



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

**Estimates**

(Public)

THURSDAY, 20 OCTOBER 2016

CANBERRA

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**SENATE**

**COMMUNITY AFFAIRS LEGISLATION COMMITTEE**

**Thursday, 20 October 2016**

**Members in attendance:** Senators Carol Brown, Cameron, Jacinta Collins, Dastyari, Duniam, Hinch, Kakoschke-Moore, Lines, McCarthy, Pratt, Reynolds, Rhiannon, Ryan, Seselja, Siewert, Smith, Waters, Watt.



## **SOCIAL SERVICES PORTFOLIO**

### **In Attendance**

Senator Ryan, Minister Assisting the Cabinet Secretary, and Special Minister of State

Senator Seselja, Assistant Minister for Social Services and Multicultural Affairs

### **Department of Social Services**

#### **Executive**

Mr Finn Pratt, Secretary

Ms Barbara Bennett, Deputy Secretary, Families and Communities

Ms Felicity Hand, Deputy Secretary, Disability and Housing

Mr Michael Lye, Deputy Secretary and Chief Operating Officer, Corporate Support

Ms Serena Wilson, Deputy Secretary, Social Security

#### **Cross Outcomes**

Mr Scott Dilley, Chief Financial Officer and Group Manager, Finance and Services

Mr Paul McBride, Group Manager, Welfare and Housing Reform

Mr Peter Qui, Group Manager, Information Management and Technology

Dr Tim Reddel, Group Manager, Policy Office

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

Mr Iain Scott, Group Manager, Program Office

Ms Sharon Bailey, Branch Manager, People

Ms Tracey Bell, Branch Manager, Communication and Media

Mr Watson Blaikie, Branch Manager, Digital Business Solutions

Ms Ailsa Borwick, Branch Manager, Project, Risk and Regulatory Reform

Mr Phil Brown, Branch Manager, Policy Strategy

Ms Christine Bruce, Branch Manager, Relationships and Design

Ms Tracey Carroll, Branch Manager, Budget Development

Ms Tracy Creech, Branch Manager, Selections and Establishment

Mr David Dennis, Branch Manager, Policy Evidence

Ms Tracy Hobden, Branch Manager, Financial Management and Procurement

Ms Jennifer Kay, Acting Branch Manager, Program Strategy

Mr Greg Keen, Branch Manager, Whole of Government Coordination

Mr Murray Kimber, Branch Manager, Investment Approach

Ms Diana Lindenmayer, Branch Manager, Ministerial, Parliamentary and Executive Support

Ms Kathryn Mandla, Branch Manager, Policy Systems

Ms Lyn Murphy, Branch Manager, Property, Security and Business Continuity

Mr Matthew Roper, Deputy Legal Counsel and Branch Manager, Fraud and Public Law

Mr Stephen Sheehan, Branch Manager, Financial Accounting

Mr Rob Stedman, Branch Manager, Systems and Support

Ms Janet Stodulka, Branch Manager, Service Delivery Strategy

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

Mr Grant Witcombe, Director, Operational Policy

#### **Outcome 1**

Mr Scott Dilley, Chief Finance Officer and Group Manager, Finance and Services

Ms Cath Halbert, Group Manager, Payments Policy

Mr Paul McBride, Group Manager, Welfare and Housing Reform

Dr Tim Reddel, Group Manager, Policy Office

Ms Janean Richards, Chief Legal Counsel and Group Manager, Corporate Services  
Ms Tracey Bell, Branch Manager, Communication and Media  
Mr Phil Brown, Branch Manager, Policy Strategy  
Ms Tracey Carroll, Branch Manager, Budget Development  
Ms Anita Davis, Acting Branch Manager, International and Means Test Policy  
Mr Russell de Burgh, Branch Manager, Age, Disability and Carer Payments Policy  
Mr David Dennis, Branch Manager, Policy Evidence  
Mr Cameron Gifford, Branch Manager, Housing Policy  
Mr Matthew Hardy, Branch Manager, Family Payments and Child Support Policy  
Mr Murray Kimber, Branch Manager, Investment Approach  
Ms Emma Kate McGuirk, Branch Manager, Work and Study Payments  
Ms Kathryn Mandla, Branch Manager, Policy Systems  
Ms Mary McLarty, Branch Manager, Eligibility and Participation Policy  
Mr Andrew Whitecross, Branch Manager, Rates and Means Testing Policy

**Outcome 2**

Dr Roslyn Baxter, Group Manager, Families  
Mr Scott Dilley, Chief Finance Officer and Group Manager, Finance and Services  
Mr Evan Lewis, Group Manager, Multicultural, Settlement Services and Communities  
Ms Janean Richards, Chief Legal Counsel and Group Manager, Corporate Services  
Ms Tracey Bell, Branch Manager, Communication and Media  
Ms Kris Cala, Branch Manager, Settlement Policy  
Ms Flora Carapellucci, Branch Manager, Children's Policy  
Ms Tracey Carroll, Branch Manager, Budget Development  
Mr Alan Grinsell-Jones, Branch Manager, Commercial and Corporate Law  
Mr Leo Kennedy, Branch Manager, Settlement Support  
Ms Kirsty Linehan, Acting Branch Manager, Family Policy and Programs  
Ms Lara Purdy, Branch Manager, Family Safety  
Mr Tristan Reed, Branch Manager, Financial and Specialist Support  
Mr Matthew Roper, Deputy Legal Counsel and Branch Manager, Fraud and Public Law  
Ms Yvette Sims, Branch Manager, Multicultural and Communities  
Mr Stewart Thomas, Branch Manager, Housing Programs and Homelessness

**Outcome 3**

Mr Scott Dilley, Chief Finance Officer and Group Manager, Finance and Services  
Ms Margaret McKinnon, Group Manager, NDIS Market Reform  
Ms Jillian Moses, Acting Group Manager, NDIS Transition Oversight  
Mr Peter Qui, Group Manager, Information Management and Technology  
Ms Janean Richards, Chief Legal Counsel and Group Manager, Corporate Services  
Ms Tracey Bell, Branch Manager, Communication and Media  
Ms Tracey Carroll, Branch Manager, Budget Development  
Mr Ty Emerson, Branch Manager, NDIS Transition Oversight and Governance  
Mr Alan Grinsell-Jones, Branch Manager, Commercial and Corporate Law  
Ms Nerida Hunter, Branch Manager, NDIS Financial Policy and Performance  
Mr John Riley, Branch Manager, Program Transition  
Ms Alison Smith, Branch Manager, Market Oversight  
Mr Bruce Smith, Branch Manager, Market Regulation (Quality and Safeguards)

Mr James Kemp, Director, Payment Scheme and Supported Employment Policy  
Mr Barry Jackson, Deputy Secretary  
Mr Gary Sterrenberg, Chief Information Officer  
James Christian Group Manager, Disability, Employment and Carers  
Peter Broadhead Branch Manager, Disability Employment Services  
Deborah Winkler Branch Manager, DNIS Transition Oversight and Governance  
Sharon Stuart Branch Manager, Disability Carers Policy  
Helen Board Branch Manager, Disability Employment Services Assurance  
Russell Ayers Branch Manager, Mental Health  
Anne-Louise Dawes, Branch Manager, Supported Employment, Policy, Access and Engagement

**Outcome 4**

Dr Roslyn Baxter, Group Manager, Families  
Mr Scott Dilley, Chief Finance Officer and Group Manager, Finance and Services  
Mr Paul McBride, Group Manager, Welfare and Housing Reform  
Ms Janean Richards, Chief Legal Counsel and Group Manager, Corporate Services  
Ms Tracey Bell, Branch Manager, Communication and Media  
Ms Tracey Carroll, Branch Manager, Budget Development  
Mr Cameron Gifford, Branch Manager, Housing Policy  
Mr Alan Grinsell-Jones, Branch Manager, Commercial and Corporate Law  
Mr Stewart Thomas, Branch Manager, Housing Programs and Homelessness

**National Disability Insurance Agency**

Mr David Bowen, Chief Executive Officer  
Mr Steve Jennaway, Chief Financial Officer  
Mr Ian Maynard, Deputy Chief Executive Officer, Operations  
Ms Louise Glanville, Deputy Chief Executive Officer, Stakeholder Relations  
Ms Carolyn Hogg, Acting Deputy Chief Executive Officer, Transition Management  
Mr Grant Tidswell, Chief Operating Officer

**Australian Institute of Family Studies**

Ms Anne Hollonds, Director  
Associate Professor Daryl Higgins, Deputy Director, Research  
Dr Michael Alexander, Deputy Director, Corporate and Strategy

**Department of Human Services**

Ms Kathryn Campbell CSC, Secretary

**Outcome 1**

Mr John Murphy, Deputy Secretary, Payments Reform Group  
Mr Russell Egan, Acting Deputy Secretary, Service Delivery Operations Group  
Mr Darren Box, General Manager, Service, Performance and Coordination Division  
Ms Bridget Brill, General Manager, Indigenous, Regional and Intensive Services Division  
Mr David Mole, Acting General Manager, Face to Face Service Delivery Division  
Ms Jenny Teece, General Manager, Smart Centres Division  
Mr Bruce Young, Acting General Manager, Child Support Smart Centres Division  
Ms Malisa Golightly, Deputy Secretary, Integrity and Information Group  
Ms Karen Harfield, General Manager, Customer Compliance Division  
Mr Marcus Markovic, Customer Payment Services Division  
Mr Craig Storen, General Manager, Strategic Information and Redesign Division

Mr Mark Withnell, General Manager, Business Integrity Division  
Assistant Commissioner Andrea Quinn, Taskforce Integrity Division  
Dr Jill Charker, Deputy Secretary, Programme Design Group  
Ms Janine Pitt, General Manager, Participation and Disability Division  
Ms Melissa Ryan, General Manager, Older Australians Division  
Mr George Thiveos, General Manager, Families Division  
Mr Dennis Mahony, National Manager, Families and Child Support Policy Branch  
Ms Caroline Edwards, Deputy Secretary, Health and Aged Care Group  
Ms Kirsty Faichney, General Manager, Health Programmes Division  
Ms Melissa McClusky, General Manager, Health Service Delivery Division  
Ms Linda Young, Acting General Manager, Aged Care Division  
Mr Jonathan Hutson, Deputy Secretary, Enabling Services Group  
Ms Kristen Hannah, General Manager, Communication Division  
Ms Sue Kruse, General Manager, Whole of Government Coordination Division  
Mr Jason McNamara, General Manager, Audit Division  
Ms Annette Musolino, Chief Counsel, Legal Services Division  
Mr Barry Jackson, Deputy Secretary, Shared Services Group  
Mr Robert Higgins, General Manager, Corporate Operations Division  
Mr Adrian Hudson, General Manager, People Services Division  
Mr Neal Mason, General Manager, People Capability Division  
Mr Kim Terrell, General Manager, Portfolio Project Office  
Mr Gary Sterrenberg, Chief Information Officer  
Mr Charles McHardie, Chief Technology Officer  
Mr Mark Jenkin, Chief Financial Officer  
Mr Shane Bennett, General Manager, Service Strategy Division  
Mr Bill Davidson, Managing Director, Australian Hearing  
Ms Gina Mavrias, Chief Operating Officer, Australian Hearing

#### **Committee met at 09:01**

**CHAIR (Senator Duniam):** I declare open this meeting of the Community Affairs Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2016-17 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 has fixed 2 December 2016 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 28 October 2016. The committee's proceedings today will begin with its examination of the Social Services portfolio and its portfolio agencies. This evening the committee shall call the Department of Human Services and 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. Such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

The Senate, by resolution in 1999, endorsed the following test of relevance of questions at Senate estimates hearings. Any questions going to the operations or financial positions of 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 resolved also that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits 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)

Witnesses are specifically reminded that a statement 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 the information or the document.

**Department of Social Services**

[09:04]

**CHAIR:** I welcome Senator Scott Ryan, Special Minister of State and Minister Assisting the Cabinet Secretary, who is representing the Minister for Social Services, and the officers of the Department of Social Services. Minister, would you like to make an opening statement?.

**Senator Ryan:** No, other than, welcome, Chair.

**CHAIR:** Thank you. It's a pleasure to be here. With that, we will commence questions. I will ask Senator Watt to kick off.

**Senator WATT:** Thank you. I look forward to a productive and long day. The 2016 budget papers state that expenditure on social security and welfare is about \$160 billion in 2016-17. Is that correct?

**Mr Pratt:** Good morning. That sounds like it is in the ballpark.

**Senator WATT:** That large figure of 160 billion, or thereabouts, includes expenditure on a wide range of social security items: aged pensions and other pensions, allowances and family payments. Is it correct that that figure of nearly \$160 billion also includes funding for the NDIS, residential aged care and childcare fee assistance?

**Mr Pratt:** That is my assessment, yes.

**Senator WATT:** Do you know what proportion of that figure is made up of Newstart allowance?

**Mr Pratt:** Roughly about \$10 billion from memory.

**Senator WATT:** So it is one 16th of that figure, so about six per cent or something like that?

**Mr Pratt:** I am happy to help you in cross outcomes on this issue. But in relation to all of the social security payments, outcome 1 is the area where we will have the experts here. So I will go off of memory in terms of the approximate outlays for each of the pensions and payments, if you wish to go down that path. I may have to correct some of that when the experts get here.

**Senator WATT:** But your recollection is roughly \$10 billion.

**Mr Pratt:** Roughly. Ms Wilson can tell me if I am way out there. But it is in that order.

**Senator WATT:** That works out to roughly six or seven per cent.

**Mr Pratt:** Yes.

**Senator WATT:** What would be the largest couple of components of that figure?

**Mr Pratt:** The largest component of the \$160 billion would be around \$40 billion anticipated to be expended on the aged pension.

**Senator WATT:** So about a quarter of that amount is the aged pension.

**Mr Pratt:** Correct.

**Senator WATT:** Do you know whether the Newstart component, which is about six per cent, is projected to grow across the forward estimates, or over the next few years, as a percentage?

**Ms Wilson:** The current budget estimates for Newstart for 2016-17 is \$9.756 billion, for 2017-18 it is \$8.801 billion.

**Senator WATT:** So it is actually predicted to fall?

**Ms Wilson:** That is correct. Then up to \$9.47 billion in 2018-19 and \$9.804 billion in 2019-20.

**Senator WATT:** Why is it predicted to fall?

**Ms Wilson:** Perhaps we could do with that in outcome 1.

**Senator WATT:** Sure.

**Mr Pratt:** I can speculate for you. It may be to do with a government policy which has not yet gone through the Parliament, which is to increase the age for eligibility for Newstart for young people to 25. That may have contributed to it.

**Senator WATT:** Yes. Would the one-month suspension of receipt for younger people contribute to that as well.

**Mr Pratt:** Possibly, but, if I am correct, it is more to do with the raising of the age of eligibility. So you get a higher payment on youth allowance and a lower expenditure on Newstart allowance. The combined impact would be zero.

**Senator WATT:** Is the aged pension—which you have said is presumably by far the largest component of that \$160 billion all up—projected to grow across those years?

**Ms Wilson:** Certainly. The estimates for the aged pension for 2016-17 is \$45.408 billion. For the year 2017-18 it is \$46.875 billion, for the year 2018-19 it is \$49.554 billion and for 2019-20 it is \$51.864 billion.

**Senator CAROL BROWN:** Does that take into account the raising of the pension age to 70?

**Mr Pratt:** That would not have an impact on the forward estimates.

**Senator WATT:** The reason that I am asking this is because Minister Porter has clearly been on a bit of a campaign over the last few weeks to raise concern about the amount of money being spent on what he calls ‘welfare spending’, ‘welfare dependency’ and those kind of things. He’s throwing out all sorts of big numbers about Newstart—both the amount of money it is costing the taxpayer and the growth in that. But what you are saying is that, in fact Newstart, or what is commonly known as the dole, represents less than six per cent of the overall expenditure on social security.

**Mr Pratt:** I don’t think anything we are saying is in conflict with what the minister has been saying. Certainly since his Press Club speech he has done many interviews on this, and I have seen a number of them. I never want to give an assessment of a minister’s knowledge or anything like that, but he seems to be well informed and briefed. That would be my assessment.

**Senator Ryan:** To be fair, Senator Watt, I might also add that, although this is my first time in this portfolio estimates, I think \$10 billion is a lot of money.

**Senator WATT:** Sure.

**Senator SIEWERT:** But Mr Pratt, the way that the minister has been portraying it has been that the welfare bill is escalating. The figures you have just shown us show that it increases by less than 800 million over the forward estimates. The pension goes up much higher than that and the pension is included in his welfare comments. Is that not correct?

**Mr Pratt:** I will let the minister speak for himself. I think what he was saying is that the amount of money that is spent on social security and welfare, which, as we have discussed, includes a number of other cost areas, is going to grow over the forward estimates and over the next 10 years. That is patently the case.

**Senator SIEWERT:** He includes the aged pension in that as if it is welfare. And in the same breath, the same statement he makes is about needing to get people off Newstart et cetera, inflating the figures—

**Senator Ryan:** That is a speech, Senator. To be fair to the minister, he is outlining, quite comprehensively, that there is a cost with a growing transfer payment system. It continues to grow. That has to be addressed.

**Senator SIEWERT:** Where is the comment saying it is only \$800 million over the forward estimate?

**Senator Ryan:** Eight hundred million dollars is still a lot of money. I was once taught in business, when I was in the corporate world, Senator Siewert, that when a company was going through a cost-cutting phase the way you actually address long-run cost growth is by—

**Senator SIEWERT:** You just said it. It is a cost-cutting exercise.

**Senator RYAN:** It is not my portfolio. I am making the point that when you are looking at addressing growth in certain areas in the corporate world, it is a cost-cutting thing. In this case, no one is proposing that. It is about ensuring the sustainability of the system over the longer time. That small amount should not be dismissed. You are trying to dismiss a smaller amount in a large and growing budget. I think what the minister is saying is that he is taking a comprehensive approach with respect to this.

**Senator WATT:** Surely that is not a valid comparison. Private enterprise is run for profit. Surely the social security portfolio is not run for profit.

**Senator RYAN:** I am just making the observation from personal experience about the importance of what some might see as small numbers in larger numbers. I do not consider \$800 million of growth to be a small number, as Senator Siewert does, in a very large and significant transfer payments budget.

**Senator SIEWERT:** When you are talking about vulnerable people.

**CHAIR:** Order! If I could just give some guidance on how I intend to run things today. Yesterday we had a pretty good run. Senators generally are happy for follow-up questions to be asked when they are in a stream of questions and I am happy to allow that. That is normally limited to one question. So if we can try and respect the senator who has the call and allow things to run in an orderly fashion, that would be great. I am happy to allow it if other senators are happy to continue operating in that way. On that basis, Senator Watt has the call and we will keep going.

**Senator WATT:** What we have demonstrated with these figures that we have just been going through is that, both in dollar and percentage terms, the largest increase in the overall social security budget is attributable to increases in the aged pension.

**Senator Ryan:** That is an assertion you have made. That is fine. You can make assertions, but you are asserting that you have established something. Fair enough.

**Senator WATT:** Well, the figures speak for themselves. With the aged pension the dollar figures rise by \$6 1/2 billion dollars over the forward estimates, which I think is about 14 per cent. Newstart, or the dole, rises by \$800 million, which is about 8 per cent. No one would begrudge an increase in the old age pension at all. I am just simply noting that that seems to be the main reason for that increase in the overall budget. Minister Porter in some of the comments he made recently—

**Mr Pratt:** Senator, just to correct you. I think the areas of biggest growth in the total \$160 billion envelope are actually the carer payments and the NDIS. They are the ones which grow at the greatest rate, and aged care and child care.

**Senator WATT:** All of them are actually projected to grow faster than expenditure on Newstart, or the dole?

**Mr Pratt:** Faster than all of the payments other than the carer payments.

**Senator WATT:** Minister Porter has stated that 75 per cent of Newstart recipients received two or more other payments. Are you aware of what analysis—

**Mr Pratt:** Sorry, I would appreciate if you do that in outcome 1. That is when I will have all of the payment, allowance and pension experts in the room.

**Senator WATT:** Is that not cross portfolio?

**Mr Pratt:** No, that is a social security outcome 1 question.

**CHAIR:** We have cross portfolio for the hour. If senators want to move into outcome 1, if they are done with cross portfolio.

**Senator WATT:** That would be helpful, I think.

**Senator DASTYARI:** We could lead two in together. Is there anything in section 1 that is not in cross portfolio?

**Senator Ryan:** Cross portfolio seems to cover some of the corporate issues, too. This is a very large department. There are a lot of officials.

**Senator SIEWERT:** I know I ask this every time. I am just double checking that I ask about actuarials in outcome 1.

**Mr Pratt:** Correct.

**Senator SIEWERT:** And the cashless welfare card?

**Mr Pratt:** That will be families and communities.

**Senator SIEWERT:** Yes, which is?

**Mr Pratt:** Outcome 2.

**Senator DASTYARI:** Chair, can I just seek some clarification from Mr Pratt? We have questions that relate to two separate parts of the investment approach, one regarding the kind of process behind the PwC report itself and then details of what the report found. Are they both section 1 or is even the process questions about the commissioning of the PwC work cross portfolio?

**Mr Pratt:** No, we do that in outcome 1.

**CHAIR:** Senator Brown

**Senator CAROL BROWN:** I have grant questions. I assume they are in outcome 2.

**Mr Pratt:** We will cover them in two areas. We are happy to do grant questions here in cross portfolio. Some of the specifics around particular providers and programs might come up in the relevant outcome, like families and communities or disabilities and carers.

**CHAIR:** Senator Reynolds has questions for this section as well.

**Senator DASTYARI:** Can I ask a point of clarification and, if I could, go so far as to make a suggestion? I understand that we may be pretty soon moving to outcome 1. Where there are issues sometimes between outcome 1 and outcome 2, where they are flying on a kind of chain, if possible—and know that different committees work differently—could we sometimes bring the experts from outcome 2 to the table even though we are in outcome 1? That would just allow a kind of a chain to work. Maybe that is something we can consider.

**CHAIR:** I will be guided by the secretary.

**Mr Pratt:** To the extent that we can do that, we will. But I have quite a large number of senior executives lined up for today's hearings and all of them are back in Tuggeranong. They will come for the period. We will be as helpful as we can.

**CHAIR:** And we thank you, Secretary, for that. In return, we will be as patient as we can. Before I call Senator Reynolds with her questions, we have some media presents. I have a small statement to read out.

The media have requested permission to film and take photographs of proceedings and the committee has agreed to this. I remind the media that this permission can be revoked at any time, and the media must follow the direction of the secretariat staff. If a witness objects to filming, the committee will consider this request. The media are also reminded that they are not able to take images of senator's or witness's documents or of the audience. Media activity may not occur during the suspensions after the adjournment of proceedings. Copies of resolution 3 concerning the broadcasting of committee proceedings are available from the secretariat.

Senator Reynolds, you had a cross portfolio question.

**Senator REYNOLDS:** Thank you. Good morning, Mr Pratt. Good to see again. My question is one that I have asked several secretaries, so it is not particularly focused on your department. Can you tell the committee how you implement the caretaker conventions that are issued by the Department of Prime Minister and Cabinet? How do you actually implement them and make sure that they are followed in your department?

**Mr Pratt:** We are very attuned to the requirements of the caretaker conventions. Noting that they are conventions, of course. They are not law. They are things which tend to stay very similar over many years and decades. In fact, there have been very few changes to the caretaker conventions, to my knowledge, over the last 10 or 15 years. In terms of applying the caretaker conventions, I will let my colleagues add to my answer here. Naturally, as we get closer to an election we will start circulating the previous version of the caretaker convention to our staff, particularly those who are likely to be in circumstances where issues might arise under the caretaker conventions. We discuss those in our senior management get-togethers. Following that, generally once the election is called the Department of Prime Minister and Cabinet will circulate the latest version of the caretaker conventions and we will replicate that process again, drawing out for our managers and people who have responsibilities which might be touched on during the election period. We give them guidance and training on that.

**Mr Lye:** To add to Mr Pratt's answer, we run a fairly centralised process. Obviously we use both the previous caretaker conventions and then the formal ones, once they are issued by Prime Minister and Cabinet. Any request for information from any part of the political sphere, officers come to our ministerial and parliamentary liaison area for advice on that. We give them advice. Often it is fairly straightforward. In those situations, once our ministerial and parliamentary area has provided guidance, we will then provide information, or whatever it might be, back out from the department. In cases where it is not clear or where it is a difficult or borderline issue, that centralised area of the department will go to Prime Minister and Cabinet and seek formal advice from them. So we are very cautious about making sure that we are adhering to those guidelines.

**Senator REYNOLDS:** As you have noted, they are conventions. But you would expect all of your staff across the department, public servants from SES through, to be aware of and to abide by them?

**Mr Pratt:** Correct.

**Senator REYNOLDS:** They are not discretionary?

**Mr Pratt:** The department's policy is that these are very important conventions and they should be adhered to.

**Senator REYNOLDS:** Do you have statutory appointments within your remit in the department?

**Mr Pratt:** Not in the department, per se.

**Senator REYNOLDS:** Do you have any that report to you in the portfolio itself?

**Mr Pratt:** In the portfolio we have the Institute of Family Studies.

**Senator REYNOLDS:** So you would expect any statutory appointments within the portfolio to also adhere to the guidelines?

**Mr Pratt:** Yes, that would be my expectation.

**Senator REYNOLDS:** Thank you.

**Senator PRATT:** I have some cross portfolio questions as they relate to outcomes for children. In terms of programs that support vulnerable children, there are a range of programs in 2.1.2. Are you able to draw my attention to other parts of the budget paper other than family income support that is relevant to that? Is that the main area that it falls into?

**Mr Pratt:** The major area of the department's focus on the well-being of children is in outcome 2. Of course, the family payments and so forth are under outcome 1. Also, some of our interest in the well-being of children with disabilities will be covered under outcome 3. There are a few areas.

**Senator PRATT:** I note in outcome 2.1.2 there is a decline in the amount of funding over the forward estimates. I want to ask about the impact of those cuts. My question, in a cross-portfolio sense, relates to the fact that budget-based funding for child care is taken out and has gone into employment. I appreciate that that program has radically changed and that is no longer in the department. But what I am concerned about and what I want to ask you about today is the number of services that have been drawing from grant programs within both portfolios, if you like. Have you considered the impact of the cuts to that family and children's area, particularly when it is combined with the changes to the BBF program?

**Mr Pratt:** So I can be clear, what cuts are you talking to?

**Senator PRATT:** Over the forward estimates you have about \$255.499 million which is down to \$244.68 million over the forward estimates. That is within that program area. At the same time, the budget-based funding for a range of children's services from within the childcare program has disappeared.

**Mr Pratt:** Just to be clear, are we looking at budget paper page 64?

**Senator PRATT:** Sorry, I do not have my budget paper in front of me. But I did pull the figures out from the budget myself under that outcome.

**Mr Pratt:** I see if we have an explanation for the movement in figures there.

**Senator PRATT:** It is the component to family and children, total expenses. There is certainly a decline over the forward estimates for those programs.

**Ms Bennett:** I would like to take that on notice and see if we can get you an answer by the end of the day. The chief financial officer suggested it may actually still be a consequence of the machinery of government changes, because we shared that outcome when child care was within the department. While that went, there would have been some programs that moved as well.

**Senator PRATT:** This is also part of my concern and it is why I am asking the question. Because the changes in the machinery of child care, that new package, do not target vulnerable children in the same way.

**Mr Pratt:** That is a question you will need to direct to the Department of Education and Training, which now looks after child care again.

**Senator PRATT:** But isn't this program responsible for tracking outcomes for vulnerable children?

**Ms Bennett:** But the elements of it, what in previous budgets were 2.4 to 2.7, that related to early childhood and childcare functions, and particularly some aspects of that which were about vulnerable children, as the secretary said, have now moved to the Department of Education and Training.

**Senator PRATT:** But they do not have programs for vulnerable children in those new programs. You still deal with vulnerable children in here.

**Mr Lye:** I think that the point that we are trying to make is that we can describe for you anything that might have changed or is stable in our outcome in relation to vulnerable children. Policy changes that might occur in the education portfolio in the childcare space, including the old budget-based funding program, they would have to explain what is changing in their space. We can explain what is happening in ours.

**Ms Bennett:** The component that belongs to this department, which was previously and always remained to this department, about looking after children and their families, is component 2.1.2. Last year the actual was 255,021 and this year it will be 255,499. I can refer you to page 64. In terms of what has remained in the department and the remit—and we can talk about the nature of those services in outcome 2—there has not been that marked reduction. What I would like to do is get some advice in more detail from our CFO and the program areas to explain why, on that overarching amount, there has been a shift. I do believe that it is probably likely due to changes in machinery of government and it was caught under a broad heading, where, if you go to the specific element of our responsibility, I do not think there has been that reduction.

**Senator PRATT:** If you are going to take that on notice, can I clarify whether the budget-based funding program in child care existed under that families and children's section that we have just been referring to? I know it is no longer in this, but I want to know if that is where it lived previously or whether it came out of 2.4. I can certainly see where child care has moved in 2.4. I was not aware that those childcare components existed within that. It really appears to me that it is not a transfer of programs because those specific programs are things like mobile playgroups, mobile youth and children's services, out-of-school hours care and remote playgroups that were covered within that BBF program. The questions I want to ask you today—and whether I do that now or later—relate to many of those programs funded using remote playgroups and out-of-school hours care in that BBF program, also use grants from within families and children. They are co-dependent on both sets of grants. But

those grants no longer exist in where they have been moved to under education and employment outcomes. They have disappeared.

**Mr Pratt:** We will come back to you on the treatment of the childcare programs, which were in this department for about nine months in the previous financial year, and explain to you where we would find in previous iterations of the budget book its location.

**Senator PRATT:** I think it mischaracterises them as childcare programs, if you like. Essentially I think that amounts to a cut to those programs that were otherwise there for vulnerable children.

**Mr Pratt:** I would not agree with that. Even when the childcare program was part of DSS for that nine-month period, those programs were in separate parts of our outcomes statement to the ones related to playgroups and the work done there. We are happy to explore where those are all up to in outcome 2.

**Senator PRATT:** I look forward to doing that this evening. I had other questions about volunteer grants, but I assume I can do those tonight as well.

**Mr Pratt:** Yes.

**Senator SIEWERT:** Can we do the actuarial approach and that overarching investment approach first, because it does not seem to fit neatly into one of the outcomes.

**Senator WATT:** My only issue with that is that I think some of the questions we intended to ask might end up leading out into outcome 1. So could we bring the two together and then we have both sets of people to ask?

**Mr Pratt:** If it is helpful, the same stream that looks after all of the social security payments looks after the investment approach and the Try, Test and Learn Fund.

**Senator SIEWERT:** It seems to me to overarch a number of the other sub parts of outcome 1.

**Senator WATT:** It might be helpful to keep the people who were just at the table here in case there are things we need to go back to.

**Mr Pratt:** Certainly. Our corporate people will be sticking around.

**CHAIR:** Thank you. We will now go to outcome 1, social services.

**Senator WATT:** I might go back to where I was earlier. We established a few facts about the areas of the social security budget that were projected to grow, by how much and that kind of thing. I want to link this back to various comments that Minister Porter has been making recently. He has been running a bit of a scare campaign, I would say, about unemployment benefits in particular and the rate of growth that is projected there. One of the things that Minister Porter has said is that 75 per cent of Newstart recipients receive two or more other payments. Do you know what that claim was based on?

**Ms Wilson:** The department provided key data on what particular Newstart allowance recipients received as supplementary payments. Of the 768,375 recipients on Newstart in the 2015 financial year, to March 2016, 5.1 per cent received Newstart allowance plus the energy supplement, 19.6 per cent received Newstart allowance plus the energy supplement and one other supplementary payment and 75.3 per cent received Newstart allowance plus the energy supplement and two or more other supplementary payments.

**Senator WATT:** So those claims that the minister made were based on departmental advice?

**Ms Wilson:** We provided the data I just indicated to you.

**Senator SIEWERT:** What were the other supplements? Are we talking about rent assistance, for example?

**Ms Wilson:** It is a pharmaceutical allowance, rent assistance, work for the dole participants supplement and the like.

**Ms Halbert:** We can provide a full list of supplements that are available. We can do that later this morning.

**Senator SIEWERT:** I want to know the ones that were counted.

**Senator WATT:** I was actually about to ask the very same question. I will try not to interrupt yours, as well. Is it true to say, then, that many of those payments that you have mentioned—for instance, rent assistance and family tax benefit is probably one of them as well—are actually designed for very specific purposes? That is, to address someone's need for accommodation or to address the fact that they have children that they need to support, and those purposes are quite separate to an individual's need for basic income support as well?

**Ms Wilson:** Most of the supplements relate to a particular cost or activity.

**Senator WATT:** Some of those payments are quite small. The energy supplement we are talking about, what, two or three dollars?

**Ms Wilson:** It varies depending on the primary payment that people receive.

**Ms Halbert:** I think there are almost 100 different rates of energy supplement. Some of the amounts are the same, but they range from seven dollars to, I think, \$14 a fortnight.

**Senator WATT:** Is the pharmaceutical allowance a relatively small payment as well, probably one of the ones that is included in that?

**Ms Halbert:** It is a supplement.

**Senator WATT:** And relatively small?

**Ms Halbert:** Yes.

**Senator WATT:** It is relatively small unless you are living on \$250 a week, I suppose.

**Senator Ryan:** You can ask for the numbers. Those more political observations are a matter for you.

**Senator WATT:** Well, to make a political observation, it would be incorrect for anyone to infer from the minister's comments that the total amount of supplementary payments that people are receiving in addition to Newstart is some very large amount of money of hundreds of dollars a week, or anything like that. We are talking about relatively small amounts that top up someone's weekly income.

**Ms Wilson:** Family tax benefit can be a significant amount, depending on the number of children that the household and the recipient has.

**Senator WATT:** Some of the minister's other comments are that more than 50 per cent of Newstart recipients have income from rental properties, dividends or interest. Are those claims also based—

**Mr Pratt:** I am not aware of those comments. I do not think we can comment on that.

**Senator WATT:** I am happy to figure out the date that those comments were made. Is anyone else from the department aware of those?

**Mr Pratt:** We are always going to be slightly uncomfortable about commenting on identified or alleged comments that the minister may have made. I am not disputing that he may have made comments in that area. I just do not know. It is probably easiest if you, perhaps, ask a question that you can answer in terms of facts and evidence.

**Senator WATT:** I take it from the fact that you are not aware of those comments—and take my word for it, the minister has made those claims—

**Senator SMITH:** To assist officials, if you were to quote the minister as opposed to paraphrasing the minister, that might be more productive.

**Senator WATT:** Okay. I will dig out the exact quotes.

**Senator Ryan:** Chair, each committee has its own culture and practice. I am new here as well. In other committees, where officials are being referred to a document we often take the courtesy of tabling the document and circulating it so at least they have something to physically see and there is no misunderstanding.

**CHAIR:** Thank you, Minister.

**Senator WATT:** I will arrange for that to be sent through. I take it then that the department has not provided the minister with any advice or data analysis that states that more than 50 per cent of Newstart recipients have income from rental properties, dividends or interest.

**Ms Wilson:** I would have to take that on notice. I am not aware of the comment that was made or the data that is being used.

**Senator DASTYARI:** Can I make a suggestion? I believe I have a copy of the article here that the minister is being quoted on.

**CHAIR:** Are you able to provide that?

**Senator DASTYARI:** This is just a suggestion. Can we pause this line of questioning for a moment while we have an opportunity to photocopy the media story that the senator is referring to? That way they would have an opportunity to have a copy and they can respond to the claims within the article.

**CHAIR:** Senator Watt, do you have any other questions?

**Senator WATT:** That is fine. It might be best to move on to another topic while we compile that article and any other relevant ones.

**Senator DASTYARI:** I have questions about the PwC report. I do not know if now is the time to do that. My questions here are in two parts. One is about the process around the report and one is the content of the report

itself. I will start by asking some general, broader questions about the report itself and then we can duck down into what the report actually found, if that works for you, Mr Pratt.

**Mr Pratt:** Certainly.

**Senator DASTYARI:** Obviously you have overall responsibility. Dr Reddel, are you the person in charge of commissioning the report? Obviously the minister makes the decisions, but are you the go to person on this?

**Dr Reddel:** My group has overall responsibility for the investment approach and has previously been oversighting the commissioning of the report, and subsequently—

**Senator DASTYARI:** What is your group?

**Dr Reddel:** The policy office.

**Senator DASTYARI:** You run the policy office within the department?

**Dr Reddel:** Yes.

**Senator DASTYARI:** Walk me through this. How does a report like this get commissioned?

**Ms Wilson:** Perhaps if I could start. The government took a decision in the previous budget to pursue this investment approach to welfare. It provided a budget, a financial envelope, for the measure. After that budget we used our social policy research and evaluation panel that the department has, which is a very large panel of providers across a very diverse range of social policy research and evaluation activities.

**Senator DASTYARI:** Before we move on, I want to go through the process. I may have missed this. I did not see it as a line item in *Budget Paper No. 2*. Was it in the PBS?

**Mr Pratt:** It was in the previous year's budget.

**Senator DASTYARI:** Was it in the PBS?

**Ms Wilson:** Yes.

**Senator DASTYARI:** How much was the allocation for this report?

**Ms Wilson:** The allocation for the overall measure, which comprised more than just this individual report, was \$33 million.

**Senator DASTYARI:** How much was the tender for this report? Do you have a copy of the tender here?

**Mr Pratt:** My colleagues will give you the exact data in a second. The PricewaterhouseCoopers contract, which extends over four years, is around \$10 million.

**Senator DASTYARI:** Do you have the exact amount?

**Mr Kimber:** The current amount for the contract is \$10.1 million over four years.

**Senator DASTYARI:** And how much of that has already been paid?

**Mr Kimber:** To date there has been \$4.9 million.

**Senator DASTYARI:** That has been paid so far for what?

**Mr Kimber:** For the early work in terms of establishing the database to run the actuarial model, the development of the model itself and the validation, et cetera, of that. And for the delivery of the first 2015 evaluation.

**Senator DASTYARI:** Sorry, I do not know what that means. So the \$4.9 million is for the first preliminary report and for setting up the database.

**Mr Pratt:** I can help you there. Essentially there are a lot of upfront costs associated with getting ready to do something very new in the Australian landscape. A lot of the early expenditure would relate to being able to provide the first valuation report, which has been released recently. Those investments will then underpin the second, third and fourth evaluation reports when they come out. So there is an upfront cost there.

**Senator DASTYARI:** How many reports under the tender will there be?

**Ms Wilson:** There are four valuations that the contract relates to.

**Senator DASTYARI:** Do you have the tender number so I can look it up

**Ms Wilson:** We will get that for you. I do not have it with me.

**Senator DASTYARI:** I assume it went through AusTender.

**Mr Pratt:** Yes.

**Senator DASTYARI:** The tender itself, you are saying, when you put it out it ended up being for \$10.1 million.

**Mr Pratt:** That was the agreed price for the winning tenderer.

**Senator DASTYARI:** Okay.

**Mr Kimber:** I have the tender number here. It is CN3290956.

**Ms Wilson:** The actual value of the agreement on signature was \$9.4 million and then we negotiated some further elements, some additions to the 2016 valuation model. As well as a proof of concept analysis, there was the development of a monitoring system at three levels to implement the actuarial control cycle and an analysis of broader data governance of the administrative data.

**Senator DASTYARI:** With the enormity of government, I assume you did not have the capacity to do this within the department?

**Mr Pratt:** We have a great capacity to do a lot of work in this area, and we did. But in terms of the actuarial skills, no, we do not. I do not think that the Commonwealth government would have that degree.

**Senator DASTYARI:** You are saying that this is the type of modelling that Treasury couldn't even do?

**Ms Wilson:** Actuarial modelling is a very specific skill and to do something of this size and complexity was not something that was available within government at the time. We have an interdepartmental committee which the Treasury sits on. The Australian Government Actuary is also a member of that committee. They have been engaged in this project and continue to be. The contract also provides for skills and knowledge transfer over the life of the contract. We have given evidence to this committee in the previous term of government that, at the end of the four years, we will be in a position to make a decision about whether to continue to have an external provider and go to market again or whether to take that function in-house. So we are building skills and knowledge as we work with PwC over the life of the contract.

**Senator DASTYARI:** Are you telling me that at this point in time there is no actuarial capacity within the department? That is why you have outsourced that. You are saying you are building it, but is there one right now?

**Ms Wilson:** We have, I believe, employed a couple of people with actuarial skills within the team pick and we will seek to build that up over time. Actuarial skills in the social policy space in particular are not something that the department has historically had. When our colleagues in New Zealand invested in their investment approach, they went to market and got an Australian company to build their model and their database. I believe that they continue to have an outsourced provider. I would need to check that but that is my understanding.

**Senator DASTYARI:** I know you are not Treasury and you're not here to speak for Treasury, which is fair enough. Does the policy group within Treasury have an actuarial capacity as far as you are aware?

**Ms Wilson:** I could not comment on the background and skills of the people employed in Treasury. But it was certainly the view taken both within the department and within the IDC that it was appropriate to go to market to source this capacity and to source this work being done for government. We saw no other option other than to go to market. I should have mentioned that as well as having the Treasury on our interdepartmental committee, we also have the Department of Finance represented, who are, I guess, mindful of when it is appropriate to go to market and when it is appropriate to have the skills in-house.

**Senator DASTYARI:** You said there was a \$33 million envelope, which this \$10 million came out of. Again, I do not have the PBS in front of me, but what is the breakdown of where that \$33 million is going to be spent? \$10 million of that is being spent here. What happens to the other \$23 million?

**Ms Wilson:** It is across a range of functions.

**Senator DASTYARI:** Are you reading straight from the PBS?

**Ms Wilson:** No. In 2015-16, there was about \$743,000 for the requirement to develop some ICT capital. ICT operational requirements, things like ongoing licensing and support costs, was \$869,000 in 2015-16, \$508,000 in 2016-17, \$508,000 in 2017-18 and the same again in 2018-19. As well as that there was a top up of our funding for key longitudinal surveys, elements of which form some of the data input for the development of the models to support the baseline valuations and the other valuations going forward. The longitudinal surveys that the department funds include the household income and labour dynamics in Australia survey, a longitudinal study of Australian children, the longitudinal study of Indigenous children and so on.

**Senator DASTYARI:** For the purpose of time, if there is something you are able to take on notice. It sounds like you already have the information here, but it may be easier to take it on notice. Can we take on notice the \$33 million envelope as it was announced in the budget and the breakdown of what that \$33 million is being spent on, what has already been committed and what is in the contract phrase? Also, what has been spent, what remains and what still is to be allocated. If we can take that on notice, that allows us at next estimates to be able to ask more. My further questions relate to the actuarial report itself and what it has found, but I might stop there.

**CHAIR:** While we are waiting for the documents to come, Senator Siewert, I will go to you.

**Senator SIEWERT:** I have some operational questions in the same manner. I want to go to the decision making. You touched on the longitudinal surveys which go to the broader overarching issue about how you are going to track the outcomes. If it works according to what you want to happen, people come off income support. What process are you using to follow up their outcomes?

**Ms Wilson:** The valuations of interventions will use a range of techniques and sources, depending on the specific interventions and the groups. So they will need to be fit for the particular group in scope.

**Senator SIEWERT:** Are you talking about specifically as the interventions happen?

**Ms Wilson:** That is correct.

**Senator SIEWERT:** There are two bits, aren't there, of monitoring? There are those and then the long-term outcomes. You see what I mean? It is about how we trace them into the future.

**Ms Wilson:** There are a couple of ways. In terms of the specific interventions and outcomes from those, there are a range of evaluation techniques that we would use. If it were something that was appropriate for a randomised control trial, we would use a randomised control trial. That would involve looking at both administrative data but also other ranges of data that are available in the course of the intervention and subsequently. So it might be survey data of participants, it might be focus groups or it might be post program monitoring. It would be looking at, depending on the outcomes, the extent to which those who were participating in intervention achieve those outcomes compared to those who are not participating in the intervention with the same characteristics.

**Senator SIEWERT:** I take it from your response that you have not settled on what particular monitoring techniques you are going to be using. You are saying that it depends on the actual programs that get funded through Try, Test and Learn. Is that a correct understanding of what you have just said?

**Ms Wilson:** I think that that is a fair characterisation. For the evaluation of specific interventions, it will depend upon the intervention and what is appropriate. So as part of the design of the intervention, we would be looking at the evaluation techniques and designing the evaluation strategy.

**Senator SIEWERT:** I am conscious of time so I am going to try and make my questions short. How are you going to monitor that and is it going to be done independently?

**Ms Wilson:** Perhaps if I could clarify what you mean by 'independently'.

**Senator SIEWERT:** Will there be some form of independent evaluation of the most immediate program. I will come to the longitudinal issues in a minute.

**Ms Wilson:** We, as a matter of practice, evaluate the delivery and outcomes of programs and interventions separately from those who implement and we use a range of suppliers, I guess, of evaluation services to the department. It would be our intention to separate the evaluators from the implementers.

**Senator SIEWERT:** I mean complete outsiders.

**Ms Wilson:** Do you mean outside of government?

**Senator SIEWERT:** Outside of government.

**Ms Wilson:** That is generally our approach. To the extent that there is monitoring of administrative data, that can be done either internally or externally. Often the department sources administrative data and provides it to evaluators. That would be a common approach and it would be an approach that I would anticipate would be part of the evaluation of interventions as they get funded through the Try, Test and Learn Fund.

**Senator SIEWERT:** I am so tempted to go down the line of the independence of the stronger futures report, but I will leave that until that particular section. Longitudinally, how are you planning to follow up outcomes long-term?

**Ms Wilson:** There are a couple of places where follow-up will be possible. One will be in the administrative data that is being developed to support the model. We have a quarterly snapshot of each person in the social security system and we can look at them every quarter and see what has changed since the last quarter.

**Senator SIEWERT:** So you know when people come on and off, you mean?

**Ms Wilson:** Yes, or whether their family formation has changed. We will be linking that administrative data to our own program data. I think you have taken evidence in the past on the DEX capacity. We will have the capacity to link other data to the administrative data as we go forward to look at participation in particular interventions or particular programs and what the outcomes are. So we can use the administrative data to follow-up. In terms of the more global headline shifts in the system, then the annual valuations will be able to take

account of combinations of policy changes and distinguish from economic change and what is happening in terms of the overall composition of the long-term social security costs for different groups.

**Senator SIEWERT:** I want to go to the bigger picture, similar to Senator Dastyari, about how you make decisions once you have all the data. I want to go to the bigger picture investment approach, because there is constant referral to the New Zealand approach. There are some really key things in the process they are using in New Zealand that the government has not picked up. For example, the way that they have key performance indicators very clearly pointed out across agencies. They are reporting against them and, from what I have seen, they try to hold them to it. They have a not totally independent but virtually independent unit, the Superu unit, that is doing the monitoring and evaluation. They have a lot of trials going on. They also have a lot of community engagement in actual decision-making over projects and things like that. From what I can see, that is very different to the Try, Test and Learn program. They have a lot of things that they are doing that are not just the Try, Test and Learn program on top of that actuarial analysis. Why haven't those things being picked up if we are modelling it on the New Zealand situation? Again, it is very different because they do not have states and territories so it is much easier for them, even though they have regions. The New Zealand government has a lot more control over that decision-making that you do not have as federal agencies.

**Ms Wilson:** You are right to identify that there are some key differences between Australia and New Zealand in the institutional and government structure and also the way they have gone about it. There are some key differences also in the way we have gone about our model, our valuation and what is in and what is out because of key differences between Australia and New Zealand. If I can take that second one first, our valuation includes the aged pension because it is a means-tested age pension. New Zealand's model only includes working age payments. It does not include that national super because it is a universal access scheme. So anything that happened in the working years does not impact on what a person receives on retirement or the outlays associated with that. So there are some key differences that it is important to bear in mind. I think it is fair to say that the New Zealand model has had a number of years to mature and we are at the start of a journey.

**Senator SIEWERT:** Sorry to interrupt, but did they not have those KPIs and the concept of getting government agencies to be working together at the start?

**Ms Wilson:** The initial KPI for their investment approach was actually a reduction in welfare. They have developed a range of cross government, whole-of-government targets, which I think I have given evidence on before, perhaps to you. They were independently arrived at from the investment approach. That is my understanding of the history of it, in talking to colleagues in New Zealand. They were driven by the centre of their government and also their State Services Commission. They have a set of targets. I think there are 10 or 12.

**Senator SIEWERT:** There are a lot of subtargets as well.

**Ms Wilson:** They are whole of government that apply across all secretaries.

**Senator SIEWERT:** My question is, why aren't we learning from that?

**Mr Pratt:** Senator Siewert, we have a clarification, sorry, before Miss Wilson completes her answer on the differences between the systems. I think also their KPI approach, their strategy in that area, extends well beyond the welfare area and the investment approach. It also relates to other objectives of the New Zealand government in terms of its interactions with the New Zealand community. So it is not just about welfare, from memory. There are health related KPIs, there are justice related KPIs in that sort of thing.

**Senator SIEWERT:** Yes, exactly, which are all related to better outcomes for New Zealanders.

**Mr Pratt:** My point of clarification is simply that it is a separate strategy which has some connections with the implementation of that investment approach. It goes way beyond simply the investment approach in New Zealand.

**Senator SIEWERT:** My understanding, certainly from the briefings that I had, is that it is intimately woven into that investment approach and is seen as key to delivering on the investment approach.

**Ms Wilson:** I guess that is what I meant by the maturity of where they have got to. Initially, their data essentially welfare data and working age data and engaged the key welfare departments with connections, obviously. Because within the same ministry at the time there was child protection as well—that is, the Ministry of Social Development. Since then there is a new ministry for vulnerable children, I believe it is called. So they have had some machinery of government changes. They have expanded, I guess, their focus over time to take in a range of other related activities across government. They started at a certain place and they are some years down the track. They are certainly using the techniques of identifying risk characteristics, establishing experimental initiatives and measuring outcomes in a much broader way than just in the welfare space. But that has taken a

little while to mature, I guess it is fair to say. We are at the start of our journey so we are at a different spot at this stage.

**Senator SIEWERT:** I have a couple of follow-up questions. My understanding is that Superu has been going for a while now. We do not have an independent data approach, do we? There is no concept yet of a body that is doing some more independent analysis of this process and releasing the data.

**Ms Wilson:** Perhaps if I could finish answering the question on the key differences in our approach between Australia and New Zealand, and I can come back to that. As I mentioned, the initial target in New Zealand was around a reduction in welfare. The goals that have been identified for our model are about increasing the capacity to live independently of welfare, essentially through employment, obviously; reducing the risk of intergenerational welfare receipt; and reducing long-term social security outlays. Of course, they connect to lifetime well-being, which is the mission of the department. Our model examines both working-age and retirement-age payments and picks up non-income support payments like family tax benefit and child care. Their model focuses on working-age income support payments only. We have an annual model. New Zealand has used a quarterly model, run yearly. The reason for that is to reduce the volatility and movements. We have indexation and discounting assumptions which are sort of long-term assumptions in our model, which essentially use Treasury projections for the short term. Whereas the New Zealand model updates indexation and discounting assumptions in each year, which gives it much more fluctuation. So there are some things that we have learned from their approach in the model itself.

**Senator SIEWERT:** In the actuarial model.

**Ms Wilson:** That is right. So we have quite a different approach to start with, with the actuarial model. As I mentioned, we are at the start of our process. We clearly do have a different configuration in terms of the Commonwealth government compared to the New Zealand setting. We are looking at those things that are, in the first instance, within the Commonwealth's management, but see the scope over time and have started conversations about working with colleagues in the states and territories to collaborate in ways that can harness and share groups of interest over time. We had a workshop with colleagues from the community services departments and central agencies in the states and territories about two weeks ago in Melbourne, where we started talking about the potential for collaboration. Because, clearly, as you noted in your comments, there are interactions between child protection and the welfare system. There are interactions between the justice system and the welfare system. We know, for example, that once someone has been incarcerated, as an ex-offender on release they are much more likely to be long-term unemployed. So the extent to which we can identify areas for collaboration over time, that will be a very useful thing to do. We are starting with a collaborative content and hope to see that mature over time.

You asked about data. The minister announced at the Press Club the intention to make the underpinning administrative data available at three different levels of access, including for trusted researchers to utilise and do their own research using this database. There is a commitment to having open data at two levels and a trusted user access for confidential unit record data for established researchers, academics, and the like, and government officials doing research and follow-up work to use this data. So we see it as a really important investment to support the forward going social policy research and evaluation activity.

**Senator SIEWERT:** When will access to the data be available?

**Ms Wilson:** As I mentioned, we have those three different levels. We anticipate having the trusted user access arrangements in place by the end of the year. There are two other levels of access. One is, if you like, the simplest level of access, which is aggregate data that would be available on data.gov.au. That would have the capacity for people to use a tool called the table builder to develop their own tables using aggregate data that enables them to put variables together with point-and-click technology. Then there is an intermediate step.

**Senator SIEWERT:** When is that one available?

**Ms Wilson:** It is going to be about February or March next year. By the middle of next year we will have a more sophisticated set of aggregate data available which people can run programs against, but it is not unit level record data. That will be about the middle of next year. That will enable people to do more analytical work but not the sort of detailed research that requires access to confidential unit record data.

**Senator SIEWERT:** Thank you. I will put some more questions on notice. But I suspect we will come back to some of that.

**Senator SMITH:** Briefly, before the break, in adopting this particular approach in the internal set up to give effect to the priority investment approach, is it totally novel or have you sort of borrowed from approaches that

may have been done under the previous projects in the department? The outcomes will be very different, of course. But I am curious to know if the approach you are taking internally—

**Ms Wilson:** The notion of using actuarial analysis and developing models that help you look at points of intervention targeted on risk to improve outcomes and avoid or reduce future costs is clearly the underpinning of the whole National Disability Insurance Scheme. This is an approach that is getting more currency across social policy. It has probably been more evident in the insurance industry, workers compensation, transport and traffic accidents and so forth. But it is becoming a point of greater interest for those who work in social policy. Talking to some of our colleagues from states and territories, they have been doing some similar pieces of work in trying to identify risk and the efficacy of interventions in the child protection space. So if you can find the point for intervention before somebody becomes statutorily involved in child protection, that can be very powerful if you can work out the interventions that get people on track and avoid that need to be in the statutory system. That then has good outcomes for children and families. It has good outcomes, clearly, for governments, too, and the whole community.

Also, I have talked to colleagues in a couple of states who have been looking at that in the justice space, particularly around diversionary activities or activities that prevent recidivism. It is a set of techniques that is being explored more broadly across public policy and social policy in particular. Not many other countries have done quite this thing. We are aware that there is an interest from a number of European countries, noting that they have social insurance systems for their social security systems, theirs is quite different from our social security system. I guess coming out of some of the experiences in Europe over pensions and their social security system's sustainability, they are looking at the actuarial techniques to help them predict future costs, interactions and interventions that can take place in a person's working years that will help prevent future costs. So it is a set of techniques for which there is growing interest for those of us who work in public policy and social policy.

**Senator SMITH:** The minister characterised it as a fundamental change of social policy. So it is not uncommon, or not a surprise, that there would be some establishment costs in order to upskill the department to have the necessary competencies to embark upon this approach. You mentioned the ICT costs and drawing on some professional external assistance. Is that uncommon in the Department of Social Services?

