



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

ESTIMATES

**(Budget Estimates)**

MONDAY, 31 MAY 2010

CANBERRA

BY AUTHORITY OF THE SENATE



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**SENATE COMMUNITY AFFAIRS**

**LEGISLATION COMMITTEE**

**Monday, 31 May 2010**

**Members:** Senator Moore (*Chair*), Senator Siewert (*Deputy Chair*), Senators Adams, Boyce, Carol Brown and Furner

**Participating members:** Senators Abetz, Back, Barnett, Bernardi, Bilyk, Birmingham, Mark Bishop, Boswell, Brandis, Bob Brown, Bushby, Cameron, Cash, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Farrell, Feeney, Ferguson, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Hanson-Young, Heffernan, Humphries, Hurley, Hutchins, Johnston, Joyce, Kroger, Ludlam, Ian Macdonald, McEwen, McGauran, McLucas, Marshall, Mason, Milne, Minchin, Nash, O'Brien, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Sterle, Troeth, Trood, Williams, Wortley and Xenophon

**Senators in attendance:** Senators Adams, Bilyk, Boyce, Carol Brown, Camerson, Cormann, Fielding, Fierravanti-Wells, Fifield, Furner, Humphries, Ludlam, Lundy, Moore, Parry, Ryan, Scullion, Siewert and Xenophon

**Committee met at 8.59 am**

**FAMILIES, HOUSING, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS  
PORTFOLIO**

**In Attendance**

Senator Evans, Minister for Immigration and Citizenship

Senator Stephens, Parliamentary Secretary for Social Inclusion and Parliamentary Secretary for the Voluntary Sector

**Department of Families, Housing, Community Services and Indigenous Affairs**

**Executive**

Dr Jeff Harmer, Secretary

Ms Liza Carroll, Deputy Secretary

Ms Serena Wilson, Deputy Secretary

Mr Andrew Tongue, Deputy Secretary

Mr Bruce Hunter, Deputy Secretary, Chief Operating Officer

Mr Rob Heferen, Deputy Secretary

**Group managers**

Ms Cate McKenzie, Group Manager, Women and Children

Mr Evan Lewis, Group Manager, Community Engagement and Development

Mr Tony Kwan, Group Manager, Information Management and Technology

Mr Anthony Field, Group Manager, Legal and Compliance

Ms Peta Winzar, Group Manager, Housing

Mr Barry Sandison, Group Manager, Families

Mr Nick Hartland, Group Manager, Disability and Carers

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Mr Steve Jennaway, Group Manager, Business and Financial Services  
Mr Chris Lamont, Group Manager, Social Housing Initiative  
Mr Sean Innis, Group Manager, Social Policy  
Ms Donna Moody, Group Manager, Program Performance  
Ms Julia Burns, Group Manager, Corporate Support

**Cross outcomes**

Ms Kim Vella, Acting Branch Manager, Budget Development  
Ms Helen Martin, Acting Branch Manager, Financial Accounting and Procurement  
Mr Scott Dille, Branch Manager, Business Planning and Financial Governance  
Mr Dave Agnew, Branch Manager, Property, Environment and Protective Security  
Mr Andrew Lander, Branch Manager, Communications and Media  
Ms Susan Black, Branch Manager, Ministerial, Parliamentary and Executive Support  
Ms Lynette MacLean, Branch Manager, People Branch  
Mr Allan Groth, Branch Manager, Strategic Policy  
Ms Diana Lindenmayer, Acting Branch Manager, Social Security Policy  
Ms Michalina Stawyskyj, Branch Manager, International  
Mr Russell Maher, Acting Branch Manager, Performance Management and Modelling  
Ms Andrea Lanyon, Branch Manager, Research and Analysis  
Ms Alanna Foster, Branch Manager, Seniors and Means  
Mr Andrew Howard, Branch Manager, Compliance  
Mr Simon Taylor, Branch Manager, Public Law  
Dr Loucas Nicolaou, Branch Manager, Audit

**Outcome 1—Families**

Ms Karen Wilson, Branch Manager, Children's Policy  
Ms Lee Emerson, National Program Manager, Family Support Program  
Mr Andrew Whitecross, Branch Manager, Family Payments  
Mr Mark Warburton, Branch Manager, Paid Parental Leave  
Ms Heather Evert, Section Manager, Paid Parental Leave  
Ms Allyson Essex, Branch Manager, Child Support Policy  
Ms Sonia Cornelly, Acting Branch Manager, Family Support Program, Strategic

**Outcome 2—Housing**

Ms Susan Finnigan, Branch Manager, Affordable Housing Programs  
Ms Kate Gumley, Branch Manager, Homelessness  
Ms Leesa Croke, Branch Manager, Office of Housing  
Mr Ross Bain, Branch Manager, Social Housing

**Outcome 3—Community capability and the vulnerable**

Mr John Riley, Acting Branch Manager, Money Management  
Ms Caroline Edwards, Branch Manager, Welfare Payments Reform  
Ms Agnieszka Nelson, Acting Section Manager, Welfare Payments Reform  
Ms Jill Farrelly, Branch Manager, Community Investment  
Ms Sharon Rose, Branch Manager, Disability and Carers Payments  
Ms Lucy Bitmead, Branch Manager, Disaster Preparedness and Recovery

**Outcome 4—Seniors**

Ms Alanna Foster, Branch Manager, Seniors and Means Test

Ms Jill Farrelly, Branch Manager, Community Investment

**Outcome 5—Disability and carers**

Ms Deborah Winkler, Branch Manager, Mental Health and Autism

Ms Sharon Rose, Branch Manager, Disability and Carers Payments

Ms Karen Gauntlett, Section Manager, Disability and Carers Programs

Ms Helen Bedford, Branch Manager, Disability and Carers Policy

**Outcome 6—Women**

Ms Sally Moyle, Branch Manager, Office for Women

Ms Fiona Smart, Branch Manager, Safety Taskforce

Ms Liz Stehr, Branch Manager, Safety Taskforce

**Equal Opportunity for Women in the Workplace Agency**

Ms Mairi Steele, Acting Director

Ms Vanessa Paterson, Manager, Program and Reporting

**CHAIR (Senator Moore)**—I declare open this hearing of the Senate Community Affairs Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2010-11 and related documents for Families, Housing, Community Services and Indigenous Affairs portfolio and the Health and Ageing portfolio. The committee must report to the Senate on 22 June 2010, and it has set 30 July 2010 as the date by which answers to questions on notice are to be returned.

Officers and senators are familiar with the rules of the Senate governing estimates. If you need assistance, the secretariat has copies of the rules. I particularly draw attention to the Senate order of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised, and which I now incorporate in *Hansard*.

*The document 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).

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

**CHAIR**—I welcome the minister, Senator the Hon. Chris Evans, the departmental secretary, Dr Jeff Harmer, and the staff members of the Department of Families, Housing, Community Services and Indigenous Affairs. Senator the Hon. Ursula Stephens will be attending for outcome 2, Housing, which is this evening. Minister, would you like to make an opening statement?

**Senator Chris Evans**—No, thank you.

**CHAIR**—The committee will begin today's proceedings with cross-outcomes and corporate matters, and then we will follow the order as set out in the circulated program. Dr Harmer, we are going to try to go program by program and subsection by subsection. This will be a challenge to all of us. I have assured people that we are going to be as flexible as we can, but we are going to really try to go subprogram by subprogram.

[9.01 am]

**CHAIR**—We will kick off with the cross-areas. Senator Fifield, do you want to start?

**Senator FIFIELD**—Thank you, Chair. Good morning, Dr Harmer. Good morning, Minister. Dr Harmer, what is the total number of staff in FaHCSIA at the moment?

**Dr Harmer**—As of May this year, 3,542.



**Senator FIFIELD**—How many of those are SES staff?

**Dr Harmer**—One hundred and twenty-eight.

**Senator FIFIELD**—Would you have those same figures for 2007?

**Dr Harmer**—We can get them for you, yes. We will take that on notice.

**Senator FIFIELD**—Thank you. How many FaHCSIA staff have left the organisation since the last estimates—resigned or retired?

**Dr Harmer**—Again, we will certainly be able to give you that one. I do not know whether we have it at hand.

**Ms Burns**—We have that figure for this financial year and for last financial year. We do not have it since last estimates. We would have to take that on notice.

**Senator FIFIELD**—If you could, thank you. Give me those that you have.

**Ms Burns**—You are after resignations, retirements?

**Senator FIFIELD**—Resignations or retirements.

**Ms Burns**—In 2008-09, there were 165 resignations and 15 retirements. Year to date for this financial year, it is 147 and 19 respectively.

**Senator FIFIELD**—Have all those positions been replaced?

**Ms Burns**—There has been no net decrease in our staffing numbers, but whether those actual positions have been replaced or not, I could not say.

**Dr Harmer**—Broadly the answer is yes, although the specific positions may not have been.

**Senator FIFIELD**—For 2008-09, can you provide the staff travel budget?

**Dr Harmer**—We will be able to give you that. I doubt whether we will have it at our fingertips. You mean expenditure on travel?

**Senator FIFIELD**—That is right.

**Dr Harmer**—Which includes air travel, road travel et cetera?

**Senator FIFIELD**—Air travel seems to be what people are most interested in.

**Dr Harmer**—Is it that that you are interested in?

**Senator FIFIELD**—If you can provide more than air travel—some departments say, ‘We can provide air travel easily but other forms are a little harder.’

**Dr Harmer**—Air travel would be relatively easier than the whole lot because, as you can imagine, in the Northern Territory we have got a lot of government business managers who have trips, and to total that up would be quite a difficult chore.

**Senator FIFIELD**—That which is easy to get, such as air travel.

**Dr Harmer**—Yes. Okay.

**Senator FIFIELD**—We do not need bus fares and tram fares.

**Dr Harmer**—Sure.

**Senator FIFIELD**—Thank you. How much has the department expended on external legal advice or retaining external counsel since 2008?

**Dr Harmer**—The figures for consultancies for 2008-09 will be in our annual report. You would be very easily able to find out what we spent for external consultancies. I suspect our legal officer will be here and, when he comes, we will try and provide you with that answer.

**Senator FIFIELD**—Thank you.

**Dr Harmer**—We may be able to do that this morning.

**Senator FIFIELD**—That list breaks it down to legal as well?

**Dr Harmer**—Yes.

**Senator FIFIELD**—Thank you. Is the department currently examining any staffing reductions?

**Dr Harmer**—We are constantly managing our budget and, as you would imagine for a policy department like FaHCSIA, staffing is the main element of our budget allocation. Over the last few years we have managed our budget particularly well. We have come in pretty close to our projected budget. We have a range of strategies to allow us to do that. We have a projection for next year. We are already working on the allocation of the budget for our divisions for next year and we will be allocating the budget according to our expected income for next year. On whether that means that we are projecting a decline or an increase, I will turn to Mr Hunter, but, as you know, the additions to the base of our budget come from new policy proposals that come in during the budget and the cessation of new policy that has run its course. The balancing of those gives us a number for 2010-11.

**Mr Hunter**—As Dr Harmer has just outlined, we also add back wage cost index and less the efficiency dividend across the board so that we manage, in a transparent way through our organisation, staff numbers. Our budget for next year is reasonably stable compared to this year, so we are expecting our staff numbers to be relatively the same. We have had some growth in the last couple of months where we have taken on an additional 82 staff in the graduate program, which of course is important for our succession planning and our capability going forward as a department.

**Senator FIFIELD**—Are you looking at all at restructuring the way you do things so that you can deliver similar output with fewer staff? Obviously I take the point that you look at what the government requires of you and you work out the staff that you need accordingly, but I am just wondering if, separate to that, the department is looking at any ways that it can provide an equivalent level of service to that which it currently does, but with fewer staff or with restructuring internally?

**Dr Harmer**—We are constantly looking at FaHCSIA's capability to serve the government. As part of that, we are constantly looking at what we need to do with training, what we need to do with recruitment, what we need to do with the various elements of our equipment, IT, the balance between other expenditure and travel et cetera. We have, over the last few years, managed our budget very effectively and efficiently by looking at all of those elements. We do it each year and we do it constantly.

**Senator FIFIELD**—Has there been any cut to the funding for marriage counselling, education programs or family relationship centres?

**Dr Harmer**—If you are going to specific programs—

**Senator FIFIELD**—You would prefer me to go to relevant outcomes?

**Dr Harmer**—Yes.

**Senator FIFIELD**—No problem.

**Dr Harmer**—I suspect I do not have the people here to answer, in particular, the families question.

**CHAIR**—That is tomorrow.

**Senator FIFIELD**—How much has the department spent on advertising in 2009-10 to date?

**Dr Harmer**—We might have that. If you just bear with us, we will try and find the number.

**Senator FIFIELD**—Advertising or awareness campaigns. I know the word ‘campaign’ has particular meanings in terms of department expenditure.

**Ms Burns**—What period?

**Senator FIFIELD**—In 2009-10.

**Dr Harmer**—Year to date?

**Senator FIFIELD**—Year to date.

**Mr Lander**—In 2009-10 to date, we have spent, on campaigns, \$1.2 million and, on non-campaign advertising, approximately \$900,000.

**Senator FIFIELD**—Was the \$1.2 million on campaign advertising for a particular program?

**Mr Lander**—That was the Secure and Sustainable Pensions campaign.

**Senator FIFIELD**—That constitutes all of the \$1.2 million, does it?

**Mr Lander**—That is right.

**Senator FIFIELD**—Are you able to provide the same for 2008-09?

**Mr Lander**—For campaigns, that was \$8,030,000; for non-campaign advertising, \$2,063,000 approximately.

**Senator FIFIELD**—Can you just give me an example of non-campaign advertising?

**Mr Lander**—It would include advertising for requests for tenders, expressions of interest and those sorts of things.

**Senator FIFIELD**—Do you also have those figures for 2007-08 and 2006-07?

**Mr Lander**—I have got them for 2007-08. We did not spend anything on campaigns in 2007-08. On non-campaigns, we spent \$2,073,000 approximately.

**Senator FIFIELD**—Are you able to take on notice the amounts for 2006-07?

**Mr Lander**—Certainly.

**Senator FIFIELD**—Dr Harmer, do you have any emergencies in terms of advertising needs that are currently in the pipeline in your portfolio?

**Dr Harmer**—The thing about emergencies is that they are very difficult to predict.

**Senator FIFIELD**—The funny thing is, they are even difficult to predict or talk about after they have occurred, we discovered in estimates earlier this week. Sometimes they are happening and decisions have been made but they are not necessarily shared, which is why I am asking.

**Dr Harmer**—I will regard that as a comment.

**Senator FIFIELD**—I know that would never happen here, Dr Harmer.

**Dr Harmer**—We do our best, as you know.

**Senator FIFIELD**—Indeed.

**Dr Harmer**—I am not aware of anything out of the ordinary coming up for us, if that is what you are asking.

**Senator FIFIELD**—Sure. Thank you. Minister, I am sure that, if there was, you would ensure that it was shared here today.

**Senator Chris Evans**—You would be the first to know, Senator Fifield.

**Senator FIFIELD**—Butter would not melt, Minister.

**Senator Chris Evans**—Put it this way: you would know as much as I did, quickly.

**Senator FIFIELD**—I do not believe that for a second. Dr Harmer, has FaHCSIA spent anything on hospitality in the year to date?

**Dr Harmer**—Yes, we did. We regularly spend on our hospitality. We have visitors, international visitors; we have meetings that we organise with external stakeholders—we have a whole range of things that classify as hospitality. When we have conferences, we sometimes provide lunch, morning teas, afternoon teas. All those sorts of things come under our hospitality. I am giving my colleagues some time to find the right brief, but we have data on our hospitality expenditure over the last few years.

**Mr Jennaway**—Our year to date, to 30 April this year, expenditure on hospitality was \$190,258.

**Senator FIFIELD**—Are you able to provide a breakdown of the elements of that hospitality?

**Mr Jennaway**—That is a little more difficult. We have previously indicated in answers to questions on notice the amount of effort to provide a lower level breakdown is quite significant, because this is a number that we get out of our financial system. Whilst we have it coded in the system, in its own it is not a particularly helpful breakdown, if we were just to produce the printout. That is quite a substantial effort for us.

**Senator FIFIELD**—That is a handy system sometimes. Just in the broadest possible categories, are you able to provide things such as food and drink, venue hire—things that broad?

**Dr Harmer**—The vast majority would be on exactly that for functions: food and drink and venue hire.

**Mr Jennaway**—That is correct.

**Dr Harmer**—You can imagine a department as big as FaHCSIA, with as many external stakeholders and as many programs that are run across the board, just in managing the relations and our responsibilities with the various groups that represent families, disabilities, housing, homeless, Indigenous affairs, women's groups, children—the whole stack of areas that we cut across—there is a very big need to run conferences and functions. I do not know whether we have it broken down. We will have a go at it for you. We have got nothing to hide in that regard.

**Senator FIFIELD**—If you could. Not that I am suspecting that this is the case here, but I recall in a previous incarnation, when I worked in a state jurisdiction, discovering that the Victorian Tramways spent \$200,000 a year on biscuits. I do not suspect that FaHCSIA is doing anything of that nature but that is why the question is asked. If a broad breakdown is provided then we can be assured.

**Dr Harmer**—We will have a go at that. I should say that one of the things that we do—including Mr Jennaway, the Chief Financial Officer, and Mr Hunter, on my right, the Chief Operating Officer— is to take a very, very careful look at our budget each year, and we are always looking to make sure that we are very efficient with our expenditure.

**Senator FIFIELD**—Are you able to provide any insight or do you need some time?

**Mr Jennaway**—What I have in front of me here will really only confirm what Dr Harmer has already said. Broadly, that is what we spend our hospitality on. That is the number that I have given you.

**Dr Harmer**—I can say, for example, that our expenditure in 2009-10 is substantially less than it was in 2006-07, 2007-08 and 2008-09.

**Senator FIFIELD**—Are you able to provide the figures for those financial years?

**Dr Harmer**—I am. The difficulty is the basis for the definition. We have moved our definition for hospitality to align it with those of other departments. We have excluded some things that we previously used to include in our accounting for hospitality, so it is not apples with apples. To give you an idea, 2006-07 was \$830,000, 2007-08 was roughly \$516,000 and 2008-09 was \$534,000. Year to date this year is \$190,000.

**Senator FIFIELD**—Just roughly, what are the sorts of entities which would have been excluded that may have contributed to a smaller figure?

**Mr Jennaway**—What we did to try and align this better with other agencies' reporting was to exclude those things that you would broadly call 'sustenance', where we are having working lunches or meetings, some training for staff, other types of meetings of that nature where we are providing food for staff. We have excluded those from the hospitality numbers.

**Dr Harmer**—Also, there is internal workshops and training, which most departments do not regard as hospitality. When we looked at our definition we believed that it was too encompassing, so we have actually taken things like training, workshops et cetera out of our hospitality because they are not really hospitality. They are part of ongoing business.

