

The Senate

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Community Affairs  
Legislation Committee

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Budget estimates 2014–15

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# Membership of the Committee

## Members

Senator Sue Boyce, Chair	LP, Queensland
Senator Rachel Siewert, Deputy Chair	AG, Western Australia
Senator Carol Brown	ALP, Tasmania
Senator Nova Peris	ALP, Northern Territory
Senator Zed Seselja	LP, Australian Capital Territory
Senator Dean Smith	LP, Western Australia

## Substitute Members

### Senators in attendance

Senator Sue Boyce (Chair), Senator Rachel Siewert (Deputy Chair), Senator Carol Brown, Senator Nova Peris, Senator Zed Seselja, Senator Dean Smith, Senator Mark Bishop, Senator the Hon. Doug Cameron, Senator Richard Di Natale, Senator Sean Edwards, Senator Helen Kroger, Senator the Hon. Kate Lundy, Senator the Hon. Ian McDonald, Senator the Hon. Jan McLucas, Senator Claire Moore, Senator Deborah O'Neill, Senator Helen Polley, Senator Lee Rhiannon, Senator the Hon. Lin Thorp, Senator Larissa Waters, Senator Peter Whish-Wilson, Senator Penny Wright, Senator Nick Xenophon.

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# Chapter 1

## Introduction

1.1 On 13 May 2014 the Senate referred the following documents to the committee for examination and report in relation to its portfolios:

- Particulars of proposed expenditure in respect of the year ending on 30 June 2015 [Appropriation Bill (No. 1) 2014–2015].
- Particulars of certain proposed expenditure in respect of the year ending on 30 June 2015 [Appropriation Bill (No. 2) 2014–2015]; and
- Particulars of proposed expenditure in relation to the parliamentary departments in respect of the year ending on 30 June 2015<sup>1</sup>.

1.2 The committee is responsible for the examination of the following portfolios:

- Health;
- Social Services; and
- Human Services.

1.3 The committee was required to report to the Senate on its consideration of 2014–2015 budget estimates on Tuesday 24 June 2014.<sup>2</sup> An extension of time to report until the 26 June 2014 was granted.<sup>3</sup>

### Details of hearings

1.4 The committee considered the Portfolio Budget Statements (PBS) 2014–2015 for the Social Services portfolio, the Human Services portfolio, and the Health portfolio, at hearings from 2 June 2014 to 5 June 2014 (inclusive). The hearings were conducted in accordance with the agreed agenda outlined as follows:

- Monday 2 and Tuesday 3 June 2014 — Health portfolio
- Wednesday 4 June 2014 — Social Services portfolio
- Thursday 5 June 2013 — Social Services portfolio and Human Services

1.5 The committee heard evidence from the following Senators:

- Senator the Hon Fiona Nash, Assistant Minister for Health (and representing the Minister for Health).
- Senator the Hon Mitch Fifield, Assistant Minister for Social Services (representing the Minister for Social Services)

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1 *Journals of the Senate*, No. 27, 13 May 2014, p. 778.

2 *Journals of the Senate*, No. 6, 4 December 2013, p. 224.

3 *Journals of the Senate*, No. 31, 17 June 2014, p. 890.

- Senator the Hon Concetta Fierravanti-Wells, Parliamentary Secretary to the Minister for Social Services (representing the Minister for Social Services)
- Senator the Hon Marise Payne, Minister for Human Services.

1.6 Evidence was also provided by the following:

- Ms Jane Halton, Secretary of the Department of Health;
- Mr Finn Pratt, Secretary of the Department of Social Services;
- Ms Kathryn Campbell, Secretary of the Department of Human Services; and
- officers representing the departments and agencies covered by the estimates before the committee.

1.7 The committee also considered budget expenditure at a hearing on Friday 6 June 2014 pursuant to Senate resolution 127 of 13 February 2014. This resolution provides that an additional hearing of a committee considering estimates is taken to be required where any three members of the committee notify the chair of the requirement, in writing.<sup>4</sup> Senators Brown, Peris and Siewert provided this letter to the chair requesting an additional hearing to examine the Department of Human Services. Explanations relating to the estimates were received from Senator the Hon Marise Payne. Officers from the Department of Human Services were in attendance.

1.8 The committee held a hearing on Thursday 19 June 2014 pursuant to a motion for leave to meet during sitting.<sup>5</sup> Explanations relating to the estimates were received from Senator the Hon Concetta Fierravanti-Wells. Officers from the Department of Social Services were in attendance.

1.9 The committee thanks the ministers, departmental secretaries and officers for their assistance and cooperation during the hearings.

## **Questions on Notice**

1.10 In accordance with Standing Order 26, the date for submission to the committee of written answers to questions or additional information relating to the expenditure is 25 July 2014.

1.11 Answers to questions taken on notice and tabled documents relating to the committee's hearings will be tabled in the Senate. Answers to questions on notice and additional information may be accessed via the committee's website.

## **Hansard transcripts**

1.12 The committee discussed many of the expenditure proposals and information contained in the PBS. These discussions are detailed in the committee's *Hansard*

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4 *Journals of the Senate*, No. 14, 13 February 2014, p. 478.

5 *Journals of the Senate*, No. 31, 17 June 2014, p. 890.

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transcripts of 2 June 2014 to 6 June 2014 (inclusive) and 19 June 2014, copies of which will be tabled in the Senate. *Hansard* transcripts of the estimates proceedings are also accessible on the committee's website at [http://www.aph.gov.au/senate\\_ca](http://www.aph.gov.au/senate_ca).

1.13 References to the Hansard transcript are to the proof Hansard; page numbers may vary between the proof and the official Hansard transcript.

### **Changes in the PBS**

1.14 There are no changes to the Ministry since Additional Estimates 2013–14.

### **Procedural issues**

1.15 The following procedural issues during the committee's hearings were noted.

#### ***Grounds for not answering questions***

1.16 The committee notes that no formal claims for public interest immunity were made. However, there were instances during the committee's hearings, particularly during the committee's questioning of ASADA,<sup>6</sup> where officers declined to provide requested information without reference to a properly formed public interest immunity claim. The committee reminds officers that there is no discretion to withhold information during the consideration of estimates without some specific indication of the harm to the public interest that could result from the disclosure of the information and draws officers' attention to the order of the Senate of 13 May 2009.<sup>7</sup>

1.17 During questioning on discretionary grants programmes, officers of the Department of Social Services expressed concern at providing some requested details due to probity issues related to a current tender process. Officers advised that the material would be made public as part of this process on 19 June 2014. The Secretary took on notice to refer to the Minister the question of whether there were public interest grounds for not providing the information. The committee determined to hold an additional estimates hearing on 19 June 2014 to facilitate examination of the discretionary grants programmes in greater detail.<sup>8</sup>

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6 *Proof Estimates Hansard*, 3 June 2014, pp 103–115.

7 *Journals of the Senate*, 13 May 2009, p. 1941.

8 *Proof Estimates Hansard*, 5 June 2014, pp 68–70.



# **Chapter 2**

## **Health Portfolio**

### **Department of Health**

2.1 This chapter outlines key issues discussed during the 2014–2015 budget estimates hearings for the Health portfolio.

2.2 The committee heard evidence from the department on Monday 2 June and Tuesday 3 June 2014. Areas of the portfolio and agencies were called in the following order:

- Whole of Portfolio/Corporate Matters
- Acute Care
- Independent Hospital Pricing Authority
- Access to Pharmaceutical Services
- Access to Medical and Dental Services
- Primary Health Care
- National Mental Health Commission
- Medicare Locals
- GP Superclinics
- Health System Capacity and Quality
- Australian Organ and Tissue Donation and Transplantation Authority
- National Blood Authority
- Therapeutic Goods Administration
- Food Standards Australia New Zealand (FSANZ)
- National Industrial Chemicals Notification and Assessment Scheme (NICNAS)
- Healthcare Workforce Capacity
- Health Workforce Australia (HWA)
- General Practice Education and Training Ltd
- Private Health
- Private Health Insurance Administration Council (PHIAC)
- Private Health Insurance Ombudsman (PHIO)
- Population Health
- Australian National Preventive Health Agency (ANPHA)
- National Health and Medical Research Council