**Ms Wilson:** For a project of this size, and the specificity of the skills required in the actuarial space, it is bigger than most I have dealt with in my career.

**Senator SMITH:** So not seeking external advice could have put the initiative at risk?

**Ms Wilson:** We would not have had the capacity to build the model within the department as we were positioned at the time. We always anticipated, in taking the proposal to government and discussing it with central agencies, that we would need to go to market for this skill. That was accepted when the government looked at the measure in the budget space. I guess, it being a new horizon for us, it is an area where we want to build skills and knowledge and transfer those skills so that we are better equipped in future. We have our own modellers who are very good, but they work in a different way and over time we will have that in-house capacity to take on board the potential, I guess, to do future evaluations. At the end of the four years we will be in a position to make a decision about whether that is something we want to do.

**Senator SMITH:** This is an evolution of the work that was undertaken with the McClure review, and as part of that there was, across the sector and not just in government, a willingness to look at different approaches to fixing or addressing some of those intractable social welfare issues that the minister has pointed to in his National Press Club speech. How is it different from social investment bonds?

**Ms Wilson:** Social investment bonds are a sort of financing mechanism whereby a very clear outcome is identified and there is essentially investors' money at risk contingent upon the outcome being delivered.

**Senator SMITH:** Private risk.

**Ms Wilson:** They are being pursued in small ways in Australia currently with a few states and territories getting into them. They were some of the group we were talking to a couple of weeks ago. A social investment bond tries to demonstrate a return on the investment, which effectively would reduce future government outlays. The return is contingent upon the specific measures and outcomes being achieved. One that I am aware of, for example, is one that the New South Wales government has invested in where they are looking at diversions from the child protection system.

**Senator SMITH:** Is that UnitingCare?

**Ms Wilson:** Yes, the Newpin initiative. We have not done a lot of that in Australia yet. It is a fairly new field. It is an area that is of interests. We are watching with a great deal of interest and are talking to our colleagues

about what is being achieved and the approaches that they are taking. A social investment bond is a very specific way of financing a set of interventions.

**Senator SMITH:** It is not suitable for every social welfare challenge.

**Ms Wilson:** But it is something that we are watching with great interest.

**Senator WATT:** We now have that clipping that I was referring to earlier. I have copies of it here. It is an article from the *Guardian* on 27 September this year, which contains various statements regarding Newstart recipients.

**Senator Ryan:** The statement is from the shadow minister, I think.

**Senator WATT:** Yes, that is right. You will see about half way down it talks about government figures, and we have already gone over some of these about Newstart recipients receiving supplements. We covered that earlier. The next paragraph says that the government figures also claim around 20 per cent of Newstart recipients reported earnings in the last fortnight and more than half of Newstart recipients reported other income in the last fortnight such as, rental income, interest and dividends. When I was asking about that a little earlier, Mr Pratt and your colleagues did not sound like you had any familiarity with that claim.

**Mr Pratt:** We do have some data in this area that we can help you with. Can I say that I am not even sure of the source of that statement.

**Senator WATT:** I suppose that is where I am trying to get to.

**Mr Pratt:** It says, 'The government figures also claim'. I do not know who that is meant to be ascribed to.

**Senator WATT:** Obviously that quote is not attributed to anyone in that article. I suppose that is what we are trying to work out—

**Senator Ryan:** In all honesty, you should probably ask the journalist.

**Senator WATT:** Well, they don't come to estimates, do they?

**Mr Pratt:** We have some data in this area.

**Senator WATT:** Can you fill us in on what data you do have in that regard?

**CHAIR:** But it is quite clear that the minister is not the source.

**Senator WATT:** No, I am not alleging that.

**Senator Ryan:** They will say what they have but obviously, as the secretary said, there is no source there. They are not claiming that it is a secret source. The journalist might be able to enlighten you.

**Senator WATT:** They may well. Mr Pratt, would you like to tell us what you do have in this regard?

**Ms Wilson:** I have some data on earnings and other income for Newstart allowance recipients as at March 2016. As at March 2016, 153,094 Newstart allowance recipients had earnings in the last fortnight, which is about 20 per cent of the 768,375 recipients at that point. In terms of other income, which is essentially non-employment income—and that could include income from investments, income streams, superannuation, rental properties, bank accounts and the like—there were 441,500 recipients who reported other income, or 57 per cent of the total.

**Senator WATT:** Someone has extrapolated from that—

**Ms Wilson:** I can't answer that question.

**Senator WATT:** Yes, I am not asking you to. That information is based on analysis that the department has conducted.

**Senator Ryan:** The assertion in here, the department cannot speak to what that is based on.

**Senator WATT:** I understand that.

**Senator Ryan:** They can give you the numbers they have.

**Senator WATT:** Ms Wilson, would you be able to table the analysis that you are relying on there?

**Ms Wilson:** Certainly.

**Mr Pratt:** Senator, we will just confirm that the minister and the chair are happy for us to table the information.

**Senator Ryan:** I will take this on notice. To be fair, not being my portfolio, I will just check about confidentiality over the break.

**Senator WATT:** One of the other clips that was included in the earlier pack distributed to you was an article from the *Daily Telegraph* dated 10 October. That article leads with,

The number of Australians on the dole has increased by about 70 per cent over the past decade, as our welfare bill balloons towards \$200 billion a year.

I understand that the DSS statistical papers say that Newstart recipients in June 2005 totalled 453,614 and the DSS demographics stats for March 2016 say that the figure is 768,375. Do you know whether those figures are correct? They are around about the same figures that were quoted in this article.

**Ms Wilson:** Just based on my recall, I suspect those numbers are about right.

**Senator WATT:** Obviously the implication in this article is, again, that this thing is getting out of control, there are too many people on the dole spending all this money. How much of that increase from 450,000 to 750,000 can be explained by population growth over that 11 year period?

**Mr Pratt:** I will check whether we have that information to hand or whether we have to take it on notice.

**Ms Wilson:** In a general sense, the drivers of changes in the numbers are clearly economic and demographic, which is population growth, but also policy change. So over that period the pension age for women has reached parity with the pension age for men. There have been a range of other changes in working age payments, changes to the eligibility criteria for the disability support pension and changes to the parenting payment. What you also see is people on Newstart allowance who might previously have been, in an earlier period, eligible for another payment. So there is a combination of factors that impact on rates of change in payment recipient numbers.

**Senator WATT:** I might ask you a few more questions about that, but I am conscious that we are at the break.

**CHAIR:** The committee will break for 15 minutes and return at approximately 10:45.

#### **Proceedings suspended from 10:31 to 10:45**

**Mr Pratt:** Chair, with your permission, I would like to table that information that we were talking about before for Senator Watt.

**Senator WATT:** When we left off before the break, we were just talking about that article in that *Daily Telegraph* article of 10 October. I think where we got to was that Ms Wilson advised that that growth in the number of people receiving Newstart or unemployment benefits was attributable to a number of factors, including demographic change—I think you said economic conditions policy change. Can we walk through those. On the population growth aspect, do you believe that there is any significant difference between the percentage growth in the number of people receiving Newstart over that 10-year period compared to the overall Australian population growth?

**Mr Pratt:** While my colleagues are thinking about that, one of the significant issues here, I believe—and this may be something which should be discussed with the employment department as well—is that, of course, during this 10-year period we had the Global Financial Crisis and there was a significant increase in unemployment during that period. One of the flow-on effects from that was that there was a lot of stickiness associated with long-term unemployment for a significant number of people. So I think linked to this growth is the extent to which people who might have in better economic times over that 10-year period gone back into the labour market quickly have actually stayed around for much longer periods on the Newstart allowance.

**Senator WATT:** Would you say that a change in economic conditions over that 10-year period is a significant contributor to the increase in the number of people receiving Newstart?

**Mr Pratt:** It is a contributor, along with population growth, policy change and many other things, as Ms Wilson has run through.

**Senator WATT:** So, if we can fix our economic conditions and get more people back into work, obviously it would make sense that we would have fewer people on Newstart—one flows from the other?

**Mr Pratt:** The stronger the economy, I think, the lower the number on Newstart.

**Senator WATT:** That document that you have just tabled—did that give us the breakdown of how much of the increase is attributable to population growth and other factors?

**Mr Pratt:** No, that is about income for people on allowances.

**Senator WATT:** Ms Wilson, I think that, in running through those figures and talking about policy change, you talked about the Parenting Payment.

**Ms Wilson:** A number of changes over the period—my comparison period is since 1996—and over that period there have been a range of policy changes. The Welfare to Work reforms in 2006, the removal of the grandfathering of the Parenting Payment in January 2013, changes in the eligibility for the Disability Support Pension over that period and raising the Age Pension age for women are some of the significant policy changes over that period.

**Senator WATT:** Do you have any figures about how much the changes to the Parenting Payment have impacted on that number of people who are receiving Newstart?

**Ms Wilson:** I do not have that. I will see if one of my colleagues does. Otherwise, I can take that on notice for you.

**Senator WATT:** Thank you.

**Ms Wilson:** We have given evidence at previous estimates.

**Mr McBride:** The proportion receiving Parenting Payment as a percentage of the population decreased from 4.4 per cent to 2.4 per cent over that period of time. A portion of those would have gone onto Newstart—those who did not engage in employment would generally have gone onto Newstart. We do not have the exact flow-through, but that gives you an indication of the sorts of numbers involved.

**Senator WATT:** Is that the only category of recipient over that 10-year period where people were formerly receiving a certain type of payment and, due to policy change, they now receive Newstart?

**Mr McBride:** DSP would be another one.

**Senator WATT:** How many people have effectively transferred from the DSP to Newstart?

**Ms Wilson:** It is not so much transferred; it is more that there are people who would previously have been eligible for Disability Support Pension who were no longer eligible and therefore, as a consequence, became eligible for the Newstart allowance. So it is not so much a transfer—

**Senator WATT:** Sorry—that was loose language on my part. Do you have a figure for how many people—

**Ms Halbert:** Not for the whole cumulative change.

**Ms Wilson:** No.

**Senator WATT:** Would it be possible—

**Ms Halbert:** I do have a figure for the Parenting Payment people who were affected by the grandfathering. As at 30 June 2016, 79,507 were affected by the change. The majority of those—76,680—moved to Newstart at the time of being affected.

**Senator WATT:** Of that increase from about 450,000 in June 2005 to 768,000 in March 2016, about 79,000 of that increase can be explained as people who were simply previously getting Parenting Payment but, due to policy changes, they lost that and went on to Newstart instead?

**Ms Halbert:** In 2013.

**Senator WATT:** You said that, similarly, there were people who previously received the Disability Support Pension and, due to policy change, they lost eligibility for that—

**Ms Wilson:** No, that is not what I said. What I said was that they did not previously receive—

**Ms Halbert:** They may or may not have been receiving another income support payment but would not qualify the Disability Support Pension.

**Ms Wilson:** The government tightened the eligibility criteria for the Disability Support Pension in 2006 as part of the Welfare to Work reforms. As a consequence, some people who became eligible for Newstart, had it not been for those changes, might previously have been eligible for the Disability Support Pension. That is probably a way of thinking about it.

**Senator WATT:** Understood. So, for anyone who is reading those comments and is concerned or feels that the number of people receiving unemployment benefits is ballooning, they need to take into account that there are a range of things that have contributed to that increase, including the fact that Australia's population has grown. They also need to take into account the fact that economic conditions have been significantly worse since the GFC so, inevitably, more people are getting Newstart. They need to take into account—and it sounds like this is quite a big contributor to that increase—policy changes. People who once upon a time would have got Parenting Payment now do not qualify but receive Newstart instead and some people who, had it not been for policy changes, would have received disability support payments are no longer eligible for those and qualify for Newstart. Are they some of the factors that contribute to that overall increase?

**Mr Pratt:** Certainly, there are those factors and others which contributed to that increase.

**Senator WATT:** Okay. So all of us in politics need to be a bit cautious in how we characterise increases and acknowledge that there are a range of circumstance that contribute to that?

**Mr Pratt:** Without wanting to be argumentative, I think that is good advice to the authors of this article. They are the ones who, of course, made that statement.

**Senator WATT:** I do not know if you have already taken this on notice, Ms Wilson, but would we be able to obtain any figures that show a breakdown of how much that overall increase is attributable to those different factors?

**Ms Wilson:** I do not believe we have it broken down in that degree of granularity. We can track for specific payments the impact of policy change over a period, but I do not believe we have anything that, in a granular fashion, can say X per cent was due to this factor, Y per cent was due to that factor and Z per cent was due to something else. They are a combination of factors. I do not have something that is easily accessible in that format.

**Senator WATT:** It sounds like we have at least been able to establish some of those numbers, particularly the policy change based ones. Could you just do what you can to track some of those factors and what that means in numerical or percentage terms. I understand that you might not be able to do all of it.

**Mr Pratt:** We will see what we can do.

**Senator WATT:** As a proportion of the working age population overall in Australia, what has been the trend in the receipt of any income support payments over the last decade?

**Ms Wilson:** Since 1996 there has been a decrease in percentage of the working age population—that is, people aged 16 to 64—receiving income support from 24.7 per cent in 1996 to 16.6 per cent.

**Senator WATT:** So, over the last 20 years, if we are talking about the working age population—that is 16-year-olds and above, did you say?

**Ms Wilson:** It is 16 to 64.

**Senator WATT:** People aged 16 to 64—there has actually been an eight per cent drop in the number of people in that age bracket who are receiving any kind of income support?

**Ms Wilson:** That is correct.

**Mr Pratt:** Just two things: I am not sure we have the 10-year figure—

**Ms Wilson:** I do not have the 10-year figure.

**Mr Pratt:** so we will attempt to get that for you.

**Senator WATT:** If you could get that, it would be great.

**Mr Pratt:** The other comment is that, of course, from 1996, which was after the early 1990s recession, there was a very high number of people on Newstart allowance or whatever it was called at that time—

**Ms Wilson:** It was Jobsearch allowance and Newstart allowance in 1993.

**Mr Pratt:** So from the early 1990s.

**Senator WATT:** But similarly, as you were saying, there has been a bit of a lag effect since the GFC as well, with increased numbers—

**Mr Pratt:** So there would have been a similar sort of thing over those 20 years.

**Senator Ryan:** I would make the point also that, for at least 10 or 11 of those years, there was pretty strong job growth, including record low unemployment. There has also been a particular change in younger people's profile about education. That can still have an impact on payments, but I think there has also been a fairly large change, from my previous roles in other portfolios, in the profile of what people potentially between 16 and 20 do.

**Senator WATT:** We could get into a debate about youth unemployment rates as well. There are many parts of Australia where they are still not very pretty.

**CHAIR:** Or we could keep asking questions.

**Senator WATT:** We could, indeed. Those figures are really interesting because, again, as someone who is relatively new to this space and this committee, when I read clippings and when I see ministers' comments about increases in the number of people on the dole, welfare crisis and that we are losing control of this, what you are telling me is—

**Senator Ryan:** A number of those comments were not made by the minister. They were paraphrasing—

**Senator WATT:** Yes.

**Senator Ryan:** I do not want all of those going down as alleged direct quotes. I appreciate that some comments are, but it is a summary of a number of articles that we have been talking about.

**Senator WATT:** Sure. It would not take me very long to find a number of comments from the minister implying or stating outright that there is a crisis or that things are unsustainable. But I will leave that aside. The

point is that, over the last 20 years, we have had an eight per cent drop. So now only 16.6 per cent of the working age population is receiving some kind of income support, which is a dramatic improvement from the situation 20 years ago. Putting that all together—

**Senator Ryan:** That was after a very long employment boom in 1996.

**Senator WATT:** Is it the department's view that the increase in the number of people on Newstart is of particular concern given these factors?

**Senator Ryan:** To be fair, I think that is a question that is political in nature. You are asking whether the department is concerned. I do not think that is a fair question to give to an official. You are asking for a clear opinion.

**Senator WATT:** Is the department's advice or recommendation to ministers that there is a serious problem with the increase in the number of people obtaining Newstart?

**Senator Ryan:** I think the department, in my experience, provides facts and ministers make decisions about priorities.

**Senator WATT:** Does the department consider that it is a fact that the increase in Newstart recipients is a major problem?

**Senator Ryan:** Again—

**Senator WATT:** You said that departments deal with the facts, so I am dealing with facts.

**Senator Ryan:** That is not a fact. You are asking: is it a fact that the department has an opinion? That is the question you just asked. I do not think that is fair. I am not trying to intervene in you obtaining facts, but you cannot say is it a fact that the department has an opinion.

**Senator WATT:** In that article from the *Daily Telegraph*, there was one other quite cryptic quote—

**Senator Ryan:** It was a good try, though—especially for your first time, Senator Watt.

**Senator WATT:** We can all learn in this job, can't we.

**Senator Ryan:** I wasn't that good at my first time.

**Senator WATT:** Thank you, Senator Ryan. Towards the end of that article, it says:

Mr Porter did concede the dole system also needed to be tightened.

This is not a quote from Minister Porter; it is statement. The article then went on to say:

There were still about 100,000 people flying under the radar.

Have you any idea of what that could mean?

**Mr Pratt:** I am speculating, and I do not like to do that. I know that Minister Porter has identified at different times that, within the working age payments, there are a number of people who have limited or no mutual obligations at a given point in time, so it may be that he is referring to that.

**Senator WATT:** Mr Pratt, is the social security system sustainable?

**Mr Pratt:** Are you asking for my opinion on this?

**Senator Ryan:** That is an opinion.

**Senator WATT:** What would be your recommendation to government?

**Senator PRATT:** What is the evidence base for sustainability?

**Senator Ryan:** Hang on—let me finish. You are asking an opinion. The word 'sustainable' clearly relates to both expenditure and the collection of revenue to maintain that expenditure—

**Senator PRATT:** Indeed, it does.

**Senator Ryan:** which is not a question for the officials of the Department of Social Services. Their role is to support the system that is legislated in place and to support the government in administering that and developing whatever priorities the government has. That is half of the equation. To be fair, I think that is a loaded question and it is not fair to ask an official.

**Senator WATT:** What evidence base exists to support a position that the social security system is not sustainable?

**Senator Ryan:** With all due respect, Senator Watts, their job is to reflect the law in making payments and administering a system—

**Senator WATT:** They also provide policy advice.

**Senator PRATT:** You do not decide from a tiny ministerial office whether it is sustainable or not. It would be a disaster.

**Senator Ryan:** 'Sustainable' has two sides to the equation. It is about collecting revenue. It can be sustainable as in 'this big' or it can be sustainable as in 'that big'. You are asking a question on—

**Senator WATT:** Given the revenue base—

**Senator Ryan:** You are asking a question on what size it should be.

**Senator WATT:** that the government has and the options that it has open to it to deal with that side of the equation—

**Senator Ryan:** Hang on—giving the revenue base is one thing. You asked a second question: the options available open to it, which presumably is a reference to changing that revenue base. That is not an appropriate question to officials from the Department of Social Services.

**Senator WATT:** Okay—let us take out the ability of the government to ditch its \$50 billion multinational tax cut. Let us forget about options.

**Senator Ryan:** The one that you spent during the election campaign? The one that you counted in your fiscal costing and that you are going to spend—

**Senator WATT:** Mr Pratt, based on the government's—on the current revenue base, is there any policy basis on which to argue that the social security expenditure of this government is unsustainable?

**Mr Pratt:** I respectfully decline to answer that question. I think it does require me to make a policy opinion.

**Senator Ryan:** You are asking is there a respectable policy option. Again, I would ask—

**Senator WATT:** That was not my question.

**Senator Ryan:** No, but you did ask whether there is a policy basis to argue. You are asking the officials—

**Senator WATT:** Is there a policy basis for making the claim that this is out of control?

**Senator Ryan:** to make a judgment on whether or not an argument put in the chambers of this parliament—again, to be fair—I have never shied away from an argument. I am sure that you and I, Senator Watt, have very different views on the role of the state in modern Australian society.

**Senator WATT:** I suspect that is right.

**Senator Ryan:** But the point is that I do not think it is fair to say to the officials does one of them have a policy basis or not, because I think it is fair to say that it is partly informed by values as well as evidence.

**CHAIR:** The secretary has provided his answer. I note, though, that Senator Dastyari—

**Senator DASTYARI:** Yes. How about we come at this from—and, Minister, you might want to jump in here. I think he is going to.

**CHAIR:** It depends on your question.

**Senator DASTYARI:** Budgets are about priorities. Is that correct, Minister?

**Senator Ryan:** That is one thing they are about. They are also about—

**Senator DASTYARI:** But a budget, at the end of the day, is the priorities and what a government chooses and does not choose to fund.

**Senator Ryan:** Or debts it chooses to run up, not fund and levy on future Australians in your case. It is one way to describe it. I would not characterise it as solely that.

**Senator DASTYARI:** Sure. I think it is a core function of a budget—I am trying to make this non-political.

**Senator Ryan:** I think a core—

**Senator DASTYARI:** It is a demonstration of—it is about choices. Budgets are about choices. Is that correct?

**Senator Ryan:** It is one thing they are about.

**Senator DASTYARI:** Whether there is a deficit or not, it is still about choices.

**Senator Ryan:** Not in our case. We are trying to narrow it and you will not let us.

**CHAIR:** Can you direct questions to the officers, please.

**Senator DASTYARI:** At the end of the day, what we see being reflected in the budget papers, insofar as they relate to the social security sector and the area that Mr Pratt is responsible for administering, are the government decisions that have gone through proper government and cabinet processes for that portfolio. Mr Pratt is

responsible for the administration of that money. But, effectively, the decisions that are there are decisions for government.

**Senator Ryan:** And existing legislation that is outside of the budget, of course, because his responsibility is obviously to administer a system that might be reflected in legislation that a budget proposal might want changed, to be fair to the officials.

**Senator DASTYARI:** I think we agree. The point I am making—and we agree on this—is that it is about government, not about the department. Mr Pratt, can I bring you to the figure that you just gave in an answer to a question from Senator Watt a moment ago. It is about 100,000 people flying under the radar. You answered that, but I did not quite understand what you said. You said that is a figure that has been used before.

**Mr Pratt:** No, what I did was speculate. I want it to be very clear that it was in an attempt to be helpful that I was doing that. I note that that is not a quote from the minister. My interpretation of this would be that on different occasions—for example, the Press Club speech—the minister pointed out that there is a significant number of people who are on working age payments and who do not have a mutual obligation or have quite a limited mutual obligation. I thought that, if that was the minister's statement or there was a quote about something the minister may have said, it related to that issue.

**Senator DASTYARI:** Why don't we go specifically to the—

**CHAIR:** Senator Dastyari, I thought you were just going to be following on from Senator Watt.

**Senator DASTYARI:** I thought I was.

**Senator WATT:** It is about the 100,000 people.

**Senator DASTYARI:** I have more questions about the 100,000 people. Do you want me to stop?

**Senator Ryan:** I think Mr Pratt said at the beginning of his answer to that question that he was speculating and that it was something that he was not normally comfortable doing. He did use the word 'speculating'.

**Senator DASTYARI:** Sure, but then Mr Pratt went on to say that a similar figure was used in a Press Club address.

**Mr Pratt:** Actually, it was quite a different figure—it was a higher figure in the Press Club address, from memory.

**CHAIR:** The point I was just going to make—

**Senator DASTYARI:** Why don't we stop there, because I want to ask about that.

**CHAIR:** I can come back to you, Senator Dastyari—I want to give all senators a fair go.

**Senator SIEWERT:** I want to pursue this issue around mutual obligation and the comment about those who do not have it. Does that mean that group of people that are called 'suspended'—their obligations are suspended? For example, I was at employment estimates yesterday talking about those people who have been suspended from their mutual obligations for temporary medical reasons. Is that the group of people that we are talking about, for example?

**Ms Halbert:** There is a range of reasons that people might not be having to do full-time job seeking. Incapacity is one of them.

**Senator SIEWERT:** I am sorry to interrupt there. Is incapacity the same as the temporary medical reasons?

**Ms Halbert:** That is the temporary medical incapacity.

**Senator SIEWERT:** Because you are using different terminology from what they use next door. It is confusing for people—

**Ms Halbert:** It is a temporary medical incapacity—

**Senator SIEWERT:** and it makes the system—

**Ms Halbert:** which is different from a partial capacity to work that might be ongoing. So you could be sick for a short period of time and unable to look for a job at all or you may have a disability—possibly a mental illness—that is more or less permanent that restricts your ability to look for full-time work but does not restrict you from looking for work at all.

**Senator SIEWERT:** We could have a long discussion about that. Do you have a table that shows those who do not have mutual obligation and the reasons? While I am on that, yesterday we learned that the number of people who had a suspension as opposed to a suspension from income support payments—the suspension for temporary medical reasons—had gone up from 20 per cent to 25 per cent.

**Ms Halbert:** I can give you the current breakdown. I think this is June 2016. Incapacitated—so temporary medical—

**Senator SIEWERT:** That is the temporary one.

**Ms Halbert:** Yes. That is 11.2 per cent.

**Senator SIEWERT:** Of the overall—

**Ms Halbert:** This is for Newstart only.

**Senator SIEWERT:** Yes. But this is of the overall cohort?

**Ms Halbert:** The Newstart population. Jobseekers were about 59 per cent. Other temporary exemptions, which might be for reasons such as personal crisis, is 8.6 per cent.

**Senator SIEWERT:** Can I go back. I am perplexed about what 'jobseekers' means.

**Ms Halbert:** They are the people who are looking for full-time work—

**Ms Wilson:** Looking for work that meets their capacity. They are on a jobseeker path and they are required to look for work consistent with their capacity.

**Ms Halbert:** Their activity on the payment is 'jobseeking'. Then there are other temporary exemptions, which, as I have just mentioned, might be personal crisis. That is 8.6 per cent. Then there are people who are fulfilling their obligations by doing voluntary work or part-time work. That is 11 per cent. Other non-jobseekers who might be undertaking training—

**Ms Wilson:** Short courses or something like that.

**Ms Halbert:** is 9.6 per cent.

**Senator SIEWERT:** So these are the people who are flying under the radar because they do not have mutual obligation?

**Ms Halbert:** I have just listed what their obligation is or their exemption reason is on the payment.

**Senator Ryan:** That phrase was, to be fair, a phrase of the journalist, not a quote or an assertion from the department.

**Senator SIEWERT:** But they all have valid reasons for not in fact having mutual obligations?

**Senator Ryan:** I cannot speak to what the journalist was referring to. I think, to go back, the officials were going through some numbers in reference to something else. But this is a line from a newspaper article; it is not a quote or a reference.

**Senator CAROL BROWN:** I thought Mr Pratt indicated that Minister Porter had talked about a number of people who had no mutual obligation in his Press Club speech. Is that what you said? It was a figure that he used?

**Mr Pratt:** Unfortunately, I do not have the Press Club speech here. I will be careful not to be as helpful in future. I was trying to identify where that line of speculation came from. So not exactly. What I said was that the minister made some comments at the Press Club about the number of people who were on working age payments who have limited or no mutual obligation requirements.

**Senator CAROL BROWN:** From your memory, he did not put a figure on it in that speech?

**Mr Pratt:** I do not recall that.

**Senator SIEWERT:** Perhaps you could take that on notice and get back to us before we finish.

**Ms Wilson:** We will check the transcript. I have access to it; it is just not at the table.

**Senator SIEWERT:** That would be appreciated. Can I go back to this medical exemption. Yesterday in the department of employment estimates I was told that medical exemptions—let us call it an exemption because suspension, as I noted next door, is very confusing in terms of suspension from mutual obligation versus suspension for penalty. It had gone up from 20 per cent for reasons of temporary medical suspension to 25 per cent. I would like to know, if possible, how many of those were people who had been moved from the DSP onto Newstart.

**Ms Halbert:** I mentioned temporary medical exemptions. I also mentioned partial capacity to work. That is a different category. I do not have the figures on the increase in temporary incapacity, but I should be able to get that for you. I just do not have it here. In terms of partial capacity to work, these are people with a more or less permanent disability or other reason that they might have partial capacity to work. I can tell you the proportion of those on Newstart payment. I can give you some figures on those who came from DSP as well.

**Senator SIEWERT:** So there are two categories. I just want to be clear. Due to the review that occurred for the under 35s and the new process for the over 35s, how many of those, that we know of, are now under that medical exemption and have been kicked off DSP onto Newstart?

**Ms Halbert:** I can tell you how many people, for June 2015 to June 2016, left DSP and went to Newstart. That was 3,478.

**Senator SIEWERT:** And now, of those, do we know how many now have a medical exemption or incapacity to work? They call it something different, I am sorry—

**Ms Halbert:** We call it partial incapacity to work.

**Ms Wilson:** Do you mean a temporary incapacity to work or a partial capacity to work?

**Senator SIEWERT:** Yesterday we were talking about temporary. What I now want to know is also, given that you are talking about partial capacity to work, how many of those are partial capacity work as well.

**Ms Halbert:** It is more likely that they would be in the partial capacity to work because they had been on DSP. To be on DSP, you have to have a significant and long-term disability. So they would be more likely to flow into the partial capacity. That is not to say that at some point that person might not get ill and be unable to look for work at all for a short period of time. I cannot track the actual people who went from DSP to Newstart and then became partially incapacitated to work. I do not believe we can track those individuals in that way.

**Ms Wilson:** We do not have that data available with us, Senator.

**Ms Halbert:** I will check whether that is possible and come back to you.

**Senator SIEWERT:** There is a difference between not having it available and not tracking people.

**Ms Halbert:** I understand that, but the person I need to ask is not here—

**Senator SIEWERT:** So what you are saying is that you can track them or that you do not know?

**Ms Halbert:** I am going to check whether we can track them and I will get back to you shortly.

**Senator SIEWERT:** Can you please tell me the number for partial capacity to work, temporary medical—

**Ms Wilson:** Temporary exemption because of a temporary incapacity.

**Ms Halbert:** I have given you the temporary one, but I can give you the number—the percentage overall of the Newstart population that has partial capacity to work on an ongoing basis. That is 23 per cent.

**CHAIR:** I am sorry to interrupt. We again have some media present. They have been provided with some guidelines that I have already read out previously. Consistent with before, if anyone has any objections to the presence of the media, please let me know.

**Senator SIEWERT:** So 23 per cent of people on Newstart have a partial capacity to work?

**Ms Halbert:** That is correct.

**Senator SIEWERT:** How many on Newstart have—sorry, what were the categories you used before—an incapacity to work?

**Ms Wilson:** The temporary incapacity category is 11 per cent or 81,738 at June 2016.

**Senator SIEWERT:** And that includes medical?

**Ms Wilson:** Yes, that is essentially the reason. It is an illness or a health condition of a temporary nature which means they do not currently have the capacity to work.

**Senator SIEWERT:** I need to go back and check the Hansard from yesterday. We were given figures—maybe they were combining some from the department of employment—that those medical exemptions had gone up from 20 per cent to 25 per cent.

**Ms Halbert:** I should be able to get that for you—I just do not have it here.

**Senator SIEWERT:** But why are their figures 20 per cent and yours—for example, the temporary medical is 11 per cent.

**Ms Wilson:** I do not know what—I do not have the Hansard with me, Senator, so I do not know whether they were talking about all exemption categories or whether they were talking specifically about a temporary incapacity to work, which is one of the exemption categories. We would need to test that and look at the Hansard to see specifically what they were talking about. We can do that over one of the breaks and come back to you.

**Senator SIEWERT:** That would be appreciated, because they are using different terminology, which makes it confusing to compare.

**Ms Wilson:** We will follow up with our Employment colleagues and attempt to understand what they were referring to so that we can answer that question to the extent that we have data in the same category.

**Senator SIEWERT:** Maybe I will leave that issue now until you have had a chance to check it. I did just want to go back to this table that you circulated, which is helpful in terms of the earnings and other income by age. Are there figures available on what the average other income is?

**Ms Halbert:** Again, I think we can get that for you. I do not have it here.

**Senator SIEWERT:** Could you get that today?

**Ms Halbert:** Yes.

**Senator SIEWERT:** That would be appreciated. I have some more questions on the investment approach. I wanted to go more specifically now to the details of what the announcement was and the approach—how you came to pick the three categories that were selected for the process. How did you pick those three categories?

**Ms Wilson:** Going back a step, the draft valuation report identified a range of groups where there was a set of risk factors and outcomes that suggested that they should be further investigated for either prevention or early intervention potential. They are in the report. The three groups that the minister selected on the basis of the advice of the interdepartmental committee were amongst those groups.

I can refer you to pages 113 to 115 of the valuation report. Young carers aged between 15 and 24 were identified as a group—and this is quoting from the report—that 'will have a high lifetime cost due to the likelihood of remaining as long term welfare recipients. Intuitively early intervention in these cases to understand the family situation, explore alternative care arrangements that would allow the young person to continue engaging in study or work, and provide appropriate advice and support, may change the trajectory in a proportion of these situations'. That is a direct quote from the report. Further on that page, on young parents, it says:

About 1,500 females entered the system as young parents between the ages of 14 and 18 during 2015. Our analysis indicates that this group will have an average lifetime cost of around \$540,000 due to the level of payments made and their likelihood of becoming long-term welfare recipients. This group are worthy of further investigation to understand what early interventions could be applied to improve their probability of becoming self-reliant in the future.

Then, on students who transition to working age, the report identifies that:

The majority of people receive studying income support payments for some years and then exit. However a proportion transition to working age payments. There may be benefits in exploring the experiences of people who undertake this transition to better understand the challenges being faced by this group and to design effective policy and behavioural incentives for them.

The valuation report identified around a dozen groups, I think, that were groups worthy of investigation for early intervention or intervention at critical stages or prevention activity. The IDC considered those groups and what we know about them more broadly and provided advice to the minister. He then made a decision, in consultation with colleagues, that they would be the early groups that would be identified for intervention.

**Senator SIEWERT:** Out of those other groups, those were the groups—

**Ms Wilson:** The three.

**Senator SIEWERT:** that were identified out of those 12?

**Ms Wilson:** Yes, young parents; the students who move onto working age payments—and unemployment benefit in particular—and fail to transition to employment; and young carers.

**Senator SIEWERT:** In terms of the money allocated—the Try, Test and Learn Fund—has there been a decision to allocate money specifically within that to the subgroups?

**Ms Wilson:** Not as yet.

**Senator SIEWERT:** I do not mean the subgroups—I mean the three groups.

**Ms Wilson:** Yes, I understand what you are asking. We have not got a particular envelope, if you like, per group at this stage. We are working through those issues. Perhaps I should explain. The Try, Test and Learn Fund has three components. There was the budget measure that the government decided. There was the actual financing for intervention, which is around \$78 million over the four years, and there is around \$2 million for evaluation to top up and supplement evaluation activity and capacity. The balance is for investment in data platforms, including the data exchange, which will link program intervention participation with our payment administrative data amongst other things.

**Senator CAROL BROWN:** Is that \$16 million?

**Dr Reddel:** It is \$78 million, as Ms Wilson said.

**Senator CAROL BROWN:** Yes—sorry, the amount—

**Dr Reddel:** The balance would—approximately.

**Senator SIEWERT:** And that is for data exchange between the payment system and the evaluation system?

**Ms Wilson:** It is building—I am sorry, my colleague Ms Bennett is responsible for the data exchange. The data exchange is supporting our grants hub activity and our grants programs. Dr Reddel in fact previously headed the program office which is implementing the data exchange. But, amongst other things, it will support the capacity to link the administrative data on people on payments with participation in programs and other interventions.

**Dr Reddel:** Importantly, part of the data exchange, as we have given evidence before, looks at outcomes for people who are participating in those grant programs. That is going to be a very important part of the evaluation and measuring of the success in terms of how that links to the Try, Test and Learn Fund.

**Senator SIEWERT:** Yes, and then have the capacity to do that long-term?

**Dr Reddel:** Yes.

**Ms Wilson:** That is correct.

**Senator SIEWERT:** How many people through the three groups make up the program for the moment? There are around 11,000 carers, I think, aren't there? So there are 11,000 carers—

**Dr Reddel:** There are approximately 11,200 young carers at age 24 and under receiving Carer Payment. There are approximately 4,370 young parents receiving Parenting Payment—this is from the baseline report, using a 2014-2015 time frame. Then, in terms of young people who move from student to working age payments, there are approximately 392,000 people.

**Senator SIEWERT:** In terms of how the fund is going to operate, what is the process?

**Ms Wilson:** We have, if you like, three phases of the development of the fund. We are currently at the design element. Then we will have the policy ideas generation, and then we will have the financing and selection of interventions and, clearly, an evaluation of those as they roll forward. The minister was very keen that we engage with a wide range of groups and their representatives about how the fund should operate so as to do that collaboratively. So the design phase does include—in fact, tomorrow—workshops that we are holding with key stakeholders in the non-government sector, in business and in the social enterprise area to look at how we design the fund. We have some propositions that we are working through with them to test our criteria, discuss the ideas generation process and, I guess, engage with them about how it is proposed that it would operate.

**Senator SIEWERT:** Just social enterprise groups?

**Ms Wilson:** We have a broad range of groups.

**Dr Reddel:** It is a broad range. It is both community—

**Ms Wilson:** It is social innovation, social enterprise—those who are active in the social entrepreneurship field and innovation—a range of organisations that deliver community services to groups of interest and local government. You have the list there, Dr Reddel?

**Dr Reddel:** I have the list. There are also business groups that might have an interest.

**Senator SIEWERT:** Can you table the list so that we are not constantly saying, 'Is this group there; is that group there'? Can you table a list of who has been invited?

**Ms Wilson:** We can table a list of the organisations that have been invited.

**Senator SIEWERT:** That would be appreciated. It will save us from going through the list. So that is happening. The design approach: when you say 'design', do you mean down to the brass tacks of how it is going to operate or the sorts of innovations and intervention measures—

**Ms Wilson:** This is the design of the fund and its operating principles and approach. Then we have what I call the policy interventions ideas generation phase. That will run over the next few months, with the fund actually then being opened by the minister in December and people having a couple of months to come back with their specific ideas for financing, and a competitive selection process around that. The fund will close—the ideas will close in February. Then a selection process would take place. We are testing, if you like, the overall approach and the criteria that will be used and, I guess, consulting about how best to get ideas that are evidence based—that are innovative, so not more of the same—that are suitable for evaluation and testing, and that are clearly targeting these groups of interest and others as they emerge.

**Senator CAROL BROWN:** In terms of Try, Test and Learn, nothing has been ruled in or ruled out in terms of what initiatives—

**Ms Wilson:** No, not at this stage. Clearly, the sorts of principles that I talked about are being evidence based, outcome focused and designed to address improved outcomes for the groups in question. We have a range of principles that we are going to test, which Dr Reddel might wish to identify. But we have not ruled out a specific approach. I am not sure whether you have something specific in mind?

**Senator CAROL BROWN:** It was just whether tightening of eligibility payments might be part of an initiative that might be considered.

**Ms Wilson:** That is a bit left-field. I guess—

**Mr Pratt:** That is a good idea—thank you, Senator.

**Ms Wilson:** We were anticipating that a wide range of approaches might come forward. I guess we have not predetermined what they might involve. We were probably anticipating more approaches that change service delivery, that might work with individuals, that might provide information that could leverage behavioural economics approaches or nudge approaches or that might develop apps that help people to make decisions and more informed choices. A whole range of activities might be appropriate, depending on the particular group.

**Mr Pratt:** I guess we are certainly keen not to rule out anything just simply because people might have better ideas that we have not explored. One area that we are unlikely, I think, to use the Try, Test and Learn Fund for is to fund grant-type programs. I suspect we will use our grant programs for that purpose if we want to do things in those spaces.

**Senator SIEWERT:** What does that mean—not use grant programs?

**Mr Pratt:** We would not use the \$78 million on funding something that might be funded under one of our grant programs.

**Senator SIEWERT:** So you are talking about putting in place specific programs?

**Mr Pratt:** Specific responses, which may not actually be programs, as Ms Wilson just ran through—apps or different service delivery approaches. Picking up Senator Brown's proposal, we could look at eligibility criteria—

**Senator CAROL BROWN:** It was a question, not a proposal.

**Mr Pratt:** I am sorry I verbalised you there, Senator.

**Dr Reddel:** An important part of the fund is not only implementation but also, as Ms Wilson discussed before, the evaluation of the effectiveness and, if necessary, the adjustment of the initiative or potentially the ceasing of the initiative and looking at other approaches that might be more effective.

**Senator SIEWERT:** So you will be taking approaches that are novel and acknowledging that sometimes they fail?

**Ms Wilson:** Certainly, Senator. I think that if they fail we would like them to fail fast so that we can redirect effort and investment to something that is more successful.

**Senator SIEWERT:** I want to go back to the issue that I raised earlier, which was the more joined-up approach that is happening in New Zealand. For example, let's go to the area of young parents and the sort of holistic approach that is needed.

A lot of the evidence shows those wraparound services, working with mums and bubs and even trying to work with prenatal. We have had a number of committee inquiries that point to the value of those services, but then you need to engage various departments—for example, child protection et cetera. I understand that you are not talking about a grants program; you are talking about funding other initiatives. If we do not have those ducks lined up in terms of a joined-up approach where you are bringing in those other agencies that are a critical part of providing those services, how are you going to achieve some of the long-term change that you are talking about?

**Mr Pratt:** A proposal might actually suggest that we need to bring in different service delivery and program types in conjunction with other techniques. We are not ruling it out.

**Senator SIEWERT:** So, if a proponent came to you and said, 'I have DCP,' or whatever the state version of DCP is, 'I have these current service providers'—I am just using one example—'I need funding or the funding is for a case manager to case manage this number of people,' is that sort of thing—

**Ms Wilson:** I guess we have to go back to the three goals of the priority investment approach. We would need an outcome that is about this bundle of approaches. Interventions for the young parent—usually it is a mother and her children—will demonstrably increase her capacity to live independently of welfare through employment, and

reduce the risk of intergenerational receipt. We would hope that as a consequence of that we would reduce long-term social security costs.

So we would want a theory of change and, if you like, a pathway of outcomes that identifies how the interventions would go to those outcomes. It could well be that you will require a range of service delivery partners to put a mix of service interventions around a young parent. It might be that the thing that is missing is just one component that is not in the remit of an existing service system. If you could bring that in in addition, that might make the difference.

The sorts of things that we have seen have been successful for young parents are about the timing of the engagement, the nature of the engagement—so, the focus on planning for the future rather than just having stuff happen—and the building of the capacity of the person to plan, make choices and have more control with a certainty of supports. Mentoring has been demonstrated in some programs to be pretty effective when combined with the planning and also the overall activations—so it is the participation in the interventions. When we look at the evidence, you would want to have that planning and planning for the future, potentially. You might want to see that as part of the intervention. I am talking in abstract terms, I guess, but I am just trying to identify the—

**Senator SIEWERT:** I understand what you are saying. I have one last question. Who signs off on them then—on the final project?

**Ms Wilson:** Ultimately, the minister, based on advice from the interdepartmental committee and the selection process.

**Senator SIEWERT:** The IDC will look at them and then provide advice to the minister?

**Ms Wilson:** We have a selection process—a competitive process—and we will have some criteria against which proposals will be assessed, but ultimately it will be a ministerial decision. The minister will then actually consult with colleagues—in particular, the Prime Minister, the Minister for Finance and the Treasurer.

**Senator REYNOLDS:** Mr Pratt, I would like to come back, if I could, to the Australian Priority Investment Approach to Welfare. In particular, I would like to ask questions on the Try, Test and Learn Fund. I am wondering, from the department's perspective, what is the purpose of this new fund—the Try, Test and Learn Fund? Have you abbreviated it already to TTL?

**Mr Pratt:** On occasions, yes, I have used that, but it is not in wide usage yet.

**Senator REYNOLDS:** I might use it—it is a bit easier to say. I was just wondering what the purpose of it is from your perspective.

**Mr Pratt:** We can run through that.

**Dr Reddel:** As we have discussed, it is really a number of key elements. We want to use the analysis from the priority investment approach data to identify the priority groups and use that to then seek new policy and innovative responses to address the risk factors and the barriers to work. That goes back to the three core objectives of the investment approach: select ideas using agreed criteria, as we have been talking about—the most appropriate idea for funding—and then the implementation strategy and the evaluation approach. So that is actually getting the money out the door.

Also, at the same time, it is looking at how we would evaluate that initiative and then the funding mechanism for how that initiative would be delivered—providing the funding to the particular organisation or agency to implement the response, testing the effectiveness of the response based on the three core objectives of the priority investment approach, using rigorous and independent evaluation methodologies and then adjusting, ceasing or continuing those responses. So they are the core objectives of the Try, Test and Learn Fund.

**Senator REYNOLDS:** Can you go into a little bit more detail about the target groups that you have identified for the TTL? Can you tell us a bit more about each of the groups and the characteristics and the importance of each group to this fund?

**Dr Reddel:** In terms of the young carers, we identified why we think it is important to help our young carers with some of their issues around potentially frequently missing school because of their particular caring responsibilities, or having limited time to complete homework or education or how they focus their education. We want to look at issues around health and wellbeing for young carers and their social participation—so not only their educational attainment and health and wellbeing but also their participation in wider social community life. So they are some of the risk factors and issues we want to look at as potential barriers to their participation in work and in education.

**Ms Wilson:** For example, Senator, more than 60 per cent of them do not study beyond high school.

**Senator REYNOLDS:** Is that year 10 or year 12?

**Ms Wilson:** Year 12.

**Senator REYNOLDS:** How are you engaging with that particular cohort to really nail down what their issues are?

**Ms Wilson:** Part of our intention is to look at the extent to which we or the proposals involve co-design with the actual group in focus. More broadly in the department, we have run a range of support services in the past and supported research with young carers. We have a body of work and engagement already. Clearly, we work with organisations like Carers Australia and its subsets. Therefore, they are often well positioned to talk to us. But engaging—either ourselves or those who are designing interventions—with the participant groups themselves would be very important.

**Senator REYNOLDS:** With this approach, would it be looking at a wraparound approach for the cohort more generally but also for the individual? Obviously, their individual circumstances will be vastly different.

**Ms Wilson:** It is possible that that would be the approach. It is likely that it would be quite a personalised approach. But, as both Dr Reddel and Mr Pratt said, I would not want to rule anything in or out. Clearly, the capacity to work with a young carer and gain their trust is very important. What we know about, and what some of the research tells us, is that young carers and the people they care for are sometimes quite distant from service settings, or from authorities or from government agencies because they are actually worried and fearful about what engagement would result in. Depending on their age, it can raise questions around child protection or broader social services interests that they are fearful about. So being clearly able to engage, elicit trust and develop a working relationship from a position of trust is likely to be extremely important. Their circumstances are highly variable, so we cannot generalise, but that is one of the issues that has come up in both Australian and international research.

**Senator REYNOLDS:** Thank you. That is one of the concerns I have had in other committees engaging with that cohort. Particularly, the younger they are—as you have said, their knowledge of the bureaucracy and their knowledge of many things is not necessarily that of an adult. What are some of the other agencies? Obviously, in that role, even at their young age they will have contact with other agencies.

**Ms Wilson:** They will already have contact with the Department of Human Services and Centrelink because they are on payments. To the extent that they are still at school then engaging with school welfare officers and teachers is something to consider. To the extent that there are support services that could be accessed by them that they are not taking advantage of or are not aware of, that is really important. Potentially, health professionals could be involved with the care recipient. One of the things that we are mindful of is that some of the care recipients the young carers are supporting could have National Disability Insurance Scheme eligibility. Others will not. But they might have aged-care services eligibility. So it is thinking about the service system availability and health services, as I have mentioned. To the extent that there are organisations that they are already in contact with—youth-based organisations or welfare organisations—it would be working with them as well.

**Senator REYNOLDS:** Thank you—that was young carers. I come back to Dr Reddel. That was the young carers cohort.

**Dr Reddel:** In terms of young parents, there is a body of research, evidence and practice that highlights that for teenage parenting particularly there are potential adverse outcomes, short-term and longer-term, around impacts not only on the child but also on the young parent in their capacity to engage with education themselves and with employment opportunities and barriers to work. Research has indicated that early births have a higher probability that the family would be headed by a single parent, the mother will complete less schooling and there will be a larger number of children. So, building on not only the investment approach data but also that body of practical research, they are some of the early indicators.

There has been a range of programs that have already been implemented around looking at young parents, as well as quite a significant body of research. So we want to use that information to help inform the interventions that will be developed.

**Senator REYNOLDS:** In relation to young parents—and I know you will have to take these on notice—I just wanted to raise two particular examples of what you are talking about. The first one is the Port School in Fremantle. I have actually had engagement with your department and Human Services. They run a program for young parents—it is child care but also parenting skills and assisting them to engage with Human Services, Centrelink and—

**Ms Wilson:** I am sorry, I just missed the first—

**Senator REYNOLDS:** The name of the school is Port.

**Ms Wilson:** Okay. I can visualise where it is—Fremantle.

**Senator REYNOLDS:** Some of the practical issues they have had, I think, do now merge into this area. These young girls—mainly girls—have great difficulty even getting to the Centrelink offices or understanding, again, what payments and requirements they have as young parents. So I have reached out to see if we cannot get people or a sort of a wraparound service to come to advise and actually help them to engage with the department. We had a positive response to that. As I said, if you could have a look at that—and I am happy to provide more information about what they are doing for young parents at this particular school and how that might fit into that model you are talking about.

**Ms Wilson:** That would be very helpful.

**Senator REYNOLDS:** The other one I wanted to raise with you is another school called the Challis school in Armadale in Western Australia. The Challis school is, I think, an extraordinary school. They have a program for supporting parents. For young parents in that entire school catchment area, they have a child health nurse that goes out, brings them in, helps them prenatally and then to become a parent, and then also makes sure that the developmental requirements of the kids and the health requirements are met at the school. But they also then bring in the department. This is supported by many—by Curtin University, Minderoo Foundation and others. I think this would be another great model for you to have a look at to see how this could fit in with this approach that you are adopting.

**Ms Wilson:** Can I just get the name? Is that 'chalice' as in a cup or—

**Senator REYNOLDS:** It is Challis. I do not want to take up any more time on that. But I just wanted to refer to those two because I think they would be a perfect fit in terms of the model. So that was young carers and young parents.

**Dr Reddel:** In terms of young people who move from student to working age payments and who do not complete schooling or higher education, there is a range of risk factors that we have identified. Obviously, there are family and community factors, their personal factors—mental health, disability or behavioural issues—and issues around the education institution itself in terms of their alienation or engagement with the school or higher education provider. In a sense, we want to look at both the supply-and-demand issues and actually at the personal situations for the young student. We also potentially want to look at the wraparound: what courses they are doing, how they engage in school, or VET or university life and what some of the issues are impacting on the quality—potentially, working with the educational institution around what factors are involved in how they might engage more with the young student to assist them to complete their course.

**Ms Wilson:** It may well be possible that there are ways of identifying the early signs of struggle whilst the young student is actually still on a student payment and before they have made that transition to an unemployment benefit. It may well be that you can catch that whilst they are in the education setting—so the VET provider or university—and, depending on what that is, whether they are personal factors or whether it is the nature of the course. There may be well be ways to help that young student actually complete the qualification or change direction but not go onto unemployment payments where we know that they tend to have poor outcomes because they have not completed their education or their post-school qualification—they are moving on to the unemployment benefits and then they are at risk of staying on in the longer term.

**Senator REYNOLDS:** I have just been reminded by my colleague that the federal government is already supporting, through the—is it—

**CHAIR:** Connected Beginnings.

**Senator REYNOLDS:** Yes, so there is already a relationship there.

**CHAIR:** In the Department of Education and Training.

**Senator REYNOLDS:** What opportunity is there with this fund and this new model for private organisations to get involved?

**Ms Wilson:** We have not ruled anyone in or out. Ideas Generation is open to everyone in the community. In terms of being eligible for receipt of funding for an intervention, you would want to have confidence about the capacity to deliver the intervention and being on top of the evidence base, but there has been no restriction put around the entities that could participate in submissions for financing.

**Senator REYNOLDS:** This is my last question on this. Just listening to this, I am wondering whether there is any crossover? In terms of the Challis school, for example, my colleague has just reminded me that there is a crossover. Are there any other crossovers with employment or education programs? I am just thinking of the P-TECH program—the trial that is now being rolled out.

**Ms Wilson:** Is this the path program?

**Senator REYNOLDS:** Yes—pathway to technology, which I think has similar aims to bring in nongovernment bodies to advise and to keep kids in school and to get them to do STEM. Again, I will refer you to the program there. Cecil Andrews Senior High School in WA is using the P-TECH control site. I am happy for you to take that on notice in terms of how we can perhaps make some more connections between these programs.

**Ms Wilson:** The interdepartmental committee has the Department of Education and Training, the Department of Employment, Human Services, Health, central agencies, ABS and the Australian Government Actuary on it. I think that is the full list. So we have those engagements at a policy level. We have worked with our colleagues in the identification of these groups and we are also looking at what the evidence base is, what things are already in place and, to the extent that there is evaluation material available, what the evaluation material tells us about the efficacy of different approaches.

The target groups are those who have already, if you like, exhibited the risk factors and are on the payments. We would be focusing on those people who have formerly been students and made the transition to the working age payment—to the unemployment benefit. We would be focusing on parents who are on the parenting payment and the carers who are already on income support in the first instance. The lessons that we have in this space may well translate to broader service responses and inform other programs.

**Senator McCARTHY:** Mr Pratt, I have a few questions—quite a lot of questions actually—on the Healthy Welfare Card trials. I just want check if this is the area where I can talk about this?

**Mr Pratt:** Those questions are best asked in outcome 2, which from memory is scheduled at four o'clock.

**Senator McCARTHY:** No worries. I shall ask then.

**Senator CAROL BROWN:** Just going back to the investment approach: will the department be looking at initiatives as well? You have quite a lot of expertise within the department. Will you be also looking at initiatives that you might want to put up to the government outside of this grant of \$78 million over four years?

**Ms Wilson:** We have not proposed that we would seek to fund internal activity at this stage. We may well seek to use the data to evaluate the effectiveness of some of our existing funded activity. To the extent that—we are also leaving open the distinct possibility that, once we have been through the ideas generation phase, if we do not have the ideas coming forward that respond to the evidence et cetera, we might go into what we call a commissioning approach, where we take the ideas where we and the IDC think that there is a strong evidence base for a particular sort of intervention and, if it does not appear that that is likely come through in the competitive process, we could commission, in a sort of a subset of the competitive process, those interventions to be deployed, financed and evaluated. So we are not ruling out ideas coming from within the bureaucracy, but we had not anticipated funding ourselves through the competitive investment fund, if that makes sense.

**Senator CAROL BROWN:** Absolutely—it makes perfect sense.

**Mr Pratt:** Mind you, as Ms Wilson touches on, the learnings from this process might, of course, be used for us to inform government about policy change, changes to the nature of our grant programs or potentially even things which might occur in Human Services or jobactive and that sort of thing. It is conceivable that, rather than identifying specific ideas that use the Try, Test and Learn Fund, we would probably though over time very much use the findings to adapt and modify things which we are currently running.

**Senator CAROL BROWN:** When are you hopeful that some of the initiatives might actually be rolled out? I know that—I am not asking for hard and fast date because, by the sound of it, that is not really where we are at.

**Ms Wilson:** We are not at that stage yet—that is correct. I guess we would hope that they would actually start in the next financial year. We are going through ideas generation and then a competitive financing selection process. We would anticipate that there would be announcements about the outcomes of that this financial year. Then the interventions—it depends on what they are as to what the lead times are and whether they are completely new or whether it is modifying something for which there are already some components in place as to what the lead times are for delivery and implementation.