**Senator FIFIELD**—Sure. I think, Mr Jennaway, you said that sustenance has been removed from—

**Mr Jennaway**—That was what I was broadly classifying it as. Essentially, it is where we are keeping people at a venue on site, as Dr Harmer was saying, be that training or a workshop, and where we are getting better value for money by having our people there and continuing to be there.

**Dr Harmer**—For example, if we hold, as we do from time to time, a meeting with, say, our government business managers or people working in Indigenous affairs in Alice Springs—a two-day workshop for training, cultural training or education awareness, or something like that—the morning and afternoon tea is not exactly hospitality. It is associated with the training function, so we have excluded that.

**Senator FIFIELD**—That is all right. I think it was at human services estimates where we heard the phrase ‘sustenance’ used for the first time.

**Mr Jennaway**—It is probably more a CFA term.

**Senator FIFIELD**—But we decided that sustenance was for wellbeing and hospitality was more for conviviality.

**Dr Harmer**—That is probably a reasonable definition. Is that what you agreed in the previous hearing?

**Senator FIFIELD**—I think we settled on ‘hospitality’ as actually being more an expression of good manners in many cases—with a cup of tea.

**Dr Harmer**—Yes.

**Senator FIFIELD**—Are you able to provide the figure for sustenance for the year to date, Mr Jennaway?

**Mr Jennaway**—Perhaps it is best that we do not continue with the sustenance title.

**Senator FIFIELD**—I would not have raised it had you not, Mr Jennaway.

**Mr Jennaway**—Yes. I appreciate that. Thank you. For this year to date, to 30 April, in the department we have had catering for working meals amounting to \$240,519 and catering for external meetings at \$214,762. We also have a category of ‘reward and recognition for staff’, and that has amounted to \$19,750.

**Senator FIFIELD**—Reward and recognition for staff is internal recognition—

**Dr Harmer**—Yes, correct.

**Senator FIFIELD**—for good performance, and you might have an afternoon to—

**Mr Jennaway**—Yes, it is very small amounts.

**Dr Harmer**—For the funding of certificates, afternoon tea—things of that sort.

**Senator FIFIELD**—Would the figures for the external meetings, the reward and recognition and the working meetings previously have been combined with the hospitality number?

**Mr Jennaway**—That is correct.

**Mr Hunter**—Can I just jump in?

**Senator FIFIELD**—Yes.

**Mr Hunter**—I think Senator Humphries has asked a number of questions in the past about hospitality, and our definition has been much broader than that of other APS agencies. Restricting it to the hospitality side of things, as Mr Jennaway has outlined, brings us in line with what other agencies are doing. We are able to track the catering for those working meals and also the external meetings separately with our chart of accounts now. Can we drill down into exactly how many biscuits are being bought every day? No, we will not be able to do that.

**Senator FIFIELD**—It is not like the biscuits are being rationed.

**Mr Hunter**—No, they are not. But what I would say is that we have revised our chief executive instructions and our delegations, and we have got strict delegations of who can buy what in the organisation, to make sure we have strict controls in that space.

**Senator FIFIELD**—Who can buy biscuits?

**Mr Hunter**—There would be a range of people that can buy biscuits. It is probably—

**Dr Harmer**—We will give you a detailed breakdown, I think.

**Senator Chris Evans**—No. Hang on.

**Dr Harmer**—We are getting into territory now—

**Senator Chris Evans**—I doubt that Senator Fifield would want to waste taxpayers' money asking for a list of who can buy biscuits. I think we ought to be careful.

**Senator FIFIELD**—Minister, it all depends on whether the cost of biscuits is more than the cost of fulfilling the request, I guess.

**Dr Harmer**—What we will do for you—

**Senator Chris Evans**—What are you actually after?

**Senator FIFIELD**—The factor by which it does.

**Senator Chris Evans**—Senator Fifield, we are happy to be reasonable. I do not want to stop your line of questioning, but I do not want the department spending \$30,000 to work out we bought \$19,000 worth of tea and biscuits. I think some balance here is required.

**Senator FIFIELD**—I am sure it would not cost that much. I am sure the department would not do that if that were the case. Dr Harmer is too good a husband of the resources of the department for that to happen, Minister.

**Dr Harmer**—Senator, we will give you what our chart of accounts will give us. That will be relatively straightforward and it will give us a higher level breakdown, but it certainly will

not go to that amount of detail. As the minister said: you are right, I would not authorise going through the work to give that.

**Senator FIFIELD**—It was more a cheeky way of asking what the thresholds are.

**Senator Chris Evans**—I know, Senator.

**Dr Harmer**—Sure. We can give you that on notice.

**Senator FIFIELD**—Not item-specific, but more what the thresholds are for who can. But you would be amazed at how those biscuits add up.

**Senator Chris Evans**—I think the officer pointed out to you that actually the total costs have been in decline. You are quite right.

**Senator FIFIELD**—But, Minister, if you add together the external meetings, the working meals, the reward and recognition and the hospitality, the figure for the year to date, to me, looks as though it is bigger than for the previous year.

**Dr Harmer**—I am pretty confident it has declined, but we will give you that on notice.

**Senator FIFIELD**—Okay.

**Dr Harmer**—I think it has been gradually going down over the last four or five years. One of the reasons it has is that as we have been managing our budget, which we do very carefully, we have looked at where we can trim and cut, and we have been doing that.

**Senator FIFIELD**—I look forward to the information. Thank you for that. Just in terms of hospitality, are there any particular annual events which are fixtures in the FaHCSIA calendar?

**Mr Jennaway**—In relation to hospitality, we do not have a calendar that we could show you with the range of annual events. However, we do annual business planning in each of our branches and groups. Typically, those would take a day to do and so there would be—sorry, no. I need to retract that. I was just moving into our staff events. On the hospitality side, I do not have enough information on that. Sorry.

**Senator FIFIELD**—Okay.

**Dr Harmer**—The only significant ones would be associated with major government-supported functions which, as far as I am aware, would have been consistent for the last few years—Indigenous NAIDOC Week, those sorts of things.

**Senator FIFIELD**—Thank you. Just back to the working meetings—I think you referred to them as that—for the year to date, the \$240,000-odd. That figure would be a combination of food and venue hire.

**Dr Harmer**—Yes.

**Senator FIFIELD**—So you will endeavour to get the breakdown of that, again, just in broad terms for venue hire, food, beverages, the external meetings and the reward and recognition.

**Dr Harmer**—Sure. As you can imagine, a department like FaHCSIA is very dispersed, necessarily, because of our business. We have got a big office in Canberra, we have got big offices in each of the state and territory capitals and we have also got Indigenous coordination



centres in regional centres. We have got locations across the north for our remote service delivery sites. We are in 63 Northern Territory towns because of the Northern Territory Emergency Response. We have a lot of locations. That is part of the challenge in managing the budget.

**Senator FIFIELD**—Sure. I appreciate that. Given that is a difficulty and partly a function of the variety of sites that you operate from and the range of activities the department is involved in, is there any work being done to make the collection of that sort of information easier or to change the categories that the various locations have to report in?

**Mr Jennaway**—Not specifically. The main change for us was to identify hospitality separately. I think the way our charter of accounts is set up we have a very large number of very small amounts of expenses generally across the board. I guess dollars for reinvestment in systems are relatively scarce, and we are not planning on doing any further work on desegregating that at this point in time.

**Dr Harmer**—We manage this area through two methods. We have got a charter of accounts which has the classification and we have got chief executive instructions which broadly frame the way decisions need to be made and accounted for. They are the two things, and we are not planning any changes to those.

**Mr Hunter**—Typically, the more categories that you put in the space, the more likely the quality will diminish and people will just lump it into a certain code, so trying to provide more information sometimes is not as accurate as you would like.

**Senator FIFIELD**—No. I appreciate that it is a balance.

**Mr Hunter**—Yes. There is materiality that comes into this as well.

**Senator FIFIELD**—Thank you for that. It may only encourage more and more detailed questions from estimates as well. I appreciate that it is a balance as well in terms of the effort required to provide information.

**Dr Harmer**—We try to be as helpful as we can within the data that we have that is already available.

**Senator FIFIELD**—Dr Harmer, you are a model.

**Dr Harmer**—Thank you.

**Senator FIFIELD**—I am interested in the department's consultation with the community sector in the period before the federal budget. I know the Treasury formally called for pre-budget submissions. Does FaHCSIA have its own process in parallel with that? Treasury called for submissions across all portfolios, but I was wondering if FaHCSIA has its own.

**Dr Harmer**—We do not have any particular organised consultation in relation to the budget. With all of our program areas we have a regular consultation process. We have regular meetings. We attend conferences. We do get, from time to time, submissions provided to us in the lead-up to the budget, but there is no ordered or formal process for that.

**Senator FIFIELD**—You would get a number of unsolicited submissions in the period before the budget as well.

**Dr Harmer**—We do.

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**Senator FIFIELD**—What is the internal process for handling those?

**Dr Harmer**—Sometimes they come to the minister; sometimes they come to the department. If they come to the department, we provide policy advice on them to the minister if they were substantial. Some of them are letters; some of them are formal submissions. There are a variety of things and it depends on the nature of the suggestions and the nature of the documentation. Sometimes it is emails.

**Senator FIFIELD**—Thank you. You mentioned the ongoing consultations which the department has. Does the department engage external consultants to undertake those consultations, or are those done by the relevant officers in each section?

**Dr Harmer**—In the vast majority of cases, they are done by officers either in national offices or state and territory offices. There are meetings from time to time that occur between departmental officers and external stakeholders, sometimes requested by them and sometimes requested by us. There is an enormous variety, but rarely—it would happen, perhaps—would we engage a consultant to do it. It would really be very much between ourselves, departmental officers and the body or the organisation we are consulting with.

**Senator FIFIELD**—Sure. On occasion, I guess, for specific purposes you might engage an external consultant to—

**Dr Harmer**—I would hesitate to say no to that, because it is always possible that we have, but it would be the exception rather than the rule.

**Senator FIFIELD**—Sure. I appreciate that. I read the other day that the Prime Minister's wife, Ms Rein, has indicated that she has a role in assisting the department in developing policy. It was in particular to help draw up a uniform building code to make standards for people with disabilities and the aged. Can you provide some background as to how that input into the policy development process occurred?

**Dr Harmer**—I will need to direct you to when we have got disabilities officials. Outcome 5 tomorrow would be a more appropriate opportunity. I can say though that I do know that Ms Rein has a particularly keen interest in issues around disability. I know that from my contacts. She is very passionate about some of those issues, and we are delighted as a department to have the Prime Minister's wife helping with some of those issues. We would be more able to answer the question at outcome 5 tomorrow.

**Senator FIFIELD**—I will certainly direct specific questions there, but I would think that the general concept and principle of the provision of policy advice from a prime minister's spouse is one which might be most appropriately canvassed in cross-portfolio—without necessarily going into the detail of the advice. I am sure that the secretary of the department would, if not the first, certainly at least be the second person to know that there was the possibility of the involvement of a prime ministerial spouse in the provision of policy advice.

**Dr Harmer**—I can answer in broad terms because I have actually attended a luncheon, for example, at the Lodge, where Ms Rein hosted a meeting of people from the building industry and people from various disability sectors, including people from disability organisations, to talk about how we could do better in terms of accessibility of building design for people with wheelchairs and people with disabilities. It was a particularly useful meeting. There was some

follow up from our people with the builders et cetera. I am operating from memory now. I am not sure when that was; in the last couple of years certainly. There have been other meetings of that type which have been enormously valuable for us in terms of getting key people in the one room to talk about how we can move ahead with making buildings more accessible. They are the sorts of things that I am aware of.

**Senator FIFIELD**—Did you say that was at the Lodge or Kirribilli?

**Dr Harmer**—The Lodge.

**Senator FIFIELD**—Did that particular function predate Ms Rein's more formal involvement in—

**Dr Harmer**—I am not aware of that. I will need to direct you to outcome 5 tomorrow for more information than that. I am aware of that, and it has been particularly useful.

**Senator FIFIELD**—Sorry, you are aware of?

**Dr Harmer**—Aware of the broad level of support from Ms Rein particularly on this issue around disability, and I know that she has hosted at least one, but I think quite a few others where people from the building industry and disability organizations have been involved to talk about how we can do better in this area, which is terrific.

**Senator FIFIELD**—I appreciate that prime ministerial spouses do have a capacity to raise the profile of particular issues. The report I read in the *Sunday Telegraph* of 2 May said Ms Rein:

... is helping to draw up a uniform building code requiring new homes to meet certain standards for the disabled and aged.

The Prime Minister's wife, Therese Rein, has revealed she is playing an active policy-making role in the Rudd government—a major break with tradition.

This is the article:

Ms Rein is sitting in on high-level discussions with industry and disability groups, outlining her expectations and lending Kirribilli House for meetings.

Her involvement, a departure from precedent in Australia, has echoes of ...

It goes on to talk about comparisons with US first ladies.

**Senator Chris Evans**—Can I just make a point there. That is obviously a bit of editorial from this column. I am not sure what the basis of that is. I think, Dr Harmer—I do not want to curtail your question—basically said it was about support for the disability initiatives of the department and their involvement with Ms Rein, and you will get that in program 5.

**Senator FIFIELD**—And I am—

**Senator Chris Evans**—We will try and help you with the detail there.

**Senator FIFIELD**—Sure.

**Dr Harmer**—And I am not aware that there is anything specific in terms of funding. I think that the article would be—and I was not aware of it, but as you have read it out, that would be totally consistent with the role that I do know Ms Rein plays, which is hosting key meetings, getting key policymakers and practitioners together to talk about improvements. So

it would not be inconsistent. I suspect that that is all it is, but we will provide you, at outcome 5, with any more information. For example, if you are after whether we are paying for any of that in particular, we will be able to answer that in 5.

**Senator FIFIELD**—Sure. I will ask—

**Dr Harmer**—I think it is unlikely, frankly.

**Senator FIFIELD**—Sure.

**Dr Harmer**—I think that the article is totally consistent with the role Ms Rein plays in hosting events and prompting the right discussion in groups.

**Senator FIFIELD**—Dr Harmer, when did you first become aware that Ms Rein was playing a role in facilitating discussions and having input to policy development?

**Dr Harmer**—It was some couple of years ago probably now. It was very early on. I understood, because we run the disability programs group and division, we have a critical interest and link with lots of disability organisations, and it was in that context that I was aware of the Prime Minister's wife's involvement and passion for this area.

**Senator FIFIELD**—And we would all commend that interest. I certainly would. Has that interest become more formalised? It would appear from what was reported in the paper that that interest has become more formalised.

**Dr Harmer**—I do not know about more formalised, but possibly more active. I know there have been a number of events, one of which I have attended which was a particularly useful function to get key people from the building and construction industry together with people with disabilities to talk about how we could do better. Those sorts of events are quite important in driving an agenda. I suspect that is what the article is talking about.

**Senator FIFIELD**—You were an attendee at that meeting.

**Dr Harmer**—At one of them, yes. But I think there have probably been others.

**Senator FIFIELD**—Sure.

**Dr Harmer**—I am almost certain there have been.

**Senator FIFIELD**—The meeting that you were at, was that initiated by the department or by Ms Rein?

**Dr Harmer**—That was initiated by Ms Rein.

**Senator FIFIELD**—We will just stick for the moment to that meeting which you attended. Did the department provide any briefing notes to Ms Rein for that?

**Dr Harmer**—I do not recall. I do not think we did, but I will take that on notice.

**Senator FIFIELD**—Sure. If you could, that would be appreciated.

**Dr Harmer**—I must say that, having been there and listened to Ms Rein's introduction, she knew a lot about the issue and had obviously done quite a bit of thinking and had some personal experience that made her very well informed about it.

**Senator Chris Evans**—Are you saying it was better than you thought, given the speaking notes you would normally provide?

**Dr Harmer**—Not at all, but I was very impressed with her knowledge.

**Senator FIFIELD**—And I think I recall seeing, it might have been on *Australian Story*, where Ms Rein shared some of the family experiences. Dr Harmer, have you received any requests from the Prime Minister's office or had any contact from the Prime Minister's office indicating that Ms Rein would like to take more of an interest in this policy area and would like to have input into policy in this area?

**Dr Harmer**—No, I have not, and I am not aware of anyone—I stand to be corrected. I am always careful about this because I am not aware of all the contacts, but I am pretty confident that that is an initiative from Ms Rein herself and she has got very good contacts and has been extremely helpful in getting people in the room talking about these important issues.

**Senator FIFIELD**—If you could take on notice whether there has been any contact from the Prime Minister's office to your department indicating that? When I say the Prime Minister's office, I include whatever support Ms Rein may have in the Prime Minister's office. Dr Harmer, you said at the meeting that you were at at the Lodge that you are not aware if any briefing material or briefing notes were provided to Ms Rein. Again, if you could take that on—

**Dr Harmer**—I will take that on notice.

**Senator FIFIELD**—Has Mr Shorten indicated to you that Ms Rein would like to have input into policy in this area?

**Dr Harmer**—No, but I know Mr Shorten would have been involved in some of those, because he is a very active parliamentary secretary driving reform in this space as well. He has a similar passion for the improvement in, particularly, access to buildings.

**Senator FIFIELD**—You said that the function you were at at the Lodge was initiated by Ms Rein. What is the interface between a prime ministerial spouse and a department such as FaHCSIA for the convening of a gathering such as that?

**Dr Harmer**—I, again, would need to check, but I am pretty confident I got a private invitation to the Lodge. I was the only departmental officer there.

**Senator FIFIELD**—Okay.

**Senator Chris Evans**—I think, as I understand it, Dr Harmer is saying that they did not organise it, so he was there as a guest.

**Senator FIFIELD**—Sure.

**Dr Harmer**—Yes, I was.

**Senator FIFIELD**—I appreciate that. I am trying to establish the extent to which the input into policy development by Ms Rein is one which is initiated by Ms Rein as opposed to one which is facilitated or sought by the department.

**Dr Harmer**—In my experience, it is very much initiated by Ms Rein.

**Senator FIFIELD**—Sure. You said that a number of things came out of that meeting at the Lodge. Did you minute that meeting or do a file note, Dr Harmer?

**Dr Harmer**—No. It was an informal chat around a luncheon table.

**Senator FIFIELD**—You said that a number of positive things came out of that meeting. Can you identify what they were?

**Dr Harmer**—I remember talking with my state and territory colleagues, the heads of housing departments who manage big portfolios of public housing stock, about how much easier it is to build accessibility into a new building than it is to modify existing buildings, and just in informal discussion urging them to look again at their construction building methods to try to do better in the new construction phase in terms of making them accessible. Reflecting back on the discussion, a number of the builders there were able to give, around the table, some interesting figures about just how much cheaper it is to do it when you are building a new house as opposed to having to modify it once it is built, in terms of the width of corridors, the width of doorways and railings, and things like that.