- Australian Institute of Health and Welfare
- Cancer Australia
- Australian Commission on Safety and Quality in Health Care
- Biosecurity and Emergency Response
- Sport and Recreation
- Australian Sports Anti-Doping Authority (ASADA)
- Australian Sports Commission (ASC)

### ***Whole of Portfolio/Corporate Matters***<sup>1</sup>

2.3 The committee began by discussing the proposed Medical Research Future Fund (MRFF). The department explained that the current Health and Hospital Fund (HHF), totalling \$900 million, will comprise the initial seed capital for the MRFF. Officers explained that the MRFF will be a capital preserved fund with disbursements made from the investment earnings. The committee discussed the requirement for legislation to establish the fund and how priorities for medical research funding will be determined.<sup>2</sup>

2.4 There was a general discussion on staffing in the department, including questions about the movement of staff from proposed abolished agencies such as ANPHA and HWA.<sup>3</sup> Changes for flexible grant recipients were also canvassed.<sup>4</sup>

### ***Acute Care***<sup>5</sup>

2.5 This outcome commenced with a discussion about the discontinuation of the National Health Reform Agreement from 2016–17 and the removal of top-up funding.<sup>6</sup> Senator McLucas asked questions about the rationale behind basing hospital funding indexation on population growth and CPI.<sup>7</sup> Senator Di Natale continued this line of questioning asking why incentive based funding was not already an incentive to reduce inefficiencies. Secretary Halton explained:

You could draw a parallel to the efficiency dividend, which we have been delivering for as many years as I can remember. Let me tell you, that drives efficiency. Every day, we look at efficiencies. You ask division heads in my department about how they are required to drive efficiency to deliver the

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1 *Proof Estimates Hansard*, 2 June 2014, pp 5–22.

2 *Proof Estimates Hansard*, 2 June 2014, pp 5–12.

3 *Proof Estimates Hansard*, 2 June 2014, pp 13–16.

4 *Proof Estimates Hansard*, 2 June 2014, pp 13–16.

5 *Proof Estimates Hansard*, 2 June 2014, pp 22–43.

6 *Proof Estimates Hansard*, 2 June 2014, p. 22.

7 *Proof Estimates Hansard*, 2 June 2014, p. 24.

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government's business in a more effective and efficient way. It focuses the mind in a very particular way.<sup>8</sup>

The committee also discussed national reward funding under the National Emergency Access Target<sup>9</sup> and capital funding for the Palmerston hospital.<sup>10</sup>

### ***Independent Hospital Pricing Authority (IHPA)***<sup>11</sup>

2.6 Senator Smith questioned the authority on nationally efficient pricing and the role this plays in benchmarking and realising efficiency gains. Chief Executive Officer IHPA, Dr Tony Sherbon, explained that the most expensive hospital network in the country operates at 23 per cent above the national average cost.<sup>12</sup> Further questions focused on the national elective surgery and emergency department targets. The committee noted that there was generally poor compliance against the targets despite the incentive payments.<sup>13</sup>

### ***Access to Pharmaceutical Services***<sup>14</sup>

2.7 Officers explained the proposed 13% increase in the Pharmaceutical Benefits Scheme (PBS) co-payment. The department confirmed that no modelling had been conducted on the impact of the co-payment on patient behaviour and pharmacies. The committee discussed the interaction of these changes on the PBS Safety Net.<sup>15</sup> Senator Di Natale questioned the department about the likelihood of the co-payment leading to a reduction in patients accessing prescribed medicines due to cost implications. The department suggested that 0.3% of concessional patients were unlikely to fill scripts as a result.<sup>16</sup>

2.8 Senator Xenophon raised concerns about perceived delays in the registration process for a medicine used to treat cystic fibrosis. The department explained that pharmaceutical companies are also responsible for providing a proposal to be listed under the PBS.<sup>17</sup> Senator Smith raised questions about the history of PBS co-payments.<sup>18</sup>

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8 *Proof Estimates Hansard*, 2 June 2014, pp 26–28.

9 *Proof Estimates Hansard*, 2 June 2014, pp 29–30.

10 *Proof Estimates Hansard*, 2 June 2014, pp 30–31.

11 *Proof Estimates Hansard*, 2 June 2014, pp 33–38.

12 *Proof Estimates Hansard*, 2 June 2014, pp 33–34.

13 *Proof Estimates Hansard*, 2 June 2014, pp 34–36.

14 *Proof Estimates Hansard*, 2 June 2014, pp 43–55.

15 *Proof Estimates Hansard*, 2 June 2014, pp 43–59.

16 *Proof Estimates Hansard*, 2 June 2014, pp 49–50.

17 *Proof Estimates Hansard*, 2 June 2014, pp 52–53.

18 *Proof Estimates Hansard*, 2 June 2014, pp 54–55.

### ***Access to Medical and Dental Services***<sup>19</sup>

2.9 The committee examined the proposed co-payments on General Practitioner visits, and out of hospital radiology and pathology items on the Medicare Benefits Schedule (MBS). Questions were asked about where the co-payment will be applied, who will be exempt and changes to bulk billing incentives. Officers explained that the co-payment will only apply for the first ten visits per year for concession card holders.<sup>20</sup> The committee canvassed several examples with departmental officials of how the co-payment will impact on different health care providers including Aboriginal Medical Services<sup>21</sup> and Family Planning<sup>22</sup>.

### ***Primary Health Care***<sup>23</sup>

2.10 Questions commenced on the funding and service delivery within the Mental Health Nurse Incentive Programme.<sup>24</sup> Senator Wright raised the issue of the increasing suicide rate. The committee then discussed a number of current programmes that target this issue including the National Suicide Prevention Programme and the Taking Action to Tackle Suicide Programme. Increased funding is made available in the budget for an expansion of the Headspace Programme and the Centre of Excellence in Youth Mental Health. The department confirmed that there has been no disproportionate decrease in mental health policy staff within the department.<sup>25</sup>

### ***National Mental Health Commission (NMHC)***<sup>26</sup>

2.11 The review of mental health services and programmes was discussed by the committee. Officers explained that the review is examining expenditure, evidence of outcomes, and evidence of objective review processes and conclusions for current mental health programmes.<sup>27</sup> Senator McLucas had questions about methodologies for assessing the effectiveness of programme delivery at a commonwealth and state level. NMHC Chief Executive Officer, Mr David Butt, explained using an example:

We are getting economic modelling done on such things as what happens to a 14 year old girl with eating disorders through the course of her life, what is the likely trajectory, and taking into account that trajectory, what are the likely costs to the system. We then multiply that out on a population basis and say whereabouts throughout that life course could you have

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19 *Proof Estimates Hansard*, 2 June 2014, pp 55–82.

20 *Proof Estimates Hansard*, 2 June 2014, pp 55–65.

21 *Proof Estimates Hansard*, 2 June 2014, pp 65–68.

22 *Proof Estimates Hansard*, 2 June 2014, pp 69–70.

23 *Proof Estimates Hansard*, 2 June 2014, pp 82–117.

24 *Proof Estimates Hansard*, 2 June 2014, p. 111.

25 *Proof Estimates Hansard*, 2 June 2014, p. 112–114.

26 *Proof Estimates Hansard*, 2 June 2014, pp 98–110.

27 *Proof Estimates Hansard*, 2 June 2014, pp 98–100.



interventions that would make a difference to the outcomes for the person and the costs to the system—so if you invest upstream, what do you save downstream.<sup>28</sup>

### ***Medicare Locals***<sup>29</sup>

2.12 The key recommendations of the review into Medicare Locals were discussed including a reduction in the overall number as a means to reduce administrative costs. The Medicare Locals programme will cease in mid-2015 and transition to a Primary Healthcare Network (PHN) programme. Questions were asked about the tender process for the new PHN.