**Senator CAROL BROWN:** We touched on tightening eligibility criteria previously. Is the department currently looking at that issue?

**Mr Pratt:** In terms of programs or payments or—

**Senator CAROL BROWN:** Payments.

**Mr Pratt:** Certainly, in this context, no—we will wait and see what comes to us before we explore things of that sort.

**Senator CAROL BROWN:** I just wanted to clarify something before I go on to another set of questions. Senator Siewert was asking about mutual obligation previously. Did we get a commitment that we would have some advice as to the number of people who currently, as the minister said in his Press Club speech, have no mutual obligation? I found his speech, by the way—400,000 was the figure he used.

**Mr Pratt:** I think we would need to come back with some information—whether that is—

**Senator CAROL BROWN:** I was just clarifying.

**Ms Wilson:** We will do that for you today, while these estimates are on. I just have to check the transcript and come back to you on that.

**Senator SIEWERT:** You may not be able to do it by the end of this outcome—is that—

**Ms Wilson:** Yes.

**Senator SIEWERT:** But you will get to it sometime today?

**Ms Wilson:** Yes. In terms of your question, which was a different question about the employment evidence, the transcript is not up yet, but we are talking to colleagues in Employment. So, if we can pin that down, we will absolutely use our best endeavours in the course of the day.

**Senator SIEWERT:** Also the numbers of people where—I have some specific questions in the disability support area, but the numbers that have gone into that partial capacity or medical exemption or whatever we are calling it?

**Ms Wilson:** Sorry, I am not quite—

**Senator SIEWERT:** I did ask about that earlier.

**Ms Wilson:** Yes. Can I make sure I understand the question. You are asking, of those who had been reviewed on DSP who had moved onto Newstart, whether we would be able to identify how many, if any, of them had a subsequent partial capacity to work and how many, if any, of them had a subsequent exemption from the activity test or JobSearch due to a temporary incapacity. Is that the question?

**Senator SIEWERT:** Or even full—even incapacity to work.

**Ms Wilson:** Yes, that is the temporary incapacity. We have a partial capacity to work, which means you only have to look for jobs of up to X hours a week because that is your assessed work capacity. Then we have a temporary incapacity to work and what is called an incapacity exemption, which means you have a temporary illness or health condition which means it is not—you are exempt from seeking work or undertaking mutual obligations.

**Senator SIEWERT:** Yes. I want to know some numbers there, but also the DSP, when we get to there, I want to know an update on the figures—

**Ms Halbert:** We can do what you are asking. You wanted to know about people coming off DSP and onto Newstart partial capacity to work. We can do it, but we cannot get the number for you today. We would have to do a special run to get that.

**Senator SIEWERT:** There are some other figures that I want—

**Ms Halbert:** Some of the others we might be able to get for you today, but that one we cannot get for you today. But we will get it for you.

**Senator SIEWERT:** Is it possible for you to have a common language with the department of employment? I am not asking this for a silly reason. People get confused. Yesterday we were using different terminology. If you are in the system—if you are somebody who is receiving Newstart or you are participating with a job service provider, your language is different from their language. Yesterday we had a bit of a discussion about the use of the word 'suspension' because they were using the words 'temporary medical suspension'. That was exactly my expression—I am pretty certain it was my expression. It sounds like you have been suspended from a payment. They are using a different language. It seems to me that you are all working as part of the same system. It is complicated enough as it is. Why are you working in two different languages?

**Ms Wilson:** Clearly, we have the guide that follows the act and we have a set of terms in the policy guide that is the language that the two departments use. I am sorry, Senator—not having seen or heard the evidence, I am just a little confused as to what terminology they may have used. But it may well be that it has something to do with the system that supports jobactive and the extent to which they are an active case in jobactive or an inactive case in jobactive because of access to and granting of an exemption category. I just do not know.

**Mr Pratt:** We will have a look at the transcript and see if we can identify any areas which are a bit ambiguous between us. I imagine both departments would like to be as clear as possible with senators, and we will attempt to

see if we can minimise that to the extent possible. But I cannot guarantee it. We will try to subject them to a re-education camp.

**Senator SIEWERT:** I can go from that committee into this committee and say, 'What is going on'. But I am literally getting a lot of emails from people particularly with concerns over DSP and the transfer off DSP and not being able to make the requirements under Newstart for JobSearch and things like for the jobseekers in mutual obligation. I was going to email back some of the information I received yesterday about medical suspensions. You are using different categories. They will go into Centrelink and they will use language that I got from the department of employment, for example, which is different from yours. So they will be talking, perhaps like I was, at cross purposes. That is the point I am making. That is why people get frustrated.

**Mr Pratt:** We will undertake our best endeavours—

**Senator SIEWERT:** Or that is one of the many reasons, I should say.

**Mr Pratt:** We might also include the Department of Human Services in that.

**Senator CAROL BROWN:** In terms of the \$78 million and the three targeted groups, is the funding split evenly?

**Ms Wilson:** We have not done that as yet. It is one of the things we are working on currently. It is \$78 million over four years. We have not yet, in agreement with the minister, identified a particular envelope for each of those groups for this round. That will take place.

**Senator CAROL BROWN:** At what point will that take place, do you think?

**Ms Wilson:** Before we open the fund, we would expect to have those decisions.

**Senator CAROL BROWN:** I want to go to the minister's statement about the future lifetime welfare cost of the present Australian population of \$4.8 trillion. Are you able to tell me what proportion of this is attributable to the age pension?

**Ms Wilson:** Certainly—\$2.5 trillion of the \$4.8 trillion is attributable to the age pension.

**Senator CAROL BROWN:** And Newstart allowance?

**Ms Wilson:** Working age payments as a category, which is broader than Newstart allowance—it includes youth allowance other and some others—is \$336 billion.

**Senator CAROL BROWN:** What other figures do you have there?

**Ms Wilson:** There is a fact sheet that is up on our website. I can just read through it. It is \$50 billion for student payments, \$117 billion for parenting payment, \$150 billion for family payments, including childcare and paid parental leave—

**Senator CAROL BROWN:** That includes PPL?

**Ms Wilson:** Yes. There is \$334 billion for carer payment and allowances. As I mentioned, it is \$336 billion for working age payments and \$377 billion for other payments, allowances and supplements. There is a categorisation in the report that unpacks what is in each of these classes. It is \$378 billion for family tax benefit and \$573 billion for the disability support pension.

**Senator CAROL BROWN:** Do you have that as a percentage? I have to work it out myself, I suppose. What was the age pension—\$2.5 trillion?

**Ms Wilson:** Looking at it, it is probably about 52 per cent or something like that. I can do that for you, but my maths is not that good off the top of my head. I would have to do as Mr Pratt is doing and get the calculator or the phone out.

**Mr Pratt:** It is 52 per cent.

**Senator CAROL BROWN:** You did very well, Ms Wilson.

**Ms Wilson:** My maths was not so bad.

**Senator CAROL BROWN:** How much is Newstart? I think you gave me that figure.

**Ms Wilson:** It is working age payments—\$336 billion.

**Senator CAROL BROWN:** What is the percentage of that \$4.8 trillion?

**Mr Pratt:** It would be just under 10 per cent.

**Senator CAROL BROWN:** Thank you for that. Some of the carer groups that have I talked to have talked about the minister's speech. There was some concern that the speech did not go to the savings that carers provide

to the government. Are you able to give me an estimation of what the common figure is that carers actually save with the work that they do?

**Mr Pratt:** Not at the moment. Potentially some of our colleagues in the disability and carers area might have a figure of that sort in mind in relation to the NDIS, but I do not know off the top of my head.

**Senator CAROL BROWN:** There did not seem to be any acknowledgement in the minister's speech of the savings to government more broadly that carers provide.

**Mr Pratt:** My interpretation of what the minister said in his speech was that the country needed to do a better job in looking after the wellbeing of young carers, because the current circumstances with young carers result in them having extended periods in the welfare system as opposed to getting jobs, completing their education and so forth. That was the focus of it.

**Senator CAROL BROWN:** I think some of the concern they felt—and I have spoken to young carers since the time of the speech—was about the language that the minister used. I think that, for those groups that I have been speaking to, that is probably something that I could say was shared across the board.

**Mr Pratt:** I heard the minister's speech and I certainly do not recall anything of that sort which would alarm carers. His focus, it appeared to me, was about how do we do a better job in looking after the interests of young carers.

**Senator CAROL BROWN:** I suppose young carers who are saying that probably would be better placed than you, Mr Pratt, to suggest whether they were upset or they had concern about the language or not.

**Mr Pratt:** I am certainly not commenting on their views; I am just saying what I heard.

**Senator CAROL BROWN:** I am sorry?

**Mr Pratt:** I was not making any comment about the views of the young carers. I agree with your assessment there—they would have a much better understanding of how it relates to their experiences, of course. My point was that, having listened to and read the minister's speech, there was nothing there that I saw which was aimed at focusing on anything other than how we can do a better job in looking after the wellbeing of young carers.

**Senator SIEWERT:** There have been other comments in the media about the escalating cost of carers payment over the last little while. I have just in fact double-checked so I was not misquoting. The last report that I can find says the support provided by carers is \$60.3 billion. That is the figure for value of care. I understand what you are saying about young carers and in fact I agree. Putting young carers in that position is really an untenable situation. But there have been broader comments, and that is what people are upset about. That is certainly what has been reflected to me. They do remind us about the value of care they contribute. I do not hear that quoted as well when the comments about the escalating carers payment are made.

**Mr Pratt:** I hear what you are saying. It is a fact that carers payment is the fastest-growing of the payments, but that does not in any way suggest that the work that carers do is not incredibly valued. Certainly, it is the view of successive governments that carers do a heroic job in their work looking after people. There is no argument from the department there.

**Senator CAROL BROWN:** It is just about the acknowledgement of that, I suppose.

**Senator SIEWERT:** Yes, the message that is sent, when they hear comments like carers payment is escalating and we have to get the carers off carers payment et cetera, is who is then going to do the caring, has the evaluation then included the cost of informal care and if the informal care they did not provide was factored into the government then having to pay it.

**Ms Wilson:** I take the point. I guess that is the reason that doing the future lifetime costs and future outcomes is so important. What it shows us is that, when caring has finished, young carers and working age carers, but particularly those people who take up caring at very young ages, have poor lifetime outcomes. Because they have compromised their schooling et cetera, they do not transition back out of the system.

**Senator SIEWERT:** I am not arguing with you, Ms Wilson. I agree. That is an area that totally needs looking into. It is then the broader issue of carers and the comments around the growth in carers payment. It is not just young carers that make up that growth.

**Ms Wilson:** No, it is not—it is across the board.

**Senator WATT:** Could I take you to some questions around changes to the pension assets test. I have copies of this article—you may have seen an article from the *Sunday Telegraph* on 16 October. We have only a few copies, I am afraid, but we will get them brought around to you. In that article it was reported that a letter will soon be sent, I think by Centrelink, to nearly 700,000 pensioners regarding the government's proposed changes to

the assets test that will take effect from 1 January 2017. Does that article suggest, then, that about 700,000 pensioners will be affected by the assets test changes?

**Mr Pratt:** No, not necessarily. In a general sense the Department of Human Services will attempt to communicate with people who are likely to be affected by it. But, because there is quite a lot of volatility in the way people's asset values and incomes move around, they will also send letters to people who may be in scope depending on how their assets change over time. I suspect it is a larger group than those in total that will be impacted.

**Senator WATT:** You think it will be a larger group than the 700,000 that will be affected?

**Ms Wilson:** No, the 700,000 comprises a larger group than would be impacted.

**Senator WATT:** So the 700,000 includes a category of people likely to be affected and another category of people that may be affected?

**Mr Pratt:** That would be right.

**Senator WATT:** Who is going to make that judgment? Will Centrelink make that judgment?

**Ms Wilson:** Yes.

**Senator WATT:** How long do you expect that process to take to determine whether someone is or is not affected?

**Mr Pratt:** It will happen, based on the most recent information available about the each individual pensioner's circumstances in that period, in November, December and January.

**Senator WATT:** So, over November, December and January, the department or Centrelink will be reviewing individual pensioners' situations to determine whether these changes will affect them?

**Ms Wilson:** Yes.

**Senator WATT:** When would you expect that people will have a final answer on that?

**Ms Wilson:** It is probably a question best directed to DHS, but our understanding is that they are likely to get a letter at the end of December—a second letter—if they are going to be impacted and advising them of the result.

**Senator WATT:** So by the end of December—

**Ms Wilson:** Approximately.

**Senator WATT:** people should know whether they are going to be affected and that will take effect from 1 January 2017?

**Ms Wilson:** Yes.

**Senator WATT:** So people will not have a lot of time to prepare for this if they are only going to find out in late December.

**Ms Wilson:** I guess it was announced as a budget measure, so there has been a time period since the budget.

**Mr Pratt:** This was a 2015 budget measure. It was not this year; it was last year.

**Senator WATT:** Is that 700,000 figure based on analysis that the department has conducted?

**Ms Wilson:** It would be analysis that the Department of Human Services has done using the administrative data that they have on people's holdings. We do not have the breakdown of that.

**Senator WATT:** You do not have that yourselves? Okay. Do you think that that letter, when people receive it, will encourage pensioners to spend down their assets in order to avoid having their pension reduced?

**Ms Wilson:** I guess we consider that unlikely. I have given evidence about this in the past. Reducing your assets in order to qualify for the pension may be self-defeating in that people hold assets both to draw on and, depending on the form in which they are held, to derive income from during their retired years. Simply seeking to qualify for the pension by reducing your assets is not necessarily the most optimal choice that a person could make. But it is the case that, as people's assets values fluctuate, they do, as now, move in and out of pension eligibility.

**Senator WATT:** I take on board what you are saying—that it might not be the most optimal option for someone to take. But that presumes a level of financial literacy and—

**Ms Wilson:** On the whole, we have little evidence available that people dissipate assets during their retired years. There is work that we have done on administrative data that in fact shows that a sizeable proportion of pensioners maintain or increase their asset balances in their last five years on age pension. There is other data that the Productivity Commission has sourced—I do not have it with me—that finds the same thing: that pensioners

and retired people with assets tend to leave bequests and they tend not to run down their assets or dissipate them unwisely during their retired years. On the whole, retired people are prudent and risk averse, and they do not dissipate in order to qualify for something like the age pension.

**Senator WATT:** I think in saying that you have referred to evidence or past analysis that suggests that. Could we obtain that analysis?

**Ms Wilson:** Certainly, I can take that on notice and provide it to you. Some of this is published work and some of it is administrative data that has been in the public arena previously, so I am very happy to do that. I just do not have it with me today.

**Senator WATT:** That is okay. In relation to these specific changes, has the department done modelling of the likely response to these changes and how many pensioners will adjust their arrangements to avoid their pension being reduced?

**Ms Wilson:** We do not believe there will be a behavioural change as such. There is a range of provisions, such as gifting provisions, that mean that pensioners cannot deprive themselves of assets in order just to qualify for the payment by giving something to a family member, for example.

**Senator WATT:** Have you done any modelling of what the likely effect of this change will be?

**Ms Wilson:** When the costing was done I do not believe there was any evidence to support that there would be a behavioural response of the nature that you are suggesting.

**Senator WATT:** There may not have been, but did the department look at this? Surely if you are bringing in a change like this you contemplate what the consequences will be?

**Ms Wilson:** I guess we have the experience of the assets test, which until 2007 was at the level that it will be. The taper was a \$3 taper up until 2007. We did not see a behavioural change in response to the reduction in the taper. Therefore, we would not anticipate seeing a behavioural response as a consequence of a tightening of the taper.

**Senator WATT:** Those were changes that occurred in 2007?

**Ms Wilson:** That is correct.

**Senator WATT:** Do you think it is necessary to do some further analysis, given we are talking about nearly 10 years on and changes in people's behaviours?

**Ms Wilson:** We look at the ongoing data and research, but the most recent experience we have had of a taper test change was in 2007. We look at the ongoing research about patterns of people's asset holdings and their behaviour during the retired years, both administrative data and broader research. There is nothing in that that suggests to us that there will be a behavioural response of the nature that you are suggesting.

**Senator WATT:** Nothing more recent than 2007?

**Ms Wilson:** We do not have an asset test taper change more recently than 2007.

**Senator WATT:** And no modelling done on this occasion to look at the likely impact of this specific change? Is it more based on past practice and what happened?

**Ms Wilson:** How do I put this? When you do a costing, you are asked to look at a whole range of 'what if' scenarios. Your costing gets agreed by the Department of Finance, and it is subject to scrutiny by the central agencies whose ministers are on the expenditure review committee. Questions about whether or not there is likely to be behavioural change will come on to the table in that process. For this measure, my understanding is there was no indication that there would be a behavioural change and no suggestion that there would be a behavioural change that needed to be modelled.

**Senator WATT:** Are you aware of the central agencies having undertaken any analysis of that?

**Ms Wilson:** I cannot answer for them. There is a process through which the rigour of our costings and our assumptions gets agreed before it goes to the expenditure review committee, and that process was followed for this measure as it is for all measures.

**Senator WATT:** Let us assume that the number of people who alter their behaviour will not be huge, based on that past practice. It would seem to me that, if anyone does adjust their behaviour to avoid this change, that would reduce the saving that the government is expecting to obtain as a result of this measure. Does that flow logically?

**Ms Wilson:** As I mentioned, there are gifting provisions which mean that you cannot give away assets to a family member or a friend in order to not have it counted under the assets test. There are protections against that

should someone think that that was a wise idea. Our view is, based on the existing evidence and research to date, that we are not likely to see a behavioural change.

**Senator WATT:** The letter being sent by Centrelink to about 700,000 pensioners indicates that, if pensioners lose their pension due to the new assets test, they will automatically be eligible for a healthcare card. Is that the intention?

**Ms Wilson:** Do you mean the Commonwealth Seniors Health Card?

**Senator WATT:** Yes. That is correct.

**Ms Wilson:** Yes.

**Senator WATT:** How many of these Seniors Health Cards does the government expect to issue as a result of this?

**Mr Pratt:** We think on the order of just over 90,000.

**Senator WATT:** So, 90,000?

**Mr Pratt:** Yes. It will be ultimately in late December/early January when this is determined. We think at this stage it will be just over 90,000 who will be cancelled and, therefore, who would immediately qualify for the Commonwealth Seniors Health Card.

**Senator WATT:** They will lose their entitlement to the pension, but they will gain a Seniors Health Card?

**Ms Wilson:** Commonwealth Seniors Health Card.

**Senator WATT:** What is the value? I suppose it depends a little bit on how much they use it.

**Ms Wilson:** That is correct.

**Senator WATT:** Is there an average value?

**Ms Wilson:** I do not have that, because it is driven by health and pharmaceutical usage. Maybe the Department of Health could assist with that, but I am afraid we do not hold that.

**Senator WATT:** When will they get that new health card?

**Ms Wilson:** I assume it is an automatic provision, so as quickly as DHS can provide it.

**Senator WATT:** That analysis that we are talking about is going to happen over November-December. In late December people will be advised. About 90,000 people will be advised, 'Sorry, you're not going to get the pension anymore from 1 July.'

**Ms Wilson:** January.

**Senator WATT:** I am sorry, 1 January, 'But we're going to give you a Seniors Health Card', and they will get that at the same time? Is that the plan?

**Ms Wilson:** Effectively. The exact sequence and the process is really a question for the Department of Human Services, but the intention is that they would automatically receive the Commonwealth Seniors Health Card.

**Mr Pratt:** Unless I am wrong, I think we should clarify that this 90,000, I would have thought, would no longer receive a part pension in virtually every case.

**Ms Wilson:** That is correct.

**Mr Pratt:** It is not as though they are on the full pension.

**Senator WATT:** Am I right that there are two categories here? If people are currently receiving the Age Pension and they miss out they will get a Seniors Health Card, but if they are in receipt of another form of pension, not an Age pension, and they miss out, they would get a Health Care Card as opposed to a Seniors Health Card. Is that right?

**Ms Wilson:** That is correct. The vast majority will be in the category that gets the Commonwealth Seniors Health Card, because the vast majority of people affected will be age pensioners, but to the extent that there are people on other pensions affected they will get the Health Care Card.

**Senator WATT:** You gave me a figure of about 90,000 Seniors Health Cards that you expected?

**Ms Wilson:** No, sorry. We have given you a figure of those that will be cancelled. I do not have a breakdown between a Commonwealth Seniors Health Card and a Health Care Card.

**Mr Pratt:** I suspect the vast majority will be seniors.

**Ms Halbert:** About 6,500. No, that is not the right figure.

**Mr Pratt:** It would be the vast majority.

**Ms Wilson:** We will clarify if we have got the breakdown between the two of them. I just do not have it currently with me at the table.

**Senator WATT:** So you think that in total we are talking about 90,000?

**Ms Wilson:** Approximately.

**Senator WATT:** Across the two categories?

**Ms Wilson:** Yes.

**Senator WATT:** And the vast majority of those would be seniors?

**Ms Wilson:** Yes. We should be able to provide that figure. I just do not seem to have it.

**Senator WATT:** But the net effect is that about 90,000 people who are currently receiving some form of pension who will not get that from 1 July?

**Ms Wilson:** 1 January.

**Senator WATT:** Has that figure been out there before in the public domain?

**Mr Pratt:** There were estimates back when this was released and also estimates of the numbers who would have an increase in the pension.

**Senator WATT:** I realise Treasurer Hockey has moved on, but in his 2015 budget speech when he was the Treasurer he was talking about this issue and he said, 'Anyone who currently has a pensioner concession card will continue to receive a concession card that provides the same benefits such as subsidised utilities and transport, bulkbilling and cheaper PBS prescription medicines.' Is that still the intention?

**Ms Wilson:** The concessions that the Commonwealth Seniors Health Card offers are the health concessions and then states and territories have their own rules about who gets what concessions depending on what cards they have.

**Senator WATT:** For things like utilities, transport costs and those kinds of things?

**Ms Wilson:** That is correct.

**Senator WATT:** That is a state matter?

**Ms Wilson:** That is correct.

**Senator WATT:** Is any work being done by the Commonwealth to ensure that state and territory governments will still grant pensioner rates on things like utilities and public transport to seniors who receive the Health Care Card?

**Ms Wilson:** No.

**Senator WATT:** There has been no contact made with states and territories about that?

**Ms Wilson:** There were discussions with South Australia, but not of late.

**Senator Ryan:** I do recall various ministers, politicians on the government side making comment about it technically being a matter for the states, but I do recall it coming up in public debate.

**Senator WATT:** So, you are not in a position to give any guarantee? I am just looking back at what Treasurer Hockey—

**Senator Ryan:** We are in as much of a position to guarantee what a state government does as you are. You may be in more of a position to guarantee what the Queensland state government does than I am with the Victorian state government.

**Senator WATT:** That is my point; none of us can guarantee that state and territories will continue to offer pensioner rebates to people who are going to lose the pension. What that means is that people will be worse off.

**Senator Ryan:** State governments are accountable for state actions. I have had a number of debates at various points with state colleagues around some of the things in my home state, but they are a matter for state governments. If state governments choose to withdraw concessions, that is up to them. That is not something that we support.

**Senator WATT:** When Treasurer Hockey introduced this measure, he assured people that—

**Senator Ryan:** Again, you have read a selective quote. I do not have it in front of me and neither do the officials. I am not going to pull out the whole budget speech now to look at it in context.

**Senator WATT:** But what we do know is that, with the possible exception of South Australia, there have been no conversations with any state or territory government about this?

**Senator Ryan:** I will take it on notice, because you are going back again. To be fair, these are budget estimates for 2016-17. You are referring to the 2015 budget. I do respect that the officials cannot have a memory about anything and everything.

**Senator WATT:** But if this is something that came in on 1 January surely there would be—

**Senator Ryan:** I know, but this is not my portfolio. I will take it on notice, if there is any further information available.

**Senator WATT:** We are not aware whether states and territories have agreed to continue granting those concessions?

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

**Senator WATT:** I suppose you will need to take this on notice. The net effect of this change, unless states and territories have agreed to continue granting these concessions, is that these 90,000 people, come 1 January, will lose their pensions. They will get a Health Care Card in return and they may well lose their pensioner—

**Senator Ryan:** Utterly independent of any Commonwealth action I have seen state governments remove or reduce concessions available to people for various entitlements. They might remove rates concessions. They might remove registration concessions on cars. They might index public transport fares. That has been done in some states. What the states do is independent of what the Commonwealth does.

**Senator WATT:** I accept that, but it is not the state government that is undertaking this policy change. The state governments provide concessions to people the federal government deems to be pensioners. If the federal government takes them off the pension they will lose it.

**Senator Ryan:** Who the state governments apply those concessions to is a matter for the state governments.

**Senator WATT:** Are they supposed to apply it to non-pensioners?

**Senator Ryan:** No. State governments provide concessions to a degree. Some states provide free travel for school kids and other states do not. I appreciate what you are trying to do. You are trying to construct a political argument. The facts of the matter have been taken on notice, but what the state governments do is a matter for the states.

**Senator WATT:** Has there been any work done to determine how much worse off these people would be if they did lose those concessions?

**Senator Ryan:** Trying to predict the actions of state governments, particularly in states like my home state, is something that is difficult for the Commonwealth to do.

**Senator WATT:** Has there been no work done to determine how much worse off people will be?

**Senator Ryan:** I will take that on notice, but trying to get into the role of predicting what might occur in state budgets or budget updates is difficult for the Commonwealth.

**CHAIR:** Maybe the senator should be lobbying the Labor state government.

**Senator WATT:** We do a lot of lobbying.

**Senator Ryan:** I am sure you are a very influential figure in Queensland.

**Senator WATT:** My last question, similarly: is any work being done by the department to ensure that community organisations who currently extend pension rates or concessions to pensioners will continue to receive those concessions if they lose their pension and get a Health Care Card? Is any work being done?

**Senator Ryan:** That applies to everything from the local swimming pool to what might be a national organisation that gives a pensioner concession.

**Senator WATT:** Would you think that a federal government that is taking the pension off people would think about the consequences and the range of benefits that people would lose and might have a plan for that?

**Senator Ryan:** I am actually asking what you are asking me about. I think there is a big difference between what might be thousands of small local organisations who might even have knowledge of their customer base to national organisations.

**CHAIR:** Order! It is 12.45. It is time for us to break. We will resume at 1.45 with outcome 1.

**Proceedings suspended from 12:47 to 13:45**

**CHAIR:** The committee will recommence examination of outcome 1.

**Senator SIEWERT:** I will try and make these questions as fast as possible in the interests of moving on to some of the other things we need to cover. We have just had a discussion about the Age Pension and the change

to the Age Pension. Of course, the other part of those changes was the defined benefit changes. I am wondering whether there have been any changes to the figures that you modelled when the amendments went through. Have there been any changes to the numbers of people that you think are going to be affected by the defined benefit changes?

**Ms Halbert:** At the time of the costing it was estimated that about 46,000 DSS recipients would receive a reduced pensioner allowance and 1,700 were expected to be cancelled. The actual number as at 1 January 2016 was 46,366 who received a reduced payment and 1,572 had their payment cancelled.

**Senator SIEWERT:** So, that was within what you had modelled?

**Ms Halbert:** It was fairly close, yes.

**Senator SIEWERT:** Have you had feedback from people affected by the changes?

**Ms Halbert:** Apparently we have, in ministerial correspondence.

**Senator SIEWERT:** Could you share with us the nature of those complaints and how many?

**Ms Davis:** Not many. Most of the people who are affected are from state government defined benefit schemes.

**Senator SIEWERT:** So, state government?

**Ms Davis:** State government defined benefit schemes. Some might be commercial corporate defined benefit schemes; we did not have those kinds of complaints. There were very few where people said in terms of the return of their own capital, which was over 10 per cent, that they had some returns that were higher than that but not much higher. Through min corro and representations there was not anything major from that estimate that we had, which was that 46,366 would receive the reduced, and 1,572 had cancelled.

**Senator SIEWERT:** In terms of the state defined benefit, were there particular states that most of them came from?

**Ms Davis:** Yes. New South Wales mainly.

**Senator SIEWERT:** That is what I thought. So, they were from New South Wales. Why did that state have a particular number? What is special about their defined benefit schemes?

**Ms Halbert:** It is just the nature of their scheme and the way that it was constructed.

**Senator SIEWERT:** I have a whole series of questions here. I will put them on notice, because they are quite complicated.

**Ms Wilson:** That is fine.

**CHAIR:** Thank you, Senator Siewert.

**Senator SIEWERT:** I do have more questions.

**CHAIR:** On outcome 1?

**Senator SIEWERT:** On outcome 1.

**CHAIR:** Do you want to keep going?

**Senator SIEWERT:** Yes.

**CHAIR:** Keep going and then I will go to Senator Smith and that will take us out of outcome 1.

**Senator SIEWERT:** Thank you. I also have a number on Family Tax Benefit. I will put a number on notice, but the most important one is to do with the change that went through with the omnibus amendment not this last sitting but the sitting before that. Have people been notified that that change is going to occur? This is the 80,000 cut-off for the supplement. Have the people receiving that been told?

**Ms Halbert:** I assume that they have had notification from DHS, but I would have to take that on notice.

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

**Ms Halbert:** Ask DHS.

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

**Ms Wilson:** No, we do not, I am afraid. It is part of the process that they would be notified. I am sorry, we do not have that information on when that will be taking place.

**Senator SIEWERT:** I will ask DHS. They are here tonight.

**Ms Wilson:** They will be able to tell you that.

**Senator SIEWERT:** I am ripping through these. I am trying to make a valiant effort to get through them.

**CHAIR:** An excellent job.

**Senator SIEWERT:** I would like to ask about the income support for people in special circumstances. What proportion of these payments are for those experiencing domestic violence?

**Ms Halbert:** I do not have that information.

**Senator SIEWERT:** Is it information that you could provide if you take it on notice?

**Ms Wilson:** Absolutely, on notice.

**Ms Halbert:** DHS may have some of that.

**Senator SIEWERT:** I am trying to find out whether you actually do have data that you can get or whether it is not something that you would have.

**Ms Halbert:** It may be in the DHS system, because they do flag people who have had domestic violence issues, but we will check.

**Senator SIEWERT:** As I indicated, I have some questions about DSP. I am after an update, so from our last update, about the number of people that have been moved from DSP to Newstart and off Newstart.

**Ms Halbert:** I gave you earlier the number who moved off DSP in the last 12 months.

**Ms Wilson:** That was about 3,700.

**Senator SIEWERT:** Perhaps it would be easier if you could just tell me now.

**Ms Halbert:** I said that number to you earlier and I think it was about 3,700—I have misplaced by bit of paper now—who had moved off Newstart in the 12 months from 2015 to 2016.

**Senator SIEWERT:** That was off DSP to Newstart?

**Ms Halbert:** That is right. Whatever number I said before was the right one.

**Senator SIEWERT:** Is that the 3,478?

**Ms Halbert:** Yes, that is probably right. I am sorry, I have lost the bit of paper.

**Senator SIEWERT:** 3,478 have gone to Newstart. You cannot, at the moment, tell me how many have gone on to partial?

**Ms Halbert:** No, but we will.

**Senator SIEWERT:** You are chasing those?

**Ms Halbert:** Yes.

**Senator SIEWERT:** How many were kicked off altogether?

**Ms Halbert:** This is from the reviews, that you are talking about?

**Senator SIEWERT:** So I am clear—and I apologise—there is the under-35s.

**Ms Halbert:** There is the under-35s review.

**Senator SIEWERT:** And then there is the three tranches of 30,000 that have been reassessed over 35?

**Ms Halbert:** Yes.

**Senator SIEWERT:** So, that total figure for 2015-16 included what percentage or how many under 35?

**Ms Halbert:** I can give you all of the figures. This might not be exactly the same timeframe, but as at 23 September 2016 for the under-35s measure—and that figure I gave you before was people just generally moving from DSP to Newstart—2,738 were cancelled off DSP and went to Newstart under this measure.

**Senator SIEWERT:** That is the under-35s?

**Ms Halbert:** That is right. Some 477 went to Parenting Payment or are on Parenting Payment Single now; 221 are on Parenting Payment Partnered; 156 are on Youth Allowance; 122 on Carer Payment; 93 on Austudy; 10 ABSTUDY; two on Sickness Allowance; and 1,630 are not on income support.

**Senator SIEWERT:** I am sorry, I am not writing quickly enough. What were the two on?

**Ms Halbert:** There were two on Sickness Allowance.

**Senator SIEWERT:** Two on sickness?

**Ms Halbert:** Yes, and 1,630 not on income support.

**Senator SIEWERT:** 1,630 are not on any form of income support?

**Ms Halbert:** That is right.

**Senator SIEWERT:** That is of the 2,000?

**Ms Halbert:** As at 23 September.

**Senator SIEWERT:** So, 2,738 were on Newstart?

**Ms Halbert:** Yes.

**Senator SIEWERT:** That is as at 23 September. Does that cover the whole of the program of reassessment?

**Ms Halbert:** Of the people who were reviewed through the whole measure that is where they are now.

**Senator SIEWERT:** What about the over-35s?

**Ms Halbert:** With the broader budget measure for the reviews I understand that as of last week 11,500 reviews had been initiated. I do not think many have been completed, because it only started in July.

**Ms Wilson:** No cancellations as yet?

**Senator SIEWERT:** And no transfer to Newstart?

**Ms Halbert:** The process has not been completed for anyone. So, no, there has not been that outcome yet.

**Senator SIEWERT:** You know there are no cancellations.

**Ms Halbert:** Because they are not at the end of the process. So, anyone who is being reviewed and has had a decision is still in the appeals process and so on.

**Senator SIEWERT:** I see.

**Ms Halbert:** So, they have not completed. DHS may have some more up-to-date figures when they come to see you.

**Senator SIEWERT:** So, are the 11,500 part of the tranche of the 30,000? Is it still planned to do three lots of 30,000?

**Ms Halbert:** That is right.

**Senator SIEWERT:** I probably should have provided this to you so I am not going to talk about it too much, but I will use it as an example. You may be aware that there was an article a month or so ago about deaths of people that were moved off a disability payment in the UK. Are you aware of that?

**Ms Wilson:** I saw some coverage when I was in the UK last year.

**Senator SIEWERT:** Have you carried out a risk assessment into the potential for people that have been moved off in Australia?

**Ms Wilson:** No.

**Senator SIEWERT:** You have not done any?

**Ms Wilson:** No. The UK reviewed or had a program to review the whole of their caseload receiving their old payment and moving to a new payment. It is of quite a different scale. I am aware of some reporting regarding concerns about the outcomes of that process in the UK, but I would not say that it was directly comparable.

**CHAIR:** Thank you. I will put some more on notice about that particular issue.

**Mr Pratt:** Chair, while we have got a break, I have a list of people who were part of the consultative design workshop that we were talking about earlier for tabling.

**Senator SIEWERT:** I have a few questions about the proposal to move young people off income support. I am sorry, to delay young people going on to income support for four weeks. Do you have any numbers for the number of people that could also lose rent assistance? Have you done any modelling of that?

**Ms Halbert:** No. We do not have data on that.

**Senator SIEWERT:** You do not have any understanding of the number of young people that may be living away from home?

**Ms Halbert:** We would have that.

**Ms Wilson:** We would have that, but we just do not have it with us. We could provide that on notice.

**Senator SIEWERT:** So, 'No, we haven't got it' or to, 'Yes, we've got it but it's not available'? I am sorry, I am not being picky.

**Ms Wilson:** We can provide that to you on notice.

**Senator SIEWERT:** That would be very much appreciated and at the same time I presume that if they are not getting income support they will not be getting rent assistance either?

**Ms Halbert:** They possibly could be getting rent assistance if they are getting Family Tax Benefit. No, they would not be, because they would be exempt from the waiting period if they are eligible for Family Tax Benefit. I do not have the data on rent assistance, I am sorry, at all.

**Senator SIEWERT:** I will put these on notice.

**Ms Halbert:** Yes. We can give you an indication based on, as you said, whether they are away from home or dependent.

**Senator SIEWERT:** Previously we have had a discussion, when the six-month delay was being proposed—

**Ms Halbert:** The waiting period, yes.

**Senator SIEWERT:** We had quite a lengthy discussion, as I recall it, around homelessness and what happens if someone becomes homeless. In this instance, if a young person becomes homeless or threatened with eviction because they had a non-payment period, will they be vulnerable and then exempt from the measure? Will they be reclassified as vulnerable and exempt from the measure?

**Ms Halbert:** If you are in a period of exemption from the activity test because of personal crisis, for example, you can be exempt from the measure. We also touched on the availability of the emergency relief funding.

**Senator SIEWERT:** Yes, which is much reduced under this.

**Ms Halbert:** The whole number affected by the waiting period is much reduced.

**Senator SIEWERT:** My recollection is that that was not getting access necessarily to cash to pay rent. It was more about getting—

**Ms Halbert:** It is emergency relief. It is usually smallish amounts of money. As I said, if someone who has been made homeless can get a temporary exemption from the activity test, and by virtue of that, if that is for more than two weeks, they can be exempt from the waiting period as well.

**Senator SIEWERT:** How you are proposing to evaluate the measure?

**Ms Halbert:** Just through normal analysis of data, et cetera, of people who have been impacted by the measure.

**Senator SIEWERT:** People who have been impacted? What has been the outcome? Is it whether they have gained employment?

**Ms Halbert:** We usually cannot tell. If someone leaves the system altogether we usually cannot tell whether they have gained employment. We will be able to look at young people who have been subject to the waiting period, who have come subsequently into the income support system and what happens to them. If people leave the income support system, they do not always have to tell Human Services the reason for that. They just stop reporting to the Department of Human Services, so we do not always have that outcome.

**Senator SIEWERT:** So, it will be difficult to know the effectiveness of the measure?

**Ms Halbert:** Employment may have better data on what has happened, because young people will be engaging with their job services provider at the beginning of the waiting period.

**Senator SIEWERT:** I will put something on notice to the department.

**Senator SMITH:** I would like to go back to the issue of the Age Pension asset test changes just briefly and then go back to the DSP. What percentage of pensioners will be better off under the government's measure?

**Mr Pratt:** About four per cent.

**Senator SMITH:** How many will be unaffected by the government's measure as a percentage?

**Mr Pratt:** About 86 per cent.

**Senator SMITH:** That is 86 per cent unaffected and four per cent better off?

**Mr Pratt:** Yes.

**Senator SMITH:** So, 90 per cent would be unaffected or better off as a result of the government's measure?

**Ms Wilson:** That is correct.

**Senator SMITH:** So, do you have the four per cent and the 86 per cent as a quantum in terms of total numbers of people?

**Ms Wilson:** Around 151,000 will have an increase.

**Mr Pratt:** And in total around 3.7 million are either better off or unaffected.

**Senator SMITH:** Close to four million pensioners will be unaffected or better off as a result of the government's measure?

**Mr Pratt:** Yes, roughly.

**Senator SMITH:** Is it a technical term 'the free area' or is it layman's usage?

**Ms Wilson:** There is a free area and then there is a threshold, which is the end of the free area, at which the taper starts to affect people. Then at the other end of the taper that is what we call the 'cut-out'.

**Senator SMITH:** What has been the increase for couple pensioners in that free area as a result of the measure?

**Ms Wilson:** The increase in the free area—

**Ms Halbert:** It is from 209,000 to 250,000. I am sorry. That is for a single homeowner. There are four amounts. For couple homeowners, it has gone from 296,500 to 375,000; for single non-homeowners, 360,500 to 450,000; and, for couple non-homeowners, 448,000 previously and now 575,000.

**Senator SMITH:** For all of those people listening at home, what does the expansion in the free area mean in practical terms for pensioners?

**Ms Wilson:** It means that they get a higher rate of pension, those who benefit from the increased free area, than was previously the case if they have assets. So, those who have assets benefit from the increase to the free area.

**Senator SMITH:** What was the attitude of ACOSS and Council for the Ageing in regard to the government's measure?

**Ms Wilson:** Both of them supported the measure.

**Senator SMITH:** You would hope so, at almost 400 million pensioners being better off or not affected. So, they are supportive of the measure?

**Ms Wilson:** Yes.

**Senator SMITH:** I would like to move on to the DSP issue. So, 30,000 DSP recipients will be reviewed. How many will be getting the disability medical assessment?

**Ms Halbert:** It is expected that about 10,000 out of 30,000 each year will go to a government contracted doctor.

**Senator SMITH:** We are calling that the Disability Medical Assessment?

**Ms Halbert:** That is the assessment that they have, yes.

**Senator SMITH:** Then how many will be assessed through the job capacity assessment?

**Ms Halbert:** I do not believe I have that. No, we do not have that data, I am sorry.

**Senator SMITH:** You do not have it at all or it is just not available?

**Ms Halbert:** I do not believe that we have got it at all. I think the Department of Human Services would be able to answer that for you.

**Senator SMITH:** Finally, how does the current number of DSP recipients presently compare with its peak period?

**Mr Pratt:** Roughly it went from about 830,000 to—

**Senator SMITH:** I am sorry, Mr Pratt, this room is notorious for—

**Mr Pratt:** My apologies. Roughly—and we will correct this on record if I am out—it is about 830,000 at its peak and it is now just over 780,000.

**Senator SMITH:** When was its peak?

**Ms Wilson:** I believe it was 2013-14.

**Ms Halbert:** The secretary was right. In June 2016 the number was 782,891.

**Mr Pratt:** In June 2014 it was 830,000.

**Senator SMITH:** In June 2016 it was 782,000?

**Ms Halbert:** Roughly, yes.

**Senator SMITH:** A reduction of almost 50,000?

**Ms Halbert:** Yes.

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

**CHAIR:** Senator Siewert just had one final question.

**Senator SIEWERT:** I have a clarifying question. Ms Halbert, when you gave me the figure of 3,478, is that the total number so far of people that have been reassessed from disability support?

**Ms Halbert:** That is the total number of people from June 2015 to June 2016 who left DSP to go on to Newstart or Youth Allowance. Not all of them would have been moved because of the under-35s reviews.

**Senator SIEWERT:** That is what I was just double checking, but that includes the 2,738?

**Ms Halbert:** That is right.

**Senator SIEWERT:** That is what I wanted to double check. Thank you.

**CHAIR:** That brings us to the close of Outcome 1. Thank you. We will move now to Outcome 3, Disability and Carers, and I invite those officers to the table.

### National Disability Insurance Agency

[14:12]

**Mr Pratt:** I might just remind the committee that for this hearing, in relation to discussion around the NDIS, we have representatives from DSS, the National Disability Insurance Agency, and also the Department of Human Services, who have agreed to come and help us.

**CHAIR:** Thank you. That is excellent. Senator Brown, would you like to start questions.

**Senator CAROL BROWN:** Yes. I would like to start with an article in the *Australian Financial Review* in August that indicated that 970 NDIS care plans had been approved compared to a target of over 20,000. Can you provide the committee with an update on the number of plans that have been completed?

**Mr Bowen:** The position is that the bilateral agreements between the Commonwealth and states and territories set targets by quarters. The position of the delivery against those targets has been interrupted by the issues we had with the portal at the beginning of July and particularly as a result of that the need to divert staff through business continuity planning to provide assistance to existing participants and providers in addressing the issues. As we have remediated that we have had the benefit of additional resources now from DHS to help with the provider recovery. Mr Tidswell, who is here with us today, has come in as chief operations officer, working with Mr Maynard, on a recovery plan to get back on track with the bilateral targets by the end of quarter 2. I had the opportunity—

**Senator CAROL BROWN:** You said 'quarter 2'?

**Mr Bowen:** By the end of quarter 2, the end of December. We had the opportunity to discuss this with all jurisdictions at the Disability Reform Council, chaired by Minister Porter. The proposition which was agreed by states and territories was that the agency would get back to the bilateral target by the end of December, subject to a couple of provisos. Those were, first, that we would achieve 100 per cent of the transitioning state and territory clients where we had data in useable form from the states and territories. That is not altogether the case at the moment. We were short, and continue to be short, on clean data from Victoria and South Australia.

The second proviso was that the bilateral targets set out a split between transitioning state and territory clients and new clients that we would achieve 100 per cent of new clients where we had received the access request form in sufficient time to be able to process that, get the person into the scheme and get a plan prepared for them. At the moment, we are running behind on getting those access requests. That just recognises that the rate at which new people enter the scheme is outside the control of the agency.

The third element was agreement that we would count children who are referred by the agency to the early childhood early intervention gateway towards the bilateral target. All jurisdictions recognise that providing that comprehensive early childhood support is a best practice approach. Even though only some of those children will transition to a plan, it is preferable to bringing them in to give them an immediate plan when their needs may be met through that gateway support and they can exit the scheme or otherwise move quickly into it as part of the assessment in that gateway. So, we have quite an aggressive recovery plan, as agreed between all the jurisdictions, to be back to recovery by the end of quarter 2.

**Senator CAROL BROWN:** Thank you for that response, but my question was: can you give me the figures?

**Mr Maynard:** I can provide an update as at the end of September 2016. Some 7,439 plans were approved and around 3,500 are children aged zero to six years referred through to the early childhood early intervention gateway.

**Senator CAROL BROWN:** What was the last figure?

**Mr Maynard:** Around 3,500.

**Senator CAROL BROWN:** They have been approved. What about those implemented?

**Mr Bowen:** When the claim is approved, the participant has the access to the funding under that plan and it is, in effect, able to be implemented by the participant from that day. Bear in mind the great majority of the participants who are coming in, in these early quarters, are transitioning states and territory clients who already have some service and supports in place so they are now having the continuity of those services and supports paid for through the NDIS while they work with, at an appropriate level, either a local coordinator or a plan support coordinator on how they will otherwise use the other elements of their funding.

**Senator CAROL BROWN:** So, you are confident that by the end of December 2016 you will be on target to complete the 20,000 that I talked about earlier?

**Mr Bowen:** The end of December target is an additional 38,000 participants in the scheme across all of the new areas.

**Senator CAROL BROWN:** But all the ones that have been delayed plus—

**Mr Bowen:** Yes. Our recovery plan aims to achieve the combined Q1 and Q2 bilateral target by the end of December, subject to those provisos I mentioned in relation to data and the rate at which new people approach the agency.

**Senator CAROL BROWN:** So, with those measures that you put in to address the backlog, other than the issue that you raised about Victoria and South Australia, you are confident that you have all the measures in place to meet the target?

**Mr Bowen:** Yes. I might ask Mr Tidswell and Mr Maynard to talk about this. One of the things that we have focused on is identifying what have been the activities that could be supported through the additional resources we have from DHS to ensure that we can focus the planners on plan completions over this period.

**Mr Tidswell:** We have plans in place to ensure we meet the target by the end of this year. We are about a third of the way through the sorts of plan approvals we need to get there. Our process is to concentrate now on lifting our performance and run rate so we can meet those targets.

**Senator CAROL BROWN:** My question was: are you confident that the measures that you are putting in place now will enable you to complete that?

**Mr Tidswell:** We are confident as long as we get the information from states and territories in a timely way so that we can act upon it.

**Senator CAROL BROWN:** You have measures in place with the states and territories to ensure that that information is provided?

**Mr Tidswell:** We are working actively with them to get that. We are also working with them to assist us with the planning work across the large states.

**Senator CAROL BROWN:** Could the department describe the decision-making process the government went through to choose the new computer system for the NDIS?

**Mr Pratt:** Yes. This was quite an extended process. In summary, we went through the agency and did some market testing. We put proposals to government well ahead of the 2015 budget. There was an analysis of options involving possible private sector provision of a system, in-house systems either through the Department of Social Services or the Department of Human Services. That went through the normal finance led processes, the gateway reviews and so forth. We, in the portfolio, received the funding to have the system built in DHS in the budget of 2015.

**Ms Hand:** There was the normal ICT two-pass business case process through the BRC and cabinet.

**Senator CAROL BROWN:** Did you catch the answer?

**Senator REYNOLDS:** No.

**Senator CAROL BROWN:** I heard that, but you might want to repeat that, Ms Hand.

**Ms Hand:** In addition to what the secretary said, there was the normal two-pass business case process that all ICT projects above a certain amount go through with cabinet.

**Senator CAROL BROWN:** So, the final decision to go with DHS was made by cabinet?

**Mr Pratt:** Ultimately it was a government decision to do this following the process that applies to all big IT systems that the Commonwealth considers. It is the same process.

**Senator CAROL BROWN:** So, a decision by government and not the NDIA?

**Mr Pratt:** Ultimately, yes, that is right.

**Senator CAROL BROWN:** How much money has now been expended on the IT system and the myplace portal?

**Mr Bowen:** We would have to take that on notice. The appropriation went to DHS, to the agency and to DSS. The appropriation was over multiple years. It was not just about a build for 1 July. There is a forward work program and there is funding allocated to continue those improvements over a further 18 months. I will take on notice and come back to you with the actual expenditure to date.

**Ms Hand:** The government provided \$143 million over four years for the ICT system for the NDIA to support the full implementation.

**Senator CAROL BROWN:** Have there been additional funds, other than that, because of the issues that have arisen with the portal?

**Mr Pratt:** Not in relation to the IT.

**Senator CAROL BROWN:** And the myplace portal?

**Mr Pratt:** Including that as part of the IT.

**Senator CAROL BROWN:** You will let me know if that amount is different, Mr Bowen. You are telling me that it is \$143 million over four years. How much have we expended thus far?

**Mr Sterrenberg:** We were the department responsible for the build. The figure we have for the first year is \$28.4 million that was spent on the ICT systems. We have a budget for 2016-17 of \$18.9 million to further add additional functionality to that system.

**Senator CAROL BROWN:** How would you describe the problems that occurred with the ICT system?

**Mr Sterrenberg:** The project itself was in four parts. The first part was the transition of the trial system on to a sustainable scalable platform. The second part was to add additional participants on to the system, or to migrate what was seen as the first tranche of participants from the states. There were other parts related to simplification of the catalogue and the pricing related to that into service categories to improve the financial integrity of the payment system.

The system was deployed, as you probably know, on 1 July, which went well. Within a week of the go-live, we started to get some feedback from the providers that they were having certain problems with the lifting of their claims on to the system. Just to be clear, there are three ways that a person can claim for a payment from a provider point of view. There is one called 'a bulk claim upload'. The second one is a single provider claim upload and the other one is a self-managed participant, who is able to lift it themselves.

It should be noted that from day 1 the performance of the system on the self-managed participants rated at 95 per cent, as did the single providers. The problems that were reported were on the bulk claim upload. What a bulk claim upload entails is the lifting of effectively 13 data fields. Effectively what people do is they add it into an Excel spreadsheet. Then they send the spreadsheet and they are lifted via the so-called myplace portal. The fields are essentially the provider number, which is the number of the provider, the date of the invoice, the amount, the GST number, the support category and then hours and so on. There are some other fields that are non-mandatory.

On the early part, what we noted was that we were receiving file formats that were different to those 13 fields. Of course, our system is built to reject those, because it checks to see if the formats of the data provided by the providers are correct. The second integrity check is that the data provided in the fields is correct. Is the date the right date and so on? Does it meet the requirements and the rules as set out within the system? An example would be: there is a business rule that suggests that you need to load your claim within a certain period; if your claim date is outside that period, obviously the system will do what it is intended to do, which is to reject.

Another example, should you wish, is that if somebody loads data where the amount claimed is greater than the catalogue price, clearly the system will reject and send back a result that says, 'You have claimed an incorrect amount.' It was those types of data quality errors that we were getting in the lift of the files in the bulk claim.

During the period, in order to alleviate this, we offered to help with three measures. The first measure was—

**Senator CAROL BROWN:** I am sorry. I am quite interested in what you are going to tell me next. So, are you suggesting that the only issue with the myplace portal was to providers?

**Mr Sterrenberg:** Yes. That was the main issue that we were dealing with in the first week or two.

**Senator CAROL BROWN:** In the first week. I am going to ask how many participants were affected by the outage as well.

**Mr Sterrenberg:** Which outage in particular? I am not sure what the question is.

**Senator CAROL BROWN:** I am going to be asking whether participants were affected by the portal outage.

**Mr Sterrenberg:** No. Obviously, if you were a self-managed participant, yes, you were, but as we have noted the performance of the self-managed participants was at a 95 per cent level. So, yes—

**Senator CAROL BROWN:** I think you said that was on day 1.

**Mr Sterrenberg:** Yes. Through the period we have consistently good performance on that matter.

**Senator CAROL BROWN:** So, you are telling the committee that throughout this issue the self-managed participants still had a confidence rating of 95 per cent?

**Mr Sterrenberg:** Around that number, yes.

**Senator CAROL BROWN:** How many people are we talking about?

**Mr Sterrenberg:** I would have to take that on notice and come back to you.

**Senator CAROL BROWN:** Is that where someone would have to fill in some feedback form to indicate that they were happy with the service? Is that how it works?

**Mr Sterrenberg:** For a self-managed participant who has chosen to use that, the result is they would get payment.

**Senator CAROL BROWN:** I know that, but, in terms of whether they felt that the portal was easy to navigate, you say they were happy with it?

**Mr Sterrenberg:** Yes.

**Senator CAROL BROWN:** How do you know that?

**Mr Sterrenberg:** Because all the people that used the portal were paid.

**Senator CAROL BROWN:** I am sorry?

**Mr Sterrenberg:** All the people that chose to use the portal to claim their invoices were paid.

**Mr Pratt:** Just to clarify, Mr Sterrenberg is making the point that, when someone claims a payment, if the payment is successfully made then that is a satisfactory result. I do not believe he is suggesting that they have provided feedback about the extent of their happiness. I do not believe we have surveyed that. Our focus has been on making sure the providers, including self-managed participants, can actually get paid.

**Senator CAROL BROWN:** Yes, but you said 95 per cent were—

**Mr Sterrenberg:** Were paid.

**Senator CAROL BROWN:** No. You said before with the 95 per cent not that they were paid but they had confidence. What was the language that you used?

**Mr Sterrenberg:** I am not sure. I think what the secretary is saying is exactly right.

**Senator DASTYARI:** What was the rate you—

**Mr Sterrenberg:** Yes. In this case, the self-managed participants, where they have a claim via the portal, they have successfully achieved a result, which is a payment to their bank account.

**Senator DASTYARI:** I have just one question. I just want to get my head around this—and my apologies. If there were problems with the IT system or if there were questions or outages or whatever, how would you know? I mean, it is 95 per cent. The other five per cent would have been able to have successfully started the process to be included in your sample.

**Mr Sterrenberg:** I can see what may have caused some of the confusion. The system never went down. There is an assertion, but throughout the period we had no outages on the system. The reported system issues were where, in this case, a provider attempted to load their claim details.

**Senator CAROL BROWN:** You were going to tell me about the assistance you provided.

**Mr Sterrenberg:** Yes. Based on that, we communicated there were three options to help those who were having some difficulty. Of course, the difficulties were not just technical ones. They were where people were seeking to understand, where they may not have had sufficient proficiency. We established a provider line where people could phone up and we would assist them in creating the uplift file so that we could make sure that it was uplifted on their behalf. The second service—

**Senator CAROL BROWN:** Was that assistance over the phone?

**Mr Sterrenberg:** Yes, it was over the phone.

**Senator CAROL BROWN:** So in some cases your officers went to the providers?

**Mr Sterrenberg:** Yes. There was a number of occasions, particularly with the larger providers, where we sought to assist, where we sent out some of the officers to help assist and to understand how we could make the thing easier for the providers.

The second assistance we provided was where somebody showed a degree of capacity to create their own files. There was some difficulty. In some cases, it was the formatting of upper or lower case text, for example. We assisted them to correct their files so they could then upload. The final one was obviously to do it in the normal way, which is to create the file and upload it.