**Senator FIFIELD**—Sure. Thank you. I will follow this up when disabilities comes before estimates, and maybe, Dr Harmer, it might facilitate things if some of these things could be taken on notice so that when I ask the questions at disabilities the answers can be given.

**Dr Harmer**—I am sure that my disabilities people will be watching.

**Senator FIFIELD**—That would be good, and, if it could be provided, the number, date and place of any meetings which officers of FaHCSIA have been involved with with Ms Rein on disability or other FaHCSIA related policy, whether they be—

**Dr Harmer**—There may have been some events that we were not involved in. We would not necessarily know about those.

**Senator FIFIELD**—No. Only those of which the department has knowledge and provided an officer or provided briefings for Ms Rein, whether they be at Kirribilli House, the Lodge or some other location, and also who attended those meetings and whether there was any cost to FaHCSIA in supporting those meetings. Is there—and the answer may well be no—any protocol for how the department handles requests from prime ministerial spouses?

**Dr Harmer**—No, not that I am aware of. We handle it politely.

**Senator FIFIELD**—You do with everyone.

**Dr Harmer**—If we get invited and we can attend, we attend, which is what I did.

**Senator FIFIELD**—But in terms of requests for briefing.

**Dr Harmer**—If we get a request for briefing, we would provide the briefing. We would probably provide it to the minister or the parliamentary secretary. I do not know. I think, from this point, we would be better waiting for the people who actually are in the disability programs area who would know the answer to that. I do not want to speculate.

**Senator FIFIELD**—Are you aware of any other involvement in policy development that Ms Rein has in FaHCSIA other than in the disability area?

**Dr Harmer**—No.

**Senator Chris Evans**—I think that premise the question that has not been established. Mr Harmer has not said that Ms Rein is involved in policy development inside FaHCSIA. In fact, he has said quite the opposite.

**Senator FIFIELD**—Actually I am not sure Dr Harmer has said that Ms Rein is not. I do not know that he has said that she necessarily is in what we would understand to be the traditional understanding of policy development in departments, but Ms Rein clearly is having an involvement in policy issues in the disability area. Dr Harmer has pointed out, not at the initiative or request of FaHCSIA, but it is just an expression of the interest of Ms Rein.

**Senator Chris Evans**—Your question was in FaHCSIA, and I am just making the point that Ms Rein may well be engaged and active on the issue. That is different from being involved in policy development inside FaHCSIA. I am just making the distinction. If she is involved and active on disability services I think that is fantastic. I just make the point that Mr Harmer has not confirmed—in fact, the tone of his evidence was there is no engagement on a policy development front of Ms Rein from the department's point of view.

**Senator FIFIELD**—But Dr Harmer did indicate that as a result of the meeting at the Lodge, there were some positive outcomes: outcomes as a result of a meeting facilitated by Ms Rein.

**Dr Harmer**—When I say 'positive outcomes,' I said that there were some actions that I felt I could take, having been provided with some information at the lunch, which was terrific. Whether it led to the New South Wales or Victorian head of housing department changing, we will have to wait for a better picture.

**Senator FIFIELD**—But, Minister, involvement in the policy process can take a number of forms.

**Senator Chris Evans**—Listen, I am just making the point, and I am happy to have a chat to you about it, but—that is probably not the purpose of this—I was just making the point that the presumption in your question may have potentially verbed Mr Harmer. I was just making sure he was not verbed. I am not suggesting ill-intent on your part. I am just saying the question implied that Ms Rein was involved in policy development inside FaHCSIA. I think it was important to clarify that; that is all.

**Dr Harmer**—That is certainly not the case.

**Senator FIFIELD**—She is certainly endeavouring to have input into policy.

**Senator Chris Evans**—I encourage the Governor-General to get involved in the multicultural issues of migrant women. She is not involved in the policy. She is a great standard-bearer for those people and does a great job, but she is not involved in policy inside that department. Anyway, let's move on.

**Senator FIFIELD**—Minister, I am not confusing it necessarily in a pejorative sense saying that she is seeking to have input into policy, but let me just quote a little bit from this article which may help. Then I will put a question on the basis of what I am reading.

**Senator Chris Evans**—If there is a question in all this, that is great.

**Senator FIFIELD**—Yes. I will quote Ms Rein here.

**Senator Chris Evans**—No. You will quote the newspaper article. It is a different thing altogether, as we all know.

**Senator FIFIELD**—It actually has, in quotation marks—

**Senator Chris Evans**—My point stands.

**Senator FIFIELD**—Anyway, one would assume if it was an inaccurate quote, that the record may have been corrected already.

**Senator Chris Evans**—Senator, do you do that every time you are misquoted? I certainly do not. I do not have enough hours in the day.

**Senator FIFIELD**—I am not a prime ministerial spouse. I am just a politician.

**Senator Chris Evans**—That is probably as close as you will get to the Lodge. You and me both, I might add.

**Senator FIFIELD**—That is right. Firstly I will start with an indirect quote and then a direct quote. The indirect quote says:

... she wanted to take a more active role and use her influence and business skill to get some “real change” for the disabled.

Commendable. The direct quote:

I hope to have actually created something working with Bill Shorten as Disability Minister, to have actually been part of creating some real change for people with disabilities in this country.

It goes on. Again, an indirect quote:

Ms Rein said she also wanted her legacy to include having helped working mothers cope with the demands of modern life—

and a number of other things. Just back to the direct quote:

I hope to have actually created something working with Bill Shorten as Disability Minister, to have actually been part of creating some real change ...

That, to me, sounds as though it is more than having a general interest. In Ms Rein’s own words, she is seeking to be part of change in disabilities. That, as a matter of logic, means seeking to have input into the policy development process. I cannot see that it means other than that. I will go back to the question I asked Dr Harmer previously, which is: are you aware of any other—I will not use the phrase ‘involvement in policy’ lest the minister would seek to correct—similar involvement by Ms Rein in your portfolio?

**Dr Harmer**—I am not, but you can ask that at the relevant place: in either the women and children or families. She may have.

**Senator FIFIELD**—Are you aware of any similar involvement in any other portfolios, just through discussions with your secretary level colleagues?

**Dr Harmer**—No.

**Senator FIFIELD**—Minister, the reason I am asking these questions is because the nature and involvement of a prime ministerial spouse in Commonwealth activities is a legitimate area of public interest. I am not necessarily suggesting that there is anything inappropriate, but it is important to explore the nature of those activities, particularly if they are breaking new ground in terms of the role of a prime ministerial spouse, which this would appear to be doing.



**Senator Chris Evans**—Senator, you keep making statements. I know the chair is very tolerant, and I am here for two days so I do not care, but you can chat away all you like. They are not questions of officers at all relevant to estimates. If you are trying to slur up the Prime Minister's wife, you will be judged by the sector and others in terms of that, but in terms of questions, I am not having a general chat with you. If you have got a question, we will answer the question.

**Senator FIFIELD**—Minister, I take great offence at that. I have not been endeavouring to slur up the Prime Minister's wife as you put it. My questions have been very direct.

**Senator Chris Evans**—They have been anything but direct.

**Senator FIFIELD**—They have not been seeking to impugn anyone's motives. They have merely been seeking to establish a number of facts, establish the role of the department in supporting this interest in policy by Ms Rein. I take great offence at the suggestion that I am seeking to impugn Ms Rein, and I have been at pains to say that I am not being pejorative, that I am not implying that there is anything inappropriate taking place. I would think that it would only help underline that nothing inappropriate is taking place if all the relevant facts are put on the table.

**CHAIR**—I do not think your questions have been inappropriate in terms of process. I think the officers have been responding effectively to your questions, and I think you have actually followed without going too far. I would have pulled you up if I thought you had. I am just wondering how much longer you are going to keep on to this issue, because it has been going for about 15 minutes.

**Senator FIFIELD**—It has, Chair. Thank you, and thank you for your support there. Chair, I will answer you first. I am coming to the end on this matter. I will pursue it further, but I do have to say, Minister, I do take genuine offence at you impugning my motives and at your suggestion that I am seeking to—I forget the phrase that you used.

**Senator Chris Evans**—I think 'slur up' was the phrase.

**Senator FIFIELD**—Slur up. Okay.

**Senator Chris Evans**—I am sorry you are offended.

**Senator FIFIELD**—That I am attempting to slur up—

**Senator Chris Evans**—I think the tenor of the approach—anyway, other people will make a judgment about what your questions are.

**Senator FIFIELD**—I think anyone watching the proceedings and anyone who reads the *Hansard* would see that my questions have been entirely appropriate and entirely respectful to Ms Rein in her role as the Prime Minister's spouse and as someone who is seeking to raise the profile of disability issues, Minister. On that point, Chair, I might yield and give another colleague a chance in cross-portfolio.

**Senator BOYCE**—I have a couple of questions relating to the website and work that we were doing during estimates and some of the unusual things that developed. I actually printed off from the FaHCSIA website on 27 May all the information about the FaHCSIA Disability

Action Plan 2006-2009. There is not, in the same place, any information about the Disability Action Plan after 2009. Why is this, Dr Harmer?

**Dr Harmer**—I will need to wait until the disability people come along to answer that, unless one of my communications people have the answer. It may be a technical or a communications issue. If it is a policy issue, in terms of content, it will better be handled when we have outcome 5 here.

**Senator BOYCE**—I am very much hoping it is not a policy issue. I am hoping it is, in the sense, a whole of portfolio issue, because it is on the FaHCSIA website.

**Dr Harmer**—If we can answer the question, we will do our very best.

**Senator BOYCE**—Okay. The next one refers to the departments.

**Dr Harmer**—I am told by Mr Hunter that we are not aware that there is a technical issue, so if we could just take that? Some of my disability people will be watching and they will be able to answer the question tomorrow afternoon.

**Senator BOYCE**—Yes. Because it strikes me as rather odd that I can find out about FaHCSIA's Disability Action Plan from 2006-2009 but, on the website, not find information outlining future—

**Dr Harmer**—It may be that it is being updated. I am not sure. There is lots—

**Senator BOYCE**—It may well have been updated. It may well have been updated somewhere else, but it is not updated in that position. So you go into Disability Action Plan and it tells you about the 2006-2009 plan. It does not tell you about the further plan.

**Dr Harmer**—I can assure you we have a plan so, if it is not there, we will be able to answer the question about where it is or when it will be up.

**Senator BOYCE**—Yes.

**CHAIR**—Dr Harmer, will you wait until tomorrow to give us that answer, or you can give it to us later today?

**Dr Harmer**—If there are people watching that can answer the question—

**CHAIR**—It is fairly straightforward.

**Dr Harmer**—Yes.

**Senator BOYCE**—However, it is something that strikes me as important to be seen to be up to date.

**Dr Harmer**—Indeed.

**Senator BOYCE**—Because it is about perception as well as action. I would also like to refer to the department's response on their website to this committee's inquiry into the cost of living pressures on older Australians which was done some time ago. It is under the letterhead of the department saying the Commonwealth government welcomes the inquiry et cetera. It then goes on in three places to talk about the policy of the Australian Labor Party, and I quote the three relevant sentences:

Before being elected in November 2007, the Australian Labor Party had growing concerns about claims that many age pensioners have difficulty managing on the base pension rate.

The other two paragraphs and I quote:

In other action before its election, the Australian Labor Party framed a number of election commitments in its “Making Ends Meet” package that would enable increased financial assistance to be delivered quickly to senior Australians.

Since the election, the Government has been implementing its election commitments, including those that provide more support to senior Australians ...

And the sentence goes on.

**Dr Harmer**—Can I just say, it may be on our website, but it does not sound like a departmental document, but I stand to be corrected.

**Senator BOYCE**—Why would it appear, then, on the letterhead of the department on the website?

**Dr Harmer**—I do not know. I will have that looked at. Have you got a copy of it there?

**Senator BOYCE**—Yes. Can I perhaps give it to you when I have finished asking questions in relation to it.

**Dr Harmer**—Sure.

**Senator BOYCE**—Yes. It was printed off on 27 May 2010 from the website.

**Dr Harmer**—Sure.

**Senator BOYCE**—Not from the minister’s website or from anything else, but from the department’s website. And I guess the question was: what checking is there of party political statements that go on to your website?

**Dr Harmer**—We are very careful about what goes on to our website. That is why I am so interested in the document.

**Senator Chris Evans**—Can I just interrupt, Senator. It is a perfectly reasonable line of questioning which I do not want to interrupt, but I think if we had a copy of the document as well? Is there any chance of us postponing for five minutes?

**CHAIR**—Actually, I will take that point. We had extensive conversations on this point in finance and public admin last week, so I think, in fairness, we might try and do it as well. Have you got another area, or we could have a brief—why don’t we have a five-minute break?

**Senator BOYCE**—Okay.

**CHAIR**—We will get copies of the document.

**Dr Harmer**—That will be good.

**CHAIR**—And come back. It is easier then.

**Senator Chris Evans**—It will just make a better conversation.

**CHAIR**—Just for the sake of other senators, if there are extensive areas from which you are quoting, as we discovered in finance and public admin through the help of Senator Brandis, it would be useful if we could have copies of this document.

**Senator BOYCE**—Okay.

**CHAIR**—We will get a copy. We will break now for five minutes while we arrange that.

**Dr Harmer**—Thank you.

**Proceedings suspended from 10.08 am to 10.18 am**

**CHAIR**—We will reconvene and we will go back. Have you got a copy of the document now, Dr Harmer?

**Dr Harmer**—I do.

**CHAIR**—Thank you.

**Senator BOYCE**—These are blatant party political comments and they are on the department's website. How do they come to be there, Dr Harmer?

**Dr Harmer**—Now that I have seen the document, what you are referring to is the government response to the Senate inquiry, not a departmental response. The department does not respond to Senate inquiries. The department puts submissions in to Senate inquiries.

**Senator BOYCE**—Absolutely.

**Dr Harmer**—Then the government responds. What you have here is a government response to the Senate inquiry, which is appropriately on our website.

**Senator BOYCE**—Under your letterhead.

**Dr Harmer**—When you print it out, it prints on that page, as I understand it, but it is a government response, not a department response.

**Senator BOYCE**—It not only prints on that page, as I understand it. When you get the website up, that is what you see.

**Senator Chris Evans**—Yes. I think we have worked out that this is the formal government response to the Senate report.

**Senator BOYCE**—Yes.

**Dr Harmer**—As opposed to the department's response.

**Senator Chris Evans**—It has been posted, as you would expect—as I suspect they all are—on the departmental website as part of providing information for people who are looking for the government response. I would be concerned if there was any reference to party policy in departmental publications.

**Dr Harmer**—We would not do that.

**Senator Chris Evans**—But this is—

**Senator BOYCE**—But the impression from this is that it is a departmental publication.

**Senator Chris Evans**—Certainly, when we printed it off, the top line above the letterhead says 'Government response to Senate Community Affairs committee report.' I do take your point that with the letterhead there—

**Senator BOYCE**—The top line is not something that people read in detail. It is the letterhead that gives—

**Senator Chris Evans**—Yes. I think the problem is that, because it is on the site, it prints in that way. But it is a perfectly normal government response, and I am sure there are others on there which are in the same vein. This is not a departmental document; it is a government document replying to the Senate report. It is appropriately on the departmental website.

**Dr Harmer**—Senator, your question is: why would we do that? We would not normally on a departmental document include reference to a political party. We would not do that; we would normally screen any such reference out. When we have a government response—and this response was, remember, back in 2008. It is quite early on in the government, and they were referring, in their response, to what they were committing to in opposition. That is why they have referred to it in this way. We have simply, as we would normally do, put it on our website. When it is printed out, it prints with a departmental letterhead, but it is not a departmental document.

**Senator BOYCE**—That still brings us back to my concern, which is that it gives the impression of being a departmental document. I would like you to take into consideration what you might do about that.

**Dr Harmer**—Sure. You have asked the question, and I will talk with my people, because I think we might have to make a modification to our website to make the difference between a departmental document and a government document clear.

**Senator BOYCE**—Obviously that sort of blatant party political bias is not something that is accepted unless the opposition is going to get equal space.

**Senator Chris Evans**—No. If that is what it is; but it is clearly not, as you know. It is a government response to a committee report. It is one of many. Mr Innis, did you want to add anything?

**Mr Innis**—On every page of the document as it prints out, the header is: ‘Government response to Senate Community Affairs Committee Report, A Decent Quality of Life’. So when we print—

**Senator BOYCE**—But in quite small type. Sorry, I have lost my—

**Mr Innis**—The introduction reads: ‘The Commonwealth government welcomes ...’

**Senator BOYCE**—Yes, but that is very small type along the head. The departmental letterhead is very dark and bold.

**Dr Harmer**—The point is taken. Yes, we will have a look at the setup of our website and see whether we need to make a modification to ensure we do not give the impression to the reader, when they are reading a government document, that it is a departmental document.

**Senator BOYCE**—Absolutely. My point is that I do not agree with Senator Evans in that I do not think it is very clear that it is a government response. That is what I—

**Senator Chris Evans**—I accept that it might want to be a bit clearer. But, equally, if one reads the document in full, the first line makes it clear what it is. I accept that, with the presentation of the letterhead, if one did not read it carefully, one might not have been clear about that. As you well know, we have always posted such documents on departmental websites, because that is part of responding to the work this committee does.

**Senator BOYCE**—Thank you. Thanks, Chair.

**Senator RYAN**—Dr Harmer and Minister, you may be aware that last week we had some discussions with the Parliamentary Library and the Department of Human Services about access to data held by Centrelink. The background for this was that the Parliamentary Library had received a request from a member and had asked Centrelink to access certain information, I believe, about family tax benefit details. The official in the library wrote an email informing the person requesting the information that they had been told that the minister's office had not permitted Centrelink—it was not this Minister; it was the Minister for Human Services.

Later last week we chased it up, and Centrelink informed us that to release any data they had to make a request of your department as the policy department. I was interested in the details around that request and how the decision was made initially to seemingly say no. Do you have any background to this?