### ***GP Superclinics***<sup>30</sup>

2.13 The committee discussed the termination of three GP Superclinic projects in Darwin, Rockingham, and Wynnum.<sup>31</sup>

### ***Health System and Capacity***<sup>32</sup>

2.14 The department confirmed that the PCEHR has 1.66 million Australians registered. The committee discussed the breakdown of statistics and the review of the project. Staffing and on-going funding were also discussed.<sup>33</sup> The progress and delivery of new regional cancer centres was canvassed<sup>34</sup>, as were changes to the delivery of services by the National Rural and Remote Health Infrastructure Programme to include a co-contribution from recipients.<sup>35</sup> Officers confirmed that current commitments from the Health and Hospital Fund would be met prior to the transfer of the monies in this fund to the MRFF.<sup>36</sup>

### ***Australian Organ and Tissue Donation and Transplantation Authority (AOTDTA) and National Blood Authority (NBA)***<sup>37</sup>

2.15 Officers explained the AOTDTA's role in assisting with the Paired Kidney Exchange Programme. The most recent exchange involved thirteen pairs and has resulted in successful transplants where the use of a kidney from a deceased person would have failed. The committee discussed the increased trend in transplants before moving to the proposed merging of the AOTDTA with the NBA. The department

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28 *Proof Estimates Hansard*, 2 June 2014, pp 100–102.

29 *Proof Estimates Hansard*, 2 June 2014, pp 82–97.

30 *Proof Estimates Hansard*, 2 June 2014, pp 90–93.

31 *Proof Estimates Hansard*, 2 June 2014, pp 90–93.

32 *Proof Estimates Hansard*, 2 June 2014, pp 117–137.

33 *Proof Estimates Hansard*, 2 June 2014, pp 117–120.

34 *Proof Estimates Hansard*, 2 June 2014, p. 121.

35 *Proof Estimates Hansard*, 2 June 2014, pp 123–124.

36 *Proof Estimates Hansard*, 2 June 2014, pp 124–125.

37 *Proof Estimates Hansard*, 2 June 2014, pp 126–129.

explained that this would result in some back-office savings but would not affect service delivery.<sup>38</sup>

### ***Therapeutic Goods Administration***<sup>39</sup>

2.16 Discussion on the regulatory process for devices used for hip joint replacements then moved to on-going complaints within the community around the performance of some of these devices. The committee then discussed the emerging issue of oxycodone abuse. The agency advised that this is a complex issue. An example was presented where removal of a certain substance or formula from the market has led to an increase in abuse and overdose on other more dangerous therapeutic and illegal substances.<sup>40</sup>

### ***Food Standards Australia New Zealand (FSANZ)***<sup>41</sup>

2.17 The committee discussed the role of FSANZ in regulating foods that may pose a risk to human health. Questions were also asked about FSANZ's interaction with the Department of Agriculture and other state and corporate entities. Senator Xenophon followed up some answers to written questions from the previous round of estimates hearings relating to maximum residue levels in food.<sup>42</sup>

### ***National Industrial Chemicals Notification and Assessment Scheme (NICNAS)***<sup>43</sup>

2.18 Senator McLucas questioned the agency on the national assessment of chemicals used in Coal Seam Gas (CSG) production and the expected report. Director of NICNAS, Dr Brian Richards, explained the key focus of the report:

As Paracelsus, the father of toxicology in the Renaissance, said: 'The dose makes the poison.' Even with a commonly used, benign chemical like hydrogen oxide, often named water, you can die from an overdose. It comes down to the dose in humans, either the general public or workers in that industry, or to the environment. So we look at the hazard, the exposure and the use and then we work out the risks. That would be the primary output from us to the environment department.<sup>44</sup>

Senator Rhiannon asked a range of questions about animal testing for local assessment of new ingredients in a range of medicinal, food and industrial products.<sup>45</sup> Senator Xenophon finished the session with some questions relating to recent media reports on the use and regulation of Benzidine-based dyes in clothing.<sup>46</sup>

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38 *Proof Estimates Hansard*, 2 June 2014, pp 126–129.

39 *Proof Estimates Hansard*, 2 June 2014, pp 129–132.

40 *Proof Estimates Hansard*, 2 June 2014, pp 129–132.

41 *Proof Estimates Hansard*, 2 June 2014, pp 132–134.

42 *Proof Estimates Hansard*, 2 June 2014, pp 132–134.

43 *Proof Estimates Hansard*, 2 June 2014, pp 134–137.

44 *Proof Estimates Hansard*, 2 June 2014, p. 134.

45 *Proof Estimates Hansard*, 2 June 2014, p. 135.

46 *Proof Estimates Hansard*, 2 June 2014, pp 135–136.

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### ***Healthcare Workforce Capacity***<sup>47</sup>

2.19 This outcome commenced with examination of the Voluntary Dental Graduate Year Programme. The committee discussed whether graduates were located in rural or metropolitan areas.<sup>48</sup> Discussion then turned to medical interns in private hospitals. Senator McLucas asked questions on the breakdown of international and domestic students involved in the programme and whether all domestic graduates were finding placements. The department assured the committee that this was the case.<sup>49</sup>

2.20 Senator McDonald questioned the department about the impact on service delivery at the Burdekin Centre for Rural Health with the opening of the Townsville-Mackay Medicare Locals.<sup>50</sup> A proposal from Curtin University to establish a new medical school was canvassed by the committee<sup>51</sup>, in addition to changes to nursing and allied scholarship programmes<sup>52</sup> and placement of medical students<sup>53</sup>.

### ***Health Workforce Australia (HWA)***<sup>54</sup>

2.21 The proposed abolition of HWA and arrangements to transition the functions of HWA into the department were discussed by the committee.<sup>55</sup> The future of a number of programmes co-ordinated by HWA was also discussed including the Clinical Training Funding Programme<sup>56</sup>, the Simulated Learning Environments Programme<sup>57</sup>, and the Expanded Scope of Practice Programme.<sup>58</sup>

### ***General Practice Education and Training Ltd (GPET)***<sup>59</sup>

2.22 The committee discussed the proposed abolition of GPET with the transitional arrangements for transfer of functions to the Department of Health. Senator McLucas questioned the agency on the purpose and efficacy of the Prevocational General Practice Placements Programme. Officers explained that a recent report found that

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47 *Proof Estimates Hansard*, 3 June 2014, pp 5–30.

48 *Proof Estimates Hansard*, 3 June 2014, pp 5–8.

49 *Proof Estimates Hansard*, 3 June 2014, pp 8–9.

50 *Proof Estimates Hansard*, 3 June 2014, pp 10–11.

51 *Proof Estimates Hansard*, 3 June 2014, pp 11–14.

52 *Proof Estimates Hansard*, 3 June 2014, pp 14–18.

53 *Proof Estimates Hansard*, 3 June 2014, pp 19–20.

54 *Proof Estimates Hansard*, 3 June 2014, pp 22–28.

55 *Proof Estimates Hansard*, 3 June 2014, pp 22–28.

56 *Proof Estimates Hansard*, 3 June 2014, p. 25.

57 *Proof Estimates Hansard*, 3 June 2014, p. 26.

58 *Proof Estimates Hansard*, 3 June 2014, p. 27.

59 *Proof Estimates Hansard*, 3 June 2014, pp 28–30.

other programmes were more cost-effective and ultimately provided more training places with approximately 50% of these places in rural and regional areas.<sup>60</sup>

### ***Private Health***<sup>61</sup>

2.23 Questions under this outcome initially focused on the Medibank Private Trial covering GP services. The committee discussed whether other medical services are proposed to be covered by an extension of this trial. Questions were then raised on the impact this may have on private health insurance premiums.<sup>62</sup> The committee then examined the number and nature of complaints received from participants in the trial.<sup>63</sup> The committee also discussed a range of issues including general statistics on private health insurance holders, the premium setting process, and the impact of freezing the threshold on the rebate.<sup>64</sup>

### ***Private Health Insurance Administration Council (PHIAC)***<sup>65</sup>

2.24 The committee discussed the merger of PHIAC with the Australian Prudential Regulatory Authority. Senator McLucas questioned the rationale on this merger. Dr Bartlett explained:

The Private Health Insurance Administrative Council has a key role in terms of looking at the solvency and viability of private health insurers. There has been a long held view that there is a very close alignment between significant parts of its activity specifically focused on private health insurance and the broader activities that APRA does for the insurance sector more broadly.<sup>66</sup>

Officers further explained that it is likely that amendments will be required to the Private Health Insurance Act 2007 (Cth) for this merger to take place.<sup>67</sup>

### ***Private Health Insurance Ombudsman (PHIO)***<sup>68</sup>

2.25 Arrangements for the proposed transfer of PHIO into the Commonwealth Ombudsman's offices were discussed. Senator McLucas questioned the department on a range of issues including method of receipt for complaints and number of complaints.<sup>69</sup>

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60 *Proof Estimates Hansard*, 3 June 2014, p. 28–30.

