is a priority for us irrespective of where the information comes to, whether it comes directly to the department or it goes to the minister or the minister's office and they pass it on to us. In that case, of course, we will also look at that.

**Senator MOORE:** You would expect, if the minister has asked questions about the grant process and highlighted some particular area in those requests, that the department would be aware of that. I would think that it would eventually get through to you and you would expect that.

**Mr Pratt:** Generally I would expect that.

**Senator MOORE:** Yes. So, there would be a natural progression. If I wrote to the minister and said, 'I'm really concerned about X group in this electorate. What are you doing about it?' somewhere down the chain—and I took up Minister Morrison's direct question and I wrote to him—it would then, just in terms of ministerial correspondence, get to the department at some stage.

**Mr Pratt:** That is the conventional operation. I do not know whether or not that has happened in every instance.

**Senator MOORE:** We have taken on notice that you will give us information about how many came through. You said that you have not completed the review of the gaps. Can we find out what the process is of this gap review?

**Ms Bennett:** In picking up the point that you have made, we have been asked to look at the services organisations provided. That has come from the minister's office about particular areas so that may be part of the mechanism that you are talking about. We have had a look at the mapping of the department's footprint. We have aligned it to the rounds outcome, taking various feedback, including the source that I have raised, and we are very close to finalising, with the additional money that was announced in the budget, how that could be spent to address the critical services gap.

**Senator MOORE:** We have specific questions about that allocation. In terms of the process that is being done, it was announced earlier in 2015 that there would be this review of looking at gaps in services. I have been at two functions subsequently where the minister said this was happening. I think 'taking a good hard look' was the term that he used. Who is doing that work?

**Ms Bennett:** We are in the department.

**Senator MOORE:** Which area?

**Ms Bennett:** Dr Reddel's area.

**Senator MOORE:** So, the information that you are looking at is the documentation you had in the grants round, which is the final footprint, the final analysis of which money went where and for what. Would there be some way of doing that?

**Ms Bennett:** Yes, across the programs. As we have explained several times—

**Senator MOORE:** And as I have listened to several times.

**Ms Bennett:** But we have explained the reforms that were made, and I will not go into those again.

**Senator MOORE:** There was the review.

**Ms Bennett:** Yes. There was a budget. Decisions were made that matched to program priorities and the reforms that were made and the budget. The government's decision that there would be additional funding has meant that funding is available in areas that may not have received funding. We are matching it against that criteria to identify those service gaps where additional investment could have been made if that money had been available.

**Senator SIEWERT:** Can I just double check?

**Senator MOORE:** Absolutely.

**Senator SIEWERT:** What were you talking about in terms of it being made available?

**Ms Bennett:** It is in the budget papers. It is in the budget measure Budget Paper No. 2.

**Senator MOORE:** It is at page 166.

**Ms Bennett:** It explains that there are two elements in the measure. If you have a look at it, the first component is \$26 million. That was spent in 2014-15, this current financial year.

**Senator MOORE:** So, it should have been spent now?

**Ms Bennett:** Yes. That is the bridging funding that was announced by the minister that continued contracts in the emergency relief area until March and those in other areas until 30 June and then it allocates \$14.7 million in 2015-16 and \$14.9 million in 2016-17.

**Senator MOORE:** Thank you for that but what I was trying to clarify is that you were not just talking about \$17 million that was clawed back from the relationship program.

**Ms Bennett:** It is additional.

**Senator MOORE:** That is why I wanted to double check that.

**Ms Bennett:** Of the \$55.6 million there is \$26 million that covers the additional expenditure that occurred when the minister announced the bridging finances up to the end of this financial year and then that allocation across those two financial years.

**Senator MOORE:** Is the \$17 million included in this money?

**Ms Bennett:** The \$17 million is part of the \$26 million.

**Senator MOORE:** That is what I wanted to know.

**Ms Bennett:** I will not go into the budget process but it was an underspend there that was used to offset the \$26 million.

**Senator MOORE:** I understand that. That is why I wanted to see where that fitted in with the other money that has been made available.

**Mr Pratt:** While there is a pause, I have some information on those inquiries. With the forced sterilisation issues, as I mentioned the lead is A-G's but, as anticipated, we can handle our side of that in outcome 5.

**Senator MOORE:** Disabilities?

**Mr Pratt:** Yes. We will get there roughly tomorrow evening. Grandparents will be done under outcome 2 and questions can be asked tonight. The inequality one is a DSS—it was DEEWR—employment inquiry and we can do that under outcome 1 tomorrow.

**Senator MOORE:** Is Treasury involved in that?

**Mr Pratt:** I imagine they would have been a party to it.

**Senator MOORE:** It is not so much the questions about what was in it; we were concerned about getting the formal government responses on it because the formal government responses then go out to the community that fed into the inquiry, which then leads to another stream of questions.

**Senator CAROL BROWN:** I suppose our question is: has the department provided the minister with a response?

**Mr Pratt:** That would ultimately be a matter for government.

**Senator CAROL BROWN:** You cannot tell me whether the department has provided a response for the minister?

**Mr Pratt:** I do not actually know, but typically we do not talk about advice that we have provided to ministers.

**Senator CAROL BROWN:** I am not asking what is in it. I am just asking if it has been provided.

**Mr Pratt:** We will check and see whether or not we can tell you anything.

**Senator MOORE:** It would be useful to know.

**Senator SIEWERT:** I understand the response is with the minister on palliative care.

**Senator MOORE:** Yes, at health last night.

**Senator SIEWERT:** It is already on the public record but health said last night that the response was with the minister on palliative care.

**Senator MOORE:** Minister Nash advised that last night. It was just a comparison. I am not actually saying that everyone has to do the same but health—

**Senator Fifield:** I do not think any of us are wanting to be anything other than as forthcoming and helpful as we can be.

**Senator MOORE:** I think it would be really good to be competitive on this issue. On record last night Minister Nash said there were a number of responses because of the build up over time that are on her desk, but particularly Senator Brown has some issues around grandparents.

**Senator CAROL BROWN:** A lot of people are interested in the government responses for all three of those reports. I am just trying to get some idea as to when the response will be made.

**Mr Pratt:** We will take that on notice. If we have got anything we can tell you then we will tell you.

**Senator CAROL BROWN:** Is it right, from what you have been saying, that the gap analysis has not been completed?

**Ms Bennett:** We are very close. There are just some last issues that we are trying to work through, but we are very close to finalising it.

**Senator CAROL BROWN:** Minister, do you have any idea when Minister Morrison will be making the outcomes of the analysis publicly available?

**Senator Fifield:** I do not know. I think—and I will be corrected if I am wrong—that it is also, to some extent, an iterative process that there are cases where there are gaps that are identified that have been addressed.

**Ms Bennett:** The announcement was made by the minister in relation to emergency relief. Part of this work is also looking at other organisations that might have the capacity to cover those areas. It is not as simple as whether it is previous providers or new providers that have been successful; it is an ongoing process but in terms of this stage we are hoping to have it finalised shortly.

**Senator CAROL BROWN:** Dr Reddel, are you undertaking the analysis?

**Dr Reddel:** My group is coordinating that. It is leading it in the department, working with all the policy areas and also with the state and territory offices to ensure we have their input into the process.

**Senator CAROL BROWN:** What about service providers?

**Dr Reddel:** The state and territory offices have been identifying issues in the negotiations with service providers and hearing that local intelligence.

**Senator CAROL BROWN:** So, at a state level they are talking to service providers and that is fed back in?

**Dr Reddel:** That is fed back into the process.

**Senator CAROL BROWN:** I wanted to talk briefly about the transitional arrangements. Is it \$26 million?

**Ms Bennett:** The \$26 million was allocated for the arrangements that extended emergency relief to 30 March and then other services until the end of June.

**Senator CAROL BROWN:** Has any of that remaining money, which I think is \$29.6 million, been allocated to programs?

**Ms Bennett:** No, not yet because it is money that comes from 1 July in the budget and it is linked to the gap analysis that is being done.

**Senator CAROL BROWN:** What will be the process for allocating the remaining funding after the process is completed?

**Ms Bennett:** Depending on what the outcome is, as I explained earlier, it could be continuing a previous provider organisation to do something. It could be considering organisations that were almost next on the list as there is more money available. It could be asking an existing organisation to provide a service in a greater area. Once that has been finalised we will be approaching the organisations with an offer and sending out either an amendment or a new grant contract. We will go through that in the normal process of them coming back and agreeing it, or not, and then proceed to make payments according to payment schedules for that additional funding. It then moves into a normal—

**Senator CAROL BROWN:** So, you will not be going back out and calling for applications from existing providers?

**Ms Bennett:** I do not think so because we had undertaken a thorough process. As I explained previously, we had many good applications and the decisions that were made for those providers were almost similar to a merit process and then, for who was funded, the decision was made that aligned to the funding that was available. We have a lot of organisations that have indicated they would be willing to provide services, so we will not go out to tender again for those that we have completed in this process.

**Senator SIEWERT:** Can I check on that. So, you have not funded services that were initially turned down?

**Ms Bennett:** In emergency relief, as an example?

**Senator SIEWERT:** Yes.

**Ms Bennett:** Yes.

**Senator SIEWERT:** You have? Are you going to continue doing that where there were organisations that initially tendered for projects and that you turned down?

**Ms Bennett:** For services.

**Senator SIEWERT:** I meant for services.

**Ms Bennett:** It is not a turn down. They were not successful.

**Senator SIEWERT:** All right. They were not successful.

**Ms Bennett:** They were not successful and, as I said, with the additional funding that is available we have gone back and been able to look at organisations. We have not finalised it yet. With the additional funding we are putting up propositions that say, 'With that additional money you can look at what the process was and this organisation could be funded or this organisation could take up that service.' We are using the basis of that round to inform who are the potential providers.

**Senator SIEWERT:** So, potentially, you have got more money for a particular service where you find a gap. Somebody may have tendered for it but you will go to another organisation to top up some of their funding to provide a service in their area?

**Ms Bennett:** No, that is not what I was saying.

**Senator SIEWERT:** No, I am asking.

**Ms Bennett:** It depends on where the service is. It depends on the provider. It may have been that a provider had tendered for five areas but was only funded for three because they were the three areas that we could afford, so there is a provider that already has a contractual arrangement and they will be offered additional money to cover another area.

**Senator SIEWERT:** What happens where you are replacing a service where an organisation had already put in an application?

**Ms Bennett:** I cannot answer that hypothetical. It would have to be when we see it we can explain how that process has happened.

**Senator SIEWERT:** Let us use south-west WA as an example where I know you have funded Margaret River emergency relief.

**Ms Bennett:** The people that can answer that question—

**Senator SIEWERT:** The resource centre and in Esperance with the Wide Bay centre out there.

**Ms Bennett:** We can give you a broad answer to that but the detailed question about emergency relief is actually not in cross-portfolio, so we can do it in outcome 2.

**Senator SIEWERT:** I generally have a lot of questions around that but I am using that as an example. I was going to deal with that then but this is an example of where those two were not successful. You had funded other services to provide some services down there.

**Ms Bennett:** The analysis was there that it was insufficient funding, which is why the decision was made to cover the whole area. Then there was a series of discussions and information was gathered.

**Senator SIEWERT:** Pressure from local members, including myself.

**Ms Bennett:** The decision was made that it was better to do it in that particular way to fund those organisations.

**Senator SIEWERT:** I was being a bit facetious when I made that comment. The point there is in that instance you went to two of the unsuccessful providers. I will put on the table that a number of us were lobbying to get them re-funded. You actually re-funded those two instead of going to the providers that you—

**Ms Bennett:** Because the analysis was that was a better outcome.

**Senator SIEWERT:** What process did you use for the analysis for the better outcome?

**Ms Bennett:** The availability of additional funding; the coverage area that was proposed; relooking at the application process and because there was additional funding we came back to the minister with advice on how you could provide better coverage with more available money.

**Dr Reddel:** To build on Ms Bennett's point, there were many very good applications. In the assessment process we looked at those application that if we had additional money we could have funded and how that mapped with the need in the community.

**Senator SIEWERT:** In some areas you have gone to bigger organisations to cover whole regions. You have not funded local providers; you have funded bigger organisations.

**Ms Bennett:** It goes to the question of the process which we know.

**Senator SIEWERT:** That is what I am trying to get to.

**Ms Bennett:** I have got the feedback. I know you do not like what the process was. We can go through emergency relief again, very specifically, about the changes that were made to emergency relief, about the priorities, the reduction, where we set a minimum cap and the process that we went through, but with the additional information sought by the minister and additional funding being available there was a chance to look back and say, 'If you had had more money what would you have done?' That is basically what we have been able to do.

**Mr Pratt:** As I understand your query you are wanting to know what is the basis for determining who the gap filling provider would be.

**Senator SIEWERT:** Yes. Was it the existing provider that you have already funded through this process?

**Mr Pratt:** It might be any outcome based on a judgment made around the circumstances in that particular area, who tendered, what the quality of their application was, what coverage they had and it might be different from region to region. I think it is very difficult for Ms Bennett and Dr Reddel to actually give you a definitive answer, because it will differ from location to location depending on the nature of those who put their hand up, those who were there before, how much business there is and how much money is left in that area. It is all of those sorts of things. These are judgments which are made constantly in undertaking selection processes of this sort.

**Senator MOORE:** I accept that explanation of the process but you said you are still continuing your gap analysis. I am interested in the amount of money of the—

**Ms Bennett:** It is \$55.6 million of which \$26 million—



**Senator MOORE:** \$26 million has already been expended. Now, how much of that \$26 million has gone to the already announced decision to extend services until March and June and how much has gone to extend or re-fund services for which there has been a decision that a gap needed to be filled?

**Ms Bennett:** The decision for the \$26 million was based on extending existing providers for the bridging period.

**Senator MOORE:** So, all of the \$26 million went into the bridging process?

**Ms Bennett:** I do not have a precise amount because we are not at 30 June yet, but it is very close. That is what that money was for.

**Senator MOORE:** Can you take that on notice?

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

**Senator MOORE:** That was how we were reading it, and we do not have absolute figures either. That \$26 million has already been done—

**Ms Bennett:** It is committed.

**Senator MOORE:** with the pre-existing process that we had to extend because of the grant process?

**Ms Bennett:** Yes.

**Senator MOORE:** We did not count that in terms of the gap analysis. The gap analysis would be the next two. So, from what you are telling me, is some of the \$14.7 million of the next financial year already committed? I know we cannot spend it because it is next year, but just on the basis that some of these organisations such as the Margaret River one, to my knowledge, have already been told that they are being extended, that was not part of the three and six months extension?

**Ms Bennett:** No. That is our financial commitment of this year.

**Senator MOORE:** The \$26 million?

**Ms Bennett:** No. Out of the \$14.7 million and the \$14.9 million, the \$1.7 million that was announced for emergency relief over the two years for those additional providers is in the 2015-16 and 2016-17 funding.

**Senator SIEWERT:** It cannot be spent yet.

**Senator MOORE:** 2015-16 is the next financial year.

**Ms Bennett:** It is for 2015-16 and 2016-17.

**Senator MOORE:** I thought in an earlier question you said that you could only talk about where it had been completed or almost completed by the end of the financial year, the \$26 million, and I understood that. We are saying that it is \$14.7 million. I do not know these organisation. I would love to know and there must be a piece of paper that can tell me that, that first of all were not successful but then now, individually, have been assessed because of the process that in the south-west of Western Australia there was identified need. They would still be working now, would they not, and where is that money from because they could not be working now on money that is from 2015-16, could they?

**Senator SIEWERT:** They were extended from March. I am sorry we are talking about ER, but it is an example. Funding for ER finished in March.

**Dr Reddel:** That is right.

**Senator SIEWERT:** So, they got an extension through to the end of the financial year?

**Ms Bennett:** No. Emergency relief only got to 30 March. I will have to take that question specifically on notice.

**Senator SIEWERT:** Do you understand where I am going?

**Ms Bennett:** Yes. I know what you are saying. Where is the money from March to 30 June? It may be that a quarter of the \$1.7 million over two years, so about \$800,000 for a quarter of it, may be in that \$26 million but I will have to take that on notice for you.

**Senator SIEWERT:** We are asking in this area because it is a general issue, not just for one or two organisations. When we read the budget paper, in my mind it was that the \$26 million—and I would like to see the figures when we can get those as we put on notice earlier—would have covered the extension from December to March for ER and from December to June for a bulk of other organisations under different grants.

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

**Senator MOORE:** Take on notice how many other individual organisations, as a result of relooking at need which is ongoing for other organisations as well, have been extended in the 2014-15 financial year and does that come out of the \$26 million? Does that make sense?

**Senator SIEWERT:** It makes sense for that period of time.

**Ms Bennett:** If I can just recap that, we had provided information previously that explained that for ER it went to 30 March. I think we have provided the figures and the cost on that.

**Senator SIEWERT:** Yes, you did.

**Ms Bennett:** Then we explained for other services that went to 30 June. We explained that we did not have the final costings but we are very close. My understanding at the moment is the commitment looks to be about \$25.1 million. We will try to confirm only for ER, because they are the only ones that have been announced to date, how much of the \$1.7 million in the 2014-15 financial year of the \$26 million was allocated to extend ER for the three months until the next financial year. We will take that on notice.

**Senator MOORE:** Also, if they have been extended for longer, in terms of they are now on the same kind of basis as other ER people who were determined to be successful—

**Ms Bennett:** Their contracts align to the others. The contract goes from 1 April until 30 June 2017.

**Senator MOORE:** That is right, so it is two years.

**Ms Bennett:** It is two years and three months.

**Senator MOORE:** So, those contracts have been for 2017. They would just be taking money from two separate buckets there. If we can get those figures that would be really useful.

**Senator SIEWERT:** Can I ask a question that relates to ER and also to this?

**Senator MOORE:** Absolutely.

**Senator SIEWERT:** Was there \$229 million put into the bucket for ER for the special purpose, the earn and learn?

**Ms Bennett:** Would you like people from outcome 2 to come forward now?

**Senator SIEWERT:** What I am asking I think relates to cross-portfolio. Is the \$55.6 million that has been made available here new money or is that money that was set aside for that program that is now no longer?

**Dr Reddel:** I think it has got nothing to do with the emergency relief funding which was identified for that under 30s measure in the last budget.

**Senator SIEWERT:** Is it new money?

**Ms Bennett:** It is an allocation by government to fund for this purpose.

**Senator SIEWERT:** Let me be more specific. We are told that in most other portfolios you have to save money to spend money.

**Ms Bennett:** Yes, as an offset.

**Senator SIEWERT:** Where has it been offset from?

**Mr Pratt:** If I could refer you to the budget paper, it says under that measure, under 166, 'As part of this process a number of grant activities have been discontinued with savings of \$30 million already accounted for by government.'

**Senator SIEWERT:** We know the \$17 million has come from one budget measure, so which other ones?

**Mr Pratt:** The savings that were found from the grant programs, including the MYEFO savings. It is sort of academic because we have to offset any expenditure but it all comes out of the same budget from government.

**Senator SIEWERT:** I would like to know which programs we are counting that have been discontinued that make up that. That is what I am asking.

**Mr Pratt:** We cannot tell you that because it is not directly attributed. We had this discussion with Senator Cameron a couple of estimates ago. Basically the offset in savings can be considered to be notionally attributed to spending measures, but it is an academic exercise in the sense that you take savings, you put them in a big bucket, and then you work out what expenditure has to happen.

**Senator SIEWERT:** I know that, but you cut programs to make savings. In that case you must know where you got that. We know where the \$17 million has come from.

**Mr Pratt:** Certainly. It was in the MYEFO statement and the budget statement.

**Senator SIEWERT:** So, all these savings are basically from the MYEFO saving; is there nothing new?

**Mr Pratt:** No, I am not saying that. What I am saying is that there was an indication from the government where savings were being made. You cannot then make the link that that money goes directly into these programs. Government has made savings in a range of areas.

**Senator SIEWERT:** Let me change the question. What programs are not funded in this budget?

**Ms Bennett:** There have not been any changes to programs that have not been funded in this budget. The reference from the MYEFO and the previous budget is the reference in the \$30 million. If you read that on that particular page, as the secretary pointed out, as part of the reform process, which is the new way of working with grants, a number of grant activities have been discontinued with savings of \$30 million already accounted for by government. It is a past statement.

**Mr Pratt:** Without wanting to be unhelpful, if I go to the budget paper and look at a couple of the aged care savings measures, they all say, 'The savings from this measure will be redirected by the government to repair the budget and fund policy'—'

**Senator SIEWERT:** That tells us a lot.

**Mr Pratt:** But that is the answer. All of the savings measures across different portfolios ultimately—

**Senator SIEWERT:** Had you not accounted for those in one of the other processes last year? You have made savings already in the aged care programs and so on and now they are being accounted for here.

**Mr Pratt:** What I am pointing out is that in this budget you asked the question: what other things did you do in the budget for savings? These are all in the Budget Paper No. 2 from page 146 through to 170-odd. A number of them are savings measures. Savings from any of those measures could potentially be attributed to expenditure items like the gap filling program.

**Senator SIEWERT:** I would like to go back to ask an overarching question where we want to ask about the \$229 million. I ask that in ER?

**Mr Pratt:** Yes, in ER and also in the discussion on the under 30s measure in outcome 1.

**Senator SIEWERT:** I will do it there.

**Senator CAROL BROWN:** You have probably already answered this. I am sorry if I have not been paying attention. In the 2015-16 allocation of \$14.7 million has any of that money already been allocated to particular programs?

**Ms Bennett:** The component of the emergency relief announcement of the \$1.7 million minus what may have been paid, which we have taken on notice, so as I said, that is about \$800,000 a year. We are trying to work out, of that \$26 million, what may have covered the three months between 1 April and 30 June. Let us just say vaguely about \$750,000 would be reflected as the only commitment at this stage of the \$14.7 million and it would flow onto the \$14.9 million in the following year because it is a two-year and three-month contractual arrangement.

**Senator CAROL BROWN:** So, the announcement that was made about the two-year funding extension for the Special Family Violence and Drug and Alcohol Support programs, that is not coming out of that pod of money?

**Ms Bennett:** No. That is different and we can answer that in outcome 2.

**Senator MOORE:** Do we have an overall budget figure of how much the administration of this grants round would cost?

**Ms Bennett:** We have touched upon it previously. I thought we had provided information on staffing levels and cost.

**Senator MOORE:** It was trying to get a full figure of the costings. We have asked for it on a number of occasion. We have received bits of information but I am also very much aware that it is looking at a financial year process. You have given us information on staffing but if you have got that on a table somewhere I would rather have it again.

**Dr Reddel:** We have actually provided that as a question on notice. I think it is 104 average FTE over the course of the selection process.

**Senator MOORE:** Yes.

**Ms Bennett:** We provided it at the hearings.

**Senator MOORE:** It was 104 FTE and that was concentrated on the actual administration of this grant round?

**Dr Reddel:** It was the overall selection process for the grant round and it also provided details on the number of staff that were ongoing staff and also the number of staff that were contractors, as well as additional resources that were provided for external expertise.

**Ms Bennett:** If I can just add to that, the answers to questions that we provided to the inquiry were numbered 14, 15, 20 and 21. They provided the breakdown of staffing levels and what areas they were in.

**Senator MOORE:** We will just have to check our papers. Also, in terms of that, were there any costings in terms of accommodation, TA, transport, taxis and so on? I would like the whole costing element, the budget for the processing of the round.

**Ms Bennett:** We provided information about the cost of the probity advisers. I do not know if we would be able to provide information about accommodation and TA. Assessments that were done in individual states contributed to it as well. I doubt whether any of the assessment officers received much of the TA.

**Senator MOORE:** You described at one of our hearings that there was a large central location where this was being done.

**Ms Bennett:** And we had hubs in the states.

**Senator MOORE:** That is right.

**Ms Bennett:** I think the only real movement was a senior staff officer from our state network that was involved in the selection process, but we can take that on notice.