**Dr Harmer**—I do. If you bear with me, I do have an answer to this, because I was keeping track of the questioning and the issue. I understand that the data was released last Thursday morning, 27 May, to the Parliamentary Library. According to our protocol with Centrelink and departmental processes, FaHCSIA as the business owner of the data approves the release of information. That is normally the case, and that is the protocol as it stands and has stood for some time. I understand that last Thursday, the CEO of Centrelink, Ms Carolyn Hogg, provided advice:

Following a request to Centrelink from the Parliamentary Library for the data, Centrelink has, as outlined in a long-standing protocol, sought the approval of the business owner of the data, FaHCSIA, to release the data. At the time, the FaHCSIA decision maker denied the request. The decision was later reviewed by a senior FaHCSIA officer and it was determined that the data should be released—

which is what happened on Thursday—

The processes in my department for dealing with data requests are based on the above-mentioned protocol that I understand has been in place since about 2006. I believe that this protocol was tabled at the Senate committee hearing last week. In many cases, the requests for information to FaHCSIA or to Centrelink come from members of the public and from various members of parliament. It is a usual practice that the name of the requestor and the reason for the request is required for the delegate. When members of parliament request data, direct from either Centrelink or from FaHCSIA, these requests are channeled normally through the usual processes of questions on notice or direct to a minister's office. When questions come direct from the Parliamentary Library, the library would usually be considered in the same light as other research bodies, such as universities, and in these cases we usually take into account various considerations, such as the nature of the data request, the general reasons for its use, the potential resource use needed to meet the requests. These are things that we consider in agreeing or not. I can only say that my understanding of the events of last week or so in relation to the request for the data is that our decision-maker—

this is a FaHCSIA decision-maker—

was perhaps overly strict in their consideration of the request. When this came to the attention of a senior officer, the fact that the requestor was the Parliamentary Library, the data was checked and cleared by FaHCSIA. We then advised Centrelink that the data could be released.

As you would understand, my department has significant data holdings, and we have shown successively in certain estimates committees and various other places—questions on notice—

that we take our responsibilities very seriously in providing information. We also have a responsibility to make sure that we protect that information and privacy et cetera. So, as far as I am concerned, the issue is now settled. We have provided the information to the Parliamentary Library. We are having a look at whether the protocol, on reflection now with this experience, needs some adjustment, and we will be looking at that.

**Senator RYAN**—You mentioned that the initial decision was reviewed by a senior officer.

**Dr Harmer**—Yes.

**Senator RYAN**—When was the review of the senior officer commenced?

**Dr Harmer**—Me and my senior people were not aware of either the request or the decision until it became—

**Senator RYAN**—So when it was raised in estimates?

**Dr Harmer**—When it was raised in estimates, yes.

**Senator RYAN**—Which I think initially was last Monday with the Parliamentary Librarian.

**Dr Harmer**—Indeed, and there was a newspaper article about it. That immediately got my attention, I can assure you, and that of some of my senior officers. We had a look at it. We identified that it was the Parliamentary Library requesting it. We made steps to release it, because we thought that perhaps the decision of the delegate who made the original decision was a little overly strict in their interpretation.

**Senator RYAN**—Was there any contact between officials of your department and any minister's office regarding the initial decision or subsequent review?

**Dr Harmer**—Not that I am aware of, but, always, when we are about to release or release information, we make sure the minister's office knows about it. In successive governments, I have found that ministers do not like surprises when a department releases information, so we always consult with or talk to the minister's office before we release it.

**Senator RYAN**—If you have data requests from the Parliamentary Library in the future, you obviously will not be made aware of why they are requesting it—whether it is an internal research paper they are preparing or whether a member has requested something; that information is not passed to you but you would still inform the minister's office that data is being released to the Parliamentary Library?

**Dr Harmer**—Absolutely, yes.

**Senator RYAN**—Are you putting this hiccup or speed bump in the relationship with the Parliamentary Library and the release of data down to the decision of one officer? I understand that other information that I understand would be owned by FaHCSIA has been released to the Parliamentary Library over the last two years.

**Dr Harmer**—Yes, indeed. It was perhaps an overly strict interpretation. What the officer would have done, I think, is to say, 'We know the nature of the request but we do not know what it is going to be used for and we do not know some of the answers that we would normally get from a member of the public or a member of parliament. It did not come through the minister's office as far as I am aware.' So they said, 'Oh, well, it is just the Parliamentary

Library so we are not going to release it. We do not know the answer to these questions.' I think that is how it happened.

**Senator RYAN**—If there was contact with ministers' offices about this particular issue, I would appreciate you taking it on notice and being appraised of that.

**Dr Harmer**—I will. I am not aware that there was. It would not normally be on the requesting end. There certainly would be before it is provided because, as I said before, in my experience over many years, on both sides of politics ministers do not like surprises when information is released.

**Senator RYAN**—I appreciate that. I think this is a unique situation. If this were to happen again, what I am now wondering about is what automatic triggers do you have for review of internal decisions? I mean, if the Parliamentary Library were to make a future request—some of this information has a time limit aspect to it—we would not have to wait until another estimates committee hearing for it to trigger a departmental review process.

**Dr Harmer**—We are looking at our protocols, particularly in relation to the Parliamentary Library. But what I would need to say is that always, when we get requests for information—and it is the same for senate estimates questions and I will make the point from time to time here—there is always a balance. If it is a very straightforward matter, the data is available, it is very easy, it has been checked, we can almost release it straight away. If it is a data request that requires particularly a significant diversion of my resources to put the tabulations together and put the information together, that will always come to us as a matter of prioritisation: how does that request stand against answering questions on notice in the Senate as against important briefing requests from the minister's office et cetera.

**Senator RYAN**—I appreciate that. One of the things that I have noticed, in my time in various capacities in this place, is that the oppositions and governments often tend to request similar sorts of data sets, if you know what I mean. So you are looking at the protocol—

**Dr Harmer**—We are.

**Senator RYAN**—With respect to how to avoid another snafu like this, where a delay in granting access to information seems to freeze the whole process for a couple of months until we have an estimates committee hearing.

**Dr Harmer**—As I said, the reality of the protocol, we are pretty good.

**Senator RYAN**—I can appreciate that.

**Dr Harmer**—We have a pretty good record of releasing information. This was a bit of a hiccup that has caused us to look at the protocol again, particularly in relation to the Parliamentary Library, but I do need to say that that does not necessarily mean that all requests will be done very quickly because some of them are quite complicated.

**Senator RYAN**—No. I appreciate that. What I was wondering was: if I were to make a request next week which ran into a similar speed bump—I am not saying that is likely, because there is probably more sensitivity about it—I think the Parliamentary Library, in order to protect their confidence, it cannot be the person coming to you—

**Dr Harmer**—Sure.



**Senator RYAN**—But the Parliamentary Library would be, and those clients of it would be, interested in what suggestions could be made to, shall we say, speed up a departmental review process or correct an original decision.

**Dr Harmer**—Sure. I think, given the decision we have taken about reviewing the protocol, that people down the line there will be much more aware of the sensitivity of this and will be able to handle those requests, subject to that caveat about the diversions.

**Senator RYAN**—I appreciate that. Thank you, Chair.

**CHAIR**—Thank you. Any further questions on cross outcomes, corporate matters?

**Senator FIFIELD**—Thank you, Chair. This is a minor administrative matter, Dr Harmer, but on budget night, the links from the corporate government budget website—I think budget.gov.au—to FaHCSIA were not in operation.

**Dr Harmer**—Okay. I was not aware of that.

**Mr Jennaway**—What time was it was not available?

**Senator FIFIELD**—I do not know the time frame, but it was immediately after the budget. I do not know how far into the night.

**Mr Jennaway**—That may well have been the case. Our advice has been not to put our budget material up on the website until our documents have been formally tabled in the Senate, and that may not be until 10 past, 12 past, 20 past 8, or some time like that. It is not until that point at night that we release the trigger to make the material available. There could be that small window when it is not available, but I would expect that, beyond that, it was available.

**Senator FIFIELD**—Is that advice from Treasury, or is that your internal policy?

**Mr Jennaway**—It is either Treasury or Finance.

**Dr Harmer**—We would normally take advice from the centrals about the link between our website information and our documentation.

**Senator FIFIELD**—Okay.

**Senator BOYCE**—What is the reason for that advice?

**Dr Harmer**—I do not know.

**Mr Jennaway**—The Senate tabling officers provided that advice. We are not aware of the reasoning behind that. I think there is some issue about the tabling being aligned so that we have not put material on the website until—

**Senator BOYCE**—One assumes that the budget would not end up being withdrawn over some technicality of tabling in the Senate.

**Mr Jennaway**—No. I mean we are talking about mostly this sort of material.

**Senator Chris Evans**—That is right. The documents are formally tabled as part of the speech in the Senate.

**Mr Jennaway**—And I think that happens very quickly after the Treasurer's speech has finished, and it is just trying to line the two things up.

**Dr Harmer**—It may be a courtesy to the Senate. It is possible that it is a courtesy matter about—

**Senator Chris Evans**—We are all in favour of those.

**Dr Harmer**—Indeed.

**Senator Chris Evans**—Sometimes it can be taken to extremes.

**Senator BOYCE**—Helpful courtesies are good.

**Senator Chris Evans**—As the person who had to read the different apology speech in the Senate while the Prime Minister was doing it in the Reps, I thought that was one of the occasions when perhaps the Senate could have deferred to the primacy of the House of Representatives on such things.

**Senator FIFIELD**—I think the practice that the budget speech is no longer read in the Senate at the same time as the House is a good one.

**Senator Chris Evans**—I think Senator Conroy ought to be congratulated for ending that practice with his budget in-reply speech. We should do it no more.

**Senator FIFIELD**—Yes. Hear, hear. Dr Harmer, you would be aware, no doubt, of the report *Missing Out* by the Australia Institute, which has been on the airwaves this morning?

**Dr Harmer**—You are referring to the report about the fact that many people who are potentially eligible for carer assistance are not aware of their entitlements. Yes. I did see the report in one of the newspapers this morning, yes. That is my first awareness of it.

**Senator FIFIELD**—I was going to ask whether—and you may want to refer me to the relevant outcome for this.

**Dr Harmer**—If you are going to go into much detail in that, I will point you again to when we have got our disability and carers people here, tomorrow afternoon.

**Senator FIFIELD**—I will do that. I will pursue that then, but are you aware if the input of FaHCSIA was sought?

**Dr Harmer**—I am not, but my people will be.

**Senator FIFIELD**—They may well be. Sure.

**Senator BOYCE**—Could I just ask a question there, Senator Fifield?

**Senator FIFIELD**—Of course.

**Senator BOYCE**—What sort of formal monitoring do you do of your assessment of the numbers that would be eligible for something and the take-up rate? How often do you monitor, and what do you do about that?

**Dr Harmer**—Rather than guess at that—and we do do it, but I suspect your question requires a more detailed answer than I have got—my disability and carers people will have that. Let me assure you that we do constantly monitor. For estimates, for example, when we are estimating the costs of various programs, we clearly have to estimate how many people are going to be eligible.

**Senator BOYCE**—Absolutely, yes.

**Dr Harmer**—We do that very regularly. As you know, Centrelink has offices all over the place, they have phone lines, they have call centres. Ministers put out press releases when there are budget changes and things. There is a lot of information out there, but, with all the best will in the world, it is always possible that someone has not accessed it or cannot find it.

**Senator BOYCE**—But just in general across the board, would you not be keeping an eye out to see if you are getting a 10 per cent take-up rate on a particular program? Or 110 per cent would be another issue, I imagine.

**Dr Harmer**—Indeed. For integrity of the program purposes and for integrity of our estimates purposes—for both of those purposes—we would be looking very carefully at data for expected numbers and actual take-up.

**Senator CAROL BROWN**—If you find a program has a less than expected take-up, do you have regular meetings with Centrelink as to reasons why that might be or how the entitlement has been put out to the public?

**Dr Harmer**—We do have regular meetings with Centrelink on all of those sorts of matters. I suspect the two people who have come to the table know more about this than I do, so I am going to let them speak.

**Mr Innis**—We are only just aware of the report, but my understanding is it may have used some data from HILDA, the Household, Income and Labour Dynamics in Australia Survey. We monitor very closely the operation of all of the payments for which we are responsible.

**Senator BOYCE**—How do you do that?

**Mr Innis**—The department has a payment committee which is chaired by Liza Carroll, one of our deputy secretaries, and includes all of the payment managers. We have a business management agreement with Centrelink under which there are strategic discussions between payment owners and their Centrelink counterparts every quarter.

**Senator BOYCE**—Every quarter you would ascertain that?

**Mr Innis**—Every quarter. Those discussions cover a range of performance issues relating to the payment and would touch on issues of ensuring that the people who are entitled are receiving payments.

**Senator SIEWERT**—For each of the areas that are listed in your report, will you be able to, under those various outcomes, tell us what the percentage of uptake is? I understand there are issues around carers and issues around uptake of bereavement payments, for example.

**Mr Innis**—We would need to have a look at the report. As I mentioned, we have only just become aware of it. If it is a thing that is easy to find out, we will certainly have a look at it and see what we can do.

**Senator SIEWERT**—Is that the sort of information that you look at when you are meeting quarterly and in the other meetings that you are having? Surely you say: ‘What is the percentage uptake of this? We have budgeted this amount of money; it has been taken up by this per cent’—50 per cent or 60 per cent?

**Dr Harmer**—As you would appreciate, it is always an estimate because when there are eligibility criteria, the eligibility actually has to be tested before we can be absolutely certain.

We make estimates of how many we expect to be eligible, but until it is actually tested by Centrelink we are not sure. We are always operating on the basis of the reality versus the estimate, but I can assure you that is one of the key things that we talk about in our payments committee, which Mr Innis referred to, and in our interaction with Centrelink: monitoring expenditure and monitoring take-up.

**Senator BOYCE**—What triggers action in terms of take-up rates? At what level do you become concerned, and what is the action?

**Mr Innis**—That would depend a little bit on a payment by payment assessment and a judgment about what you would expect the take-up rate to be. We have a range of surveys that we look at to make sure that the operation of the payment is occurring as we would expect it to. It is very hard for me to comment about every single payment. We run quite a number—

**Senator BOYCE**—I appreciate that.

**Mr Innis**—and each of them requires slightly different management and has slightly different dynamics. It is very hard to provide a general—

**Senator BOYCE**—Would you start off with an estimated take-up rate?

**Mr Innis**—For example, in relation to the age pension, we do track things like how the population receiving support compares to the ABS projections of population in relevant age ranges for the age pension, as an example.

**Dr Harmer**—We do the same for families.

**Senator BOYCE**—Just as a matter of interest, what is the take-up rate for the age pension?

**Mr Innis**—For age pension recipients, Centrelink and DVA included, it is 67.5 per cent. If you include other income support arrangements and the seniors card, it is 84.4 per cent.

**Senator BOYCE**—So you are saying only 67 per cent of eligible people take—

**Mr Innis**—No. That is of the population of people over 65.

**Senator BOYCE**—I see.

**Mr Innis**—That is not the eligible—

**Senator BOYCE**—You are excluding the self-funded retirees and things.

**Mr Innis**—Yes.

**Senator BOYCE**—You are not excluding them.

**Mr Innis**—In the ABS population that is not excluded. That is right.

**Ms S Wilson**—The databases that one uses to monitor take-up or the potential population have different degrees of detail about income and other things that bear on a person's eligibility—their residential qualification et cetera. All of those are considerations that one makes when looking at what is a possible potential population and how you would then refine any estimates of likely take-up and likely eligibility based on what you know about those other factors using other data sources.

**Mr Innis**—With this report coming out, it is a report that, under normal circumstances, we would examine as part of our payment committee process.

**Senator BOYCE**—Yes, but not yet.

**Mr Innis**—Obviously we need to have a look at the report. We need to have a look at the methodology. At this point that is not available to us, but it is something that we would normally consider in the payment committee process.

**Senator BOYCE**—Thank you.

**Senator SIEWERT**—I just want to quickly ask about—and I apologise if it has been asked while I have been in the other committee—about *FaHCSIA Research News*. Can I ask that here?

**Dr Harmer**—Sure.

**Senator SIEWERT**—What are the reasons that you are discontinuing *Research News*?

**Ms Lanyon**—After a review of our evidence dissemination systems internally, we have made a decision not to continue with *Research News* following the last release, I think No. 36, March 2010, primarily because it actually summarises a lot of information that we believe is already externally available. When we looked at efficiencies internally, there was certainly a lot of work required to produce this publication. When we looked across the board, the *State of supply report*, for example, was summarised in the most recent release of *Research News*. Obviously that is publicly available. That is really the decision that we made.

**Mr Innis**—I can probably give you a little bit more of an overview that we have an extensive, long history of publishing research and data. It is something we are very proud of, but we do, from time to time, need to have a look at making sure that our efforts there are being most effective and, as Dr Lanyon said, we have reviewed this particular publication. We do not think it is adding enough value to continue. I would hate for anyone to take that as a sign that we are moving away from our longstanding tradition of publishing social policy research. We are continuing to examine our portfolio of dissemination materials in that vein.

**Senator SIEWERT**—Can I go back to the issue around the internal review? You did an internal review, but did you go to outside stakeholders?

**Ms Lanyon**—We did talk with some different people. I would really need to take that on notice.

**Senator SIEWERT**—If you could take that on notice, that would be appreciated.

**Ms Lanyon**—Happy to do that.

**Senator SIEWERT**—I am interested in who you spoke to externally.

**Ms Lanyon**—Yes.

**Senator SIEWERT**—I am interested to know if you did any survey work of external stakeholders to see how they used *Research News* and what the feedback from the external stakeholders was: who it is used by. And I am wondering how much you are saving by not continuing with *Research News*.

**Senator Chris Evans**—It sounds like the Greens used to use it, effectively.

**Senator SIEWERT**—I will go on to my next question in a minute.

**Dr Harmer**—We will try and answer those questions.

**Senator SIEWERT**—You cannot tell me how much it is saving?

**Mr Innis**—Not off the top of our heads.

**Senator SIEWERT**—And you said you are still committed to continuing your research and, presumably, the extension of that research, and I am wondering what other mechanisms you are now going to be putting in place instead of that process?

**Ms Wilson**—I think the answer was that we found when looking at *Research News* that the reports about which the articles had been written were themselves being published, as I understand it, and so there was a sense in which we were already disseminating that material through other mechanisms. Therefore, there was a question about what is the cost benefit to the department of publishing *Research News* as a synthesis or summary of the original material. Is that a correct interpretation?

**Ms Lanyon**—Yes.

**Senator SIEWERT**—The point with a summary or synthesis is that you can get access to a lot of information very quickly—

**Ms Wilson**—I understand that.

**Senator SIEWERT**—instead of having to troll through umpteen publications. I can tell you for one it helps external stakeholders tremendously to get that synthesis. So my question still stands. Instead of actually having to make sure you are reading every particular report that comes out, where does somebody now find that information in a synthesised view?

**Mr Innis**—We are currently undertaking a review of all of our publication material, our dissemination effort, and the department internally has created something called the *Evidence Book* which is intended to be a much more synthesised version of research material and other analysis. We are currently considering the best way of promulgating that type of material.

**Senator SIEWERT**—What is the time line for that?

**Mr Innis**—The issue is before the research committee of the department. We do not have a specific time line for that as yet.

**Senator SIEWERT**—I do not necessarily agree, but I will take on board what you have said. Why stop that process if you are still doing another process? It could be a while before the new process comes on board by the sound of it.

**Dr Harmer**—I think the answer is that the review of the document you are referring to was independent and while there are obviously some people who miss the loss, our view must have been that in the majority of cases the information could be achieved through some of our other mechanisms. But we will take your question on notice. I am not sure how much we consulted. It sounds like you have a particular interest in the one that is discontinued.