61 *Proof Estimates Hansard*, 3 June 2014, pp 30–38.

62 *Proof Estimates Hansard*, 3 June 2014, pp 30–33.

63 *Proof Estimates Hansard*, 3 June 2014, p. 37.

64 *Proof Estimates Hansard*, 3 June 2014, pp 33–37.

65 *Proof Estimates Hansard*, 3 June 2014, pp 38–43.

66 *Proof Estimates Hansard*, 3 June 2014, p. 38.

67 *Proof Estimates Hansard*, 3 June 2014, p. 39.

68 *Proof Estimates Hansard*, 3 June 2014, pp 43–45.

69 *Proof Estimates Hansard*, 3 June 2014, pp 43–45.

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## ***Population Health***<sup>70</sup>

2.26 The committee then moved to discussing the termination of the National Partnership Agreement on Preventive Health. The department explained the rationale behind the decision using a recent review that identified a number of issues relating to duplication and lack of commonwealth control of state objectives and programmes.<sup>71</sup> Further discussion was held on the removal of funding for a number of programmes including the Healthy Worker and Children Initiative, Tobacco Cessation, and the Food and Health Dialogue.<sup>72</sup> Senator Di Natale raised a number of questions on the government's alternative strategy for preventive health.<sup>73</sup>

2.27 Senator Brown asked questions about funding for sexually transmitted infections and blood-borne disease programmes. The department explained that this funding is on-going and aligns with national strategies for disease control. However, these programmes are subject to changes to their indexation.<sup>74</sup> Senator Whish-Wilson asked a range of questions about the department's litigation with tobacco companies on plain packaging. The department did not want to elaborate on their strategy, funding and progress due to the on-going nature of this legal process.<sup>75</sup>

## ***Australian National Preventive Health Agency (ANPHA)***<sup>76</sup>

2.28 The proposed abolition of ANPHA and the transitional arrangements for transfer of functions, programmes and staff to the Department of Health were discussed by the committee.<sup>77</sup> A number of preventive health programmes operated by the agency were also discussed including the My Quit Buddy Application (App), the Alcohol Sponsorship Replacement Programme<sup>78</sup>, the Women's Weekly Recipe Booklet<sup>79</sup> and the Health Star Rating System<sup>80</sup>.

## ***National Health and Medical Research Council (NHMRC)***<sup>81</sup>

2.29 The committee discussed the proposed Medical Research Future Fund (MRFF) and changes to the operation of the NHMRC. The department explained that the NHMRC would not be affected by the establishment of the MRFF, but that

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70 *Proof Estimates Hansard*, 3 June 2014, pp 45–57; 83–92.

71 *Proof Estimates Hansard*, 3 June 2014, pp 45–46.

72 *Proof Estimates Hansard*, 3 June 2014, pp 46–49.

73 *Proof Estimates Hansard*, 3 June 2014, pp 53–54.

74 *Proof Estimates Hansard*, 3 June 2014, pp 83–85.

75 *Proof Estimates Hansard*, 3 June 2014, pp 86–87.

76 *Proof Estimates Hansard*, 3 June 2014, pp 57–65.

77 *Proof Estimates Hansard*, 3 June 2014, pp 57–60.

78 *Proof Estimates Hansard*, 3 June 2014, pp 60–61.

79 *Proof Estimates Hansard*, 3 June 2014, pp 63–64.

80 *Proof Estimates Hansard*, 3 June 2014, pp 65–67.

81 *Proof Estimates Hansard*, 3 June 2014, pp 67–72.

research objectives would be decided by the MRFF.<sup>82</sup> Senator McLucas had questions about the proportion of funding for mental health research<sup>83</sup> before moving to an update on clinical trial processes. NHMRC Chief Executive Officer, Professor Warwick Anderson, explained that the strong guidelines for ethics in Australia have attracted medical research to Australia from low-cost research countries.<sup>84</sup> The discussion finished with the efficiency dividend, staffing breakdown and Professor Anderson's contract arrangements.<sup>85</sup>

### ***Australian Institute of Health and Welfare***<sup>86</sup>

2.30 The committee discussed the proposed merger of the institute into a proposed Health Productivity and Performance Commission<sup>87</sup> before moving to questions about funding. Officials explained that currently 70% of the institute's funding is sourced from fee-for-service and 30% from direct appropriation.<sup>88</sup> The committee then moved to a series of questions around accommodation, staff numbers and qualifications.<sup>89</sup>

### ***Cancer Australia***<sup>90</sup>

2.31 Senator Moore inquired into the Jeannie Ferris Cancer Australia Recognition Awards.<sup>91</sup> The committee then discussed Cancer Australia's role in supporting regional cancer centres through the multi-disciplinary care information web hubs.<sup>92</sup> Cancer Australia Chief Executive Officer, Professor Helen Zorbas, spoke about bringing together a number of key organisations to form the Priority-driven Collaborative Cancer Research Scheme (PdCCRS) resulting in a larger funding pool and more targeted cancer research.<sup>93</sup> Discussion finished on the efficiency dividend and staffing statistics.<sup>94</sup>

### ***Australian Commission on Safety and Quality in Healthcare***<sup>95</sup>

2.32 The committee discussed the proposed merging of the commission's functions into a new Health Productivity and Performance Commission.<sup>96</sup> The commission then

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82 *Proof Estimates Hansard*, 3 June 2014, pp 67–68.

83 *Proof Estimates Hansard*, 3 June 2014, pp 68–69.

84 *Proof Estimates Hansard*, 3 June 2014, pp 70–71.

85 *Proof Estimates Hansard*, 3 June 2014, pp 71–72.

86 *Proof Estimates Hansard*, 3 June 2014, pp 72–76.

87 *Proof Estimates Hansard*, 3 June 2014, pp 72–73.

88 *Proof Estimates Hansard*, 3 June 2014, p. 74.

89 *Proof Estimates Hansard*, 3 June 2014, pp 75–76.

90 *Proof Estimates Hansard*, 3 June 2014, pp 76–77.

91 *Proof Estimates Hansard*, 3 June 2014, pp 76–79.

92 *Proof Estimates Hansard*, 3 June 2014, p. 77.

93 *Proof Estimates Hansard*, 3 June 2014, p. 78.

94 *Proof Estimates Hansard*, 3 June 2014, pp 78–79.

95 *Proof Estimates Hansard*, 3 June 2014, pp 79–83.

discussed recent achievements in implementing a national healthcare safety standards and a decrease in septicaemia rates. The commission reported that it is also establishing a national surveillance unit for anti-microbial resistance.<sup>97</sup> The commission's Chief Executive Officer, Professor Debora Picone highlighted the commission's on-going role in presenting data to medical and allied health professions to assist in performance benchmarking.<sup>98</sup>

### ***Biosecurity and Emergency Response***<sup>99</sup>

2.33 Officers discussed on-going efforts relating to tuberculosis in the Torres Strait and the threat from Dengue Fever in northern Australia. Chief Medical Officer, Professor Baggoley agreed with Senator McLucas that the vector, *Aedes aegyptii*, is endemic; however, stated that the disease is not endemic due to strategic control measures.<sup>100</sup> The agency touched on the emerging threat of Middle East Respiratory Syndrome (MERS)<sup>101</sup> and measures aimed at reducing antibiotic resistance.<sup>102</sup>

### ***Sports and Recreation***<sup>103</sup>

2.34 Senator Xenophon questioned the department on the bid for the 2020 soccer World Cup. The department discussed the total cost of the bid but was unable to answer questions on possible appeals or refunds from that process in the event it was deemed corrupt.<sup>104</sup>

### ***Australian Sports Anti-Doping Authority***<sup>105</sup>

2.35 The committee welcomed the new CEO, Mr Ben McDevitt. Officers explained some of the changes to the authority in light of the new World Anti-Doping Agency (WADA) code. Mr McDevitt explained further:

Our realignment in terms of structure and focus will be moving to a model which is more focused on intelligence and investigations, with less reliance on testing, particularly the number of tests. That is not to say that tests will not be a very important part of ASADA's armoury; they will be. But, as Mr [Andrew] Godkin [First Assistant Secretary, National Integrity of Sport Unit] mentioned, there is the addition of two new offences, and you will find that primarily those offences will not be proved through testing of

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96 *Proof Estimates Hansard*, 3 June 2014, p. 79.