**Dr Reddel:** A lot of that was by video conferencing to engage state and territory officers, so we have minimised that.

**Senator MOORE:** That is all really positive in terms of the process and also in keeping people engaged in the whole process. An umbrella figure in terms of the costing for the whole exercise would be useful. I will go back. I know I had those answers to the questions. It is just that you have a lot of paper and you have given us a lot of paper as well and we have files, as you understand, from estimates, inquiries and so on. Thank you for the directions.

**Ms Bennett:** We have given about 1,000 sheets.

**Dr Reddel:** Over 1,000 pages.

**Senator MOORE:** Are you including that in the costing as well?

**Ms Bennett:** We could, if you would like.

**Senator CAROL BROWN:** Has any other funding been provided outside of the tender process under programs that were part of the 2014 DSS grants round? So, other than funding that was provided to emergency relief services, has there been any other funding outside the tender process?

**Ms Bennett:** As I explained, in relation to that money the remaining expenditure of the \$14.6 million has not been decided yet, other than emergency relief.

**Senator CAROL BROWN:** With that \$14.7 million are you looking at contracts from 1 July this year? When are we looking for that to be—

**Ms Bennett:** As soon as possible.

**Senator CAROL BROWN:** From 1 July?

**Ms Bennett:** We would hope to, yes.

**Senator MOORE:** Is your gap analysis covering all grants or is it focusing specifically on ER?

**Ms Bennett:** No, ER is announced—

**Senator MOORE:** A large contributor, yes.

**Ms Bennett:** It is announced at this stage. It is looking at the other grant rounds, in the families, mental health.

**Senator MOORE:** So, it is covering all the community areas?

**Ms Bennett:** Yes.

**Senator MOORE:** When you say that ER has been announced, does that indicate that there is no more funding for gaps in ER, that that analysis has been completed for ER?

**Ms Bennett:** As I think Minister Fifield just said, it is an iterative process. ER has always been something that we watch closely. There may be things that might happen in a community. We look at what is happening. Of course organisations, for example, might make an approach when floods occur. That could be an example where providers would approach us and discuss those issues with us. That has been a normal practice. It is not related to this. This was specific about the announcement by the minister about the service gaps that were identified.

**Senator MOORE:** So, from that, and certainly we had extensive discussion with the people from the area that looks after ER, and we will do that again tomorrow, about the way there is money held back every time in the ER portfolio to respond to those special occasions—

**Ms Bennett:** A small proportion is held in reserve.

**Senator MOORE:** Which causes great distress in trying to add those things up but I actually know, and it is standard practice, that a certain amount is held aside and we will find out about that tomorrow. In terms of specifically the announcement that Minister Morrison made of looking at gaps identified in this process, has the ER consideration concluded?

**Ms Bennett:** As I said, at this point in time.

**Senator MOORE:** Allowing for the normal.

**Ms Bennett:** The normal floods.

**Senator MOORE:** That bit is over, so now the gap analysis which you are working on, that you discussed with us earlier, is really looking at the other areas and we could be hearing as soon as possible?

**Mr Pratt:** Yes. Just one point to add to that analysis, it is a two-year program, so essentially it is quite possible that situation could change and that the government may wish to put more money into ER or other programs from that bucket that is in the budget announcement. It is open to government, of course.

**Senator MOORE:** A very modest bucket.

**Mr Pratt:** It is open to government if circumstances change or further gaps are identified to then put more into it, if it so wishes to.

**Senator MOORE:** Your gap analysis is actually focused just at present. You would be reviewing situations all the time, but the particular gap announcement made by Minister Morrison is a time fixed program?

**Ms Bennett:** At a point in time and with all programs we are constantly looking at what the provider is delivering. There are incidents where providers do not fully spend their allocation or the flow over the year. Decisions are made on the ongoing management of grants.

**Senator MOORE:** Which is standard.

**Ms Bennett:** Yes.

**Senator MOORE:** In terms of the contracts that we talked about at the last hearing, one of the elements of this new grant round was to streamline the contracts. Just pick me up if I am wrong. You were saying that if one organisation actually had won a number of grants that you were hoping to have them having one contract to cover everything in their relationship with the government.

**Ms Bennett:** Yes.

**Senator MOORE:** So, that would be it?

**Ms Bennett:** I think I explained it, which is quite a simplistic analysis, but the core components of the contract about the treatment of money, reporting and types of reports are built into the base document and then there would have been schedules or attachments which relate to the specific areas of the grant rounds that they were successful in.

**Dr Reddel:** Organisations also do activity plans, if it is relevant, around specific outcome areas that they might be working on.

**Senator MOORE:** And then report accordingly or to the schedules?

**Dr Reddel:** Yes.

**Senator MOORE:** But, in effect, they are signing off once?

**Ms Bennett:** They are receiving one document that is their contractual arrangement with the department, yes.

**Senator MOORE:** Can you give us any information about the number of contracts that have been signed?

**Ms Bennett:** All but four that were offered.

**Senator MOORE:** I am not going to say to name them.

**Ms Bennett:** Hot today, as at about 3 o'clock it is all but four.

**Senator MOORE:** So, how many contracts is that?

**Dr Reddel:** It is around 700 organisations. I can give you that.

**Ms Bennett:** Those remaining four are mainly in capital where there is still some negotiation about the time line occurring between the business area. It is in the aged care capital area. They will explain that to you when you talk to aged care.

**Senator MOORE:** I am sure Senator Polley will be interested in that. They are quite specific. So, around 700 have actually been signed off?

**Dr Reddel:** That is in terms of organisations.

**Senator MOORE:** Would that be contracts?

**Dr Reddel:** Yes.

**Senator MOORE:** Can you give us any indication about how many of those were the kind of contracts that you have just described to me and how many were one-offs?

**Dr Reddel:** We will have to look at that.

**Senator MOORE:** That is on notice.

**Ms Bennett:** We will take on notice which of those organisations may have been successful to deliver only one service from one round, that would have just had a single, and those organisations that were successful in multiple rounds; we will separate those two pieces of information.

**Senator MOORE:** I am interested, as I would imagine most people would be, in if one of the core issues about why we went down this way was to come up with this streamlined contract arrangement. I am trying to see what the end result of that has been. So, if we have gone through all of this, then what is the end result? How many of those 700 would actually be people like Centacare Brisbane, just pulling something from my head? I do not know what they have got but they may well have had a number. What has been the saving in terms of that process? You can take that on notice.

**Ms Bennett:** I can add that the saving is not really at our end. The saving is for the organisations in having a single, simplified contract so that, regardless of whether they only had one contract for one round, the fact that there was a simplified significant reduction in both legal terminology and requirements, I think Mr Kennedy can go into more detail but it would have been an administrative saving even if it was only for one service.

**Mr Kennedy:** The benefit of the streamlined agreement is around the reduced terms and conditions and standardising reporting dates and compliance arrangements so everyone reports at the same time, at the same date and over the same activities. The benefits are also that you can combine a number of activities under the one agreement so, instead of having different agreements for a number of different activities, you would have the one agreement with a number of activities included in that agreement. That was offered to around 98 per cent of the contracts, so 98 per cent of the contracts offered were under the streamlined agreement.

**Senator MOORE:** We will get the specific numbers later. Have you had any feedback on that part of the process in terms of how people have found the contracts? I think the last time



we met there were some questions about the complexity. In the attempt to be more streamlined the contracts could have been very large and very long to wade through. It is swings and roundabout stuff. I am just wondering whether you have had any feedback like that.

**Ms Bennett:** That is not the feedback that we have received. In fact, some have wondered have we made it so simple that we are hiding something from them, so we have spent some time explaining what those arrangements are. The feedback that we have received from the sector has generally been very positive about the simplified arrangements, the fact that over time we are moving to automated reporting and the shift from being just activity based to a maturing model of outcomes. That is one bit where we think we have received quite positive feedback in those new arrangements.

**Senator MOORE:** With the time frame of people getting back to you—and you have only got four outstanding, which is fabulous—has there been a steady return?

**Ms Bennett:** It was quite overwhelming in the first month.

**Senator MOORE:** So they came back quickly?

**Ms Bennett:** A vast majority.

**Dr Reddel:** The majority of them were in the first month.

**Senator MOORE:** Can you tell us how many organisations were offered contracts and turned them down for whatever reason? How many were unable or did not take up the offer?

**Ms Bennett:** I think we do have that information. If we do not have it with us right now we will be able to provide that over the next few days.

**Dr Reddel:** As of 26 May we had eight who declined the new agreements.

**Senator MOORE:** Is there a privacy issue in indicating which programs they were in?

**Dr Reddel:** I think we could provide them by program.

**Senator MOORE:** I would have thought it was a big enough area not to expose people, but I wanted to check that first.

**Dr Reddel:** Would you like me to—

**Senator MOORE:** Yes, please.

**Dr Reddel:** We have got it by state, too.

**Senator MOORE:** That is very useful.

**Dr Reddel:** So, New South Wales is community capacity building, community support, Commonwealth financial counselling and financial capability. Queensland is multicultural arts and festivals, children and parenting, Commonwealth financial counselling and financial capability. In WA it is multicultural arts and festivals and emergency relief. We do give some grants nationally: community capacity building. I think that makes up the eight.

**Senator MOORE:** That is the eight. Do you also have how much they were worth in total?

**Dr Reddel:** I do not have that with me.

**Senator SIEWERT:** Can I ask a question there?

**Senator MOORE:** Yes.

**Senator SIEWERT:** Are there organisations that declined parts of their offers?

**Ms Bennett:** An element?

**Senator SIEWERT:** That is the right word.

**Dr Reddel:** I would have to take that on notice.

**Ms Bennett:** We will try to find that.

**Senator SIEWERT:** If you could take on notice: if there were and how many. Thank you.

**Senator CAROL BROWN:** When Minister Morrison made the announcement extending the funding for specialised family violence services and kids in focus, how were those services identified?

**Ms Bennett:** We can answer that in outcome 2.

**CHAIR:** I remind senators that we have been going on this for a while, which is fine, but we are drifting into some of the outcomes. There is a lot of time allocated to the outcomes so there is no need to double up necessarily. People will get plenty of opportunity to ask those questions.

**Senator MOORE:** I am trying to be general. I think anything else I can take up outcome by outcome, but linked generally to the grants. I would like to ask some questions about the IT system for the grants and the progress on that.

**Ms Bennett:** This is the right place to do that.

**CHAIR:** Since you have asked this question I have one lot of questions.

**Senator MOORE:** On grants?

**CHAIR:** No, not on grants; on cross-portfolio.

**Senator MOORE:** I am happy for you to do that now.

**CHAIR:** Mr Lye is coming to the table, so you can go ahead.

**Senator MOORE:** Can we get an update on the system and how extensive the system now covers all the issues on grants across the department? These are general questions on FOFMS.

**Mr Lye:** The department has worked with the Department of Communications and the Digital Transformation Office to forward a second pass business case in the recent budget. It was taken up as part of the digital transformation agenda that the government has. Under stage 1 we received \$106.7 million for streamlining grants administration. The idea of the second pass business case was to provide funding to create a single whole-of-government grants administration process. That is not necessarily the IT component around advancing some of the work that has happened in DSS around standardising the types of grants and the processes we use to initiate grant funding rounds and administer grants. The idea is that we have a single process across government regardless of the type of grant.

More on the IT side the idea is to create two hubs, one which DSS will run. That is a hub that would service individuals and community sector applicants and, on the other side, a Department of Industry and Science hub that would face the business sector.

**Senator MOORE:** Where will the hubs be located?

**Mr Lye:** The IT component for our hub is obviously located here in Canberra. There are a number of components to the IT, FOFMS as you know it, the IT modernising process, including the creation of a data warehouse. Then the processing part would be partially located in Canberra but, as Ms Bennett and Dr Reddel have already stated, we would do that processing based on an efficient model, so we might do some of that work in Canberra and some of that work in our network across the country.

**Senator MOORE:** You would have the capacity with the enhanced hub to do that?

**Mr Lye:** That is the idea.

**Senator MOORE:** What is the time frame of that? You have been successful with the \$106.7 million. Is that what you asked for?

**Mr Lye:** Yes, it is. It is pretty close.

**Senator MOORE:** That was your claim?

**Mr Lye:** That is right.

**Senator MOORE:** And you got your full claim?

**Mr Lye:** Yes.

**Senator MOORE:** Congratulations!

**Mr Lye:** We are very excited about it. In terms of the IT modernisation process, it is roughly 2.5 years and eight system releases worth of work.

**Senator MOORE:** That is a different language. It is 2.5 years and eight system releases.

**Mr Lye:** That is to do the functional enhancements.

**Senator MOORE:** Has the work started or is it scheduled to start in July?

**Mr Lye:** We are already underway.

**Senator MOORE:** So, DSS would be the principal user of your own hub?

**Mr Lye:** We already control about 60 per cent of the traffic in the individual and community services sector. We do work for the Department of Health and PM&C, so we already have a reasonable proportion of that traffic. The idea is that we work with those organisations to improve the processes and also better support them through the IT component. Departments are generally going to be channelled as they upgrade their IT to come forward to either industry or us, depending on what their requirements are, and use one of those two hubs, particularly on the IT front.

**Senator MOORE:** That is the overall plan in terms of the long term to get this one platform. It would be very useful across all of the departments if they were using the one platform.

**Mr Lye:** That is right. It is particularly important for our service providers. We will have one view of a service provider and the service provider will have a streamlined way of dealing with government.

**Senator MOORE:** What about the internal processes, in terms of FOFMS, across all the internal grant processes currently operating in DSS?

**Mr Lye:** I think it supports the majority of programs now.

**Senator MOORE:** But there are some that they did not. I remember I had asked about this previously. I would like to know what the progress is about what it does not do at this stage.

**Mr Lye:** I am not sure whether Mr Blaikie can answer that question or whether we need to take it on notice.

**Mr Blaikie:** We would have to take that question on notice.

**Senator MOORE:** That is on the general IT stuff. I do not speak IT, but I wanted to know just in terms of the process. You had talked earlier about getting the system to match, that at the same time as you are realigning your whole grants system to get your IT system to be in concert with that, so that seems to be progressing.

**Mr Lye:** Yes.

**Senator MOORE:** Chair, that is the only question I had in that area so if you would like to ask questions and I can come back to other things later.

**CHAIR:** I do. Mine are quite short. What have you got?

**Senator MOORE:** Cross-portfolios.

**CHAIR:** Other cross-portfolios?

**Senator MOORE:** Yes.

**CHAIR:** So, you are done with grants?

**Senator MOORE:** I am done with cross-portfolio grants. We can come back.

**CHAIR:** Yes, of course.

**Senator CAROL BROWN:** I am not sure if you will direct me somewhere else. I wanted to ask a question about the transitional funding that was announced after initial cuts were made to peak disability organisations. Can I ask these questions here? What I want to know is the current funding status of the Australian Federation of Disability Organisation, Blind Citizens Australia.

**Mr Pratt:** These questions will wait for outcome 5.

**CHAIR:** I have a couple of questions and then I will come back to you on other issues. It is just an update on the new premises in Tuggeranong. As you know, secretary, we had a sod-turning down in Tuggeranong very recently. It seems a long time ago because we have been stuck in estimates for the last few days, but I think it was last week. I wanted to get an update on some of the detail of where we are up to with the new building. Do we have the relevant officials or are we waiting for them?

**Mr Pratt:** Yes. They are coming to the table. The first big development, of course, was the official soil-turning exercise last week. It does seem a long time ago. It was complete with hard hats and shovels.

**CHAIR:** Indeed. It was lucky we had those hard hats because there was a lot of danger in the area.

**Mr Pratt:** It is a heavily treed area.

**Senator SIEWERT:** Did you have high viz as well?

**CHAIR:** No, we did not have high viz. They make it easy for you. They go and turn the soil before you actually turn it, so it is cheating.

**Mr Pratt:** They truck it in, in fact.

**CHAIR:** They do. I do not think we can actually dig a hole. It was a good event. Moving on from that, has the contract been signed for the new building? I presume it has if we are able to start clearing the land. When was the contract signed?

**Mr Broadhead:** The contract was signed on 18 March so, yes, it has been signed and work has commenced.

**CHAIR:** When we say work has commenced, where is the preparatory work up to?

**Mr Broadhead:** The first set of work commenced was to build Rowland Rees Crescent, which will be a public road around the back of the current site. That is not actually on the lease area but it is being built in order to create additional parking to replace the parking that will be lost when the site for the new building is cleared. That began in March and in May the preliminary works began on the site itself, so there is now some fencing up on the site of the new building adjacent to the current building and work to realign pathways and do other preparatory work has commenced.

**CHAIR:** Is that work on the road part of the overall project cost? Is that off-site work or is funded by the ACT government? Who funds that part?

**Mr Broadhead:** Cromwell is funding the actual works. They have an amount they have raised to fund the total construction work so we do not fund specific parts of the work, for example. I am not aware that the ACT government is paying for that particular piece of work.

**CHAIR:** When is the building scheduled to be completed?

**Mr Broadhead:** August 2017.

**CHAIR:** Has there been any variation for the cost of the fit-out? I remember there was a budget figure last year of about \$26 million. Is that still the fit-out cost from the Commonwealth's perspective?

**Mr Broadhead:** That is the contribution that the Australian government is making towards the cost of the fit-out. There is also an incentive in the lease arrangement, some of which will go towards the fit-out and others towards the project costs overall.

**CHAIR:** I think it is around 2,500 staff that can be accommodated. Is that correct?

**Mr Broadhead:** Correct. The plan is to fit out the building to fit 2,500 staff.

**CHAIR:** What do we think it will be initially if you were to move in in August 2017. Do we have an estimate as to how many would be there then?

**Mr Broadhead:** We plan on what we know. We are expecting to have around 2,000 people in the building initially, but obviously things may transpire between now and then which may affect that number.

**CHAIR:** How does the estimated cost of the rent, lease and related outgoings for the first 12 months compare to the last 12 months of the existing lease?

**Mr Broadhead:** We are expecting to spend about \$7 million less per annum, so in the first 12 months of the new lease than we would spend in the last 12 months of the old lease. That is substantially rent but it is also due to the difference in the nature of the lease. The lease for

the building we are currently in at Tuggeranong is what is known as a triple net lease, so we pay a number of costs under that lease that we will not have to pay under what is known as a gross lease for the new building.

**CHAIR:** What costs are you not paying in this lease?

**Mr Broadhead:** Taxes, insurance and rates are the standard categories.

**CHAIR:** So, you do not pay those any more? You just pay the lease and that is all?

**Mr Broadhead:** We pay a lease. That includes, presumably, an allowance for the landlord meeting those costs, but we do not pay them separately over and above the rent we pay.

**CHAIR:** So, it is a \$7 million saving?

**Mr Broadhead:** That is an estimate.

**CHAIR:** Presumably you would be saving on new energy costs or is that factored into it?

**Mr Broadhead:** That is not factored into that but we would anticipate saving on energy costs as well. Tenant energy costs relate to how many people you have with PCs operating on their desks and so on, so it is a variable. Again, it is what we anticipate but the new building is more energy efficient than the current building.

**CHAIR:** Finally, there is a different floor plan; at the moment it is a campus style where you have separate buildings spread out. Are there efficiencies in having it all in the one building, in terms of how the workforce operates?

**Mr Broadhead:** Yes. There are efficiencies, broadly speaking, on two fronts. At the moment we have a building, or a campus if you like, which has effectively 10 buildings strung along its spine of about half a kilometre long, so for those poor souls who have to move from meetings in E block down to meetings in A block and back again on a regular basis they spend some time getting hither and yon.

Also, one of the limitations of the current design is our ability to configure space to meet the needs of the organisation. In the new building we will achieve greater efficiency in two ways, broadly speaking. One of which is the fit-out itself will be more compact, so we will make better use of the available space. In essence, we require less space for a given number of people than we otherwise would, but also it is our ability to configure it. We have floor plates of over 5,000 square metres per floor so trying to solve the jigsaw puzzle of how you fit particular sized organisational elements into the available space is much simpler when you have larger floor plates. You can fit more people more easily in a working configuration.

We are also installing what is known as a flexible or adaptable fit-out, which means that to the extent we do need to reconfigure office space, meeting rooms and those sorts of things, it will be a low cost, quick exercise as compared with having trades in to rearrange plaster walls and so on.

**CHAIR:** Remind me of the current standard of staff per square metre that the Commonwealth works to.

**Mr Broadhead:** The previous standard was 16 square metres plus an allowance for what is called growth and churn. The new standard, which was issued last year, is 14 square metres including growth and churn. That is an average square metre per occupied work point. It is not the fit-out density.

**CHAIR:** What is the figure for this new building?

**Mr Broadhead:** We will be fitting it out to certainly meet that but we will be fitting it out probably at an average of about 12 square metres. That is so that even when the building is not completely filled we will still meet the requirement for no more than 14 square metres per occupied work point. In that way we can build a building that will not be outside the guideline at its initial occupancy but will still have room for growth.

**CHAIR:** It is a 15-year lease with what kind of options?

**Mr Broadhead:** There are a couple of five-year options.

**Mr Pratt:** I just might mention a couple of other things in relation to the benefits of the new building. There will also be savings of security costs because, rather than having to patrol a great big perimeter of the compound it is a single site. There will also be savings in relation to IT connections, cabling and so forth. Perhaps the most important one, from my point of view, is that the new building will give us much better facilities and access for people with disabilities, whether they are employees or visitors. As the department responsible for the Commonwealth's policy on supporting people with disabilities that is, of course, very important to us.

**CHAIR:** That is good news. Thank you.

**Senator MOORE:** I had questions about the Tuggeranong building as well, most of which Senator Seselja has covered. Have there been any delays in the construction of the new building up until now?

**Mr Broadhead:** Not since the contract was signed and the work commenced. There have been no delays; it is on schedule.

**Senator MOORE:** Was there a delay in getting the contract signed and starting?

**Mr Broadhead:** We had a period of negotiation with our preferred provider but we achieved agreement, as I said, in March and we have been proceeding from that point.

**Senator MOORE:** How long was the delay? How long were the discussions with the provider about the contract?

**Mr Broadhead:** Probably for most of 2014.

**Senator MOORE:** Most of the year?

**Mr Broadhead:** Yes.

**Senator MOORE:** When was the building originally scheduled to be opened?

**Mr Broadhead:** We originally planned to have it available by the end of the current lease in 2016. At the end of 2016.

**Senator MOORE:** So, now it is going to be August 2017?

**Mr Broadhead:** August 2017.

**Senator MOORE:** So, that has just been built into the costings. Was it easy to get an extension on the current lease?

**Mr Broadhead:** No. Part of the negotiation last year was the terms on which, in the event that the completion date was not prior to the end of the current lease, we could remain in the current location until it was available to us.

**Senator MOORE:** You could not ask questions in Canberra without asking about car parking. At previous estimates we talked about car parking with the new process but you did say in your answer to Senator Seselja that there is going to be space. What will be the number of car park spaces available in the new building?

**Mr Broadhead:** We are leasing a number as part of the actual development itself. The number that has to be provided—and this is a planning ratio—so when we went to market we specified a number we wish to lease directly and left the level of parking that had to be provided as part of the development to be decided according to local planning requirements. The planning requirements were determined only recently, I think in the last couple of weeks, and the ratio that has been approved is one car space per 100 square metres of gross floor area, which equates to about 350 car parks as part of the new development. Now, that is only those that have to be provided as part of the new development.

**Senator MOORE:** Are there public car parks available in the region as well?

**Mr Broadhead:** Yes. There are car parks across Athllon Drive and along Soward Way at the moment and there will continue to be the car parking that is being built along Rowland Rees Crescent. We do not yet know what will become of the current site and the extent to which car parking may be provided as part of that.