**Senator CAROL BROWN:** Are you suggesting that the issues that occurred were because the providers were not uploading their information correctly?

**Mr Sterrenberg:** It was a number of things. I am not suggesting that life is completely perfect. Our learnings on the way were that there was a need technically to assist with the different formats that we were sent to make it easier for providers. An example was that, even though there was data published on the website suggesting how you would format the file, some people for whatever reason, whether it was their core systems that were uploading the files, there were different formats, for example, on date. To assist that we created a routine that was able to read multiple dates and convert them into the system date that we required. We did things like that.

The other parts were that there were some issues with the time formats. Again, some people entered time, for example, 15 minutes as 0,15. Others would load it in as 0;15. We were able to identify different formats and automatically convert it on behalf of the providers to make it easier to upload.

**Senator CAROL BROWN:** How many service providers were affected?

**Mr Sterrenberg:** I would have to come back on notice with the number.

**Senator CAROL BROWN:** Do you know?

**Mr Sterrenberg:** We do know. There is data. I just do not have that with me at this point in time.

**Ms Hogg:** There were some complexities in the rigour that we built into the system; we did not communicate well enough to people to claim against their payment requests. So it is a more rigorous payment system than we had before in the trial system. One of the things that I think, from my observation, really caused quite a lot of problems for people in their attempt to get payment was that we put a rigorous approach inside the payment system for the type of service they could claim. It had to be very accurately described.

There are really three core parts of funding within the payment system. It is day-to-day living, equipment and services to help you build your skills, basically for education and participation. If you did not claim precisely for the column of funding for which you were providing that service it would reject. This was a new rigour that was not in there before. With Mr Sternberg's help, we actually loosened that up so that, in fact, you can use your money as you choose across those three lines of payment and that significantly helped the success of the payments.

**Senator CAROL BROWN:** But you were suggesting that if the date was put in the wrong way that would be rejected as well?

**Mr Sterrenberg:** In the early days. So we created more assistance through that. Because the date drives a lot of things in a payment. For example, one of the business rules was that a provider was meant to make their claim within 30 days. So, if you put the wrong date in and it was outside that date range it would say, 'Sorry' and pass it on.

**Senator CAROL BROWN:** Even if you put the right date in but not in the format that you wanted in there that would be rejected?

**Mr Sterrenberg:** That is normal for all payment systems, whether you are a bank or a government payment. The date is quite significant.

**Senator CAROL BROWN:** I understand that, but most of the systems I have ever used actually indicate which way to put it in. Mr Bowen, how many service providers were affected by the portal issue?

**Mr Bowen:** As Mr Sterrenberg said, we will take that on notice, but I will just give you an indication. We had a look at the number of providers who were actively claiming in the quarter before 1 July, which was around 1,100. We have the exact number, so we will come back on notice with that exact number. That obviously dropped in July. We had fewer providers claiming, for all of the reasons that Mr Sterrenberg has indicated.

Through our business continuity we were providing two things. One was emergency payments for any providers who were in financial stress because they could not claim through the portal. We paid out around \$19 million in July to make sure that the problems that they were encountering did not stop service provision

occurring. In addition, we were providing help through our regional offices and then, as we centralised it, through some participant support provided through the Department of Human Services to assist providers to be able to make their claims. They were getting information in how to put it into the right format.

**Senator CAROL BROWN:** So assistance was then provided by NDIA officers and DHS officers?

**Mr Bowen:** Yes. Not unsurprisingly, we were dealing with participants and providers who were in the scheme during trial. Their first point of contact tended to be back to the regional offices. That is where they had been working. That is where they had the relationship. We were providing assistance at that level. We were providing the emergency payment. We were identifying the issues so that we were getting a sense of them, in conjunction with Mr Sterrenberg, so that the work occurred, as Ms Hogg said, to loosen some of the rules.

If I can just give a lay explanation of it. The plan in the Siebel system tended to be a plan that just had a whole lot of line items in it and the top providers claimed against those particular line items. The new system is much better. It is much better structured. It is actually a customer relations system. Siebel worked well for trial, but it was never scalable. It is built around the concept of there being an agreement between the participant and the provider, and services are placed into a service booking.

Migrating from that very loose long list of support items into the service booking was really difficult, and then the rules on top of that tended to be where the payments were being blocked. A lot of the remediation work was both loosening up to allow payments to be made, but it was also making sure that the presentation of the plan from those line items into a service booking was corrected. We have that now to a point, and over the course of the rest of this financial year, as those plans come up for review, they will go into the new format.

**Senator CAROL BROWN:** How many emergency payments did you make?

**Mr Bowen:** We will just see if we have that. There were 420 providers and 408 self-managed participants. It was a total of \$18.2 million.

**Senator CAROL BROWN:** So 408 providers and?

**Mr Bowen:** There were 420 providers and 408 self-managed participants.

**Senator CAROL BROWN:** How much of that \$19 million did the self-managed participants receive?

**Mr Bowen:** We can get that split for you. I would think it is highly likely that the dollar value was predominantly with the providers.

**Ms Hogg:** It was \$17.8 million for the providers and \$0.5 million for the participants.

**Senator CAROL BROWN:** How long did it take, on average, for those emergency payments to be made?

**Ms Hogg:** DHS was running three payment cycles a day for us at that stage, so usually the same day.

**Mr Sterrenberg:** During that period, we had a discussion with the RBA. We normally have a 48-hour turnaround as a standard in our payment cycle. The RBA assisted us and we moved the payment cycle down to 24 hours. On request, within the 24 hours after that, the provider would have received the funding.

**Senator CAROL BROWN:** Are there any outstanding payments remaining to be paid?

**Ms Hogg:** There are no payments to be made. We made these payments between 5 July and 29 July, and we have been recovering through an acquittal process against subsequent claims from that. There are no outstanding payments registered in recovery.

**Senator CAROL BROWN:** So all payments that were rejected during this portal issue have been made?

**Ms Hogg:** Yes.

**Senator CAROL BROWN:** Are you telling me that there is no money owed to providers?

**Ms Hogg:** No, there is nothing owed.

**Senator CAROL BROWN:** Did you say there were overpayments?

**Mr Sterrenberg:** No. It is more of an acquittal process. In terms of the way it is done, as we will call it, an advanced payment is made and there is an obligation on behalf of the provider to provide the invoices and the claim details at an appropriate stage. We match the advance against the payment details, and obviously that creates the recovery.

**Senator CAROL BROWN:** Have you had any issues with that matching? You have made these emergency payments. Then, of course, you are matching them up with the invoices later, I take it?

**Ms Hogg:** Yes.

**Senator CAROL BROWN:** What issues have there been?

**Ms Hogg:** It has been a very one-on-one process. We have a team of people working on that and working individually with providers to step them through that process of acquittal.

**Senator CAROL BROWN:** Are we through that process? You said it is one-on-one. That is quite a lot of people.

**Ms Hogg:** Yes. As I said, it has been since 29 July. We still have about \$480,000 of the \$17.8 million outstanding but we are working—

**Senator CAROL BROWN:** I am sorry?

**Ms Hogg:** We have \$480,000 of the original \$17.8 million still to be acquitted. We are still talking to those providers and they know that the next time or with subsequent claims it will be acquitted.

**Senator CAROL BROWN:** So through this process have there been any overpayments?

**Ms Hogg:** No. We are not calling those debts or overpayments at this stage. They have claimed to the value of the advance payments.

**Senator CAROL BROWN:** Essentially, it has all been acquitted? What they have asked for in terms of their emergency payments matched the invoices that they were seeking to have paid?

**Ms Hogg:** Yes.

**Mr Pratt:** There was about \$18 million in advance payments. I think Ms Hogg has indicated less than half a million is still to be acquitted, but we have been dealing with each of the providers who are expecting that future claims will go against that advance payment.

**Senator CAROL BROWN:** On average, how long has it taken in terms of getting these accounts acquitted? You said it is one-on-one?

**Ms Hogg:** Yes.

**Senator CAROL BROWN:** Has it been an easy process to marry up these accounts with the payments?

**Ms Hogg:** Not always. In fact, we have worked with some providers for quite a period of time. Firstly, it is about understanding the correct payment process and so on. We have taken the time to do all of that, and then step them through the payment process. Usually what we try to do is make sure that they understand how to claim and then ask them to claim themselves so that they can see how it works and make sure it works. If it does not, we follow up again and make sure we step them through it again.

**Senator DASTYARI:** Just a follow on from what Senator Brown just asked. You used the word 'acquitted'. Is that the correct word?

**Ms Hogg:** Acquittal.

**Senator DASTYARI:** I am sorry, I am interpreting this as a layman. Matching—that is the word I am using here. I Googled it to check. You are saying that if I claim the wrong amount, if I make a mistake—you are saying none of that has happened? That is not what you are saying?

**Mr Pratt:** No. There are separate issues. Certainly it is quite possible—and some providers will make inaccurate claims—but the system has worked as intended to stop those claims going through.

**Senator DASTYARI:** But in the instance where I have made the right claim, in every instance the right amount has been paid?

**Ms Hogg:** That is correct.

**Mr Pratt:** That is correct.

**Senator DASTYARI:** That is what you are saying?

**Ms Hogg:** Yes. These amounts were in advance of the claim, because the provider was saying basically they were finding it difficult to manage the integrity in the system. We paid the money and then stepped them through the claiming process, as you would if they presented an invoice.

**Senator CAROL BROWN:** On what basis did you make emergency payments?

**Mr Bowen:** We made those payments under a business continuity arrangement to ensure that services were provided.

**Senator CAROL BROWN:** I am sorry. That is not the intent of my question. They were trying to be paid. There were issues. The portal was not working properly and you had to provide emergency payments. How did you arrive at the amount that you were going to pay?

**Ms Hogg:** Basically, by asking the provider.

**Senator CAROL BROWN:** They did not need to provide you with—

**Ms Hogg:** No, not at that stage. Basically, we took it in good faith that the person was actually attempting to claim against services that they had provided. We took it in good faith and then followed up and asked them to put the correct—

**Mr Pratt:** The process was through our regional office. It is important to recognise that these were existing providers providing services to existing participants, both of whom were known to our regional offices. They came in. They indicated they had provided the service. They were unable to make the claim through the portal. They are known to our offices. There are controls around it and we know what their regular services—

**Senator CAROL BROWN:** I am not suggesting anything like that. I just wanted to ask—

**Mr Bowen:** No. I need to be very clear that it was not an open-ended process where they could just say, 'I want to claim this amount of dollars.' There were controls through the regional office.

**Senator CAROL BROWN:** Yes. I was not suggesting that at all. I was just trying to get an understanding of how it worked.

**CHAIR:** I am sorry, Senator Brown. You have been questioning for 40 minutes. I am cognisant of other members. I can come back to you.

**Senator CAROL BROWN:** I will just finish this bit.

**CHAIR:** All right.

**Senator CAROL BROWN:** Ms Hogg, you indicated, of course, that some of these acquittals have been taking longer than others.

**Ms Hogg:** Some of them are much bigger than others. Some are quite small and some are—

**Senator CAROL BROWN:** I am trying to get an understanding of how much time the providers had to spend with you.

**Ms Hogg:** I could not give you an average, but if you want me to get an average for you and bring that back I am happy to do that.

**Senator CAROL BROWN:** How many complaints have been received by the agency regarding the myplace portal payment delays?

**Mr Maynard:** From 1 July to the end of August we received 2,044 complaints through the agency's central complaints team and our regional offices.

**Senator CAROL BROWN:** I am trying to get an understanding. Were there double complaints? Were providers complaining more than once?

**Mr Maynard:** The complaints that we received would have come from providers and participants covering a range of issues from just learning to understand how to access the portal, training issues, concerns about claims that were not being processed or being blocked and progressing through the system. A number of those would have reflected the same type of issue experienced by more than one provider or more than one participant.

**Senator CAROL BROWN:** But at this moment providers and participants are able to access their payments through the portal; is that right?

**Mr Bowen:** I will ask Mr Tidswell, who looks at this on a daily basis, just to report on that. It is running in the 97 per cent of claims that are successful daily.

**Senator CAROL BROWN:** That is against all three?

**Mr Bowen:** That is all claims and that is about where we would expect it to be. Some of the reasons include the system actually working properly. There is a process where, if any providers are 100 per cent unsuccessful, they are contacted individually to help them.

**Senator CAROL BROWN:** Could you just repeat that last statement?

**Mr Bowen:** There are occasionally providers who are fully unsuccessful in making their claim on that particular date for that particular claim. If that occurs, we contact them to find out what the problem is.

**Senator CAROL BROWN:** Is that a very quick turnaround?

**Mr Bowen:** It can be. Quite often it will just be a different member of staff has lodged it that day and they were not au fait with the circumstances and the arrangements. It is as simple as that.

**Mr Tidswell:** We have a number of arrangements in place so that we can take action with those providers who might be struggling at any point in time. But Mr Bowen is right; we are at 97 per cent. That has been stable now

for a good period. Occasionally we are at 100 per cent, but the controls in place make sure that we are making the right payments according to the right rates to the right providers on behalf of the participants. They are sensible, prudent controls, and I think around 97 per cent is where the benchmark would be.

**Senator CAROL BROWN:** And for that small percentage that may still have some issues the turnaround in terms of assisting them is what?

**Mr Tidswell:** We have a group of staff and we are increasing that number of staff as we continue to put more providers and participants on to the scheme. The contact centre staff are designed to make contact with the providers and help them through. In some instances it is actually helping them to understand the rules that need to be applied. When people do that, it works.

**Senator CAROL BROWN:** I understand that.

**Mr Tidswell:** We have daily contact with them.

**Senator CAROL BROWN:** My question is just what the timeline is for them to get assistance, regardless of the issue that they are having.

**Ms Hogg:** Yesterday we had eight providers who were unsuccessful in their claims entirely. We call those people daily. It is a daily process to find out why and walk them through the reasons why they failed to get a successful claim.

**Ms Glanville:** The other strategy we have taken is to meet with associations that represent different service providers. For example, Speech Pathologists Australia have often given us an overview of the sorts of issues that their providers are raising with that association. We have been able to provide information back to them, which they are now distributing through their own newsletters and communication channels. There has also been an increasing familiarity with the processes that has assisted as well in some self-learning and engagement in that way, which I think has been particularly helpful.

**Senator CAROL BROWN:** When was the department first advised about the potential problems with the portal?

**Mr Pratt:** We first became aware of issues in early July.

**Senator CAROL BROWN:** Do you have a date?

**Mr Pratt:** I do not know exactly what date that was.

**Senator CAROL BROWN:** When was the minister informed?

**Ms Hand:** He was also informed in mid-July.

**Senator CAROL BROWN:** I am sorry, I could not hear you.

**Ms Hand:** Is there any way that my microphone can be turned up?

**CHAIR:** Unfortunately not. We have problems with the microphones. I am sorry. They are not very mobile.

**Senator CAROL BROWN:** I think it might have been the bells ringing that has caused an issue as well.

**Ms Hand:** The minister was informed at around the same time as the department, in early July.

**Senator CAROL BROWN:** So you will come back to me with an actual date?

**Ms Hand:** Yes. We will take that on notice.

**Senator CAROL BROWN:** It was reported in *The Australian* that the government had almost 10 months notice that its full system changeover would not go as planned on 1 July. Is that correct? Were you warned earlier?

**Ms Hand:** I am sorry, can you repeat that?

**Senator CAROL BROWN:** It was reported in *The Australian* that the government had almost 10 months notice that its full system changeover would not go as planned on 1 July.

**Mr Pratt:** I am not aware of that and I do not believe that is the case.

**Senator CAROL BROWN:** So there were no warnings that these issues would occur?

**Mr Pratt:** Certainly, across the agencies involved here, we were looking at all of the preparations for the transition, the move from the trial phase to the transition phase. The agency provided a great deal of information about progress to the Commonwealth NDIS board. Certainly there was a lot of analysis of risks and things of that sort, but I do not recall that anyone anticipated 10 months out that there were going to be issues of this sort.

One of the things I think I should clarify is certainly there were some issues with the IT. Any big IT build is always going to have a number of flaws and things that need to be enhanced, but essentially the IT did what it was

meant to do. With respect to this term 'outage', there was no outage. During July and August, the system pretty much did what it was intended to do. It was enhanced in order to make it easier for people to use. There were issues about providers being able to work with the system properly and easily. The agency and DHS put an enormous amount of effort into assisting providers with that. There were certainly change management issues and so forth, but this view that there was this massive system failure is not borne out by the evidence.

**Ms Hand:** I would add that, as you are no doubt aware, there was an independent review that the minister asked for by PricewaterhouseCoopers, which actually found that the system was fit for purpose.

**Senator CAROL BROWN:** I am not sure, because what I have been told by providers is that even when NDIA people went down to assist in uploading their information for payment even they could not operate the system.

**CHAIR:** Thank you, Senator Brown. I will move on after the answer you get from that question to Senator Siewert and we will come back to you.

**Mr Pratt:** The point I am trying to make is there is a difference between providers having a problem with operating the system, and the system functionality. The system functionality was, by and large, doing what it was designed to do. By no means am I suggesting that it was the provider's fault, but providers did have a great deal of difficulties in the early period where effectively about 70 per cent of claims were being paid and people had to resubmit claims and so forth and needed to get a lot of assistance to do that. But with the tweaks that were made to the IT, with the extra assistance to providers, that rate in September got up to about 95 per cent and has held steadily since then at about 97 per cent.

**Senator CAROL BROWN:** And none of these issues was identified when you tested the system?

**Ms Hogg:** Mr Sterrenberg, correct me if I am wrong. In terms of the time frame, I think you did not do a lot of end user testing—in other words, getting providers to do testing in the pre-production system.

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

**Ms Hogg:** There were a small number, but for the broader number—let me say sole traders in particular—really we needed to have put much more effort into assisting them to understand the payment process, as we have done in hindsight.

**CHAIR:** Mr Sterrenberg, did you have anything to add to that?

**Mr Sterrenberg:** Just to assure the senator that we did both positive and negative testing and, as has been said, the system performed as it was meant to.

In terms of the things that could have been done better, the learning that I have would be that we would provide a set file format that they would download from the department rather than create their own file format. That would be the learning that I would have.

**CHAIR:** Senator Siewert.

**Senator CAROL BROWN:** That does not seem that it could possibly—

**CHAIR:** Order! Senator Siewert, do you have a question?

**Senator DASTYARI:** As we go to Senator Siewert, I have another question.

**CHAIR:** A very brief one.

**Senator DASTYARI:** Just a point of order about the process. Are we breaking at 3.30?

**CHAIR:** We are breaking at 3.20 at this point in time.

**Senator DASTYARI:** I assume you are giving the call to Senator Siewert and then we will come back to—

**CHAIR:** There are others senators that have questions as well—Senator Reynolds. But, in case there is a concern that opposition senators will not get to ask all of their questions, I intend to allow everyone maximum time.

**Senator SIEWERT:** Senator Brown has been going for about 45 minutes.

**CHAIR:** It is 52, in fact. Senator Siewert.

**Senator SIEWERT:** I would like to turn to a different matter. Can I first go to the claims over the weekend and running up to the weekend about capping happening in the ACT and the ACT being full.

**Mr Bowen:** The position is that the ACT had a bilateral that was an agreement made in 2012 that set a target of 5,075 participants. That target was predominantly based upon information provided by the ACT government at the time as to the expected number of people to come in. It was the case, and it was pointed out very early in the piece—in fact by Senator Fifield at the estimates hearing in late 2013—that that was one of many bilateral

agreements where the numbers were incorrect. Senator Fifield tabled those corrected numbers and pointed that out early in 2013 on the basis of advice provided by the agency.

**Senator SIEWERT:** What were those numbers? Can you just remind me? You would be surprised to know that I cannot remember what he said at the time.

**Mr Bowen:** This is really important. The agency's estimate—just to refresh that for me—is about 2,000 more. The real importance of the higher number is that the actuarial number is what translates to the full scheme costing. So 6,900 is the estimate.

**Senator SIEWERT:** So you were pretty close?

**Mr Bowen:** Yes. When people say it is a cost overrun, it is not a clear cost overrun, because it is a higher number that translates to full cost.

The agency receives the funding for packages as per the agreement. As we hit the number, there is an obligation on the agency, obviously, not to run a deficit, and so we indicated when we hit the number that we would stop planning while discussions occurred so that we could continue and get agreement on the higher number.

What happened in reality is that that agreement was reached very quickly and we continued with the planning process. We put that messaging out both to participants and to providers in the ACT. It was quite a small hiccup in the end.

**Senator SIEWERT:** So how long was that?

**Mr Bowen:** Less than a week. We are honouring all of the planning appointments that we had made and we will continue to process and put through planning those people, obviously prioritising the ones where we have existing access determinations already made. But there now needs to be, of course—and there are discussions between the department and the ACT officials about this—a corrected bilateral agreement.

**Senator Ryan:** I am new here, so I am not sure how much of this has been discussed previously. The number for the participants for this was agreed between the ACT and the federal government in 2012, and I understand that the number was provided by the ACT government at the time, notwithstanding that they were aware of larger estimates provided by the Australian Government Actuary in 2012. This was obviously a repeat of the issue that occurred with South Australia, where the number of participants was underestimated, I understand, by more than 5,000.

As Mr Bowen has outlined, participant planning sessions are ongoing and impacts of additional numbers are being negotiated with the ACT. As Mr Bowen said, this has happened before and, as I understand it, the underestimates appear to be more significant in those jurisdictions that are smaller relative to the overall scheme.

**Senator SIEWERT:** I am sorry, in those—

**Senator Ryan:** In those jurisdictions that are smaller relative to the overall scheme, which reflects South Australia and the ACT.

**Senator SIEWERT:** Thank you.

**Ms Hand:** Can I also add that the number in the bilateral is an estimate for planning or a target for planning and funding purposes. It is not a cap and there is no capping to the NDIS. I just want to make that really clear.

**Senator SIEWERT:** I understand what you are saying, but in that week where effectively planning was not happening you could see why people considered that it was a cap, because planning did stop? When did you realise you were getting near the 5,000 number? I did not use the word 'cap'.

**Mr Bowen:** The target was to reach that by the end of September and we pretty much hit the target.

**Senator SIEWERT:** So it was not possible to organise so that there was no cessation of planning and so it was just smooth and nobody was affected?

**Mr Bowen:** I will just ask Mr Maynard. I do not believe that we ceased any planning.

**Senator SIEWERT:** You said there was—

**Mr Bowen:** There was an indication to—

**Senator SIEWERT:** You stopped planning for a week.

**Mr Bowen:** I advised governments that we would cease planning until we got confirmation that there was further funding to bring people in above the target, but my understanding is we were honouring the planning appointments that we already had.

**Mr Maynard:** That is correct. Through that period, the agency continued to receive access request forms from potential participants and continued processing those. We did not schedule any new planning appointments, and we have been communicating, as Mr Bowen has said, from Monday this week to providers, participants and peak bodies confirming that planning is continuing.

The priority is to complete planning appointments that are already scheduled. The second priority is to contact within the next four weeks participants who have had an access determination made, and scheduling for them a time for planning appointments. Then the third priority is to continue receiving access request forms and planning accordingly when an access determination is made.

**Senator SIEWERT:** Thank you. Is that the normal process, as you just outlined, to contact the people that have already had an access determination within four weeks? Is that the normal process, that four-week process?

**Mr Maynard:** The process that we have adopted here is to be in contact with participants as quickly as possible and no longer than four weeks.

**Senator SIEWERT:** I do come back to my original question. Why was that week where you said you had no new planning appointments necessary?

**Mr Bowen:** The agency needed to have confirmation of the funding for people brought in above the number. We received that through the department and so we continued to work on it. Just as a supplementary to Mr Maynard's answer around the time between access determinations and plans, a person can make an access determination pretty much at any time and the agency is required to determine that within 21 days. We then do the plan in accordance with the bilateral phasing agreements as to when a plan is to be put in place for that person. There can be quite a delay between a person having an access request and a plan, and that is due to the operation of the agreements.

**Senator SIEWERT:** I still want to pursue this for a short time. You said yourself you knew that you would meet the target by the end of September. Does that mean that there was a delay in your finding out whether you could access the additional financial resources?

**Mr Bowen:** No. I wrote in early October to—

**Mr Pratt:** I might jump in here. The agency was very clear with what was going to happen. We did have an insight into how close it was getting and it happened inconveniently in the week in the lead-up to the ACT election. I am not attributing any blame to our ACT colleagues, but between ourselves and the ACT department in that week we did not manage to settle things. We settled things very shortly after the ACT election.

**Ms Hand:** As you would be aware, numbers sort of churn in and churn out. With churn out of the ACT and also participants who are now over 65 who were the Commonwealth's responsibility, at this current point in time we are actually under the 5,075. There is absolutely no impediment to planning. I have met, and so have my staff—we have had multiple meetings—with the ACT government and the NDIA and we are working through the issue. But, as was explained earlier, clearly this could be a much bigger number than the number that is in the bilateral agreement, and it takes time to work through where the funding for that is going to come.

**Senator SIEWERT:** I take the point you made that it was the smaller states that seemed to be having the bigger issue. Are you anticipating or is there information to suggest that you may face this again in one of the other states?

**Ms Hand:** At the moment, apart from the smaller states, I am not aware of that. With the smaller states, it is a more pronounced issue. I would also say that, if the numbers are smaller and you have suddenly got a lot of growth or churn in portability from other states, numbers can change. It is not an exact science.

**Mr Bowen:** The agency's advice to Minister Fifield in late 2013 related to the trial bilaterals, where the errors have occurred. The scheme actuary has provided advice to both DSS and to the state and territory jurisdictions in relation to the full scheme agreements, which are now pretty much in place everywhere apart from WA, and those numbers match up to the actuarial assessments that underpin the full scheme. That is the really important thing going forward. We might anticipate a little bit of cashflow variation over the transition years, but it is all projecting towards the full scheme costing.

**Senator SIEWERT:** I want to go to the issue of mental health and the NDIS. I had a discussion last night with the Department of Health. Just stop me when we get to afternoon teatime. There are issues of concern that I have been made aware of in a number of discussions that I have been having in the community, and that is the concern around what happens to people with mental illness who do not meet the criteria for a full package and the services. A lot of the programs are being wound into the NDIS. That means only people with a full package can access them. At the same time, some states and territories are winding back some of their supports, and you have

got the big changes going to the PHNs. The concern is particularly around community and mental health services, but also that there will be a large group of people that are not able to access services.

**Ms Hand:** As you would be aware, when the Productivity Commission delivered their initial report their advice was, as I am sure you are aware, that at that time 57,000 or thereabouts people with significant and permanent mental illnesses should be a part of the scheme, and that number becomes 64,000 in the full scheme. Obviously it grows. As you have said, there are obviously many other people outside the scheme who are not considered to have a significant and permanent disability. There is a range of supports available to them that I will get Mr Christian to talk through. But, in summary, there is obviously the continuity of service obligations that were put in place at the time of the NDIS for states and the Commonwealth to continue to provide that.

In terms of psychosocial supports, we in the department from a community mental health perspective are working through with all of our programs, including community mental health, what continuity of service might look like. But at the moment, for anyone who is not eligible for the NDIS, they still have access to existing community mental health programs.

**Senator SIEWERT:** For continuity of service, that is for people already on the program.

**Ms Hand:** Yes. I was about to say that then, of course, for clinical it comes from the Department of Health. We are doing some analysis as we speak into this matter to have a look at the whole mental health issue, but we do not yet have any policy advice on it, because it is in its initial stages.

**Senator SIEWERT:** Thank you.

**CHAIR:** Thank you, Ms Hand. The committee will suspend for approximately 15 minutes and resume at 3.35.

**Proceedings suspended from 15:22 to 15:36**

**CHAIR:** The committee will resume consideration of outcome 3.

**Senator SIEWERT:** Ms Hand, I think you were going to talk about the programs.

**Ms Hand:** I will get Mr Christian to do that. There is a really important point that I wanted to make that I should have made before the break. It is public knowledge that Minister Porter is proposing to establish a national disability carers advisory council that would be co-chaired—I should not go into the details now—and is going through the approvals process as we speak. It is envisaged that that council will have more of a focus on the non-NDIS disability and carer matters.

As you would be aware, there is a National Disability Strategy that all governments have signed up to. The minister has proposed to DRC members in early September, at the last DRC meeting, that that strategy be reinvigorated. It is the view of DRC ministers and Minister Porter that, rightly so, DRC ministers have been very focused on NDIS in the last three years in getting it up and running, but there is a view that the focus now needs to be on mainstream services, both states and Commonwealth. That council that I talked about, the national disability and carer advisory council, will be overseeing the reinvigoration of NDS. It is envisaged it will have a very strong action focus, and its remit will be to look at key issues of policy or service in the mainstream space. I cannot talk for ministers, but I can say that the department's advice to that council would be that mental health/psychosocial needs to be looked at as part of that.

**CHAIR:** Just before we go on, there was one point I was going to make. It is not a reflection on any of the answers that have been provided to date, but in the interests of time it would be good if we are able to truncate the information provided in response to questions.

**Senator SIEWERT:** Not truncate the information.

**CHAIR:** Shorten the answers.

**Senator SIEWERT:** Just to make it clear but quicker. Thank you for that information, Ms Hand. That is useful to know. It does not get away from the fact that at the moment there are services that have been wound into the NDIS to the point where there will be little funding left for people that do not have access to the NDIS in the mental health space.

**Ms Hand:** There will be. Mr Christian or Ms McKinnon can take you through that.

**Mr Christian:** Firstly, it is very good to see you wearing a National Carers Week badge. As Ms Hand said earlier, the PC did the initial modelling to estimate the number of people with psychosocial/mental health disabilities in the NDIS, I would like to start by saying that for that cohort in the rollout of the NDIS it is actually doing what it was intended to a very large extent.

In terms of those people that will be outside of the NDIS and encounter psychosocial/mental health support needs, we are working closely with the Department of Health who, of course, are lead on the fifth mental health

plan, suicide prevention plan. We are working very closely with them, and also on the rollout or implementation of the primary health care networks and the role that they have in commissioning of mental health services in the future.

**Senator SIEWERT:** One of the concerns there is, of course, as I understand it, they cannot do psychosocial. I did have a discussion with Health yesterday, and the reason I grimaced is because they told me to come here and talk to your two agencies, which I was quite concerned about, because that is the Department of Health and it did not indicate any coordination or adequate addressing of the gaps that are opening up. So, psychosocial is one of them. What is going to happen, as was made quite clear last night, given that it is still the case that PHNs will not be doing psychosocial work?

**Mr Christian:** We are working with the Department of Health on mental health, particularly for those cohorts of people who will not be eligible for the NDIS and require some form of support. Acknowledging, of course, that states and territories also play a very significant role in the delivery of these services.

**Senator SIEWERT:** Yes. As I said earlier, they are winding back their services, too, because they are saying, 'We're making our contribution to NDIS.' Do not get me wrong. It is fantastic that we have the NDIS, but there are a lot of people that are not going to access it. My understanding is that at the moment the number accessing NDIS with mental illness is not as high yet as the PC had thought it would be. Is that correct?

**Mr Bowen:** That is not quite correct. The Productivity Commission's estimate was 13.8 per cent—a very precise estimate of numbers. In the geographic locations, the Barwon and the Hunter locations, it is around Barwon where we have completed virtually all of the intake with a few hundred to go. It is at 14.2 per cent with people who have a primary psychosocial disability. It is slightly lower in the Hunter, but we have noticed that this is a group who come in slower, because often they have episodic support needs and, not unexpectedly, they come in at the time when they need support.

**Senator SIEWERT:** Which leads me to another question in terms of continuity of care. Given the episodic nature of the illness for a number of people, if they had support and services before, even if when they apply they have been off services for a while, does that count as continuity of care?

**Mr Bowen:** I will have to hand that one to the department. From the agency's perspective, it does not matter that at the time they enter they may not need any support. At the time they enter, if they meet the access criteria and at some point they will need the support, then they can enter it and they will get the support when they need it inside the scheme. For people who fail to enter under continuity, I might hand back to the department.

**Senator SIEWERT:** Yes. Does the continuity of care take into account the episodic nature of the illness? So, for somebody who has mental illness and who has had services before—

**Ms Hand:** Absolutely. The situation that existed for people with psychosocial illnesses before the NDIS has not changed. The NDIS has not changed their situation. I think one of the reasons we are recommending that the proposed national disability carers advisory council look at this issue is because, frankly, there have probably been service gaps at state and territory levels forever. I think there is a perception out there that the NDIS has caused this and all the funding is going there. That is not the case at all, but I do think that some policy work needs to be done on that and we are doing that.

**Senator SIEWERT:** I do understand your point. The point is that there are still concerns around services that have been rolled in, like Partners in Recovery and Day to Day Living, for example, to the NDIS and then the lack of those sorts of services for those that are not eligible for NDIS.

**Ms Hand:** As I said before—and I take your point—if you were not already eligible for one of those programs then you could say that there is a gap, but we are looking at that issue in detail in partnership with the Department of Health, and we propose to do so with the states.

**Senator SIEWERT:** Instead of reading out the numbers now, could you give us, on notice if you can, the numbers of people who have mental illness, where we are at and the number of people that are already on it?

**Ms Hand:** We can actually do that now.

**Senator SIEWERT:** If you have a table that you could table that would be great.

**Ms Hand:** Sure.

**Senator SIEWERT:** When will the new disability and carers advisory council get up and running?

**Ms Hand:** It is going through the final stages of the government approvals process as we speak.

**Senator SIEWERT:** If they are also going to be addressing mental health how is that advisory council going to interact with the mental health—

**Ms Hand:** The first thing that I would say is that I think it is a very good thing that DRC members would like that council to report to them regularly, so it gets visibility of mainstream disability and carer issues too at that council.

**Senator SIEWERT:** Are you able to provide numbers of people that have come out of various programs into the NDIS and, for example, I am thinking of the numbers of people that are currently receiving PhaMs in each region—and obviously it is not going to be a person or it would not be a situation where this would personally identify anybody, I do not think—and then tell us how many have gone into or have been eligible for NDIS?

**Ms Hand:** Absolutely.

**Senator SIEWERT:** So, not the people that applied for PhaMs. Actually that is a third column. The number of people on PhaMs, the number of people who applied and then the number of people who were eligible for NDIS. What is the other program that has gone in?

**Ms Hand:** The Mental Health Respite: Carer Support services.

**Senator SIEWERT:** That is it. It was on the tip of my tongue. Could you do the same for that, too, please?

**Ms Hand:** Yes.

**Senator SIEWERT:** That would be appreciated. In terms of ILC and mental health supports, what sorts of services and supports are going to be available for ILC for mental health? Can you update us where you are at with that?

**Ms Glanville:** I can certainly give you an update of where we are at generally and touch a little bit on the mental health side. You will remember that the framework overall was agreed to by governments through the CBRC, and the agency was given the task of making that operational. We had really over the last year and a half probably about 1,500 consultations around the country. We have been to most jurisdictions, including Western Australia.

**Senator SIEWERT:** Newcastle?

**Ms Glanville:** That was to seek the view of people on the five key themed areas about individual capacity building, organisational capacity building and community capacity building. LACs, of course, are also part of that, but we will just leave that separate for a moment. As part of that we have refined that framework in terms of what the priorities should be for the allocation of those resources. That work is in its final stages. It is still being refined, but the agency is committed to that work being public this year. So, that is continuing as part of that. Of course, when we move around jurisdictions many different groups would talk to us. The agency has done quite a bit of careful work on looking at what services are funded currently by different jurisdictions and how they would map against what the ILC framework might look like and, therefore, which services would clearly fit within a ILC framework, which services would lend themselves or could lend themselves to the individualised funding approach through packages and which services sit outside so that states and territories, and indeed the Commonwealth, can think about what it does in relation to those particular areas. So, it is still a work in progress, but certainly from the mental health perspective, like others, information is particularly important, services which provide information and can assist in really linking people to where they need to go at the time that they need it.

**Senator SIEWERT:** Thank you for the update. So, at this stage we do not have a clear picture of the sorts of supports and services that are available or are potentially available under ILC for mental health?

**Ms Glanville:** No. That work is still being completed.

**Senator SIEWERT:** You reminded me of a question that I have later on when you mentioned LACs. I understand the DSOs funding is going to be up soon. Is that correct?

**Ms Glanville:** Yes. I think the DSO projects were funded up until December this year.

**Senator SIEWERT:** What is the plan from here?

**Ms Glanville:** Perhaps just to remind the committee and the senator that the sector development fund, which was the source of the support for that particular project, has been moved to DSS as an administrative arrangement some time ago now. Future funding will be a matter for the department.

**Senator SIEWERT:** You were just handballed this question. With DSO projects where funding ends in December, what is the plan? Is there going to be more funding available?

**Ms Hand:** As you know, the sector development fund has very strict guidelines and funding criteria. There are many projects that are being submitted to us for the money that is left in the SDF, as we call it, and DSO, based on its outcomes, will be considered in that mix.

**Senator SIEWERT:** So, based on its outcomes. Does that mean you are going to be evaluating it?

**Ms Hand:** We would be asking the agency who manages that project to evaluate it for us.

**Senator SIEWERT:** Can you remind me who is managing it?

**Ms Hand:** The agency started that project when they had SDF. My understanding—correct me if I am wrong—is the agency still looks after the funding and the administration of DSOs. We would need an evaluation to tell us whether it is a good thing to fund in the balance of SDF funds.

**Ms Glanville:** It is right that there is an evaluation being completed. Given that it was a pilot approach and that peer to peer support, which is something that has been raised in many different parts of the country, the evaluation will give us some input around how well that has worked and what the outcomes will be that we can see from that investment.

**Senator SIEWERT:** Where is the evaluation up to, given that they finish in December?

**Ms Glanville:** It is in its final stages. It is being completed by Julie Farr's organisation, and we are due to be given a brief on it in the next couple of weeks.

**Senator SIEWERT:** Are you already planning an application process once the evaluation is done?

**Ms Hand:** If the agency was of the view, and we were of the view, that the DSO project was still worth funding, it would be considered amongst the mix of proposals for SDF funding.

**Senator SIEWERT:** Automatically or do they need to seek further funding?

**Ms McKinnon:** The funding would not be automatic. It would be the agency and DSS working together to look against the raft of calls on the sector development fund and their findings of the evaluation. So, it is not rolling funding.

**Senator SIEWERT:** I am sorry, I have asked the question in a way that is not clear. Will there be information provided back inviting people to apply or inviting others to apply? I am sorry, it is not clear to me what the process is.

**Ms Hand:** I will ask Ms McKinnon to explain that, but basically anyone can submit a proposal at any time.

**Senator SIEWERT:** So, you would then expect a project application. That is where I was going to. Thank you. I would like to go to hearing. As you are aware, there is quite a lot of concern in the hearing impairment community about access to services, particularly early intervention and the delay in terms of being able to access that early intervention in a timely manner. I know I do not need to explain to you why that is so important. There are many other issues around potential failures from the competitive process, because of issues, particularly remote issues, for example, and in particular in Aboriginal hearing. What level of engagement have you had with the sector to address those problems and how are you addressing those issues around the need for early intervention in the framework that you are required to operate under in terms of contestability and so on?

**Mr Riley:** There are four programs with a hearing component that are transitioning to the NDIS. There is Better Start for Children with Disability, Remote Hearing and Vision Services for Children, National Auslan Booking Service and the Hearing Services program. The Department of Health is responsible for the engagement with the sector with hearing services providers. In relation to Better Start, which is a DSS program, we have had a regular six-weekly engagement with providers in our state network around the transition arrangements. We have worked closely with the agency around the development of their early childhood early intervention gateway to ensure that there is no gap between the time a child leaves the Better Start program and they commence in the NDIS. We have worked through those. So, that is our dedicated early intervention program.

In relation to HSP, at the moment it is transitioning as an in-kind contribution, where the agency makes a judgment as to how much of the expenditure relates to NDIS clients. So, at this time, while I understand there are a range of concerns—and, yes, they have been brought to our attention as well—they should not be seeing any change in the operation of that program while it continues to be an in-kind program. I understand—but DSS is not responsible directly for this—that there has been a range of sector engagement activities.

**Senator SIEWERT:** The feedback that I am getting is that, because of the way the process is operating, particularly for newborns, for example, and at the time of intervention, it is that people are getting the information but it is not being presented in a way that people can make decisions or access services in the timeframe that is needed to get that early intervention, which is so essential for hearing loss.

**Ms Glanville:** Just at a practical level, for example, the agency has been working quite thoroughly with, for example, Cora Barclay in South Australia and also another example would be the Shepherd Centre in New South Wales, who have a particular interest in this. It is, of course, because of the shift from block funding to individualised funding, those organisations, like many, have been looking at what their service delivery model is like. Those conversations with both of those organisations are continuing to look at what they are seeing in terms

of who is accessing the scheme and what services those participants are receiving under the scheme. It is something that is being monitored at this stage and we are working with them in this way to get a better picture and understanding of any of the issues that they are raising.

I should also say that the early childhood early intervention gateway, which we have discussed here with senators before, is the mechanism by which over time children around the country will come into this wide gateway with a view to looking at whether they need assistance with supports in the community, particularly family supports following assessment in the natural settings that those children might be in, or in fact whether they need more thorough supports in terms of their participation in the scheme as a participant as such. There are those several pieces that are still in play.

**Mr Bowen:** It is important to note that supports that the agency provides to a child with a diagnosis is complementary to the clinical supports that are provided by the health system. If a child needs a cochlear implant, all of that is happening through the health system.

**Senator SIEWERT:** I understand that and that is where the critical timing comes in. They get their implants and we know that time is critical for that, but then it is the services and supports. Giving a baby an implant does not make them hear again, effectively.

**Ms Glanville:** Just in terms of your question in relation to rural and remote, certainly I think our chair has had a bit of an interest in this but also more generally working with the chair of Australian Hearing and also with PM&C to look at the sorts of services and what is required in rural and remote areas as well. I cannot give you much of an update on that, but that might be something you would be interested in from the perspective of rural and remote as well.

**Senator SIEWERT:** Yes, very definitely. Obviously, in general, around services but in particular for hearing. What I understand you said is that there is now a mechanism where this issue is being followed up where this is a different process?

**Ms Glanville:** This is occurring where this has been—

**Senator SIEWERT:** Is that what you are saying?

**Ms Glanville:** That is right, yes.

**Senator SIEWERT:** I do have a series of further questions on hearing that I am going to put on notice, because I have just looked at the clock. You mentioned interpreter services. There is concern about the loss of the national Auslan booking services for medical appointments. I am sure you have heard some feedback on that.

**Mr Riley:** Yes, we have had some feedback on that.

**Senator SIEWERT:** What is the reasoning for its cessation?

**Mr Riley:** Funding associated with NABS is transitioning into the NDIS. We have worked closely with the agency to clarify the situation involving transition and specifically what it is. Essentially, if a person needs Auslan and they are accessing it through NABS in this instance, which is for medical appointments, I understand that is decided by the agency to be reasonable and necessary support and goes into the plans. They have put up some fact sheets and we have communicated with the sector as well.

**Senator SIEWERT:** The problem is that it is just people who have a package. Now, not everybody who is deaf or hearing impaired may necessarily get a package. Is that correct or not? Is it correct that it is only if you have an NDIS you can then access reasonable and necessary supports to access that service?

**Mr Riley:** I think it might help if I explain what happens if either the NDIS has not yet come to your area or you are deemed ineligible for the NDIS.

**Senator SIEWERT:** Yes.

**Mr Riley:** You continue to receive support through NABS. All governments made that commitment around continuity of support, and we are actively monitoring the situation to see what flows after that time. We are aware, for example, there is something in the order of 20 per cent of the NABS clients, notwithstanding that it is a fluid client base, that are over 65. There is a continuity of support issue that for at least until the end of next year, so the end of the next calendar year, the Commonwealth has made a decision that that sits with existing providers. So, for the DSS programs, of which NABS is one, continuity of support is delivered by the existing provider. It is a sole provider in this program. We have further invited them to come back to us, as they have every other year, should they have a shortfall in funds, at which time we will consider what is necessary to top them up.

**Senator SIEWERT:** Thank you. I have some young people in nursing home questions, but I think I have had a bit of a go.

**CHAIR:** Senator Brown.

**Senator CAROL BROWN:** This is a question to DHS. Do you believe that some of the problems with the portal post 1 July could have been avoided if live testing had been done?

**Mr Sterrenberg:** The answer is obviously, yes. We would obviously have picked up some of those issues earlier.

**Senator CAROL BROWN:** Whose decision was it that there would be no live test run?

**Mr Sterrenberg:** The testing is done, obviously as you know, in the lower environments. As I mentioned earlier, we do both positive and negative testing. Live testing requires opening up the portal and at that stage it is very difficult to control who would have access. What we do as DHS, as we do with all the onlines, we have designated people within DHS that will log on to the online from an external environment, external to the DHS security, and that was done.

**Senator CAROL BROWN:** My question was: whose decision was it that there would be no live test run?

**Mr Sterrenberg:** I was trying to clarify my question, which is we do test the external portal, but it is not our practice to use live participants in any of our testing.

**Senator CAROL BROWN:** You just said before that you thought that some of the problems could have been avoided if there was live testing.

**Mr Sterrenberg:** Yes.

**Senator CAROL BROWN:** Yes?

**Mr Sterrenberg:** Yes.

**Senator CAROL BROWN:** So, are you saying to me that DHS made the decision that there would be no live test run?

**Mr Sterrenberg:** As is our normal practice.

**Senator CAROL BROWN:** Was it an active decision?

**Mr Sterrenberg:** It was an active decision in terms of that it is our normal practice. We have a process, as I mentioned, in terms of both testing in the lower environments and then testing the external environment. The external tests are generally about connectivity to make sure that when we enter into the external portal layer that we do not have any issues with the protocols and security protocols.

**Senator CAROL BROWN:** I understand.

**Mr Sterrenberg:** I think your question was if we had asked a small group of users to log on that would obviously have highlighted the issue earlier, but at that stage we were only live on that particular night of 1 July and at that stage, in all online environments, access is then available to everybody.

**Senator CAROL BROWN:** Yes, I understand that. So, you are telling me the reason why you did not conduct a live test run, you made that decision not to do that because that was not your normal practice? Is that what you are telling me?

**Mr Sterrenberg:** Yes. As I mentioned, and I am trying to clarify—

**Senator CAROL BROWN:** Were you ready? Did you have time to do one?

**Mr Sterrenberg:** Yes. As I said, we normally do what is referred to as a health check, where a designed DHS officer will log on to the website from an external venue to ensure that all of the security protocols and the site is accessible and that files can be loaded. We do not normally ask customers, or citizens in our case, or participants to do a live run.

**Senator CAROL BROWN:** That was a bit of a shame this time around.

**Mr Sterrenberg:** It is a learning, and I think going forward into the next on-boarding of participants we will seek to find ways to do that testing.

**Senator CAROL BROWN:** Thank you. I have a question now about a report that was in the paper today. It is in *The Australian*.

**CHAIR:** Will the witnesses need a copy of the article?

**Senator CAROL BROWN:** No, I do not think so.

**CHAIR:** I will just say that if you would like them to comment on facts then please just make the facts clear rather than just refer to the article because they do not have the article in front of them.

**Senator CAROL BROWN:** You can pull me up.

**CHAIR:** Yes.

**Senator CAROL BROWN:** There is a report in today's *Australian* that Dr Bonyhady will be replaced as chair of the NDIS with Ms Helen Nugent. Does Ms Nugent have any experience in the disability sector?

**Senator Ryan:** Given that you asked about a newspaper report, I have some context to provide. The minister or his department does not release the names of the nominees or anything that relates to that story, if it is the one that I am thinking of. I am assuming that was the one that was also subject of some radio coverage. It does represent a serious breach of trust of the processes of the governments that are involved in this and it also represents an unnecessary intrusion into people's professional and personal lives. With that, I will probably provide some further comment as this line of questioning goes on, I would imagine.

**Senator CAROL BROWN:** Thank you, Minister.

**Mr Pratt:** I am familiar with the articles. There have been two articles, in fact, at least in the *Australian* over the last few days around the process for appointing and reappointing board members. As the minister has pointed out, a process of this sort is subject to considerable confidentiality and privacy restraints, because we are dealing with many individuals in a process like this and so I do not intend to talk at all about individuals but I am happy to talk about the processes. The first point I need to make on this is—

**Senator CAROL BROWN:** Can I just clarify. So, you are not going to be able to tell me whether Ms Nugent has any experience with the disability sector?

**Mr Pratt:** I am not going to talk about possible candidates for the board. The first point is the process is not yet complete. It is still underway. The article suggests that it is a fait accompli. That is not actually the case. Disability reform ministers, between the Commonwealth and the states, are yet to finalise their process and, likewise, the board appointments then have to go through a further step within the Commonwealth's processes. This is a live process and it would be entirely inappropriate to talk about individuals, whether current board members or potential future board members. I am happy to talk about the process, but I think it would be unreasonable to talk about individuals.

**Senator CAROL BROWN:** I am asking a question about the process.

**Senator Ryan:** At this point, Senator Brown—with your okay, Chair—I would just like again to provide an outline of the process thus far. Discussions between First Ministers at the Council of Australian Governments in April 2015 agreed on the need for a board with much stronger skills in strategy, risk, insurance and corporate governance, as well as experience in large enterprises of an equivalent national scale and complexity to the NDIA. The Commonwealth has gone to considerable length for almost 12 months to adopt a collaborative approach to ensure the board appointment process is open, transparent, merit based and, most importantly, will produce a final board composition that will meet the needs of the NDIA for the betterment of participants, their families and carers.

Upon assuming the role of the Minister for Social Services, Minister Porter sought and received approval from the Prime Minister to alter the timeline of process for the search and appointment of future members of the NDIA board specifically to allow for a longer period of more intensive consultation. This included the reappointment of all current board members for periods of 12 months.

The recruitment process for new board members is continuing in line with decisions agreed to by Disability Reform Council ministers. State and territories have had the opportunity to contribute and will continue to do so. The intention is that the next board will be a combination of current and new members and the board skills and experience requirements set out in the NDIS Act will continue to be met.

While some may seek to circumvent the highly consultative process with states and territories that has been running over the last 12 months with this regrettable leak, the government will not be going into any detail or making that situation worse.

**CHAIR:** Thank you, Minister.

**Senator CAROL BROWN:** Thank you for that. My question in terms of the process is: when did the minister decide not to consult state and territory governments regarding the appointment of new members to the board?

**Mr Riley:** To my knowledge, the states have been consulted on more than one occasion as per the requirements in the various agreement and legislation that sets this up.

**Mr Pratt:** Indeed, there has never been that decision. Leaving aside what the minister touched on as the interactions in COAG and letters to premiers from the Prime Minister and things which Minister Fifield did in this area before the ministerial changes last year, Minister Porter, since last November, has had extensive discussions with his counterparts in the states and territories at the Disability Reform Council meetings on three occasions.

There have been seven rounds of formal correspondence between the DRC members on processes for identifying potential candidates for the board.

**Mr Riley:** I cannot think of another organisation in the Commonwealth that has such extensive consultation, either requirements or those that have been fulfilled—because I have had a role in appointments in various areas—as this board. Indeed, that story probably came from one of the states.

**Senator WATT:** I do not think anyone has any evidence.

**Mr Riley:** One state has a habit of leaking Commonwealth correspondence to newspapers more than others.

**Senator CAROL BROWN:** You are going to have to take a step back for me, Mr Pratt, because I want to get an understanding. You talked about the consultations that the ministers had with the states and territories, but does the minister have the power to appoint nominees without the agreement of the states and territories?

**Mr Pratt:** The way the legislation operates in this—and I will do a lay person's run through of this and then no doubt a lawyer will come to the table and correct me—but essentially the legislation enables the Commonwealth to appoint the chair of the board following consultations with state and territory ministers and it requires the various jurisdictions—

**Senator CAROL BROWN:** But not necessarily agreement?

**Mr Pratt:** That is right. It is following consultation.

**Senator CAROL BROWN:** So, consultation but not necessarily agreement.

**Mr Pratt:** And the legislation requires that appointments to other board positions be agreed between the relevant Disability Reform Council ministers, but—

**Senator CAROL BROWN:** Just a second. You are quite softly spoken.

**Mr Pratt:** I am sorry.

**Senator CAROL BROWN:** In terms of the other members there has to be agreement?

**Mr Pratt:** Yes, that is right. However, the legislation also has a provision that where agreement has been attempted and has not been achieved that, after a 90-day period, it is possible for the Commonwealth minister to appoint board members. Again, without going into the back and forth between ministers and individuals, I think it is fair to say that, in terms of possible future appointees to the board, there is a huge amount of agreement between ministers with the possible appointees to the board into the future. There is very significant agreement.

**Senator CAROL BROWN:** Has the minister written using that 90-day clause that you talked about?

**Mr Pratt:** The minister has written on seven occasions to his colleague ministers over probably the last 10 or 11 months about different steps in the process. At the most recent Disability Reform Council meeting there was a substantive discussion between disability ministers about the process, which included three stages of correspondence back and forth between the Commonwealth minister and state and territory ministers about a starting list of nominees for the board and then refining that down to preferences from state and territory ministers. That process involves looking at the range of skills and expertise that needed to be identified for the various positions. Obviously, things like lived experience with disability, commercial experience, understanding of insurance principles—quite an extensive list of criteria—and, also, importantly, ensuring a gender balance. Disability ministers wrote back to the Commonwealth minister on that. He wrote back to them again with a further refined list, and then on 30 September he wrote to them with a final list seeking agreement from his colleague ministers. That is the last step in the process which is still live. A number of ministers have written back, but not all ministers have done so.

**Senator CAROL BROWN:** So, is the last piece of correspondence on 30 September seeking agreement or is it correspondence saying, 'This is the final list'?

**Mr Pratt:** No. It is seeking agreement and doing so in accordance with the relevant section of the legislation.

**Senator CAROL BROWN:** Is it seeking agreement but also saying, 'I'm invoking my power' in this 90-day clause that you talked about, such that, 'If it's not agreed I'm going ahead with it'?

**Mr Pratt:** What Minister Porter's latest letter did on 30 September was to seek DRC ministers' support for a final list of nominees for appointment to the board in line with section 127 of the NDIS Act. That provision in the Act allows the minister, after 90 days, to appoint people if there is no agreement.

**Senator CAROL BROWN:** So, it is a final list. If there is no agreement he may go and put that in without any further consultation?

**Mr Pratt:** That is what the act allows.

**Senator CAROL BROWN:** Given that there has been some comment in the newspapers, if there is no agreement is there any chance that the government will just continue to negotiate about board appointments?

**Senator Ryan:** I will take that on notice, because that is a matter for the minister.

**Senator CAROL BROWN:** Thank you.

**Senator WATT:** Can I just ask one question while Senator Brown is preparing?

**CHAIR:** Yes.

**Senator WATT:** Without getting into names, do you consider that it would be appropriate to appoint someone as the chair of this board who does not have experience in the disability sector?

**Senator Ryan:** I will take that on notice on behalf of the minister. This is obviously not something that I am across the detail of. I am aware of the processes that I outlined before and that Mr Pratt has outlined.

**Senator WATT:** But surely you do not need to consult the minister as to whether it is appropriate to have someone with disability sector experience to head the NDIA board?