**Senator SIEWERT**—As do, I must say, a number of stakeholders.

**Dr Harmer**—Sure.

**Senator SIEWERT**—And I would be interested in a time line for when the new process is going to be on board.

**Dr Harmer**—Sure.

**Senator SIEWERT**—Thank you.

**Senator FIFIELD**—Dr Harmer, just back to the budget night website issue, I have been advised that the site was not linking well into the evening after other portfolios were linked.

**Dr Harmer**—Right. I think the reason for it not being there at budget was given. The time it took, I am not sure. The intention, I think, would have been, if we stuck to the guidelines, that we would release it at the same time as the documents were released in the Senate. If it was delayed beyond that, it was either a technical hitch or a staffing hitch. Do you know what time it was up?

**Senator FIFIELD**—I am just told well into the evening. It sounds like several hours after other links were up.

**Dr Harmer**—Let me assure you, it was for no reason other than a technical glitch or some staffing glitch.

**Mr Hunter**—We will take it on notice and let you know.

**Senator FIFIELD**—Thank you for that. Dr Harmer, I am just wondering if you and your officers could take me through the movement of administered funds between years from the portfolio budget statement for FaHCSIA.

**Dr Harmer**—I will need to rely on my chief finance officer to do that for you.

**Senator FIFIELD**—Thank you.

**Dr Harmer**—Or his people.

**Senator FIFIELD**—I think it is page 139.

**Mr Hunter**—That is right. Do you have any particular questions on a single item?

**Senator FIFIELD**—I do, but if you want to just take me through the broad rationale for the movement in each outcome.

**Mr Jennaway**—I think this is probably best handled under each of the individual program areas, because there is usually some level of detail as to what may have caused a delay in a particular program or why the funds have not been able to be spent.

**Senator FIFIELD**—If I have got particular queries, for instance, for program 5.4, I should do that.

**Dr Harmer**—It would be better. Mr Jennaway and Mr Hunter will be able to answer broad questions, but if it is specific—and I suspect your questions may be—they will be much more efficiently answered by the people who are responsible for the programs.

**Senator FIFIELD**—Okay. I will do that then, but you will still be here.

**Dr Harmer**—Yes.

**Senator FIFIELD**—For the duration. Your colleagues as well.

**Dr Harmer**—I do not allow Mr Jennaway to go.

**Senator FIFIELD**—Poor Mr Jennaway.

**CHAIR**—Have you finished, Senator Fifield?

**Senator FIFIELD**—I am good for the moment, Chair.

**Senator ADAMS**—I have just got one but I do not know whether it should be going to a portfolio as well. I have a query on continued funding for the Australian Research Alliance for Children and Youth. I cannot find anything in the budget papers about it.

**Dr Harmer**—That would be under families.

**Senator ADAMS**—Yes. I was just thinking it probably would.

**CHAIR**—Dr Harmer, there is a question following up on a previous one about staff awards and processes. Can you let us know how many staff you have in your department that have over 20 years service?

**Dr Harmer**—We will take that on notice. We can do that. Mr Hunter has some updated figures on our staffing.

**Mr Hunter**—Senator Fifield, you asked about how many staff we had back in 2007.

**Senator FIFIELD**—Yes.

**Mr Hunter**—There were 3,295 as at the end of 2007, and we had, at that point in time, 131 SES.

**Senator FIFIELD**—Thank you.

**Mr Hunter**—Can I also just confirm something for you with respect to—we were talking about biscuits.

**Senator FIFIELD**—Yes.

**Mr Hunter**—With respect to the delegations, official hospitality, not including alcohol—if you want I can just read out what levels and who can do what, if that is helpful?

**Senator FIFIELD**—Sure. Thank you. That would be.

**Mr Hunter**—ICC managers, so that is our Indigenous Coordination Centres, can spend up to \$250. This is official hospitality, not including alcohol.

**Senator FIFIELD**—Yes.

**Mr Hunter**—Deputy state managers, branch managers and group managers can spend up to \$2,000, and deputy secretaries can spend up to \$5,000, and the secretary is unlimited.

**Dr Harmer**—I can buy as many biscuits as I want!

**Mr Hunter**—We monitor that really closely. That is not including alcohol. Basically, including alcohol, is the same delegation across the board, except ICC managers cannot do that.

**Senator FIFIELD**—Okay.

**Mr Hunter**—That is for official hospitality.

**Senator FIFIELD**—Yes. That is for official hospitality. Is there a difference between official and unofficial? That is sustenance.

**Mr Hunter**—No. We were talking about the different categories, and I think we are going to have trouble trying to break it down any further than what you have asked, because we



have actually tried in the past to give broader categories. You can appreciate Dr Harmer outlined that there are a lot of transactions under this for the size of this portfolio, in the diversity and where they are geographically dispersed. But we do have other controls in place and if people buy things they have to go through the appropriate approval processes and managers at the respective levels will see this, and it does tie back to every area has a budget. We continue to monitor. This is something that we watch closely, but not down to the level of granularity that you request.

**Senator FIFIELD**—Sure. I like that word ‘granularity’ very much. Is alcohol separately recorded?

**Mr Jennaway**—No, it is not.

**Senator FIFIELD**—It is not. Okay. That is subsumed in the other categories.

**Senator Chris Evans**—I hasten to add that despite my dogged defence of the department at estimates over many years, they have not bought me a beer or biscuit.

**Senator FIFIELD**—Dr Harmer, you may wish to refer me to a relevant outcome, or you may prefer to take this as a corporate or cross-portfolio matter, but we have got in the habit of receiving from you an update on the number of staff the department employs who do have a disability, and we are aware of the traineeship program that you have. If this would be a convenient time to receive an update, that would be good.

**Dr Harmer**—Yes.

**Ms MacLean**—The number of staff with disability as at 24 May is 185, or 5.22 per cent of total staff.

**Senator FIFIELD**—Obviously, they are people who identify themselves as such. What was the figure at the time of the last estimates? You might refresh my memory.

**Mr Hunter**—It was 179.

**Senator FIFIELD**—Are you able to say the reason for the increase, or is it just that some additional people have identified as having a disability?

**Ms MacLean**—I think that is right. We have had extra people join the department—the numbers have increased slightly since the last estimates.

**Dr Harmer**—It is probably a combination of additional people who have identified and the fact that we have recruited some additional people who would have a disability.

**Senator BOYCE**—Could you split those into part time, full time, ongoing and non-ongoing?

**Ms MacLean**—For people with disability?

**Senator BOYCE**—Yes, for those 185.

**Ms MacLean**—Yes; I would have to take that on notice, though.

**Senator BOYCE**—That would be good; thank you. You had a trial program, a traineeship type of program, for people with intellectual disabilities. Could you update us on that program.

**Ms MacLean**—That program is still under way. It was an 18-month program. It started in August 2009 and, at this stage, will go through until February 2011. Last estimates I advised that we would be reviewing it towards the end of the financial year. We have not yet commenced that review process, but it is still in our plans to do that. They are all doing really well.

**Senator BOYCE**—All the trainees are still training?

**Ms MacLean**—Yes, they are all still training and taking on work and becoming more responsible in the workplace.

**Senator FIFIELD**—One has moved, I think, to Perth, was it?

**Ms MacLean**—One went to Perth, yes, as their family moved over there on posting. As I advised you last estimates, we lost one due to ill health. They left the program despite us trying to support them to stay on, and we replaced them with another one. So we still have five in total.

**Senator FIFIELD**—That is good. You said you are going to be reviewing the traineeship scheme. What is the time frame for that review?

**Ms MacLean**—We are hoping to start that review at the end of this financial year, so probably June-July we will start putting the terms of reference together and working with stakeholders to understand how effective it has been.

**Dr Harmer**—We want to have the review completed well before the current program is scheduled to end, so that if we maintain it we can make any modifications or improvements to it that come out of the review, which is the beginning of next year.

**Ms MacLean**—Yes, February.

**Dr Harmer**—The second half of this year we will have completed it.

**Senator FIFIELD**—Have any other departments or agencies expressed interest in the traineeship program?

**Ms MacLean**—Last time we advised you, there was the ACT government, Centrelink and the Department of Health and Ageing. I also recently attended a forum where SES colleagues from HR get together and talk about things, and I have offered to do a detailed presentation at our next meeting, which is to be hosted in June by DEWHA, so we will—

**Dr Harmer**—Probably most of the departments will be represented at that meeting.

**Senator FIFIELD**—That is good. Given we are in the corporate space at the moment, would it be appropriate here for an update on the department's contracting of services to ADEs.

**Mr Jennaway**—Our year to date spend on ADEs is \$86,774.

**Senator FIFIELD**—Have there been any new contracts for services entered into with ADEs since the last estimates?

**Mr Jennaway**—I do not have that information specifically. At the last estimates we were talking \$54,470. I do not have the detail on whether there are new contracts involved there. There are 15 organisations that we are purchasing services from.

**Senator FIFIELD**—And these—

**Dr Harmer**—One of the things I will say on that is that I have recently written to my colleague secretaries drawing to their attention the change in the rules governing procurement in relation to ADEs and urging them to take advantage of the flexibility that is now available to them to contract ADEs. I have only done that recently, but it was an initiative that we took as a department to try to promote the use of ADEs in other government departments.

**Senator FIFIELD**—That is very good to hear.

**Senator BOYCE**—So you have not had time to have a reaction to this.

**Dr Harmer**—It has only been in the last couple of months.

**Senator FIFIELD**—Would you provide a copy of the letter that you sent to your colleagues?

**Dr Harmer**—Sure.

**Senator FIFIELD**—Of the contracts that the department does have with ADEs, how many are as a result of taking up the exemption of the need to go for tender?

**Mr Jennaway**—I do not think I have that information. I think we would have to leave that to discuss under outcome 5.

**Senator FIFIELD**—Even though it is a corporate arrangement.

**Mr Jennaway**—But it comes down to a timing issue. It is a timing issue, effectively, the detail of what has been—

**Senator FIFIELD**—Outcome 5, Disabilities and carers. The services which are purchased are not necessarily in support of activities of the department in outcome 5, are they?

**Dr Harmer**—Not necessarily.

**Mr Jennaway**—The services purchased cover catering and printing. Also, I believe, a Purchasing with Purpose Expo for Australian government buyers is being held tomorrow, and some promotional pins and sweets were purchased from an ADE for that purpose.

**Senator FIFIELD**—I am not going to go to outcome 5 and hear, ‘Look, we are not responsible for management of contracts outside our particular outcome. You need to go to corporate or cross-portfolio to have that question answered.’

**Dr Harmer**—Can you repeat the question?

**Senator FIFIELD**—The question was: of the contracts that the department have with ADEs, how many of those are as a result of the department having availed itself of the exemption from the requirement to go to tender.

**Dr Harmer**—I think it is probably one we need to take on notice. I suspect it is here rather than disabilities, but it is one that Mr Jennaway does not have with him so we will need to take it on notice.

**Senator FIFIELD**—Okay.

**Mr Jennaway**—I have a list of dollars here, but I do not have the dates on which we entered into contracts.

**Senator FIFIELD**—Which, I guess, leads me to an issue we have raised before: we all agree that it is a good thing that the Department of Finance now provide for this exemption, and that it is a good thing, Dr Harmer, that you have written to other secretaries encouraging them to avail themselves of the exemption. But we come back to the issue of it being centrally recorded somewhere as to how many departments avail themselves of this exemption so we know whether the exemption is proving to be of use and whether people are taking up the services of ADEs as a result of it. I could be wrong—please correct me if that is the case—as to whether FaHCSIA was going to raise with Finance whether they should, in some way, keep a record across government of that.

**Dr Harmer**—I think it would normally be a matter for the individual departments. It would be a function that we would not normally take on.

**Senator FIFIELD**—And I am not suggesting that FaHCSIA would—other than for itself, obviously.

**Dr Harmer**—Sure. We would certainly monitor our expenditure. We can do that through our administration of the ADEs. In our interaction with them, we would be able to get anecdotal information, but possibly more data about government department use of their services and products. But it would not be something I would normally do or FaHCSIA would normally do. As to whether it is possible for Finance to do it easily, I am happy to take that on notice.

**Senator FIFIELD**—Thank you, Dr Harmer. I have got hospitality on the mind at the moment. I know COAG has taken over, in many respects, a lot of the roles of former ministerial councils in different portfolios. Does FaHCSIA still have a role in servicing some ministerial councils in its portfolio area?

**Dr Harmer**—Commonwealth, state and ministerial councils are generally supported by a separate secretariat that serves, I think, all of the ministerial councils. I am not 100 per cent sure.

**Senator FIFIELD**—As I say, I know that the arrangements have changed from how it was 10 years ago or so.

**Dr Harmer**—I am pretty confident that FaHCSIA does not support the ministerial councils.

**Ms S Wilson**—With the exception of the women's ministerial council, which FaHCSIA does provide the support for from our women's outcome, they each have a secretariat—which I think is currently based in South Australia for the community and disability services ministerial council and the housing minister's council.

**Senator FIFIELD**—Is it only the women's ministerial council, or is it the disabilities and the housing ministerial councils that—

**Ms S Wilson**—There is a formal secretariat for the community and disability services ministerial council and the housing minister's council which is based in South Australia.

**Senator FIFIELD**—Which is not—

**Ms S Wilson**—It is not part of FaHCSIA; it is an independent secretariat. FaHCSIA supports and provides the secretariat for the women's minister's council.

**Senator FIFIELD**—What is the annual budget of the women's ministerial council secretariat?

**Ms S Wilson**—I am sorry but you will have to ask that under that outcome. I do not have any information.

**Dr Harmer**—It will be in the women's and children's.

**Senator FIFIELD**—That is fine.

**Dr Harmer**—I was just asking Ms Wilson how often it meets. It would be a very minor cost.

**Senator FIFIELD**—I am sure it would.

**CHAIR**—Are there any other questions in cross-outcomes portfolio?

**Senator FURNER**—Yes, thanks. D Harmer, could you disclose what your annual staff turnover might be in the department?

**Dr Harmer**—I think we have that.

**Ms MacLean**—For the 2009 calendar year, our annual staff turnover percentage was 10.58 per cent.

**Senator FURNER**—What would that relate to in terms of bodies?

**Ms MacLean**—Three hundred and thirty-seven.

**Senator FURNER**—In relation to the department's capacity to discharge the statutory functions of the department should the opposition have their objectives in terms of staff freezes for two years apply, what impact would that have on the department to operate?

**Dr Harmer**—It would be a major challenge to continue to operate the programs in the face of a two-year freeze replacement—a very big challenge. It is not possible to predict where staff might retire from or where they might move and sometimes quite critical staff leave the organisation, where there are very few in the rest of the department that can do that function. With an inability to recruit, it does jeopardise the opportunity to run the programs—or it could. It would depend on who leaves.

**Senator FURNER**—Of course. Given you have indicated there is a 10.58 per cent turnover, where would you make those cuts in the department?

**Dr Harmer**—It would equate to a very substantial additional efficiency dividend, which would not be easy to manage.

**Senator FURNER**—Would you possibly look at examples of employment, of engaging non-employment contractors, as such, to fill that void if that was the objective?

**Dr Harmer**—We might, but we have to be conscious of the costs of that. Sometimes you pay a lot more for contractors and temporaries than you do for permanent staff. Presumably, the reason for doing it would be savings. If we spent as much or more on temporaries, we would not deliver the saving.

**Senator FURNER**—So it could effectively cost you more, as opposed to being a cutting exercise of staffing numbers or freezing?

**Dr Harmer**—It is possible. Our department runs pretty tightly on managing our business with our current level of staff. We could not really run efficiently with not being able to replace the staff that leave, without some decision by government that there are things we will not do. That is always possible.

**Senator FURNER**—Sure. You run a successful traineeship program currently in disabilities and Indigenous areas. Would the organisation and staffing of the administration of those programs suffer if there were a two-year freeze on recruitment?

**Dr Harmer**—If we lost significant numbers in those areas and we were not able to replace them, the answer is, obviously, yes.

**Senator FURNER**—Okay. What would that mean for those particular areas then?

**Mr Hunter**—It comes down to our financial position, of course. We would be managing against the complete envelope. There are a range of things that we do to make sure throughout the year that we are managing our financial situation as proactively as possible. We set the budget early, we do two budget reviews throughout the year, we do financial statements every month, and we do a hard close, which are financial statements at the end of March, to make sure that we are absolutely on track. Doing that, we are able to shift priorities as and when required right now, and we do use a mix of non-ongoing and contract staff for short-term appointments even now. If that were to happen, we would be looking at our total envelope of funding and then recasting it against the priorities for government at that time. It is a bit difficult to say what it would mean to any individual program.

**Dr Harmer**—And it is impossible to predict where we would lose staff from year to year.

**Mr Hunter**—That is right.

**Dr Harmer**—As Mr Hunter said, we would always do our best to serve government with the resources we have, but it would be a significant challenge for us.

**CHAIR**—Dr Harmer, I have had a question about paid parental leave. Where does that fit? Will that be under families and children?

**Dr Harmer**—Under families, yes.

**CHAIR**—And I assume pension reform could come under seniors, Dr Harmer.

**Dr Harmer**—Yes.

**CHAIR**—Right. Are there any last questions in Cross outcomes and corporate matters? I take silence to mean there are none, Dr Harmer, so we thank the officers from those areas. I propose to move on and commence Seniors before lunch and see how we go. We will now have a break until half past 11 while the officers move around.

**Proceedings suspended from 11.19 am to 11.31 am**

**CHAIR**—We are moving to outcome 4, which is seniors. Senator Fierravanti-Wells is leading off on this. I would imagine most of your questions would come under 4.1, but we will be flexible.

**Dr Harmer**—Before the senator starts, can I just clarify something we answered in respect of Senator Fifield's question about ministerial councils? We indicated that the housing ministerial council and the community services ministerial council are supported by a secretariat which is across in Adelaide, but we do support the women's ministerial council and also the gambling ministerial conference is supported by a FaHCSIA secretariat. I just want to make that clear.

In the break you asked me about Indigenous community volunteers. After checking in the break, I understand from my people that Senator Siewert has listed that for consideration on Friday.

**CHAIR**—When she comes back we will check on that. We will see where it goes.

**Dr Harmer**—If she wants to, I can still have a go at it. They are a separate organisation and they are not here.

**CHAIR**—They are not here, and we did not ask them to come either. We did not actually ask them to travel. We will see how we go.

**Senator FIERRAVANTI-WELLS**—I might start with a bit of a comparison, if I can, between last year's budget and this year's budget for seniors. What is actually new in the budget for seniors? Last year we saw the Secure and Sustainable Pensions reform, but what is new in this year's budget for seniors?

**Ms Foster**—This year the focus for seniors is very much on implementation of the secure and sustainable package for pensioners. There was a substantial number of measures implemented from 20 September last year. There are two further measures to be implemented commencing on 1 July this year. One is around improved flexibility and increased advances of pension payments, and the other is around quarterly payment of some of the pensioner supplement.