**Senator MOORE:** How many car parks are there at the current site?

**Mr Broadhead:** I think it is 740 for the current Tuggeranong Office Park.

**Senator MOORE:** In terms of your arrangements in the department, how many Commonwealth cars or cars that have the right to car parking do you have to provide? I would imagine that with some of the positions that there would be a link to some kind of right to a car?

**Mr Broadhead:** Yes. In general terms some employees have, as part of their employment conditions, a right to car space. I cannot give you an exact figure off the top of my head, but it is in the order of 100.

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

**Mr Broadhead:** Yes.

**Senator MOORE:** It would be useful in terms of a comparison.

**Mr Broadhead:** Yes.

**Senator MOORE:** I did ask you about that crossover where you had to have extra lease arrangements in that period. Can you provide me with an idea of how much extra that was in terms of having to stay at your current arrangements longer than you planned? I am looking for the amount.

**Mr Broadhead:** Yes. I am wary of putting into the public domain what may be commercial information.

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

**Mr Broadhead:** Yes.

**Senator MOORE:** I understand that completely. Senator Seselja did ask this question, but how much is the Commonwealth putting into this process of your new building?



**Mr Broadhead:** The nature of the arrangement is they have agreed to build the building which we have agreed to lease, so our payment for the building is in the form of the lease that we will take up once the building is constructed. In that sense, in terms of the developer's costs, we do not pay any direct contribution to their capital. We do meet the costs of fitting out the building.

**Senator MOORE:** Can I also get the lease costs on notice?

**Mr Broadhead:** Again, subject to?

**Senator MOORE:** Certainly. So, that is around the Tuggeranong experience. Can we also get an update on the department's current property portfolio and where DSS staff are located? You can put that on notice as well because I know it is a big call.

**Mr Pratt:** Primarily in Canberra or across the country?

**Senator MOORE:** Across the country.

**Mr Broadhead:** I can give you a general view.

**Senator MOORE:** You could go to site by site. What is the general view?

**Mr Broadhead:** The general picture at the moment is that the department occupies buildings in the ACT and buildings in each capital city, so tenancies, not whole buildings in each capital city. We have a very small number of small offices in regional locations but in general the vast majority of our staff are currently in capital cities in tenancies.

**Senator MOORE:** Are all DSS staff now under the same roof in Canberra?

**Mr Broadhead:** No. The main tenancy, if you like, or the main building is Tuggeranong Office Park in Tuggeranong, but we also have an arrangement with the Department of Health for three floors of the Sirius Building in Woden where we have approximately 1,000 people on those three floors. We also have, adjacent to the Sirius Building, across the other side of Furzer Street, Aviation House. We have a tenancy in that, not the whole building again. At one point last year we were looking to sublet that but then with the changes through the machinery of government changes we had a number of education staff arrive and, in fact, we have now used that space to house the people who came to us from the Department of Education.

**Senator MOORE:** Is the plan to have everyone under the same roof in Tuggeranong?

**Mr Broadhead:** That is our plan. No, our intention is two sites; not one.

**Mr Pratt:** So, everyone who is in Tuggeranong would be in Tuggeranong, subject to any changes which might occur in organisational structure and so forth, and everyone in Woden in one building or, if necessary, adjacent.

**Senator MOORE:** So, your planning still incorporates placement in two areas?

**Mr Pratt:** Yes.

**Mr Broadhead:** In the ACT, over the last year or so, we have reduced our leases and tenancies. We used to have space in Medibank Health Solutions House in Woden; that is now gone. We used to have Guilfoyle House in Tuggeranong; that is now gone. We used to have the building referred to as East Wing in Tuggeranong; that is now gone. We also, as part of the machinery of government changes out of 2013-14 transferred responsibility for the lease for Centraplaza in Woden to PM&C, which reflected the transfer responsibilities.

**Senator MOORE:** The machinery of government changes with FaHCSIA staff going to PM&C?

**Mr Broadhead:** Exactly. It was really a result of the transfer of the Indigenous Affairs functions at that time, although I could not say how PM&C occupies that building now.

**CHAIR:** Is DSS part of Operation Tetris? Do you have much in the way of vacant space?

**Mr Lye:** As a result of rationalisation that Mr Broadhead talked about, we have got less than one in 10 work points unoccupied at the present time.

**CHAIR:** You are not going to be much good to the Department of Finance in that regard.

**Mr Lye:** I do not think so.

**Senator MOORE:** So, on notice, in terms of the 1,000 staff that are in Woden, can we find out? They would be in certain programs?

**Mr Broadhead:** Approximately 1,000.

**Senator MOORE:** We know who they are. Can I find out who is where in the process?

**Mr Pratt:** Just to give you a general picture; it is not a complete list.

**Senator MOORE:** I do not want them by names.

**Mr Pratt:** We have got the childcare stream, the ageing and aged care stream and the disabilities and housing stream located in Sirius and in Aviation House. There may be a smattering of others.

**Mr Broadhead:** Yes. We have two other buildings in the ACT. Essentially one is in Corinna Street in Woden. It is a small tenancy. We still have some people in Holwell Street in Tuggeranong as well. Roughly speaking, the numbers—

**Senator MOORE:** So, a separate lot will go into the new building?

**Mr Broadhead:** The intention is to try to consolidate ourselves into two sites, one in Woden and in the new building in Tuggeranong.

**Senator MOORE:** One site in Woden and one site in Tuggeranong. That makes sense. A question I asked in the last budget was in terms of the communication interaction within the department. At that stage the IT and communication was still being adjusted to the machinery of government changes with programs that had come into the department from other departments. At the time of the last budget, when people were looking at that, they were still not interoperability completely between all of those units. What is the update now, particularly as two of the groups you just mentioned had come from other departments. We also have the people who came from immigration. You acquired a number of people.

**Mr Pratt:** From multiple places.

**Senator MOORE:** Can they all talk to each other freely through the IT and phones?

**Mr Pratt:** I think everyone is on the same system now for emails.

**Mr Lye:** Broadly everyone is on the same system. In some cases people rely on other IT systems for specific purposes which are provided by previous departments, so the disability employment people, for example, may need to access the system that is in employment. We are going through on a case-by-case basis working out whether it is efficient to lift and shift a system, copy a system or transition people onto our platform or whether we retain the legacy

system. Where that system is not provided for a specific purpose—and this is not people's normal desktop; their normal desktop is ours—where that is provided we have an arrangement to use Citrix into that facility.

**Senator MOORE:** Mr Blaikie, can you give me more IT stuff?

**Senator Fifield:** Do you want more?

**Senator MOORE:** Absolutely. It was a big issue at the time because people were having to use other areas for talking to each other. It was just as we are now. When you said 'broadly', Mr Lye, what does that mean?

**Mr Lye:** I am talking about your day-to-day system, your telephone and your IT on your desk, so your normal call, and your email. I think that system is now uniform for everybody. It is where people have to access a specialist IT system that might have come from the health environment or the employment environment, but in some cases, if someone needs to dip into that they might need to do that via Citrix rather than—

**Senator MOORE:** Is Citrix is one of those things that sits over the top and you go into it?

**Mr Blaikie:** Citrix is just a—

**Senator MOORE:** A tool?

**Mr Blaikie:** Citrix is a connectivity tool that allows our users, say if you have come from immigration and you are logged across immigration, Citrix will allow you to get back onto the immigration network and access the systems that you need to access to be able to do your daily job. We have a number of systems in the Department of Education and a number of systems in the Department of Health but, as Mr Lye said, we are in the process of running through the list of systems. Is it possible to lift and shift it? What is it going to take to lift and shift them across? Do we leave them where they are because they are kind of embedded and it would be very difficult and expensive to move? Lastly, it is the transitioning of the platform. So, if you are using a grants management system in education or in health, migrating those grant programs across onto the FOFMS platform like we have done with the Department of Health.

**Senator MOORE:** So, it is a case-by-case basis?

**Mr Blaikie:** Absolutely.

**Senator MOORE:** So, all of those changes have been directly linked to the machinery of government changes. Up until the time of the machinery of government changes FaHCSIA was all on one system?

**Mr Blaikie:** Yes, correct.

**Senator MOORE:** What is your IT budget?

**Mr Blaikie:** We might take that on notice.

**Senator MOORE:** That would be separate to that special discussion we had previously about the new upgrade. This would be about your standard IT budget; if I could get that.

**Mr Blaikie:** If you like.

**Senator MOORE:** Yes. It would be good to have that identified. That is all on IT. I have some straightforward questions about the CPSU bargaining process. At what stage is bargaining in the department?

**Ms McKinnon:** DSS initially issued its notice of employee representational rights on 20 June 2014 and at that stage it covered all DSS staff including staff from the SSAT, the Social Security Appeals Tribunal. We had a series of meetings, I think from memory around 20, and then late last year, in December, the CPSU wrote to DSS and asked the secretary to consider reissuing the NER to exclude SSAT staff because effectively they were sitting at the table and with the proposal to amalgamate into a tribunal it was likely that they would never actually be part of the EA that they were sitting at and negotiating.

In addition, just before Christmas, the machinery of government changes brought in 400 staff who administered the childcare policies and programs, so on 16 March the secretary reissued the NER to recommence bargaining to include the staff who had joined from childcare and exclude the SSAT. So, the cumulative effect of that was a significant reworking of our proposed EA model. During the meetings with the employee representatives we have been negotiating in good faith and the meetings have largely focused on the task of getting seven different enterprise agreements with the raft of conditions into one. Putting any pay offer to one side, we have reissued what we think is a fairly final enterprise agreement for staff to consider and we are still in the process of working through our pay offer.

**Senator MOORE:** So, at this stage there is no specific pay offer?

**Ms McKinnon:** No.

**Senator MOORE:** You tried to merge the seven existing processes?

**Ms McKinnon:** Yes.

**Senator MOORE:** Are they still being paid under their previous arrangements?

**Ms McKinnon:** Yes.

**Senator MOORE:** It is seven?

**Ms McKinnon:** Yes.

**Senator MOORE:** This is a question where you do not know but in terms of the process within your enterprise agreement, the government proposal that is now looking at legislation which is changing the access to paid parental leave, will your negotiations now include proposals on paid parental maternity leave and other child related leave that take into account the government's policy change around this issue?

**Ms McKinnon:** Currently eligible DSS employees with 12 months' continual service have access to 12 weeks' paid maternity leave through the Maternity Leave Act 1973. Employees may also access the government's PPL scheme, if eligible. Under various enterprise agreements that we currently have there are employees who can access additional support above that allowed for, including an additional two weeks' paid maternity leave; 14 weeks' adoption, fostering or permanent care leave; up to 12 months' unpaid parental leave with the possibility of a further 12-month extension; and two to four weeks of supporting partner leave depending on the enterprise agreement that they are currently covered by. The government's PPL scheme is 18 weeks' payment at the minimum wage. That is a long-winded way of saying if employees are eligible and the arrangements under the various EAs do not bring them over the PPL entitlement then they would be eligible for that.

**Senator MOORE:** From your understanding of the government's proposal is it the full complement of the paid parental leave that is taken into account—11 weeks for people at the

basic wage? Is it that full package that is taken into account as the government proposal? It is 11 weeks at a certain wage. There would be no-one in your organisation, I would think, that would not have a greater entitlement under the EB than the government proposal?

**Ms McKinnon:** Again, because there are seven enterprise agreements and a raft of—

**Senator MOORE:** Without getting the whole enterprise bargain—and I am not going to ask for seven enterprise bargains—would it be possible to get, on notice, a matrix of the parental leave arrangements that are currently operating in your department?

**Ms McKinnon:** Certainly.

**Senator MOORE:** Just in that area?

**Ms McKinnon:** Certainly.

**Senator MOORE:** I am only asking for the parental leave. That would be useful. So, in terms of the proposed government changes, has it come onto the agenda for discussion processes in terms of if the government scheme is not available to your employees, alternative ways of compensating for the loss of \$11,500?

**Ms McKinnon:** That has not been a subject at the negotiating table.

**Senator MOORE:** It has not been brought up yet.

**Ms McKinnon:** At the negotiating table.

**Senator MOORE:** Is has not been something that the department has thought of themselves in terms of putting on the table?

**Ms McKinnon:** No.

**Senator MOORE:** On the superannuation guarantee, has the department shifted its approach on superannuation since the Public Service Commissioner announced the government would no longer require the 15.4 per cent to be taken from agreements?

**Ms McKinnon:** Yes. The clause that is in the current draft enterprise agreement out for staff consultation mirrors strongly the previous FaHCSIA, which included that.

**Senator MOORE:** So, you are maintaining in your offer the 15.4 per cent superannuation?

**Ms McKinnon:** Yes.

**Senator MOORE:** Was that in all the previous agreements?

**Ms McKinnon:** I would have to take that on notice.

**Senator MOORE:** I think it was.

**Ms McKinnon:** My instinct is yes.

**Senator MOORE:** The department's position is to maintain it at this stage?

**Ms McKinnon:** Yes.

**Senator MOORE:** Is there any time limit on your negotiations for reaching agreement on an EB?

**Ms McKinnon:** We continue to negotiate in good faith. As I said, we are still considering the pay offer. One of the difficulties was the fact that we had 450 staff MoG in and we actually did not have their costing structure until the end of March or the start of April, so that required us to look at the sustainability of the pay offer.

**Senator MOORE:** Of this year?

**Ms McKinnon:** Of this year, yes.

**Senator MOORE:** You did not have all their details until this year?

**Ms McKinnon:** No. They only joined with the machinery of government change.

**Senator MOORE:** So, 12 March. You did not have their details?

**Ms McKinnon:** No.

**Senator MOORE:** And to get across it all, too?

**Ms McKinnon:** That is right.

**Senator MOORE:** You would not normally keep that kind of detail on other department's enterprise bargains?

**Ms McKinnon:** That is exactly right.

**Senator MOORE:** You had to have all of that. Has all of the HR system transferred across directly?

**Ms McKinnon:** The payroll details have transferred across now.

**Senator MOORE:** So, the payroll system is all the same.

**Ms McKinnon:** We have the complete picture.

**Senator MOORE:** These people would be bringing forward records, files and all of those things, so now I am going to really make your day and ask: is there any way that you can tell us, on notice, do you know whether employees access the government paid parental leave scheme? In terms of your employees, if someone is accessing their Public Service entitlements—my experience in the Public Service; I did spend a small time of my life in the personnel section a long time ago—was that people blocked their leave entitlements. They saved them up and they would take their paid maternity leave, any sick leave, any leave and all the way through. Is there any way in the system that you would know whether people in your employment have taken, as well as their departmental entitlement, the government entitlement?

**Mr Lye:** I think we have been asked this in Senate estimates before, not by yourself, but historically. I think our answer to you has been that we do not have a way of recording whether someone actually accesses the government scheme.

**Senator MOORE:** So, how do you know where they are? If I am employee with the department and I am taking leave how do you know where I am if I am not at work? If I am putting an application in for leave I have to put an application in for what my entitlements are and if I am actually going to access the government scheme, since it has been around—is it 11 weeks—that is weeks that they are not at work.

**Mr Lye:** My understanding is can sit within their entitlement to unpaid leave that they have.

**Senator MOORE:** It would be useful to get that clarified. It seems to me that you need to know where someone is.

**Mr Pratt:** We will know that they are on leave of some sort. We will not know whether or not they are accessing the paid parental leave scheme.

**Senator MOORE:** But are they are entitled to a certain amount of leave without pay?

**Mr Lye:** That is right.

**Mr Pratt:** Keep in mind that the two can be taken concurrently, so we may not know.

**Senator MOORE:** So, you cannot do it.

**Senator CAROL BROWN:** When the scheme was brought in, if someone was accessing the government's scheme would you, as the employer, have been paying that out?

**Mr Lye:** Being the paymaster?

**Senator CAROL BROWN:** Yes.

**Mr Lye:** We might. I am drawing back on my memory in the families area. We have been asked previously at estimates about whether we have a record of people who are accessing the government's scheme and I do not think we have been able to provide that.

**Senator CAROL BROWN:** But if you are paymaster then you would know. You would have to know.

**Mr Lye:** Maybe the answer that was given was before the changes to paymaster. We will check.

**Mr Pratt:** For that issue, maybe. We will check this again for you, but it may be that we just do not collect it in an aggregatable form. We are paying it but we do not have a system which counts the number of times. Can we take this on notice?

**Senator MOORE:** Absolutely. I expected you to take it on notice, and particularly with the extra complication in your department because of the streams of employees from other agencies. Something in my mind thinks that it should be able to be obtained because of the nature of record keeping.

**Senator CAROL BROWN:** I thought the employer had to complete an application.

**Mr Pratt:** The question is: do we have a process of counting up how many of those?

**Senator MOORE:** Yes.

**Mr Pratt:** By the way, I can confirm that some of our colleagues have accessed both schemes. I am quite well aware of that.

**Senator MOORE:** I would have hoped so. It is 150 grand. I would hope that some of your people would be able to access both schemes.

**Senator CAROL BROWN:** So now, with the option, you no longer would directly pay the government scheme payments out for your employees? Is there still an option?

**Mr Lye:** This is probably a question for our colleagues in outcome 2, but I think there was a piece of legislation to make it optional. I am not sure that has been passed.

**Senator MOORE:** It has not. That is 2.2 in looking at the whole system, the PPL. Those are my questions on enterprise bargaining.

**CHAIR:** I think you are the only one at the moment who has got other cross-portfolio questions.

**Senator CAROL BROWN:** I forgot to ask a question about indexation pause.

**CHAIR:** Where would that be better handled?

**Mr Pratt:** In outcome 1. Are we talking about grants or are we talking about payments?

**Senator CAROL BROWN:** I am talking about grants. I have only got two quick questions.

**Ms Bennett:** We can start on indexing.

**Senator CAROL BROWN:** Of the 23 DSS programs that were listed in the 2014-15 administered indexation pause measure, how many will be subject to the two-year extension in this year's budget?

**Ms Bennett:** Of the 23 paused items there were only two grant streams that were part of this grant process. One was the grants for I think it is multicultural festivals, which is \$125,000 a year. That is not being increased. They are year-on-year grants. You get it one-off. The other is in the aged care services improvement and healthy ageing grants. Those are the only two that were part of this 2014-15 selection process.

**Senator CAROL BROWN:** Does the pause apply for the two years?

**Ms Bennett:** The pause that was announced of the list that you are talking about applies until the end of 2016-17.

**Mr Pratt:** Are we talking about the new one that was announced in the budget, or the previous one?

**Senator CAROL BROWN:** I was talking about the programs that were listed in the 2014-15 administered index pause. How many will still be subject to the two-year extension in this year's budget?

**Ms Bennett:** Of the 23 that were listed in 2014-15 I have explained that only two of those were part of the grant rounds. In terms of the pause that is set out in budget paper No. 69 of Budget Paper—

**Senator CAROL BROWN:** Is it Budget Paper No. 2?

**Ms Bennett:** It is Budget Paper No. 2 at page 70. The actual allocation of how that is to be spread at the moment is still to be resolved.

**Senator CAROL BROWN:** Are you saying that there are only two grants?

**Ms Bennett:** Of the 2014-15.

**Mr Pratt:** Only two were covered by the grants rounds.

**Ms Bennett:** No. The question was of the 23 that were listed out of the decision in the 2014-15 budget pause, which was not this budget but the one before, only two of those 23 items were part of the selection process that was undertaken in 2014-15.

**Senator CAROL BROWN:** How many will be subject to the two-year extension in this year's budget?

**Mr Pratt:** As I understand your question, it is not around the grants round process, it is of those 23 paused programs from the last budget which ones are continued into 2017-18 and 2018-19?

**Senator CAROL BROWN:** That is right.

**Ms Bennett:** It is 18, partly because, of the 23, some have actually ceased because they were terminating or they have merged into other programs.

**Senator CAROL BROWN:** So, 18 programs?



**Ms Bennett:** Yes.

**Senator CAROL BROWN:** What are the savings on that?

**Ms Bennett:** The savings out of that—

**Mr Pratt:** Do you mean for DSS—

**Senator CAROL BROWN:** Yes.

**Mr Pratt:** The total?

**Senator CAROL BROWN:** Of those 18 programs.

**Ms Bennett:** Over the three years?

**Senator CAROL BROWN:** Over the three years, yes. I am sorry, it is two years.

**Ms Bennett:** No. For 2017-18 and 2018-19 it is \$15.712 million.

**Senator CAROL BROWN:** Can you tell me the 18 programs? Do you have that there?

**Mr Pratt:** Would it helpful if we took that on notice. By elimination, no doubt we can work it out now.

**Senator CAROL BROWN:** If you do not mind.

**Mr Pratt:** We might try to exclude the ones which we know have ceased in that period and the remainder will be that.

**Ms Bennett:** We will have to take on notice from the 23 that derive into the 18 and how they fit within the broad band of programs.

**Ms Board:** The list of the 23 paused programs is available on the Department of Finance website.

**Ms Bennett:** What about the 18 that are folded in, can we say where they are and how much they are now?

**Ms Board:** No. We cannot go into details by program.

**Ms Bennett:** We can take that on notice.

**Senator CAROL BROWN:** Could you do that for me? Can you give me something, Ms Bennett?

**Mr Pratt:** We will take it on notice but can I say they are primarily in the families and communities area and aged care. The bulk of them are in the aged care space and one in disability, mental health and carers and one in paid parental leave. It is not going to be difficult for us to do that. We just need to get it right.

**Senator CAROL BROWN:** Just to confirm, of those 18 programs that you will provide to me later, that represents a saving of \$15.71 million?

**Ms Bennett:** It does.

**Senator CAROL BROWN:** Over the two years?

**Ms Bennett:** Yes, from 2017-18 and 2018-19.

**Senator CAROL BROWN:** Thank you.

**CHAIR:** It is just about time for a break. I wanted to get a sense when we come back just so that we can advise officials because I think we are due at 8.30 to go to housing.

**Senator MOORE:** We will not get to housing by 8.30.

**CHAIR:** So, you will need more time for corporate?

**Senator MOORE:** Yes.

**CHAIR:** That being the case, we will break and we will come back—

**Mr Pratt:** Chair, if I could just check, if we are unlikely to get to housing by 8.30, is the expectation that we will not get onto outcome 2 tonight?

**Senator MOORE:** That is my expectation. I cannot control that.

**CHAIR:** It might be a more sensible assumption, perhaps. It is a question of whether the public servants have to hang around.

**Senator MOORE:** I am really uncomfortable about that. I cannot say for sure but it would be probable that we will not get to them this evening.

**CHAIR:** Perhaps we will try and give an update as soon as we can.

**Senator MOORE:** We will let you know as soon as possible, Mr Pratt.

**CHAIR:** Yes.

**Mr Pratt:** Thank you.

**CHAIR:** We will suspend until 7.30.

**Proceedings suspended from 18:28 to 19:37**

**Senator MOORE:** I have a couple of questions about staffing in Minister Morrison's office. Is that something that you can help me with?

**Mr Pratt:** Potentially.

**Senator MOORE:** How many staff does Mr Morrison have in his office at the moment, and in what roles and on what salaries or levels?

**Ms McKinnon:** In terms of staffers that would be a matter for the Department of Finance. I can answer in relation to—

**Senator MOORE:** How many departmental staff does Mr Morrison have in his office?

**Ms McKinnon:** Two DLOs.

**Senator MOORE:** At what level are they?

**Ms McKinnon:** Sorry, Department Liaison Officers. One is an EL2 and one is an EL1.

**Senator MOORE:** Are those people on rotating placements so they do not stay there for a certain amount of time?

**Ms McKinnon:** Yes, they are.

**Senator MOORE:** And what is the current standard time?

**Ms Bailey:** Normally, we have a 12-month rotation.

**Senator MOORE:** At what stage of their 12 months are the two staff who are there at the moment?

**Ms Bailey:** The EL2 officer went up only a month ago, so they are just into theirs. The EL1 officer went up in August, so they are coming towards the end of their rotation.