**Senator Ryan:** I think the points I read out earlier, which were agreed upon at the Disability Reform Council, or by COAG First Ministers I should say, that with a scaling up of a program of this size and scale they agreed on the need for a board with stronger skills in strategy, risk, insurance and corporate governance, as well as experience in large enterprises of an equivalent national scale and complexity. That actually comes from First Ministers, and presumably ministers responsible. If the minister has a different view or wishes to address the question you asked I will take it on notice on his behalf.

**Senator WATT:** I do not think anyone would disagree that on a board managing a project of this complexity and size it is important to have people with a range of skills, corporate governance skills, legal skills, accounting skills, disability sector experience, but surely for the chair it would be fairly useful to have some background in the disability sector?

**Senator Ryan:** I think a mixture of skills is important for any board, but given that scale-up of this and implementation of it, the two people who have done more to implement this and deliver these services to the people in Australia who need them are Senator Fifield and Minister Porter.

**Senator WATT:** Apart from Bruce Bonyhady, you mean?

**Senator Ryan:** In this parliament, if you would let me finish what I was saying. That is in terms of people who have done this politically and delivered it. The scale of this is actually quite enormous. We have not done anything this large in decades, to my way of thinking.

**Senator WATT:** It is an excellent initiative. I agree with you.

**Senator Ryan:** Labor can print the bumper sticker but the credit goes to the people who actually deliver it, pay for it and put the things in place. This is the point. Minister Porter has done more to ensure this system works, and particularly cleaned up some of the messes you left, as has Minister Fifield. So, I will take on notice whether he wants to address the question of opinion that you are asking, but his commitment and the government's commitment to ensuring this is rolled out effectively, more than just promises but actual delivery of services, is demonstrated by the work that has been done thus far.

**CHAIR:** Thank you, Minister. Senator Brown.

**Senator CAROL BROWN:** Mr Pratt, with the board nominees is that nominees for the whole board, the whole membership?

**Ms McKinnon:** The final list.

**Senator CAROL BROWN:** The final list that Minister Porter has sent?

**Mr Pratt:** Yes.

**Senator CAROL BROWN:** So, it is a replacement of the entire board?

**Mr Pratt:** I think the minister, in his introductory comments on this, made the point that it is the intention of all governments that the board in its next iteration is a combination of existing and new board members. I might remind senators that Minister Porter, also following consultation with his colleague ministers, expanded the board to 12 positions in order to ensure it had the right level of expertise and experience over the transitioning period.

**Senator CAROL BROWN:** Thank you.

**CHAIR:** Do you have further questions in outcome 3, Senator Brown?

**Senator CAROL BROWN:** Yes, I do.

**CHAIR:** I will go to Senator Siewert.

**Senator SIEWERT:** I have one on the portal issues, because Senator Brown asked some very thorough questions. Have there been any privacy breaches through the process?

**Ms Hand:** We will take that on notice.

**Mr Pratt:** Prima facie you would think that the leaking of documents around the process—and I am not actually commenting on those documents—potentially could be.

**Senator SIEWERT:** On notice, could you tell me, during the whole process in fixing it, whether there were any privacy breaches, how many and in which areas that occurred?

**Mr Pratt:** I will correct this on record, but I am not aware of any privacy breaches during the process.

**Senator SIEWERT:** Thank you. If you could take that on notice as well that would be good. Can I go to young people in nursing homes?

**Mr Pratt:** Yes.

**Senator SIEWERT:** How many people to date who are young people in residential aged care across the beginning of the rollout and the trial sites have transferred from residential aged care on to NDIS?

**Ms Glanville:** Thank you for that question. I note that we receive data quarterly from the Department of Health in this area and we know that there are currently 6,240 people under 65 living in aged care facilities. As at 30 June, I can say that 186 of these are eligible for the NDIS in areas where the NDIS is available.

**Senator SIEWERT:** You said 6,240?

**Ms Glanville:** So, 6,240 people under 65 living in aged care.

**Senator SIEWERT:** That is across Australia?

**Ms Glanville:** Yes, that is right.

**Senator SIEWERT:** We are not talking about trial sites yet?

**Ms Glanville:** No, but the second part, which is as at 30 June—186 are eligible for the NDIS in areas where we are currently operating.

**Mr Bowen:** We will take on notice to come back to you on the number of younger people in residential aged care in the trial sites and how many of those we have successfully got out of residential aged care. I know we have spoken about that and I have previously tabled numbers on that at this committee. I do not have them today so I will take that on notice, but it was a group who we specifically targeted to assist exit of residential aged care into more appropriate circumstances and supports. My recollection from the last time we discussed this at this committee was that we have been quite successful in that endeavour.

**Senator SIEWERT:** I am after an update on those figures.

**Mr Bowen:** Yes, we will get an update.

**Ms Glanville:** I can give you some qualitative examples that I know of, but we will get the quantitative stuff as well.

**Senator SIEWERT:** Thank you. In terms of this issue around priority and targeting some of those priority groups, particularly this cohort, what is the process, if there is one, for prioritising people with urgent and immediate need such as young people in residential aged care?

**Mr Maynard:** What I will outline is an approach that we are taking in Victoria North as we roll out within that region, where the agency and the regional office is working in collaboration with Children and Young People in Nursing Home Alliance to move ahead of transitioning of participants into the scheme, accessing nursing homes, identifying high-risk participants and then working with the agency to bring them forward in the priorities. That is giving us some very valuable insight and learnings around how we can better target our preplanning and awareness activities, particularly with residential care and nursing home operators.

**Senator SIEWERT:** I appreciate that update. Will that be taken on board for the rest of the rollout so that there will be a prioritising process for young people in nursing homes?

**Mr Maynard:** The intention is that we will learn from this approach, as we did with the trial. We will then look to adopt those learnings and make them part of our preplanning and engagement activities.

**Senator SIEWERT:** I will ask directly: will there be a prioritising process for them?

**Mr Maynard:** The intention is, yes. We do not have a process yet. It will be informed by the work that we are doing in that rollout area.

**Senator SIEWERT:** So, the intention is, yes, but no process at the moment?

**Mr Maynard:** That is correct.

**Senator SIEWERT:** What is the timeline for developing the process?

**Mr Maynard:** I do not have a timeline on that, either.

**Senator SIEWERT:** Six months? For the process, I mean?

**Mr Maynard:** I expect we would get some early results within three to six months. Then we would look, as an agency, at how our engagement strategies would need to be modified. It would be a six- to nine-month timeline.

**Mr Bowen:** First, the entry of people overall has to operate in accordance with the priorities set out in the bilateral agreement. We would go to those people as that sets out.

Secondly, and critically, one of the learnings from the trial of course is that supporting a person in the community needs appropriate housing options. The Disability Reform Council has signed off on specialist disability accommodation. The agency is now operationalising that, and we are keen to see new and more appropriate housing starting to be constructed, but there is a lead-in time around that and there is a shortage of good accommodation at the moment. It is not simply a matter of putting something in place, unless there is a destination that is suitable for the person. We also need to get that through the pipeline and we are working very quickly to get that happening.

**Senator SIEWERT:** That is in terms of accommodation. So, they will be able presumably to access some of the supports that you could access under NDIS while they are still in residential care?

**Mr Maynard:** That is correct.

**Senator SIEWERT:** Do you assume full responsibility for funding of supports for a participant who is in a nursing home or is it going to be shared with the Department of Health?

**Mr Bowen:** We pay for the supports provided in the residential aged care.

**Senator SIEWERT:** How does that work given the COAG principles for responsibilities of the NDIS and other service systems?

**Mr Bowen:** Once a person is a participant in the scheme it is the nature of the support that they are getting, not the location or the facility that is providing it. The nature of the support being provided is that personal care. Therefore, it is appropriate for the agency to pay for that.

I should say that to the extent the person may need specialised nursing and health support, that is not the agency's responsibility. Often people in those circumstances will have both disability supports and health related supports.

**Senator SIEWERT:** Yes. Are there any legislative anomalies between the NDIS and Aged Care acts regarding payments, assessments, standards and so on that you have identified?

**Mr Bowen:** I am not aware of any, but we will take it on notice whether it has been raised as an issue with us.

**Senator SIEWERT:** How do you handle the aged care co-payments, such as accommodation bonds and accommodation daily charges and other things? How do they get through?

**Mr Bowen:** We will take that one on notice. We have been doing some work on that. I do not believe that has been fully settled yet. It has certainly been put to the agency that the bond should be covered. It is not clear to me that it is something that we can pay for under the legislation. It is a combination of getting legal advice and looking at the practical circumstances. The last time I was aware of it we had not resolved it. It is likely still to be open, so we will take it on notice.

**Senator SIEWERT:** If you could that would be great.

**Ms Hand:** Ms Moses can talk about that issue.

**Ms Moses:** Young people in aged care are partly paid through the health reforms and through cross-billing arrangements. The state governments will pay for the young person in aged care and it will be reimbursed through a cross-billing arrangement with the Department of Health.

**Senator SIEWERT:** So, the state is going to do it. Does that mean it is not actually an issue?

**Ms Moses:** It is not an issue at the moment. At the moment, the young people in aged care are part of the aged care system. The Commonwealth fully funds aged care through the health reforms. As we transition to full scheme, we are working with the Department of Health to transition those young people into the NDIS and then the funding will flow through the NDIS as well.

**Senator SIEWERT:** Does that cover the issue of the bond?

**Ms Moses:** Yes. The Department of Health is looking at arrangements for how the transition will work physically, as well as the financial transfer, including the bond.

**Senator SIEWERT:** Thank you.

**CHAIR:** Senator Reynolds.

**Senator REYNOLDS:** I am sorry, but I have just been in another committee so please just let me know if I have crossed over any questions that Senator Siewert has already asked. Last time we talked about this in estimates you were getting a definitive number of young people in nursing homes through cross-referencing of data. Have you got the recent figures? It is not necessarily the ones who are on the NDIS, because I will come to that, but how many you are aware of on ACAT packages?

**Ms Glanville:** We previously indicated to Senator Siewert that there are currently—and this is information we get from the Department of Health—6,240 people under 65 living in aged care facilities.

**Senator REYNOLDS:** I do not want you to read through them now, but have you got the state breakdown that you can table and provide?

**Ms Glanville:** No.

**Senator REYNOLDS:** Can you take that on notice?

**Ms Glanville:** Yes, I am happy to take that on notice.

**Senator REYNOLDS:** Do you know how many of that cohort of 6,240 have become NDIS participants?

**Ms Glanville:** We indicated 186 had, and we have committed to getting more information about those numbers.

**Senator REYNOLDS:** How many people in the NDIS trial site or sites at the moment are scheduled to become participants but have not yet? Is that part of your answer? Are you aware of people who are going through the process or should be but have not been?

**Mr Bowen:** Are you talking specifically about young people in residential aged care?

**Senator REYNOLDS:** Yes, that whole cohort. We have 186 who have been picked up on packages.

**Mr Bowen:** We would not have that at hand. We will need to map those people against the bilateral agreements to see how many there are and, therefore, at what time they are likely to enter the scheme. We have not done that type of detailed mapping.

**Senator REYNOLDS:** If you could do that for the committee, without going to extraordinary efforts. If you could provide as much information on that as possible for the committee broken down by state that would be very helpful. Given that you know who these 6,240 are—it is a very discrete cohort, which is spread out around the country—have you given further consideration to how you can bring them more quickly into the scheme and have you mapped out a timeline of how long it would take this known cohort to bring them in?

**Mr Bowen:** I made the point previously that we would bring them in in accordance with the bilateral agreements. As we reach a site where a younger person is living in residential aged care, it is meeting the phasing under the bilateral agreement. Mr Maynard indicated previously that we were developing a pilot with young people.

**Senator REYNOLDS:** I do not want to go through it. For the whole cohort, that 6,240, how many years are you looking at some of them staying in aged care until those transitional arrangements kick into place?

**Ms Hand:** That depends on the bilateral agreement with each jurisdiction, but I would say that a general principle for negotiating with the states, the bilateral agreements for a transition, was to have young people in residential aged care transitioned quickly.

**Senator REYNOLDS:** Given the very nature of their disabilities and that they are in aged care, you did a scoping study and I think, from memory, you found about 98 per cent of those in the scoping study would be eligible for NDIS. Is there any way at all, even if it means additional arrangements with the states, to fast track that cohort? You know who they are. We know that they are going to be eligible. Is there any way to fast track it?

**Ms Hand:** The only way you could do that is by opening up the bilateral agreement phasing arrangements and the states would have to agree to that, but in theory it is possible.

**Senator REYNOLDS:** I just asked that because, as you know, we have had this discussion many times and for those people as young as 18 or 19 living in residential aged care the longer they are there--they are not getting mostly the rehabilitation they need and the health treatment they need. They are isolated from their families. They are isolated from their communities and their friends and their mental health deteriorates. I understand the reason

for it under the bilateral agreements, but if we are talking about another few years it is a terrible consequence for these people, some of them kids, and it is a horrible life. I understand the reason, but if there is some way that we could look at fast tracking this cohort.

**Ms Hand:** I do not have the detailed cohort specific phasing for each jurisdiction, but my recollection is that because of the principle we had that they be a priority in our negotiations with the states I do not think—but we will come back to you on notice—there are any in sort of a three-year time frame. I think it is more a one- to two-year timeframe.

**Senator REYNOLDS:** I understand, in terms of implementing a project as large as the NDIS, that is actually not a lot of time in terms of the scope of the project. But just for this particular cohort who we can identify one to two years is a lifetime for these young Australians. If you could, Ms Hand, or the Secretary, take that on notice. Perhaps Mr Bowen. I know you have so many other issues, but if we can do right by this cohort of people now that you are at the stage that you are at, it would be a uniformly good thing to do.

**Mr Bowen:** We have agreed with you and indeed with the other committee that looked at this that this is a critical group that needs assistance. I should also indicate that in addition to people transitioning into the scheme who are currently in residential aged care we would do our very best as someone, say, a young person who had an acquired or traumatic brain injury was exiting hospital and coming into the scheme, to make sure that that did not become a destination. I cannot give a guarantee that that does not occur, but it certainly would very much go into our trial site to make sure that that did not happen.

**Senator REYNOLDS:** Do everything we can to keep more young Australians from going into there. If you could take that on notice in terms of what it would take under the bilateral arrangements, what would actually need to occur and any other advice that you have on that, I am sure the committee would be very grateful. Thank you.

**CHAIR:** Senator Siewert.

**Senator SIEWERT:** I am going to have to put a whole lot of questions on notice, but I wanted to touch on the issues around the Sector Development Fund. I want to put some questions on notice about how much funding has been provided over the history of when the process first started with the sector development and things. But what I am interested in now is what the process is for allocating funding and making decisions about where you are going to invest the remainder of the funding.

**Ms Hand:** Ms McKinnon will go through the detail, but I can tell you that there is about \$50 million left. Some of that is committed though. The process is very much in line with the guidelines that are available on the DSS website.

**Senator SIEWERT:** So, it is still those guidelines that are available. In terms of supporting participants, a lot of money has gone into building up the capacity of the sector. I still have raised with me issues around building up capacity of participants and potential participants to participate.

**Ms Hand:** There is quite a range of projects that we have funded in that area.

**Ms McKinnon:** Ms Hand is correct; there is around \$51 million left in the allocation that is still guided by the Sector Development Fund Investment Strategy, which is publicly available. Of the money that has been allocated there has been some given to participant capability. As you noted, the DSOs were an important part of that.

**Senator SIEWERT:** Yes.

**Ms McKinnon:** The other thing is we are funding the state and territory governments. They have a focus both on participants and providers. Also, for example in South Australia, the South Australian government is working on a project that will have national applicability about reaching hard-to-reach clients. I think we talked about them before, and encouraging them into the scheme.

There is a range of programs. I am just having a look through a very long list. We have, in the APY land, something that focuses on children with a disability and delivery of them. There was funding to the First People's Disability Network to build capacity for Indigenous communities and culturally competent service for mainstream service organisations, and there was a completed project already for around 400,000 to AFDO to build the capacity of consumers. So, there is a range of consumer or participant focused projects.

**Senator SIEWERT:** So, the same as with providers, they can develop projects and apply obviously against the guidelines?

**Ms McKinnon:** Yes, exactly.

**Senator SIEWERT:** I know I promised that I would stop and put the rest of my questions on notice so we could finish by 5.00.

**CHAIR:** Thank you. Senator Brown.

**Senator CAROL BROWN:** I understand that DSS also commissioned an internal report into the portal issues. Is that correct?

**Mr Pratt:** We, on behalf of Minister Porter, commissioned an urgent review of the portal issues using PricewaterhouseCoopers.

**Senator CAROL BROWN:** I could be getting this confused, but was there one done by Robin Kruk?

**Mr Pratt:** There was a separate report done by Robin Kruk, which was not in relation to the portal. It considered other issues.

**Senator CAROL BROWN:** So, nothing to do with the NDIS?

**Mr Pratt:** I am sorry, can you ask that again?

**Senator CAROL BROWN:** It did not have anything to do with the portal? It did not have anything to do with the rollout?

**Ms Hand:** No. It did not look at IT issues. There was a range of other reviews looking at IT, including the finance sponsored or led gateway reviews. The Kruk review did not look into IT.

**Senator CAROL BROWN:** Can you release that report?

**Ms Hand:** No, it is not being released.

**Senator CAROL BROWN:** When was it completed?

**Ms Hand:** It was actually submitted to us finally on 5 August.

**Senator CAROL BROWN:** When was it commissioned?

**Ms Hand:** I do not know the exact date, but DRC ministers agreed that for the four jurisdictions at the time—and I think it was about May—who had signed up to transition, New South Wales, Victoria, Tasmania and South Australia, that there would be an independent readiness review on transition. Ms Kruk conducted that for those four states and has subsequently conducted the same thing for Queensland.

**Senator CAROL BROWN:** That is what her review was into?

**Ms Hand:** Yes. It was readiness for transition.

**Senator CAROL BROWN:** I have completed my questions to the NDIS, but I wanted to ask about the National Disability Strategy. Why will that report not be released?

**Mr Pratt:** It went to the Disability Reform Council ministers. It was for their benefit. It is a decision for government as to whether or not it is released.

**Senator CAROL BROWN:** I would like an update on the development of the second implementation plan for the National Disability Strategy.

**Ms Hand:** It has been endorsed by DRC.

**Senator CAROL BROWN:** I am sorry?

**Ms Hand:** The plan has been signed off by the Disability Reform Council.

**Senator CAROL BROWN:** And it now has to go to COAG?

**Ms Hand:** Yes, it will go to COAG.

**Senator CAROL BROWN:** When is the next COAG meeting? Has that been assessed?

**Mr Christian:** The second implementation plan of the National Disability Strategy, titled Driving Action 2015 to 2018, has been cleared by the Disability Reform Council and will be going to COAG for noting out of session. It is imminent.

**Senator CAROL BROWN:** I knew you would use that word. I am not sure what it means. That is good news. When did we start work on the development of the second implementation plan?

**Mr Christian:** I cannot give you a precise date that it started, but I do recall that we started working on the second implementation plan as the first implementation was nearing its expiration. It is a process that we engage not only across the Commonwealth for commitments to the strategy's implementation but we also work with states and territories and also the Council of Local Government. It is a very extensive process of engagement and that has taken a little while to get us through the process to now sending it off to COAG for endorsement.

**Senator CAROL BROWN:** There would have been much broader consultation with stakeholder groups.

**Mr Christian:** Absolutely, with peak bodies in the disability sector—

**Senator CAROL BROWN:** You cannot give me a sneak preview?

**Mr Christian:** No.

**Senator CAROL BROWN:** Ms Hand, you talked earlier about the establishment of the national disability and carers advisory council. So, it has not been established yet?

**Ms Hand:** It is going through the final approvals process with government.

**Senator CAROL BROWN:** Is there a terms of reference?

**Ms Hand:** Yes. There is a draft terms of reference. There is membership that the states and territories and many other people around the country have been consulted on, a proposed membership. The final proposed membership is now going through the final approval process with government.

**Senator CAROL BROWN:** Whereabouts will they sit? Who are they advising?

**Ms Hand:** Minister Porter has asked that this be set up, but as I said earlier, one of the roles of this council will be to report to DRC formally at their meetings on mainstream issues in particular for disabilities and carers.

**Senator CAROL BROWN:** So, they report to DRC and then it goes up?

**Ms Hand:** Ultimately it is Minister Porter who has set this up, so they report to the government.

**Senator CAROL BROWN:** You have a draft terms of reference. Can I get a copy of that?

**Ms Hand:** Yes.

**Mr Christian:** The draft terms of reference need to be finalised at the first meeting of the council. If the plan goes according to what we scheduled, the first meeting of that council will be before the end of the calendar year.

**Senator CAROL BROWN:** Before the end of the year?

**Mr Christian:** Yes.

**Senator CAROL BROWN:** I have quite a lot of questions and I think I have only one minute.

**CHAIR:** You have three, as a matter of fact.

**Senator CAROL BROWN:** I have a lot of questions so I will put them on notice. What is happening with the National Carers Strategy?

**Mr Christian:** You might recall in the 2015 budget the government made a number of announcements in relation to carers. One of those was to establish the national carer gateway, and funding was provided in the budget for that. The second component of that budget decision was to establish the Integrated Carer Plan. The plan will be the key mechanisms for reforms to supports for carers going forward.

There has been extensive consultation since that budget announcement across the sector, including with a specific carer gateway advisory group that is represented by many experts in the carers sector and is co-chaired by myself and Ms Cresswell, who is the chief executive of Carers Australia. They have been working on the possible reforms to the way in which carer supports are provided to replace the carer strategy.

**Senator CAROL BROWN:** There is no national carer strategy? It is no longer government policy? It has moved to other priorities of the government; is that right?

**Mr Christian:** The carer strategy was a policy of the previous government.

**Senator CAROL BROWN:** So, it is no longer government policy? I am just trying to see where we are at.

**Mr Christian:** The policy of the current government has been to invest in the National Carer Gateway and also to invest in the development of the Integrated Carer Support Plan.

**Senator CAROL BROWN:** So, that would probably be why the carer's strategy has been taken off the website. Can you give me some more information about the integrated plan for carer support services?

**CHAIR:** Just bear in mind that it is 5 o'clock. Senator Brown, did you want to place the rest of your questions on notice? We will allow an answer for this last one, and then I know Senator Watt has a quick question.

**Senator CAROL BROWN:** When do the questions need to be answered? What date have we put down?

**CHAIR:** Lodged by 28 October and responses by 2 December.

**Senator CAROL BROWN:** I will put them on notice and hopefully you will give me some fulsome responses.

**Mr Christian:** Yes.

**CHAIR:** I am sure that the department will. Senator Watt had a question before we move on to outcome 2. It is not to do with outcome 3.

**Senator WATT:** Senator McCarthy is on her way and I know she had some questions. I think we are about to move on to outcome 2.

**CHAIR:** Outcome 2, yes.

**Senator WATT:** Senator McCarthy and Senator Pratt have some questions on that.

**CHAIR:** As do Senator Collins and Senator Siewert.

**Senator WATT:** Can I just ask for the committee's indulgence. I just want to clarify something relating to an earlier outcome. If I can just pull up my question. I do not think this is going to require earlier people to be brought back or anything like that. It is just the issue to do with Newstart for younger people. I understand that yesterday—and I do not have these clips—in the media the Treasurer was asked about this issue to do with Newstart. It was an interview with David Speers on Sky News. So, David Speers said, 'Looking at what you are doing in government, though, will you take this', being the change to the eligibility age for Newstart, 'off the budget books?', and the Treasurer's response was, 'There will be a point at which those decisions will be taken in relation to the budget, but we don't just sort of give up on these things, David ... we don't give up on them ...' Perhaps this is a question for Senator Ryan. I am just interested in whether there are any discussions under way which might see that bill—

**Senator Ryan:** I think you and I were in economics estimates yesterday with Treasury while this interview was probably on.

**Senator WATT:** I was only there briefly.

**Senator Ryan:** I think I was and so I did not see it. I think that is appropriately a question that you should probably put on notice to the Treasurer or through Treasury estimates. They will figure out where to go. It is a quote from the Treasurer about the budget. I think it is appropriately a question to be put on notice for them.

**Senator WATT:** You are a very senior minister. You would know about these kinds of things, would you not?

**Senator Ryan:** I think it is appropriately a matter for the Treasury. It was a quote from the Treasurer about the budget and I think you could put it on notice to the Minister for Finance or the Treasurer through Treasury estimates. I think that is the appropriate way to deal with it.

**Senator WATT:** Thank you.

**CHAIR:** We will move now on to outcome 2, Families and Communities. I invite the relevant officers to the table and the new minister. Thank you, Senator Ryan.

[17:04]

**CHAIR:** Senator McCarthy, would you like to start questioning.

**Senator McCARTHY:** I would like to ask some questions on the Healthy Welfare Card trials in Ceduna and Kununurra. Are you able to provide an update on the progress of the trials in both Ceduna and Kununurra?

**Mr Pratt:** Yes. There will be people stampeding in here to answer these questions.

**Senator McCARTHY:** Would you like me to repeat that question or are you comfortable?

**Ms Bennett:** Is there anything specifically that you would like?

**Senator McCARTHY:** No. Can you tell us how it is going? What is the latest?

**Ms Bennett:** It has been implemented in two sites, as you know, that you have just listed. As at 31 August there were 1,936 participants with the card across both sites. As far as we feel it has gone, we have worked actively with the communities. We have addressed issues as they have come up. We generally feel that the implementation of the card in those two trial sites is going very well.

**Senator McCARTHY:** What were the issues that you were addressing?

**Ms Bennett:** Issues that might come up are things like people understanding what their PIN number was.

**Dr Baxter:** We felt that the rollout of the trial has been reasonably smooth from a technical point of view in both locations. There have been a couple of things that we have learnt through the course of the trial and we have responded quite quickly. Some examples include that there was not a functionality in the Pay Anyone function for fortnightly recurring payments. We worked with our local partners on the ground to make sure that people could make those payments anyway by having them manually set up through the local partners, and in the meantime we—

**Senator McCARTHY:** Can you explain that? Who are the local partners?

**Dr Baxter:** The local partners are local Indigenous organisations that are recruited in each of the trial sites to help with the implementation on the ground. They had a particular role during the first four weeks when the card was being implemented, and they played a very active role in helping to activate people's cards, set up PIN numbers and if people had questions.

**Senator McCARTHY:** And who are the organisations?

**Dr Baxter:** In the Ceduna region there are five organisations. There is Ceduna Aboriginal Corporation, Koonibba Community Aboriginal Corporation, Oak Valley Maralinga Aboriginal Corporation, Scotdesco Aboriginal Corporation, Yalata Community Inc., and also Complete Personnel. Actually, they provide trial support services only. Then in the East Kimberley we have East Kimberley Job Pathways Kununurra, East Kimberley Job Pathways Wyndham and Kununurra Waringarri Aboriginal Corporation. We also have arrangements with Australia Post in the locations as well, but it is the local partners who undertook a lot of the work with local people to help them understand how to get on the card if they were having glitches.

During that period of time we also had DSS and PM&C staff members on the ground and we had Indue personnel on the ground as well.

**Senator McCARTHY:** How much discussion took place with those local organisations prior to the trial rolling out?

**Dr Baxter:** There was extensive consultation in both locations prior to the trial beginning. Those local partners were involved in those consultations and then they were involved—as it looked as though the trial was going to be happening in each place—in talking to them about what might be the kinds of services they could help provide people practically to get on the card. We were pointed in the direction of those local partners by the community leadership in both places who we were working with really closely. They felt very strongly that it was important to have a local presence, particularly local Aboriginal organisations on the ground, who could work with the community.

**Senator McCARTHY:** So, the consultation that took place with those organisations was prior to the trial rolling out. Now that the trial is obviously underway, how often do you have dialogue with each of these organisations?

**Dr Baxter:** We are in constant and regular contact with those organisations. They feed information to us on a continuous basis about how the trial is going. If they are seeing a spate of particular issues emerging they let us know. They particularly let us know if they think there is a broader fix that needs to happen from time to time. Our staff in DSS work very closely with both the community leaders and those local partners as well as the funded services in the communities.

**Senator McCARTHY:** What are some of the issues that these organisations have raised so far?

**Dr Baxter:** I do not have with me which particular issues have been raised by which particular organisations, but I can talk to you about some of the things that have emerged and we have responded to since the trial began. Some of those would have come through from our local partners. Would that help?

**Senator McCARTHY:** We will start with that.

**Dr Baxter:** In the beginning, we had some individual reports that the card was not being accepted at particular stores and we worked with local partners, Indue and our people on the ground, to try to investigate why that might have been the case, because we knew that the functionality was there. In the vast majority of such cases it turned out that those declined transactions were due to people not having enough money in their account or that they had entered an incorrect PIN. That was a situation where it really was about working with the local partners and people on the ground in those organisations to provide support so that people did understand how the card worked and what they needed to do.

We also had a situation, which was I think identified by the local partners, where Post Billpay transactions were being declined. This is an Australia Post form of payment. We instituted a technical fix in response to that on 7 June after Australia Post agreed to implement some IT upgrades that would make sure people's cards could be used for that particular bill pay.

**Senator McCARTHY:** Just with Post Billpay, can you explain a little bit more how that works?

**Dr Baxter:** My understanding is that it is a popular bill paying method in the trial sites. It is an Australia Post product and it enables the payment of various bills at Australia Post outlets. In April we identified an issue—and I think that that may have been working with the local partners, but I could not tell you exactly which one—where Post Billpay transactions that were made with a debit card were being rejected. The problem was that the

Australia Post IT system was incorrectly identifying the Indue card and the account as a pure credit funded card and for some reason that caused it to be rejected, which the card is not. It is not that kind of card.

**Senator McCARTHY:** Is that still the case?

**Dr Baxter:** No, it is not. We worked with Australia Post to institute an IT upgrade to ensure that we would not have those problems with the card going forward. That was fixed on 7 June.

**Senator McCARTHY:** How much needed to be invested to get that IT fixed?

**Dr Baxter:** No. It did not require any funding.

**Ms Bennett:** It was an Australia Post investment.

**Dr Baxter:** It was an Australia Post investment.

**Senator McCARTHY:** Keep going, Ms Baxter.

**Ms Bennett:** The other one that we have already mentioned is the fortnightly recurring payments.

**Senator McCARTHY:** Just earlier when you said that those transactions were due to not enough dollars in the account or an incorrect PIN, do you have a list of just those incidents, for example, how many people experienced not having enough dollars in their account?

**Dr Baxter:** No, we would not have a list of every time that somebody tried to make a transaction with a card and had insufficient funds in their account to cover the purchase, but we can give you a sense that through the calls that have come through to our helpline that is something that is occasionally raised or is raised with local partners. When it is raised it is something that the local partners and people on the ground are able to work with those individuals to help them understand that actually this is not a technical issue or a problem with the card. This is just about, 'You don't have enough money left on your card to make that purchase.'

**Senator McCARTHY:** Is that when you work with the Aboriginal organisations to explain that or are there members of the department who are on hand to explain those issues?

**Ms Bennett:** It is both of those things.

**Dr Baxter:** It would depend on the situation and the needs of the person. Some people would particularly need the support of a local organisation.

**Senator McCARTHY:** In terms of evaluation, how do you evaluate this trial? What are the KPIs? What is the mechanism that we are looking at?

**Ms Bennett:** We have someone joining us from the department's evaluation area who has put in place the evaluation strategy for the card.

**Ms Mandla:** We use a range of methods to evaluate the impact of the trial. We have an independent evaluator of the research and they will be conducting or are conducting two ways, both community consultations for stakeholders and people actually using the card itself. Once they actually get that information, they put it together and they look for systemic issues and trends. The particular impacts that we are looking at with the trial are the impacts on community functioning. We are getting a range of data, not just from the interviews with community groups and people on the card. We are looking at state administrative data as well as data that we hold at the Commonwealth level.

**Senator McCARTHY:** Let me just go back to that. You spoke about a range of methods to evaluate the trials, including community consultations with stakeholders. What was the second part of that?

**Ms Mandla:** There are community consultations with community groups on the ground at the trial sites and there are also interviews with people on the card.

**Senator McCARTHY:** What have people on the card been saying?

**Ms Mandla:** At this stage, we do not have a report with our wave one findings. The interviews were conducted quite recently throughout August and September, and we would be expecting a report on those findings towards the end of the year.

**Senator McCARTHY:** Anecdotally what kind of feedback are you getting?

**Ms Mandla:** I think the anecdotal performance monitoring feedback is going through to the policy line area. We are very keen to keep the rigor of the evaluation quite independent from the day-to-day monitoring of my colleagues in the Families and Communities Group. There is information that comes through from the interviewees with ORIMA Research. At the end of the day, after each session, they all get together and they discuss what is being said. It is all done through computer assisted tablets. There is a standard survey and standard questions. That all gets fed in and put together and that will be analysed a little bit later on this year.

Where issues arise anecdotally through those interviews we get some advice from ORIMA Research and we provide information to our colleagues in the policy line area so that they can actually look into some of the issues and address them to keep that communication flow going.

**Senator McCARTHY:** Are you able to share with the committee just what people are hearing in terms of the card means on the ground? I know you have a report underway and that has yet to come forward. I am just interested to hear what the people are feeling. We have heard what the organisations think, but what about those participants who are on the card?

**Ms Mandla:** As I said, that information gathering is being done by ORIMA. I am not hearing specific issues. At some stage later this year I will get a copy of a report and I will get the information that has been verified and validated through a range of data techniques.

**Senator McCARTHY:** Can you tell me who ORIMA is?

**Ms Mandla:** Yes. ORIMA is an independent research company that conducts a range of research activities for government. They have done research for us before and indeed evaluations. The two directors of ORIMA are particularly closely involved in this evaluation.+

**Senator McCARTHY:** Has ORIMA worked with Aboriginal communities before?

**Ms Mandla:** I cannot say for sure, but I am quite sure that they have been involved in a previous evaluation which may have involved Indigenous communities.

**Senator McCARTHY:** Are you able to get further information on that? I am interested to know in terms of cultural respect and appropriateness for that consultation. I am curious to know who ORIMA is and just what they have done.

**Ms Mandla:** Yes.

**Senator McCARTHY:** Are you able to provide further information?

**Ms Mandla:** I understand they have undertaken quite extensive consultation with key community leaders in the group, and the evaluation itself is guided by an expert committee that does include community leaders as well as state and territory government representatives.

**Senator McCARTHY:** What would you call that? Is that a steering committee?

**Ms Mandla:** We have a steering committee comprising officials across a number of government agencies at both the Commonwealth and state government levels, and then that steering committee is also guided by a panel of expert advisors who provide guidance on the evaluation.

**Senator McCARTHY:** Do you know how many people are actually on it?

**Ms Mandla:** I do. On the steering committee or the subject matter?

**Senator McCARTHY:** On the steering committee for now.

**Ms Mandla:** I have 11 representatives. Bear in mind I chair that committee, so it is not a fixed number. That committee membership has changed and has grown in the last few months.

**Senator McCARTHY:** Just in terms of the evaluation, you talked about data. Do you also look at the surrounding communities in terms of that evaluation?

**Ms Mandla:** Yes, we do. The evaluators have comparison sites for the evaluation. I have a list of those sites. For Ceduna, that site will be compared to Coober Pedy and Port Augusta. For the East Kimberley, that site will be compared to Derby.

**Senator McCARTHY:** Is that underway as well as we speak?

**Ms Mandla:** It is, yes. We are still gathering state administrative data from state governments, but we are getting data from both Western Australia and South Australia state governments to assist with that.

**Senator McCARTHY:** With respect to the data and the purpose of the evaluation, what is the purpose in terms of what you are comparing?

**Ms Mandla:** With the comparison sites?

**Senator McCARTHY:** That is right.

**Ms Mandla:** One of the things that we look for in bringing comparison sites into an evaluation is to compare differences in trends. Within a site or a community we might see a change from one point in time to another point in time, and sometimes those changes might also be seen in other communities not subject to a particular activity or intervention which we are trying to measure. We bring in comparison sites to see similar point in time changes in those communities with similar socioeconomic and demographics, and types and numbers of services so that

we can actually analyse and discern what might actually be an impact from the card as distinct from, for example, a seasonal impact or changes that you would regularly see in similar types of communities over time.

**Senator McCARTHY:** What is the goal with the card?

**Ms Mandla:** The goal and the impact that we are actually measuring specifically look at the impact of the card on individuals, their families and the broader community. We are looking at changes in the consumption of alcohol, illegal drug use and gambling. We are looking at changes in socially responsible behaviour and, in particular, whether there have been any changes in violence or harm rates within the community. We are looking more broadly at implications for other behaviours. That is quite a broad suite, whether there are any broader unintended consequences or further benefits that we may not have anticipated. We are looking at the impact that the trial might have on people's ability to undertake and complete their daily activities. Because it is a trial we are particularly interested in the lessons learnt. What can we learn? When you do a trial, it is something different so what can we actually learn from this trial going forward to inform future policy development?

**Senator McCARTHY:** Thank you.

**CHAIR:** Senator Siewert.

**Senator SIEWERT:** Can we have a copy of the form that is being used for the consultation with the evaluation for both stakeholders and participants?

**Ms Mandla:** If I can clarify, do you mean the questionnaire?

**Senator SIEWERT:** If that is what you call it. You said a form.

**Ms Mandla:** Yes. My apologies.

**Senator SIEWERT:** That is fine. I was just using—

**Ms Mandla:** We have a range of forms that the evaluators are using.

**Senator SIEWERT:** Could we please have copies of the one that is being used for the consultation with stakeholders, with participants and with the partners?

**Ms Mandla:** I will look into whether we can get a copy of that.

**Senator SIEWERT:** That would be appreciated. Thank you. You talked about the evaluation. I will go back to the point that I raised a number of times and ask now how you are factoring this into the evaluation. How can you evaluate the trial against Coober Pedy, Derby and Port Augusta if they are not getting additional services as well? How are you dissecting out the card versus the services?

**Ms Mandla:** I will try not to get too technical, but we are getting data from a wide range of sources. We have Commonwealth administrative data from the Department of Human Services. We have state administrative data from a range of government agencies at state level and we have data coming in from qualitative interviews and stakeholder forums, as well as more quantitative data coming from individual interviews with people on the card.

What the evaluators will do is they will assess how much and the type of data that is coming in and then they go through a process of what is called data triangulation. What that simply means is they look at what we are hearing in one part of the evaluation and they look at other data to see if it is going to reinforce or validate what they are hearing. I will use these as examples because it is up to the evaluators as to what techniques are appropriate in the circumstances, but they will then go and look at maybe we need to do what we call differences analysis. That simply means looking at differences in changes in outcomes over a certain period. They will look at the changes where they can go down into subgroup levels to see whether those are changes, depending on the quality and the quantum of the data. Are they occurring for people who are actually accessing services as well as the card or people who are not accessing services who are just on the card? From that type of analysis they can start to isolate various impacts.

**Senator SIEWERT:** This is qualitative, though, and not quantitative. That can only be qualitative, surely.

**Ms Mandla:** I am sorry?

**Senator SIEWERT:** That can only be qualitative. You are asking the individuals whether they have accessed the services and how they feel.

**Ms Mandla:** Yes. I understand there is also service provider data as well that the evaluators are drawing on. I do not have specific details as to how much data they are getting in that area.

**Senator SIEWERT:** When is the first wave going to be released?

**Ms Mandla:** The first wave report is due to us at the end of the year in December.

**Senator SIEWERT:** When is it going to be released?

**Ms Mandla:** That is really a decision for government.

**Senator SIEWERT:** I will ask anyway, Minister.

**Senator Seselja:** I will take it on notice.

**Senator SIEWERT:** Thank you. Can I go to the media commentary at the moment, in particular comments by the minister and Mr Forrest about the trial and some of the results. Could you please table the results so far that both Mr Forrest and the minister have been quoting, the full set?

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

**Senator SIEWERT:** Why do you need to take it on notice?

**Ms Bennett:** Mr Tudge has used his own contacts and discussions with the leaders and we will have to go back and source the information that he has provided in media interviews.

**Senator SIEWERT:** He has been quoting numbers and so has Mr Forrest. Why are you not able to table that?

**Ms Bennett:** I do not have it. We will take it on notice.

**Senator SIEWERT:** Do you not have the report?

**Ms Bennett:** There is no report.

**Senator SIEWERT:** What numbers is he quoting to say that there has been some progress?

**Ms Bennett:** I think, as Ms Mandla said, the department has an arrangement with state governments on providing some information. We have some information and we agreed with our state colleagues that as some of the trends might emerge we would share them with Minister Tudge. In addition, he has regularly met with some of the leaders and he has been provided information from them about what they are seeing on the ground. I will have to go back and ask him for that information and we will take that on notice.

**Senator SIEWERT:** Do you have anything in writing from the states—

**Ms Bennett:** That I can table right now, no.

**Senator SIEWERT:** Beyond having it with you right now, do you have any in a form of a report or any of those statistics that have been quoted that can be interrogated by those of us that do not have access to it?

**Ms Bennett:** I will go back and have a look at what we have got and how we have received it. We will take that question on notice. I will also approach Minister Tudge about the information and we will provide what we have got available.

**Senator SIEWERT:** This smacks of the intervention where exactly the same thing was done and in the longer term was proved to be false. More food was being sold from the stores, et cetera, but it turned out that it was not true.

**CHAIR:** We will keep going with questions.

**Ms Bennett:** I will take it on notice.

**CHAIR:** The officer has agreed to take it on notice.

**Senator SIEWERT:** Thank you. Has Mr Forrest had access to this information?

**Ms Bennett:** Not provided by us.

**Senator SIEWERT:** Not provided by you.

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

**Senator SIEWERT:** You are telling me that you have not provided the information to Mr Forrest?

**Ms Bennett:** No.

**Senator SIEWERT:** Could you tell me how many people have been exempt in both trial sites?

**Dr Baxter:** Yes. I can provide you with that information. There are two potential categories. One is the category for people who have either exited the trial or received an exemption.

**Senator SIEWERT:** What do you mean by 'exited'?

**Dr Baxter:** They have exited because they have had a retrospective address change or they have left income support payments in the trial. That is one way of getting off the trial. The other is exemptions.

**Senator SIEWERT:** With that retrospective address change, do you mean they moved out before it started?

**Dr Baxter:** Yes, that is right, and we just caught up with them after the trial started or if—

**Senator SIEWERT:** I am interested in those that are in the area that are on a working age payment.

**Dr Baxter:** That are actually exempt?

**Senator SIEWERT:** Yes.

**Dr Baxter:** I have figures to 29 August. Twenty-six exemptions from the trial have been granted. Sixteen to Ceduna participants and 10 to East Kimberley participants.

**Senator SIEWERT:** So, 16 in Ceduna; is that right?

**Dr Baxter:** In the Ceduna region, yes, and 10 in East Kimberley Region.

**Senator SIEWERT:** East Kimberley. Can you tell me if they are Aboriginal or non-Aboriginal?

**Dr Baxter:** No, I do not have that information.

**Senator SIEWERT:** Has that information been collected?

**Dr Baxter:** I do not believe that we collect that information, no.

**Senator SIEWERT:** In terms of the evaluation, is the second wave going to be similar to the first or are you doing a different model for the second wave?

**Ms Mandla:** I understand with the second wave that the questions are likely to be of a similar vein to assess, again, the impact and changes over time.

**Senator SIEWERT:** But maybe not quite the same. Did you say 'similar' or 'the same'?

**Ms Mandla:** I cannot say for sure, but it is always open to ask additional questions in the second wave. I do not have access to exactly what the evaluators are planning for that wave just yet.

**Senator SIEWERT:** The East Kimberley started after Ceduna, so will the first wave cover both? Is that both sites?

**Ms Mandla:** Yes.

**Senator SIEWERT:** Will they be done as one report?

**Ms Mandla:** The report will cover both sites, East Kimberley and Ceduna, but the interviews obviously have been occurring at slightly different times.

**Senator SIEWERT:** Thank you. In terms of how people have been getting around the use of the Indue card, some of which has been reported in the media, taxis, for example, in East Kimberley—and the minister said that that would be investigated—can you tell me how far you have progressed in that investigation?

**Dr Baxter:** Specifically with the taxi issue?

**Senator SIEWERT:** The taxi issue in this first instance, and then I want to pursue other issues.

**Dr Baxter:** I can tell you that there were media reports in September that a particular taxi driver in the East Kimberley had been given a show cause notice as a result of behaviour associated with the card. Those reports were actually inaccurate. There had not been a show cause notice issued by Minister Tudge or by DSS or by Indue. However, a taxi provider in the East Kimberley did agree to sign a merchant agreement with Indue and that was after reports were received that participants had been using transactions with the taxi driver to circumvent the trial. As part of that agreement, that particular taxi driver agreed to install GPS in the taxis and to retain accurate information of transaction information that would allow for the monitoring of those transactions to understand what was actually being paid for. More generally, Indue and DSS have a number of procedures in place to detect where there is activity that suggests there might be program non-compliance and to respond to that.

**Senator SIEWERT:** How many reports have you had from Indue that there is unusual activity?

**Dr Baxter:** I do not have with me the number of reports. I can tell you that none of the reports relating to particular individuals, as opposed to merchants, has resulted in a consequence. If there have been reports and they have been looked at it has been found that they were not as a result of concerning behaviour so there has been no action taken.

**Senator SIEWERT:** Is that for both?

**Dr Baxter:** That is across both of the trial sites. I do not have the number for merchants, I am sorry.

**Senator SIEWERT:** If you could take that on notice that would be appreciated.

**Dr Baxter:** Yes. We may be able to get that back to you in session.

**Senator SIEWERT:** Thank you. Do you remember I think in the estimates before last, in February, where we were talking about the ability to transfer what was, when you are on a working age payment, a relatively large amount of money in order to pay, for example, for accommodation?

**Dr Baxter:** Yes.

**Senator SIEWERT:** Is that still the case?

**Dr Baxter:** It is still the case. There has been a little bit of progress. As with all of these things we have been taking advice from the leaders and our local partners on the ground about how this stuff is working in operation. The leaders were particularly concerned. You will recall when we had that conversation I think at the time there was a \$1,000 limit on accommodation payments. We took advice resulting from some concern the leaders had that that was too high. They felt that that may have been used to circumvent the program guidelines. What they elected to do is start with a default rate of zero for the accommodation allowance but work with people who we knew had rent payments or informal payments to be made to work out exactly what was the payment that was required to be made. So, what was the amount of your mortgage that had to be paid, your rent payment, your informal rent payment and to set up agreements and payments based on that amount. If your amount was \$700 a month, then you can transfer \$700 for that purpose.

I just might say that this is separate from the non-accommodation ability to transfer funds, which is \$200 a month in a 28-day cycle. So, there is an ability to transfer \$200 without needing to provide an explanation for the reason, and then there is this accommodation allowance, which is based on what your particular accommodation needs are.

**Senator SIEWERT:** When you say 'they negotiate' who is 'they'?

**Dr Baxter:** I am talking about the individual participants.

**Senator SIEWERT:** With whom? I am sorry. I do appreciate it would be the individual but who are they negotiating with?

**Dr Baxter:** The language 'negotiation' may not have been particularly accurate. What happens is somebody identifies if they have an accommodation payment to be made. Most of this was done in the initial period of implementing the card, because we had those details. A lot of those were already captured through DHS. DSS verified with the individual what the amount of the accommodation payment was that they had to pay and then their accommodation payment was set up for that amount. It was initially material that was on the DHS record and then Indue enabled that to be paid through the Pay Anyone.

**Senator SIEWERT:** So, they automatically transfer the money through Indue? It is like a direct deduction?

**Dr Baxter:** In effect, yes.

**Senator SIEWERT:** The reason you were setting it up was so that they could do it?

**Dr Baxter:** That is right.

**Senator SIEWERT:** The initial amount of money, so that individuals could do it. But now it is done through Indue; is that correct?

**Dr Baxter:** No. I understand that the individual still has to transfer that money and they can do that through this transfer to another transaction. They can set that up as a recurring payment if they need to, but the amount—

**Senator SIEWERT:** It does not send up flags?

**Dr Baxter:** It does not send up flags if it goes up to that amount. That is exactly correct.

**Senator SIEWERT:** How many flags have been set off? You have already said that they were found to be okay.

**Dr Baxter:** As I said before, I am sorry, I do not have the number of times where suspicious instances of program non-compliance have been flagged, whether it is through the accommodation provision or through one of these others provisions, but I can tell you that where they have been raised and they have been looked at in the case of individuals none of them has come to a situation of people having restrictions placed on their particular ability to pay.

**Senator SIEWERT:** You have already taken on board if there have been issues with the merchants.

**Dr Baxter:** Merchants and individuals.

**Senator SIEWERT:** Can you take on notice the number of times a flag has gone up with merchants and, in particular, the participants?

**Dr Baxter:** Yes. We will see if we can get that back to you during the session. If not, we will take it on notice.

**Senator SIEWERT:** That would be appreciated. In terms of the third trial, it was being speculated in the media that the third trial was not going to go ahead. Is that in fact the case?

**Dr Baxter:** There has been no public announcement in relation to a third trial site at this time.

**Ms Bennett:** But we are aware—

**Senator SIEWERT:** I know that.

**Ms Bennett:** We are aware that Minister Tudge has flagged that this matter is under consideration and it is just a decision.

**Senator SIEWERT:** There has been no decision?

**Ms Bennett:** No.

**Dr Baxter:** To return to your previous question, since the trial started there have been between 10 and 20 merchant occasions that have been looked into, but we do not count or keep records of the individual times that flags have gone up. There have been 10 to 20 occasions where, through conversations between Indue and DSS, particular merchants have been looked into. The taxi company that I gave you is one of the examples. We do not count or keep records of the number of times that a flag goes up, whether it is in relation to an individual or a merchant. We do not have that material to provide.

**Senator SIEWERT:** Why not? I pursued a line of questioning some time ago around Indue having access to these accounts and monitoring them. Why are you not keeping count of how many times these flags go up when you are effectively monitoring someone's money?

**Dr Baxter:** It is not something that we have seen that there has been an operational need to keep a record of it at the time. We have been particularly concerned to make sure that only minimal information is ever passed between Indue and DSS, particularly about the situation of individuals. There would be general information shared initially and, if there is an assessment made that further investigation needs to be done, it would only be in accordance with the privacy provisions in the relevant legislation that that information would then be shared. We have been very careful not to keep records of numbers of flags or other information where we do not see that there is an operational need from time to time to comply with those privacy undertakings we gave at the outset.

**Senator SIEWERT:** Thank you. You have had 10 to 20 merchants where the flag has gone up and you do not know how many individuals where the flag has gone up have been brought to your attention?

**Dr Baxter:** I think it might also be a terminology issue. When we say 'a flag has gone up'—there are hard limits on the Pay Anyone system that we talked about before. So, rather than a flag that would be a situation where someone attempts to transfer money beyond what their limit is. A flag does not go up. It simply rejects it at that time. Then when we talk about flags more generally, we are talking about information we might be receiving that might suggest behaviour of a merchant or behaviour of an individual has been concerning. Sometimes that comes through from community leaders, from our local partners or from other information sources rather than being a technical flag.

**Senator SIEWERT:** In that case, we have been speaking at cross-purposes. That is very useful information. Remember we had a conversation a while ago about the fact that there is a process set up where Indue effectively has it on the bank account. My recollection of the conversation we had is they do not necessarily stop the payment if it is within the size of the payment, but if it is being used somewhere that they think might be an unusual payment—

**Dr Baxter:** There are two parts to that. There are flags that go up around fraud. There are fraud management flags. That is the situation where Indue monitors accounts for suspicious account activity, as any bank does, to indicate whether there might have been fraud of that person's funds. That is to protect from fraud and theft. Indue has over 200 rules that might detect suspicious or fraudulent activity of that kind.

For example, a flag of a possible fraud against a customer would be raised if there were multiple repeat transactions of a similar amount occurring within a 15-minute period. Indue would work with the customer to resolve that, much as any bank would if there was a suspected fraud, and DSS would have limited involvement in that.

Then Indue's analytics software can also identify if there are customer and merchant attempts to evade or manipulate the card. It has developed a set of rules that are based on feedback from community leaders, DSS and also some of the trends that we know about from the BasicsCard to detect some of that activity. Some examples of those are things like transactions that are of a very high amount, where there is a weekly average volume that looks like it might be concerning.

**Senator SIEWERT:** If that is updated from the previous information that you gave us, could you table that?

**Dr Baxter:** We could certainly take on notice to give you some information about what those rules are and what the flags are.

**Senator SIEWERT:** Just to confirm, with that particular type of monitoring you are not keeping a record or there are no numbers?

**Dr Baxter:** No, we are not.

**Senator SIEWERT:** Thank you. I have plenty more questions to put on notice.

**CHAIR:** Senator Siewert, just one thing you were trying to accommodate here, and I appreciate the effort that you have put in to speed things up. There are a couple of things that we need to do. I know the officers from AIFS have a flight to make, so we are going to accommodate questions from Senator Waters to enable them to get to the airport. But also Senator Cameron has commitments that he cannot move from another committee. One thing I was proposing, in order for Senator Cameron to ask his questions, was that if, after we have done AIFS, we jump to Housing and then come back to this output. I also need to clear that with the secretary and the department.

**Mr Pratt:** That is fine.

**Senator SIEWERT:** I know Senator Rhiannon has questions.

**CHAIR:** In relation to?

**Senator SIEWERT:** In Housing, yes, definitely.

**Senator CAROL BROWN:** Can I just clarify then that we will not get to outcome 2 until after the dinner break?

**CHAIR:** There is the possibility that we will continue outcome 2 after the dinner break as well.

**Senator CAROL BROWN:** If that is the plan, I will go away and not come back until after the dinner break if that is going to work.

**CHAIR:** Senator Cameron, can I just confirm with you that your intention would be to use the time to the dinner break?

**Senator CAMERON:** Yes, the 45 minutes allocated between Senator Rhiannon and me. I am sure we will fill 45 minutes.

**CHAIR:** So, the plan will be that first we will do the AIFS questions for Senator Waters, noting the commitments of the officers from AIFS, and then after that we will jump to Housing under outcome 4 and then, after the dinner break, we will conclude the remainder of outcome 2.

**Senator KAKOSCHKE-MOORE:** Just to clarify—then we will come back?

**CHAIR:** Yes.

**Senator KAKOSCHKE-MOORE:** I have some questions in relation to the Ceduna trial too.

**CHAIR:** So post the dinner break.

**Senator KAKOSCHKE-MOORE:** After the dinner break?

**CHAIR:** Yes. Thank you, everyone, for your flexibility. We will move to AIFS. We will bring those officers to the table.

### Australian Institute of Family Studies

[17:48]

**Senator WATERS:** Thank you very much for being here today. I am glad that we can get you onto your flight home in time. Thank you for being patient. I am interested in your research evaluating the 2012 family violence amendments. I have had a chance to have a brief look at the findings in your synthesis report, which is very comprehensive. Well done on that piece of work. In relation to the legislative changes and their impact on parenting arrangements after separation, can you give me an overview of your findings and whether they are achieving the objective of keeping children and victims of domestic violence safe?

**Ms Hollonds:** Thank you for your question. The evaluation covered a lot of complex areas. So, you are specifically wanting to know about the residence arrangements of the children as a result of the—

**Senator WATERS:** I am particularly interested in the effects of section 60CC(2)(a), which places a greater emphasis on the child's right to be safe than it does on the access to meaningful interaction with both parents. Yes, arrangements after separation in terms of living arrangements and then any other arrangements that pertain to that.