**Senator FIERRAVANTI-WELLS**—So there is actually nothing that is new in this budget that was not in last year's budget?

**Ms Foster**—In last year's budget, the budget measures totalled about—

**Dr Harmer**—On top of the \$14.8 billion last year, there was not any significant additional expenditure this year.

**Senator FIERRAVANTI-WELLS**—Yes. So there are no specific new initiatives for seniors in the budget this year other than a continuation of what was in the budget last year?

**Ms Foster**—That is right. Not under outcome 4.1.

**Senator FIERRAVANTI-WELLS**—How many staff are employed by the department to deal with seniors on outcome 4 specific issues?

**Ms Foster**—In my branch, which deals primarily with 4.1, I have 44 people.

**Senator FIERRAVANTI-WELLS**—Okay. And so that is 44 in outcome 4.1, and in outcome 4.2?

**Ms Foster**—I cannot answer that question, I am afraid.

**Mr Innis**—The chief finance officer would have done an attribution of departmental effort against each outcome. We can talk a little bit about the structure of our group and how it responds to seniors' issues. Ms Foster's branch looks after the age pension related payments and the means test. Ms Lindenmayer's branch looks after the concessions system as well as the payment system generally in the department. Diana, do you know roughly how many people are in the concession side of your business?

**Ms Lindenmayer**—In the concession side, there are probably around 10 to 12 people.

**Senator FIERRAVANTI-WELLS**—So there are roughly about 55 or 56 people that work in the department on seniors' issues?

**Dr Harmer**—Of that order.

**Mr Innis**—In addition, there is a little team looking after the Broadband for Seniors program, which is in Mr Lewis' group, but it is a small team—1.1 people.

**Senator FIERRAVANTI-WELLS**—It is okay—the Prime Minister's nanny was paid 7.4! Remember the 0.4 and the 0.6; we understand 0.1.

**Mr Innis**—It is also worth noting that the means test elements of Ms Foster's branch relate to the whole pension system, not simply to the age pension. So the same means test people look after the means test arrangements for the disability pension, for example.

**Senator FIERRAVANTI-WELLS**—The figures overall for outcome 4 are around the 55-56 mark.

**Mr Innis**—In broad order, yes.

**Senator FIERRAVANTI-WELLS**—What is the comparison with previous years for staffing in outcome 4 going back, say, a couple of years?

**Mr Innis**—If you want a precise number we would have to that on notice, but in order of magnitude the numbers have been broadly the same for the period that I have been responsible for the group, which is about 3½ years.

**Senator FIERRAVANTI-WELLS**—I just asked that because I understand on information provided to me that it was about 136 in 2008-09 and 152 in 2009-10, so that seems like a considerable drop. Perhaps if you could take that on notice and clarify those figures?

**Dr Harmer**—Those figures will not be those who are working on 4.1 and 4.2. I can be absolutely confident about that. They will count other things. It could be the group that Mr Innis runs, which includes the pension people but also other things, or it could be something else, but it certainly is not the age pension.

**Mr Innis**—There is an attribution on page 82 of the portfolio budget statement; the figure for 2009-10 was 152, and the figure for 2010-11 is 152. That includes all of the corporate support and it would include an attribution of the research effort in the department.

**Dr Harmer**—IT and HR.

**Mr Innis**—IT and the strategic analysis area. More resources come into each outcome than—



**Senator FIERRAVANTI-WELLS**—I appreciate that. All considered, what you are saying is that 152 pretty much stays the same?

**Mr Innis**—Yes, it is fairly constant.

**Senator FIERRAVANTI-WELLS**—Thank you. You have had this increase. Last year, the attribution figure was around 136, so you have obviously gone up to 152 for the implementation of the package. What happens? You have still maintained the same level of staff for the reasons that Ms Foster mentioned.

**Mr Innis**—In general terms, if a new initiative is funded by government, we will receive some funding for the department to implement that. Depending on how long it takes to implement that and what the ongoing requirement is, some of those resources will disappear, but it is a case-by-case thing, developed with Finance. I do not have the specific numbers for the pension reform in front of me, but, generally speaking, if you are implementing a proposal, there are some ongoing elements, there are some elements that are implementation only, and then they disappear again.

**Senator FIERRAVANTI-WELLS**—Do you intend to change the staff levels? Ms Foster, when do you envisage completion of implementation of the package?

**Ms Foster**—Actual implementation of the package could be said to end, in one sense, on 1 July 2010, when the measures come into operation. We will continue to monitor, answer questions and evaluate those measures for a period of time after that.

**Senator FIERRAVANTI-WELLS**—There will be a short phase and then staff, I would assume, would be surplus to requirements, because if your implementation phase is over, then what happens to the staff? Do you intend to move them to another area?

**Dr Harmer**—We lose the resources for those staff in the forward estimates. I think we got an additional allocation of staff to implement the measures and, as Ms Foster said, do the evaluation. I think it was a two-year allocation, or three?

**Ms Foster**—It was two years.

**Dr Harmer**—Two years. At the end of that two years, the resourcing ceases, and we lose that component off our base.

**Ms Foster**—I do have an allocation for two people to continue on the data and evaluation side to monitor what may be occurring with the budget measures.

**Dr Harmer**—To be accurate, we lose some of the resources. We lose all but two of the resources, which continue.

**Senator FIERRAVANTI-WELLS**—They will be absorbed into some other busier area of the department, Dr Harmer?

**Dr Harmer**—Those two would stay.

**Ms Wilson**—The funding disappears, but the individuals, where they are ongoing staff, would move to areas which had higher priorities and had staffing needs. Having experienced staff within the department means that they are always in demand across the other areas of the department's activity.

**Senator FIERRAVANTI-WELLS**—All right. You gave me a breakdown earlier of the staff of 44 and then the 10 to 12. Could you tell me, as part of the minister's staff, how many of those are actually responsible for seniors' issues?

**Dr Harmer**—There would be one advisor in the minister's office that is primarily responsible for interacting with the seniors' area, but it may not be their whole role. Ministerial staffers usually have two or three areas of the department to cover.

**Senator Chris Evans**—Of course, the senior advisers often have a supervisory role as well. I find in my office, it depends where the crisis point is as to where they are all working.

**Senator FIERRAVANTI-WELLS**—You will have a few of those in your office at the moment.

**Senator Chris Evans**—That is right.

**Senator FIERRAVANTI-WELLS**—Does that mean you are pilfering from everybody else?

**Senator Chris Evans**—I tell them that they should thank me because they do not spend any money because they work all weekend and they do not have any social life, so they do not spend any money either. They do not seem to be at all grateful.

**Senator FIERRAVANTI-WELLS**—I do not think they appreciate it from that perspective. In terms of advertising and government advertising, the budget makes provisions for government advertising, and the various figures that have been bandied around. Are there any plans for government advertising in relation to seniors or seniors' issues?

**Dr Harmer**—I think we may have answered this question in the corporate area.

**Senator FIERRAVANTI-WELLS**—I am sorry.

**Dr Harmer**—We have had a campaign around the pension reform, but I think that is concluded now.

**Senator FIERRAVANTI-WELLS**—I apologise. Other than pension issues, are there any other plans for advertising?

**Dr Harmer**—In the pensions area?

**Senator FIERRAVANTI-WELLS**—In relation to seniors or seniors' issues in the foreseeable future.

**Mr Innis**—There are no plans at this stage.

**Senator FIERRAVANTI-WELLS**—In relation, for example, to the hospitals network and given the particular interest that seniors, of course, would have in that, nothing specific for seniors in relation to that?

**Mr Innis**—Those issues would be dealt with by the Department of Health.

**Dr Harmer**—Health and Ageing.

**Mr Innis**—We would not necessarily be consulted on those plans.

**Senator FIERRAVANTI-WELLS**—I will be canvassing that. I thought that if there was anything specifically directed in relation to seniors—thank you for that. Madam Chair, I have got a series of topic areas which I wanted to just deal with.

**CHAIR**—Go for it.

**Senator FIERRAVANTI-WELLS**—Dr Harmer, maybe it is better if I just give an outline of those and just see if they are best dealt with in 4.1 or 4.2. I want to talk about general cost of living issues. Perhaps this is the most appropriate area to deal with that?

**Dr Harmer**—Yes.

**Senator FIERRAVANTI-WELLS**—And changes to superannuation.

**Dr Harmer**—Yes.

**Senator FIERRAVANTI-WELLS**—All right. I will move onto those areas, unless there was something else that other senators wanted to just ask at this point, in relation to budget matters? I am quite flexible.

**CHAIR**—I think they will follow on from you.

**Senator FIERRAVANTI-WELLS**—Thank you. I might just move to some issues pertaining to cost of living. Has the department done any work in relation to cost of living pressures on seniors?

**Ms Foster**—There have been a variety of pieces of work about cost of living pressures on seniors dating back a number of years. This committee produced a report called *A decent quality of life* in 2007. That raised the issue and made a number of recommendations about having a specific cost of living index for seniors, for example. That was followed by the Harmer report, which also discussed the cost of living issues for seniors and other pensioners. Ultimately, in response to the Harmer report, the government introduced the pensioner and beneficiary living cost index that took effect from September 2009, as part of the indexation of pensions.

**Senator FIERRAVANTI-WELLS**—What sort of research do you do in the department, in relation to cost of living pressures on seniors? I appreciate reports that have been done, but internally, what do you do?

**Ms Foster**—At present, we would monitor the consumer price index. We monitor what is occurring with the pensioner beneficiary living cost index,

**Mr Innis**—We have an ongoing program of research that looks at what is happening with key groups. As Ms Foster said, in the lead-up to the government's pension reforms, we provided two submissions to the Senate inquiry, which were based on detailed research of costs of living impacts on pensioners and what they meant. That sort of work is refreshed from time to time. Very detailed work went into the Harmer review. Again, that sort of work is refreshed from time to time. More generally, we do track what is happening in the key indices, like the CPI and the pensioner index. There is a fairly significant effort that goes into monitoring cost of living issues and, obviously the adequacy of the payment.

**Dr Harmer**—And we use surveys, such as the household, income and labour dynamics in Australia survey—that sort of information—which was the basis for a lot of the work that we

did on the pension, and other surveys. Anything that we can use to inform ourselves better about the cost of living we tap into, whether it be surveys, census, or research reports. As Mr Innis said, we have relationships with a number of the universities that do work and we get information from them from their surveys.

**Senator FIERRAVANTI-WELLS**—They are your third party external sources that you, from time to time, might commission work from?

**Dr Harmer**—Yes.

**Senator FIERRAVANTI-WELLS**—And those would be consultancies and are freely available, and we could just have a look at your website where those consultancies would be available?

**Dr Harmer**—Yes.

**Senator FIERRAVANTI-WELLS**—In terms of research, do you rely on or use research from other government agencies at all, or as part of the work that you do in terms of clearly monitoring, Dr Harmer, any other departments that you go to?

**Dr Harmer**—We would certainly use information from ABS; we use information from the Australian Institute of Health and Welfare and a range of other bodies—semi-government and government bodies; and, obviously, Treasury information.

**Mr Innis**—We tend to compare notes with our colleagues in other departments about what research is telling us from time to time. Hopefully, we are capturing the knowledge that exists around Canberra.

**Senator FIERRAVANTI-WELLS**—There has been—sorry, Madam Chair; I have got a copy of this but would be happy for it to be copied: an article from the *Sydney Morning Herald* on 18 May.

**CHAIR**—How long an article is it?

**Senator FIERRAVANTI-WELLS**—It is one page.

**CHAIR**—Ask your question and we will see whether the officers do require a copy.

**Senator FIERRAVANTI-WELLS**—All right.

**CHAIR**—We will get the question first and then see.

**Senator FIERRAVANTI-WELLS**—I guess the question is: are you aware of press stories that look at the disparity between the rise in the cost of living for workers versus the rise of cost of living for seniors? This article is headed ‘Retirees hit harder than salary earners’. Are you aware, Dr Harmer, of these press reports that, from time to time, appear—particularly after you have analytical data being released?

**Dr Harmer**—We monitor reports like that. Sometimes they have got very good information; sometimes they have misinterpreted data. So we are always ready to ensure that our minister understands the nature of the data and the information. I do not know whether we have looked specifically at that one. Ms Foster?

**Ms Foster**—I think I was aware of that article. Is that where it is talking about age pensioners facing increases of 3.1?

**Senator FIERRAVANTI-WELLS**—Yes. Ms Foster, and perhaps if the committee will—

**CHAIR**—Sure.

**Senator FIERRAVANTI-WELLS**—There are just a couple of little paragraphs. It might be—

**CHAIR**—Sure. We will see whether we get to that stage at the end.

**Senator FIERRAVANTI-WELLS**—It was an article in the *Sydney Morning Herald* of 18 May, and it says:

The latest especially-tailored living cost indexes show employees faced an inflation rate of just 2 per cent over the past year. But the prices facing Australians out of work climbed quickly.

The Bureau of Statistics says prices facing age pensioners jumped 3.1 per cent.

**Ms Foster**—The feedback loop that operates there for seniors is through the pensioner and beneficiary living cost index. That particular index is tailored to capture the particular costs of people in receipt of income support. So that would be capturing those different cost of living increases for the different groups. When we come to the indexation points each March and September, we do a comparison of which has grown faster, the consumer price index or the pensioner and beneficiary living cost index; whichever is the higher is used. That result is then compared to wages growth measured by now male total average weekly earnings, and we then calculate the rate of pension depending on which result produces a higher result.

**Senator FIERRAVANTI-WELLS**—I guess when you look at the analytical living cost indices and CPI—and that does the direct comparison between the employee and the aged pensioner; you are aware of that analysis which was obviously what then resulted in this article—that does a clear comparison, and it is very clear there that the difference is stark: two per cent versus 3.1 per cent.

**Mr Innis**—As Ms Foster said, I do not have that specific analysis in front of me.

**Senator FIERRAVANTI-WELLS**—I am happy to make it available, and it might be appropriate.

**Mr Innis**—The design of the pensioner index is based on the expenditure patterns of pensioners—just as, I suspect, that is intended to be designed around the spending patterns of income-support recipients. So, in design, the pensioner index is intended to capture where there are differences in cost of living increases for pensioners versus other people.

**Senator FIERRAVANTI-WELLS**—And the disparity, Mr Innis, if I can draw from your comments, is in the different activities that the two groups—

**Mr Innis**—Absolutely right.

**Dr Harmer**—And a different basket of goods that pensioners might purchase. But, as Ms Foster said, that feeds into the indexation point for pensioners, and their next increase, in either March or September, reflects, to some extent, those additional costs they face. The reason it is there is to make sure that, as we index pensions, it reflects the actual cost faced by pensioners rather than the costs faced by the rest of Australia.

**Senator FIERRAVANTI-WELLS**—You have commenced work to seek to address—that provides the data and then you go on and—

**Ms S Wilson**—It was a feature of the pension reform package that indexation arrangements were changed so that the pensioner and beneficiary living cost index was introduced with a particular basket of goods underpinning it, so that when it was running higher than CPI it would be the basis of indexation for pensions. So it has already been reflected in policy.

**Dr Harmer**—And it is to ensure that pensioners do not lose ground because of the nature of their expenditure pattern.

**Senator FIERRAVANTI-WELLS**—You have already commenced work now to address the next phase for the next pension increase?

**Dr Harmer**—Yes.

**Mr Innis**—For example, in the six months to June 2009, the pensioner and beneficiary living cost index rose by one per cent and the CPI rose by 0.6 per cent. Under the new system the pension one would be used.

**Senator FIERRAVANTI-WELLS**—Yes, the higher.

**Mr Innis**—Yes.

**Senator FIERRAVANTI-WELLS**—Yes. Thank you.

**Senator CAROL BROWN**—Have you done an analysis of the actual pension increase from the start of the pension reforms of last year to catch the increase pensioners have received? Have you got information?

**Ms Foster**—Yes. Since the pension reforms were introduced, for singles the pension has increased by about \$100 a fortnight and, for married couples, \$74 a fortnight.

**Senator CAROL BROWN**—Each time you have used an index, have you ended up using the CPI or the pensioner index?

**Ms Foster**—At 20 September last year, it was driven by the pensioner and beneficiary living cost index. The most recent increase on 20 March was driven by the MTAWWE measure, the male total average weekly earnings measure.

**Senator CAROL BROWN**—So there has been a significant increase using the new reforms?

**Ms Foster**—Yes; that is correct. The new reforms included both the new indexation measure through the pensioner and beneficiary living cost index. It also included a new benchmark for MTAWWE. It increased from 25 per cent of MTAWWE for singles to 27.7 per cent for singles.

**Senator CAROL BROWN**—Does that include the supplements?

**Ms Foster**—No. That is, for want of a better term, the base rate of pension. That does not include the supplement. The supplement is indexed by the CPI.

**Senator CAROL BROWN**—Thank you.

**Senator FIERRAVANTI-WELLS**—In general terms what action has been taken over the last year to mitigate the cost of living pressures rises on seniors? What action, or what specific actions, have you taken?

**Dr Harmer**—It is built into the indexation.

**Senator FIERRAVANTI-WELLS**—So there is nothing over and above what you build into the indexation?

**Ms Foster**—As part of the pension reforms, it was found that, relatively, single pensioners did require some more assistance compared to married couples. As part of the pension reforms, single pensioners received an increase at 20 September of \$65.00, and married couples received an increase of \$20.30, from memory. They were ad hoc increases in the rate of pension. There were then indexation increases on top of those.

**Senator FIERRAVANTI-WELLS**—On top of that?

**Ms Foster**—Yes.

**Senator FIERRAVANTI-WELLS**—Are you proposing any ad hoc?

**Ms Wilson**—The pension review considered, and made recommendations to government about, a new ratio between single and couples, and government made decisions about that ratio. It also made decisions about what wages benchmark it wished pensions to be set at and what index it wished to use to index pensions regularly. The combination of those three things mean that, going forward, pensions are much more generous than they otherwise would have been for maximum-rate pensioners and continue to be indexed by indices where they are higher than the CPI, which reflect the particular basket of goods that seniors and aged pensioners purchase. It is an in-built feature of the policy parameters going forward, which is reflected in legislation, that this indexation keeps pace with costs of living faced by seniors and also keeps them up to a wages benchmark which is a new, higher benchmark.

**Senator FIERRAVANTI-WELLS**—That 3.1, if that was 4.1 or 5.1, then you would respond accordingly?

**Ms Foster**—Yes, that is right. The ABS is doing further work to refine the pensioner beneficiary living cost index further. I understand that the household expenditure survey will be adjusted to capture more information about the basket of goods that seniors and other income support recipients consume, but those questions would have to be directed to the ABS.