**Senator MOORE:** How many departmental staff are currently employed in the assistant minister's office?

**Senator Fifield:** Two.

**Ms Bailey:** Two EL1s.

**Senator MOORE:** Two EL1s.

**Senator Fifield:** I cannot tell you their rank.

**Senator MOORE:** You have got two of them.

**Senator Fifield:** I have got two of them and they are fabulous.

**Senator MOORE:** At what stage in their 12-month placements are they?

**Ms Bailey:** One officer will be due to return to the department in October this year and the other officer will be due to return in March next year.

**Senator MOORE:** And the same question for the parliamentary secretary's office?

**Ms Bailey:** One staff member. She is an EL1 officer, and she would be nine months into her placement.

**Senator MOORE:** It is just building up the database. Secretary, this is a question that surprised me a bit. It was about an email we received that said that the Department of Social Services employed acrobats as part of the business planning day in one of the regions. Can you confirm whether it is true, what was the background and how many acrobats do you employ in the department?

**Mr Pratt:** This is very interesting news to me. I was unaware that I employed any acrobats.

**Senator MOORE:** Well, any that you knew.

**ACTING CHAIR:** Do you not need them for estimates?

**Senator McLUCAS:** No, that is us.

**Mr Pratt:** Duck and weaving is good—

**Senator Fifield:** There are many jugglers.

**Mr Lye:** It might relate to the fact that we have engaged change consultants in one of our network offices in Queensland where we have had a series of difficult staffing issues, a range of issues. We had an unfortunate incident where a staff member attempted to take their life and a series of other complex staffing issues which has required us to make quite substantial changes in that office to try and address quite serious morale issues. There were a range of human resource issues there. As part of that exercise we did take some steps which involved getting a consultant involved, a change management person, and they have been working with staff at all levels around trying to lift the culture in that office. As part of that exercise there was some—I do not know if the term 'acrobats' is a fair one to use—role-play work that was done with staff as part of that exercise.

**Senator MOORE:** Which could be perceived by other people as them being acrobats?

**Mr Lye:** It could be perceived as that. I admit that it could be perceived as that but I think, to be fair, we faced a very serious situation in that office and we needed to take quite serious steps to address that.

**Senator MOORE:** It is a very sensitive process and I understand that, but can you tell us how much that cost?

**Mr Lye:** I am happy to take that on notice and get an answer for you.

**Senator MOORE:** Also, can we get some information on the general process that was used in that in terms of the background, not the detail, but what kind of process was put in place in terms of the change manager? If there is a view from some people that you are employing acrobats in a process, it would be useful to get some context about what, in the change management process, was the intent and purpose of that and the reason for the expenditure. I think that would be useful.

**Mr Lye:** It is a 12-month process that we have engaged change management people for. There is a curricular that runs with the program and obviously it targets both the leadership group in the Queensland office and the staff.

**Senator MOORE:** Team building and all of those things, the various processes?

**Mr Lye:** Yes. I personally attended the Queensland office to be part of a one-day workshop with the leadership group of the office on the basis that it was very important that the department showed some level of interest in what they are attempting to do in that office.

**Senator MOORE:** How far through that process is the regional office at the moment?

**Mr Lye:** They would be, I think, around six months into that process.

**Senator MOORE:** And there will be an evaluation of the effectiveness of the process?

**Mr Lye:** We are watching very closely things like the staff survey results that the APSC conduct. We had a very serious issue which was demonstrable in the last staff survey results and we are obviously hoping for an improvement on the basis of the work that has gone on there but, in addition to that, the state managers and the change management people are doing a pulse survey month to month to test whether some of the behaviours that have been exhibited in that office over the past number of years are still present. In fact, they are taking corrective action as they notice that there still issues there.

**Senator MOORE:** The decision to intervene in the way you have done—was that done at the national level?

**Mr Lye:** Yes.

**Senator MOORE:** I notice I can get some background and some costings on that. This year has the department provided any staff recreation programs that are using alternative processes such as yoga, meditation, fitness programs and that type of activity?

**Mr Lye:** I am not aware of any.

**Senator MOORE:** In terms of the expenditure by the department on art, do you look at art allocation?

**Mr Lye:** I am not sure whether we have the officer here, but we will try and get you an answer to that. I do not believe so, though.

**Mr Pratt:** I do not think we have an art allocation or anything like that. There would be some expenditure associated with art, but—

**Senator MOORE:** If we can get that on notice, that would be great.

**Senator McLUCAS:** But we do like art. We just want to know how much it costs.

**Mr Pratt:** I might mention that the department does have quite a lot of excellent Aboriginal art which we managed—and I hope PM&C are not watching this—

**Senator MOORE:** I am just wondering how you managed to keep that.

**Mr Pratt:** to keep when the MOG happened, which we greatly benefit from and which we own and, I think, gifted to one of the museums. But we still have it in the building.

**Senator MOORE:** I have some questions generally about the media. I will go to those now. In the media process there is a stream of questioning in that area. Are the right people here, Mr Pratt?

**Mr Pratt:** Yes.

**Senator MOORE:** How many communications, media and marketing staff are employed in the department and what is the comparison with 2013-14?

**Mr Pratt:** While the relevant officers are trying to work that out, I might mention that it is slightly difficult to do an apples with apples comparison.

**Senator MOORE:** Because of the MOG changes?

**Mr Pratt:** Because of the MOG changes, and we have had two significant MOGs since the creation of the department.

**Ms McKinnon:** On 31 March 2015, the branch had 49.93 FTE, with almost three of those being non-ongoing.

**Senator MOORE:** I missed that last bit, I am sorry. Every now and again you just miss a couple of things.

**Ms McKinnon:** I am sorry.

**Senator MOORE:** It is not your fault.

**Ms McKinnon:** 45.93 full-time employees, with 2.9 being non-ongoing. Up to 30 June 2014, and noting the secretary's comments—

**Senator MOORE:** It was the MOG process.

**Ms McKinnon:** it was 41.57.

**Senator MOORE:** They were full-time equivalents?

**Mr Lye:** Senator, just to clarify: part of the communications is the branch, so staff do not just handle media issues.

**Senator MOORE:** Basically, can we get a breakdown—again on notice—by classification responsibility? That would be to define what the difference is, because there is a wide range between communications, media and marketing. I would not mind getting the classifications in that unit and also what the responsibilities are. Do you have people who are employed under journalism levels? They are APS classes?

**Ms McKinnon:** We have public affairs officers. I will get the breakdown of that and the areas they work in.

**Senator MOORE:** That would be great. And if we can have the total annual staffing costs of these positions. Is that able to be had in terms of the budget of that unit?

**Ms McKinnon:** Certainly.

**Senator MOORE:** Can we also compare that to June 2014, with the full awareness that we are comparing it with the MOG changes that have come through since then? We always

take that into account, Mr Pratt; but it is just an idea of knowing. I do not want the classifications for that period. I just want the values for the structure in 2014.

**Ms McKinnon:** Certainly.

**Senator MOORE:** Has the department spent money on promotional merchandise in the last 12 months?

**Ms McKinnon:** I would have to take that on notice, unless someone comes in from behind. We have a quite—

**Senator MOORE:** I think someone has reluctantly stood up there.

**Ms McKinnon:** strong policy around merchandise. There would be some for things like national Harmony Day, but I will ask my colleague.

**Senator MOORE:** That is the type of thing that I am getting to, yes.

**Ms Bell:** As Ms McKinnon stated, we have a very strong merchandising policy which is designed to control the level of merchandising. I do not have at hand what we have done over the last 12 months, but I know it is very limited.

**Senator MOORE:** Can we get a copy of that policy? It is not on the website, is it?

**Ms Bell:** No, it is internal.

**Senator MOORE:** I trawled the website, but I do not remember seeing something of that kind.

**Ms Bell:** No, it is only on the intranet site for internal use so that departmental staff—

**Senator MOORE:** Is it okay for me to get a copy of that merchandising policy? Do other departments have those? Not that you can speak for other departments, but I am just wondering, in terms of the community of people in this field across the APS, you know whether other departments have this type of policy?

**Ms Bell:** To be honest, I do not believe a lot departments have it, but we find it a very important tool to be able to control the level of merchandising to ensure that it is used for appropriate purposes, and we do not have huge warehouse costs associated with it.

**Senator MOORE:** You are about to get a new one, aren't you—a storage facility? Was that not part of the plan?

**Mr Pratt:** I am sure there will be a storage facility in the new building.

**Senator MOORE:** I thought in the previous answer there had been some issue about a storage facility—not that I am wishing you to fill it with merchandise.

**Mr Pratt:** I am not expecting it to be filled up with merchandise.

**Senator MOORE:** So we can get a copy of the policy on notice. Can you give us any general indication of what the peak areas in which you have been involved in merchandising would be? For instance, we heard about Harmony Day. Are there others?

**Ms Bell:** For special events like Harmony Day there is a certain level of, usually, educational material developed for schools et cetera so we can have a look at what those entail.

**Senator MOORE:** The reconciliation in the Indigenous area? Even though you have lost the major area, do you have engagement within the DSS department on things like—

**Mr Pratt:** NAIDOC Week?

**Senator MOORE:** NAIDOC Week. That is what I was desperately trying to find there—NAIDOC.

**Ms Bell:** We can have a look. Previously we did do—

**Senator MOORE:** Because of your previous responsibilities.

**Ms Bell:** a certain level of merchandising because it is used as a tool when engaging with Indigenous stakeholders. I am not aware of any of late, but we can look at that as well.

**Senator MOORE:** Around the disabilities area?

**Ms Bell:** There is a large level of activity that goes on around the International Day of People with Disability. I cannot recall merchandising for the last day, but we can check that as well.

**Senator MOORE:** Anything around women's domestic violence and those areas?

**Ms Bell:** I am not aware of any merchandising there.

**Senator MOORE:** There is a question about the nature of the merchandise and the units and the intended use, but that is the type of thing where we will see what you have done. When you check the policy and what you have done, if we could get some idea of what the merchandising was used for and some idea of the cost, that would be very useful. Media monitoring. We always ask these questions. The total spend on media monitoring in 2014-15?

**Ms McKinnon:** The figure I have is from 1 July 2014 to 31 March 2015. The department spent \$227,918 on media monitoring services.

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

**Ms McKinnon:** In the 2013-14 financial year, as a comparison, the department spent \$308,718 on media monitoring.

**Senator MOORE:** And that was for the whole year, whereas the figures you have just given me are up to March?

**Ms McKinnon:** Year to date.

**Senator MOORE:** So there could be a difference there.

**Ms McKinnon:** Yes.

**Senator MOORE:** The value of the contract with Isentia, which is one of the ones that is up on the site, for media monitoring expires on 15 December 2015. It increased in March 2015 from \$600,000 to \$721,000. Is there any explanation for that increase?

**Ms McKinnon:** I am fairly sure that would be the machinery of government changes that brought child care into the portfolio, and then you require a different range of searches and media.

**Senator MOORE:** That was the increase because of child care, but at the same time you lost the whole Indigenous area, and that seems to be the on and off of that.

**Mr Lye:** I am not sure. We lost Indigenous quite a while back now.

**Senator MOORE:** Yes. March 2015 was the time of the increase. When did the machinery of government changes go through?

**Ms Bell:** We lost the Indigenous component over 12 months ago and child care this year. We also increased slightly the contract in order to take into account some extra work required—some social media monitoring and some report delivery as well. They were not large amounts. I do not have them at hand, but we can provide them on notice.

**Senator MOORE:** I am particularly interested in the social media process. The only contact for social media is with Isentia. It is part of a general budget as opposed to a separate social media account?

**Ms Bell:** We also have another contract with a company called Hootsuite, which manages our platforms. They are not a social media monitoring company as such, but they manage our platforms for Harmony Day and our other—

**Senator MOORE:** So this is where you put out the same message across a whole range of areas; is that right?

**Ms Bell:** And they monitor the platforms for us.

**Senator MOORE:** That is a distinctly different type of media. So they are a specialist in that area. How much is that contract for?

**Ms Bell:** \$46,900 over a 12-month period.

**Senator MOORE:** Per year? That is a financial year?

**Ms Bell:** Yes.

**Senator MOORE:** How long have you been using Hootsuite?

**Ms Bell:** The contract is just coming to a close. We are revisiting whether or not that is a method we want to continue using because the environment is changing all the time. So we are just going through a process.

**Senator MOORE:** How long have you had that contract?

**Ms Bell:** Just 12 months.

**Senator MOORE:** Can you tell us how many advertising campaigns have gone to the Independent Communications Committee since 1 January 2015?

**Ms Bell:** The Independent Communications Committee only recommenced—we do not, obviously, look after the ICC—approximately two months ago. We have only had one campaign.

**Senator MOORE:** Which one was that?

**Ms Bell:** That was the age pension campaign in South Australia.

**Senator MOORE:** That was a focused campaign just for that region? Can you give me some idea about that campaign? It is appropriate to ask this question here rather than in the aged-care area?

**Ms Bell:** Yes.

**Senator MOORE:** Can we get some idea about that particular campaign—the cost and the time?

**Ms Bell:** This was a campaign developed to combat misinformation in South Australia around concessions for age pension. It commenced on 19 April this year. The mainstream is due to finish running at the end of this week. There will be some activity that will continue



into early August, but that is primarily what is known as out-of-home advertising, which is the placement of information products into GP surgeries et cetera. That campaign was developed in order to correct some misinformation that was running in a campaign in South Australia around changes to concessions for age pensioners.

**Senator MOORE:** This is state-based concessions for age pensioners?

**Ms Bell:** Yes. The information being disseminated implied that the federal government had caused concessions to change in South Australia and that the age pension was going to cease. Obviously, the information was incorrect. We did research to see if that was an issue for older people in South Australia, and the research showed that, yes, they were very concerned: 61 per cent of older people were very concerned and had a high level of fear around the issue, particularly because they do long-term planning for their budgets et cetera. We made a decision to do an advertising campaign to correct that.

**Senator MOORE:** What was the format of the campaign?

**Ms Bell:** Our campaign included television, digital, print, radio and out-of-home. We have research to show out-of-home is a very cost-effective method to reach them.

**Senator MOORE:** This is information in places where pensioners would go?

**Ms Bell:** In GP surgeries.

**Senator MOORE:** GP surgeries only, that was the only out-of-home?

**Ms Bell:** And pharmacies.

**Senator MOORE:** How much did that cost?

**Ms Bell:** \$1 million. That is total, not just the media buy.

**Senator MOORE:** Can I have that broken down into the various components?

**Ms Bell:** Market research, which included the developmental research that helped us decide whether or not we required—

**Senator MOORE:** Whether there was a need.

**Ms Bell:** Yes. Concept testing of the advertising product was \$147,069, and the creative agency component was \$246,000.

**Senator MOORE:** Who was that?

**Ms Bell:** That was an Adelaide based company, kwp!. Benchmark and evaluation research was \$149,000— benchmark was obviously carried out prior to advertising, and the evaluation research is obviously not in yet, because we have not finished running. The media buy, which is with Mitchells Adcorp Alliance, who are our master agency, was \$450,000.

**Senator MOORE:** I will take your word that that adds up to \$1 million.

**Ms Bell:** I have rounded up a bit but—

**Senator MOORE:** That is fine; that is the whole expenditure. And the TV buy was across Adelaide and regions?

**Ms Bell:** Yes.

**Senator MOORE:** And was there any specialist advertising in terms of Indigenous and non-English-speaking backgrounds?

**Ms Bell:** Yes. There was a specific Indigenous buy, and then we also translated into five key languages in South Australia.

**Senator MOORE:** That was in the out-of-home products?

**Ms Bell:** Yes, but also the radio advertisements, and they were: Italian, Greek, Mandarin—Chinese-traditional, Vietnamese, Cantonese.

**Senator MOORE:** And did this go in to the APY Lands?

**Ms Bell:** I believe it did, but I would have to take that on notice.

**Senator MOORE:** Could you please take that on notice for the whole buy and the evaluation process. Has that been ongoing or is it going to start after 5 June?

**Ms Bell:** Benchmarking occurs before the ads are run, and then the tracking, the evaluation, will occur once the advertisements have finished—but not long after so that it is still fresh in people's minds.

**Senator MOORE:** Will there be any evaluation ongoing as to the out-of-home products, which will be around for longer than that? There will be time when the out-of-home works in coordination with the others, and then a period of time when the out-of-home stands alone, so is there any different kind of evaluation?

**Ms Bell:** We stage it so that there has been enough of a run of the out-of-home, but it is picked up in the methodology so that they can include it in their tracking.

**Senator MOORE:** In terms of the evaluation process, is there a standard time by which the department expects the evaluation to be returned to the department? If you are starting that after it ceases the on-air time, after 5 June, what kind of time frame do you allow for an evaluation report to come back to the department?

**Ms Bell:** We do not specify a time. It depends on the size of the campaign. For instance, in a national campaign it is obviously a much bigger piece of work. When it is a targeted campaign we expect it to come in a little quicker, but we do not set specific time frames. We might get an interim report which gives top line, and then we provide any comment on that if we are comfortable it has picked up everything that we need to look at, and then we get the final report after that.

**Senator MOORE:** Is it possible to get a copy of a print of the out-of-home product.?

**Ms Bell:** Collateral, yes.

**Senator MOORE:** Did you use YouTube or anything of that kind? Was it online?

**Ms Bell:** There is a digital component, so we did buy banner ads on Facebook et cetera. We can do a geographic buy so it is only in South Australia.

**Senator MOORE:** Is the evaluation part of the process? Who has got that gig?

**Ms Bell:** That is GfK Blue Moon.

**Senator MOORE:** Are they Adelaide based?

**Ms Bell:** No, they are international.

**Senator MOORE:** Have you used them before? Adelaide Kwp!, GfK Birmingham and Mitchells Adcorp—they are all companies you have used before?

**Ms Bell:** Kwp! have been used by the Commonwealth before; they have done Smartraveller. GfK Blue Moon have been used by the Commonwealth before. We have used them in DSS previously. I did not catch the other—

**Senator MOORE:** The last one, the Mitchell—

**Ms Bell:** They are the master agency, so everyone has to use them.

**Senator MOORE:** I thought so. Are there any advertising campaigns or market research that has been undertaken in recent times for the purpose of informing a future advertising campaign which would fall outside the requirement of going to the ICC?

**Ms Bell:** No. With the ICC only having been stood up in the last few months, we have only had one campaign that was running that went through them.

**Senator MOORE:** I might pass to Senator Brown to ask about the childcare campaign that is in the PBS.

**Senator CAROL BROWN:** I just wanted to ask some questions—

**Mr Pratt:** Senator, if you might bear with us; I will just make sure—

**Senator MOORE:** It is the media component that we are particularly after.

**Mr Pratt:** I might just ask my colleague from the childcare stream to come to the table.

**Senator CAROL BROWN:** Ms Wilson, I am just going to ask a few questions around the childcare subsidy communications campaign, which is at page 105 of the PBS. What is the total amount being spent on communicating the government's Jobs for Families package?

**Ms J Wilson:** In total in the budget there has been \$18.1 million over two years for an information campaign about the changes in the childcare system.

**Senator CAROL BROWN:** That commences this year—2015-16?

**Ms J Wilson:** That is correct.

**Senator CAROL BROWN:** How much each year?

**Ms J Wilson:** There is a little bit, about \$3 million, in 2015-16. The majority is in 2016-17—about \$13 million—and there is a little bit at the end in 2017-18, about \$3 million to \$4 million.

**Senator CAROL BROWN:** Is this new money or has it been allocated from elsewhere?

**Ms J Wilson:** It is new money as part of the childcare package.

**Senator CAROL BROWN:** Can you talk to me about what the communications campaign will involve?

**Ms J Wilson:** I am happy to talk to you about what I think it might involve, but the design of it is still to happen, I guess it is fair to say. You characterise it as a communication campaign. I think, for us, it is going to be about a major information campaign for parents, service providers and families. There are lots of changes, as outlined in the budget announcements and by the minister and the Prime Minister. A lot of it is making sure parents and services know what is happening and when, and how the changes take place and how they are best informed about those changes.

If I give you an example: the nannies pilot starts on 1 January next year. We want to make sure that there is information put out to people who might be interested in being a provider—

to provide nanny services—but we also want to make sure families know that the government is going to be piloting a new type of service. For each of those different things that we are rolling out, we want to make sure there is information out there about the newness of the program or the changes we are making as we roll into the major reforms from 1 July 2017.

**Senator CAROL BROWN:** There will be a whole suite of different mediums that you will go out on?

**Ms J Wilson:** That is right.

**Senator CAROL BROWN:** When are you expecting advertising to commence?

**Ms J Wilson:** There will be some in the second half of this year about the nannies pilot.

**Senator CAROL BROWN:** The second half of this year? To me that is like 1 July.

**Ms J Wilson:** As I said, the detail of this is still to be worked out because we are trying to figure out how we target best. Parents told us when we did the qualitative research for the package that they find the system very complicated. The standard channels do not work very well for them. Even the things we have on the internet they say do not work very well for them. So we have to figure out the right information in the right sources for them as busy parents. Some of that could be through family networks, through service providers, through points of contact they have more regularly. We will need to get information out. I do not want to characterise that as a TV ad or a radio campaign. What I am saying is that I am not sure those are the things we will be using for the nanny pilot, for example. But as we roll into the major announcements around the whole package we might be looking at other means of broader communication. So it will be the right messaging vehicles for the right stages of the part of the package that we are transitioning to.

**Senator CAROL BROWN:** So you have already gone out and done some fieldwork? Is that what you are telling me?

**Ms J Wilson:** We did the fieldwork as part of designing the policy response to the Productivity Commission.

**Senator CAROL BROWN:** How did that work? What did you do?

**Ms J Wilson:** We conducted focus groups and did a quantitative survey to talk to people about what they thought of the current system, to ask them what they thought broadly of the Productivity Commission recommendations and to get their feedback on what works for them now and what they thought needed to change.

**Senator CAROL BROWN:** Where did you conduct these focus groups? Did you come down to Tasmania?

**Ms J Wilson:** I think we were asked to go to Tasmania, but I do not think we got there. Our apologies for that. There were 21 focus groups conducted in six different locations. They included some rural and remote areas. I am not sure that I have the whole list with me, but I am happy to take that on notice. It was not just cities.

**Senator CAROL BROWN:** When was that undertaken? Did you tell me?

**Ms J Wilson:** I did not, but I am happy to tell you. It was between 18 March and 7 April.

**Senator CAROL BROWN:** How many people are normally in those focus groups?

**Ms J Wilson:** We had around 170 participants. It is usually between 15 and 20. You invite a number of people. About 170 participated.

**Senator CAROL BROWN:** Obviously this expenditure has been approved through cabinet. In that regard I am talking about the whole childcare subsidy communications campaign.

**Ms J Wilson:** That is right.

**Senator CAROL BROWN:** Has it been through all the Public Service advertising approval requirements?

**Ms J Wilson:** If you are talking about the mechanisms that Ms Bell was talking about earlier, as I said, we are still scoping so we do not have a proposal to take forward in a lot of detail.

**Senator CAROL BROWN:** So you do not have a lot of information in terms of where the expenditure is going to go, because you are still in the planning stage?

**Ms J Wilson:** That is right. The main reforms do not commence until 1 July 2017, so we have got the nanny pilot that I mentioned, which is starting sooner, and then the Inclusion Support program, which starts on 1 July next year. But we have a little bit of time to think about the most effective strategy .

**Mr Pratt:** We might just pause here and check whether Ms Bell wishes to add anything around the standardised processes we will go through.

**Ms Bell:** We will obviously follow the advertising guidelines and go through the approval processes. The first thing we will do is some developmental research around messaging and channels and the targets. That helps us then formulate the campaign to make sure that we are targeted and we can determine how many channels we need so that we do not go scattergun. We have yet to start that process. We have to seek approval for that process and we have to go to the ICC with the draft campaign strategy to make sure they are comfortable with our strategic intent. But, as Ms Wilson said, we have yet to start that process.