**Ms Hollonds:** I will refer to Associate Professor Higgins for some specific details on that question.

**Prof. Higgins:** I think the broad summary of our results from the range of different elements of the evaluation, as you would probably understand the different methodologies as previous officers have talked to you about evaluations, kind of need to be brought together to understand the full picture. I think that in terms of the views, particularly of professionals, about the safety of children afterwards allows us to claim that I think we have greater emphasis, if you like, in terms of addressing that issue of meaningful relationships. A very large number

of professionals agreed. Almost all professionals, 97 per cent, in fact, agreed that meaningful relationship with both parents after separation was being achieved through the changes. But I think it is a different situation in terms of the other proposition, whether the family law system places adequate priority on protecting children from harm, where there was a lower number; 69 per cent agreed to that. But of course that is only one element of the overall evaluation.

**Senator WATERS:** Just specifically on that particular section, chapter 6 talks about the operation of that aspect of the legislative change and, as you have said, it has the majority of professionals acknowledging that it has played an important role. But my understanding—and I am seeking your additional input on this—is that the professionals' views were that the findings on parenting arrangements from both the court file study and the analysis of published judgments showed that it had a limited effect in practice and that divergent interpretations were evident in the published judgments. Can you tell us why that might be?

**Prof. Higgins:** I think what it is reflecting is that there is a lot of complexity to a program of legislative change. Firstly, it can take quite a while for it to take effect. One of the things that our evaluation pointed out was that some of those implications were slower to be realised than one might have hoped. One example of that which was quite common throughout the evaluation was the issue of screening and of being able to identify safety concerns; that there was variability in the degree to which professionals were taking that up. That is not an issue of legislation, it is rather an issue of practice and implementation and so it can go to issues, for example, around the extent and the effectiveness of training and of professional development and I would also add the issue of the culture that supports and understands that. I am not talking there just about courts. I am talking about right throughout the family law system.

**Senator WATERS:** I agree that it is clearly an issue of practice and implementation. Is it not also an issue of funding, given that there needs to be appropriate funds to undertake that training?

**Prof. Higgins:** That was not part of our evaluation. That is a question for government.

**Senator WATERS:** There was not any analysis of that. So, given that you said the changes are washing through a bit more slowly, do you anticipate that we will see further changes in the coming years? Do you expect that those figures will increase?

**Prof. Higgins:** That is not something that our evaluation addressed but I think that from our broader understanding of how we see progressive legislation changes taking effect, and certainly the institute was involved with the valuations of the previous set of changes in 2006 which were a very major change and put greater emphasis on the issue of shared parental responsibility—

**Senator WATERS:** Yes, as opposed to the safety of the child.

**Prof. Higgins:** Yes, so these things do take time. One would expect that that would be occurring. We are about to publish our next edition of *Family Matters*, which is our peer reviewed journal. Certainly there is some reflection and commentary on those things that exactly go to your point that there are progressive changes and greater use and awareness of things like screening tools in relation to safety, particularly of children but of adults as well.

**Senator WATERS:** I will keep an eye out for that forthcoming publication.

**Ms Hollonds:** Can I also add that we are also about to commence a new piece of work specifically looking at the experience of children whose families go through the family law system. That really will fill a much-needed gap in information about the experience of children.

**Senator WATERS:** Just in brief, what is the timeframe on that?

**Ms Hollonds:** That is a good question. I think it is over the next year. We are about to commence collecting the data. We are consulting with stakeholders now, and my understanding is that it is towards the end of next year.

**Senator WATERS:** That is when you hope to publish?

**Ms Hollonds:** Yes.

**Prof. Higgins:** It will be a report to the Attorney-General's Department, who commissioned the report.

**Senator WATERS:** I beg your pardon?

**Prof. Higgins:** It will be a report to the Attorney-General's Department, who commissioned the research.

**Senator WATERS:** That is good to know. Could you provide me with some more information about that on notice rather than today?

**Ms Hollonds:** Yes, absolutely.

**Senator WATERS:** Thank you. Just back to the synthesis evaluation. It found that there was a weak association between the repeal of the so-called Friendly Parent criterion and an effect that was consistent with the intention of that repeal. So, a weak correlation there. Can you tell us why you think that might be? Does the evidence give any indication of why?

**Prof. Higgins:** I think that it is a very difficult issue to try and evaluate something like that, because ideally you actually want to be able to look at change that might be affecting half of a population and see whether something as complex as that is bringing about change. That is simply not possible so you have to try and attribute something you might be observing to an element such as a change to the legislation. That is why the language that was used was of that nature.

**Senator WATERS:** So, it is not really clear why there has only been that weak association between disclosures of family violence even though that Friendly Parent criterion has been repealed. Is it that the people do not know?

**Prof. Higgins:** I think it is, as the report highlights, that there are so many elements of the system that go into why someone might make a disclosure or not make a disclosure. Certainly, there is lots of evidence from the many elements of the evaluation that point to professionals not necessarily even asking the question and other constraints on people disclosing violence and concerns that they might have about themselves or their children.

**Senator WATERS:** So, it is hard to pinpoint?

**Prof. Higgins:** That is right.

**Senator WATERS:** I understand. What do you think are the pathways to changing that and to increasing people's comfort and willingness to disclose?

**Ms Hollonds:** We certainly commented on the need for more training for all the professionals working in all parts of the family law system and also improvements for screening of violence and child abuse concerns.

**Prof. Higgins:** I can add to that as well. In other research that was not part of this particular evaluation we have also evaluated innovative models such as coordinated dispute resolution models, but those are expensive and complicated. Really what they show is that, when you actually have more integrated systems of professionals working together across those boundaries—mediators, family lawyers and so on—outside of courts, they can work, but that is an ever expensive investment.

**Senator WATERS:** Yes, and again would be predicated on good training for all of those professionals, which is one of the other issues.

**Prof. Higgins:** Absolutely.

**Ms Hollonds:** One other point is the integration of the child protection system with the family law system. There have certainly been some efforts in some jurisdictions to co-locate across those two systems. As you would know, one is federal and one is state based.

**Senator WATERS:** Yes, so adding to that complexity. I can see the chair looking at me. May I have about four more minutes please, Chair?

**CHAIR:** Yes.

**Senator WATERS:** Thank you. My last question about the evaluation was that it found that close to three in 10 parents reported never being asked about family violence, and you flagged that and talked about the need for better screening procedures. Are there any other mechanisms that we could use to improve those reporting figures? I think you said the screening and the coordinated dispute resolution models. Is there anything else?

**Ms Hollonds:** The training of the professionals goes to that; for them to know to ask but also to know how to ask in a way that really facilitates disclosure.

**Senator WATERS:** Is that training happening or would that require additional funding to occur?

**Prof. Higgins:** That is not really a question for us.

**Ms Hollonds:** I do not know that we can comment on that.

**Prof. Higgins:** Can I just add that in addition to training I think what is important to recognise is the broader culture and context of the service systems within which this is operating. It is not just simply about the knowledge of an individual worker. It is about creating awareness, and that is broad community awareness. Obviously, there are lots of strategies that are happening at the Commonwealth and state levels in order to try and bring about that. That is as much a part of addressing the system as is the individual knowledge and actions of actors within elements of the system. Both are really important to bring in culture change.

**Senator WATERS:** I understand that. It is a big job. Have you had much engagement with Women's Legal Service on their Safety First in Family Law five-point plan? Does that ring any bells?

**Ms Hollonds:** No.

**Prof. Higgins:** They are an important stakeholder and were obviously an important part of the evaluation, but I am not aware of any direct involvement on that particular issue.

**Senator WATERS:** So, you have not had a look at that plan?

**Ms Hollonds:** Not in relation to this evaluation.

**Senator WATERS:** In relation generally to your work more broadly?

**Ms Hollonds:** We certainly engage with stakeholders in the sector.

**Senator WATERS:** Do you have a view on their recommendations in that plan?

**Ms Hollonds:** We can come back to you on that.

**Senator WATERS:** Yes, if you could take that on notice. Can you, to the extent of your ability and your expertise, talk us through, briefly with the time, what you think needs to change in our family law system to ensure that both survivors of DV and their children are kept safe?

**Ms Hollonds:** All we can do is really go back to the findings from the evaluation, which pointed to the need for better integration across child protection and family law, with better training and education for the professionals and better screening. All of those things would make a difference.

**Senator WATERS:** Minister, perhaps if I could finish with a question to you. You can take it on notice if you need to. Does the government have a position in relation to the Women's Legal Services' Safety First in Family Law plan?

**Senator Seselja:** I will take that on notice.

**Senator WATERS:** Thank you. Thanks very much for your time, folks.

**CHAIR:** Thank you, Senator Waters, and thank you, officers of the Australian Institute of Family Studies.

**Senator WATERS:** Chair, I have some questions for the department in this outcome. Is that what we are coming back to after we do Housing with Senator Cameron?

[18:01]

**CHAIR:** Yes. After the dinner break we will come back to this outcome. So we will now move to outcome 4, Housing. We will also run into the dinner break by an extra 10 minutes just to enable there to be enough time, if that works for you. I am sorry for the bad news. We will start now with you, Senator Cameron, and then we will come to Senator Rhiannon.

**Senator CAMERON:** Can I thank the committee for its indulgence in letting us get on in this time frame. I have lots of questions but I will keep it to the 45 minutes. I just want to go to the National Partnership Agreement on Homelessness. I think you made some comments in the press recently, Minister. I know that what happens in my state is pretty typical of what happens in other states. It funds the Homelessness Youth Assistance program. It funds the Staying Home, Leaving Violence program in New South Wales, the Link to Home Referral Service and the Start Safety Subsidy, which is a domestic violence program. It helps with private rental market assistance and it has a number of other very important areas that it operates in. I have been doing a number of consultations with non-government organisations who run these programs. They are concerned that there has still not been any decision on funding. They are indicating to me that this has significant implications for their capacity to maintain experienced staff. The question simply is: what is happening?

**Senator Seselja:** Thank you. You are right; I had a few things to say on this just yesterday at the AHURI conference in Adelaide. I agree with you, in broad terms, whether it is in your state or in another state, that these are important services. There is a number of parts to this process. I will just briefly go through those and I might have the officials fill in any gaps in my answer.

Effectively, it has been looking as part of the broader questions around housing affordability, obviously as a subset of that issue. You would be aware that in December 2015 the Council of Australian Governments agreed that reforms to housing and homelessness would be taken forward by relevant ministers in the context of existing work on housing affordability. That report to COAG is due at the end of 2016. So, on 31 March 2016, Housing and Homelessness ministers commissioned a report by officials on homelessness reform options and future funding arrangements, and that report is scheduled to be presented to Housing and Homelessness ministers at the next meeting on 4 November—so coming up very soon. The outcome of that will inform the report to COAG at the end of 2016. Future arrangements are going to be considered in that context.

Just before I ask officials if they want to add anything to that, I would just say that I understand the concerns in the sector and I certainly do not intend that decisions in relation to NPAH will be in any way unduly delayed. I would like to see decisions made sooner rather than later and that is what I am seeking to bring about. That is the context and that is the process that we are going through.

**Senator CAMERON:** So, is this being considered in a global arrangement with a number of other programs?

**Senator Seselja:** As I said, it was looked at going back before my time in 2015. It was looked at in the context of a broader discussion around housing affordability. If you look at the various programs we have, whether it is NPAH, which is specifically, as you are aware, about homelessness funding, or whether it is NAHA, which is a different strand but there is a subset on homelessness, they are all obviously closely interrelated even though some of those specific homelessness programs are, of course, somewhat different to other programs around housing affordability more broadly.

**Senator CAMERON:** So, what is your thinking? The program has had funding cuts since the 2014-15 Abbott budget? The program has certainly not provided certainty. Interim arrangements have been put in place. Are you giving any consideration to giving a long-term position for the skilled people that work in this industry?

**Senator Seselja:** Consideration has been given to all of those matters. As I say, it has been looked at in the context of a range of funding mechanisms as they deal with homelessness and housing. You are aware of the history, so I do not need to relitigate it, but when we came in there was no funding certainty beyond, I think, July or the end of June 2014. That has been extended I think on a couple of occasions and we are now coming up against 30 June next year. I am certainly aware that there are concerns in the sector around the funding certainty. I am very keen to see a decision taken soon, but as I say, it is in the context of a range of decisions that have been made in relation to how we can get the best possible outcomes in housing and homelessness.

**Senator CAMERON:** If I was listening in and my job depended on it or my housing depended on it, I would not be too sure exactly what you mean. Are you going to make a decision in enough time for all these skilled servants, poor people really, to maintain their employment and continue the service that they provide?

**Senator Seselja:** Yes. That is very much the government's intention.

**Senator CAMERON:** So does that mean before the end of the year?

**Senator Seselja:** I would not say definitely before the end of the year. I would say the decision will be taken soon.

**Senator CAMERON:** Because if the funding runs out—and this is happening already, Minister—people are leaving. What is an extremely important social service and paid for by the Commonwealth but operated through the states are starting to disintegrate. Some people are leaving and some of these projects are falling apart. What is the holdup?

**Senator Seselja:** I think I have spoken in my earlier answer in relation to the process that we are going through. I do not know if officials want to add anything to that.

**Mr Pratt:** Just to reinforce the points the minister has made and also, in fact, your points, in terms of the bigger picture and the examination of future housing, affordable housing and homelessness policy between the Commonwealth and the states and territories—there is, as the minister pointed out, work underway in the COAG context looking at that. I might just remind us all that the NAHA, the National Affordable Housing Agreement, does include provision of about \$250 million for homelessness services over and above the homelessness partnership. There is a lot of work happening there and the intention is, of course, that will establish the longer term directions of how the Commonwealth and the states and territories go forward in this area.

In relation to the homelessness partnership itself, having been through this process now three or four times over the last five or so years, we are very alert to the issues that homelessness service providers experience in terms of retaining their staff, their property rentals and all sorts of things like that. Both the department and relevant ministers are very conscious of the need for there to be as much certainty as soon as humanly possible in this area.

I cannot pre-empt any government decisions which may happen over the course of the next few months, but certainly this is a live topic and relevant people are very conscious of the need to have things determined and confirmed as soon as humanly possible.

**Senator CAMERON:** Who are the relevant people that are aware of the issues?

**Mr Pratt:** Clearly in my department, my colleagues and myself are responsible for housing and homelessness policy and programs, Minister Seselja, Minister Porter, senior ministers and the cabinet.

**Senator CAMERON:** I do not want to know what briefing you have given, but have you briefed Minister Porter in relation to NPAH recently?

**Mr Pratt:** Yes.

**Senator CAMERON:** When was that?

**Mr Pratt:** On multiple occasions over recent months.

**Senator CAMERON:** I have not heard the minister make any comments about that so I hope he is listening to what you are putting. I am worried that you are saying that you want to establish this longer term approach. The only reason that I am worried about that is that it could mean that getting funding into some of these very important projects that are taking place throughout the country for homeless people may end up falling apart the longer this runs. Is there any way or has there been any consideration to continue funding into NPAH quickly?

**Mr Pratt:** I think there is a long-term issue and a short-term issue. Again, without pre-empting any government decisions, both of those are being considered.

**Senator CAMERON:** I am finished with NPAH. I want to move to housing affordability generally and the working group.

**CHAIR:** Senator Cameron, is it your preference if we do your questions as a group and then move to Senator Rhiannon and then to Senator Kakoschke-Moore.

**Senator CAMERON:** I am in your hands. It is entirely up to you.

**CHAIR:** Do you have questions on NPAH, Senator Rhiannon?

**Senator RHIANNON:** Yes, some on NPAH.

**CHAIR:** We might go to Senator Rhiannon. Senator Kakoschke-Moore, what are your questions?

**Senator KAKOSCHKE-MOORE:** I have got some about women's shelters.

**CHAIR:** We will come back to you. Senator Rhiannon.

**Senator RHIANNON:** Firstly, I would like to understand some of the processes with the reports. You mentioned, Minister, that the COAG reports come out at the end of 2016, in a few months' time. There is then the response to the Economics Reference Committee Inquiry and all of those recommendations. Where is that up to?

**Senator Seselja:** In relation to the Economics Reference Committee?

**Senator RHIANNON:** Yes, that inquiry. There were a whole lot of recommendations but I could not see that they had all been responded to yet?

**Senator Seselja:** I will ask one of our officials.

**Ms Bennett:** It was the Senate inquiry into affordable housing under the Senate Economics Reference Committee, and the government's response is yet to be finalised.

**Senator RHIANNON:** Nothing more specific?

**Mr McBride:** I think you saw the minister's speech yesterday. Some of the issues raised in that report are being addressed with that. We are having discussions with the departments that are individually responsible for it. Some of them were tax measures and some of the recommendations belong to the states and the local government. The measures are being advanced behind the scenes and the government still intends to report back formally, but a date on that has not been decided yet.

**Senator RHIANNON:** I have some questions on funding. Homeless funding to the National Partnership Agreement on Homelessness has not increased since last year. It is \$115 million.

**Senator Seselja:** I am sorry, I just missed the beginning of that question.

**Senator RHIANNON:** The homelessness funding to NPAH has not increased since last year. It is still at \$115 million. What is the reasoning behind not increasing the funding considering the general agreement across the political spectrum for the urgency in this area?

**Senator Seselja:** In terms of the decision that was taken for this lot of funding?

**Senator RHIANNON:** Yes.

**Senator Seselja:** The current crop of funding for NPAH?

**Senator RHIANNON:** Yes. It is \$115 million.

**Ms Bennett:** The current funding arrangement was for two years for \$230 million. It runs out on 30 June, which referenced what the minister said. It is not increased on a calendar year. It is a financial year and the financial year is 30 June next year.

**Senator RHIANNON:** But we have not had an increase in it. Are you suggesting that—

**Ms Bennett:** It was a two-year agreement and that expires on 30 June. That will be taken into account in the process in the matters that the minister has set out in answering questions for Senator Cameron.

**Senator RHIANNON:** This funding issue must come up a lot for you from the sector. It is certainly something that has been raised with us; that there is a funding problem that is very troubling with the government funding which has been cut to peak housing bodies over the last few years, such as the Housing Supply Council, the COAG Reform Council on Housing, Homelessness Australia and National Shelter and the Community Housing Federation of Australia. Who is going to provide you with the research and expert policy advice in the areas of homelessness and housing affordability considering these cuts?

**Ms Bennett:** The funding for the peak organisations that you listed ceased in the 2013-14 budget, MYEFO, and there is an array of ways in which the department engages with the sector. Some of those are just general everyday consultations that we do in this space in terms of homelessness. I will hand over the housing affordability issues to my colleagues.

**Senator RHIANNON:** What I am trying to get at here is how can your policy be coherently informed without the research that was previously provided?

**Ms Wilson:** We have the Australian Housing and Urban Research Institute, which continues to provide us with research that traverses the housing space, including the issues of homelessness. That is a key body of which we are a partner along with the states and territories.

**Senator RHIANNON:** Minister, do you judge that is adequate, despite the loss of the input from all of those organisations?

**Senator Seselja:** In terms of whether it is adequate, certainly I think AHURI does some excellent work. I think AIHW also does some work in this space, and there is a range of areas where the government gets its information, including obviously the department doing its work as well and state and territory governments looking into this space. I do not think there is any shortage of studies looking into the broader questions around housing affordability and homelessness.

This is something that the government takes very, very seriously and that is why, in going back to your earlier question in terms of those broader questions, there is homelessness funding. There is broader support for people in housing stress and dealing with people who are really struggling and then there are also those broader questions around working with states and territories to make sure that zoning is appropriate so that not only do we get housing, social housing and housing for people on low incomes but also that broader affordability question across-the-board.

I think there is a fair bit of work being done here. We can always point to individual organisation, but I do not think that there is any shortage of solid research showing us some of the issues. I think if you look at, for instance, the Affordable Housing Working Group and the cooperation between the Commonwealth and the states and territories, certainly all governments are turning their minds to this and how we deal with these challenges.

**Senator RHIANNON:** I just want to go back to the question that I did not finish asking NPAH funding. I think reducing homelessness widely requires that long-term strategy. Do you agree that it takes long-term funding? Something that I find coming up in the sector quite often are discussions around the sector requiring in this area more permanent funding for NPAH. Is a four-year renewal of funding possible? Is it likely?

**Senator Seselja:** A decision on that has not been taken.

**Senator RHIANNON:** Is it on the books?

**Senator Seselja:** No decision has been taken. I stepped Senator Cameron through some of the processes that are going on. It is certainly being taken very seriously. We have heard from the sector in relation to some of the challenges with that funding. The challenge, of course, that we faced when we came in—the funding ended on 30 June 2014—was to of course find the money to extend that. We have had extensions of that. In an ideal world that extension would go longer, but no decision has been taken.

**Senator RHIANNON:** So, if the secure funding issue has not been discussed—

**Senator Seselja:** I am sorry. I did not say that.

**Senator RHIANNON:** I am sorry. I certainly did not want to verbal you. If secure funding has not been agreed to, what are the plans to address rising homelessness? We just need some more detail on that.

**Senator Seselja:** I will start off and I will ask the officials to add to my answer if necessary. I think I covered some of this with my answer to Senator Cameron, but if you look at a range of things, we have the Affordable Housing Working Group, we have the work through COAG. There are other areas. We have got NAHA and looking at the appropriateness of NAHA and how we can get the absolute best out of that. If we just take NAHA

for a moment, NAHA is an agreement where the Commonwealth commits I think \$1.3 billion. That is housing and homelessness funding. I spoke to this yesterday at AHURI. It is certainly my view and my concern that it is not 100 per cent clear exactly what we are getting for that. It is not 100 per cent transparent as to when we spend that money and how that is going to ensuring that more options are provided in low income housing, social housing and homelessness assistance. I do not doubt goodwill from the states and territories, but it is important that we get these agreements right.

If you look more broadly, looking at issues around people like my colleague Angus Taylor in the cities portfolio working with the Prime Minister, he is looking at ways of working with state and territory governments so that we can improve the way that land is released and the way cities are designed and planned so we can provide for all of these housing options, whether it is people looking to buy their first home, whether it is for renters or whether it is more broadly for social house and homelessness services.

The government I think across-the-board and not just in this portfolio takes this issue very seriously and is working with our state and territory colleagues, where it must be said many of the leaders are, although not all of the leaders are, in order to get better outcomes in this space.

**CHAIR:** Senator Rhiannon, I am just cognisant of the time. I know Senator Cameron has questions in other areas and I am sure you do too, so if you have further questions on that particular area if I could encourage you to put them on notice. We will go back to Senator Cameron.

**Senator CAMERON:** Can I move to Commonwealth rent assistance. The outlays on Commonwealth rent assistance are increasing year by year. I think it was 5.8 and 4.8 and it is estimated to be 3.46 in the current year. I note in the *Sydney Morning Herald* on 6 October in an article by Jacob Saulwick he reported on 18,000 dwellings being transferred from the public housing in New South Wales to community housing. The story stated that this could be worth up to \$1 billion over the next 20 years in Commonwealth rent assistance. What do you see are the implications of these transfers from public to community housing? What are the implications for Commonwealth rent assistance?

**Senator Seselja:** If that is done in the absence of any other reforms, the obvious implication is that there would be a greater potential outlay in Commonwealth rent assistance. I will ask Ms Wilson to add to the answer. Obviously, this is part of the broader challenge and this is why it is so clear that we cannot do this in isolation. The very example you used is a good example of one of the challenges. I am not suggesting that it is a deliberate cost shift, but the implications of the way that these things are set up are exactly what you point to. I will ask Ms Wilson to add to that.

**Ms Wilson:** I would ask my colleague to—

**Senator Seselja:** I should just say that I will ask one of the officials to my left.

**Mr McBride:** You are correct that there has been, over a period of the past decade, a transfer of stock from public housing to community housing. That has in the main been a conscious decision. I think housing ministers in 2009 aspired to a far greater level, again, of transfer to the community housing sector and that was agreed at the Commonwealth and state level. It will have rent assistance implications, but the increasing rent assistance is not only due to the transfer of stock, it is also due to the way that rent assistance is functioning with more and more people edging up to the higher rate or, in fact, the full rate of rent assistance. So, more than one thing is driving the increase in rent assistance, but it is true that that stock transfer, to the extent it happens, will put pressure on rent assistance. If we start looking at the NAHA, again, that is part of the conversation we will have with the states as to where the Commonwealth money is best spent.

**Senator CAMERON:** You say more and more people are edging up to get maximum Commonwealth rent assistance. Could you, on notice, because I do not have a lot of time, provide details of how that is operating, what the factors are that are driving people up to get maximum Commonwealth rent assistance and what are the short-term and long-term budget implications of the drivers of increased CRA expenditure?

**Mr McBride:** I am happy to do that. The really short answer is that once you reach a certain rent level you are entitled to the full rent assistance and because rents are going up people are hitting that rent level.

**Senator CAMERON:** I would like to know why people are becoming entitled to it. You must have looked at that.

**Mr McBride:** Yes. I can give you more detail on notice.

**Senator CAMERON:** Yes, if you can give us something on that. Minister, has the government held any discussions with the states in relation to possible changes to CRA?

**Mr McBride:** I have been in this role since June and have had five, and possibly tomorrow it will make it six conversations with the states across the housing spectrum of Commonwealth responsibilities, and those conversations will be ongoing.

**Senator CAMERON:** What about the CRA?

**Mr McBride:** That is one of them.

**Senator CAMERON:** I am not asking what the advice is, but has the department provided the government with any advice in relation to the rate of growth in CRA outlays or changes to the CRA framework?

**Mr McBride:** Yes.

**Senator CAMERON:** When was that provided?

**Mr Pratt:** On multiple occasions over the last three-odd years.

**Senator CAMERON:** I would like to go to some more general issues.

**Senator KAKOSCHKE-MOORE:** Chair, what time are we finishing up before the dinner break?

**CHAIR:** I think 6.40, but we may be a couple of minutes over.

**Senator KAKOSCHKE-MOORE:** I have a few questions I would like to ask in relation to housing as well if some time could be allocated to me.

**CHAIR:** We will just go to Senator Kakoschke-Moore briefly, then Senator Rhiannon and then we will come back to you, Senator Cameron, as well. We will make sure that there is time there for you at the end.

**Senator KAKOSCHKE-MOORE:** Thank you. My questions are in relation to funding for women's shelters in particular. Considering the government's recent commitment to women's safety and combating family violence what funding has been allocated specifically for women's shelters and safe houses?

**Dr Baxter:** Funding for shelters and women's safe houses is primarily provided by the state governments. There is provision under the National Partnership Agreement on Homelessness for funding for service delivery in women's shelters. Some of the money may go to that, but the Commonwealth does not dictate how that money is spent.

**Senator KAKOSCHKE-MOORE:** How much is that Commonwealth contribution?

**Dr Baxter:** This is the amount that we have been talking about in relation to the National Partnership Agreement on Homelessness, which is \$115 million per year over two years at the moment.

**Senator KAKOSCHKE-MOORE:** So, is that allocation reliant on the states?

**Dr Baxter:** It is up to the states and territories; that is right. Then there is also the National Affordable Housing Agreement, which is a much larger agreement, and domestic violence is a priority under that. Commonwealth funds that are provided under NAHA can be used for shelters. They can be used for service delivery, but they can also be used to fund capital projects, so the building of shelters. Beyond that there has been some consideration given in discussions around the national plan to reduce violence against women and their children in relation to the issue of housing and particularly how we might use some of the more innovative and emerging initiatives like the Safer at Home initiatives and how we might better activate the private sector to have some more innovative housing solutions. Other than that, they are the Commonwealth contributions to the women's shelter.

**Senator KAKOSCHKE-MOORE:** So there is no specific Commonwealth contributions exclusively for women's shelters?

**Dr Baxter:** I can tell you that under the NAHA there is a specific priority to be given to domestic violence. I am sorry, under the NPAH there is a specific priority to be given to domestic violence but, no, there is not a specific allocation for that purpose.

**Mr Pratt:** As the minister has mentioned before, the NAHA is worth roughly \$1.3 billion each year and approximately \$250 million of that is for homelessness services under that, in addition to the partnership arrangement that Dr Baxter was talking about. Again, the issue is that is a very high level and quite general agreement. It does not have a great deal of specificity about what the money is used for. It identifies priorities but ultimately it is the states and territories who determine how that funding is used.

**Senator KAKOSCHKE-MOORE:** So, it is, in essence, a guideline that encourages states to allocate money to this area? I am just concerned that it seems that money is there and if tackling domestic violence is a priority of the government that there is not specific funding earmarked for women's shelters.

**Senator Seselja:** Can I just come in on that and say that the answer that I was giving earlier was sort of alluding to this fact and some of the challenges and I think the drawbacks with NAHA as it currently is. It is not clear exactly what the outputs and the outcomes are in detail in terms of some of that spending. I think it is an important area of reform and whether it is domestic violence funding or whether it is in other outcomes for that \$1.3 billion I think it is right for reform to ensure that there is maximum transparency and that we know what we are getting for all of our spending.

**Senator KAKOSCHKE-MOORE:** Will the government then look to specifically allocate funding for this?

**Mr Pratt:** That is a subject for government. In the earlier questioning we were talking about some of the longer term work that is happening in this area which is looking, with the states and territories under the auspices of COAG and other parts of work, what the future might be of the NAHA and the partnership on homelessness. Without pre-empting where that might go, those sorts of issues would be considered in that context.

**Senator KAKOSCHKE-MOORE:** So, based on the funding arrangements now you would not be able to tell us whether or not funding goes to women's shelters or paying for crisis accommodation when shelters are at capacity? Do you have visibility of that?

**Mr Pratt:** We have to ask the states for information on that.

**Senator KAKOSCHKE-MOORE:** I see, but that is not something, as a federal government department, you are keeping an eye on to make sure that the funding that the Commonwealth is providing is being allocated to the areas that need it most?

**Mr Pratt:** We do not have any capacity to compel the states to tell us about that. That is, as the minister said, one of the drawbacks of the current agreement.

**Senator KAKOSCHKE-MOORE:** Thank you. I understand. If I do get the chance to come back and ask questions later I will.

**Mr Pratt:** Just a final point on that if I may. I have enjoyed the opportunity to work with multiple housing ministers over the last five or six years, two of whom are in the room at the moment, and every single one of them has felt the need to open up the NAHA and reconsider how it is structured.

**Senator KAKOSCHKE-MOORE:** Thank you.

**CHAIR:** Thank you. If we can stick to five minutes, Senator Rhiannon, and then I will come back to Senator Cameron for a final five minutes.

**Senator RHIANNON:** Thank you. According to the second action plan under the National Plan on Family Violence there are 39 specialist services funded under the \$150 million per annum NPAH which assists with family violence and violence against women. I understand from what you said that funding under NPAH is due to expire in July 2017. That is only eight months away. Have you talked with those specialist services about whether they will be able to retain the qualified and experienced staff that it always takes a long time to build up and how important it is in this area considering they only have eight months of funding certainty?

**Mr Pratt:** We addressed those issues with Senator Cameron before.

**Senator RHIANNON:** I am sorry I missed that. I would like to go on to Indigenous housing. This year's budget states that from 1 July this year the National Partnership on Remote Indigenous Housing will be replaced with the National Partnership on Remote Housing. Can you comment on that?

**Mr Pratt:** That is a matter for Prime Minister and Cabinet.

**Senator RHIANNON:** All the issues to do with Indigenous housing?

**Mr Pratt:** Remote Indigenous housing. Yes, that is right.

**Senator RHIANNON:** That makes it a short five minutes.

**CHAIR:** Thank you, Senator Rhiannon. Senator Cameron.

**Senator CAMERON:** Minister, how many times has the Housing Affordability Working Group met?

**Mr McBride:** It would be hard to put a number on it. I am happy to take that on notice. We have phone hook-ups and we meet formally. It has been going for a while. I would have to take it on notice but it would be numerous.

**Ms Wilson:** It has been very active. I think that would be a fair representation of it, but we do not have the exact number of meetings and dates.

**Senator CAMERON:** You do not know how many times it has actually met formally?

**Ms Wilson:** I do not have that information with me today.

**Senator CAMERON:** So, you were not expecting a question on that?

**Mr Gifford:** I can give you an indication about how active it has been. Over the course of the past month it would have met at least on three occasions. As the secretary was just alluding to, it certainly met on more than 10 occasions.

**Senator CAMERON:** Who represents the department?

**Mr Gifford:** I have, at various times, participated in those conversations.

**Senator CAMERON:** You have at various times so there are different representatives?

**Mr Gifford:** There has been different representation, yes.

**Senator CAMERON:** Who else has represented the department?

**Mr Gifford:** Members of my team have also participated in those conversations as well.

**Senator CAMERON:** No, not conversations. I am asking about meetings.

**Mr Gifford:** I am sorry. Yes, members of my team have also represented the department in those meetings.

**Ms Wilson:** Perhaps I should clarify that we have recently had some structural changes in the department. Mr Gifford has the housing policy response and my colleagues at the other end of the table have the homelessness responsibility. Mr Gifford came into the role three months ago and so he has been fully engaged since coming into that role, but his predecessor would have attended the meetings prior to him.

**Senator CAMERON:** Can you give me details of who has attended from the department?

**Ms Wilson:** We can do that for you.

**Senator CAMERON:** Also, when the meetings have been held and what outcomes have been achieved from the department's involvement in those meetings.

**Ms Wilson:** Certainly.

**Senator CAMERON:** Who are you consulting with in the Housing Affordability Working Group?

**Mr Gifford:** The Affordability Housing Working Group received 78 submissions. In the earlier stages, which I should say I was not personally involved in, there was much engagement with the submitters to the working group. The discussions over the recent meetings of the working group have been more within the working group itself, which is constituted by DSS, the Department of Treasury and Treasury representatives from Western Australia and New South Wales.

**Senator CAMERON:** So, you are talking within the public service both at state and federal level?

**Mr Gifford:** That is correct.

**Senator CAMERON:** Why are you not able to discuss NRAS, Commonwealth rent assistance, tax, land release, planning and inclusion of rezoning? Why are you not able to deal with those key issues for housing and homelessness? What is the point of this if you do not deal with those issues, Minister?

**Mr McBride:** All of those issues are being discussed amongst the Commonwealth and state, not necessarily through the Affordable Housing Working Group, but we have regular meetings.

**Senator CAMERON:** No, I am asking for the reasoning why you set up a housing affordability working group and the major drivers of housing affordability are not dealt with.

**Mr McBride:** I think that working group was set up for a specific purpose to advance the idea of a better funding model for the community housing sector, because it was considered that that needed particular focus. That does not mean that that is the extent of our engagement with states and territories and other interested parties.

**Senator CAMERON:** It goes wider than that. The working group was set up and it is a key result for DSS. It is to make a contribution to improving housing affordability for low to moderate income households. It does not say it is about public housing. It does not say it is about community housing. It says housing affordability for low to moderate, so that cuts across all, does it not?

**Mr McBride:** It does, but its primary focus has been looking at how we can lower the costs of capital and get a better funding model for the community housing sector. That is its focus and as I said—

**Senator CAMERON:** That is not only what it was set up to do. If you can maybe provide me, Mr Gifford, if you are the representative on it, with what the issues are that have been discussed so far in these meetings. I do not need to know the outcomes on them, but I would like to know what issues are being discussed and why these drivers are issues that can reduce housing costs are not being discussed.

**Mr Gifford:** If I can answer that, to give you a sense of the conversations to date. As Mr McBride has indicated, it is principally focused on financing models. So, at the moment the key submissions, the 78 submissions received, were examining the financial viability of four particular models. One was a bond or loan aggregator. Another is social impact investment. The other ones are housing trusts and cooperatives.

**Senator CAMERON:** When do you expect the working group to report?

**Mr Gifford:** The working group is likely to report to the Council of Federal Financial Relations by the end of this year.

**Senator CAMERON:** I thought it was supposed to report by 30 June.

**Mr Gifford:** There has been a delay in the reporting.

**Senator CAMERON:** Why has it been delayed?

**Mr Gifford:** Partly due to the complexity of the models that have been considered. Also, partly due to the delays for the Commonwealth in terms of the caretaker impacts.

**Senator CAMERON:** Wouldn't any politician sound the alarm bells when public servants are saying, 'We're looking at complex models'?

**Mr Gifford:** I wish that I could say that they were very simple financial models but they are certainly not.

**Senator CAMERON:** Does it go to the head of Treasury?

**Mr Gifford:** It will go to the heads of Treasury.

**Senator CAMERON:** Both state and federal?

**Mr Gifford:** That is correct.

**Senator CAMERON:** What will happen after that report? What is the plan?

**Mr Gifford:** After the heads of Treasury it will also then report to the Council on Federal Financial Relations.

**Senator CAMERON:** When will that be?

**Mr Gifford:** I do not have the exact date before me at the moment, but I believe there is a date scheduled in December.

**Senator CAMERON:** Has the issue of inclusion of rezoning been considered in any of these complex models that you are looking at? This is a key aspect of providing affordable housing in many countries around the world.

**Mr McBride:** Outside of the Affordable Housing Working Group there is the housing chief executives that are meeting. As I said, we have had half a dozen meetings in the time since—

**Senator CAMERON:** What is that group?

**Mr McBride:** Housing chief executives.

**Senator CAMERON:** Chief executives of what?

**Mr McBride:** Of the housing departments in the various states, territories and the Commonwealth. It has been an issue that has been discussed through that—

**Senator CAMERON:** Do we have a housing chief executive?

**Mr McBride:** I am sorry?

**Senator CAMERON:** Who is that?

**Mr McBride:** For the purposes of that group that is me.

**Senator CAMERON:** So, are you the chief executive?

**Mr McBride:** I am the Commonwealth representative at the housing chief executives.

**Senator CAMERON:** So, we are represented by you as the group manager?

**Mr McBride:** Yes.

**Senator CAMERON:** Can you provide me with details of when that has met, what the key issues are that you have been looking at and what outcomes you have achieved by your involvement in that group?

**Mr McBride:** We would have to check with the states and territories as to how comfortable some of these things are.

**Senator CAMERON:** I do not care how comfortable they are. You have a responsibility to respond to this estimates. If you are claiming public interest immunity that is another issue.

**CHAIR:** He is not claiming public interest immunity. He is simply—

**Senator CAMERON:** What is he putting?

**CHAIR:** He is simply expressing that he is going to go and consult.

**Senator CAMERON:** So, you are going to go and ask the state chief executives as to whether you can tell the Senate what you are doing? It does not work like that, Mr McBride, does it?

**Mr McBride:** I am happy to give you a list of things that we have discussed. I think, as a courtesy, it would be worth telling our counterparts that that is going to happen.

**Senator CAMERON:** That is up to you how courteous you would like to be, but I am simply asking you to meet your requirements and your obligations to the Senate.

**CHAIR:** Order! It is now 6.45. The committee will break for dinner and return at 7.35.

**Senator CAMERON:** Can we bring them back again?

**Senator Seselja:** Chair, what will we be moving on to after the dinner break?

**CHAIR:** We will be returning to outcome 2 with the items that we did not finish before, which included a mixture of programs.

**Mr Pratt:** Can I confirm I can send Housing home?

**CHAIR:** Housing are released. Thank you very much for your assistance.

**Senator CAMERON:** Chair, can I just, for the record, thank you, the minister and the secretary for your indulgence in letting us come in for this short period, but can I also indicate that I will be consulting with my colleagues to try to get some extra time for housing and homelessness. It is a huge social and economic issue and I think 45 minutes at estimates is just way underdone in terms of time.

**CHAIR:** Thank you. I assume that all parties were consulted on the timing of the agenda, but I will take that on board. Thank you, Senator Cameron. We will see you at 7.35.

#### **Proceedings suspended from 18:45 to 19:35**

**CHAIR:** We will start again with outcome 2.

**Senator SIEWERT:** I have supposedly one question here—a follow-up question—it depends on the answer. I am referring to newspaper articles that have already been circulated by colleagues. I can give you another copy of this specific article. It is called 'Welfare shake-up looms as grog violence eases, says report'. It says:

... stricter rules on payments are -delivering results, with a confidential report showing reductions in alcohol-fuelled violence and other social gains from the new approach.

What confidential report would that be referring to?

**Ms Bennett:** I am sorry; I am going to have to take that on notice and ask the minister.

**Senator SIEWERT:** So, you do not know of any confidential report?

**Ms Bennett:** I do not know what is being referred to in this. We explained earlier, with Ms Mandla, talking about the evaluation, the sources of information that are being provided for the purpose of the evaluation. I also explained the agreement that we had with the state governments that provide that in an array of areas, which we talked about—that we had agreement that it was provided to the department for purpose of the evaluation and that we would provide that to Minister Tudge. That was the agreement that we had reached. I do not know what is meant by 'a confidential report'.

**Senator SIEWERT:** Okay. Perhaps you could take it on notice. Mr Tudge does get access to the feedback from ORIMA?

**Ms Bennett:** No, he has not received the ORIMA information, because, as Ms Mandla said, we have not received that first wave of information.

**Senator SIEWERT:** That is why I was a bit confused when you just made that comment.

**Ms Bennett:** No, it is the administrative data provided by the state governments—the sources she was talking about. We will take that on notice.

**Senator SIEWERT:** Thank you.

**Senator KAKOSCHKE-MOORE:** I also have some questions in relation to the trial of the cashless welfare card in Ceduna. I visited Ceduna last month and spent a couple of days speaking with the local community, business owners and some of the organisations that have been set up as complementary services that were rolled out along with the trial, such as the youth hubs. It was a very valuable experience getting there and actually speaking to the community that this is affecting. As a result of that, there were a few points that were really

highlighted to me, and the first was a concern that while the community felt that some positive changes were happening there was no real hard data they could point to, to say, 'Yes, here we go, we can see here that there has been a 30 per cent decrease in gambling'—some figures that have been quoted before, or that there are increases in the revenue of the local supermarket. There was some discussion earlier about reports and reporting dates. I just wanted to get some clarification about that.

**Ms Bennett:** As we explained earlier, there is an evaluation being undertaken. There is information that is provided—administrative data, which Ms Mandla referred to, which comes from the state governments. And it is cyclical. Some of it might be monthly. Some of it might be quarterly. It is being provided also by providers and service providers. Then also the Ceduna leaders themselves have made some statements about what they have seen. I think the issue about a trial is it still ongoing. Is it five months or six months it has been up in Ceduna?

**Dr Baxter:** It is six months in one location and five in another.

**Ms Bennett:** The point of the evaluation is to be able to look at the dataset. I think Ms Mandla talked about triangulation and she is the expert in this.

**Senator KAKOSCHKE-MOORE:** Is that the dataset that will be made available to the minister in December? Is that the dataset we are talking about?

**Ms Bennett:** I think what Ms Mandla was explaining—and she can go into it—is that the evaluation has been broken up into two stages and we refer to them as the first wave and the second wave. The first stage will be some indicative information about what has come through those various methodologies, which is both the data from those sources that I have talked about and also some of the survey material. Then there is the second stage, which we will get a final report on in June 2017 when the trial ends.

**Senator KAKOSCHKE-MOORE:** But there is not a source document with the statistics that are being quoted that we can—

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

**Senator KAKOSCHKE-MOORE:** Okay, thank you. There were two concerns about the card that I would like to highlight and see if I can get some responses to. The first is on the Indue card. There was feedback that the community felt that they were identified as being a cardholder because the Indue card looked like an Indue card and it did not look like a regular EFTPOS card from a bank. Is the department looking at amending the card or redesigning the card so that it does not stand out in the same way?

**Ms Bennett:** This issue has been raised with us by others. I think the point being made is that for most of us when we receive a card from the bank they are in an array of colours. They might be linked to a bank product, but they all look a bit different. It is certainly a piece of feedback that we will take into account after the evaluation when the government decides what they will do with the feedback and with other feedback that we might receive during that and when we look at the outcomes of the evaluation.

**Senator KAKOSCHKE-MOORE:** So you will take that on board. Another concern that was raised was the ability to check balances of the cards. I know there are a number of ways that can happen. If you have access to the internet on your phone you can check your balance online or you can pop into the Ceduna Aboriginal Corporation and one of their staff members can help you get online and check, but there seemed to be an appetite for being able to check your balance at an ATM. Has that been rolled out now?

**Ms Bennett:** Dr Baxter can talk about that. But, as I said, some things are trials and only what you can do during a trial. But Dr Baxter will talk about that specifically.

**Dr Baxter:** So it sounds, Senator, like you are aware that participants can check their balance over the phone, on the Indue website, on the smart phone app or via an SMS alert. Participants can elect to opt into an alert where they are automatically notified by text message what their balance is from time to time. They can also send an SMS if they would like to receive a balance but, yes, we have also had feedback that there is some interest in having access to ATMs.

We have developed an ATM solution and we will be opening up access to ATMs owned by the Westpac Group—that includes BankSA and St George—as well as DC Payments, which is an independent ATM operator. We have chosen those two networks because they own 13 ATMs in and around Ceduna and the East Kimberley. Allowing balance checking at those ATMs will not permit any cash withdrawals or other features; it will just allow that balance tracking. That will be opened up shortly and participants will not be charged any fees to check a balance.

**Senator KAKOSCHKE-MOORE:** When you say 'shortly' is that by the end of the year?

**Mr Reed:** We are still working on an exact date but it is likely to be around December.

**Dr Baxter:** We are hoping to have that available to people before the Christmas season.

**Senator KAKOSCHKE-MOORE:** Okay. This was touched on before by a couple of my other colleagues. How will success be measured in the trial? In the department's view, what would a successful trial look like?

**Dr Baxter:** I know that Ms Mandla covered the impact parameters before when she talked about the evaluations, so I might refer to that earlier answer unless Ms Mandla wants to add anything.

**Ms Mandla:** I will quickly recap. It is an impact evaluation, so we are actually looking at changes over time. Specifically, we are looking at the impact on individuals, their families and the broader community, and changes in consumption of alcohol, drug use and gambling. We are looking at whether there are changes in socially responsible behaviour and whether there have been any broader implications for other behaviour as a result of the trial. We are looking at the role of the local community panel, how it has performed and what effect it has had on participant experience as part of the trial.

**Senator KAKOSCHKE-MOORE:** Is that local community panel who the cardholder would apply to to have their percentage adjusted? When you get the card that is an 80-20 split, but I know there is the ability to apply to have that adjusted. Who does that?

**Mr Reed:** That is the community panel.

**Senator KAKOSCHKE-MOORE:** Do you set the parameters that they would need to check off against to say, 'Okay, this person looks like they should be able to have a 50-50 split or a 40-60 split'? Who sets that?

**Dr Baxter:** The guidelines for the community panel are publicly available on the website and they were developed and set by the particular communities. They are slightly different from community to community. They are based on agreed community norms. In the East Kimberley, the leadership team there were very keen that they reflect the norms that they built their Empowered Communities response on. They are available on the website. Did you want me to—

**Senator KAKOSCHKE-MOORE:** I can find them. The main question that I had was about the ability for somebody to apply to have their percentage adjusted. Some of the feedback we got was that they felt that if they had applied for 50-50 and they got 60-40, they felt either that decision was arbitrary or they did not understand why they could not get to 50-50. Is that something that the department would look at in terms of improving the transparency for a cardholder or the local panel to say, 'This is why we have come to this decision'?

**Dr Baxter:** It may perhaps be that it is an issue of communication from our people on the ground and the local partners. We really have allowed this part of the process to be very owned and directed by the local community. They have determined how the application form would look, when people applied for that, in what terms they would receive a decision, how they would be able to ask to have a decision was reviewed; and also they determined what would be the bases on which that decision would be made. They also—

**Senator KAKOSCHKE-MOORE:** Have you had any feedback about the autonomy that you are giving these local panels to make these decisions? Have you heard anything from the community about how they feel that is going?

**Dr Baxter:** We have not had any feedback specifically that I am aware of come through to us. We do know that where we have the most developed panel, which is in Ceduna, there has been a marked dropping off of applications to the panel. Before the trial actually began, there were already some applications to the panel for people to have their amount reduced. Once the trial actually started those applications significantly reduced and the feedback we have had from local leaders is that that is because people are actually finding the card quite workable. They can use it for most of the things that they need to make purchases for. That is how the community leaders are interpreting that shift for us from their conversations with local people.

**Senator KAKOSCHKE-MOORE:** I suppose that is part of the review that is happening with the card. I would encourage the department to have a look at that because that did seem to be a cause of concern for some cardholders who did not understand.

**Dr Baxter:** The operation of the community panel is in scope for the evaluation.

**Senator KAKOSCHKE-MOORE:** Thank you.

**Senator JACINTA COLLINS:** I start with settlement services. Thank you for your annual report prior to estimates. It is more helpful than some other departments. At page 75, you have given a helpful breakdown on outputs and deliverables.

**Ms Bennett:** May I just get my annual report?

**Senator JACINTA COLLINS:** Sure. I am interested in the settlement grants component. Can you provide a description of what those grants are actually doing?

**Ms Bennett:** I can explain why there is a change in the figures over the years.

**Senator JACINTA COLLINS:** It is increasing at a reasonable rate—no, I am sorry, it is not. It is the other one below it. I assume that that relates perhaps to the 12,000 Syrian.

**Ms Bennett:** Yes, it is the adjustment that is being made for those arrangements.

**Mr Lewis:** The settlement grants cover a huge range of activities. There is an ancillary funding stream for the settlement services that are the main HSS and CCS services that we provide. There are four key categories. There is casework coordination and delivery of specialised services, including clients' eligible access to specialised and mainstream support.

**Senator JACINTA COLLINS:** Here you are telling me about the HSS and CCS—

**Mr Lewis:** No, I am talking about settlement grants. There are four categories they come under, four service types. They also then look at community coordination and development services, including supporting a welcoming environment for new arrivals and assisting them to make social connections. There is a component on youth settlement services, providing targeted specialised services to engage young refugees and to address their specific settlement challenges. There is some work around support for ethno-specific communities. That is around targeted support again for new and emerging communities, as the profile changes, to help build their capacity to assist newly arrived refugees and migrants. Within that, an enormous range of diversity of activities is set under that.

**Senator JACINTA COLLINS:** The first category was supporting the HSS and CCS. Is that right?

**Mr Lewis:** No, I was specifically making comment that the whole settlement grants concept is an ancillary activity to the settlement services.

**Senator JACINTA COLLINS:** I understand that. But then there are—

**Mr Lewis:** Four categories under that, within—

**Senator JACINTA COLLINS:** Coordination and development, youth support, ethno-specific—what is the fourth?

**Mr Lewis:** Community coordination development casework is the first one.

**Senator JACINTA COLLINS:** How does the casework differ from what is done under the HSS and the CCS?

**Mr Lewis:** I will ask Mr Kennedy to answer that.

**Mr Kennedy:** The HSS and CCS are eligible for newly arrived refugees in the first 6 to 12 months. After they have signed out of the HSS program, which is that initial settlement support, they have access to settlement grants programs. Under those four streams, services are provided under those for streams. That eligibility continues for the next five years.

**Senator JACINTA COLLINS:** Up to 5 years, yes. Is it typically those agencies involved in the HSS and CCS that are also operating the grants?

**Mr Kennedy:** There is a mix. In some cases, there are HSS providers which are also settlement grant providers. But there are a lot more settlement grant providers throughout Australia. There are 96 grant providers in Australia as against—

**Senator JACINTA COLLINS:** Where could I find a list of all of those currently receiving settlement grants?

**Mr Kennedy:** It would be on the website. But certainly, we can take it on notice.

**Senator JACINTA COLLINS:** If you would not mind.

**Mr Kennedy:** Certainly.

**Senator JACINTA COLLINS:** On the website, under settlement services there is a link to Building Multicultural Communities Program and a description of that as having been reduced in scope in 2013-14. That has closed down, hasn't it?

**Ms Cala:** For the BMCP, a decision was taken by the government to reduce the funding to that program. It is no longer an open program.

**Senator JACINTA COLLINS:** So it still has funds attached to it but you are not open for new grants.

**Ms Cala:** No, it does not. Any organisations that retained their funding under the program would have expended them by now and we have not opened it for a new round of funding since then.

**Senator JACINTA COLLINS:** So it is pretty much shut down.

**Ms Cala:** It does not exist as a grants program under settlement anymore.

**Senator JACINTA COLLINS:** You may want to take it off the website. Let us see if I am guessing correctly here from the PBS in relation to—not so much to settlement grants but multicultural grants. Am I correct in understanding that they are now provided under—

**Mr Pratt:** Senator, which page are you on?

**Senator JACINTA COLLINS:** I am on page 65.

**Mr Pratt:** Thank you.

**Senator JACINTA COLLINS:** Are they provided now under strengthening communities?

**Ms Bennett:** Could you repeat the question?

**Senator JACINTA COLLINS:** Are multicultural grants provided as a component of strengthening communities?

**Mr Lewis:** They are, but Ms Sims will comment on that.

**Ms Sims:** The Strengthening Communities Activity includes seven grant programs. That also includes Community Capacity Building, Broadband for Seniors, Volunteer Management Program, Volunteer Grants, Diversity and Social Cohesion, Multicultural Arts and Festivals, and Multicultural Affairs grants.

**Senator JACINTA COLLINS:** All of that comes in under the annual administered expenses going from \$40.5 million down to \$28,433,000. Is that correct?

**Ms Sims:** Yes.

**Senator JACINTA COLLINS:** Where will that reduction impact, in the main?

**Mr Lewis:** Can you tell me what the question was? Was it page 65, \$40 million dropped to \$32 million?

**Senator JACINTA COLLINS:** It goes further than \$32 million. It goes down to \$28,433,000.

**Mr Lewis:** The \$40 million reflects that the volunteer grants—we did a doubled round last year so we had an extra \$10 million in. That is why that one is higher than next year.

**Ms Bennett:** We did a two-year round.

**Mr Lewis:** We did a double round. Then it goes back to the base. But as you commented earlier, the money matches over time, generally, the other cohorts in terms of numbers that come in. This echoes other sources of money in terms of some of the services so we have to provide top-up, as we do in Settlement Grants, for other activities. But you see it plateaus out. That changes from time to time, depending on numbers.

**Senator JACINTA COLLINS:** I am sorry, I thought Settlement Grants was a different category and it was under Settlement Services in 2.1.6.

**Mr Lewis:** I am sorry, that is true. This is the Volunteer Grants—

**Senator JACINTA COLLINS:** This is very confusing.

**Mr Lewis:** You are right.

**Ms Bennett:** If we go to page 64 at 2.1.6, the funding level reflects the rephrasing from last year to match the Syrian 12,000 intake, which has taken longer than what was initially anticipated.

**Senator JACINTA COLLINS:** That is fine. I do not have an issue with 2.1.6.

**Ms Bennett:** Then it drops down to reflect what the forecasted government intake of refugees will be. On 2.1.7, the reason it was 40,000 was, as Mr Lewis explained, the Volunteer Grants. The large Volunteer Grant Program the department had in place, instead of its usual \$10 million, was \$20 million in that year. We did two years in one process. While there is a minor adjustment, the broad impact is that it has reduced the Volunteer Grant to its \$20 million and other minor reductions. If you look at this, between 32, 29, 29 and 28 are just accounting treatment changes or terminating measures or something like that. It is broadly the same amount of money with minor adjustments in the process.

**Senator JACINTA COLLINS:** It does not reflect what you are suggesting a moment ago, which is anticipated lower numbers.

**Mr Lewis:** No, I was picking the wrong things.

**Ms Bennett:** He was referring to 2.1.6, which I just explained, and 2.1.7 is the—

**Mr Pratt:** We apologise for the confusion, but this is partly your fault for asking questions about the estimates in Senate estimates! How dare you!