97 *Proof Estimates Hansard*, 3 June 2014, p. 80.

98 *Proof Estimates Hansard*, 3 June 2014, pp 81–82.

99 *Proof Estimates Hansard*, 3 June 2014, pp 92–101.

100 *Proof Estimates Hansard*, 3 June 2014, pp 92–95.

101 *Proof Estimates Hansard*, 3 June 2014, pp 95–97.

102 *Proof Estimates Hansard*, 3 June 2014, pp 97–100.

103 *Proof Estimates Hansard*, 3 June 2014, pp 118–119.

104 *Proof Estimates Hansard*, 3 June 2014, pp 118–119.

105 *Proof Estimates Hansard*, 3 June 2014, pp 101–115.

athletes' urine or blood. Those offences are proved through intelligence and investigations.<sup>106</sup>

Senator Seselja asked a range of questions about the on-going investigation, Operation Cobia, into NRL and AFL players. The authority explained that it is moving to finalising this investigation and preparing to issue a number of show cause notices.<sup>107</sup>

***Australian Sports Commission***<sup>108</sup>

The committee then discussed the impact of budget measures on funding for a number of individual programmes co-ordinated by the commission. Officers confirmed that efficiency savings would primarily be found in the corporate operations. Senator Peris inquired into the representation of women on boards of sporting organisations. The department confirmed that the trend overall is improving and that the commission is working with those that lag. The committee examined the After School Communities programme and the Sporting Schools Initiatives discussing funding and grant processes and statistics.<sup>109</sup>

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106 *Proof Estimates Hansard*, 3 June 2014, pp 101.

107 *Proof Estimates Hansard*, 3 June 2014, pp 101–115.

108 *Proof Estimates Hansard*, 3 June 2014, pp 115–118; 119–122.

109 *Proof Estimates Hansard*, 3 June 2014, pp 115–118; 119–122.



# Chapter 3

## Social Services Portfolio

### Department of Social Services

3.1 This chapter outlines key issues discussed during the 2014–2015 budget estimates hearings for the Social Services Portfolio.

3.2 The committee heard evidence from the department on Wednesday 4 and Thursday 5 June 2014. Areas of the portfolio were called in the following order:

- Cross Outcomes/Corporate Matters
- Social Security Appeals Tribunal (SSAT)
- Disability and Carers
- National Disability Insurance Agency
- Social Security
- Housing
- Families and Communities
- Australian Institute of Family Studies
- Ageing and Aged Care

3.3 The committee heard additional evidence from the department on Thursday 19 June 2014 about discretionary grants programmes.

#### *Cross Outcomes/Corporate Matters*<sup>1</sup>

3.4 Proceedings commenced with Mr Pratt tabling a series of charts and diagrams that depicted the changes to the outcome and programme structure of the department.<sup>2</sup> These changes include the broad banding of 18 discretionary grants activities into seven to facilitate greater efficiency. The committee inquired into the process for contacting current grant recipients and sharing information on changes with them.<sup>3</sup> Senator Smith and officers discussed the departmental and organisational efficiencies that will result from the broad banding of the grants programme. Senator Siewert raised the issue of indexation on extended contracts. Officers explained that those contracts with no indexation could expect to realise administrative efficiencies through the simplification of the application and reporting requirements of the grants programme with no impact on service delivery.<sup>4</sup>

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1 *Proof Estimates Hansard*, 4 June 2014, pp 2–19; 24–27.

2 *Proof Estimates Hansard*, 4 June 2014, pp 3–4.

3 *Proof Estimates Hansard*, 4 June 2014, pp 6–10.

4 *Proof Estimates Hansard*, 4 June 2014, pp. 11–13.

3.5 Departmental accommodation in Canberra was discussed by the committee. Senator Seselja asked questions about the new fit-out of the Tuggeranong facility. The department explained that due to the consolidation of staff from multiple sites and buildings into one building, there would be a \$7 million saving in time as staff will be closer together. The improved energy efficiency of the building was also discussed. A small cluster of staff in the Aged Care Division will remain in Woden.<sup>5</sup> Senator Moore inquired about the staffing profile of the department including staff numbers and redundancies.<sup>6</sup>

### ***Social Security Appeals Tribunal***<sup>7</sup>

3.6 The committee was interested to find out about the impact of budget measures and the efficiency dividend on tribunal funding. The officers explained that there would be a net increase in budget funding for the coming year. Further discussion revealed that the tribunal experiences an increased workload when changes to welfare payments occur. Senator Cameron inquired into the level of discretion the tribunal has when making decisions. SSAT Principal Member, Ms Macdonnell, explained that:

The only matters that the tribunal can take into account are the matters that are made relevant or material by the statute.

Officers explained that issues relating to the action or conduct of departmental officers in regard to customer claims and payments should be referred to the Ombudsman.<sup>8</sup>

### ***Disability and Carers***<sup>9</sup>

3.7 Senator Fifield made a brief statement on the progress of the NDIS reiterating the government's full support for the roll-out of the scheme. Gratitude and admiration to the agency's staff was also expressed. The Minister explained that the average cost for an NDIS package had fallen from \$46,300 in the first quarter to \$34,000 in the third quarter. This average cost was within the budgeted framework. Three new NDIS sites will be established in coming months in the Perth Hills (WA), Barkley Region (NT) and in the ACT. The capability review has been completed with consultants to provide further advice on a number of identified issues.<sup>10</sup>

3.8 The committee discussed the issue of the newly formed Disability and Carers Industry Advisory Council and its replacement of the Disability and Carer Council. This new council's focus will be on employment opportunities for the disabled and also the growing disability carers industry.<sup>11</sup> Senator Moore raised questions on the future of the Young Carers Programme. Officers confirmed that this programme

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5 *Proof Estimates Hansard*, 4 June 2014, pp. 13–16.

6 *Proof Estimates Hansard*, 4 June 2014, pp. 16–18.

7 *Proof Estimates Hansard*, 4 June 2014, pp 19–24.

8 *Proof Estimates Hansard*, 4 June 2014, pp. 19–23.

9 *Proof Estimates Hansard*, 4 June 2014, pp 27–28; 47–65.

10 *Proof Estimates Hansard*, 4 June 2014, pp. 27–28.

11 *Proof Estimates Hansard*, 4 June 2014, pp. 47–49.

would continue and illustrated some of the work this programme supports.<sup>12</sup> Senator Smith questioned officers about the ABC Ramp Up grant. The department explained that this was a seeding grant and that the department's understanding was that on-going funding is to be found within the ABC's general revenue.<sup>13</sup>

3.9 Australian Disability Enterprises and the Business Services Wage Assessment Tool (BSWAT) were then discussed. The department informed the committee that the Fair Work Commission has still not determined whether the BSWAT is still a valid tool to determine adjusted wages for disabled people. Senator McLucas inquired as to what work was being undertaken by the department to develop an alternative tool. Officers advised that the department continues work in this area.<sup>14</sup>

3.10 The committee also examined the following:

- Disability and Carers grants;<sup>15</sup>
- Personal Helpers and Mentors Scheme (PHaMS);<sup>16</sup> and
- Age limits on disability support.<sup>17</sup>

### ***National Disability Insurance Agency (NDIA)***<sup>18</sup>

3.11 The committee commenced discussion with the NDIA capability review. Senator McLucas asked if this review would impact on the roll-out timetable or the changes to the scale of the scheme. Senator Fifield explained that:

All governments remain committed to the full scheme roll-out of the NDIS which will be informed by the important lessons being learnt from the trials.

It was further explained by the Minister and officers that the capability review and further reviews aim to identify risks, controls, issues and options to allow the board to make recommendations about the full roll-out. Where changes have been made to roll-out timeframes, notably the ACT, this has been at the request of the territory government.<sup>19</sup> Senator McLucas questioned the Minister about the future timetable for the roll-out of the NDIS and engagement with COAG. The Minister responded that:

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12 *Proof Estimates Hansard*, 4 June 2014, pp. 50–51.

13 *Proof Estimates Hansard*, 4 June 2014, pp. 51–53.

14 *Proof Estimates Hansard*, 4 June 2014, pp. 53–55.