**Senator CAROL BROWN:** How many departmental staff are working on the campaign?

**Ms J Wilson:** At this stage we have been largely been using the resources that we have to take it to this point. As we scope out the strategy we will determine how many staff will be allocated to do the work required.

**Senator CAROL BROWN:** Was the campaign initiated at the request of the minister or his office or did it originate from the department?

**Ms J Wilson:** It is the biggest reform in 20 years in child care. Our very strong view is, based on the qualitative research we have already done, this is about a simpler system. If we do not get the information to the right people who need it, it is not going to be delivered as a simpler system. We have learnt a lot already which we will build on in the research we are undertaking. Those in child care in the department are very firmly of the view that we need a very strong information campaign to support this.

**Senator CAROL BROWN:** Thank you for your response, but you did not actually answer my question. So, was the communication campaign initiated at the request of the minister or his office; or did the idea come from the department?

**Ms J Wilson:** It was part of a number of proposals we put forward as part of the whole package.

**Senator CAROL BROWN:** So, it originated from the department?

**Ms J Wilson:** That is right.

**Senator CAROL BROWN:** When would you like to see the campaign up and running?

**Ms J Wilson:** It would have to be in full flight in the first half of 2017 for 1 July 2017 implementation, but I will defer to my technical experts in the communications land on the advice they provide about the most effective way of scheduling this sort of information.

**Ms Bell:** The first piece of reform we would look at would be the nanny pilot. As I said, we have not actually commenced any research, but we would investigate how we best need to reach people to make sure that we get enough people involved in that pilot whilst also managing that we do not overburn and have too many people applying for the pilot because there is a cap on the number of people involved. Ideally—sorry, this is off the top of my head because, as I said, we have not mapped it out yet—to ensure that we had the right number of people for registration for the commencement of the pilot, we would probably start to look at reaching targets around about September-October.

**Senator CAROL BROWN:** Is it possible that the campaign would start before the government's changes have passed the parliament?

**Ms Bell:** Highly unlikely.

**Senator CAROL BROWN:** But possible?

**Ms Bell:** It would be determined on an approval process. One of the things the ICC looks at is whether there is legislation to support a campaign and the need is such that the campaign could commence prior to legislation. We would have to address that at the time.

**Senator CAROL BROWN:** Thank you. I think that is all I have on the childcare subsidy communications campaign, unless you want to share anything else with me, Ms Wilson?

**Ms J Wilson:** Thank you. I am back on the agenda later, Senator.

**Senator CAROL BROWN:** I have just got some general questions. In the current financial year, how much has been spent on government advertising, including the job ads?

**Ms Bell:** In 2014 up until 31 March, the department spent \$541,236 on advertising. That was non-campaign advertising which included recruitment. There was no campaign spend through that period.

**Senator CAROL BROWN:** I forgot to ask Ms Wilson: in terms of the focus groups that you use to test elements of the government's childcare package, which firms were hired and how much did it cost?

**Ms J Wilson:** For the qualitative research for the focus groups I mentioned, it was done through Orima and the contract was \$174,109.80 and it is on AusTender.

**Senator CAROL BROWN:** Can you tell me the questions that were asked or can you provide me with a list?

**Ms J Wilson:** I can take that on notice, Senator.

**Senator CAROL BROWN:** Thank you. Have focus groups been convened on other topics?

**Ms Bell:** Outside the space of child care?

**Senator CAROL BROWN:** Generally, yes.

**Ms Bell:** In 2014, up until 31 March, the department spent a total of roughly \$103,000 on communication related market research; the aged-care campaign, phase 1 from last year, benchmarking, tracking and evaluation, \$79,930; and paid parental leave developmental market research, \$22,936.

**Senator CAROL BROWN:** Are we able to get the questions that were asked for both of those focus groups?

**Ms Bell:** I can take that on notice.

**Senator CAROL BROWN:** I do not know why I thought you would say that—but I would appreciate it if you could. There are a couple of other items on AusTender. Ms Wilson mentioned one of them, and I just wanted to go to a couple of others that I saw. First of all I will ask: what is the total spend on market research in 2014-15?

**Ms Bell:** That was that figure I just gave—the \$103,000.

**Senator CAROL BROWN:** That is all of it—\$103,000?

**Ms Bell:** Yes.

**Senator CAROL BROWN:** Which companies did you use in those two cases?

**Ms Bell:** PPL was ORIMA, and with the aged-care campaign Taylor Nelson Sofres did the developmental research and creative testing, but that was not in this financial year; that was not part of the \$103,000. Benchmarking, tracking and evaluation was ORIMA.

**Senator CAROL BROWN:** There are two here. How much was the PPL?

**Ms Bell:** That was \$22,936 in 2014-15.

**Senator CAROL BROWN:** There was one here for ORIMA that is \$25,230: contract date 1 August 2014 to September 2014.

**Ms Bell:** That would be the PPL.

**Senator CAROL BROWN:** There is another one, with ORIMA again, for \$182,000.

**Ms J Wilson:** Senator, that reflects the quantitative research I mentioned when I was talking about the qualitative and quantitative we have done in the lead-up—

**Senator CAROL BROWN:** So there are two—\$174,000, or just over, and—

**Ms J Wilson:** \$182,160.

**Senator CAROL BROWN:** The \$182,160 was for the qualitative?

**Ms J Wilson:** The first one was for the qualitative; this is for the quantitative.

**Senator CAROL BROWN:** With those others, if you could take on notice the locations, the dates—all those things—and when those groups were convened and when the work was undertaken. Thank you.

**CHAIR:** I remind senators that we are beyond the allotted time for this area.

**Senator McLUCAS:** I want to go to the role of the department on budget night. Did DSS run a budget lockup?

**Mr Pratt:** Not an external one, no.

**Senator McLUCAS:** Not an external one in the way that some departments do?

**Mr Pratt:** Typically, DSS—and before it FaCSIA—will, so to speak, lock up all our SES and state managers and make sure everyone is pre-briefed ahead of the budget so that they are then able to communicate with their people the next morning.

**Senator McLUCAS:** The next morning. So you do not do anything—

**Mr Pratt:** We send people to the Treasury processes.

**Senator McLUCAS:** Of course. So you do not have a communications campaign—phoning people, key stakeholders, on the night of the budget?

**Mr Lye:** We do in each of the streams have communication channels to feed information out to key stakeholders, but we utilise the Treasury process for our major stakeholders who come to Canberra or are in Canberra, because often their interest in the budget spans more than one stream and what we have found is that if we lock them up on a particular area they miss getting information on another area.

**Senator McLUCAS:** Sure. Do any departmental staff assist or work at budget night functions at Parliament House?

**Mr Pratt:** Budget night functions?

**Senator McLUCAS:** Or events.

**Mr Pratt:** No, other than the official lockup and assisting with questions. Not to my knowledge; I will just check whether anyone else has any information. No, not that we are aware.

**Senator McLUCAS:** So those staff would be able to go home come 7.30?

**Mr Pratt:** Yes.

**Senator McLUCAS:** Did the minister or assistant minister request the presence of any departmental staff to be in Parliament House on budget night?

**Senator Fifield:** Certainly in my case I do not specifically recall requesting any staff.

**Mr Pratt:** Not to my knowledge. I will correct that on notice if there is a difference, but I do not believe so.

**Senator McLUCAS:** Thank you. How much has been spent by the minister, the assistant minister and the parliamentary secretary on travel—flights?

**Mr Pratt:** I will see if we have that detail with us.

**Mr Lye:** I think we are not responsible for ministerial travel. That is the Department of Finance.

**Senator McLUCAS:** Any entertainment expenses that were paid for by the Department of Social Services?

**Ms McKinnon:** None that come to mind, but I will take it on notice.

**Senator McLUCAS:** Thank you.

**Mr Pratt:** Does that include things like, for example, if there is a get together with stakeholders somewhere for consultations that might be sandwiches and coffee—that sort of thing? Or are you thinking more about official events like certificate awarding ceremonies or things of that sort, or both?



**Senator McLUCAS:** I understand the point you are making, but if I sharpen my request I might miss something. If it is reasonably easy to do, it would be helpful. Is it in a list somewhere, Mr Lye?

**Mr Lye:** We can give you a figure. We track hospitality—official and non-official hospitality—costs in the department. I do not have a breakdown that would tell you an event at which a minister would be present or not, but I can give you a figure.

**Senator McLUCAS:** Can you explain the definition of official and non-official? That might help me.

**Mr Lye:** If I can. Official hospitality includes expenses related to large official functions—such as policy launches, hosting of overseas dignitaries or advisory council meetings—and small official occasions such as gatherings with the private sector in connection with DSS business. So that is the definition that we would use.

**Senator McLUCAS:** If it is possible, Mr Lye, I think it is probably best if we ask for all hospitality expenses—'entertainment' is the term I have got here, but 'hospitality' is your language, so let us have a list of all hospitality.

**Mr Pratt:** We will see what we can break it up into.

**Mr Lye:** Senator, just to be clear, did you want a figure for hospitality or did you want—

**Senator McLUCAS:** We actually want to know the events that happened. That is for the three members of the executive.

**Mr Pratt:** For the ministers and the parliamentary secretaries, yes—to the extent that we do have anything on that.

**CHAIR:** Could I just add one question to take on notice. Could you do a comparison with previous years for that figure as well? I do not want to overburden the department on this, but certainly I would be interested in a comparison from 2007-08 through to 2012-13.

**Mr Pratt:** Yes, Chair. Once again, I will make the caveat that it is difficult to get an apples-with-apples comparison, given the big MoG changes and the different ministerial arrangements, but we will attempt to do that.

**Senator MOORE:** I am sure you are going to find very similar questions that the minister asked when he was doing estimates on these issues; I remember going through much the same discussion. So there will be records somewhere.

**Mr Pratt:** Thank you, Senator.

**Senator McLUCAS:** In 2015, how much was expended on new stationery for Minister Morrison, including business cards and letterhead, please?

**Mr Pratt:** I suspect we are probably going to have to take that on notice, and, again, there may be some things which have to go to the Department of Finance and other things which relate to just general paper and stationery that we might supply, but we will take that on notice.

**Senator McLUCAS:** Did Minister Morrison or Minister Andrews have printed letterhead, or was it done in the way that it has been used in the past, where the pressed goes straight on in the print?

**Mr Pratt:** Senator, I do not know—I assume that it just comes off the printer.

**Senator Fifield:** I confess to having some printed letterhead.

**Senator McLUCAS:** You do have printed letterhead?

**Senator Fifield:** I have some of these, printed at Australian disability enterprises.

**Senator McLUCAS:** Could we have the cost of Minister Fifield's letterhead production as well, please.

**Mr Pratt:** Yes, Senator.

**Senator McLUCAS:** According to reports, the minister has a bust of William Pitt in his ministerial office. Is that correct?

**CHAIR:** Have you not been invited in, Senator McLucas? Haven't you been there?

**Senator McLUCAS:** No.

**CHAIR:** You are just getting reports. Who's the rat!

**Mr Pratt:** Senator, who are you directing the question to?

**Senator CAROL BROWN:** Is that true then? Maybe you could answer.

**CHAIR:** I could answer it, but it would not be appropriate for me to answer questions.

**Senator McLUCAS:** I think I should ask the minister.

**Senator Fifield:** Look, I can confirm that the objets d'art in Minister Morrison's office have changed from those that were there when Minister Andrews was there. There was a bit of cycling theme, I think, with some of the material in Mr Andrews' office, but I cannot specifically recall individual items in Minister Morrison's office.

**Senator McLUCAS:** Mr Pratt, you must attend that office from time to time. Can you confirm that there is a bust of William Pitt the Younger?

**Mr Pratt:** Senator, I am not able to confirm who it might be, but I do think there is a bust there.

**Senator McLUCAS:** Can I ask whether the installation or purchase of that bust—whoever it is—was paid for by the department?

**Mr Pratt:** I will take that on notice. Again, I suspect that, if it is a furniture or art-related thing, it would be probably either the—

**CHAIR:** Parliamentary Services, I would have thought.

**Mr Pratt:** Department of Parliamentary Services or Finance, not us.

**Senator Fifield:** Also, the Parliament House does have an art collection, so there could be any number of sources, I imagine—

**Senator McLUCAS:** What I am trying to ascertain—

**Senator FIFIELD:** if that item is indeed there. But, as I say, I do not have a recollection which is akin to inventory of the office.

**Senator McLUCAS:** What I am trying to find out is whether the Department of Social Services paid for the purchase of William Pitt the Younger or the installation of that bust.

**CHAIR:** What have you got against William Pitt the Younger. He was a great prime minister, wasn't he?

**Senator McLUCAS:** He was the youngest Prime Minister in England.

**CHAIR:** And he oversaw the abolition of slavery or a fair way towards it.

**Mr Pratt:** Senator, we will take that on notice. Again, I will correct it on the record but I do not think the department has been in the business of purchasing or installing busts.

**Senator McLUCAS:** I agree. I just want to clarify it.

**Senator FIFIELD:** I have Sir Paul Hasluck on my office wall—

**CHAIR:** Is it a bust?

**Senator FIFIELD:** if that is of any interest to the committee.

**Senator MOORE:** It will be now.

**CHAIR:** He was a great Australian.

**Senator FIFIELD:** It is from the Parliament House art collection.

**Senator CAROL BROWN:** Do you have any special bookcases?

**Senator FIFIELD:** I have got a standard fit-out.

**Senator MOORE:** Mr Pratt, I have some standard questions on staffing in the department, as we do. I have last year's annual report, but I am just wanting to know now what the current number of staff employed by the department is.

**Ms Mckinnon:** As of 31 March 2015, DSS had 3,724 staff.

**Mr Lye:** That is a headcount, Senator.

**Ms Mckinnon:** It is a headcount.

**Senator MOORE:** In terms of ongoing and non-ongoing?

**Ms Mckinnon:** To 31 March 2015, again, ongoing both part-time and full time was 3,683 and non-ongoing was 39.

**Senator MOORE:** Do you have a separate list for people who are on contracts? You have got people who are non-ongoing. Are they specialist contractors or people who are backfilling APS positions?

**Ms Mckinnon:** The non-ongoing refer to those who, in your language, are doing a non-ongoing position, doing an APS job. We have contractors which we hire on through various companies. We do not collect those numbers centrally, but I would say there is a significant proportion of them in the IT area.

**Senator MOORE:** My next question was going to be in terms of the IT component. Is there any way we can take on notice how many contractors are employed?

**Ms Mckinnon:** We can give you an indication but not a full record. As I said, we don't collect that centrally because they are not signed on as APS employees.

**Mr Pratt:** We will take it on notice and supply that.

**Senator MOORE:** I am looking at expenditure. I am particularly interested in where the contractors are working. My expectation is that they are mainly in the IT area, but if there are others it would be useful to know. Is the department currently recruiting externally? Do you have any vacancies being advertised?

**Mr Lye:** We have done some very limited external recruitment.

**Senator MOORE:** In what areas, Mr Lye?

**Ms McKinnon:** The department recently partnered with the Department of Health to fill a range of SES band 1 and band 2 positions. We have done—

**Senator MOORE:** Did you advertise them outside?

**Ms McKinnon:** They were not open to external to the APS.

**Mr Lye:** Sorry, Senator, when I said 'external' I was thinking in the Public Service, not external.

**Senator MOORE:** I was thinking Public Service as well—internal and external. Was the band 1 and band 2 exercise internal to the Public Service, or was it outside?

**Ms McKinnon:** Internal to the Public Service.

**Senator MOORE:** How many came to DSS?

**Ms McKinnon:** I will find that, Senator.

**Mr Pratt:** While that figure is being gathered, I must just set some of the context. From before the election, we had quite a number of people acting in SES positions.

**Senator MOORE:** I think we talked about that, Mr Pratt, in terms of your acting people in positions. You had a number of them.

**Mr Pratt:** That is right.

**Mr Pratt:** Yes. So this exercise enabled us to fill those positions where we still had ongoing work and that allowed us to promote a number of people who had been acting for a long period as well as bring some people from other departments into DSS.

**Senator MOORE:** And you did that with Health?

**Mr Pratt:** It was a joint exercise.

**Senator MOORE:** Because I asked similar questions of them.

**CHAIR:** Regarding the graduate intake, are we expecting more or fewer graduates in the next year? How many are coming in this year and how many would you be expecting for next year?

**Mr Pratt:** This year—my colleagues will give the exact number—we are expecting 50, and we are proposing to double that in the next financial year. Again, we are a bigger department than before.

**CHAIR:** But you are not double, are you?

**Mr Pratt:** No, we are not double in size. We are considerably bigger than FaCSIA was, and also it is a very important mechanism for us to ensure that we have the succession for the future lined up right across the board in the department.

**Mr Lye:** One of the things the department is doing is increasing the spans of control. As you increase your spans of control it becomes more important to have entry-level staff to help that transition through in the workforce. Hence the investment in graduates.

**CHAIR:** Just remind me: these days, what does a grad come in at, what level? Are they 3s or 4s?

**Mr Lye:** It is 3, I think.

**Ms McKinnon:** I think that is right.

**CHAIR:** It was 2 when I was there, unfortunately.

**Ms McKinnon:** Senator Moore, in terms of your question, from that joint round with Health we promoted 13 SES band 1. Ten of them were internal promotions. For the SES band 2, we promoted two SES employees internally and permanently transferred one officer from the Department of the Prime Minister and Cabinet.

**Senator MOORE:** Did any DSS staff go to Health?

**Mr Pratt:** Yes.

**Senator MOORE:** I asked Health similar questions and I thought I remembered hearing that one or two DSS went to Health.

**Mr Pratt:** I can certainly think of one.

**Senator MOORE:** That is fine. Following on from Senator Seselja's question about graduates, last year with your graduates the majority were generalists, a couple were IT, finance, data and analyst specialists. In terms of your proposed doubling of the numbers, have you got a program this year of looking at the breakup between generalists and also the quite specialised areas that you took on last year?

**Mr Pratt:** We are working on that for this next exercise. Within the department we are internally consulting with each of the streams to identify the level of demand and anticipated demand for people in the specialist streams as well as mainstream. I should also point out that we are also recruiting, as much as we can, for Indigenous graduates, trainees, and for people with disability at the entry level.

**Senator MOORE:** That was going to be my next question. In terms of the process across the department, I always ask about Indigenous recruitment, people with disabilities and also people from non-English speaking backgrounds in reflecting the workplace. Your annual report gives good information from last year and it would be useful to get an update. You had a very high level of Indigenous employees because of your previous responsibilities. What is the current status with Indigenous people across the board?

**Mr Pratt:** In DSS, compared to the APS, we are significantly higher. I think about 3.7 per cent of our staff identify as Aboriginal and Torres Strait Islander and we are currently recruiting and attempting to retain as many people as possible for next year to get to four per cent.

**Senator MOORE:** Your percentage was affected by the change—

**Mr Pratt:** Yes. We went from 10 or 11 per cent down to three per cent. We have grown since then.

**Senator MOORE:** Yes, from last year. Mr Lye, do you still have the special responsibility for Indigenous processes in the department?

**Mr Lye:** Yes.

**Senator MOORE:** And also, the other thing that we talked about last year was the training that you were doing in Indigenous foundations in Aboriginal and Torres Strait Islander cultures and societies, an e-learning project which we talked about, and your plan and your goal at that stages was to actually put the majority of the people in the department through that training. What is the current status of that?

**Mr Lye:** We are compiling some data on that at the moment, but obviously every new entrant to the department we are putting through that e-learning program.

**Senator MOORE:** Including the new band 1s and 2s that came in from outside?

**Mr Lye:** If they have come in from outside and have not done it recently, we will. I would stress that it is a foundation program, and one of the expectations of our Aboriginal and Torres Strait Islander staffing committee is that people look beyond that base level of cultural awareness. I know of some areas in the department where they are looking at on a group or branch basis to do a higher level of cultural appreciation, particularly based on the work they are doing. That is very much a foundation exercise. There is some work in the APS at the moment around developing an APS wide approach to cultural appreciation.

**Senator MOORE:** I put a question on notice to the Public Service Commissioner about that, in terms of the APS approach. Social services is involved in that work?

**Mr Lye:** Very much so.

**Senator MOORE:** And is your e-learning model one of the issues being talked about?

**Mr Lye:** There has been some discussion with AIATSIS about them being probably the most expert area of the Commonwealth to develop a whole-of-government package, and so I would expect that we would draw on their package.

**Senator MOORE:** When we talked last about that, it was seen as very innovative to actually go that way. The other thing was, in the same vein, the area of people with disabilities employment. You actually have a high profile for that, again because of the work that you have within the department. Last the identification level was five per cent—is that being maintained? Is there is an expectation within the department to increase that? What is the process in that area?

**Mr Lye:** There are two measures, Senator. There is a measure which is around people who identify, and on that basis we are sitting at about 5½ per cent, but the measure that we more readily use is the self-identification measure, in the State of the Service Employee Census. We are at 9.4 per cent there, and our target is to get to 10 per cent by the end of this year.

**Senator MOORE:** Where does that fit in the APS, Mr Lye?

**Mr Lye:** Where does that fit?

**Senator MOORE:** Where does it fit in the APS? I would have thought that was high.

**Unidentified speaker:** The APS average is 3.1 per cent.

**Senator MOORE:** That is what I thought. I was not sure whether it was at 3.1 but I knew that was quite high. This is a really difficult question to answer but, in terms of that strong result of almost 10 per cent of people with disabilities, is there any indication whether the majority of the people who identify work in the disabilities area, because of the specialist recruitment we know we have had with NDIA? Or is it a general process across the department? That is a very similar question to what I asked about Aboriginal-islander employment about two years ago to your department. It is the balance process, because we do have that commitment, as the minister well knows, about ensuring that we have employment for people with disabilities across the board. I will ask NDIA tomorrow, but they have a very high percentage, is my understanding.

**Mr Pratt:** That is my recollection: 11 per cent, I think.

**Senator MOORE:** Balance, across the board.

**Senator Fifield:** I think they have got an objective of 15.

**Senator MOORE:** Yes, they have.

**Mr Pratt:** We put a great deal of effort into this as an employer. Obviously, we are responsible for the Commonwealth's policies in this area but also we take seriously our responsibilities as a significant employer. Separately to this—we may have mentioned this at last estimates—Deputy Secretary Felicity Hand is our disability champion and she drives a similar process to the one Mr Lye does on Indigenous staff recruitment, retention and development. We put a lot of effort into this.

**Senator MOORE:** Minister, you have actually gone on record publicly about the expectations that the Public Service has a higher employment rate of people with disabilities in the past. What are your hopes in that area?

Along with the strategy of getting people with disability into the workplace, you have been very public about ensuring that the public sector lifts our employment level. Years ago in the public service there was quite a serious effort in this area, and it weakened. In terms of your position in that—

**Senator Fifield:** I think it is important, as Mr Lye pointed out, that there are two measures across the public service. One tells a story that the public sector is not doing terribly well. The other, the *State of the service*, which the Public Service Commissioner runs, does present a better story across the board in the public service, but obviously we want to do better. The new, or newish, Public Service Commissioner, I know, does have a strong interest in this area personally. I will be catching up with him to talk more broadly about what he can do and also what we can do as the lead government department in the area of people with disability.

**Senator MOORE:** You have a policy, Secretary, that continues along the line of employment of people with disabilities?

**Mr Pratt:** Sorry, Senator?

**Senator MOORE:** You have an internal policy along those lines—about people with disabilities in employment?

**Mr Pratt:** Yes.

**Senator Fifield:** While we are on the subject, I should just flag—and it is something we can explore further in outcome 5—the whole DES program. It is community-wide. The community, through government, puts about \$1 billion a year into that. About 150,000 people a year participate in the DES program. Only about one in three get placed in work. With the expiry of those contracts in March 2018, we have got the opportunity now to have a think about how we might craft that to achieve better results.