**Senator JACINTA COLLINS:** Surely, Mr Pratt, you did not expect anything different!

**Ms Bennett:** I hope that is clear.

**Senator JACINTA COLLINS:** That part of it is clear. What still remains unclear to me, because Ms Sims spoke so very quickly, is what are the actual components of strengthening Communities. The ones I am particularly interested in, and the dollar figures around those, are the ones that could be characterised as multicultural grants or supporting multicultural festivals or communities—that area as opposed to the volunteering and the other ones you mentioned.

**Ms Bennett:** Before Ms Sims goes, how long have you been with us, Ms Sims?

**Ms Sims:** A month.

**Ms Bennett:** A month.

**Senator JACINTA COLLINS:** I was not being critical.

**Ms Bennett:** Everything that makes communities stronger, that strengthens social cohesion and sense of belonging, is underpinned by multicultural as part of it. The idea that there is a specific bucket of multicultural grants that is somehow separate—we do have multicultural festivals. That is \$125,000 a year. That is an open tender that occurs every year. It is up to \$5,000, but sometimes it can be a few hundred dollars. That goes to organisations to assist them in running their local community-based festivals—multicultural festivals—that they have.

**Mr Lewis:** We have community engagement, Broadband for Seniors, and diversity and social cohesion funding, grants for multicultural affairs and volunteering all sitting under the strengthening communities component. There is a whole swag of elements. Within that you have a further slight breakdown of multicultural arts and festivals and funding for certain peak bodies like FECCA, as subactivities within that. The total reflected there is the combination of all of those elements. Do you want me to go through those elements?

**Senator JACINTA COLLINS:** Yes please.

**Mr Lewis:** Community capacity building for 2015-16 is \$11 million. Broadband for Seniors is \$1.03 million. The volunteer management component is \$5.63 million. The volunteer grants, as we said last year, are \$19.936, because we brought them forward—that is the difference we talked about before. Diversity and social cohesion is \$1.818 million. Multicultural arts and festivals is \$0.13 million, so that is \$130,000. The Federation of Ethnic Communities' Councils of Australia funding is \$0.442, so \$442,000. Rounded up, that all hits about \$40 million, which is the figure that is in the—

**Senator JACINTA COLLINS:** That was the double the volunteer grants component?

**Mr Lewis:** That is right. That was the double volunteer grants impact. Do you want every other year? I can break down each other year, if you like.

**CHAIR:** We are a little bit tight on time for every other year.

**Senator JACINTA COLLINS:** Yes. I will take Ms Bennett's comment that it is roughly the same in each year. I am interested in how I would see what organisations are receiving funds for the festivals and for the community capacity building. If you could provide on notice a list of organisations for the last two years that would be helpful. When do the grants processes commence?

**Ms Bennett:** These sorts of one-off grants, because they are not contracted services, happen at various times and they are programmed in somewhere during the year where there is capacity at the program office at the time. Do we have a date for the next round?

**Mr Kennedy:** With settlement grants, the next round is in 2017-18.

**Senator JACINTA COLLINS:** No, it is not settlement grants I am after. I am in 2.1.7 at the moment; not the settlement grants, which are in 2.1.6.

**Ms Bennett:** The volunteering grants will be later this year.

**Mr Lewis:** That is right. Planning for later next month maybe.

**Senator JACINTA COLLINS:** It is probably going to be easier if I give you questions on notice later and you can come back to me.

**Ms Bennett:** We may not have accurate dates yet about when the grants are going to open. That information is made publicly available on the department's website. These organisations have got quite skilled at looking at when the rounds are up, the outcomes of the rounds after the process and how long it takes. They are normally open for about six weeks, but how long it takes depends on how many applications we receive and how many have to be assessed, and then there is usually—

**Senator JACINTA COLLINS:** I am short on time and I have one other area. I am happy for you to take that on notice.

**Ms Bennett:** Okay. And then usually there is a ministerial announcement. We will provide you with the last two years on each of these.

**Senator JACINTA COLLINS:** The last area is the new contractual arrangements for the two classes of settlement work. What are they called again? HSS and CSS? I understand that you have accepted the recommendations from the Ernst and Young evaluation. I do not think they specifically recommended you do it as a two-step process, but I am told that seems to be how it is being conducted. Could you describe what that process is and where we are up to?

**Mr Lewis:** The recommendations went to the structure of the program. We initially went out for expressions of interest for participation in the two-step process. The intent is that we do a co-design workshop with potential tenderers. It is a bit like the commissioning model that is being talked about a lot at the moment where—

**Senator JACINTA COLLINS:** The commissioning model?

**Mr Lewis:** We will send you a link if you would like that.

**Senator JACINTA COLLINS:** Please do.

**Ms Bennett:** That means that you actually discuss some of the better ways of doing it with people that have expertise, rather than just prescribing what sort of system you want. It is a way of co-designing.

**Senator JACINTA COLLINS:** I took it as being that. Mr Lewis referred to co-design.

**Mr Lewis:** The workshops will be run in late November, we hope. At those workshops, the people who have expressed interest will come along and talk about the best way to achieve outcomes rather than just deliver on key outputs that we would specify. We will share that information with all potential tenderers in real time. We will then formulate the model for the outcomes we are seeking, based on that advice. We will then go back out in a formal tender process early next year for those people who are still interested in participating in that model. We think it is pretty revolutionary and novel to sit down, as Ms Bennett was saying, as potential service providers to talk about how it might work.

**Senator JACINTA COLLINS:** You mentioned a link to the commissioning model. Does that describe how it has worked elsewhere and deal with any of the reservations people might have about it?

**Mr Lewis:** It does describe how it has been used in different contexts and the benefits. Of course, it will talk about some of the potential missteps that could be made in that process, but it does talk about how it is, overall, a positive way to engage potential participants.

**Senator JACINTA COLLINS:** The general theme that has been raised with me is whether agreeing to participate potentially compromises your position for the next stage. I am interested in understanding how this model works and what past experience there has been with its application. If sending me the link will assist there, that is helpful. I might have subsequent questions once I have read that.

**Senator SIEWERT:** I want to ask about multicultural policy. Is the policy that is currently on the DSS website the current government policy?

**Senator Seselja:** Are you talking about the multicultural statement?

**Senator SIEWERT:** Yes.

**Senator Seselja:** It is the multicultural statement that was there from the previous government. We are moving towards a process for a new multicultural statement.

**Senator SIEWERT:** What is the process for the new statement?

**Senator Seselja:** You would probably be aware of the history of the multicultural statements. The Howard government did one, I think, in 1999 and then updated it in 2003. The Gillard government did one in 2011. Some work had certainly been done on this process before I came into the portfolio. But, obviously, as a new minister, I am taking a fresh look at how things are done. I have taken a couple of months to consult and to get my head around some of the areas within the portfolio. What has happened to date has been an internal process. The detail of exactly what the consultation will look like has not yet been finalised, but it will be soon.

**Senator SIEWERT:** So you will be developing a draft to take out to consultation or are you going to consult about developing a draft?

**Senator Seselja:** As I said earlier, some work has been done by my predecessor. So I am picking up some of that working and looking at what I want to keep or use or what I might want to do differently. That will be done in consultation with the Multicultural Council. To the extent that we need to go beyond there or whether you are using a Multicultural Council as a conduit, that has not yet been determined.

**Senator SIEWERT:** So you will develop the draft and then work out how you are going to consult on the draft. Can you outline where the new policy is heading in terms of the difference from the current policy?

**Senator Seselja:** I think it is too early to say to that level of detail, but what I would say is that it is not going to be a radical departure from what we have seen before.

**Senator SIEWERT:** Do you have an overall objective of what you are trying to achieve through the policy?

**Senator Seselja:** If you look at previous multicultural statements and the previous direction that we have seen, there has been a fair amount of continuity between governments. We could argue the toss over various language and the like, but broadly—for what it is worth—my view of multiculturalism, which I think is one that has been broadly shared on both sides of politics, is that it is fundamentally about individual groups and people of various ethnicities and cultures coming to Australia and having the ability to celebrate that culture and having that, in various ways, recognised and honoured but also being encouraged to become a part of Australia. I think that is a quick summation of the way that I would see multiculturalism, and I think that that has a fair amount of continuity. Looking back at the various iterations of the statements and the principles that underpin it, that is the way I see it and I think that is the way most Australians would see it.

**Senator SIEWERT:** That in fact takes me very nicely to my next question. What do you think the contemporary experience of Australia's culturally and linguistically communities is?

**Senator Seselja:** That is a big question. Conscious of the time of the committee, I would just say that it is varied. Recently the Scanlon Foundation put out a report. It talked about some of our ethnic communities and some of our culturally linguistically diverse communities having quite a negative experience. One example in the Scanlon Foundation report was the self-reporting of our South Sudanese community. But looking at broader attitudes to multiculturalism, a recent Essential Media poll showed that the numbers are still very strong and very positive. This was of the broader population. From memory, there are some differences between different age cohorts, though it is not radically different. Younger people are somewhat more positive towards multiculturalism than older Australians. But across those groups, we are talking very strong numbers. I do not have that research in front of me, but I would commend it to you. I think it is an important piece of work—and there have been other pieces of work. It may have been one of the highest numbers that they have had in some of the polling. So we are not seeing a major decline in the way people view multiculturalism generally in Australia.

**Senator SIEWERT:** Across different agencies there is always a need to push to make sure that Aboriginal and Torres Strait Islander people and culturally linguistically diverse communities are included. Even recently with the health department's national minimum data set it appears that there has been no data requirement for language or ethnicity. Are you looking at that issue? Is it something that you could take up to ensure that we do include those issues in those sorts of datasets? I am getting the look, so I will put the rest on notice.

**Senator Seselja:** It is not something specifically that I have addressed at this point. I am happy to take the question on notice to have a look at what work might have been done.

**Senator SIEWERT:** That would be great. I have some others, but I will put them on notice.

**CHAIR:** Thank you, Senator Siewert. I have 60 seconds for Senator Pratt.

**Senator PRATT:** I have some quick questions about the National Plan to Reduce Violence Against Women and Their Children. I would like to know when the annual progress report 2015-16 of the second action plan 2013-16 will be released. You said in March that it would come out in the middle of this year and it has not been released yet.

**Ms Purdy:** The second annual plan progress report is currently being finalised with jurisdictions and is due to be released shortly. It was delayed primarily due to the caretaker period.

**Senator PRATT:** Can you advise when the third action plan, promising results, will be released?

**Ms Purdy:** Yes. Minister Porter mentioned this week in parliament that it will be released at the COAG summit on 28 October.

**Senator PRATT:** So it will be ready for then. Are you able to advise how much money has been set aside for the third action plan?

**Ms Purdy:** \$100 million was announced in the 2016-17 federal budget to support the implementation of the third action plan.

**Senator PRATT:** In estimates earlier this year, the government said that funding for 1900RESPECT in 2018-19 will be confirmed under the third action plan. Can you confirm that that is in fact the case?

**Ms Purdy:** There is currently a process—government is giving consideration as to how that \$100 million should be spent in line with the election commitments that were made, so I am unable to confirm that at the moment.

**CHAIR:** Thank you, Senator Pratt, and thank you officers related to outcome 2. That concludes examination of that. We will now move to Human Services, starting with Australian Hearing. Thank you everyone for your patience, flexibility and indulgence.

### Department of Human Services

#### Australian Hearing

[20:19]

**CHAIR:** Welcome.

**Senator PRATT:** The last time this committee met we heard that Australian Hearing had not yet had any word from the government about whether it was to be privatised. Have you had any advice about that yet?

**Mr Davidson:** We had no formal advice, but we note in the *Hansard* of examination of Finance a couple of days ago that there has been a submission from the consortium.

**Senator PRATT:** A submission from a consortium?

**Mr Davidson:** Yes.

**Senator PRATT:** What is the nature of that submission's expression of interest?

**Mr Davidson:** We have not been party to the submission. I really do not know the content.

**Senator PRATT:** If you have not been party to the submission, what advice can you give me about the \$2.2 million in the 2016-17 budget and the 2015-16 budget, where that money was first put forward, to consider the future ownership of Australian Hearing? Surely, whatever bid has been put in by that consortium must be consistent with some of the consulting advice that has been completed.

**Mr Davidson:** Again, that was a matter for government. We just got a ministerial instruction to make the payment by the end of this financial year.

**Senator PRATT:** For that—

**Mr Davidson:** A special dividend to that amount to Finance.

**Senator PRATT:** So you do not know how that money has been spent?

**Ms Campbell:** The special dividend was paid to government to facilitate the consideration of the future of Australian Hearing.

**Senator PRATT:** Can you tell me anything about how that money has been spent?

**Ms Campbell:** I think you will find that there were questions asked in the Department of Finance hearings earlier in the week, and that is a matter for the Department of Finance.

**Senator PRATT:** So Australian Hearing has not been able to have any input into that advice or discussion? Surely, Australian Hearing must have some expertise pertinent to the future of the services that it provides.

**Ms Campbell:** The Department of Finance is responsible for this consideration by government and the Department of Finance does consult with Australian Hearing as appropriate, but the matter of the future management of Australian Hearing rests with the Department of Finance.

**Senator PRATT:** Can you tell me about the consultations that have taken place between those consultants on behalf of the Department of Finance and Australian Hearing?

**Mr Davidson:** I can only tell you, on behalf of Australian Hearing, that our role has been to prepare responses to due diligence questions, mostly around operational and financial matters.

**Senator PRATT:** Do you know what kind of stakeholder consultation has taken place within that context? If it is mostly financial and due diligence, what about the clients of Australian Hearing, to whom you provide services, and their needs?

**Ms Campbell:** Those questions are best placed with the Department of Finance.

**Senator PRATT:** What is the Department of Finance's expertise on these questions? Australian Hearing is the organisation that provides these services.

**Ms Campbell:** This review is about the future ownership of Australian Hearing and this has been run by the Department of Finance. The Department of Finance is responsible in government for that consideration.

**Senator WATT:** So you have no say in it at all? It has completely outsourced this decision to Finance?

**Ms Campbell:** The government is considering this and it is being considered by the Department of Finance. Yes, we are consulted, but the Department of Finance has primary consideration and is best placed to talk about the broader consultations and considerations on this matter.

**Senator WATT:** You just said that you have been consulted. Can you tell us something about those consultations?

**Ms Campbell:** Mr Hutson can tell you about it. We are part of a steering group.

**Mr Hutson:** The Department of Finance, to assist in managing this process, has created a steering committee and the Department of Human Services is represented on that steering committee.

**Senator WATT:** When was the most recent meeting of that steering committee?

**Mr Hutson:** It was 13 October.

**Senator WATT:** So it was about a week ago. Have these meetings been happening for some time? Is this the first or second meeting or have they been going on for a while?

**Mr Hutson:** There have been five meetings of the steering committee.

**Senator WATT:** Has it got to a point where a decision has been made to privatise Australian Hearing?

**Ms Campbell:** The government has not made a decision on this matter.

**Senator PRATT:** So you cannot rule out that Australian Hearing will not be privatised?

**Senator RYAN:** I can restate that the government has made no decision to transfer Australian Hearing into non-government ownership.

**Senator PRATT:** Will you rule out that it will be?

**Senator RYAN:** I am not the minister for the portfolio.

**Senator PRATT:** But surely the officials at the table would know—

**Senator RYAN:** Not if the government has not yet made a decision, which the official and myself have just made clear.

**Senator PRATT:** Australian Hearing is actually quite a profitable service and an important service. Where does the surplus revenue from Australian Hearing go?

**Mr Hutson:** Australian Hearing pays a dividend to government, which is currently calculated at 60 per cent of net profits.

**Senator PRATT:** It seems like a ridiculous prospect to privatise such a successful service. What is the relationship of the consortium that approached the government to buy Australian Hearing with the investigations that have taken place about Australian Hearing's future?

**Mr Hutson:** Evidence was given earlier by the Department of Finance. In February this year the Minister for Finance announced that the government had received an unsolicited proposal from the consortium and that that consortium proposal would be investigated. Evidence was also given earlier this week that the consortium had provided a detailed submission to government on 30 September this year and that that submission was now being evaluated.

**Senator PRATT:** Has the minister, chair or managing director met with the scoping study team?

**Mr Hutson:** The scoping study was a process that was concluded over a year ago and that was before the consortium proposal was under consideration. As to whether the Minister for Finance has met with members of the team, I think that would be a question for the Department of Finance.

**Senator PRATT:** What about the minister who is responsible for Australian Hearing?

**Ms Campbell:** I think we would have to take that on notice.

**Senator PRATT:** Did anyone at Australian Hearing or the Department of Human Services have any contact with the consortium before this proposal was laid on the table?

**Mr Hutson:** I think there were some earlier conversations, which were reported in earlier hearings, where officers of the Department of Human Services were present during conversations with representatives of what

became the consortium. But that is quite some time ago. I think it was before the Minister for Finance's announcement in February.

**Senator PRATT:** I do not quite understand you. Perhaps my question is better directed at Australian Hearing. Has Australian Hearing had any engagement with this consortium? Surely they will have to understand your business model, your business practices and your consumer base in order to be able to put together such a proposal.

**Mr Davidson:** We have had no direct contact or connection with the consortium. Our role has been to deliver responses to due diligence questions that have gone back to the steering committee and then no doubt to Finance who are conducting negotiations with the consortium.

**Senator PRATT:** Have you been asked any questions that focused on customer needs?

**Mr Davidson:** No.

**Senator PRATT:** None at all?

**Mr Davidson:** None whatsoever.

**Senator PRATT:** No questions about people's hearing needs and what kind of services they would like to receive that they are currently receiving from the Australian government?

**Mr Davidson:** Not to my knowledge. We certainly have not been consulted.

**Senator RYAN:** I have had some briefings from the minister and people with a hearing loss who currently receive or are eligible to receive community service obligation services will continue to receive those services either as NDIS participants or clients of the Hearing Services Program.

**Senator PRATT:** What kind of approach do you take to keeping in touch with what people's hearing services needs actually are?

**Ms Mavrias:** We employ a number of mechanisms to understand the needs of our clients. We routinely conduct research, both of current clients and prospective clients, firstly, to understand not only their needs but potentially upcoming or changing needs so that we can adjust our service delivery. We also run outcome satisfaction surveys of our client base to get almost continuous feedback around the services they deliver.

**Senator PRATT:** You would have a pretty diverse client base, including a lot of more disadvantaged Australians who cannot access private hearing services. Would that be correct?

**Ms Mavrias:** That is correct. The Australian Hearing actually provide services to some of the most complex and frail adult clients in Australia.

**Senator PRATT:** My father is very grateful for your services—as are we for our family Christmas conversations! Thank you!

**Senator WATT:** I accept that the process is still underway. Has any minister indicated any preference for private or public ownership at this point?

**Ms Campbell:** The process is still underway.

**Senator WATT:** I said at the beginning of my statement that I understand that. I have heard that a number of times. Has any minister indicated a preference for private ownership or public ownership?

**Ms Campbell:** Not to my knowledge.

**Senator WATT:** It is just curious that anyone would set up a scoping study to consider the future ownership of Australian Hearing if that notion of privatisation was not seriously on the table.

**Senator PRATT:** Spending nearly \$3 million on the process.

**Senator Ryan:** The officials have answered your question.

**Senator WATT:** Have you seen any other instances in your career where scoping studies have been set up to explore ownership that have not resulted in privatisation?

**Senator Ryan:** That is a little bit too broad. I can run through plenty of examples at the state level under the Labor governments.

**Senator WATT:** I was not asking you, Senator, I was asking about—

**Senator Ryan:** I think that is a bit too broad for the officials to answer: have you ever seen any other example of a scoping study being set up that has not been set up—it is a loaded question and is well outside the terms of estimates.

**Senator WATT:** I am presuming they are longstanding public servants with lengthy careers in public administration—longer and you or me. I am asking whether they have seen any other similar processes.

**Senator Ryan:** That is a different question to the one you ask. You asked whether they had seen only scoping studies where there was not an eye to privatisation—those are not your exact words as I did not write them down. It is a different question to ask them if they have ever seen scoping studies undertaken.

**Senator WATT:** That is not what I was asking. I will ask again. In your lengthy public service careers have you ever seen other scoping studies set up to determine the future ownership of a particular service that have not had—to use your words, Senator Ryan—and eye to privatisation?

**Senator RYAN:** I think that question is too broad for the officials, with respect.

**Ms Campbell:** In my career I have seen scoping studies undertaken about the future of entities. Sometimes it depends on what comes out of the scoping studies. For example, there was a review of Defence Housing in 2013, where it was decided that it would remain in government ownership.

**Senator WATT:** We will see what the outcome of this one is, I suppose.

**Senator SIEWERT:** You saw the scoping study. When did you actually find out that the consortium had put in an expression of interest, for want of a better word?

**Mr Davidson:** We found out when the public found out—when the minister made the announcement.

**Senator SIEWERT:** Earlier in the year?

**Mr Davidson:** Yes. I think it was around 12 February, or something like that.

**Senator SIEWERT:** Had any of the consortium approached you at all?

**Mr Davidson:** No.

**Senator SIEWERT:** So you did not know a thing about them?

**Mr Davidson:** No.

**Senator SIEWERT:** Did you know that they had put in their proposal at the end of September?

**Mr Davidson:** Not until we saw it announced a couple of days ago.

**Senator SIEWERT:** Regarding the steering committee that has now been set up, Mr Hutson, I presume that is the same committee we were talking about in Department of Finance. The one that has been set up to evaluate the submission?

**Mr Hutson:** The steering committee effectively has a subcommittee that is undertaking the evaluation.

**Senator SIEWERT:** Are you on that?

**Mr Hutson:** Members of the Department of Human Services are on that, yes.

**Senator SIEWERT:** So they will be undertaking the evaluation. How do those officers report back? Do they report back via you, Ms Campbell, or is that committee essentially working to the Department of Finance?

**Mr Hutson:** They are essentially working to the steering committee but the evaluation report would be a report that belongs to the Department of Finance.

**Senator SIEWERT:** One of the issues that I have encountered recently is the concerns around contestability, given the diverse nature of the service obligation. I asked this in Finance. I am thinking in particular of Aboriginal remote communities. We have had discussions on a number of occasions around the difficulty in servicing that group. You have already said the consortium has not been anywhere near you, but has anybody from government, or from the NDIA, discussed with you those issues around contestability?

**Mr Davidson:** There were preliminary discussions about areas of greater sensitivity and disadvantage, at the beginning of the scoping study, but not subsequently to that. We asked for the facts on the ground and we delivered those facts at that time.

**Senator SIEWERT:** Mr Hutson, one of the issues you have just heard me say the sector is particularly concerned about is policy failure in that area. Has the steering committee discussed that, or the evaluation group—the subcommittee?

**Mr Hutson:** I think the evaluation group is probably a little bit early in their consideration of these issues, but certainly the provision of services is an important part of the consideration of the proposal from the consortium.

**Senator SIEWERT:** Including those issues where there is likely to be policy failure?

**Mr Hutson:** The Minister of Finance, in speaking in the committee earlier this week—and indeed the minister this evening has also indicated this—has indicated that the services currently available will continue to be available, perhaps in a different way, but NDIA, of course, notwithstanding.

**Senator SIEWERT:** Mr Davidson, since your initial discussions has anybody asked you whether that is achievable through the mechanisms that it is currently proposed the NDIS will use?

**Mr Davidson:** No, we have not had any discussion on that matter.

**Senator SIEWERT:** Can I ask you what your opinion is on that?

**Mr Davidson:** You can, but my opinion would not necessarily sway governments in their decision.

**Senator SIEWERT:** You obviously have a lot of expertise—

**CHAIR:** Are you asking for an opinion on policy?

**Senator SIEWERT:** Okay, I will not ask you for an opinion. I will ask if you have evaluated the delivery of the sorts of services that need to be delivered in regional and remote areas—and I am thinking particularly of Aboriginal communities—against the proposals contained for contestability and the way the NDIS is going to be operating?

**Mr Davidson:** No, for a couple of reasons. One is that currently we do not know the eligibility criteria for the NDIS. Until we do that we would not be in a position to see how particular cohorts are affected.

**Senator SIEWERT:** But we just heard from the minister—as I understand it, and I hope I am not verballing you, Senator Ryan—that anybody who is already under the CSO will continue to be covered.

**Senator RYAN:** I will be blunt—I am reading from notes: people with a hearing loss who currently receive or are eligible to receive Community Service Obligation services will continue to receive those services either as NDIS participants or as clients of the Hearing Services Program.

**Senator SIEWERT:** It sounds to me like that is what the eligibility criteria are?

**Mr Davidson:** I cannot comment.

**Ms Mavrias:** As that statement says, it will either be under the NDIA program—NDIS—or through the Hearing Services Program, and we are not sure which.

**Ms Campbell:** And of course the eligibility criteria are a matter for the health portfolio, who run the hearing program.

**Senator SIEWERT:** I asked that the other day and I have answers to that. Regarding the work of the subcommittee, would you reach out to stakeholders or groups with expertise, not necessarily to ask them to comment on the proposal, but in terms of some of the areas that we have just been discussing?

**Mr Hutson:** Two things. First of all, the work of the evaluation subcommittee is continuing right now. But those sort of questions really are ones that you should direct to the Department of Finance.

**CHAIR:** Thank you to officers from Australian Hearing. We will now proceed to everything else: whole of department, corporate matters and outcome 1.

[20:41]

**Senator PRATT:** How many DSP recipients have been assessed since 1 July this year?

**Ms Campbell:** We will get the appropriate officer to the table on that one. Are you talking about DSP reviews, not initial assessments?

**Senator PRATT:** Yes. My question was 'reassessed'.

**Ms Campbell:** So DSP reviews?

**Senator PRATT:** Not assessed but reassessed.

**Ms Campbell:** Is it for this financial year?

**Senator PRATT:** Since 1 July.

**Ms Campbell:** I do not think we have that, so we might take that on notice. We will try to see if we can find someone else who has it. If you would like to keep asking questions, we will see if we can get back to you tonight on that.

**Senator PRATT:** You might then not be able to answer my next question either. How many of those people have now been deemed ineligible for the DSP?

**Ms Campbell:** We will try to get those answers and come back to you during questioning tonight, if we can.

**Senator PRATT:** I know you have a current DSP review—so from 1 July. I have been told the policy is that 90,000 DSP recipients will be subject to medical reviews over three years.

**Ms Campbell:** That is correct.

**Senator PRATT:** I am looking to see how far you are through that. What is the range of ages among those recipients who are being reassessed?

**Ms Campbell:** I think it is unlikely we are going to have that here tonight, because we would have to go back to do a profile of those who have been reviewed. I think it is pretty unlikely we will have that, but we will try to get you the numbers on how many—

**Senator PRATT:** So it is not 36 to 60?

**Ms Campbell:** The review process had a guide about where we were reviewing—a number of criteria. Ms Pitt might be able to talk about—

**Senator PRATT:** Can you tell us something about the criteria and who is targeted for reassessment?

**Ms Pitt:** Those who are subject to the review would be most likely to have one or more of the following indicators. There was a range, but some of things were—particularly if they were assessed under the old impairment tables before 2012—other criteria that would have been used—

**Senator PRATT:** Can you explain what you mean by 'old'.

**Ms Pitt:** The old impairment tables.

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

**Ms Pitt:** Pre-2012 there was a set of tables, which have been revised now, that were used as the basis for making decisions about people's eligibility.

**Senator PRATT:** That are now or were prior to 2012?

**Ms Pitt:** Both times. There have always been tables but the tables were revised in 2012. People had been assessed prior to that; those people were part of a pool to be selected. That was one of the criteria that was looked at.

**Senator PRATT:** So people who were assessed prior to 2012 could have been targeted for reassessment.

**Ms Pitt:** Yes. Other kinds of reasons were if people had reported earnings on a consistent basis, perhaps if their primary medical condition was not recorded in the customer's records, people who might have had a number of overseas trips in the last few years, people who had—

**Senator PRATT:** People who have had overseas trips. Why would that necessarily rule them—they might be too fit and well to travel; is that what you are implying?

**Ms Campbell:** It was sometimes an indicator that they may have some more functionality, so it was worth reassessing.

**Senator PRATT:** I certainly know of people with profound disability who take carers with them on their travel. What exemptions do you have in place to ensure that vulnerable DSP recipients are not needlessly—

**Ms Pitt:** There are a number of exclusions and if it is obvious that somebody is manifestly eligible for the disability support pension and that information is clear on the records, so—

**Ms Campbell:** It is probably worth reiterating that sometimes in the past that may not have been clearly documented on people's records, and we are finding that sometimes if we do a review and find that people are manifestly disabled that is documented and we are able to move on quickly.

**Senator PRATT:** You would be very aware, I think, of the cases that have been raised this week and the case of Mr Andrew Johnson.

**Ms Campbell:** Yes.

**Senator PRATT:** He has profound autism and has been in a group home since he was 13. He cannot speak. He has Tourette, bipolar and attention deficit hyperactive disorder and a range of other things that would show that his disability is manifest. How many people in group homes are you assessing amongst these 90,000 DSP recipients?

**Ms Pitt:** The expectation would be that if we are aware somebody is in assisted care they would be unlikely, unless there were other reasons, to be called for review.

**Senator PRATT:** Is there not a more considerate way of establishing people's status than asking them to prove their litany of disabilities with numerous medical tests et cetera? It is a pretty confronting thing to be asked when you have lived with disabilities all your life.

**Ms Campbell:** We look at the information we have on hand. We try and get the information as efficiently and with the least impact as we can. To do that we have taken onboard that sometimes we are not aware that people—should it have been documented on his record some years ago, yes. It was not, and it is now documented on his record that he is manifestly disabled. Of course, the disability pension is means and assets tested so sometimes if a recipient receives greater assets and things like that and we become aware of that we need to review in those circumstances as well.

**Senator PRATT:** Yes, you could review someone's eligibility on the basis of they might have received a large inheritance or something, but that does not require you to interrogate the nature of their disability.

**Ms Campbell:** No, but if we do not have it documented—I think in some cases we have not had it documented—that people are manifestly disabled, we have had to go back and find out some of those details.

**Senator PRATT:** Can you tell me what guarantees you have now put in place to ensure that people who have been granted the DSP on manifest grounds, previously, or have less than eight hours work capacity or are working at an ADE or support worker system are not contacted by Centrelink now to be reassessed?

**Ms Pitt:** Anybody who has been medically reviewed in the last two years—so anybody who has been granted DSP in the last two years—and those for whom we have the information that they are manifestly eligible are not included in the review. Should somebody in that situation receive a letter there is an opportunity in the letter for them to make contact with the department to explain that situation. Then that can be investigated and reviewed, either for that person or for their nominee.

**Senator PRATT:** Would you still require them to do all those intrusive, costly medical reassessments?

**Ms Pitt:** Again if we have that information or that information can come then those reviews for those people who are manifestly eligible can be finalised very quickly.

**Senator PRATT:** So someone who has had Down syndrome all their life is still going to have to prove to you that they have Down syndrome if you do not have it on their file already?

**Ms Campbell:** We would hope that they have some medical records they could share with us. We cannot assume that just because they have a disability that we have got the information. If we get the information, we will use whatever reports they have available for them.

**Senator PRATT:** How much does each reassessment cost on average?

**Ms Campbell:** I do not think we have got that information with us. We can take that on notice.

**Senator PRATT:** So you do not have any idea what it is costing to review those 90,000 DSP recipients? What have you budgeted?

**Ms Campbell:** We can tell you how much the measure provided funding for. Each one will cost a different amount depending on how much time is spent, so we can give you a ballpark cost for the 30,000.

**Senator PRATT:** What happens if somebody does not have the cognitive capacity to respond to the correspondence that you send?

**Ms Campbell:** Often if people do not have that capacity they have a nominee in place.

**Senator PRATT:** They may or may not have a nominee in place.

**Ms Campbell:** They may or may not have a nominee in place, but if they have been a customer of ours we find that there is either a nominee or a public trustee. On some occasions there may not be a nominee in place. We try to work with those people. We have a number of social workers and specialists. We deal with customers with these challenges and disabilities on a regular basis, so we are able to use our specialists to deal with these customers.

**Senator PRATT:** If someone does not respond to the review, at what point would you bump them off the DSP and put them on Newstart or stop their payments? What happens to them?

**Ms Pitt:** I think largely at this stage people have 21 days to respond to the letter to provide information. If people have difficulty in doing that, as I said, the letter provides a phone number for people to contact if they need an extension, for example, or if they need to discuss what it is that is actually required. There are specially trained people on our service line to provide that support.

**Senator PRATT:** So they have only 21 days to respond. What happens if they do not respond within those 21 days?

**Ms Campbell:** We will just ask one of the officers whether there is a follow-up letter or a follow-up call. Generally it is one of those practices. We will find out which it is, whether they get a follow-up letter or a follow-up call. If customers do not respond after a certain period of time, sometimes payments can be suspended, because we sometimes find that people are no longer eligible for those payments and that is why they are not responding. They are no longer eligible for one reason or another.

**Senator PRATT:** Could you guarantee that someone who was living in, for example, supported accommodation, not a group home, because of a persistent mental health condition like schizophrenia, but who is still responsible for their own mail et cetera, would not have their payments withdrawn as a result of this review?

**Ms Campbell:** We will find out where we get to with suspending payment, but we do require customers to respond to correspondence. That is the nature of the welfare system, where there is a requirement to provide information. That is why we work very hard with people who may have limited capacity to respond, to ensure that there is a nominee in place who is able to assist with these matters.

**Senator SIEWERT:** I was referred to you this morning around the number of people that had been transferred from DSP to Newstart and other payments. I am interested in finding out if you keep records on how many of those have found work.

**Ms Campbell:** I think we are primarily focused on the payments that they are on, DSP to Newstart. I think earlier today the answer talked about going to employment services, who might be able to help you more.

**Senator SIEWERT:** Sorry, but I thought they told me to come here, for a start, because I said, 'Yes, that's on tonight,' and I had been referred here yesterday from the department.

**Ms Campbell:** The Department of Employment?

**Senator SIEWERT:** Yes.

**Ms Campbell:** If someone moves from DSP to Newstart, we know that they have moved from DSP to Newstart. If they then move off Newstart, we do not record why they have moved off Newstart. They may have found employment, which is our expectation, but we do not track what all Australians do when they move off our payments.

**Senator SIEWERT:** Minister, this is all supposed to be about people staying on DSP, and what you are trying to do is to get them to work. How do we know if this is being effective?

**Senator Ryan:** I think you will understand it is well outside my portfolio of expertise, so I will take it on notice. I think you are asking a factual question there about whether there is a capture of data somewhere, because you have been through a couple of estimates.

**Senator SIEWERT:** And what is it?

**Senator Ryan:** I will say, however, that one thing I have become aware of in one of my roles is the limits of various government IT systems to capture this. I am not sure if that is a limit about capturing data, but I am aware of very limited and old IT systems.

**Senator SIEWERT:** I am aware, after lengthy follow-up, that the department can at least, as I understand it, now tell when somebody is coming back on and off.

**Ms Campbell:** We can. If we are tracking individuals, we can work out when they come on and off payment. When they are going off payment, though, we do not always ask them why they are going off payment.

**Senator SIEWERT:** I am struggling where to go. You say this policy is about trying to get people into work, and yet you cannot answer the basic thing about whether they have found employment.

**Ms Campbell:** We assume when people go off Newstart they have income with which to support themselves.

**Senator SIEWERT:** So can you tell me how many have gone off Newstart?

**Ms Campbell:** I do not think we have that. We will just get someone to see whether we can find the figures about how many people who have gone off DSP and are totally not on payment. Is that what you are looking for?

**Senator SIEWERT:** Just to be clear—I was asking about numbers this morning—there is the cohort that has gone onto Newstart, Youth Allowance et cetera, and there is the cohort that were dropped straight off any form of income support. What I want to know is of that group that went onto Newstart, which overall is around 2,400 or something, how many have then come off Newstart.

**Ms Campbell:** I think that is easier. We can tell you who is no longer on Newstart.

**Senator SIEWERT:** Can you tell me how many of those have been suspended?

**Ms Campbell:** Sorry, I am a bit confused. Suspended as in what?

**Senator SIEWERT:** As in they are off Newstart because they have not met their mutual obligation requirements. I am starting to get emails from people that have gone from DSP to Newstart and are not able or well enough to be able to meet their jobactive requirements.

**Ms Campbell:** So what you are looking for is numbers coming off DSP, on Newstart and subsequently suspended?

**Senator SIEWERT:** Do they turn up as off Newstart when they are suspended or breached? Do they show up in the system?

**Senator Ryan:** You want to know the number of people that moved from DSP to Newstart and then, of that component, how many are breached or suspended.

**Senator SIEWERT:** And how many are off.

**Ms Campbell:** How many are off altogether and, we will assume, have income of some description?

**Senator SIEWERT:** Yes. I am a bit concerned about the suspended ones if they are marked as just off for the time being, but they are marked as breached or whatever?

**Ms Campbell:** I think we should be able to tell whether they are suspended or they are off payment, but we cannot do that tonight; we would have to take that on notice.

**Senator PRATT:** They were very similar questions to what I asked. If you are going to take them on notice, can I attach my name to them as well so that I can see the answer?

**CHAIR:** That is fine.

#### **Proceedings suspended from 21:01 to 21:15**

**CHAIR:** The committee will recommence its examination of everything that is left over from the Department of Human Services.

**Senator WATT:** I have a few questions about processing times, beginning with the age pension. What is the departments KPI—if it has one—for the length of time that should be taken for processing age pension claims?

**Mr Egan:** Our key performance measure for age pension processing is to process them within a standard of 49 days. We aim to do that on 80 per cent of occasions.

**Senator WATT:** Are you meeting that?

**Mr Egan:** For the first three months of this financial year, no, we are not. We have achieved 62 per cent within 49 days.

**Senator WATT:** That is 62 per cent within 49 days—which is seven weeks.

**Mr Egan:** That is correct.

**Senator WATT:** That is from the moment someone submits an application?

**Mr Egan:** Yes. There are a range of reasons why it may take longer than 49 days to process a claim. Age pension claims are relatively complex. They require a complex assessment of income and assets. Many of them require assessment by a Complex Assessment Officer. Many of the age pension applications that we receive also require the department to seek additional information from the customer, which also takes time and can affect the timeliness of the processing of the claim.

**Ms Campbell:** At the moment, our systems do not allow us to stop the clock when we go back to the customer and ask them for more information. If they take a little while to get back to us with that information, that counts in our processing time.

**Senator Ryan:** To provide some additional information, there are about 170,000 claims for the age pension each year.

**Senator WATT:** Is that new claims?

**Senator Ryan:** To be fair, I do not know if that is new claims or claims for amendment.

**Mr Egan:** It is new claims.

**Senator Ryan:** A number of things have happened to address some of these issues. There has been an increase in the number of staff dedicated to processing these claims. Over the past several months, staff trained to process age pension claims have increased by over 460—from 237 to over 300 FTE. Claims are being streamed based on their readiness for processing, and this means that claims can be checked to ensure they have all the relevant information. If they do, they are immediately allocated for processing.

**Senator WATT:** The benchmark is 80 per cent of age pension claims to be processed within 49 days, or seven weeks. It is currently running at 62 per cent.

**Ms Campbell:** That is for this financial year.

**Mr Egan:** That is correct.

**Senator WATT:** How does that compare to a year ago?

**Mr Egan:** I believe that, last financial year, our performance was 74 per cent within 49 days.

**Senator WATT:** Sorry, I think my hearing is going at this time of night. It is 74?

**Mr Egan:** Yes, 74 per cent within 49 days.

**Senator WATT:** So that is down 12 per cent in a year?

**Mr Egan:** That is correct, but we have also increased our throughput so, obviously, when we are processing claims it is a stock-and-flow situation. We have also processed 24 per cent more applications this year than we did in the same period last year.

**Senator Ryan:** Going to the point that Ms Campbell mentioned, could I add that, of the 20,000 aged pension claims to be processed, 12,000 of these are currently waiting for the applicant to provide further information.

**Senator WATT:** Of the how many in total?

**Senator Ryan:** The department has approximately 20,000 aged pension claims to be processed, and 12,000 of these—so around half—are currently waiting for the applicant to provide further information.

**Senator WATT:** Okay. So that is 74 per cent in the financial year ending—

**Mr Egan:** 30 June, that is correct.

**Senator WATT:** Is that 30 June 2015?

**Mr Egan:** No, 2016. So for 2015-16 that was our performance.

**Senator WATT:** And what was it, say, a couple of years back? You might as well give me, if you have it there—to 30 June 2015.

**Mr Egan:** For 2014-15 it was 81 per cent.

**Senator WATT:** What about one year earlier still?

**Mr Egan:** I do not think we have figures for earlier than 2014-15.

**Senator WATT:** So since 30 June 2015, when it was at 81 per cent, it has fallen about 20 per cent?

**Ms Campbell:** The 62 per cent is year to date so far so, as we are in October, we would expect that number to improve over the complete financial year. If we are going to do an apples to apples comparison, we would have to wait until the end of this financial year to compare that to the financial year for—

**Senator Ryan:** It is important to note that the lead-up to the end of the financial year and the months immediately afterwards are traditionally very busy for the department for a number of payment types, and that is partly reflected. But the prioritisation of this is also addressed with the numbers of staff that have been focused on this, that I mentioned—the increase from 237 to over 700.

**Senator WATT:** But if it was at 81, effectively, two years ago or 1½ years ago, then it has gone to 74 per cent in the next year and now it is down to 62 per cent, why would you expect it to improve? It feels like it is going in one direction.

**Ms Campbell:** We get a lot of claims early in the financial year and we have a number of people processing those claims. If we get fewer claims as the year goes on we are able to improve our timeliness and improve our ability to meet the KPI.

**Senator WATT:** Has that improvement happened in past years?

**Mr Egan:** I do not have the answer to that question specifically.

**Senator Ryan:** Can I say that if claims are lumpy and there is a lot made at the start of the financial year, then it does make sense that performance could logically then increase if there is a backlog at the start of the financial year. And again, you are comparing performance. As I understand, Ms Campbell outlined it is a sort of apple comparison—I call it orange to mandarin, because we are part way through the financial year at the moment; if not apple to orange.

**Senator WATT:** It is probably a valid comparison, because a mandarin is a lot smaller and less value for money than an orange, isn't it?

**Senator Ryan:** It depends if you like mandarins or not. I am a big fan!

**Senator WATT:** It is not sweeter, in this instance. I should not joke; it is a serious matter.

**Senator Ryan:** They are easier to peel.

**Senator WATT:** I know often departmental benchmarks are sort of staggered—80 per cent to be done within 49 days, X per cent to be done within 100 days. Do you have those types, or is there just the one?

**Ms Campbell:** Just the one cut-off.

**Senator WATT:** Do you measure how many are taking longer than, say, double that 100 days?

**Ms Campbell:** We do have some measurements, but it is worth remembering that the time taken for the applicant to come back to us is included in that figure. We ask for data and if the applicant takes a very long time to return that, then I am not sure that that is the best or accurate measure of the department's action.

**Senator WATT:** But you do have those figures?

**Ms Campbell:** We have some figures in that regard. I do not know that we have them with us.

**Mr Egan:** No, I do not think we have.

**Ms Campbell:** We can take that on notice. We will annotate the answer to show that this does include when the applicant is returning information to us.

**Senator WATT:** Do you have any data as to the longest period of time that someone has waited and who has the longest existing claim?

**Mr Egan:** Some of the claims are quite lengthy. Usually those claims are the ones that are subject to reviews and appeals. We have that information, but I do not think we have it with us.

**Senator WATT:** Do you know what the longest—

**Ms Campbell:** Can we just explain that review. If, for example, someone is found ineligible and they appeal within a certain period and they ask for a review of their claim, that means the claim remains open. We may have found that they were not eligible, they have reviewed it and then we will go through the process again. That is still in the 49-day KPI, which is a bit of a problem with that KPI. So we might have these figures that indicate a very long time but they will include reviews and waiting for data.

**Senator WATT:** For those questions you have taken on notice, it would be helpful if the answer could identify the number of claims or percentage of claims that have been outstanding for six months and more than 12 months. I think they would be decent periods to pick.

**Mr Egan:** We are happy to look at that.

**Senator WATT:** What is the average time between lodgement of an application and the applicant receiving notification of an outcome?

**Mr Egan:** We report on a percentage within a certain time frame, reflecting the fact that the average can be skewed by some of those claims that are subject to appeal.

**Senator WATT:** Equally, there would be claims that are very simple and can be processed within days, I would imagine. That is an average.

**Mr Egan:** I am not sure that there are many that can be processed within days.

**Senator WATT:** You know what I mean, though.

**Mr Egan:** Yes. For the financial year to date, the average time is 62.3 days.

**Senator WATT:** Wow! So the average time is 13 days longer than the benchmark.

**Mr Egan:** That is correct. That is for the year to date. It is for the first three months of this financial year.

**Senator WATT:** To go through the same process we did before, what was it for the year ending 30 June 2016?

**Mr Egan:** It was 41.7 days.

**Senator WATT:** It is not looking good. What was it for the year before that?

**Mr Egan:** It was 34.4 days.

**Senator WATT:** Do we have a problem here?

**Senator SMITH:** Do not relish it too much. This would have been pensioners—

**Senator WATT:** I am not relishing it; I am absolutely horrified.

**Mr Egan:** We are on top of this workload. If I could—

**Senator WATT:** It does not look that way, with due respect.

**CHAIR:** Let's just keep to the questions and answers.

**Mr Egan:** As of Monday this week we had 20,361 age pension applications on hand. That would be a typical number of age pension claims to have on hand. Of those, 12,000 are awaiting information from the customer.

**Senator PRATT:** If it is the right information. The last time I applied for my childcare payment I was asked for one set of information only to be told, after I had provided it, 'No, we didn't need that information. We need this information.' Anyway, sorry. I will not vent my personal view right now.

**CHAIR:** No. We will discuss that after the meeting. Mr Egan, you were saying?

**Mr Egan:** The inflow approximately at this stage is 3,500 claims per week. So we have just over two weeks worth of claims available for us to process. As I said, many of those claims are subject to complex assessments and other processes.

**Senator WATT:** Feel free to take this on notice. A couple of times you have made the point that this is a particularly busy time of year. I think that is what you said.

**Ms Campbell:** Yes.

**Senator WATT:** If you have the figures there that would be great. What has been the number of applications outstanding—I am comparing it to the figure of 20,361—for each of the last five years? Do you have the comparable figures with you?

**Mr Egan:** I do not think we have it for the last five years.

**Senator WATT:** For the last three years?

**Mr Egan:** The equivalent points last financial year—we had 16,553 claims on hand.

**Senator WATT:** On notice, please provide that information for the last five years to this point in time. I think it was the minister who said the number of staff processing age pension applications, it was only age pension, was the 460 extra staff.

**Senator Ryan:** Yes, that is my advice.

**Senator WATT:** They have been put on over the last few months, I think you said?

**Ms Campbell:** Yes.

**Senator WATT:** When did that process of employing extra staff begin?

**Mr Egan:** Progressively since approximately June.

**Senator WATT:** Is that since June this year?

**Mr Egan:** That is correct. We process claims across a very large number of payments and we are continually adjusting priorities across all those payments. In June, we identified the need to direct more staff to the processing of age pension claims. We then progressively increased staff in age pension processing.

**Senator WATT:** What triggered that decision? If this has been an ongoing trend over the last few years, as it seems to have been, what triggered action in, or leading up to, June?

**Mr Egan:** An analysis of the inflow of claims and the number of claims the department was processing at that point in time.

**Senator WATT:** You said that you redeployed people within the agency?

**Ms Campbell:** Yes, we balance across all our different channels: so we have people processing, people providing face-to-face service and people answering phones. We rebalance across those areas.

**Senator WATT:** And do you hire new people as well?

**Ms Campbell:** Within our budget, yes. We manage within our budget.

**Senator WATT:** Were there particular parts of the agency that staff were redeployed from in order to deal with this problem?

**Ms Campbell:** On a weekly basis we meet and look at where our picks are and how we are going with our key performance indicators on those different spaces, and we look to move staff from different areas. It depends on the skill tag—the skill set of individual staff members. For example, age pension requires skills in asset and income assessment, which is one of our more complex skill sets. Particularly, customers who are coming to age pension age often having a number of different assets—self-managed superannuation funds, trust funds and the like. They are of complex nature and they require specific skills. We have put people with those skill sets onto that processing. We rebalance across the entire organisation on a regular basis to meet demand.

**Senator WATT:** Were there particular parts of the department or particular people processing particular types of applications that form the bulk of that 460?

**Ms Campbell:** On this occasion we looked at some people who were in the face-to-face network who had some skills or who were able to be upskilled in this area quickly to move on to the age pension process.

**Senator WATT:** Were there any reasons you particularly looked at the face-to-face area to draw staff from?

**Ms Campbell:** We compare the key performance indicators across the organisation to see how we are going in, for example, our face-to-face wait times. We were doing under our KPIs at that time.

**Senator WATT:** As in you were ahead of your KPI?

**Ms Campbell:** That is right. We thought that we could take some resource from there to ensure we were able meet the KPI elsewhere.

**Senator WATT:** Have you kept track of the KPI for face-to-face since doing that?

**Ms Campbell:** Yes, we keep track of each and every one of them every week.

**Senator WATT:** How is that going?

**Ms Campbell:** I think it is still clearly within its key performance indicators.

**Mr Egan:** Our key performance indicator for face-to-face wait times is an average wait of less than 15 minutes. The year-to-date performance for that it is approximately 10 minutes.

**Ms Campbell:** It is 10 or 11.

**Mr Box:** The year-to-date is 9.43.

**Mr Egan:** That is nine minutes and 43 seconds.

**Senator WATT:** What was the comparable figure on that, say, 12 months ago?

**Mr Box:** It was 9.38.

**Senator WATT:** It was 9.38—so it has increased, but only marginally. It sounds like you have some pretty helpful data there about waiting times for processing claims and responses. It may be useful if we could get you to table that.

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

**Senator WATT:** Is there any reason you would not?

**Ms Campbell:** We will take it on notice.

**Senator WATT:** Earlier in the year, around April, there were some media reports about similar delays in processing youth allowance and Austudy applications.

**Ms Campbell:** Yes.

**Senator WATT:** Based on what you have said, ordinary practice would be, if you have a problem over here, you transfer people there. Were staff transferred to deal with the youth allowance delays?

**Ms Campbell:** Yes, they were.

**Senator WATT:** When did that start?

**Ms Campbell:** About January, but I think we gave evidence—I was not at the last hearing—that we had introduced a new ICT system and there were some issues with us transferring to that new ICT system, both technical and training, and cultural. We had some issues with that transition, and we are doing a comprehensive review on that. We have now rectified both the training and the ICT issues in the youth space and we are expecting a much better result next peak. Different times of the year are different peaks for different payments. For youth allowance and students, it is the start of the year. For age pension and child support, it is the middle of the year. For child support, it is with assets and income from the previous year. With age pensioners, some people choose to retire either at the end of one financial year or the start of another financial year due to taxation reasons. So they are some of the peak periods. We try to stagger the peaks.

**Senator WATT:** At any point in the last 12 months, have staff been redeployed from processing age pension claims to deal with this problem in relation to youth allowance and Austudy?

**Mr Egan:** I am not sure if that is the case. We are constantly redeploying staff across all of our processing types in order to respond to peaks and troughs in demand. It is a business-as-usual practice for us to redeploy staff, for example, onto student claim processing early in the year from across a number of different claim processing types.

**Senator WATT:** Could you take on notice how many staff have been redeployed from age pension processing to other parts of the department, say, over the last 12 months?

**Ms Campbell:** We could take it on notice, but, as Mr Egan said, this is something we do as business as usual. Every week, we sit and go through these key performance indicators; we determine whether or not we need to move staff from one space to the other. Sometimes they may move for a short period of time. So we will see what we can capture.

**Mr Egan:** It is also not the case that a single staff member will spend their entire day doing one particular claim type. Staff receive a mixture of different kinds of work, different kinds of claim types and different kinds of telephony or face-to-face work as well, which also complicates the picture.

**Senator WATT:** I take your point that there will be instances where, if you like, it is not the department's fault—you are waiting on applicants to come back to you with further information—but equally there are presumably people who are waiting more than seven weeks who have supplied all of the information that they need to. What are those people supposed to do for income in that period?

**Ms Campbell:** We have let customers know that, if they are facing financial hardship, they should advise us, and we seek to accelerate those claims for customers who are experiencing financial hardship.

**Senator WATT:** How many requests of that nature, to accelerate, do you have on the books at the moment?

**Mr Egan:** We would have to take that on notice. As the secretary said, we encourage customers in those circumstances to contact us and, if all of the relevant information has been provided, we can usually process those claims within a few days.

**Ms Campbell:** With respect to age pension, we also encourage customers to think before they retire about claiming so that they are prepared for that, and we do that as part of our financial information systems seminars and the like, preparing people for retirement phase.

**Senator WATT:** I am aware of that, and I suppose that is where my interest in this issue was piqued. A report in the *Sunshine Coast Daily* in my state on 12 September 2016 quoted a particular gentleman, Mr Potter, who had applied well before he turned 65 and was still waiting—I think for more than three months. I do not know what the current situation is with his case.

**Mr Egan:** Do you need to provide a copy of that?

**Senator WATT:** I am very happy to do that. I am not going to ask any questions about it; I am just pointing to where it has come from.

**Ms Campbell:** Senator, we do not generally discuss individuals, but I can assure you that we monitor those press and media and someone will have looked at that case, when it got through, to see whether there was an issue. I do not know this case in particular, but we sometimes find that we are still waiting for information from customers when they go to senators, members and the media saying that they are waiting for us. We think we are waiting for them sometimes.

**CHAIR:** Senator Watt, you are happy to provide that?

**Senator WATT:** Absolutely. I do not intend to ask questions; all I am saying is that is where my interest in this arose from. So you have taken on notice my request for data about the number of requests to accelerate payments?

**Ms Campbell:** Yes.

**Senator WATT:** And if we could get that data for each of the last five years at this point, or each of the last three years.

**Ms Campbell:** Our systems are not that responsive at the moment. For example, that data requires a manual collection. We will see what we can get this financial year; I think it is unlikely we will be able to get previous financial years.

**Senator WATT:** Maybe even if you could just do it for one previous financial year, if you can see how you are going?

**Ms Campbell:** We will have a look at what we have got, but we do rely quite a lot at the moment on ad hoc add-on systems to do this type of tracking.

**Senator WATT:** What we know from this bracket of questions is that there are more than 20,000 applicants for old age pensions who are currently waiting to have their applications processed.

**Unidentified speaker:** No, I do not think that is true.

**Senator Ryan:** Twelve thousand of those are—I would describe them as having commenced.

**Senator WATT:** Okay, 12,000 have been asked for information.

**Senator Ryan:** Yes.

**Senator WATT:** The average time taken to process applications for the age pension has risen from—it was around 34 days in the year ending June 2015; it is now sitting at 62 days, so nearly double.