15 *Proof Estimates Hansard*, 4 June 2014, pp. 58–62.

16 *Proof Estimates Hansard*, 4 June 2014, p. 63.

17 *Proof Estimates Hansard*, 4 June 2014, pp. 64–65.

18 *Proof Estimates Hansard*, 4 June 2014, pp 28–47.

19 *Proof Estimates Hansard*, 4 June 2014, p. 28; 41–41.

[T]here was no proposition from the Commonwealth to arbitrarily change the rollout schedule, nor to seek to alter the funding agreements that have been entered into by the Commonwealth and the States.<sup>20</sup>

3.12 The committee examined the effect of the efficiency dividend on the NDIS. Officers of the NDIA noted that the efficiency dividend would be met through the national office with no impact on service delivery.<sup>21</sup> Officers explained that the agency is on track with property and staffing arrangements for the 1 July 2014 Trials. New sites in WA, NT and the ACT were discussed.<sup>22</sup> The committee then asked questions about the negotiations between the commonwealth and the states about the transition from trials to full roll-out of the scheme. The Minister and the officers explained that these discussions were on-going and that the commonwealth remained vigilant in ensuring that states met their obligations under the bilateral agreements.<sup>23</sup>

3.13 Senator Seselja asked a series of questions about the communication strategy for the NDIS. The NDIA uses a range of targeted and factual advertising media including print, radio and below-the-line to disseminate information about upcoming trial sites. Advertising would be targeted towards potential participants.<sup>24</sup>

3.14 The evaluation being conducted by the National Institute of Labour Studies at Flinders University was discussed by the committee. The agency explained that the study was focused on outcomes for disabled people rather than implementation of the scheme. The agency noted that this information would be useful in shaping NDIS policy.<sup>25</sup>

3.15 The committee turned its attention to issues around eligibility for the scheme. Senator Wright asked questions about outcomes for those who are assessed as not eligible for the scheme. The example of an individual who may be deemed not eligible, but may require some small intervention or assistance to prevent or defer more expensive interventions at a later date was discussed. Senator Siewert followed this with questions about disability impairment tables. The agency explained that the tables require on-going adjustment to reflect feedback from the trial sites. The issue of participants with psychiatric impairment was raised. The agency noted that approximately 15 per cent of participants had a primary or secondary psychiatric impairment.<sup>26</sup>

3.16 Senator McLucas questioned whether it was equitable to compare average package cost in the first quarter and the third quarter. The agency explained that the experience from the first quarter informed a series of reforms that had assisted in

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20 *Proof Estimates Hansard*, 4 June 2014, pp 41–42.

21 *Proof Estimates Hansard*, 4 June 2014, p. 29.

22 *Proof Estimates Hansard*, 4 June 2014, pp 29–31.

23 *Proof Estimates Hansard*, 4 June 2014, pp 32–33.

24 *Proof Estimates Hansard*, 4 June 2014, pp 33–34.

25 *Proof Estimates Hansard*, 4 June 2014, p. 34.

26 *Proof Estimates Hansard*, 4 June 2014, pp 34–37; 45.

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decreasing the average package cost in subsequent quarters. NDIA Chief Executive Officer Mr David Bowen added:

We will not know entirely what the cohort effects are until we have done a second year plan for everyone who went through in the first year. Then we will be able to ask: 'Are the seasonable [sic] effects due to the phasing?' I would say that in some cases that will prove to be true. For example, I have reported to this committee previously that it appeared to us that Tasmania had front-end loaded a lot of their high cost clients and that will come through. But, more generally, the impact was of uncertainty and the newness of the construction around the planning, and we have got much more rigorous in our ability to do that.<sup>27</sup>

3.17 The committee also discussed the interface between the agencies and other departments. Senator Siewert questioned the likelihood of responsibility and cost shifting between the agency and the Education and Housing Departments. The agency explained they were conscious of this risk and were developing strategies that both removed this risk and prevented service gaps. Data collection and ICT capacity were also discussed. Finally, Senator Boyce inquired as to whether the agency has processes that ensure two similar individuals in different jurisdictions receive similar plans that result in similar outcomes. The agency discussed a range of quality control mechanisms it uses to ensure these outcomes.<sup>28</sup>

### ***Social Security***<sup>29</sup>

3.18 This section commenced with discussion about the McClure welfare review and the consultation process. Senator Moore asked questions about welfare reform in New Zealand and the United Kingdom and lessons that may be taken from these by the current government. The committee discussed the idea of a one payment model or universal credit as a possible new mechanism to deliver welfare benefits.<sup>30</sup>

3.19 The committee then asked about the proposed changes to Family Tax Benefit eligibility and indexation. A document was tabled by the department that detailed some modelling of these proposed changes on families with different incomes and circumstances. The committee discussed these modelled impacts. Senators Moore and Cameron noted modelling conducted by NATSEM that appeared to arrive at a different conclusion to the department. The department explained the parameters and assumptions used in the department's modelling. Officers explained that NATSEM's modelling considered the impact of all budgetary measures on households whereas the departmental modelling considered the Family Tax Benefit in isolation.<sup>31</sup>

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27 *Proof Estimates Hansard*, 4 June 2014, pp 38–39.

28 *Proof Estimates Hansard*, 4 June 2014, pp 42–44.

29 *Proof Estimates Hansard*, 4 June 2014, pp 65–131.

30 *Proof Estimates Hansard*, 4 June 2014, pp 65–72.

31 *Proof Estimates Hansard*, 5 June 2014, pp 73–92.

3.20 The committee then moved to changes to the rate of indexation for aged pensions. The department and Minister confirmed that the rate of pension increase would be indexed using the consumer price index (CPI); however, the actual rate of pension would remain unchanged. Senator Peris asked questions about the application of a national average CPI in jurisdictions where CPI is considerably higher than this national average. The department explained that it implements policy on a national platform. Proposed changes to asset threshold rates and the numbers of pensioners impacted were also discussed.<sup>32</sup> Changes to pensioner concessions, specifically removal of Commonwealth Government contributions to State Government concessions for public transport were scrutinised by the committee.<sup>33</sup>

3.21 The committee examined the proposed indexation freeze on Disability Support Pensions (DSP) and the impact on recipients. Senator Siewert inquired into the re-assessment of some people under the age of 35. The department explained that the assessment process will result in some recipients being given return to work programmes, whilst others may have their DSP removed and be eligible for a more suitable payment.<sup>34</sup>

3.22 Senator Siewert questioned changes to working age payments. The department explained the likely impact on a number of hypothetical recipients of changes to eligibility. Specific questions about the proposed "work for the dole" scheme and the requirement to be in work or working towards a qualification were also examined.<sup>35</sup>

### ***Housing***<sup>36</sup>

3.23 Senator McLucas questioned the reduction in funding for the National Partnership on Homelessness. The department indicated that states and territories would make final decisions about changes to services in this area.<sup>37</sup> The committee discussed the government's current review of housing and homelessness policies and programmes.<sup>38</sup> The committee was also interested in interactions between the minister's office and stakeholders.<sup>39</sup>

3.24 The committee moved to a discussion about the changes to the National Rental Affordability Scheme (NRAS). The department explained that it would not proceed with round five of NRAS, although it will honour all currently tenanted properties. The committee discussed the history of the programme in light of the

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32 *Proof Estimates Hansard*, 5 June 2014, pp 96–111.

33 *Proof Estimates Hansard*, 5 June 2014, pp 112–115.

34 *Proof Estimates Hansard*, 5 June 2014, pp 115–121.

35 *Proof Estimates Hansard*, 5 June 2014, pp 121–131.

36 *Proof Estimates Hansard*, 5 June 2014, pp 6–30.

37 *Proof Estimates Hansard*, 5 June 2014, pp 6–8.

38 *Proof Estimates Hansard*, 5 June 2014, pp 9–12.

39 *Proof Estimates Hansard*, 5 June 2014, pp 16–17.