**Senator McLUCAS:** Just for the record—I was not listening as closely as I should have been—what are the two measures that you have to measure public servants who disclose a disability?

**Mr Lye:** One of them is a measure where people self-identify.

**Senator McLUCAS:** And that is an internal—

**Mr Lye:** They self-identify in the survey, but they are not identifying personally. They identify on a survey, and that is why you get a higher percentage.

**Senator McLUCAS:** That is the APS *State of the service* report?

**Mr Lye:** Yes. But where the record says a person has a disability and they are identifiable as a person who has a disability—that is a lower percentage.

**Senator McLUCAS:** By name? Yes.

**Mr Lye:** They are more reluctant to actually identify.

**Senator Fifield:** It is identifying to the employer versus a confidential survey, essentially.

**Senator McLUCAS:** So the second survey is a—I was going to say FaHCSIA—DSS survey?

**Ms McKinnon:** It is actually a function of the demographic information we keep on employees, and it is often linked to requests for reasonable adjustment.

**Senator McLUCAS:** That skews the figure, doesn't it?

**Mr Pratt:** It is on our HR database.

**Senator McLUCAS:** Thank you.

**CHAIR:** Senator Moore, before you ask further questions, can I just remind senators: we are now 40 minutes over time. We did have an agreement that we would seek to stick to time. I have had some inquiries about whether we will be getting on to housing soon, and obviously that would be the preference. Are we likely to have significantly more questioning in this outcome?

**Senator MOORE:** I would think another half an hour.

**CHAIR:** I will just remind all senators that, knowing the standing orders now allow any senator to extend, we did agree that we would stick to the times as best we could. We are going well over time. I would just remind senators of that.

**Senator Fifield:** We do not want you, Chair, to be subject to the accusations that Senator Heffernan had—

**CHAIR:** Indeed.

**Senator Fifield:** which of course was beyond Senator Heffernan's control, because of the standing orders, Chair.

**CHAIR:** Indeed, and, to any public servants who would like to send me a nasty, anonymous letter, I would say: the standing orders preclude me from shutting this down and moving on. Senator Moore.

**Senator POLLEY:** We let you go home twice, last year, early.

**CHAIR:** The secretary said it was excellent chairing, but I would not comment!

**Senator MOORE:** Can you tell me whether there have been any redundancies in the department in the last 12 months?

**Mr Pratt:** No involuntary redundancies, other than those where people are enthusiastic about having an involuntary redundancy.

**Ms McKinnon:** In the year to date to 31 March 2015 there have been 158 voluntary redundancies taken.

**Senator MOORE:** Can you tell me whether that is across the board in terms of national office and regional?



**Ms McKinnon:** It is a kind of equitable spread—not by any design.

**Senator MOORE:** Can you tell me how many are regional?

**Ms McKinnon:** No, sorry, Senator, I have not separated out the network from corporate. In DSS network staff, which will be the capital cities, there have been 63 VRs taken.

**Senator MOORE:** Does that mean 95 are in the regions?

**Ms McKinnon:** No, 63 network staff have taken a VR.

**Senator MOORE:** So 63 are in the network?

**Ms McKinnon:** Yes.

**Senator MOORE:** My hearing is getting worse, I am sorry. There are 63 in the network, and that means 95 in central office. In terms of the structure, we talked earlier that you have offices in every capital city and some regions outside that. Have there been any closures of offices?

**Ms McKinnon:** Not to my recollection.

**Mr Pratt:** It is possible we may have exited some tenancies in bringing people together for the machinery of government changes, but I would not count them as closures of offices.

**Senator MOORE:** I was thinking more of regional sites.

**Mr Lye:** It is fair to say we have a couple of regional sites that we might have inherited through machinery-of-government changes, where we have a very small number of employees—one or two—so, at any particular time, if those staff members left or we had one person left, what we obviously look at there is whether there a continuing need and also workplace health and safety—is it viable to run an office with one person in it?

**Senator MOORE:** Mr Lye, can you tell me anywhere where you would have fewer than three staff?

**Mr Lye:** I think in South Australia there is a site, and also possibly Rockhampton.

**Senator MOORE:** What services are in Rockhampton? I am thinking through all the different iterations of the department. I am trying to remember what is in Rockhampton.

**Mr Lye:** It might be DES. We might have inherited some DES staff.

**Senator MOORE:** I am just crossing out all the others and I cannot think of it. Okay. Senator Brown has some questions on FOI.

**Senator CAROL BROWN:** How many requests for documents have you had under the FOI Act so far this year?

**Ms Richards:** We have received 132 requests under the FOI Act this financial year to 31 March.

**Senator CAROL BROWN:** You don't have any later figures for me?

**Ms Richards:** No, that is the figure that I have.

**Senator CAROL BROWN:** So, 132 I think you said.

**Ms Richards:** Yes.

**Senator CAROL BROWN:** Of those 132, how many have been determined to be deliberative documents?

**Ms Richards:** I have got figures in terms of the number that have been dealt with on the basis that they were fully exempt, but not on the basis—

**Senator CAROL BROWN:** We will start with what you have got in front of you.

**Ms Richards:** Of the 132 that we have processed to date this year, eight have been dealt with on the basis that they were completely subject to an exemption.

**Senator CAROL BROWN:** And you do not know on what basis?

**Ms Richards:** I do not have that in front of me. I would have to take on notice the basis that exemptions relied on.

**Senator CAROL BROWN:** If you could, that would be good. Were the others partially exempt? What have you got there for me?

**Ms Richards:** Of the 132 requests, again, 35 were withdrawn.

**Senator CAROL BROWN:** Do you keep information on why there were withdrawn?

**Ms Richards:** We would be able to provide some information where it is available to us.

**Senator CAROL BROWN:** Okay, thank you.

**Ms Richards:** It would not always be the case that someone would give us a reason. Eight requests were transferred to other departments.

**Senator CAROL BROWN:** I bet you were relieved about that.

**Ms Richards:** I have not got a figure but there were also some that we inherited from other departments. Thirty four requests were responded to on the basis that documents were disclosed to the requester, either in full or in part.

**Senator CAROL BROWN:** You do not have that broken down as to whether, of those 34, some were partially—

**Ms Richards:** No.

**Senator CAROL BROWN:** Do you keep any information about whether the person that is asking is a politician? Do you keep that sort of data?

**Ms Richards:** We would where it is obvious to us. An FOI request can be made anonymously, but in the majority of instances, I imagine, it would be evident to us if a request had been made by a member of parliament.

**Senator POLLEY:** How do you do it anonymously?

**Senator CAROL BROWN:** I was going to ask that! How do you do it anonymously? Do you put in a brown paper bag and leave it somewhere?

**Ms Richards:** You might send it from a Gmail account for example.

**Senator CAROL BROWN:** So you just have an email name to go by?

**Ms Richards:** Yes. As the requester, you may not have to disclose who you are for the purposes of making the request.

**Senator CAROL BROWN:** Do you keep data on whether they are politicians?

**Ms Richards:** I do not have a number in front of me of the 132 how many of them were from members of parliament.

**Mr Lye:** We get new two kinds of requests. We get requests that have come from a parliamentarian or a media outlet, typically, and then we get a lot of requests from individuals wanting information about their own circumstances or decisions relating to them, such as to do with aged care. We do broadly keep a sense of the different types of FOI request.

**Senator CAROL BROWN:** Can you share that sense?

**Ms Richards:** I can certainly take on notice to give you a figure as a proportion of the 132 that were known to be a member of parliament or a media outlet.

**Senator CAROL BROWN:** How many in total did you get last year?

**Ms Richards:** By comparison it was roughly 115 at this point in time last year, so it has increased slightly. Again, as we have indicated previously, there have been a number of machinery-of-government changes. In relation to some of those changes across particularly aged-care and disability employment services, we have experienced an increase in the number of FOI requests we have received from individuals either who are seeking access to information about them or who are otherwise seeking to modify information that the department might hold about them.

**Senator POLLEY:** Can you provide—you may have to take this on notice—a breakdown of the areas. You said you have had ones relating to aged care. It would be useful to have information as to how many relate to aged care and each other area of your responsibility.

**Mr Pratt:** I think we could break it up by our outcome structure. There might be a sort of catch-all one which might cover things that go outside a particular stream, but we can have a go at that.

**Senator POLLEY:** Can we do that funding state by state?

**Mr Lye:** That might be more difficult.

**Mr Pratt:** But we will have a look at it.

**Ms Richards:** I was just going to say: if we could again do our best, where the state that the request originated from is evident to us. Of the 132, in terms of those requests we received for annotation of documents, six of those, this year, have been FOI requests in which people have asked for their record to be amended.

**Mr Pratt:** Just anticipating a difficulty with the state-by-state analysis: we might get a request from a journalist in a media outlet located in Sydney, but it might actually be about a case in Queensland or South Australia. But we will see what we can do.

**Senator POLLEY:** Thank you.

**Senator CAROL BROWN:** Of those decisions that you have made, how many appeals have you had, from those 132?

**Ms Richards:** We have had six requests for internal review of an FOI decision.

**Senator CAROL BROWN:** Have they been completed? Have those internal reviews been—

**Mr Lye:** I am not sure we can tell you that.

**Ms Richards:** No, I am not sure that we can. Sorry, I do have that figure. We have 23 requests that we are dealing with at the moment, and at the moment we have one request for internal review, so we have completed five.

**Senator CAROL BROWN:** Has any of the access to documents been refused on the basis that it is contrary to public interest?

**Ms Richards:** I do not have that information in front of me. I have the number in respect of which an exemption has been applied, but not, again, the specific exemption that was relied upon by the decision maker.

**Senator CAROL BROWN:** Is that something that can be provided on notice?

**Ms Richards:** It might be the difference between a conditional and an unconditional exemption being applied under the FOI Act, because, if a conditional exemption were applied, then the decision maker would have to turn their mind to whether or not disclosure was in the public interest. Again, when we provide the information on the breakdown about the exemptions that have been applied, we could identify them as being conditional or unconditional. In respect of the conditional exemptions, yes, the decision maker would have had to make a public—

**Senator CAROL BROWN:** I expect there may be varying reasons why documents are—

**Ms Richards:** Yes. It would be difficult to generalise why a decision maker had satisfied themselves to apply a conditional exemption.

**Senator CAROL BROWN:** You said, I think, that 34 FOIs were provided with information—is that what you said?

**Ms Richards:** Thirty-four in full or in part.

**Senator CAROL BROWN:** Can you further break that down? How many were redacted?

**Ms Richards:** Again, I could take that on notice and give you some indication of what proportion of the 34 were provided in part, and they would be documents that were subject to exemptions and redactions.

**Senator CAROL BROWN:** If you provide that information on notice, I would appreciate that, thank you.

**CHAIR:** I have a quick question just in relation to questions on notice from the last estimates and in recent times. Do we have any stats on how the department has gone in answering those questions on notice?

**Mr Pratt:** I am delighted that someone has asked this question, Chair. I was hoping someone—

**CHAIR:** The only reason I have had the opportunity to ask it is that Labor senators have extended, so you can thank Labor senators for the question.

**Mr Pratt:** I have some thankyou's. I am very pleased to say that we answered all our questions on notice by the due date for this estimates, so I thank the committee and senators for hearing my plaintive pleas from previous estimates to truncate the number of questions. That worked a treat, frankly.

**CHAIR:** A 100 per cent record! That is to be congratulated. I imagine that is a very rare thing. I think we have got the stats from previous estimates and the previous government. I do not think they were anywhere near 100 per cent.

**Mr Pratt:** The first time in my living memory, in 30 years.

**CHAIR:** Well done to you and all of your staff.

**Mr Pratt:** Thank you.

**Senator MOORE:** The support from the senators who were able to put the questions in a more truncated form should be acknowledged as well by the chair.

**Senator Fifield:** That is right. I think senators' questions have been concise and focused, which the department appreciates.

**CHAIR:** Of course, that would lead us to a conversation about the previous questions, from perhaps some of those same senators, but we probably do not need to go there. I remind senators we are 55 minutes over time. Do we have any further questions?

**Mr Pratt:** That was all the questions in the portfolio.

**Senator MOORE:** Secretary, I have questions which I will put on notice about external consultants, if we can just get a list of those. Also, does the department have any ongoing work around the issues of the McClure review now that it has been made public? Up until then the department had a responsibility in terms of the secretariat role and working with that. Now that it is published, is there any ongoing role for the department around the McClure process?

**Mr Pratt:** We can deal with this in more detail under outcome 1 tomorrow, but in general terms: no, in terms of supporting Mr McClure to do any further work on the reform itself, but, yes, in terms of looking at what we advise government on in relation to implementation of the various welfare reform proposals. That is something which we can explore tomorrow, if you wish.

**Senator MOORE:** That would be under Social Security?

**Mr Pratt:** Yes. That is right.

**Senator MOORE:** There are many questions there. What about the Forrest review?

**Mr Pratt:** That is handled by the Department of the Prime Minister and Cabinet. We do have interests in some of the things proposed by Mr Forrest's review, and those are in train. Typically I think we will be able to deal with those under outcome 2.

**Senator MOORE:** It would be work in terms of specific proposals under any of the areas there.

**Mr Pratt:** Yes—outcome 2 and potentially outcome 1.

**Senator MOORE:** I have a question on the program of functional and efficiency reviews of portfolio departments. In your last annual report, you looked a little bit at looking at internal processes, but there was a media release put out on 11 May that talked about the government's ongoing progress in its smaller government reform and listed all the rhetoric around what it is about, but it actually said that, over the next few weeks, the government will be initiating further functional reviews of the following government departments and major agencies, and your department is listed. What does that mean for the department?

**Mr Pratt:** We will undertake a review of that sort. We will kick off fairly shortly, and we will report back to government—by November.

**Senator MOORE:** An internal review?

**Mr Pratt:** No, it is not an internal review. We need to engage an external reviewer, which we will agree with the Department of Finance, and then we will support that person to go through the review.

**Senator MOORE:** Because a number of departments are going through this process, is there a list of external reviewers who are known and are expert?

**Mr Pratt:** No.

**Senator MOORE:** So it is up to the department to initiate its own search?

**Mr Pratt:** That is right. We need to identify someone who would be credible in terms of doing such a review, and who we would agree with the Department of Finance.

**Senator MOORE:** Is it a form of audit?

**Mr Pratt:** I would not classify it as an audit. It would be a review. It is quite a comprehensive process.

**Senator MOORE:** Yes, it is.

**Mr Pratt:** Mr Lye is dying to respond on this one.

**Senator MOORE:** So it is part of your area, Mr Lye, liaising with the person?

**Mr Lye:** Yes.

**Senator MOORE:** Because this is happening across government, is there a time frame under which you have to operate?

**Mr Lye:** Yes. As Mr Pratt said, it has got to be complete by November.

**Senator MOORE:** I am sorry; I missed that in Mr Pratt's answer. I did not hear a time.

**Mr Pratt:** Yes, we kick off now, in June, and we have to report to government by the end of November.

**Senator MOORE:** To which department do you report?

**Mr Pratt:** Via Finance.

**Senator MOORE:** The format of that—is that a form of recommendations from the department? What is the format of the report?

**Mr Lye:** That will be largely up to the reviewer, but they have got a scope that they will work to, which is quite comprehensive. The Department of Finance has published some contestability program guidelines, which give quite a good elaboration of the scope of the review.

**Senator MOORE:** So by the next estimates you will be half-way through?

**Mr Lye:** Yes.

**Senator MOORE:** I will ask the questions then. I have one last question and it is to do with procurement. I know that you work within groups around procurement. I am trying to see what the awareness is of the Australian workplace gender equity guidelines on procurement. Under the WGEA, any business which is not compliant with WGEA is not supposed to get any contracts with the government. It is phrased quite vaguely in the process. Is your department aware of that process and is it part of the operations when you are looking at procurement?

**Mr Lye:** I would have to check for you as to how explicitly we address it. I know we apply a number of lenses to any procurement we do.

**Senator MOORE:** Can you check whether that lens is applied?

**Mr Lye:** Yes.

**Senator MOORE:** It is just in terms of knowledge that I am asking about.

**Mr Pratt:** I will go out on a limb here. I think we would apply those guidelines. In a former iteration we had significant involvement in the policy space. I am hopeful that our compliance with policies we might have influenced in the past is maintained. We will confirm that on notice.

**Senator MOORE:** Mr Lye, if I can just get it confirmed it on notice. You said there are a number of lenses that you use. Just for completeness of the answer, can I get what lenses are applied by the department in their procurement processes?

**Mr Lye:** Sure.

**Mr Pratt:** It will be in the area of Indigenous businesses and adult disability enterprises.

**Senator MOORE:** All of those things. Thank you very much. There are a number of questions that we will be putting on notice.

[21:17]

**CHAIR:** Thank you. We will now move on to housing. Senator McLucas.

**Senator McLUCAS:** Secretary, I have confirmed this with the chair, but in my estimates brief the first line says, 'Thank you for QONs.'

**Mr Pratt:** You are welcome, Senator.

**Senator McLUCAS:** I do appreciate that. It does help us to do our preparation for the next round of estimates in time. Can we go to the portfolio budget statements, item 1.1, strategic direction statement. Secretary, can you point me to where in that statement I could find references to housing and homelessness? It starts on page 15.

**Mr Pratt:** On page 15 there is a reference to housing.

**Senator McLUCAS:** Where is that? Is it after the number 4?

**Mr Pratt:** Yes.

**Senator McLUCAS:** That is good.

**Mr Pratt:** This strategic direction statement is about the key priorities that have emerged from the budget process. The one major thing which I would draw attention to coming from the budget process, which was announced earlier, was the continuation for two years of the national arrangement on homelessness. That was, of course, picked up in the budget process and, as we have discussed before, much of the work that we are doing currently in this area relates to the reform of federation process, which is overseen by the Department of the Prime Minister and Cabinet.

**Senator McLUCAS:** Mr Pratt, it is probably a bit naughty of me to be asking you these questions. The truth is that the word 'homelessness'—and other than the name of the section of the department, which is housing—does not appear in the government's strategic direction for this portfolio. I will not ask you any further questions, Mr Pratt; however, Parliamentary

Secretary, I think it is something that indicates the priority that this government places on housing and homelessness policy, given that it does not appear in any way in that part of the portfolio budget statement.

**Senator Fierravanti-Wells:** I will take that as a comment.

**Senator McLUCAS:** Okay. Can I go to your new staffing numbers in outcome 4 please. Program 4.3 is essentially the departmental appropriation.

**Mr Dilley:** That is correct; that is the departmental appropriation.

**Senator McLUCAS:** Compared to last year—it is a bit hard to compare backwards, so let's get a baseline now, because I have asked this question before—what is the current staffing for outcome 4 please?

**Mr Dilley:** On page 138 of the PBS, there is a figure at the bottom of the table 2.4 that shows an attribution—and I will come back to that—of 113 average staffing level. I say attribution, because it is the total staffing attributed across the outcomes. It includes a component of corporate and network et cetera.

**Senator McLUCAS:** When I read page 142, those figures are going down—not hugely, but they are going down. What is the projected staffing across the out years?

**Mr Dilley:** I do not have to hand an equivalent figure, but it would be broadly consistent with that trend that you are referring to in program 4.3, table 2.4. The downwards direction there you would find in most, if not all, of the outcome tables. It is a function of the out-year appropriations for the department being lower than the current year. That is fairly consistent across all departments and has been over time, as terminating measures come and go and drop off—typically the out-year funding is lower than the current year.

**Senator McLUCAS:** So I cannot read that to say that we would expect that the numbers of staff in outcome 4 would be diminishing over time?

**Mr Dilley:** The way I would read that is to say that, if nothing changed, then this outcome would be lower but so too would all outcomes, whereas history tells us things do change and policies are renewed—if not the same work, then different work.

**Senator McLUCAS:** That is true, but my fear is because—and this is more of a political observation—the priority that this government places on housing is diminishing by the week, and I was concerned when I looked across that line to see those figures going down. You have given me some comfort that maybe I have misread that, but my initial concerns remain. You cannot answer those questions; that is okay. Mr Scott, you are the new group manager.

**Mr Scott:** That is right.

**Senator McLUCAS:** I have heard from a number of sources that there are many changes—I mean, change happens—but how many changes have there been in outcome 4 in recent months?

**Mr Scott:** We have recently had a couple of changes in senior management. I assumed the Group Manager role in early March. Mr Thomas, to my right, joined us mid-February.

**Senator McLUCAS:** Did you come to the last estimates, Mr Thomas?

**Mr Thomas:** I did, but not to the table.

**Senator McLUCAS:** What a shame!



**Senator Fierravanti-Wells:** Senator McLucas is being nice to you.

**Senator McLUCAS:** My reputation is that I am a nice person.

**Mr Scott:** There have been some changes at the senior level. Obviously, we have retained our Deputy Secretary, Felicity Hand. Mr Palmer, who I assumed the responsibility from, has also remained in the stream and is doing work in the disability housing space. Mr Riley has also remained in the stream. So we do have some continuity and access to experienced staff to help with the handover and the transition.

**Senator McLUCAS:** Of the 110-ish people we have at the moment, what proportion have changed in the last 12 months?

**Mr Scott:** We would have to take that on notice. There has been some change. Having said that, we also have some longstanding staff in some of our key areas, including areas like the Commonwealth Rent Assistance area, data and modelling. The other observation I would make on the staffing numbers is, while those refer to ASL, the staffing numbers will have fluctuated a bit over the course of the last several months because we have had a number of non-ongoing and contractors in also to assist us in areas like the National Rental Affordability Scheme payments processing. Those staffing numbers, while giving you a reasonable view over time, will disguise some fluctuations, including some ramping up of staff to assist with some of the peak workloads.

**Senator McLUCAS:** How many non-ongoing contractors have we had to employ to do the NRAS work?

**Mr Scott:** I will get my colleague Mr Coburn to come to the table to answer that. I think in broad terms we would currently have around a dozen staff, non-ongoing and contractors, with us at the moment assisting with the NRAS processing.

**Senator McLUCAS:** A dozen?

**Mr Scott:** Around a dozen. But I will get Mr Coburn to be more precise for you.

**Mr Coburn:** As at 30 April, we had 14 staff who were non-ongoing or contractors.

**Senator McLUCAS:** And they were undertaking the compliance work in NRAS?

**Mr Coburn:** They do a range of things in relation to NRAS. Most of them are involved in assessing incentive claims. We also have some of them involved in doing checks on documentation for entering new dwellings into the scheme. We also have some that are working on applications to change conditions of reserved allocations—that is, to change things like dates of delivery or locations.

**Senator McLUCAS:** It is all that—

**Mr Coburn:** All the processing work.

**Senator McLUCAS:** All the processing stuff. Fourteen on 30 April?

**Mr Coburn:** That is correct.

**Senator McLUCAS:** I understand there has been a ramping-up of people that you have brought in to do that work?

**Mr Coburn:** That is correct.

**Senator McLUCAS:** Can you give me an understanding of when they came on, and how many and how quickly?

**Mr Coburn:** We have probably had, because some of the contractors come and go, in the order of about 30-35 staff come on board, and some of them have left. To give an indication of the payments processing team, for example, that has increased from say, a couple of years ago—and I have to say, this was based on getting out some old phone lists and counting heads—there were around 13 staff involved in processing incentive claims. We have now got 26 involved in that work.

**Senator McLUCAS:** So there are 14 who are the non-ongoing or contractors, but there are permanent staff.

**Mr Coburn:** That is right, we have got some other staff that we have moved from other priorities as well.

**Senator McLUCAS:** We will talk about that work when we get to NRAS later. I am trying to get an understanding of how many more staff than this time last year you had doing the NRAS processing, please? When did the department start putting on more staff to catch up the backlog?

**Mr Scott:** Senator, I think to give you a point, from say end of last financial year to current, we would need to take that on notice.