**Ms Campbell:** So that is a year-to-date figure, Senator, and I am not sure that they are directly comparable—

**Senator WATT:** It may change—

**Ms Campbell:** because I am hoping for a much better—

**Senator WATT:** Okay, it increased by seven days over the last 12 months, and now it is up to 62. The benchmarks are failing to be met. Now only 62 per cent are being dealt with in 49 days, or seven weeks, and that compares, in a rough sense, to 81 per cent a couple of years ago. A cynic would say that this is a backdoor attempt to increase the pension age. I know that the government is—

**Senator Ryan:** Are you serious? Really?

**Senator WATT:** I said 'a cynic would say'. This is a pretty serious blowout.

**Senator Ryan:** That is one of the worst attempts of getting a grab late on a Thursday night that I have seen.

**Senator WATT:** This is a pretty serious blowout!

**CHAIR:** I would like to stick to questions rather than statements.

**Senator Ryan:** The officials made it clear that there is an increase year on year of the number of applications. More than half of the applications you referred to are currently waiting on information. Extra staff have been provided. So simply to maintain the percentage, you actually need to keep directing extra resources. As I have made clear, there has been a more than doubling of EFT staff.

**Senator WATT:** On that point—

**Senator PRATT:** Do people get back pay?

**Ms Campbell:** They get paid from the date of the claim if the claim is successful.

**CHAIR:** Senator Watt, a little while ago you said you were almost done.

**Senator WATT:** I am just wrapping this up. You have made a lot of the fact that the number of staff processing aged pensions has increased by about 460 since June, but I think you said they are redeployments. It did not sound like there were new hires.

**Ms Campbell:** This is how we structure the profile of staff across a year. We generally have more staff at the start of the year because we are dealing with the peak period. Some of the staff are what we call non-ongoing, so they are there for a fixed period. What we have done this year is continue those contracts: rather than those contracts not being renewed in September, they have been kept on. We have kept more people on, so we are currently managing the KPIs as well as the budget to live within our budget this financial year.

**Senator WATT:** But no new hires?

**Ms Campbell:** I did not explain myself well enough. Usually we would have had non-ongoing staff that would have come in probably in May, June, July and August to deal with that peak period. Because we have got this need to address this backlog, we have kept some of those staff on through August, September and October. These are staff who would not have been there before.

**Senator WATT:** They have had contracts extended?

**Ms Campbell:** They have had contracts extended.

**Senator WATT:** And do they form the majority of those 460?

**Ms Campbell:** Those 460 are probably more of our highly skilled staff, and those contractors have sort of backfilled their job. We are constantly moving the more skilled staff into the more complex areas such as aged pensions and letting the staff with not as much experience into areas where it is more simple to learn.

**Senator WATT:** Would it not assist to actually just hire some new bodies and supplement the overall number of staff with some new permanent people? This is a problem that has been going for years.

**Ms Campbell:** The staffing of organisations is a matter for government.

**Senator WATT:** Have you requested additional staff?

**CHAIR:** Senator Watt, I have been extending your time repeatedly.

**Senator Ryan:** Senator Watt, it is dangerous for you to go here, given that it was over 1,000 staff that the Labor Party cut from one of these key service agencies when in government.

**Senator WATT:** Do you really want to get into a debate about who has cut staff from the public service?

**Senator Ryan:** Wait times on the phone went from three minutes to more than 10, I understand.

**CHAIR:** We want to stay with just questions and answers.

**Senator WATT:** In 2010-11, that is right. I want to get to that. My last question to Ms Campbell is: have you requested additional permanent staff to assist this meeting backlog or any other delays in other forms of payments?

**Ms Campbell:** It is our responsibility to manage the resources across the department.

**Senator WATT:** I understand that, but my question is different to that.

**Ms Campbell:** Under this government and previous governments it has been our responsibility to manage the resources across the different payment types and the different services.

**Senator WATT:** So you have not made a request of this current government for additional permanent staff to manage and reduce backlogs?

**Ms Campbell:** I am doing what I have been doing for last five years, which is to manage the resource. We have talked about the key performance indicator in face to face. The current performance is below the key performance indicator. So we are taking resources from that space and allocating it into an area where we are not meeting the key performance indicator, and that is our responsibility to do that.

**Senator Ryan:** I would like to add some information. The Australian National Audit Office reported that poor wait times ballooned out, when Labor was in office between 2010-11 and 2011-12, with wait times rising from three minutes and five seconds out to 11 minutes and 45 seconds. This occurred while the Labor Party ripped out 1,100 staff. That is a lot more than those we are talking about here, that have been redirected toward assessing pension applications.

**Senator PRATT:** Can we invite them to call your office to complain about the current wait times?

**Senator WATT:** You may regret having made those comments.

**CHAIR:** We will now proceed to Senator Smith, and at the conclusion of his questions, Ms Campbell, we might put on record those answers you have ahead of Senator Siewert's questions.

**Senator SMITH:** I think the point that the minister might have been making was that the issue—and correct me if I am wrong—around waiting times is dynamic, not static. Depending upon particular points in time during the year and as a result of ICT and policy changes, there will be fluctuations.

**Senator WATT:** I agree it is dynamic. It is dynamically going up.

**Senator SMITH:** We do not have to go too far back in history to see a not so glowing report for a previous administration. Ms Campbell, did I just hear from you a very convincing case for why the Medicare payment system needs to be improved and overhauled?

**Ms Campbell:** To ensure we are able to do things very properly, we are always looking at our systems to ensure the best way of processing. For example, aged pension requires high people contact.

**Senator SMITH:** And I want to come to the complexity of that in a moment.

**Ms Campbell:** So we are looking for systems that allow us to do what we call straight-through processing as much as possible to improve the speed of processing for our applicants. And that is applicable across all of our payments.

**Senator SMITH:** It does appear that something unique is happening at the moment. I have seen the 170,000 per year figure for the number of aged pension claims that get processed. Is that correct?

**Ms Campbell:** I think that was the number Mr Box was able to give on how many claims were processed.

**Mr Box:** In terms of aged pension claims finalised, this year to date it is 48,000.

**Senator SMITH:** And what would be an average over a year?

**Mr Box:** Last year it was 156,000.

**Senator SMITH:** So the monthly average, based on 156,000, would be—and you will have to excuse me, but maths was not my strength.

**CHAIR:** Allow me!

**Senator SMITH:** Thank you, Chair—that's why we're not at the Treasury estimates!

**CHAIR:** Does anyone have a calculator?

**Senator SMITH:** Can someone work out for me the monthly average based on 156,000?

**Ms Campbell:** I think it is 13,000.

**Senator SMITH:** So what you have just shared in evidence is that you have gone from an average of 16,000, which is still quite high, to 20,000 so you are experiencing a particularly unique—

**Ms Campbell:** I think they are the claims on hand, which is a function of how many we are getting, as well as how quickly we are processing them. But I think we have seen an increase in claims so we are dealing with an increase in people checking their eligibility. So of those claims, not always are they found to be eligible for age pension. Some applicants then ask us to review that so then we do it again. Often we find with age pension there are people who are not successful—they may have a slight change in their assets or income—and so they ask us to assess again.

**Senator SMITH:** This is important. So it is not necessarily a new claim; someone might be checking their entitlement but you call it a claim?

**Ms Campbell:** We do.

**Senator SMITH:** I will come to the hardship provisions in a moment. It is not as if we have lots of pensioners not on a pension waiting to get the pension; what we might have is large numbers of pensioners getting the pension checking their eligibility or checking their entitlement?

**Ms Campbell:** I think it would probably be more new claims and then there would be applicants who may have claimed before but may have seen a change in the assets and income and so are checking their eligibility. Sometimes applicants hear what someone else has done, hear they are on the pension and might reapply or try their luck.

**Senator SMITH:** So when we look at the sorts of social welfare payments that people can get, how much more complex is the age pension process than other particular entitlements?

**Ms Campbell:** I will let the officers answer but one thing about aged care applicants is usually they have more complex financial arrangements because they have developed them over a longer period than someone who might be just out of school looking for newstart.

**Mr Egan:** That is correct. The age pension is one of the more complex claim types the department processes in large part because of that complexity of assessing income and assets. Over a person's lifetime, they often acquire relatively complex financial arrangements—companies trusts and other things—that need to be unpacked. Many people on age pensions are on part pension arrangements and those claims were also more complex for the department to process.

**Senator SMITH:** So once upon a time, I would imagine, many age pensioners had much simpler financial affairs but, with the ageing of the population—people living longer—people are bringing into the system more complex personal financial affairs which you must make an assessment about?

**Ms Campbell:** That is correct.

**Senator SMITH:** That is to not to make an excuse.

**Ms Campbell:** No, but that is our lived experience.

**Senator SMITH:** I would hate us to leave here tonight to think that this experience in the age pension was being experienced across all of the social welfare payments. If we were to look at the performance across all the KPIs collectively, how is the Department of Human Services performing?

**Mr Egan:** Our key performance indicator in social security and welfare processing as a whole is to process claims within 82 per cent of the relevant timeliness standard and for the first three months of this financial year, the department as a whole achieved 85 per cent.

**Senator SMITH:** And there is no reason that that cannot be continued over the course of the remainder of the year?

**Mr Egan:** No, we would anticipate meeting the KPI this financial year.

**Senator SMITH:** Meeting or exceeding because, for the first six months, you exceeded.

**Mr Egan:** Meeting or exceeding, that is correct.

**Senator SMITH:** Just again, for the average wait time, the KPI is 16 minutes. Is that right?

**Mr Egan:** In telephony, for social security and welfare, the key performance indicator is an average speed of answer of less than 16 minutes; for face-to-face, it is an average wait time of less than 15 minutes.

**Senator SMITH:** And the experience is that is the nine-minute figure that you gave the committee previously?

**Mr Egan:** For service centre wait times, I think it was 9:43 for the year to date. In telephony, in social security and welfare, it is 11 minutes and 37 seconds against a KPI of 16 minutes.

**Senator SMITH:** So if there is a pensioner out there with very simple financial affairs they are not likely to be experiencing the extremities of this waiting period.

**Ms Campbell:** No, but we are working and looking at different mechanisms so that we can identify those very quickly and also identify when we need to go back to an applicant and ask them for more information—so more of a triage type of arrangement.

**Senator SMITH:** I may not want to ask the next question but I am going to. Have we seen an increase in the number of hardship requests from pensioners?

**Ms Campbell:** I do not think we have that information with us. I think we have taken it on notice. I do not know how our feel is—

**Senator SMITH:** It is best not to guess.

**Ms Campbell:** I think it would be better for us to not have a guess and to have some data.

**CHAIR:** Ms Campbell, did you want to put on record those answers?

**Ms Campbell:** We were asked before about the cost of the DSP medical reviews measure. This costing is over five years. It includes costs for ICT, which are the changes to the system; the staff to undertake the reviews; medical reviews if they were necessary; and also, if someone was unhappy with the outcome of the review, a further review of the outcome of the review. And we have seen some of that. So that was \$79.532 million over five years. I was also asked about the review progress. This is 30,000 reviews per annum over three years, 90,000 in total. The total number of reviews initiated this financial year to 14 October is 11,500. The number of reviews that have been finalised is 200. Of those reviews that have been finalised, 162 have remained eligible for DSP and 38 have not remained eligible for DSP.

**Senator SIEWERT:** Sorry, can you say that again?

**Ms Campbell:** So, 200 have been finished.

**Senator SIEWERT:** Of the reviews?

**Ms Campbell:** Yes.

**Senator SIEWERT:** Oh, this is the new tranche.

**Ms Campbell:** Yes. So, 200 have been completed, 162 remained eligible and 38 were not eligible for DSP.

**Senator SIEWERT:** And did they then go onto Newstart?

**Ms Campbell:** We are just looking for that piece of information now. Some of them may have already been in employment, because one of the areas that we focus on is those customers who were receiving income. So it may be that they were not eligible because they were in employment and therefore would not go onto DSP.

**Senator SIEWERT:** Do I take it from that that you have not had a chance to look at those other figures in terms of—I will not repeat it!

**Ms Campbell:** So we are working on that one. Also I was asked what happened when DSP customers received the letter. If a customer is identified on our system as vulnerable—the vulnerability indicator is identified and the letter is sent out and there is no response—a social worker will contact and request that information from the customer. For other DSP customers, where they do not provide the information within the 21 days, their payment can be suspended and then once they contact the department it can be restored.

**CHAIR:** Thanks, Ms Campbell. That is great.

**Senator SIEWERT:** I have a very short question and then I suspect a couple of longer questions. Family tax benefit changes that were made in the omnibus bill—you know the ones I mean?

**Ms Campbell:** Yes.

**Senator SIEWERT:** Have letters gone out to people yet notifying them of the change?

**Ms Campbell:** I will just get someone who knows. I do not know the answer to that.

**Mr Thiveos:** We already have some information out there for customers at the moment about the changes that you were talking about. It is already on our website. Changes to family payments on the web page were published on 16 September 2016. We also have a DHS social media site with family updates that was also updated on 16

September. As questions come in we will answer questions about that, and we have had three questions at this stage about the change.

**Senator SIEWERT:** Is it planned for a letter to go out? With all due respect, I do not think a lot of parents receiving FTB will be checking out your website all the time.

**Ms Campbell:** Families are one of the more passionate users of social media.

**Mr Thiveos:** They are. There will be a letter. Can I go through the rest, if that is okay?

**Senator SIEWERT:** Can you take it on notice? I am very conscious of the time. If you have got a statement there that shows the approach that you are taking, it would be fantastic if you could table it.

**Mr Thiveos:** Okay.

**Ms Campbell:** We will be mailing it out.

**Senator SIEWERT:** Thank you. I wanted to go to the response on the Ombudsman's report on Centrelink, which I suspect will then involve questions around call centres and missed calls et cetera. Can you outline for us what the department's response has been to the comments in the report?

**Ms Campbell:** Is that the annual report that has been released in the last—

**Senator SIEWERT:** It was not long ago.

**Ms Campbell:** In the last week.

**Senator SIEWERT:** Then there is the update, the specific review of the Centrelink services.

**Mr Egan:** Sorry, I was just coming into the room.

**Senator SIEWERT:** I would like to know how you have responded to the Ombudsman's annual report but also to the other, specific, reviews that the Ombudsman has undertaken of Centrelink.

**Mr Egan:** Certainly. The Ombudsman's report highlighted an increase in complaint volumes.

**Senator SIEWERT:** Sorry, I have got the annual report. I did not pull up the other two reports.

**Senator SMITH:** Are you asking about *Management of smart centres' Centrelink telephone services*?

**Ms Campbell:** I think that is the Australian National Audit Office one, Senator. This is the Ombudsman's annual report that has just been released.

**Senator SIEWERT:** You are familiar with the Ombudsman's report—

**Mr Egan:** Yes.

**Senator SIEWERT:** given that this has been an ongoing issue around Centrelink over the last couple of years.

**Ms Campbell:** Yes.

**Senator SIEWERT:** What is your response to the fact that the Ombudsman does not appear to be totally satisfied with your response to date?

**Ms Campbell:** Do you want me to talk about what we are doing to try and address call wait times? Would that be useful for what we are doing?

**Senator SIEWERT:** That would be useful. Also, I don't suppose you have got a handy table that tells us where we are up to with missed calls—the usual list?

**Ms Campbell:** I might start by talking about the general approach to managing telephony. That will give the officers some time to have a look and see whether they have got some figures for you, and also on the exact thing that the Ombudsman's annual report says.

I think we have discussed this here before, about the demand that comes into our phones and how we supply people to meet that demand. Clearly, we have got a lot of demand and we are not able to meet all that demand. That is why sometimes calls get blocked and receive the engaged signal, and they take some time to be answered. The aim is to reduce demand and increase supply.

With respect to reducing demand, we have got a number of measures in place such as improving our digital offerings, making sure our website is easy to read and looking at our letters so that people do not ring us when they do not need to. We have put in place this year a new measure, which is called Claim Tracker, which indicates to an applicant what the likely time of processing for their claim is. We do not have the figures, but we do know that a lot of people ring us up and say, 'I put the claim in a week ago and you still have not done it,' whereas if we were able to tell applicants at the start how long their claim was likely to take, we expect we would be able to take out some of those phone calls, thus allowing us to have more capacity to answer calls from other people. That is on the demand side, trying to deal with giving customers and applicants another opportunity to get information.

On the supply side of answering phones, we have finalised in May this year a process we have had in place for a little while, called the Managed Telephony System. That allows us, with a new telephony system, to route calls more broadly across our network and to have more flexibility to send a phone call to a staff member who is skilled and able to deal with that phone call. That has only been in place since May, and we are continuing to work through how that is going to make a difference across our network to be able to more broadly spread the calls across the network. We have also been looking, as part of our enterprise agreement, at different proposals about how we can get more productivity out of our call centre network, and we have been working through those as part of the EA negotiations.

That is broadly what we are trying to do. We focus on this every week. It is part of the discussion we have just had about where we have resources—do we have resource in processing, do we have resource in telephony and do we have resource in face-to-face? We continue to manage that across the network within the budget. I might hand over to Mr Egan to give you more detail.

**Mr Egan:** The Ombudsman's annual report said a number of things in relation to social services. One of the things that the Ombudsman did talk about was lengthy wait times in telephony. In terms of the performance for the year to date, as I said earlier, it is 11 minutes and 37 seconds in the social security and welfare space against the key performance indicator of 16 minutes.

**Senator PRATT:** Is that when the calls are answered or the total length? What is the average total length of a call?

**Mr Egan:** That is the time it takes to speak to a service officer.

**Senator PRATT:** Often you are just referred to the next person, and then you might wait for another 20 minutes or three-quarters of an hour.

**CHAIR:** Senator Pratt—

**Senator PRATT:** I am sure Senator Siewert will ask some more questions.

**CHAIR:** She may do.

**Mr Egan:** Another thing the Ombudsman's report talked about was the volume of complaints and the ease with which a customer can make a complaint. The department in 2015 introduced a new online complaints facility to make it easier for customers to provide feedback to the department. As a result, we have seen a significant increase in feedback to the department.

**Senator SIEWERT:** The issue here though is that the Ombudsman says these have remained recurrent themes. The Ombudsman has picked up this issue and, in fact, it did separate reports on these issues. Here it says that they are 'key points of frustration' but that they 'have remain recurrent themes'. In other words, the Ombudsman does not think that these issues have been addressed.

**Ms Campbell:** I talked about what measures we are putting in place to address those measures, and that is what we are putting in place. We work closely with the Ombudsman to do that and we manage within the resources.

**Senator SIEWERT:** The report talks about the place in queue process which was deactivated in July last year.

**Mr Egan:** That is correct.

**Senator SIEWERT:** There is a new process, call tracker—no, that is claim tracker. The deactivation of the place in queue process—where is that up to?

**Mr Egan:** Place in queue was used prior to July 2015 on a limited number of lines in particular circumstances. It was deactivated temporarily in the middle of 2015 to manage the 2015 peak period. Essentially, what the department discovered through its use of place in queue was that we often got to the point where our telephony queues became jammed with outbound calls and did not have enough capacity to handle the volume of incoming calls, which was compromising the quality of the service to inbound callers to the department. For that reason, for a period of time the department chose to deactivate place in queue. Later in 2015 the department chose to extend that deactivation—

**Senator SIEWERT:** To not continue with PIQ.

**Mr Egan:** To not reactivate place in queue. That was for a number of reasons. Some of them related to the technical ability to reactivate the facility. Another related to the fact that the department has gone through a major upgrade to its overall telephony infrastructure. That had been going on throughout 2016. Most of the capability that is required for a call back facility has now been delivered. The department is now in a position to be able to

look at whether and in what circumstances a call back facility could be helpful without compromising the service to inbound callers.

**Senator SIEWERT:** So the call back facility has not been put in place yet?

**Mr Egan:** There is no call back facility in place at the moment.

**Ms Campbell:** One of the things that we were concerned about was if someone was ringing up, for example, to find out where their claim was up to and the like, if we could find a different way of getting that information to them. With the new IT system, we would like people to be able to track where their claims are up to. We have started. It says it is going to take this long—

**Senator SIEWERT:** Which is the claim tracker.

**Ms Campbell:** Yes, the claim tracker. But eventually we would like it to be not dissimilar to Domino's, where you can see where it is up to on that wheel, which is the expectation Australians have now.

**Senator SIEWERT:** Can you update us on the figures for missed calls and blocked calls and the wait times on the various lines?

**Ms Campbell:** Do you want that read out?

**Senator SIEWERT:** I would like to know missed calls and blocked calls now, since that is a point of some contention.

**Ms Campbell:** I can do that.

**Mr Box:** Just so I am clear: specifically, missed calls—

**Senator SIEWERT:** Missed calls and blocked calls, and then we will come to wait times.

**Ms Campbell:** Can we just understand what you mean by 'missed calls'?

**Mr Box:** Do you mean 'abandoned calls'?

**Senator SIEWERT:** Sometimes you refer to calls when they not answered. So there are blocked calls—

**Ms Campbell:** 'Blocked calls' is when they receive the engaged signal.

**Senator PRATT:** What about an abandoned call where someone hangs up before—

**Mr Box:** They hang up before we speak to them.

**Ms Campbell:** Yes, we can do that.

**Senator SIEWERT:** But there are some where they are on for a while but then they drop off.

**Mr Box:** They get lost.

**Senator SIEWERT:** They get lost, which is different to abandoned calls.

**Ms Campbell:** I do not know if we can—

**Mr Box:** We do not have data on blocked calls by line. We do have data on abandoned calls—people hanging up.

**Senator SIEWERT:** Are you seriously telling me you do not have the numbers for those that get the engaged signal?

**Ms Campbell:** Mr Box said he does not have it by the different lines.

**Senator SIEWERT:** For the time being, I just want the overall number.

**Mr Box:** Would you like to do abandoned calls by line first?

**Senator SIEWERT:** Yes.

**Mr Box:** Abandoned calls for social security welfare—

**Ms Campbell:** Can I just flag the definition of 'abandoned'? 'Abandoned' sounds like it is a negative outcome. Sometimes a customer may receive the information they need from the recordings and choose to exit the queue.

**Senator SIEWERT:** How do you know?

**Ms Campbell:** We do not know, and that is the challenge. We do not know; it is just that 'abandoned' has a negative connotation.

**Senator PRATT:** I guess if someone abandons in the first couple of minutes of a call, that might be the reason. But if you have been on the phone for three-quarters of an hour and you have to go and do something else, then that is—

**Mr Egan:** So far this financial year, I believe the figure is 47 per cent of customers that do hang up hang up within the first five minutes.

**Ms Campbell:** We have not determined whether that is a 'good' abandon or a 'bad' abandon, but we just wanted to make sure that people got that.

**Senator SIEWERT:** But now the place-in-queue facility is not working, they actually do not know where they are—do they?—so they do not know what their wait time is.

**Mr Egan:** There is still an estimated wait time.

**Senator SIEWERT:** They still do get an estimated wait time?

**Ms Campbell:** Place-in-queue was when you said, 'I can't wait. Call me back when I get to the top of the queue.' Unfortunately, there were too many.

**Mr Box:** For 2015-16, as the secretary articulated, for people terminating the call for various reasons, the total for disabilities and carers was 677,723.

**Senator SIEWERT:** That was abandoned calls for disabilities and carers.

**Mr Box:** Correct. Employment, 925,088; families, 2,044,580.

**Senator PRATT:** I was at least a dozen of those.

**Ms Campbell:** We will, of course, give context at the end about how many phone calls there were in total.

**Mr Box:** Older Australians, 499,381; youth, 530,194; participation, 242,886; other, which is a grouping of various lines, 2,203,129.

**Senator SIEWERT:** That was 10 million, did you say?

**Mr Box:** Two.

**Senator SIEWERT:** That is why I double-check.

**Mr Box:** Have you got that? Do you need me to repeat that?

**Senator SIEWERT:** Two million two hundred thousand.

**Mr Box:** That is correct. If you total all those numbers up you get 7,122,981. As the secretary mentioned, that is in the context of the department handling a total core volume of 39,441,581 just in the social welfare line, which is comparable to those numbers.

**Senator SIEWERT:** That is answered?

**Mr Box:** That is handled.

**Mr Egan:** The 39.3 million calls handled include calls answered by a service officer and calls handled in the department's IVR, as well as calls where the customer hangs up before reaching a service officer. So the 7.1 million was a subset of the 39.3 million.

**Senator SIEWERT:** So that includes that subtotal. Is that what you are saying?

**Mr Egan:** That is correct.

**Senator SIEWERT:** They are abandoned calls blocked?

**Mr Egan:** Busy signals in social security and welfare for 2015-16 were in total 28,991,000. I can give you a breakdown by line, if you like.

**Senator SIEWERT:** That would be good. Thank you.

**Mr Egan:** For disabilities and carers it was 5,690,000. For employment it was 5,648,000.

**Senator SIEWERT:** That was employment, wasn't it?

**Mr Egan:** That is right.

**Senator SIEWERT:** I cannot read my own scribble.

**Mr Egan:** For families it was 10,897,000. For older Australians it was 1,780,000. For youth and students it was 4,679,000. And the total of the other queues was 296,000. I should mention that the number of busy signals does not necessarily reflect the number of customers that may have received a busy signal. Many customers can call many times in rapid succession, and each one of those calls will show up in our figures as a busy call. Some customers can call 50, 60, 80 times in rapid succession on their smartphone.

**Ms Campbell:** They are able to program their smartphones, which is a development as technology has advanced. Customers, too, are able to receive many blocked calls in quick succession.

**Senator SMITH:** The reliability of the figures as a measure is diminishing as technology changes.

**Ms Campbell:** Senator, we are seeing many people who are automatically selecting that—and we understand. They are doing it in order to get through on the call centre. But it is not appropriate to think that there are—how many million?

**Mr Egan:** It was 28,991,000.

**Ms Campbell:** I do not think there are 28 million different occurrences. That is not a unique customer experience.

**Senator SIEWERT:** It is an indication of the frustration of people who are trying to get through.

**Ms Campbell:** I think it is a practice of people, once they receive an engaged signal, putting their phones on continuing call.

**Senator SIEWERT:** That is up on figures for last year?

**Mr Egan:** The figures for the previous year were in total approximately 22.2 million.

**Senator SIEWERT:** That was what I was just about to say. My reckoning was 22 million. Wait times for each of the lines: is that an easy thing for you to do?

**Ms Campbell:** Year-to-date or 2015-16?

**Senator SIEWERT:** Have you got it on a table that you can table? It is not as if this is not the first time that we have asked for this information in estimates.

**Ms Campbell:** We can give you the information, Senator.

**CHAIR:** Is it an extensive document?

**Senator SIEWERT:** I have a table now. If you read it out in the same order, it will not take long to just read them out.

**Mr Box:** Year to date or last financial year?

**Senator SIEWERT:** Last financial year.

**Mr Box:** In the same order average wait times are: for disability, 24 minutes and 47 seconds; for employment, 25 minutes and 33 seconds; for families, 23 minutes and 25 seconds; for older Australians, 17 minutes and three seconds; for youth, 25 minutes and 35 seconds; for participation, 19 minutes and 46 seconds; and for the other lines joined together, five minutes and 32 seconds. That leaves us with an overall average for social welfare of 15 minutes and nine seconds.

**Senator SIEWERT:** That only comes down because the others are only five minutes.

**Ms Campbell:** It is a significant amount. We have discussed on many occasions why they are answered more quickly than others. Sometimes it has been about access to income management data and the like where there have been vulnerable customers who need a fast response. There is quite a large volume in 'other', which brings that down. We have prioritised those lines in order to meet requirements.

**Senator SIEWERT:** Ms Campbell, it is very misleading for you to sit there and say the average wait time is whatever it was when it is going on to half an hour for youth and students.

**Ms Campbell:** I will see whether I can get the numbers, but that is the average. The average is the number of calls on the different lines multiplied by how long each waits. Then it is against different categories.

**Senator PRATT:** That is just the first person you speak to, though. You could be waiting for a long time after you have first been picked up. I will put some questions on notice about that.

**Ms Campbell:** It is the average, because we get a lot of calls on the other line.

**Mr Egan:** To put a number to that, the 'other' line in 2015-16 received approximately 10.2 million calls out of the 22.2 million calls that were answered by a service officer.

**Senator SIEWERT:** Everybody is going to start calling that line because they know you are going to answer it quickly!

**Mr Egan:** That is actually an aggregate of many lines. The department has in excess of 50 lines. The main lines, which are the lines that Mr Box read out, were the top-volume lines, but, because of the number of other lines, the overall volume in that space is significant as a proportion of the overall telephony volume.

**Senator SIEWERT:** I want to go back to the response to the ombudsman's report. How long do you usually take to respond to an ombudsman's report?

**Ms Campbell:** The annual report?

**Senator SIEWERT:** Yes.

**Ms Campbell:** I think we have already seen the annual report. Did we provide a comment on the annual report? I am just checking with my colleague.

**Ms Musolino:** Yes, we did provide a response.

**Senator SIEWERT:** But did you then action the recommendations?

**Ms Campbell:** Do we have our response in the ombudsman's annual report?

**Ms Musolino:** No.

**Mr Hutson:** The annual report is just that—it is an annual report. It does not contain any recommendations for action by the department. I will just briefly talk a little bit about the way in which we deal with the ombudsman more generally. We have a dedicated team within Ms Musolino's division which deals directly with the ombudsman. We have an internal mechanism through which we assess how quickly we respond to ombudsman inquiries and, indeed, to ombudsman recommendations. That is monitored by the department's executive committee on a quarterly basis. We have a quarterly report which we provide to the executive committee on how well we have done with the ombudsman. We very actively engage with the ombudsman's office. I met recently with the deputy ombudsman, talking about issues associated with how we might best work together to meet the ombudsman's needs. The point I want to make is that we take our obligations as a department seriously. Indeed, the ombudsman's report says very clearly that we are one of the major clients of the ombudsman. And, frankly, given the work we do, you would not expect any different. We do take our responsibilities very seriously and we respond to the ombudsman's reports so, particularly with their own motion reports, you will see in those the response of the department to the views of the ombudsman.

**Senator SIEWERT:** Thank you. I will put more questions on notice.

**Senator PRATT:** Can you take on notice the length of overall calls—how many calls are complete within 10 minutes, how many within 20, 30, 40, 50, 60, 70, 80 and 90-plus for each of the lines. I know I have spent over an hour on the line at various times. I am not so interested in the waiting time; it is the length of time that it takes to actually resolve an issue, if that is possible.

**Ms Campbell:** That is quite difficult because there is wait time to talk to us but then we are not sure what the customer is going to ask, so we have average—

**Senator PRATT:** You must know how long they have been on the line for. That is what I am interested in.

**Ms Campbell:** I am not sure that is an accurate reflection. If we have a customer who has a number of issues, we want to deal with that up front. We are not going to try and get them off the line to improve our stats.

**Senator PRATT:** No, I do not mean off the line. You answer the call then you say, 'I am going to put you through to the next person.' You might be waiting again for another 20 minutes before you get an answer. It is the overall length of the call that I am interested in.

**Ms Campbell:** We will see what we can find. In particular, average handling time is another indicator about how long it takes to process that—but it also depends on what the customer wants.

**Senator PRATT:** Of course. I do not dispute that. I will move on to some other issues—I can put them in writing if that would make it easier.

**Mr Egan:** Okay.

**Senator PRATT:** This may revisit a little bit of what we have discussed already this evening in terms of the DSP, because it was one element of the election announcement, where the government announced a \$2.3 billion crackdown, if you would like to call it that, on welfare through a combination of improving engagement, data matching and disclosure of income. I am interested in you outlining how the \$2.3 billion figure was actually worked out?

**Ms Campbell:** This is the 2015-16 budget or the 2014-15 budget?

**Senator PRATT:** It was an election commitment.

**Ms Campbell:** With election commitments, we are working through those matters and finalising that at the moment.

**Senator PRATT:** The question was: how was the \$2.3 billion figure calculated? What is included in that?

**Ms Campbell:** I think the \$2.3 billion is probably the election commitment per se. I am not sure we are going to have that detailed because that would not have been something we were privy to. What we are now doing is working with government on that measure for decision by government.

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

**Ms Campbell:** During the election campaign the coalition put forward that proposal.

**Senator PRATT:** What measures were included in that proposal?

**Ms Campbell:** We can take you through what was announced in the election campaign.

**Senator PRATT:** Just very briefly because I have some detail on that, but what I need to drill down beyond that is what the assumptions are within it. For example, does it include costings that assume people will lose access to a payment that they were otherwise receiving?

**Ms Golightly:** I can probably give you some of that answer. In terms of what does it cover, it covered measures that allowed us to look further at data matching with the Australian Taxation Office whereby members of the public may well have declared, for example, certain assets to the tax office or income and may have given us some different figures. We then have a look at what that means. It also covered some funding, I believe, for increasing our capability of risk profiling around certain claims that might be of higher risk to noncompliance. In terms of your question about what assumptions were involved: because they were election commitments, as the secretary has explained, they were costings done by the coalition. They would have been checked by the Department of Finance and also the Parliamentary Budget Office.

**Senator PRATT:** So DHS was involved in costing the measures?

**Ms Campbell:** These were election commitments. So what happens now is government asks us to cost these up and then they are subject to government decision. That process is underway at the moment.

**Senator PRATT:** Were you involved in costings prior to the caretaker period?

**Ms Campbell:** We are constantly costing proposals.

**Senator PRATT:** So the government put a number of these proposals to the department before the election in order to come up with that figure of \$2.3 billion?

**Senator Ryan:** If that is what Ms Campbell said—

**Senator PRATT:** There might be a bit of to and fro on a range of different things. I do understand a little how these things come together.

**Senator Ryan:** But obviously if they are being prepared for consideration at, for example, the ERC they are not for public discussion.

**Senator PRATT:** I beg your pardon?

**Senator Ryan:** If things are being prepared for cabinet or cabinet committee consideration, that would mean they are not for public consumption.

**Senator PRATT:** I just asked when that involvement was and whether it was prior to the caretaker period. That is not about advice to government; it is just a process question.

**Ms Campbell:** We are often working with government on costings—costings of proposals and different variations of proposals. That is a constant process of advice.

**Senator PRATT:** So they would perhaps have used a range of that advice to help inform that \$2.3 billion announcement?

**Ms Campbell:** I am unable to confirm that.

**Senator PRATT:** Since 2014 how many budget savings have been associated with improved welfare integrity measures? For example, in 2015 the government introduced a measure they claimed would save \$1.7 billion. Clearly you can make \$2.3 billion worth of savings by adjusting eligibility, but making savings through integrity measures is a different exercise.

**Ms Campbell:** It is.

**Ms Golightly:** Senator, in the budget before last—last year's budget—as you correctly mentioned, there was a major budget proposal which identified the \$1.7 billion. In MYEFO there were also a number of other measures, for which my colleagues will have the figures. I think it was around \$2 billion.

**Mr Withnell:** It was \$2.1 billion.

**Ms Campbell:** It might be useful for us to go through those integrity measures from the 2014-15 budget in detail.

**Senator PRATT:** Could you perhaps include within that how many people had their eligibility changed, their access to that payment changed, as a result of those integrity measures in that year as well?

**Ms Golightly:** Okay. I will explain each of the measures and we can try and address that part of the question as well.

**Senator PRATT:** There was a MYEFO measure as well.

**Ms Golightly:** Yes. I can cover those. In the budget measure for last year, there were eight elements to that measure. One of the main ones was doing data-matching with the Australian Taxation Office on PAYG income, the more salaried type of income—pay as you go taxpayers. That covered the three years from 2010 to 2013. These were mismatches that we had identified from information that people had declared to the tax office in those three years which did not match what they had declared for us. That was the largest part of the—

**Senator PRATT:** Is that something you do as a matter of course? Why is it suddenly attached to an extra savings crackdown type measure?

**Ms Golightly:** Before 2010 there were a couple of things. Firstly, technology has advanced to the point where that sort of data-matching with the ATO is able to be done. Once a data match has been identified—or mismatch in these cases—it takes quite a lot to investigate. Over time that process of investigation is also becoming more enabled with technology, so it is letting us get through more of those investigations as well as identifying more of the mismatches.

**Senator PRATT:** Would you expect that in the future these things will become business as usual rather than attached to a new savings measure as the result of a crackdown of some sort?

**Ms Campbell:** We are expecting single touch payroll from the tax office which will allow us to have more automatic checking of these matters in the future as well.

**Ms Golightly:** That is correct. Also initiatives such as our new welfare system will help us talk to things like single touch payroll more in real-time. So, in that sense, we will be able to pick up the issue closer to real-time than we have been able to in the past.

**Ms Campbell:** We will not have to rely on the customer telling us how much they earned; we will be able to get that directly from the tax office.

**Senator PRATT:** That would be handy for customers too, I am sure.

**Ms Campbell:** Indeed.

**Ms Golightly:** That was one of the eight elements of the budget measures from last year. Another very important one, of course, was the establishment of Taskforce Integrity, which is led by Assistant Commissioner Quinn. This task force looks at, on a geographical basis, places where there might be a higher risk of noncompliance and we have done a number of operations—six in total to date. We basically help people identify where they may have made a mistake in what they have told us and help them correct that, as well as fully investigating if we find something more serious—more deliberate misreporting—and we treat that very seriously.

**Senator PRATT:** Did you put extra funding towards those measures?

**Ms Golightly:** Yes, each of these eight elements has funding attached to it. For Taskforce Integrity, it was \$47.1 million over five years.

**Senator PRATT:** I think that goes some way to answering my question. I am just interested in, if you can take it on notice, how many people had their payments changed as a result of those measures since they were first announced over time.

**Ms Golightly:** We probably actually have that answer here. I know that in that first financial year of the operation of the measure we recovered around \$400 million in total in savings against a target of \$330-odd million.

**Senator PRATT:** Do we have how many people?

**Senator SMITH:** Could you just repeat that first figure? So it was \$329 million, but you have—

**Ms Golightly:** That was the target, and we have achieved around \$400 million.

**Ms Harfield:** We have achieved just over \$400 million against a target of \$329 million.

**Senator PRATT:** You said there was a measure announced in 2015 to prospectively save \$1.7 billion. Do we know yet how much it has actually saved?

**Ms Golightly:** In the first year it saved \$400 million.

**Ms Campbell:** Against a target of \$329 million.

**Ms Golightly:** For that year.

**Senator PRATT:** Where is the \$1.7 billion figure for the range of integrity measures tracking at?

**Ms Campbell:** That is a four-year figure.

**Ms Golightly:** The figures I have just given are for the first year.

**Senator PRATT:** Okay. That is it for that one.

**Senator SMITH:** So the aim was to have raised \$329 million over four years—

**Ms Campbell:** No, per year.

**Ms Golightly:** Over the first year.

**Senator SMITH:** It would have been very powerful! They should ship you off to the age pension—

**Senator PRATT:** I would like to ask some questions about Medicare processing payments, please.

**Senator WATT:** While we are waiting for the relevant people to come in, can I just ask what is probably a quick question. I have forgotten the exact terminology, but the IT system you are moving towards—the digital payments—

**Ms Campbell:** The Welfare Payment Infrastructure Transformation Program?

**Senator WATT:** Yes, I think it is that. You had digital payments services task force or something that—

**Ms Campbell:** No, we do not have a digital payments services taskforce.

**Senator PRATT:** Are you able to confirm that Medicare payments—paper ones that is—are no longer being processed in Centrelink offices?

**Ms Campbell:** What we have done is, because we have seen less—

**Senator PRATT:** They are being forwarded to a central office?

**Ms Campbell:** No. We have 17 hubs where we are going to process them. We have always forwarded some claims, because the more complex claims have been forwarded to a central location. As we have had less paper claims coming in, because a large proportion of the claims are lodged at doctors' offices and the like, it is more efficient to have the expertise in central locations to process those claims. We do not expect that is going to impact on key performance indicators on timeliness of processing.

**Senator PRATT:** It is forwarded to one of those 17 hubs. Is that impacting on the wait time that people have?

**Ms Edwards:** We do not expect it to have an impact on the wait times. I should stress at the outset that our face-to-face offer for Medicare services has not changed. People who wish to lodge a claim at a service centre can attend. They wait to see the liaison officer. Then they can either leave the claim for processing there in paper form or, if they would like to, they can be assisted to use one of the digital channels—which people are increasingly taking up. Those who do not want to do either of those options are entitled to wait in line to see a service officer to have their claim processed—assuming there is one with the appropriate skills available.

**Senator PRATT:** You used to be able to get cash on the spot. What is the length of time that a paper claim now takes to be processed?

**Ms Campbell:** I will go back to the cash. The cash has been gone for some time—

**Senator PRATT:** I know that.

**Ms Campbell:** Since 2012.

**Senator PRATT:** I do not need that clarified. We have limited time. I'm sorry.

**Ms Edwards:** If the claim is left in paper form in most cases it is then sent to one of our processing centres. We have been meeting and expect to continue to meet our KPI, which is that 82 per cent of claims are processed within the minimum payment time.

**Senator PRATT:** Which is what? What is the minimum payment time?

**Ms Edwards:** It depends a little bit on what the claim is. So many of our claims now, over 80 per cent of those lodged by patients, are done electronically either at the point of service or so on. Only 18 per cent of patient claims—this is not including bulk-billing—are done either by our app or manually. Of those, about 99 per cent of them are being done within 10 days—that is for all claims. We have had a look at this over the recent days, in particular in the year to date since we have been transitioning to the new hubs.

**Senator PRATT:** So 99 per cent of all paper claims—

**Ms Edwards:** Of all Medicare claims are being done—

**Senator PRATT:** I understand that the electronic claims are very swift. I am only asking about the paper claims here.

**Ms Edwards:** We do not have the break up. One of the things to remember is that the 18 per cent of patient claims—that is 18 per cent of about 15 per cent because so many are bulk billed—includes those that are done on our express app.

**Senator PRATT:** I understand that the number of paper claims is very small.

**Ms Edwards:** It is very small.

**Senator PRATT:** They are the ones I am talking about. What is the number of paper claims that are currently waiting to be processed?

**Ms Edwards:** I think as of yesterday, we had about 55,000 claims on hand and none are older than 28 days.

**Senator PRATT:** So 55,000 paper claims—

**Ms Edwards:** Approximately, on hand. Paper claims and ones through our express app, because they effectively turn into paper claims at the other end, are dealt with in exactly the same way. Of all of those claims, none are older than 28 days. I do not think we have a break up for that.

**Ms Campbell:** They are not all 28 days, are they?

**Ms Edwards:** No. The vast majority are done within 10 days.

**Senator WATT:** Am I right in thinking that when the department announced that you were setting up processing hubs the backlog of claims was 42,000?

**Senator PRATT:** There are 55,000 claims in there at the moment.

**Senator WATT:** Yes. That is right. At the moment there are 55,000, but what was the number when the department announced that they were going to be setting up these processing hubs?

**Ms McClusky:** In an average week we get in about 50,000 to 60,000 claims to process. At the time of this transition, which was late September, we had on hand just a normal week's worth of claims.

**Senator PRATT:** So you have caught up on the backlog that you had?

**Ms McClusky:** We did not have a backlog at the time of this transition. We had about a week's worth of claims on hand.

**Senator PRATT:** So people have not been waiting longer than 28 days in recent times. Over the last year or so what proportion of people would have been waiting longer than 28 days?

**Ms Edwards:** It is not possible for us to say that no claims have been waiting a long time for various reasons, but throughout all of last financial year we met our KPI. The maximum KPI is 18 days and that is only for a very small number of claims. Something like 93 per cent of our claims met the KPI, which was 82 per cent, within the minimum time. It is a complicated way of putting it, which is why we like to describe it as 'a high proportion are within 10 days'.

**Ms McClusky:** With paper claims we are always trying to work with our customers to get them able to claim at the doctors so they can get the money back as quickly as possible.

**Senator PRATT:** It is certainly much easier to have it appear in their bank account.

**Ms McClusky:** We have business liaison officers who go out to the doctors' surgeries and work with the doctors and their receptionists to try to facilitate that process.

**Ms Edwards:** It might be worth mentioning that we have been having a look at this—if you, like everyone else, have been reading the media reports about these people concerned with long claims—and one of the problems that we have is that quite a lot of our customers lodge with our office claims which have already been paid. They might go to their local doctor, have a point of service claim, which is paid either within 24 hours or in many cases immediately, and then they take the receipt and go to the service centre and lodge it or post it to us, not realising that the claim has already been made, and then they worry about when it is going to be paid. That is a job for us to make sure that we ensure that doctors and practices are really being clear that, when it is made at the point of service, it is done and dusted and they do not need to lodge it again.

**Senator WATT:** With these paper claims, I understand that the department has removed the old-fashioned drop boxes.

**Ms Campbell:** No, Senator.

**Senator WATT:** I have here some sort of internal notification saying that an extended digital promotion at four service centres—Ipswich, Chermside, Chatswood and Dubbo—will involve the removal of drop boxes.

**Ms Campbell:** I think that might have been one of the proposals. I do not think it proceeded. I am not sure what information you have.

**Senator WATT:** It has been put on Twitter by a journalist. It is no secret.

**Ms Campbell:** We do not know where he got that from. Sometimes we talk to our staff and say, 'Should we try this? Should we do that?'—and sometimes it ends up on Twitter. I do not think that proposal proceeded.

**Ms Edwards:** The thing to note about drop boxes is that for a long time now our service standard has been that the drop box should be behind the person who greets you when you first come to the service operator. That is exactly to make sure that we have updated bank details on file and that we note changes of addresses but also to try to catch the claims of people who have already had their rebate either bulk-billed or at the point of service.

**Ms Campbell:** What is becoming a real problem for us with our workload is the double handling of claims—when people get their money instantaneously and then give it to us. We are trying to work out how to stop that happening so we can free up processing time from doing that double handling.

**Senator PRATT:** I have a couple of more questions about DHS bargaining with its workers.

**Senator WATT:** I would go back to the point I was making before about the digital task force. I think the Department of Health had a digital payment service task force which considered how changes to Medicare payments should be administered, which is done by your department—

**Ms Campbell:** That is right.

**Senator WATT:** This has obviously been a pretty hot topic about how these changes should happen and government involvement. Are you able to give a guarantee that any new technical logically based system for Medicare payments will be owned and operated by the government?

**Ms Campbell:** I think the Prime Minister has been very clear that what is operated by the government at the moment in the Medicare space will continue to be. I do not have his exact words—

**Senator WATT:** I vaguely remember that he said something like that, yes.

**Ms Campbell:** We have followed that closely. This is primarily run by the Department of Health. I am not sure whether you need any more information from us on that.

**Senator WATT:** That is fine; thank you.

**Senator PRATT:** I know this will not come as any surprise to you, because I have certainly had staff from DHS raise it with me, that there is a view among many workers at the moment that their capacity to balance work and family commitments is under attack in the current bargaining process. That would not come as any surprise to you, would it?

**Ms Campbell:** I have heard those allegations. I do not accept them, but I have heard those allegations.

**Senator PRATT:** Does the DHS bargaining position seek to remove the right of a worker not to accept rosters and hours of work patterns, namely the right to revert to a default roster, if an agreed pattern of hours cannot be agreed upon?

**Ms Campbell:** I will ask Mr Jackson and Mr Hudson to answer those in detail.

**Mr Hudson:** That right does not exist under the current agreement and, therefore, there is no change in the proposed agreement.

**Senator PRATT:** I have certainly had workers aggrieved because of their incapacity to manage a more flexible work roster with DHS. What are you doing to put flexible work patterns, for example, into the new bargaining arrangements?

**Mr Hudson:** Flexible working arrangements exist under the current agreement and they will continue to exist under the proposed agreement.

**Senator PRATT:** Staff do not necessarily see the current arrangements as flexible, nor the new arrangements as flexible.

**Ms Campbell:** We have a very large proportion of our staff who work part-time. I will see whether Mr Hudson has that figure.

**Senator PRATT:** I know this to be true.

**Ms Campbell:** And we work with those staff on those patterns of work. What is the percentage of our part-time staff? It is over 30 per cent, isn't it?

**Mr Jackson:** Absolutely.

**Ms Campbell:** And many staff work part-time in order to accommodate other commitments that they have in their lives.

**Mr Jackson:** Part-time staff is 34 per cent.

**Senator PRATT:** How would you characterise the current requirement to genuinely negotiate with staff about hours of work? How does that work?

**Mr Hudson:** In terms of the rostering arrangements?

**Senator PRATT:** Yes.

**Mr Hudson:** Under the terms of the current agreement, there is a three-phase rostering process. I can take you through that if you would like me to.

**Senator PRATT:** Yes. That would be fine.

**Mr Hudson:** These are the current three-phase rostering processes for staff who work in a rostered environment. The first phase is to identify employees' working hours preferences, including where they have an agreed pattern of hours. For example, if they currently work part-time, that would be an example of an agreed pattern of hours. The second phase is to develop draft rosters and negotiate those rosters with staff, and that also includes the ability for staff to ask for any changes to that proposed roster that has been put forward. And, the third phase is to distribute the final rosters and make any final agreed adjustments to those rosters. So that is the three-phase rostering process that exists under the current agreement.

**Senator PRATT:** So, in either the current agreement or a future agreement, would it be true to say that a rostered employee will not have access to default regular hours and will be required to work whatever roster the department generates?

**Mr Hudson:** As indicated earlier, the current agreement does not provide for default hours for rostered employees and that does not change under the proposal. Employees in rostered environments do still have an opportunity, as they do under the current agreement, to have their preferences considered through the three-phase rostering process.

**Senator PRATT:** Is someone required to work whatever roster is ultimately generated through that process? They do not have an option to opt out with an alternative roster?

**Mr Hudson:** There is a process in the current agreement, and there will be a process in the proposed agreement, of providing staff with draft rosters which take into account their preferences, and then the final rosters are produced. So those principles continue and that is the way they currently operate. Rosters are developed on a four-weekly basis and may be developed up to 12 weeks in advance. That is very consistent with the current arrangements.

**Ms Campbell:** And of course the rosters reflect when we are expecting peak periods of customers calling us, so, as we said before, we are matching the supply of staff to the demand of our customers ringing us up.

**Senator PRATT:** Does DHS's current position reduce the default length of time that part-time hours agreements apply and reduce access to part-time agreements?

**Mr Jackson:** The proposal does not reduce access to part-time arrangements.

**Senator PRATT:** Does it reduce the default length of time that part-time hours agreements apply?

**Mr Jackson:** Under the current agreement, part-time work agreements automatically apply for 12 months unless the employee requests a shorter period. Under the proposal, the guaranteed minimum will be six months with a maximum of 12 months, so it will be between six and 12 months unless the employee asks for a shorter period of time.

**Senator PRATT:** So the right to be a part-time worker—that agreement that you are able to have security of employment—will only last for six months rather than 12 months? I am not sure what you mean by that.

**Ms Campbell:** If they are engaged they have security of employment, but part-time arrangements will be put in place for a period of six months, normally—

**Mr Jackson:** Between six and 12 months.

**Senator PRATT:** What you are saying is that you will review that part-time roster every six months.

**Ms Campbell:** Yes.

**Senator SMITH:** Did you see the evidence of Mr Lloyd, the Australian Public Service Commissioner, at the Finance and Public Administration Committee's estimates earlier in the week, where he was able to quantify the lost earnings of public servants because of prolonged bargaining positions from the CPSU?

**Ms Campbell:** Yes.

**Senator SMITH:** I notice that on the CPSU website they have a very interesting clock. I think the clock goes for 1,064 days at the moment. 'APS bargaining: how long have we been waiting?' it says. Can you quantify the lost earnings for public servants in the Department of Human Services because of the lack of resolution of the bargaining position?

**Mr Jackson:** I did see that as well. The commissioner used, I think, either a typical APS4 or EL1 staff member. Given that that was a typical range, the numbers that he used would be pretty much the same as for ourselves. We have not actually done the calculation ourselves, but with the time when we heard the commissioner, it was consistent to it having the same impact. I think it was in the order of about \$2,500 for an APS4 over the term, plus, obviously, the compounding effect that it would have on their superannuation. I think for an EL1 it was about \$4,000 over the term, plus the compounding impact on their super.

**Senator SMITH:** This would be a good time to stop the clock at the CPSU, so that workers in the Department of Human Services could get an improved bargaining position. Secondly, we also discussed healthy lifestyle payments with Mr Lloyd. Were there healthy lifestyle payments in the contracts that the Department of Human Services workers had in 2011?

**Mr Hudson:** In terms of the current agreements, no. The current agreement goes from 2011 to 2014 and is still current. No, there are no healthy lifestyle payments in that agreement.

**Senator SMITH:** Is there a warm-up-cool-down-clause or arrangements in the contract?

**Ms Campbell:** I think for the telephony there is a period of 15 minutes in the current agreement for turning on the computer and then turning it off at the end of the day. We have now changed our technology, and the computers are not turned on in the morning when you arrive, so you just need to log on. So the proposal at the moment is to reduce that to 10 minutes.

**Senator SMITH:** What do we call that?

**Mr Hudson:** We call that start up and pack up time.

**Ms Campbell:** With the technological changes, we think we can get some more people on the phones quicker to answer the calls.

**Senator SMITH:** By reducing that time by five minutes.

**Ms Campbell:** Yes.

**Senator SMITH:** At the beginning and at the end.

**Ms Campbell:** In total.

**Senator Ryan:** Can I add some context? There have been 57 bargaining meetings held since 11 June 2014. There have been five different pay offers put forward by the department, in July 2014, February 2015, September 2015, December 2015 and September 2016. The department held its final bargaining meeting on 6 October this year, and now will proceed to a staff vote on 7 November. The revised proposal includes an additional 27 changes to address staff feedback following the last offer, and a three per cent up-front pay rise followed by a 1.5 per cent pay rise each year for two years. So there has been an extensive process from the government.

**CHAIR:** Thank you, Minister.

**Senator WATT:** I am very much aware of the time, so I will keep this brief. Just picking up on the line of questioning from Senator Siewert before, about call waiting times when people call in—I do not think Senator Siewert covered this. In the statistics that you keep about the average waiting time on the phone, is that measured from the time I make my call to when it is first answered by one of your people; and, if I am triaged and then put on hold again, at what point does that clock stop?

**Ms Campbell:** The average wait time is when you enter the queue. I heard what Senator Pratt was saying about if you get transferred between queues. It is when you enter that first queue.

**Senator WATT:** Okay. I make the call—when am I deemed to make the queue?

**Ms Campbell:** When you actually enter the queue. So you might ring up the families line. You get into the families line and you enter the queue in the families line, and then someone answers the phone call, and we might discover that in fact you are really ringing about the age pension. Then we have to transfer you to the age pension person.

**Senator WATT:** But the clock stops at that point when you are transferred?

**Ms Campbell:** When you entered the families queue.

**Senator WATT:** So it could actually be a lot longer—

**Ms Campbell:** If you got in the wrong queue.

**Senator WATT:** Yes—or there could be many reasons that someone is bumped around.

**Ms Campbell:** There could be.

**Mr Egan:** Senator, the telephony system is able to track individual callers, and, where there is a transfer between queues for a reason such as the one that the secretary alluded to, then the transferred call is given a high priority in the second queue so that it gets to a service officer quickly.

**Senator WATT:** One last question on a very different topic—the national cancer register, something I have been following for some time. I found it very curious that, despite your department operating, I think, the bowel cancer register, you did not submit a tender to run the new, combined register for cervical and bowel cancer. Why didn't you submit a tender?

**Ms Campbell:** We do not tender. We are assigned work by government. Also, we do not have very good ICT systems in our Medicare space, so I am not sure we would have been competitive, even if we were tendering.

**CHAIR:** Thank you, Secretary. That concludes the examination of the Health portfolio and the Social Services, including Human Services, portfolio. I thank the minister and the officers for their attendance, and Hansard, Broadcasting and secretariat staff. I am sure your grads had a very entertaining evening; thanks for bringing them down. Senators are reminded that written questions on notice should be provided to the secretariat by close of business Friday, 28 October 2016. The hearing is adjourned. Thank you very much.

**Committee adjourned at 23:02**