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Auditor-General's report.<sup>40</sup> Finally Senator McLucas questioned the implications of changes to welfare payments on rent assistance. The department confirmed that there would be no changes to how rent assistance is calculated.<sup>41</sup>

### *Families and Communities*<sup>42</sup>

3.25 The department tabled an Income Management Summary at the start of the session.<sup>43</sup> The committee asked a range of questions about the current trial sites in Bankstown, Shepparton, Logan, Playford and Rockhampton. Discussion turned to on-going funding for the trial and expansions into other areas. Criteria for income management customers in the Northern Territory were also canvassed. Senator Edwards raised questions about programme objectives and how the department might assist customers to regain control of their finances.<sup>44</sup>

3.26 Emergency relief funding and discretionary grant programmes were discussed. The committee had a number of questions relating to the detail in these budget measures. The department advised that it could not share the specific detail with the committee until 19 June 2014 as it would interfere with the procurement process. After extended discussion, the committee agreed that the department would return on the 19 June 2014 to discuss the discretionary grant programme in detail.<sup>45</sup> The committee requested a breakdown of where savings and spending measures had been applied between the 2013–14 and 2014–15 budgets.

3.27 Senator Moore asked questions about gambling research programmes and about reform initiatives to support problem gamblers.<sup>46</sup> Questions about eligibility, service providers and operation of the proposed Family Relationship Support Trial were raised by Senator Brown. Specific questions were asked about the *Marriage Act 1961*(Cth) that guides eligibility and how that may impact on same-sex couples and those under 18 years of age. The department assured the committee that the policy intent was to cover all relationships and that providers would not be able to discriminate against certain relationships on ethical or religious grounds.<sup>47</sup>

3.28 The committee also examined the following:

- Settlement Services;<sup>48</sup>
- Building Multicultural Communities Programmes;<sup>49</sup> and

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40 *Proof Estimates Hansard*, 5 June 2014, pp 17–25.

41 *Proof Estimates Hansard*, 5 June 2014, pp 27–28.

42 *Proof Estimates Hansard*, 5 June 2014, pp 30–41; 47–77.

43 *Proof Estimates Hansard*, 5 June 2014, p. 30.

44 *Proof Estimates Hansard*, 5 June 2014, pp 52–64.

45 *Proof Estimates Hansard*, 5 June 2014, pp 30–41; 66–74.

46 *Proof Estimates Hansard*, 5 June 2014, pp 48–52.

47 *Proof Estimates Hansard*, 5 June 2014, pp 64–66.

48 *Proof Estimates Hansard*, 5 June 2014, pp 74–76.

- National Action Plan to Reduce Violence Against Women.<sup>50</sup>

### *Australian Institute of Family Studies (AIFS)*<sup>51</sup>

3.29 The AIFS provided the committee with a status report on the Building a New Life in Australia project.<sup>52</sup> The committee had questions about the upcoming conference, the impact of the efficiency dividend on the institute and current staffing arrangements.<sup>53</sup> Senator Siewert asked questions relating to advice that the institute may have given to government on the proposed changes to adoption policy.<sup>54</sup>

### *Ageing and Aged Care*<sup>55</sup>

3.30 Proceedings commenced with a brief statement from the Assistant Minister Fifield in relation to changes to the Dementia and Severe Behaviour Supplement. The Assistant Minister indicated that there was a twelve-fold increase in supplement recipients over projected numbers. As such, the policy requires review to ensure that it is fiscally sustainable into the future.<sup>56</sup> Senator Siewert raised questions about how this policy might have been handled differently. Ms Smith explained:

Certainly the discussion we have had with clinicians at the time was that 2,000 was a reasonable estimate. That was based on a range of clinical evidence and studies that have been done with this group of people. We have talked to this same group of clinicians in the last couple of months to understand the patterns of claiming that we are seeing. They do not believe it is a reasonable conclusion that there can be 25,000 residents who have these very extreme behaviours.

Officers further explained that the review would look at the design of the scheme and the tools that are used in determining eligibility.<sup>57</sup>

3.31 The committee discussed the My Aged Care website. Senator Smith asked specific questions about the number of providers using this service to publish pricing information.<sup>58</sup> Following on from this, Senator Seselja asked questions about the new home care package levels created as part of the aged care reform package. Officers explained the additional flexibility that these two new levels—lower and intermediate—brought to the administration of this scheme.<sup>59</sup> The committee also

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49 *Proof Estimates Hansard*, 5 June 2014, pp 74–76.

50 *Proof Estimates Hansard*, 5 June 2014, pp 76–77.

51 *Proof Estimates Hansard*, 5 June 2014, pp 41–47.

52 *Proof Estimates Hansard*, 5 June 2014, pp 42–43.

53 *Proof Estimates Hansard*, 5 June 2014, pp 43–45.

54 *Proof Estimates Hansard*, 5 June 2014, pp 46–47.

55 *Proof Estimates Hansard*, 5 June 2014, pp 77–101.

56 *Proof Estimates Hansard*, 5 June 2014, pp 77–78.

57 *Proof Estimates Hansard*, 5 June 2014, p. 94.

58 *Proof Estimates Hansard*, 5 June 2014, pp 86–89.

59 *Proof Estimates Hansard*, 5 June 2014, pp 79–80.



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examined the impact of the removal of the aged-care payroll tax supplement on aged care providers. The department explained that increased revenues and capital from accommodation bonds should offset this change for aged-care providers.<sup>60</sup> Finally, the committee canvassed a range of issues about future workforce requirements in the aged care sector.<sup>61</sup>

### ***Discretionary Grants Programme***<sup>62</sup>

3.32 The Minister opened with a brief statement on the Discretionary Grants Program.<sup>63</sup> The department moved to explain a series of documents that were provided earlier in the day in addition to documentation tabled during the hearing.<sup>64</sup> The department also explained that 18 discretionary grant programmes have now been broad banded into seven grant streams.

3.33 The committee requested information that would enable a comparison between program expenditure in 2013–14 and proposed expenditure in 2014–15. Officers of the Department of Social Services expressed concern at providing some requested details due to probity issues related to a current tender process. The committee determined to hold an additional estimates hearing on Thursday 19 June 2014 to facilitate examination of the discretionary grants programmes in greater detail.<sup>65</sup>

3.34 At the additional hearing explanations relating to the estimates were received from Senator the Hon Concetta Fierravanti-Wells. Officers from the Department of Social Services were in attendance.

3.35 The department explained the difficulty in tracing where particular funding may have been moved from due to the large number of programmes administered by the department.<sup>66</sup>

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60 *Proof Estimates Hansard*, 5 June 2014, pp 82–83.

61 *Proof Estimates Hansard*, 5 June 2014, pp 94–98.

62 *Proof Estimates Hansard*, 19 June 2014, pp 2–35.

63 *Proof Estimates Hansard*, 19 June 2014, pp 2–3.

64 *Proof Estimates Hansard*, 19 June 2014, pp 4–6.

65 *Proof Estimates Hansard*, 5 June 2014, pp 68–70.

66 *Proof Estimates Hansard*, 19 June 2014, pp 6–35.



# Chapter 4

## Human Services Portfolio

### Department of Human Services

4.1 This chapter contains key issues discussed during the 2014–2015 budget estimates hearings for the Human Services portfolio.

4.2 The committee heard evidence from the department on Thursday 5 June 2014. Areas of the portfolio and agencies were called in the following order:

- Australian Hearing
- Whole of Department—Corporate Matters

4.3 The committee held an additional estimates hearing on Friday 6 June 2014 and heard evidence from the department on:

- Services to the Community—Social Security and Welfare

### *Australian Hearing*<sup>1</sup>

4.4 Senator Cameron commenced the questions by raising the recent Audit Office Report on Australian Hearing noting the largely positive feedback for the organisation.<sup>2</sup>

4.5 The committee asked a range of questions about the proposed privatisation scoping study for the organisation. These discussions focused on advice to the Minister, terms of reference for the scoping study and timeframes for completion.<sup>3</sup>

4.6 Senator Cameron discussed Australian Hearing's community service obligations, specifically in remote and regional communities. The agency noted this role, in addition to the importance of holistic healthcare, particularly in regard to remote communities and hearing loss. Australian Hearing Managing Director Mr Bill Davidson explained that:

There have been discussions about holistic solutions to hearing difficulties for some time. I will elaborate. There is data in the market at the present moment that indicates that, if we take a remote community newborn child who is tested at birth or close to birth, they have no issues with either hearing or health. Within three weeks they have started to get infections. Within three months they have hearing difficulties. It really is not a hearing issue at that stage; it is a hygiene issue.<sup>4</sup>

The agency canvassed a number of initiatives where Australian Hearing is working closely with other service providers to better integrate services. This is focused on

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1 *Proof Estimates Hansard*, 5 June 2014, pp 104–112.