**CHAIR:** I will just cut you off there just one moment. We are due to break now, so I assume people do want to break, rather than pushing through, because I imagine we are not planning on finishing any time soon. If people were planning on finishing soon, I would suggest we do not, but otherwise I think we should break for 10 minutes or so. So we will have a brief suspension for 10 minutes.

**Proceedings suspended from 21:31 to 21:41**

**CHAIR:** We will recommence.

**Senator LUDLAM:** I was going to run through a couple of quick follow-up questions to matters that I have raised before, and then I want to talk about domestic violence and homelessness. Minister, some of these probably will go to government policy. You might be able to talk about rationales, and I am happy for the officers to then take on the consequences. The government abolished the Housing Supply Council, so who does this work now, and at what cost, if any?

**Mr Scott:** The housing supply responsibilities now rests with the Department of the Treasury, under the AAOs.

**Senator LUDLAM:** Under the?

**Mr Scott:** Under the Administrative Arrangement Orders. They were shifted to Treasury.

**Senator LUDLAM:** Do you access a dedicated brains trust of housing supply experts within Treasury when you need advice on housing supply?

**Mr Scott:** We work closely with officials from the Department of Treasury, in particular in their Social Policy Division.

**Senator LUDLAM:** Within the Social Policy Division are there some housing specialists?

**Mr Scott:** Yes, Senator, there are people with housing policy experience. In fact the Treasury equivalent of group manager over there used to be a former group manager of housing in the then FaCSIA.

**Senator LUDLAM:** The government abolished the Major Cities Unit and also got rid of the National Urban Policy. A substantial and valuable fraction of that work was focussed on housing affordability. What has the impact of that loss been on the DSS? How, if at all, do you feed into cities policy or urban policy more generally?

**Mr Scott:** Sorry, Senator, I am not familiar with those areas.

**Senator LUDLAM:** That is telling, I guess.

**Mr Scott:** Were they within our portfolio?

**Senator LUDLAM:** No, it was within the Department of Infrastructure. So regarding the Major Cities Unit and development of the National Urban Policy, I think they would have drawn on you or your predecessors, because there was a fair bit there about housing affordability and how and where to provide for supply.

**Mr Pratt:** We work very closely not only with Treasury but also with PM&C in this space. Most recently our efforts have been focussed on the reform of the Federation white paper process, which is led by PM&C and which has, of course, been looking at these issues across government, not just in the DSS-Treasury space.

**Mr Scott:** The other aspect I draw on there is that we work quite closely with our counterparts in the state and territory governments as well so we have an informal chief executive network for housing and homelessness. We also work quite closely with the Australian Housing and Urban Research Institute.

**Senator LUDLAM:** Did you call that an informal CEOs network?

**Mr Scott:** We do call it an informal CEO network, but we meet roughly on a six-monthly basis. We also all participate in the AHURI chief executive symposium each year as well.

**Senator LUDLAM:** That is the first I have heard of the CEOs network. Is that taking up any of the slack that was left by the abolition of the COAG reform council on housing?

**Mr Scott:** We certainly talk across matters of cross-cutting policy interests. That includes things like the National Partnership Agreement on Homelessness, housing supply issues and the like as well as the research agenda for AHURI.

**Senator LUDLAM:** The government also abolished three very important peak bodies: Homelessness Australia, National Shelter and the Community Housing Federation of Australia. They are in the process of winding up to save something like \$180,000. I think the last time I raised these issues, Senator McLucas, you or one of your colleagues was gracious enough to acknowledge that actually that expertise had been found to be valuable in the past at the department. Who provides you at present with the research and the expert policy advice in those areas of homelessness and housing affordability in the absence of those three groups?

**Mr Scott:** I do not mean to be difficult, but I would not accept that the government has abolished those organisations. They continue to exist. I do acknowledge that, as part of the MYEFO decisions under the housing and homelessness program, the funding for two of the organisations is finishing up a year early. The funding for the third organisation was due to finish up at the end of February this year. That was extended to the end of June. We understand all three organisations are looking at options for continuing.

In terms of your broader question about engagement: we have in fact had engagement with those three organisations in recent months. We also deal directly with a number of the

homelessness service providers, particularly in the church and charitable sector. We also engage with our counterparts in state and territory governments who also have the relationships with the service providers.

**Senator LUDLAM:** I take your point on abolition. These are technically non-government organisations, so it was not really in the Australian government's power to abolish them but just to pull all the funding out from underneath them. I acknowledge the distinction that you draw. Has the department started any tendering process to replace the services and advice formerly provided by any of those three bodies?

**Mr Pratt:** I might address this issue carefully. At last estimates we had a discussion about the reason the money was withdrawn in this area. It was not for savings purposes; it was to do with the implications of the Pape and Williams decisions by the High Court. There is some sensitivity around this because we need to be very careful in how we describe what our advice is on this without giving away the Commonwealth's legal advice and our interests. I know that my legal colleagues—who I am glad are not sitting behind me!—are in the other room getting very nervous right now.

**Senator LUDLAM:** I am sure they've had the good sense to leave!

**Mr Pratt:** They will be rushing in if I say much more.

**Senator LUDLAM:** I must have missed a step in the line of logic here. How exactly does the question of constitutionality relate to the defunding of those three peak bodies?

**Mr Pratt:** I will quote from the transcript from the last estimates. I do not believe you were in the room. These are two quotes from press releases by Minister Morrison at the time these were announced:

As a result of developments in the background law and the High Court's Pape and Williams decisions; some programmes will require redesign to ensure conformity with the law. Some grant agreements will be of two years duration as that redesign process takes place. This will also help to ensure service providers have the scope and flexibility to be responsive, innovative and creative in meeting the needs of the community.

He went on to say:

The Government has also sought to focus on areas of primary Federal responsibility, especially in light of the recent Williams Case that has reframed the funding framework for many services delivered in our communities, and removed the Federal Government from being able to provide direct funding, where previously it may have done so.

So it is a matter of us not being able to directly provide funding to organisations of that sort as an outcome of those High Court decisions.

**Senator LUDLAM:** My understanding would be you are perfectly entitled to provide funding to any such organisation. You might feel as though it might be subject to legal challenge, although goodness knows who would do such a thing. These people are not delivering direct services. They are not actually providing roofs over people's heads. They are providing advocacy. For example, you did not pull funding from AHURI; I understand there is a certain amount of Commonwealth funding that keeps them afloat.

**Mr Pratt:** We had an existing contract going there.

**Senator LUDLAM:** Is that ruled unconstitutional as well? I am finding this really difficult—

**Mr Scott:** On the AHURI funding in particular—and I likewise need to be careful about running afoul of our chief legal counsel—it is jointly funded between the Commonwealth and states and territories, so there is the distinction between only the Commonwealth funding the peak bodies and the funding for AHURI, where the states and territories do have the constitutional head of power. The fact that it is a joint funding reduces the constitutional risks.

**Senator LUDLAM:** The Commonwealth funds a lot of peak bodies. I cannot help but feel as though these three were singled out on a fairly dodgy pretext, to be honest. I am not having a go at anybody at the table; you would not have written Mr Morrison's press statement.

**Senator Fierravanti-Wells:** Can I just say I think it is really inappropriate to refer to them as 'dodgy'. I think that you should withdraw that reflection.

**Senator LUDLAM:** Just to clarify: I am not finding anything that is being expressed at this table tonight dodgy. I think the rationale that Minister Morrison has relied on, given the number of peak bodies the Commonwealth does provide funding to in some part, to be really dodgy.

**Mr Pratt:** To be complete there: outside of housing, there were a number of other areas where similar decisions were taken.

**Senator LUDLAM:** Do we still provide funding to ACOSS, for example?

**Mr Pratt:** Yes we do, and we have looked very carefully at each of the various areas where we do provide funding to advocacy organisations and the basis for which the Commonwealth is able, under its various constitutional heads of power, to provide funding. This is an area where I am not going to get myself into a great deal of trouble. It is something which I think, if you are particularly interested in it, you should raise with the Attorney-General's Department because they oversaw the entire process around this. This, of course, has been an issue for some time. It in fact preceded the current government coming into power.

**Senator LUDLAM:** What is it going to require? Should I take this to mean that we can never expect the Commonwealth to fund variations of organisations like Homelessness Australia ever again?

**Mr Pratt:** I would say it would be pre-emptive to come to that conclusion. We have the reform of federation process underway. It is unknown as yet. I have many more caveats if you would like them.

**Senator LUDLAM:** Let's hear them, because I am finding the whole line of argument deeply unconvincing. Give it your best shot.

**Mr Pratt:** I might ask my chief legal counsel to come to the table to deliver the good news directly.

**Senator LUDLAM:** As you wish. Speaking of good news, the Community Housing Federation is having its wind-up party, because they are closing their doors, on 22 June. I am sure those who provided the legal advice to the Attorney-General to close them down would be welcome for those drinks before they shut their doors.

**Ms Richards:** As the secretary was suggesting, there is quite a background to the position in the constitutional case law as it develops in this space. The department has been working with central agencies—the Department of Finance and the Attorney-General's Department—

and has adopted a very cautious process for the development and consideration of our programs against that background of constitutional cases. I think you were referring to some statements that the minister has made in relation to funding of certain programs. Those statements, we understand, reflected his desire to be as transparent as possible with the community about why some of the funding decisions that have been taken have been taken. But in this environment we need to be very cautious about maintaining some of our longstanding practices about not disclosing the legal advice that we have received.

**Senator LUDLAM:** I understand.

**Ms Richards:** To some extent, actually answering questions or talking about the legal advice that we have received or the nature of that advice in the context even of individual programs is quite difficult for us because to do so really would not be in the public interest, particularly if it were to disclose the type or nature of the advice that we have obtained.

**Senator LUDLAM:** I cannot see a single public interest immunity argument arising from not being able to tell us why the Commonwealth would continue to fund ACOSS but defund Homelessness Australia. Explain to me how the public interest is threatened by you explaining that to me.

**Ms Richards:** I am saying the public interest would be threatened to the extent that the Commonwealth entered into the territory of talking about the nature of the legal advice it has obtained. It is difficult for us even to identify on an activity or activity basis the work plan that we have—the advice that we have sought—because it is difficult to get into questions about the nature of legal advice or what individual programs might have been the subject of that sort of advice without disclosing the content of the advice.

**Senator LUDLAM:** But we know which services were subject to the advice, because they are closing their doors and sacking people as we speak. Some of that is reasonably self-evident. I know you did not write the Constitution and I understand you probably did not write the briefing or write the law. I want to move on, but could you provide us on notice with anything that could help us understand—unless this is perfectly obvious to everybody else and I am the only one in the room struggling—why the Commonwealth would continue to fund, for example, ACOSS, National Disability Services, AHURI or any other peak bodies that do advocacy work and provide a really valuable service to the public and why suddenly it was found to be so threatening to continue to fund Homelessness Australia, Community Housing Federation and National Shelter that theirs were pulled?

**Mr Pratt:** Ms Richards, stop me if I go too far. The issue is not so much advocacy services as it is do with the Commonwealth's constitutional powers. They vary in different areas. You will not be surprised to know that in fact we are very interested in many of our areas retaining as many powers or capacities as we possibly can, and so we look for ways to justify that. In some it is easier than others.

**Senator LUDLAM:** Okay.

**Senator McLUCAS:** I struggle too, and I struggled a lot last estimates and possibly offended a couple of people in doing that. I do apologise for that then, because I was struggling out loud.

Mr Scott, you said you talk to the church and charitable sector about homelessness, so essentially you are getting advice for free. When you fund Homelessness Australia, you are

not paying for the advice, but it is part of the deal that they will provide the department and the government of the day advice about what they have learnt from the people they represent. Now we are going to get that advice from Mission Australia or the Salvation Army for nothing. Where is the legal truth in all of that, and where does Williams fit in that conundrum? It is pretty obvious that I am not a lawyer, but it is a question.

**Mr Scott:** I was just using that as an example that we do meet regularly with a range of service providers. I picked 'church and charitable' because we had recently had discussions with Anglicare. We have also recently had discussions with Homelessness Australia. So that was just a practical example. We are engaging quite regularly with a broad range of stakeholders. My experience is that the people who are delivering the services are quite happy to give very forthright advice to us about how the programs are working and in what ways the department can do better. In fact, more broadly, my experience across the agency is often that it is the service providers themselves who are able to give us franker and clearer advice about specifically what the problem is. My experience with peak bodies is, at times, that can be lost where peak bodies are trying to represent a range of interests.

**Senator McLUCAS:** I do not know where you are going here, Mr Scott!

**Mr Pratt:** I am not a lawyer either. I am a very poor bush lawyer. But Pape and Williams centred around the capacity of the Commonwealth to spend money in certain areas. Hence, I do not think there is an issue with us continuing to get advice from interested charities and churches and not-for-profits. My experience is identical to Mr Scott's. They are often quite enthusiastic about giving us that advice.

**Senator McLUCAS:** All of the organisations we have talked about are eminently qualified and fantastic service providers. But the fact of having a peak body does give a capacity of pulling all of that information together and presenting it on behalf of all organisations. We fund AHURI, my understanding was, for research not advice. It is not necessarily an advocacy program. We also purchase research from AIHW.

**Mr Scott:** Yes. That is correct.

**Senator McLUCAS:** Is that going to fall into Pape and Williams too?

**Mr Pratt:** No. The Australian Institute of Health and Welfare is a Commonwealth body. It is not the activity so much. I will get Ms Richards to explain exactly how it works.

**Senator McLUCAS:** Maybe the question is: should AIHW collect the homelessness data that they do?

**Mr Pratt:** Certainly those are alternatives that are open to government to consider. There are others, as Mr Scott has identified.

**Ms Richards:** I was going to suggest that, in a constitutional democracy, there is not a constraint on the government's ability to talk to people. There is no limit on its constitutional power to do so.

**Senator McLUCAS:** Yes. I take that. But what about buying research from AHURI or buying research from AIHW about housing or homelessness?

**Ms Richards:** I would not want to venture into the area of giving legal advice on the Commonwealth's capacity to do that, on the hop. We could perhaps take that on notice. As we have indicated previously, we work very closely with the Attorney-General's Department,

who have administrative responsibility for the issues that arise out of this line of constitutional cases. We would probably be best placed if we had the opportunity to talk to them about the questions that you put.

**Senator McLUCAS:** Is the government trying to work out a way to fix this?

**Senator Fierravanti-Wells:** Can I suggest, Senator McLucas, that, as a way of looking at this, it might be worthwhile if we refer the transcript to Attorney-General's and just see if they can add to the discussion that we have had this evening in terms of meeting some of the questions that both Senator Ludlam and yourself have asked. In fairness to Ms Richards, she has probably taken it as far as she can and is obviously trying to be helpful. Given the parameters, can I make the suggestion that we refer this set of questioning to Attorney-General's and see if they wish to add anything further and, in effect, take that portion on notice and ask Attorney-General's to comment further. We can go around this evening, but I think that would be the best, and let Attorney-General's add to what Ms Richards has said.

**Senator McLUCAS:** Thank you. The question I did ask the parliamentary secretary was: is the government trying to find a way to resolve this situation?

**Senator Fierravanti-Wells:** Senator, can I just simply say that it is a complex issue. Certainly the Commonwealth has taken advice in relation to this matter. Within the parameters of what we have been discussing, this is a big department where we do a lot of things, therefore, probably the complexity of this decision has reflected across the spectrum of our operations. I do not want to go beyond that because I, too, do not want to get into going beyond the legality of what I can or cannot say. But it is a complex issue, Senator McLucas. I do not want you to think that we are trying to obfuscate in any way. It is a complex issue and I think the officials have taken it as far as they can, and I have certainly taken it as far I can. If there is anything further that the Attorney-General's Department or the Attorney himself can provide on this, then I am sure that we will be able to do that.

**Senator McLUCAS:** If you could ask that question I just asked of you to Minister Morrison that would be helpful.

**Senator Fierravanti-Wells:** Yes.

**Senator McLUCAS:** I will move to a new area. You would be aware the Senate Economics Committee has reported. I thank the department for their assistance in providing submissions and presenting to that inquiry. Can I get an understanding of which department is going to write the government response to that report.

**Mr Scott:** Senator, that will be us.

**Senator McLUCAS:** What is the process that you will undertake to do that?

**Mr Thomas:** There are a number of agencies who have portfolio responsibilities for recommendations. As you know there are 40 recommendations from the Senate report. There are probably about half a dozen agencies that we will need to consult with in developing a proposed response for the government's consideration.

**Senator McLUCAS:** Was there a conversation across, particularly, Treasury, Infrastructure and Housing and DSS about who would be the right department to draft a response?



**Mr Thomas:** The department, as I understand it, has led in this area and when it comes to affordable housing it is part of the department's portfolio responsibilities.

**Senator McLUCAS:** Is there a plan for when that government response will be provided? Is not due yet, but given the great experience we had with QONs, let's get it in within three months. That would be good.

**Mr Thomas:** There is a three-month time frame to respond. As you would also be aware the House of Representatives has also announced an inquiry into home ownership, so we will be working to contribute to that as well.

**Senator McLUCAS:** Which department is responding to the House of Representatives home ownership matter?

**Mr Scott:** Senator, that was an inquiry that was just recently announced.

**Senator McLUCAS:** Okay. The other one was foreign investment wasn't it?

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

**Senator McLUCAS:** That would not have been it.

**Mr Scott:** No, that would have been Treasury.

**Senator McLUCAS:** Thank you. I will now go to the grants. Hopefully these are high-level questions, Mr Pratt. At the last estimates Mr Palmer pointed me to the QON that we did for the Senate inquiry, the Economics Committee inquiry that went through the list of all funded organisations for the past three years. It was fairly long but it was not to this committee. I was aware of most of them, but do you have that one with you, Mr Thomas?

**Mr Pratt:** Was this a question on notice?

**Senator McLUCAS:** From the affordable housing inquiry. You may not have that one with you.

**Mr Scott:** We do have one copy here.

**Senator McLUCAS:** Fantastic. In the 2014-15 year monies there are a number of organisations. Can you take us through what is proposed for 2015-16 for CREATE?

**Mr Thomas:** These decisions are around MYEFO. The funding rounds for 2015-16 and the out-years did not proceed, so the only funding that is available in 2015-16 is that which has been provided.

**Mr Scott:** The other thing to note, Senator, for the CREATE funding, is that it was project based funding and the agreement was due to wind up 30 June 2015. It was a one-off project.

**Senator McLUCAS:** The AFL ladder?

**Mr Scott:** Likewise, the AFL ladder was project based. It was also due to wind up on 30 June 2015.

**Senator McLUCAS:** We talked about parity before and that was an ongoing grant that will wind up.

**Mr Thomas:** Of all those organisations the two peak bodies, the Community Housing Federation and National Shelter, had contracts beyond the end of 30 June, and, as we have heard, their funding is ceasing. The only other organisation was the Department of Finance.

**Senator McLUCAS:** That is the next one. It is not a lot of money. We are talking about \$4500. I am actually unsure what that was for.

**Mr Thomas:** It is called a clearinghouse. They hosted a website where research material could be posted, so that was their costs for hosting that site.

**Senator McLUCAS:** Will that website continue?

**Mr Thomas:** We will not be funding the Department of Finance.

**Senator McLUCAS:** In relation to that website have you had discussions about whether it will continue to be maintained?

**Mr Thomas:** Not that I have been involved in.

**Senator McLUCAS:** Has anybody?

**Mr Scott:** Senator, we would need to take that one on notice.

**Senator McLUCAS:** That would be good, thank you. The title of the answer is 'Outcome 4.1 housing and homelessness excluding home advice and youth homelessness,' then it identifies in bold the National Homelessness Strategy, the National Housing Research, national housing priorities and homelessness research strategy. Are they the subprograms under outcome 4.1?

**Mr Scott:** What are you referring to? Just the PBS?

**Senator McLUCAS:** What I am trying to get is: what are the subprograms under outcome 4.1?

**Mr Thomas:** The only activity being undertaken under 4.1 in the 2015-16 and 2016-17 years is that related to AHURI.

**Senator McLUCAS:** You are going one step too far. You have a program called housing and homelessness, there must be some subelements, some line in the budget, that sits there and then the funding for AHURI would have been in what used to be called, I thought, housing and homelessness service improvement and sector support.

**Mr Thomas:** On page 139 of the PBS we have in 2014 an estimated actual of \$2.8 million and then for 2015-16 and 2016-17 we have \$1.3 million and \$1.3 million, and that is the funding for AHURI.

**Senator McLUCAS:** That is for AHURI?

**Mr Thomas:** Correct.

**Senator McLUCAS:** I come back to this question on notice about the affordable housing report, at the top it says: excluding home advice and youth homelessness. Can you explain what that means?

**Mr Thomas:** There was a program called home advice and that was rolled—

**Senator McLUCAS:** When we did the honeycomb—

**Mr Thomas:** —into outcome 2, financial sustainability—that is my recollection of the name of it.

**Senator McLUCAS:** Where did youth homelessness go?

**Mr Thomas:** There is also a program called Reconnect, that is part of outcome 2. This table excludes both of those.

**Senator McLUCAS:** Can we actually get rid of the line housing and homelessness service improvement and sector support?

**Mr Scott:** Other than that the AHURI funding for research still goes to sector support through research.

**Senator McLUCAS:** Are we going to change the name of 4.1 to just to homelessness because there is no housing work happening in there?

**Mr Scott:** AHURI undertakes—

**Senator McLUCAS:** When we stop funding AHURI.

**Mr Scott:** Okay. There are a couple of other changes that we also need to make to the outcome structure. We were unable to complete the changes to the outcome structure with the housing supply being shifted to Treasury—so there are a couple of things we need to do to update it.

**Senator McLUCAS:** What else has to happen?

**Mr Scott:** Housing supply still appears in the text. Notwithstanding the fact that it has shifted to Treasury, we need to go to the Minister for Finance to get approval for changes to the outcome structures.

**Senator McLUCAS:** Is it a document that you can provide us? Is it more detailed than that?

**Mr Scott:** We have not done it yet, it is something that we will have to do.

**Senator McLUCAS:** Can I go to another program that was ceased—the housing help for seniors program, which was a program in the 2014 budget but was never started. Has the department done any work to model any sort of right-sizing program that could assist older people trying to right-size their home.

**Mr Pratt:** This is perhaps something that we might pick up tomorrow under outcome 1. Certainly, in general policy terms, it is an area that we are quite interested in. In the whole area in the last budget process we provided a great deal of advice to government on the whole suite of issues around the age pension, housing and all the connections there. So yes, at a general level we have been looking at that. I am not sure I would go to the extent of saying modelling but certainly it is an area which we have had considerable interest in.

**Senator McLUCAS:** Is it in outcome 1 because it has the dreadful housing word in it?

**Mr Pratt:** The dreadful?

**Senator McLUCAS:** 'Housing'. It says 'housing help for seniors'.

**Mr Pratt:** No.

**Senator McLUCAS:** Mr Williams gets in the way again?

**Mr Pratt:** No, that is not the issue. It is just that these things tend to get looked at often in context of age pension or age care and the like, not just in the housing area.

**Senator McLUCAS:** I want to go to NRAS now.

**CHAIR:** Before you do, I just had one follow-up question on Senator Ludlam's earlier questioning in relation to CHFA, one of the organisations. I might be incorrect, but it is my

understanding that it is not so much closing down as now becoming the Community Housing Industry Association and it is now a member funded organisation. Is that correct?

**Mr Scott:** That is how I understand it. They are moving to a new—

**Senator McLUCAS:** A new funding model. It is a new funding model.

**Mr Scott:** No, as I understand it, they had already had in train—the exact description escapes me, but they were moving from a federated model to an industry model.

**Mr Thomas:** They were moving to a federated model with membership. My recollection is that they commenced that arrangement in March.