**Senator FIERRAVANTI-WELLS**—It is not just basket of goods.

**Ms Foster**—It is goods and services, yes.

**Senator FIERRAVANTI-WELLS**—Yes. When you say ‘basket of goods,’ you mean—

**Mr Innis**—It includes both.

**Ms Foster**—In shorthand.

**Senator FIERRAVANTI-WELLS**—Yes. I would just like to take you to one of those, and that is the rising prices for financial services—of course, including interest charges—are very much responsible for rising living costs for seniors. These ABS statistics show that, whilst financial services costs declined by 4.8 per cent for wage earners, they rose 5.2 per cent for pensioners and 3.7 per cent for self-funded retirees. It is clear that seniors are now having to pay more for loans, insurance and the like, whilst this is declining for employees. Why is that the case? Are you aware of, or have you done any work in relation to why that is the case?

**Ms Foster**—I am aware that the living cost indices and the CPI—

**Senator FIERRAVANTI-WELLS**—Are you looking at the same table I am?

**Ms Foster**—I do not have that table, I am sorry. I do have the newspaper reports.

**Senator FIERRAVANTI-WELLS**—You have got the information, yes.

**CHAIR**—Do you need that table? Is that going to be helpful for your answer, because we can get a copy.

**Mr Innis**—It depends a little on what the question is directed towards. If it is directed towards: have we done a detailed analysis of the financial advice market and why it is, when the bundle of services that seniors buy are increasing in price more rapidly than the average, then the answer is no, we have not done a detailed analysis of that. If the question is: how does the indexation system capture that, it is through the design of the pensioner beneficiary living cost index that the weightings of the services and products that a pensioner buys reflect their consumption, as opposed to someone else's consumption.

**Senator FIERRAVANTI-WELLS**—To some extent, Ms Foster, the question does try and explore the former, in other words, are you aware of why this is the case? You may not have done detailed research into it, but do you have at least a general awareness of why you think this is the case?

**Mr Innis**—I do not think we are in a position to answer that. We have not done analysis of that industry and the various costs and packages they are offering.

**Dr Harmer**—We do not usually do analysis of a breakdown of the various components of pensioner expenditure. We are pretty confident that the index captures the total of the goods and services bundle for pensioners and that the increase that arises from that increasing index captures the costs. While the costs of financial services may have increased by 5.2 per cent, I do not know for sure but I suspect that the proportion of a pensioner's expenditure on the financial services is actually relatively small and, therefore, is not a big factor in the adjustment of the index.

**Senator FIERRAVANTI-WELLS**—Interest rate rises are.

**Dr Harmer**—It may be. I do not know what proportion. Ms Foster and Mr Innis may know, but a lot of older people, pensioners, own their own home and are not as subject to interest rate charges as, for example, young couples who are purchasing. I am not sure of the proportion, but, certainly, a bigger proportion of age pensioners own their own home than younger.

**Mr Innis**—What is also true is that increases in interest rates often benefit pensioners, to the extent that they have cash in the bank and other investments. It is not a simple equation that an interest rate rise necessarily means a reduction in spending power for the whole pensioner group.

**Senator FIERRAVANTI-WELLS**—The point I am making is that there is clearly, as far as certainly self-funded retirees—and there is a 3.7 per cent increase for them—this 5.2 per cent for pensioners is really what I am trying to drill down to. It seems to be quite starkly different from the other two components. I would have thought that the department would



have at least done some work, and at least have some concern, as far as financial and insurance. It seems to stand out so starkly.

**Dr Harmer**—It may be that we could look at that separately, but the point really is that we are pretty confident that the new index picks up the composition of pensioners' expenditure sufficiently so that the indexation points will pick up their costs. In other words, while individual components of the index might increase—one you have mentioned is 5.2 per cent, one of them may be 1.2 per cent—the combination of them, either 3.1 per cent or whatever is, and the pension is increased in relation to that. We are reasonably confident that the index captures the pattern of expenditure for pensioners such that they are not losing ground. I think that is the point. It may be that some other parts of the department—it is a very big department—have looked at that figure. If they have, I can take on notice whether we have done some analysis of it.

**Senator FIERRAVANTI-WELLS**—This is not the right place to drill, but, clearly, there have been repercussions in terms of inflationary pressures as a consequence of the government's stimulus and spending. I am not going to go through that component of it, but, clearly, it will have a flow-on effect to age pensioners. As a consequence of that, it is very clear that there are rising cost of living pressures. My question to you, Dr Harmer and to the minister, is: is the government confident that no pensioner will be worse off; no senior Australian will be worse off? In other words, Dr Harmer, you have said a lot about your confidence in the indexation system. Are you confident enough to then say that no senior Australian will be worse off?

**Dr Harmer**—What we are confident about is that the revised and reformed indexation better reflects the actual costs that pensioners face. Therefore, twice-yearly pension increases reflect the actual costs of pensioners. I would not—and I am sure the minister would not either—guarantee that a particular spending pattern or composition of an individual pensioner's expenditure would change above or below that. No, you cannot do it for an individual. It is about the indexation for pensioners as a group. Certainly, the revisions and the reforms that came about as part of the pensioner review substantially improved the base rate for pensioners and also substantially improved the indexation, reflecting much more the actual costs paid by pensioners.

**Senator FIERRAVANTI-WELLS**—As a consequence of the government's spending for its reasons and possible inflationary pressures, are you confident that senior Australians will not be worse off as a consequence of that?

**Senator Chris Evans**—One of the major components of the increased government spending you refer to was the largest ever increase in the aged care pension. I think you ought to bear that in mind because, whatever the arguments about the CPI, which we think has put it on a much better footing, the bottom line is that the huge investment we made in bringing the pension up to a much more acceptable standard was a large component of the spending this government put in place—spending we are very proud of, spending which I understood the opposition supported even though when in government it never made any serious steps down that path. We have put in place new indexation arrangements. We think they will deliver a better result for pensioners. Not only have we had a massive increase in the rate of pension,

we have put in place improved indexation methods. I think that is a pretty good reform package.

**Senator FIERRAVANTI-WELLS**—My question is: it is very clear from the statistics that the cost of living pressures on senior Australians are greater than they are on other employees and other Australians. My question was a very specific one: are you confident that senior Australians will not be worse off as a consequence of increase in inflation as a consequence of government spending? It is a pretty simple question.

**Senator Chris Evans**—Absolutely. That package provided huge increases in the base rate of pension, plus an improved indexation rate. Are they better off than they would have been if it was not for that government package of measures? Absolutely.

**Senator CAROL BROWN**—With the pension reforms, increasing the base rate and the new index arrangements, are you confident that those arrangements are better than the previous system of ad hoc payments?

**Dr Harmer**—You are bringing me into a question of comparing two approaches. What I will say is that the very substantial increase in the base rate of pension, particularly for singles but also for couples, combined with the new indexation, has significantly improved the outcomes for aged pensioners. As an ongoing measure it has lifted the base rate of pension from 25 per cent to 27.7 per cent. That benchmark will be maintained. In terms of aged pensioners, relative to people who are earners their benchmark is higher than it has ever been and it will stay at that 27.7 per cent proportion.

**Senator CAROL BROWN**—I think I was told earlier that single pensioners on the maximum rate are \$100 per fortnight better off at the moment. If we had the old system, they would be receiving \$100 less per fortnight?

**Dr Harmer**—I will let Ms Foster answer that question.

**Ms Foster**—Under the previous arrangements, payments were indexed to increases in the CPI. They were increased and they were then benchmarked to 25 per cent of MTAW. There is a comparison between the consumer price index and the pensioner beneficiary living cost index and whichever is the higher is paid. That is then compared to the new MTAW benchmark of 27.7 per cent of MTAW and the higher amount is paid. I have some examples, but they go back to September last year, comparing what the single rate of pension would have been had it been indexed only to CPI.

**Senator CAROL BROWN**—That would be helpful.

**Ms Foster**—I have it compared to CPI and then CPI and MTAW. I do have those rates, but they are only for September. They are not quite up to date. I do not know if they would be useful. If I could perhaps take it on notice and I could update it for March?

**CHAIR**—You can take it on notice. That would be fine. If you table them, Ms Foster, that would be useful, and then the senators can have a look at it and perhaps, if they have further questions, they can come back and ask after they have seen the document you have presented. We have not got time in this session. We will get that tabled—if it is agreeable, Mr Innis.

**Mr Innis**—We will have a quick look at it.

**CHAIR**—That is a good idea. We will go onto further questions.

**Dr Harmer**—Of course, what we did not mention is that, in the very first tranche of the stimulus payments—Ms Foster or Mr Innis will know the exact amount—the pensioners got a fairly significant payment in the first stimulus package, which was in December. It was \$1400.

**Senator CAROL BROWN**—I did want to ask about the carer supplement.

**Senator BOYCE**—I have got a cost of living question.

**Dr Harmer**—The carer questions will be in outcome 5, which will be tomorrow afternoon.

**Senator CAROL BROWN**—Okay. Thank you.

**CHAIR**—We will go onto the cost of living questions.

**Senator Chris Evans**—Outcome 5 is going to be big, isn't it?

**CHAIR**—It is going to be big, yes.

**Dr Harmer**—Huge.

**CHAIR**—It keeps getting bigger.

**Senator Chris Evans**—Promise me I am not here for outcome 5.

**CHAIR**—I assure you you are.

**Senator FIERRAVANTI-WELLS**—It will be a fun week.

**Senator BOYCE**—I just wanted to follow up on some of those questions around the way indexing is formed, but I would also like to make the point that the change to the index that was used and the increased in the singles pension were all recommended in a bipartisan way by this committee under the cost of living pressures on older Australians, which was an inquiry set up by the Howard government to look at this area more. I have here an article talking about the OECD report released in June 2009—*Pensions at a glance: retirement-income systems in OECD countries*—which suggests that Australia is not doing certainly as well as it could. It suggests, in fact, that, using their poverty threshold, which is half median household income for the national median household income, then every other OECD country apart from Korea, Mexico and Ireland was doing better than Australia. It even points out that the basic pension in New Zealand is worth 80 per cent more when you compare the average earnings of New Zealand with the average earnings of Australia. Could you tell me if this has changed, and how it has changed?

**Dr Harmer**—The comparisons between pension payments in Australia and OECD countries is not an apples with apples comparison. Most of the European countries have a social insurance scheme, where they pay into it separately, like a superannuation scheme.

**Senator BOYCE**—Like a superannuation scheme. That is right.

**Dr Harmer**—So it is not really valid to compare European pensions to Australian pensions. They are actually quite different. It would be like comparing superannuation plus pensions here compared to pensions—

**Senator BOYCE**—Nevertheless, we are talking about what the majority of the older citizens of those countries have to sustain them.

**Dr Harmer**—Indeed, but just as a comment, because I looked at this very carefully when I did the pension review, many of the European countries have got themselves into almost an unsustainable position in terms of their payments as the population ages, which is part of the problem that Europe is facing at the moment. We have an affordable, sustainable pension scheme. We looked at this when I did the pension review, and our system, in my view, is a preferable system. Even though it is not as generous, it is more sustainable.

**Ms Foster**—One of the further issues, I think, about that OECD report, *Pensions at a glance*, is that it relates to a period back in time. I think it might be two thousand and—

**Senator BOYCE**—2009.

**Ms Foster**—It is 2009.

**Senator BOYCE**—It was published in June 2009.

**Dr Harmer**—I think the figures are earlier.

**Senator BOYCE**—They are 2008 figures, yes. That is what I am asking you.

**Ms Foster**—Yes.

**Senator BOYCE**—Have you done any sort of comparison updating this?

**Ms Foster**—The OECD updates that document.

**Senator BOYCE**—I mean looking at the comparison between Australia and OECD countries since then.

**Mr Innis**—As Dr Harmer said, this was analysed very, very carefully in the lead-up to his pension review. Retirement incomes were also analysed in the context of the Henry review. It is important to note the ‘apples and apples’ comment—that to do analysis in Australia you have to look at the combined impact of superannuation and the age pension for people, and you also have to look at the—

**Senator BOYCE**—For those who receive superannuation.

**Mr Innis**—For those who receive superannuation, but you also have to look at the sustainability of the system over time. As Dr Harmer said, some of the difficulties with the European approach are how well you can sustain that with an ageing population.

**Senator BOYCE**—How do we benchmark ourselves then, in terms of pensions?

**Mr Innis**—We benchmark ourselves for the pension against male total average weekly earnings. We hold that at 27.7 per cent.

**Senator BOYCE**—But that is just how we set our pension. It does not benchmark our system versus other systems—or the take-home pay, for want of a better word, of Australian pensioners versus the take-home pay of older people in other countries.

**Dr Harmer**—It is important to remember in Europe they have both a social insurance pension and a residual pension for people who are not entitled to that. Those pensions, which are more comparable with our age pension, are considerably lower than ours—a subsistence

payment for those who do not get the social insurance payment. Pretty much, our system is a robust system which maintains a reasonable standard of living of pensioners, certainly reasonable compared to average weekly earners, and it has been increased substantially since those comparisons. We have not done it, but we can.

**Senator BOYCE**—I agree with you that we have put in place a number of actions that improve the age pension system—and, as you have said, it is a robust system—but what I am trying to get to is: how do we continue to know it is a robust system, how do we continue to know it is a fair system, if we are not benchmarking it in any way?

**Dr Harmer**—From time to time we look at what is happening in Europe, but it genuinely is not a comparison, because of the nature of their payments. It is really, really difficult to look at pension policy outside your country and expect that you can make adjustments according to others. What you do is—

**Senator BOYCE**—I realise that ‘apples for apples’ will be difficult.

**Dr Harmer**—Yes, absolutely. We found that when we looked at various other countries, not just the OECD. What we do is we have a look at the cost of living and the cost pressures on pensioners through the indexation points. We look at how pensioners’ payments relate to average weekly earnings et cetera. It is through that analysis and constant monitoring that we can be confident that the pension payments here are adequate.

**Senator BOYCE**—Which brings me to my next question in this particular area and, again, I am referring to a media report suggesting that, in September last year when the second increase had come through, 185,000 age pensioners were paying around an average of \$150.50 a week in rent, yet they received \$43.50 a week for rental assistance. What is the level of rental assistance now?

**Dr Harmer**—The housing people will be able to give you that figure.

**Mr Innis**—Housing costs are taken into account in the indexes that we use to increase the pension, but if you are asking a question about rent assistance specifically—

**Senator BOYCE**—The suggestion is that in September last year at least 185,000 pensioners were in rental crisis, irrespective of increases and index changes. What is the department’s response to that and what, if anything, has changed since?

**Dr Harmer**—I am not sure what has happened to rent assistance payments. We can do that in housing. But I would make a couple of points. There are, I think, 2.2 million pensioners. A significant proportion of age pensioners own their own homes, some are in public housing, both of which protect them against increasing house prices. So the 185,000 is a relatively small number, but it is still a significant number, and the housing people will be able to tell—

**Senator BOYCE**—It is not an insignificant number, and, given that these people are at risk of homelessness, I would have thought it was a pretty serious issue.

**Dr Harmer**—Indeed, and we look at that. The housing people will look at that issue and we will be able to give you some background on the rent assistance payments in housing.

**Mr Innis**—It might be helpful if we could get a reference to the specific article and the data that they used to make that calculation. It would help us assess the methodology.

**Senator BOYCE**—These are national seniors figures based on Centrelink statistics, but I am happy to provide a copy.

**Mr Innis**—That will be very helpful

**Dr Harmer**—Yes. It will just help the housing people when they come.

**Senator BOYCE**—Yes. I have got questions, but they are in other areas.

**CHAIR**—If you have finished there, we might break now before we go into something new.

**Proceedings suspended from 12.26 pm to 1.41 pm**

**CHAIR**—The committee will resume on outcome 4.1 Senator Fierravanti-Wells.

**Senator FIERRAVANTI-WELLS**—Dr Harmer, I was pondering over the break about some of the answers that you gave me earlier and in particular the answer to the question about the higher costs of living pressures on seniors and them being worse off. Do I take it from your response that you are confident that the indexation system will deal with the eventualities of the ups and downs and the vagaries, if I can put it that way?

**Dr Harmer**—Certainly the reformed indexation system is intended to deal better with the cost of living pressures that are faced by pensioners compared to, say, other households, yes.

**Senator FIERRAVANTI-WELLS**—When I ask you for a commitment that no senior Australian will be worse off, you cannot give me that commitment?

**Dr Harmer**—I do not think anyone could.

**Senator FIERRAVANTI-WELLS**—Minister.

**Senator Chris Evans**—I told you my answer to that question. Pensioners are much better off as a result of that package because we made the largest single increase in the pension in the history of the pension and brought in what we think are better indexation arrangements. Every pensioner I have spoken to understands that very clearly. They know they are better off as a result of those changes.

**Senator FIERRAVANTI-WELLS**—So, Minister, you are really not in a position to give a commitment that no senior will be worse off, no senior Australian will be disadvantaged in terms of higher cost of living pressures?

**Senator Chris Evans**—The department took you through how the new arrangements will work. We think this gives pensioners a better result. This is in addition to both the bonus payments and the increase in the pension. It has been indexed against a much higher base rate than it ever was before.

**Senator FIERRAVANTI-WELLS**—But you cannot give a commitment that no senior Australian will be worse off?

**Senator Chris Evans**—That is a very broad question. The department has answered your question. I cannot help you other than to tell you what I have just told you.

**Senator FIERRAVANTI-WELLS**—I will take that to be a no answer.

**Senator Chris Evans**—I would not do that, but anyway.

**Senator FIERRAVANTI-WELLS**—Well, Minister—

**Senator Chris Evans**—If you have any other questions, Senator, we are happy to answer them.

**Senator FIERRAVANTI-WELLS**—That is all the questions I have in relation to the cost of living. There has been quite some correspondence to not only me but also to other members of parliament relating to a comparison between the financial assistance given to pensioners and that given to asylum seekers. The minister would be familiar with this. This is not the appropriate time to discuss that. I would like some clarification in relation to that. Is that dealt with under 4.2?

**Dr Harmer**—You need to give me a sense of what the questions are so I can answer that?

**Senator FIERRAVANTI-WELLS**—Perhaps if I could just take—

**Senator Chris Evans**—This is the hoax email that has been circulating for about 10 years comparing the financial benefits for pensioners versus the financial benefits for those who enter under the refugee and humanitarian program. I have spent the last 2½ years trying to kill that email. As result of the way email and the internet works one cannot kill it. I have provided to all members of parliament written advice about the contents of that and how factually incorrect it is. I also provided a fact sheet out of the library which provides all the available comparisons. If it is that email, I can certainly give you all that information out of my portfolio which establishes that it is a complete nonsense and based on a Canadian email. It was adapted to Australian conditions and makes similarly outrageous claims. Is that what you have got?

**Senator FIERRAVANTI-WELLS**—I think what would be helpful. I have asked Immigration in relation to those comparisons. I will ask it in 4.2, Mr Harmer. That is probably where it is best.