2 *Proof Estimates Hansard*, 5 June 2014, pp 104–106.

3 *Proof Estimates Hansard*, 5 June 2014, pp 104–112.

4 *Proof Estimates Hansard*, 5 June 2014, pp 106–107.

education and enabling prevention strategies where hearing loss is preventable rather than simply providing cures.<sup>5</sup>

4.7 There was a discussion about the National Acoustic Laboratories and the work that is conducted there. Recent research into central auditory processing disorder was discussed. The committee also inquired into the proportion of staff employed who hold a PhD.<sup>6</sup>

4.8 Senator Cameron raised the issue of on-going funding for a number of research projects in the event of privatisation. The agency took the question on notice at the time, however, noted that a number of research projects have external funding separate from Australian Hearing. Senator Cameron also asked a range of questions about staffing and entitlements in the event of privatisation.<sup>7</sup>

#### ***Whole of Department—Corporate Matters***<sup>8</sup>

4.9 Corporate questions began with the committee requesting details on processes that notify customers of changes in government policy. Senator Cameron asked questions about scripted responses to standard enquiries, increased workloads for call centres, logistical arrangements for training staff after the release of new government policy and support mechanisms for distressed callers.<sup>9</sup>

4.10 Senator Siewert asked questions about the new aged care payment system and a number of technical difficulties encountered in the roll-out. The department explained the complexity of the task and discussed the testing protocols implemented to prevent payment discrepancies. The department noted that many of the issues have been resolved and the new system will be fully operational in the coming weeks.<sup>10</sup>

4.11 The committee discussed the myGov website and subsequent improvements to government service delivery and accessibility. Senator Smith raised the issue of privacy and security concerns with websites. The department spoke about a number of the risks inherent with these types of websites and a number of preventive measures that the department undertakes. The department noted that current security protocols were comparable with those used in the banking sector.<sup>11</sup> Senator Cameron raised a recent ANAO report on departmental security arrangements across all IT platforms noting that some areas were non-compliant from a risk perspective. The department explained its response to the findings and how it is managing these risks.<sup>12</sup>

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5 *Proof Estimates Hansard*, 5 June 2014, p. 109.

6 *Proof Estimates Hansard*, 5 June 2014, p. 107.

7 *Proof Estimates Hansard*, 5 June 2014, pp 110–111.

8 *Proof Estimates Hansard*, 5 June 2014, pp 112–137.

9 *Proof Estimates Hansard*, 5 June 2014, pp 112–120.

10 *Proof Estimates Hansard*, 5 June 2014, pp 120–124.

11 *Proof Estimates Hansard*, 5 June 2014, pp 126–127.

12 *Proof Estimates Hansard*, 5 June 2014, pp 128–129.

4.12 The committee also inquired into the ISIS mainframe. Specifically, questions were asked about the complexity of services it delivers, current support contracts and budget funding to formulate a business case to replace this system. Senator Cameron raised questions about the capacity of ISIS to continue reliable delivery of services until a replacement is obtained.<sup>13</sup>

4.13 Senator Cameron asked a range of questions about staffing numbers, the new framework for enterprise bargaining, and the impact of the efficiency dividend on budgets and staffing.<sup>14</sup>

#### *Services to the Community—Social Security and Welfare*<sup>15</sup>

4.14 Following on from several requests made by the committee during the previous day's hearing, the department provided redundancy numbers and tabled a document on call-centre scripts.<sup>16</sup>

4.15 The committee discussed recent media articles on the single parent benefit. Senator Cameron questioned the basis of these stories and if the department could verify that this example was feasible under current arrangements. Senator Moore questioned whether the department engages with media to verify or correct media reports that canvass departmental responsibilities incorrectly. The department noted that concerns of this nature rest with the policy department—Social Services.<sup>17</sup>

4.16 The committee discussed changes to the Newstart allowance and the proposed Work for the Dole scheme. Senator Siewert asked specific questions around how the scheme would work and how it might impact on those offered flexible working arrangements.<sup>18</sup> The issue of concession cards<sup>19</sup> and rent assistance was also discussed as they relate to this new scheme.<sup>20</sup>

4.17 Senator Cameron asked a number of questions related to the proposed review of Disability Support Pension recipients aged less than 35 years. The department discussed the additional staff required to implement this policy, and the number of recipients eligible for review. Requirements for rural or regional customers to travel for re-assessment were also canvassed. The on-going process for those customers found to be work suitable was also explained.<sup>21</sup>

4.18 The committee also discussed the following items:

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13 *Proof Estimates Hansard*, 5 June 2014, pp 129–132.

14 *Proof Estimates Hansard*, 5 June 2014, pp 133–137.

15 *Proof Estimates Hansard*, 6 June 2013, pp 2–38.

16 *Proof Estimates Hansard*, 6 June 2014, p. 2.

17 *Proof Estimates Hansard*, 6 June 2014, pp 2–5.

18 *Proof Estimates Hansard*, 6 June 2014, pp 6–9.

19 *Proof Estimates Hansard*, 6 June 2014, p. 25.

20 *Proof Estimates Hansard*, 6 June 2014, p. 33.

21 *Proof Estimates Hansard*, 6 June 2014, pp 8–13.

- (a) Pensioner education supplement;<sup>22</sup>
- (b) Implementation of new budget measures;<sup>23</sup>
- (c) Australian Victims of Terrorism Overseas Payments;<sup>24</sup> and
- (d) Staffing numbers.<sup>25</sup>

**Senator Sue Boyce**

**Chair**

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22 *Proof Estimates Hansard*, 6 June 2014, p. 24.

23 *Proof Estimates Hansard*, 6 June 2014, p. 27.

24 *Proof Estimates Hansard*, 6 June 2014, pp 28–29.

25 *Proof Estimates Hansard*, 6 June 2014, p. 30.

## **Additional Comments by the Opposition and Australian Greens**

1.1 Opposition and Australian Greens Senators were concerned that the Minister representing the Government at the June 19<sup>th</sup> hearing, did not provide assistance nor cooperation. While there is always dynamic interchange in any committee process, we believe that the Minister interrupted the process of questioning, did not allow, or spoke over the department officers and made extensive contributions which prevented the operation of the estimates process.

**Senator Carol Brown**

**Senator Claire Moore**

**Senator Rachel Siewert**





# Appendix 1

## Departments and agencies under the Committee's oversight<sup>1</sup>

### Social Services Portfolio

- Department of Social Services (DSS)
- Australian Institute of Family Studies

### Health Portfolio

- Department of Health (DoH)
- Australian National Preventive Health Agency (ANPHA)
- Australian Organ and Tissue Donation and Transplantation Authority
- Australian Radiation Protection and Nuclear Safety Agency (ARPANSA)
- Cancer Australia
- Independent Hospital Pricing Authority
- National Blood Authority
- National Health and Medical Research Council (NHMRC)
- National Health Funding Body (NHFB)
- National Health Performance Authority
- Private Health Insurance Ombudsman
- Professional Services Review Scheme

### Human Services Portfolio

- Department of Human Services (DHS)

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1 This document has been prepared based on the Department of Finance and Deregulation's *Chart of 110 Agencies under the Financial Management and Accountability Act 1997 (FMA Act)* as at 23 April 2013, <http://www.finance.gov.au/publications/flipchart/docs/FMACACFlipchart.pdf>



## **Appendix 2**

### **Commonwealth Authorities and Companies under the Committee's oversight<sup>1</sup>**

#### **Social Services Portfolio**

- National Disability Insurance Agency (NDIA)

#### **Health Portfolio**

- Australian Commission on Safety and Quality in Health Care
- Australian Institute of Health and Welfare
- Food Standards Australia New Zealand
- General Practice Education and Training Limited
- Health Workforce Australia
- Private Health Insurance Administration Council

#### **Human Services Portfolio**

- Australian Hearing Services (Australian Hearing)

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1 This document has been prepared based on the Department of Finance and Deregulation's *Chart of 84 bodies under the Commonwealth Authorities and Companies Act 1997 (CAC Act)* as at 23 April 2013,  
<http://www.finance.gov.au/publications/flipchart/docs/FMACACFlipchart.pdf>



# Appendix 3

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