**CHAIR:** So it will effectively exist in a different form?

**Mr Thomas:** That is correct.

**CHAIR:** Senator Ludlam?

**Senator LUDLAM:** I want to go to a couple of questions relating to women and kids fleeing domestic violence, which I believe is still the largest single cause of homelessness. How will the minister's direction that the National Partnership Agreement on Homelessness funding will be focused on domestic violence be implemented? It seems like a sensible direction, but let's go to how you intend to do that.

**Mr Scott:** The Commonwealth funds the structure of the National Partnership Agreement on Homelessness to \$115 million per year, which is then matched by the states and territories. The states and territories then have the responsibility to identify area service providers and geographic footprint for service delivery. As you have pointed out, in announcing the new two-year homelessness agreement, Minister Morrison identified as two priority areas homelessness arising from domestic and family violence, and youth homelessness. We are currently in negotiations with the states on the new agreement, including how that particular aspect of the Commonwealth's commitment will be implemented. We are proposing that at least 50 per cent of Commonwealth funding be prioritised to servicing those client groups.

**Senator LUDLAM:** And you are discussing with the states how they carve up?

**Mr Scott:** We are currently in negotiations with states about the agreement. The way we would envisage that it would be implemented is that, under the partnership agreement, a detailed project plan has to be developed and implemented, and those project plans include an indication of providers' funding and types of services that have been delivered. It would be through those project plans that we would monitor the implementation of the prioritisation.

**Senator LUDLAM:** Do those plans come in from the states and territories one at a time? Are they on deadline?

**Mr Scott:** Again, we still under negotiation with jurisdictions, but we are proposing for a broad strategic overview of their plans to be lodged with us by 1 July, and more detailed project plans to be finalised with us by 1 September. We are looking at adopting that approach for this two-year agreement on the basis that (1) it is a two-year agreement and (2) some jurisdictions are interested, and, given that it is a longer time frame, they are wanting to look at their service delivery footprint and services, and that gives them additional time to be able to go through procurement processes and what have you.

**Senator LUDLAM:** Do those draft plans that are submitted to you and the final ones that come on 1 September end up being public documents, either at the state end or when they are lodged with you?

**Mr Thomas:** It is proposed that the project plans be published on the federal financial relations website with commercial-in-confidence information redacted.

**Senator LUDLAM:** That would presumably be when they are in their final form in September rather than in draft documents in July?

**Mr Scott:** No, that is right.

**Senator LUDLAM:** Would you propose that the draft documents that are lodged with you in July are subject to any kind of consultation or review by those in the sector, or do you leave that to the states and territories to do?

**Mr Scott:** This goes to the primacy of states and territories in the homelessness service delivery space. Yes—they will have the interactions with service providers, and our experience is that a number of them, if not most of them in fact, have quite well established forums and engagement with their service providers.

**Senator LUDLAM:** The states are responsible for more direct delivery of services, but obviously they look to the Commonwealth's taxing powers to provide a lot of funds—not all, but a lot. In the 2014-15 budget, the \$44 million capital program for new homeless and domestic violence shelters was cut. It has not been reinstated in the 2015-16 budget that I am aware of. What was the basis for cutting that funding? Who made that decision, and on what grounds was it made?

**Mr Thomas:** In the context of the 2014-15 agreement, it was determined that the agreement would focus on service delivery

**Senator LUDLAM:** That is the practical impact. It does not go to your understanding of who made that decision and on what grounds it made—to not provide for any further expansion of shelters for people fleeing domestic violence or finding themselves homeless.

**Mr Pratt:** That was a government decision in the previous budget.

**Senator LUDLAM:** It was, and presumably it was a government decision to not reinstate that funding. I might properly direct this question to you, Senator Fierravanti-Wells, if that is appropriate.

**Senator Fierravanti-Wells:** Remember that when we came into government, there had been no provisions made. Funding had been cut, and we extended these agreements for two years.

**Mr Pratt:** One year in the first instance.

**Senator Fierravanti-Wells:** One year in the first instance—thank you, Mr Pratt—and then again. I want to make very clear that we have given priority to front-line services and the need for front-line services to continue. Given what we inherited, we have made sure that front-line services were continued, and that was the decision we made as the government.

**Senator LUDLAM:** We will not know whether a Labor government would have continued to fund the capital projects, the new shelters.

**Senator Fierravanti-Wells:** I think we do know because—

**Senator LUDLAM:** But we don't, because they didn't deliver the budget, you did.

**Senator Fierravanti-Wells:** they made no provision in the forward estimates for funding.

**Senator LUDLAM:** But that is reasonably common. I do not think it is fair to say that it did not exist, because they were not given the opportunity to hand a budget down.

**Senator Fierravanti-Wells:** When I read forward estimates, I read into forward estimates the intention of a government to do or not do something. We inherited a situation where the funding was going to cease. To me, that indicated a clear intention by the previous government not to pursue funding in this space. We came into government and we chose to ensure that front-line services were continued, and that was the decision that we made.

**Senator LUDLAM:** Okay, I am getting time-checked by the chair, so I will move this—

**Senator Fierravanti-Wells:** I am just making the point, Senator Ludlam, because your assertions were incorrect, and I am correcting them.

**CHAIR:** Thank you—I think your point is well made.

**Senator LUDLAM:** Let us move towards this government rather than rehashing the previous government. I am actually much more interested in what happens next.

**Mr Scott:** Could I also point out that under the National Affordable Housing Agreement there is also a \$260 million element that is for homelessness, and that is available for capital use as well. So the Partnership Agreement on Homelessness, yes, is one important contribution the Commonwealth makes, but the funding under NAHA is also relevant here.

**Senator LUDLAM:** Okay. I am happy to take this on the basis of what you inherited and where you see it now, if we are looking at what occurred upon the change of government and where this government is taking this portfolio. What is the measure of the current gap for service shortfall for domestic violence shelters and shelters for others seeking emergency accommodation for whatever reason? Let's talk about the present day.

**Mr Scott:** We do not have that information available. I am thinking that this might be better discussed with Family Safety—

**Mr Pratt:** We will check whether or not they have information in this area. In terms of your question, we know that currently about a third of services provided by the homelessness services funded through NPAH go to women and children who are fleeing family or domestic violence. Colleagues have identified that the government is seeking to increase the priority placed on that type of servicing in the two-year agreement from July. I think you can take from that there is a recognition that this is an incredibly important area; it is already heavily resourced and is being further resourced as a result of recent government decisions.

**Senator LUDLAM:** I am trying to get a sense, and a sense with some data would be really appreciated, of the gap between what is being provided and what is actually needed. I would have thought it would be well within your domain to be able to tell me, for example, about turn-away rates. How many women fleeing domestic violence turn up at a shelter—assuming that they know that it is there—and are told that they cannot be assisted at that particular time? That would give us some idea of the scale of need, I would have thought.

**Mr Pratt:** This may be information we can get from the report on government services, so we will take that on notice.

**Senator LUDLAM:** Women who are older and living alone will be poorer than men of the same—

**Mr Pratt:** Sorry to interrupt. We do apparently have that information.

**Senator LUDLAM:** If there is a fair bit there, do you want to just table that for us?

**Mr Scott:** The principal bit of data I can report to you is from the AIHW Specialist Homelessness Services, where the reports suggests that in the order of about 420 requests for services are not met daily. That is not specific to domestic violence—that is overall.

**Senator LUDLAM:** I might put this on notice, to the minister. Does the government intend to close that gap and meet that unmet need; and, if so, what time frame do you have in mind? Have you set any targets? Do you intend to set any targets?

**Senator Fierravanti-Wells:** The extension of the funding certainly is in relation to providing certainty in future funding arrangements. But let us not forget that we do have on foot a series of considerations and, in particular, the white paper on the reform of the Federation, which does have the housing and homelessness component. So that is where we are coming from.

**Senator LUDLAM:** I understand that. I am checking whether you heard the question I just put to you about whether the government has any targets for the 400, or thereabouts, turned away every day. We could pause if you like and imagine what that statistic actually looks like in real life—the circumstances that these women are fleeing. Does the government have any intention to set any time lines or targets for reducing the number of people turned away?

**Senator Fierravanti-Wells:** I will take that on notice and refer that to the minister and give you a response.

**Senator LUDLAM:** My final question—and thank you for that, and for the chair's patience as well—is a little more general. Women who were older and living alone will be poorer than men of equivalent age. They will be less able to maintain home ownership and also less able to compete in the private rental market for affordable accommodation. It is now I think reasonably well established that older women who were living alone will be less well-off, less wealthy than men of their age, unless able to retain home ownership or compete in the private rental market. I wonder whether the government has a strategy to deal with that problem and whether you have any data on the profile of women accessing homelessness services. For example, is it changing in line with that general trend of older women simply not being able to compete for private rentals or home ownership?

**Mr Pratt:** I think we would want to take that on notice.

**Mr Scott:** On the broader question, yes, I can report that just in terms of the basic demographic data, again under the specialist homelessness services, around seven per cent of clients were 55 years or over.

**Senator LUDLAM:** I would be interested in anything you can provide us about trends but, more importantly, what the Australian government actually intends to do about that, because I think it is reasonably well understood that that is what is happening.

**Mr Scott:** All right.

**Senator McLUCAS:** I will just finish off, in part, my questions while we are here. Regarding the intention to have 50 per cent of Commonwealth funds allocated to those two priority areas, I think Mr Pratt you said about a third of current expenditure is going to—

**Mr Pratt:** Current activities I think.

**Senator McLUCAS:** Activities.

**Mr Scott:** Sorry: about a third of the services provided by specialist homelessness services—so, this is broader than just funded under the national partnership agreements—are to clients who are experiencing family or domestic violence.

**Senator McLUCAS:** What I am trying to ascertain is what is currently on the ground, funded by the partnership—both state and federal money. What is the split of the funding across the various specialist homelessness categories at the moment?

**Mr Scott:** I think we would have to take that on notice. There are challenges with identifying the types of services we have. I think broadly speaking about 12 output categories in the current national partnership agreement. We can give you a broad breakdown of funding under those different categories, but the challenges include that jurisdictions have different definitions and what have you, so there would be a number of caveats. But we are happy to take that on notice.

**Senator McLUCAS:** Actually, that would be very helpful. I would like to know what those 12 output categories are and what proportion of Commonwealth funds are being currently applied. It is through the partnership, but some states actually put in more than their share of the partnership. What I am trying to ascertain is: what is the current service array and what proportion of that array can be attributed to those 12 output categories? The reason I raise this is that there is some uncertainty in the sector now about the funding for programs that are not for the two priority areas. As important as those priority areas are, there are other services that are also important. There is nervousness that if they do not provide those services they may face defunding. Have you had that concern expressed to you as well?

**Mr Scott:** I do not think in any great detail or to any great extent. Perhaps I could note a couple of things. One is that yes, we will provide you with those figures on notice. We do not distinguish between Commonwealth and state money; it is just funding. The other thing I would note is that we have been quite careful and quite deliberate, and the minister has approved this approach, in identifying the Commonwealth funding at 50 per cent in order to ensure that the states retain significant flexibility to be able to structure the services to meet jurisdictional needs. The other aspect—

**Senator McLUCAS:** Does that mean that there is a current set of services that are being provided out there, and no-one has federal or state money attached to that actual homelessness program, but, provided that overall we get to 50 per cent of our funds, then the Commonwealth money being attributed to the two priority areas will meet the requirement?

**Mr Scott:** The way we are trying to structure it, the way that is being proposed that it be articulated in the agreement to avoid the need to try to distinguish Commonwealth money from state money, is that we will be looking at 25 per cent of total funding going into the priority areas. But we have also indicated to the states that they are able to identify across the different output categories services that are being provided to people on the basis of its being domestic violence or family violence or youth services. So, we are not prescribing to the



states that those services have to be funded through the specific output category. We are trying to ensure that while prioritising those important areas states still have flexibility to be able to ensure that a broader range of priorities in that jurisdiction are able to be funded. So, we are trying to retain the flexibility for the jurisdictions while also ensuring that those two areas do receive a level of priority.

**Senator McLUCAS:** Do you expect that services that are currently providing a program that is not for the priority areas will close?

**Mr Scott:** That will be a decision for the jurisdictions, and that goes to their responsibility for deciding the services and the service providers. I think it would be fair to say, from our discussions with the states, that a number of states are looking at their service footprint, but that was driven primarily from their own decisions, not from the structure of Commonwealth funding. But we have not been receiving feedback from the jurisdictions to suggest that there is going to be significant closure of existing services because of the priorities we have identified.

**Senator McLUCAS:** Because of the flexibility—

**Mr Scott:** Yes.

**Senator McLUCAS:** in the way that you attribute the funding.

**Mr Scott:** Yes.

**Senator McLUCAS:** So, frankly, while this press release sounds great, nothing is going to change.

**Mr Scott:** I am certainly not trying to convey that. The Commonwealth has been clear that 50 per cent of Commonwealth funding needs to go into services for people experiencing homelessness from domestic violence and youth services, but I am trying to reassure you that in meeting those priorities we have tried to balance it up with providing jurisdictions with flexibility so that it is not resulting in widespread defunding of other services.

**Senator McLUCAS:** We are just changing the way we account for the money. We will say, 'That one is a domestic violence shelter, so that is Commonwealth money, and this one here is a shelter for Aboriginal people; that has to be state money.'

**Mr Scott:** Again, no. The way we are proposing to articulate it in the agreement—and it is still subject to negotiation—is that we are not distinguishing Commonwealth money and state money.

**Senator McLUCAS:** In the books you will. They will; they have to, to get the money.

**Mr Scott:** No, they will just have to demonstrate that 25 per cent of the total pool of matched funding, which equates to 50 per cent of the value of the Commonwealth funding, is going into those services.

**Senator McLUCAS:** Can you give me an understanding of what the reporting arrangements are under the NPAH? And what is it proposed that they change to? I am very mindful of time, so is that something that could go on notice?

**Mr Thomas:** We can take that on notice.

**Senator McLUCAS:** Thank you, because I do want to go to NRAS, if that is okay. I just want to go through some data quickly, Mr Coburn. What is the total number of incentives that are currently active?

**Mr Coburn:** At the moment there are 26,469 dwellings that are in the scheme. That is as at 30 April, the end of the NRAS year. A few hundred have been added to that. There are around 45 dwellings that are provisionally allocated—that is, they have met their due date but have not been in the scheme, so their incentive period already starts.

**Senator McLUCAS:** And the number of incentives that have been returned?

**Mr Coburn:** Over the life of the scheme 6,448 reserved allocations have been handed back to the Commonwealth. That is incentives that were handed back before they were delivered into the scheme. And another 189 have been handed back after entry into the scheme.

**Senator McLUCAS:** Of those, how many were returned in the 2014-15 financial year?

**Mr Coburn:** I do not have that information. We will have to take that on notice.

**Senator McLUCAS:** Perhaps I could go to the audit that you are undertaking.

**Mr Coburn:** Do you mean the audit the ANAO is doing?

**Senator McLUCAS:** No, I mean investigation—I want to make sure I am using the right word—when we are going through each incentive to ensure that they are compliant.

**Mr Coburn:** That is correct.

**Senator McLUCAS:** How many of those incentives have you processed through that process?

**Mr Coburn:** As of about the middle of this afternoon, we had reviewed 100 per cent of the incentives—that is, 21,456 incentives. There are around 94 incentives that we did not receive statements of compliance for and so anticipate that they may be handed back. We were going to contact the participants about those. Of those, 19,783 have been paid or approved for payment. That means that they are either in the hands of the approved participants or are in the process of being paid. We have another 1,173 that are in the process of being prepared for approval. That is, they have passed on the first pass. And we have another 500 that we are seeking additional information on.

**Mr Scott:** So, in total there are about 98 per cent that have been paid or are about to be paid, and we are down to the last 500 where we are still working with the participant to finalise their compliance.

**Senator McLUCAS:** For those 19,000-plus that have been approved, can you indicate when they received their approval—the form they have to take to the ATO?

**Mr Coburn:** Participants have been receiving either their refundable tax offsets or their cash payments throughout the period of processing. It takes about three or four days from me approving a payment to it being in the hands of the approved participant.

**Senator McLUCAS:** That is not really the question I am asking. My recollection is that the process started in November. Is that right?

**Mr Coburn:** That is about right, yes. I think there were some payments made prior to that.

**Mr Pratt:** Would it be helpful if we were to, say, look at the number paid in each month?

**Senator McLUCAS:** That would assist.

**Mr Scott:** So, a distribution over time.

**Senator McLUCAS:** Thank you. There has been a lot of media commentary around that, and the delays that have occurred as a result. Can you tell me how many are being investigated for fraud?

**Mr Scott:** I think at the last hearings we indicated that we had three cases that were on foot. We have now finalised two of those, so, they have been resolved. We have one still under investigation.

**Senator McLUCAS:** When you say 'resolved', what does that mean?

**Mr Coburn:** That means that they were investigated in-house but they were not taken further. The other one is with the Victorian police.

**Senator McLUCAS:** That is a lot of work to find one fraudulent operator. I am glad you did.

**Mr Coburn:** Just to correct something: the three matters that were referred to in previous estimates were not necessarily fraud cases; they were matters that were referred to other agencies for further investigation or review.

**Mr Scott:** Just to clarify what you might have been driving at there, Senator, the work that has been undertaken over the past several months has been driven primarily by ensuring that participants are complying with the regulations.

**Senator McLUCAS:** Yes, that is fine.

**Mr Scott:** Those three investigations were subsequent, so they were not the driving reason behind having to go through the close review of statements of compliance.

**Senator McLUCAS:** And there has been a lot of commentary around the nature of the noncompliance, including a missing hyphen, and the reality when a new greenfield site goes from a lot number to a house number and you become noncompliant, and people doing their rent evaluation on the 365th day of the NRAS year, not the 366th. These are very marginal noncompliances. And I am not blaming you. This is the system. But we have used a very big hammer to crack a nut that is pretty small.

**Mr Scott:** I understand what you are saying. From our perspective, we are obligated to administer in line with the regulations, and to manage the sorts of risks that you are talking about is why we have been going through the process of streamlining the regulations. So, I can also report that a further set of changes went through on 28 May to further streamline aspects of the determination of rent, and those will be activated to apply for the 2014-15 year, for the very reason of trying to make sure that the administration and compliance for participants, while maintaining the integrity of the scheme, are as simple as possible.

**Senator McLUCAS:** You say 'maintaining the integrity of the scheme'. We are talking about one case that has now been referred to the police. There will be some cases around the rent setting that need to be adhered to. So, let's go to how many cases there are where the noncompliance will lead to either a reduction in the cash payment or a change to the tax offset.

**Mr Scott:** I just want to clarify: when I am talking about integrity of the scheme, primarily the sorts of things I am thinking of there are that clearly an intent of the scheme was to ensure

that lower-income earners are able to obtain rental accommodation at at least 20 per cent below the market rent valuation.

**Senator McLUCAS:** It is a great program.

**Mr Scott:** My comment about integrity of the scheme is that clearly a central tenet of the scheme is to ensure that that 80 per cent requirement is met. That is what I mean by the integrity of the scheme—that we are not reducing the regulations that will put at risk that particular part of the scheme. Mr Coburn might be able to give us an idea.

**Mr Pratt:** Perhaps I could try first. I think there are two quite separate issues here. One is ensuring that when we make payments to organisations participating in the scheme we do so consistently with what the law requires. That is one side of it, and that is around integrity and proper compliance. The other side is the very sharp end of this, which is quite separate. It is where we get allegations of fraud or unethical behaviour and we are duty bound to investigate those.

**Senator McLUCAS:** Absolutely.

**Mr Pratt:** So, I do not think we can connect the two. I do not think all the work that has gone into the former has any real links with the latter in terms of what we are trying to achieve.

**Senator McLUCAS:** I suppose what I am reflecting on is some of the language that this committee has heard from those who sit on the other side of the chamber from me in the Senate, about all these levels of rorting and the fraud that is out there. These are, in many cases, very minor noncompliance matters. There are some other cases—and I would like you to tell me, Mr Scott, of the number of people who will get a reduced return on their investment because of the 80 per cent rental issue. But such hullabaloo has gone on around a program that has put 26,000 houses in the market, basically using private money, and it has been a very successful program. But please do tell me, Mr Coburn, the number—

**Mr Coburn:** I should say that the issue that has come up—and I will not use the word 'rorting'—about whether or not the scheme is meeting its policy intent and led to the introduction of the so-called 'use it or lose it' rules in November last year was also a separate issue from compliance with the scheme. That was to do with concerns about participants who were stockpiling incentives without the intention to deliver, it was alleged—

**Senator McLUCAS:** It was alleged; that is correct.

**Mr Coburn:** and then sell them. So, those rules were brought in to deal with that. On the issue of various forms of noncompliance, just addressing a couple of points you have made, I was concerned about the suggestion that we might be knocking back claims on a hyphen. We do actually work very hard within our internal resources to check spelling and things like that. I asked my staff, and they told me that that might get raised when we go back to a participant but that it would not be the sole thing that we would go back on; it would be a sort of addendum—'could you please clarify this point'. I have asked members of the sector to give me examples of where that might have occurred. If it has occurred, I would be concerned about that. On things like, for example, the lot numbers, that is actually a very important part of the scheme—

**Senator McLUCAS:** Oh, it is, yes, but the way it has been structured—

**Mr Coburn:** because we need to be assured that taxpayer money is being spent on the dwelling that the Commonwealth has agreed on. It is able to be dealt with relatively quickly. But to go to your question, we do not have good numbers on the number of incentives that have been reduced that we can produce easily. We could attempt to do that on notice.

**Senator McLUCAS:** And if you could, I would like to know the number that have been reduced because of something that has been intentional, and the number you know will be reduced because of technical noncompliance.

**Mr Coburn:** We will not be able to do that break-down. If we believed that a participant was doing it deliberately, then we would refer it for investigation. And we are primarily focused on whether or not the requirements have been met.

**Mr Scott:** And primarily the reductions in incentives would be for things like periods when rent was above the 80 per cent requirement. We have endeavoured within the confines of the regulations to manage the program such that outcomes were proportionate and people were not being penalised for minor noncompliance, which is why we have gone to so much trouble to change the regulations and what have you. Primarily reductions in incentives have been around breaches around the 80 per cent rule for rent, but we are happy to take that on notice and come back to you.

**Senator McLUCAS:** I have been receiving calls in my office. It is now slowing down, but it was up to about five calls a week. I was given a phone number to refer them to. Is that phone number still active?

**Mr Coburn:** No, we have not had a telephone contact for the scheme since late last year, primarily because of the volume of contacts. For efficiency purposes we have dealt with them through email.

**Senator McLUCAS:** I do not know where I got that phone number from, then.

**Mr Scott:** We have a centralised help desk, via email, which we use to triage urgent requests for support and assistance. In certain cases we will make direct via phone to deal with participants.

**Senator McLUCAS:** Is the department preparing for potential legal action from participants whose cash or tax offset have been delayed?

**Mr Scott:** We have not been advised of any impending legal action.

**Senator McLUCAS:** You have read it in the paper, though.

**Mr Coburn:** Certainly talking with investors some have mentioned the possibility. We have not seen any indications of concrete action, but it may or may not come.

**Mr Scott:** And the delays will have gone to participants complying with the requirements of the legislation, and we have had issues with the quality of the communication going from approved participants to their investors, and we have in fact had to spend quite a bit of time educating some investors about the scheme and the requirements. In light of that, we will be undertaking more structured and regular communication with participants and broader stakeholders during the 2014-15 payment process. I can also report to the committee that in fact we have completed some of the first assessments of 2014-15 statements of compliance and are preparing to make payments.

**Senator McLUCAS:** Can I get a document that describes the income profile of the tenants? Is there some way you can describe to me the range of incomes of the tenants?

**Mr Scott:** Yes, we can take that on notice.

**CHAIR:** Thank you everyone.

**Committee adjourned at 23:01**