**Senator Chris Evans**—Senator, if my office is listening I will get you a copy of the correspondence we have sent to all members of parliament and every media outlet in the country.

**Senator FIERRAVANTI-WELLS**—The latest version that has been sent to me is a weekly allowance comparison of an Australian age pensioner of \$253 compared to illegal immigrants/refugees living in Australia of \$472.50. Is this the same one that you are—

**Senator Chris Evans**—Senator, there are various versions of it but it sounds about right. It is complete nonsense. As I say, I have been corresponding with MPs and media outlets. Even some of the most rabid media outlets accept it is false. We have a library fact sheet so I will give you all the answers.

**Senator FIERRAVANTI-WELLS**—If you could table that. Presumably that would have the latest age pensioner information.

**Senator Chris Evans**—I am not sure if it is on the latest rates but it certainly rebuts the comparisons in that, and I will get you the latest stuff we have.

**Senator FIERRAVANTI-WELLS**—This has a weekly spouse allowance and an additional weekly hardship allowance.

**Senator Chris Evans**—If you want to check the actual up-to-date rates you need to ask Mr Harmer.

**Dr Harmer**—We can answer the questions in relation to pension entitlements and the various supplements et cetera. We will have no idea, under 4.1 or anywhere else, and will not be able to answer the question about the other bits.

**Senator FIERRAVANTI-WELLS**—I appreciate that, Mr Harmer, and I appreciate that you can only give me it in relation to that. Perhaps, Minister, given that you are in the chair and you have a good knowledge of it, it would be worthwhile for it to be tabled as part of these estimates so that the two things sit side by side.

**Senator Chris Evans**—I am happy to. I am sure you will find I have actually written to you about it before.

**Senator FIERRAVANTI-WELLS**—You have. I appreciate that. But that was in the context of immigration.

**Senator Chris Evans**—I will get you what we have got. You can ask Mr Harmer any questions about rates et cetera.

**Senator FIERRAVANTI-WELLS**—Thank you. I was just dealing with cost of living issues. Can we perhaps at this point, unless Senator Siewert has any questions, move on to superannuation changes. Mr Harmer, is it appropriate to deal with that now?

**Dr Harmer**—It depends what the nature of your question is. Superannuation is something that generally is managed by Treasury, but there may be some questions we could answer. We do not run the superannuation scheme, we run the pension scheme.

**Senator FIERRAVANTI-WELLS**—I appreciate that. Perhaps if I can just ask my questions and then you can tell me if it is appropriate.

**Dr Harmer**—We will have a go, yes.

**Senator FIERRAVANTI-WELLS**—Does the department discuss retirement savings issues with Treasury? Is that something that you discuss with them?

**Dr Harmer**—We do, yes. Well, we did, certainly, as part of the tax transfer review, as part of the pension review, yes.

**Senator FIERRAVANTI-WELLS**—So it is limited, or is it an ongoing dialogue?

**Dr Harmer**—We have ongoing dialogue with Treasury in this space, yes, we do.

**Senator FIERRAVANTI-WELLS**—What role does superannuation and retirement income policy play in your strategy as far as outcome 4 is concerned? That is just a general question but you can see the sort of—

**Dr Harmer**—I am not sure I understand the question.

**Senator FIERRAVANTI-WELLS**—In other words, the government's superannuation retirement income policy, in relation to what you do in outcome 4, income support for seniors and the various allowances and concessions and the various work that you do in relation to seniors, is that just an overarching policy consideration that you take into account as general information or is there something more specific? The government, for example, changed rules



in relation to superannuation and how those changes can affect seniors. Do you do any work in relation to that?

**Dr Harmer**—Where it impacts on pension eligibility and pension payments we certainly do, because income from superannuation is taken into account in the analysis of what a pensioner is entitled to under the age pension.

**Senator FIERRAVANTI-WELLS**—I guess given that pension payments, particularly those of part pensioners, are linked to the level of superannuation balances, I ask—

**Dr Harmer**—Well, a pension entitlement is affected by the income that derives from a superannuation investment.

**Senator FIERRAVANTI-WELLS**—There is no superannuation feature as such in outcome 4?

**Dr Harmer**—Only to the extent that the income from superannuation impacts on the entitlement to an age pension.

**Senator FIERRAVANTI-WELLS**—In relation to the freezing of indexation of the income test for the superannuation co-contribution scheme, which according to Budget Paper No. 2—

**Dr Harmer**—That is a Treasury issue.

**Senator FIERRAVANTI-WELLS**—If I can put that into context: that will effectively mean \$295 million less in superannuation accounts. Are you aware or have you been asked or have you done any work to estimate how many seniors and mature age workers would be affected by this \$295 million cut from superannuation, Ms Foster?

**Ms Foster**—We have not done that modelling. The Treasury would have done the modelling.

**Dr Harmer**—It is an issue for Treasury. Judging the nature of your questions, I suspect—but I am happy for you to go on—that all of your questions in relation to that measure will be questions that you should ask Treasury. As I said before, our interaction with super is that the income from super impacts on the pension entitlement. So any change to super will impact perhaps on pension outlays. That interface we watch carefully and obviously monitor because we are interested in pension outlays.

**Senator FIERRAVANTI-WELLS**—So you watch the interface but you do not actually contribute to—

**Dr Harmer**—We do not have policy responsibility for superannuation.

**Senator FIERRAVANTI-WELLS**—You do not have policy responsibility, so you do not do any work with Treasury in relation to any modelling or anything—

**Dr Harmer**—Not in relation to super.

**Senator FIERRAVANTI-WELLS**—in relation to how semi-retired seniors or mature age workers would be affected by the superannuation changes.

**Ms Foster**—We would discuss those issues with Treasury on an ongoing basis. So we would be aware of impacts and Treasury would be aware of FaHCSIA views and input on impacts on the age pension. But Treasury is the responsible policy department.

**Senator FIERRAVANTI-WELLS**—Basically Treasury comes to you or is it an ongoing dialogue?

**Ms Foster**—It is an ongoing dialogue around retirement income policy as well as on specific issues to do with superannuation regulation, for instance.

**Dr Harmer**—The Australian retirement incomes system comprises three parts: one is the age pension, which we manage; the second is superannuation, which Treasury manages; and the third is savings, which is in the middle—it is an individual responsibility. So they are the three pillars. We have one, Treasury has one and the other is the responsibility of the individual.

**Senator FIERRAVANTI-WELLS**—Yes, I appreciate that. But given the role that you have, in particular, one would have assumed—and Ms Foster has said, if I can summarise—that, yes, you do have a relationship in relation to this. It is an ongoing relationship.

**Dr Harmer**—We have ongoing discussions with them, yes.

**Senator FIERRAVANTI-WELLS**—It is a relationship about dialogue. It is not a policy relationship. It is an ‘input when asked’ relationship. Is that so, or at times, Ms Foster, do you volunteer as well?

**Ms Foster**—We would certainly volunteer information.

**Senator FIERRAVANTI-WELLS**—Yes, you have a bottom line to protect too, don’t you?

**Ms Serena Wilson**—Also, in the normal course of events, if proposals have been put before government through cabinet then of course we would provide coordination comments.

**Dr Harmer**—Advice to our minister.

**Ms Serena Wilson**—Advice to our minister as a member of ERC. So, as well as the departmental dialogue that is ongoing, when there are particular policy measures on the table, we have a role in that way as well.

**Dr Harmer**—We advise our minister and advise government.

**Senator FIERRAVANTI-WELLS**—In relation to the superannuation changes, did you provide that—

**Dr Harmer**—We do not answer questions about what policy advice we give.

**Senator FIERRAVANTI-WELLS**—No, I was not asking you about policy advice. I am simply saying that I would assume that as part of the changes to superannuation you would have had some—following on from your comment, Ms Wilson—involvement in relation to that.

**Dr Harmer**—I cannot answer specifically in relation to that measure, but we would normally advise our minister for discussions in cabinet.

**Senator FIERRAVANTI-WELLS**—In relation to the decision to permanently reduce the co-contribution matching rate, which I understand is expected to save \$350 million—again, \$350 million less in the superannuation accounts of Australians—have you done any work or are you aware how many seniors and mature age workers will be affected by this \$350 million cut?

**Dr Harmer**—No, we have not.

**Mr Innis**—It might be worth pointing to Budget Paper No. 1 at pages 1-28 and 1-29, which show a significant increase in superannuation savings as a result of recent policy changes. I do not know if that is helpful—

**Senator FIERRAVANTI-WELLS**—Sorry, but which page?

**Mr Innis**—Pages 1-28 and 1-29. In terms of the recent changes announced in the budget to superannuation, there is a chart which shows the expected increase in superannuation savings overall going from 2013 through to 2035.

**Senator FIERRAVANTI-WELLS**—Are you aware of what proportion of the savings would have been expected to have been paid to mature age workers had the freeze not been implemented, or is that not something that you are aware of?

**Mr Innis**—That is not something I can comment on.

**Senator FIERRAVANTI-WELLS**—That is a Treasury question?

**Mr Innis**—Yes.

**Senator FIERRAVANTI-WELLS**—In raising the superannuation guarantee age limit from 70 to 75, Budget Paper No. 2 says that it is expected to produce \$15 million in revenue for the government and will benefit around 33,000 employees. Are the number of people who are expected to benefit projected to rise above the current 33,000?

**Dr Harmer**—That would be a Treasury matter.

**Senator FIERRAVANTI-WELLS**—Treasury. Given the saving of \$15 million from this change, the cost of this will clearly fall on employers. Again, estimations in relation to employers would be a matter for Treasury. Okay. In terms of the extent and the impact of raising the threshold, have you done any work or can you perhaps comment in general terms on the raising of the threshold and what impact you think it will have on age discrimination or ageism? Is that something that the department—

**Dr Harmer**—That would be well beyond—

**Senator FIERRAVANTI-WELLS**—Well beyond?

**Dr Harmer**—Yes, well beyond.

**Senator FIERRAVANTI-WELLS**—Not well beyond, Mr Harmer. That is being—

**Dr Harmer**—We might be able to do it, but it would not be appropriate for us to speculate on things that are not in our portfolio responsibility.

**Senator FIERRAVANTI-WELLS**—Certainly.

**Ms Foster**—The department participates in an age discrimination reference group that is sponsored by Attorney-General's. So while the portfolio cannot comment in particular on the issues, because they are the responsibility of other portfolios, we do participate in those discussions.

**Senator FIERRAVANTI-WELLS**—I know that this is just in the generality, Ms Foster, but it is one thing to encourage people to stay in the workforce longer but then on the other side of the coin there is the discrimination out there in relation to people once they go beyond a certain age. Apart from that age discrimination working group, have we looked at anything more concrete than those sorts of discussions in that group? Is this something that is of concern? I am sure that people have had experiences in relation to this. We are all getting older—

**Mr Innis**—Ms Foster might be able to provide some useful information, but issues of discrimination really are the Attorney-General's portfolio rather than ours.

**Senator FIERRAVANTI-WELLS**—Okay.

**Mr Innis**—We will see if we have something that is helpful, but it is not FaHCSIA's responsibility.

**Senator FIERRAVANTI-WELLS**—It is not something that you provide policy input into?

**Mr Innis**—We are not responsible for the issues. As Ms Foster said, there is a working group. We are a member of the working group. As with all whole-of-government exercises, we contribute views in through that forum, but the responsibility for the issue lies elsewhere.

**Ms Foster**—DEEWR announced a package, the Productive Ageing Package, on 1 February. That has a variety of components set to assist mature age workers. It is a substantial package. I think it is over \$40 million.

**Senator FIERRAVANTI-WELLS**—Yes, I am aware. I think Senator Cormann was asking us questions about that earlier. Madam Chair, I have finished my questions in relation to superannuation. I wondered if somebody else had questions in relation to superannuation?

**CHAIR**—I do not think so, Senator. What is the next area you want to go into?

**Senator BOYCE**—I have some in relation to the closure of the Pension Bonus Scheme, but that is not strictly relevant there.

**CHAIR**—Would that be 4.2, Dr Harmer?

**Dr Harmer**—We could answer it here.

[2.01 pm]

**CHAIR**—We will go to 4.2—showing our flexibility.

**Senator BOYCE**—The Pension Bonus Scheme was the one-off lump sum, but it has now been closed to new entrants from September 2009. How many members of the scheme have remained in there and continue to accrue entitlements?

**Ms Foster**—There are nearly 73,000 people in the scheme as at March 2010.

**Senator BOYCE**—Would you expect to look at that again in six months or 12 months, or something?

**Ms Foster**—That is right.

**Senator BOYCE**—How do people come off that scheme now?

**Ms Foster**—They come in and claim the age pension and at that point their entitlement to the pension bonus is calculated and they are paid a lump sum based on what their age pension entitlement would have been. Providing they meet all the criteria around hours worked and all the other criteria then they would be eligible for the lump sum and for their age pension entitlement.

**Senator BOYCE**—Perhaps just as a matter of comparison, can you give us an earlier figure on how many members were in the scheme from September, or when it closed?

**Ms Foster**—As at September—I do not have when it was closed. As at June 2009, there were about 81,000 members.

**Senator BOYCE**—So we can assume that most of those 8,000 people moved out of any sort of work and onto a pension, or died?

**Ms Foster**—Yes, indeed. As a result of some of the publicity around the work bonus, it may be that some people realised that they would be better off perhaps claiming an age pension at that point and actually getting a part-rate pension as well as the benefit of the work bonus, which decreases the impact of employment income on the pension. So there may have been some people who decided to claim the age pension anyway at that point and took their pension bonus. People may have taken advice and decided they would be better getting a part-rate pension as well as the work bonus, or some people may have decided to leave the scheme and may not ever be going to claim an age pension.

**Senator BOYCE**—Would you know how many former members of the scheme who were not working but were relying on their partner's employment to remain in the scheme are no longer eligible?

**Ms Foster**—No, I would not. I do not know if I would be able to answer that question. I would have to take that on notice.

**Senator BOYCE**—If you could take that on notice. Are you aware of any former members who did not claim their bonus—because they had to actively claim it, didn't they, not just wait for it to be given to them?

**Ms Foster**—That is right.

**Senator BOYCE**—Are you aware of how many former members did not claim their bonus within the time frame and might still be able to claim it?

**Ms Foster**—No, I do not know the numbers. Certainly people were still able to register for the scheme if they qualified for an age pension before 20 September and they could apply to register within 13 weeks after first qualifying for the age pension, so that took them up to about December. As for how many people have not, I do not think we can estimate that.

**Senator BOYCE**—I guess this gets back to what we were talking about in whole of portfolio earlier—what would be your estimated number of eligible people and how many people have availed themselves of that. You have no way of knowing that?

**Ms Foster**—Not in terms of the Pension Bonus Scheme, no. It does depend on the number of people over age pension age who are engaged in employment, for instance. We know, for instance, labour force participation among older people is increasing, albeit marginally.

**Senator BOYCE**—What? Sixty-two to 67 we are pushing for, are we not?

**Mr Innis**—Labour force participation for people over 65?

**Senator BOYCE**—Sorry, yes. I am using the wrong figure at the moment, yes.

**Ms Foster**—But in terms of people who may be eligible for the Pension Bonus Scheme and who did not claim it, we cannot estimate that number.

**Senator BOYCE**—How many people over 65 are working, then?

**Mr Innis**—Senator, in terms of the absolute numbers, we may have them. In terms of people on the pension, the figures show about three per cent on average, but new entrants, the figure is much higher. It is about eight or nine per cent.

**Ms Foster**—At March it was about 10 per cent.

**Mr Innis**—About 10 per cent.

**Senator BOYCE**—So, since this project has closed; is that what you are saying?

**Ms Foster**—Sorry, this is people who are actually getting the age pension.

**Mr Innis**—Who are working.

**Ms Foster**—Who are working—three per cent of the stock, so to speak, of age pensioners work and 10 per cent of people who have started on the age pension in the last 12 months have employment income.

**Senator BOYCE**—What is the reason for that quite significant increase, in your view?

**Ms Foster**—In terms of people who start on the age pension, it runs fairly consistently over time at eight or nine per cent. The increase to 10 per cent is a good sign. I think it shows the diversity in the age pension population.

**Senator BOYCE**—The what, sorry?

**Ms Foster**—The diversity, because I think you would find that across the stock of age pensioners you would have some very old and frail groups but then people coming into the age pension at 65 are probably still quite active and still able to engage in the workforce and they are doing so.

**Senator BOYCE**—I just want to clarify that I understood you correctly. You said that it was the case that eight to nine per cent of new pensioners—new age pensioners—were working, but that had just risen to 10 per cent.

**Ms Foster**—At March it is 10 per cent, but it is always fairly steadily around eight, nine per cent.

**Senator BOYCE**—And you think this trend will continue.

**Ms Foster**—Possibly, because people are entering retirement in better health and with better education and they may be able to continue work.

**Mr Innis**—We see no reason for it not to continue. The combination between a range of factors—the health of the cohort entering retirement at 65, the arrangements that are in place to encourage people to work through the work bonus. All of those things come together to suggest that that eight, nine, 10 per cent of people entering age pension with some hours of work, some employment income, would continue.

**Senator BOYCE**—But we did have the \$43.3 million package. I am sorry I was late coming back. I presume you have spoken about that package, have you?

**Mr Innis**—The package from the department.

**Senator BOYCE**—The ‘push to support older workers’.

**Mr Innis**—That is correct. It has been mentioned, yes.

**Senator BOYCE**—Wouldn’t you think that would make a difference?

**Mr Innis**—There are a whole range of factors that would lead us to be confident that the eight, nine, 10 per cent of people working would continue and perhaps even increase.

**Senator BOYCE**—Can you tell me what those factors are?

**Mr Innis**—I have explained that there are a range of policy measures in place—the package that you have just referred to, the work bonus, the health of people as they enter that age cohort and the more flexible work arrangements that could be in place. There are a range of things that would lead us to say that that looks about right.

**Ms Foster**—There are also other measures; for instance, superannuation payments are now tax free. So, in effect, people can work more before they pay tax.

**Senator BOYCE**—On the basis of what you are talking about, I am a little bit surprised that you are not suggesting that you expect to see this steadily climbing.

**Ms S Wilson**—It is always hard to predict the future, but I guess we note that over the last—

**Senator BOYCE**—You do forecasts for the future?

**Ms S Wilson**—We do. Over the last six years we have noted that employment levels for people aged over 65 have increased. So now 14.6 per cent of men over 65 are in employment and 5.6 per cent of women over 65 are in employment and there has been a steady increase. There is no reason to expect that that would not continue—with the benefits of employment, the combinations of drawing down some super and other investment income, and continuing to earn or continuing to receive pension—and at the same time is more encouraged with labour force shortages meaning that employers are more flexible in their arrangements for older workers. So there is a whole range of social changes that are impacting on employment levels for older people.

**Senator BOYCE**—Going back to people who are already in the pension bonus scheme, are you able to tell me how many existing scheme members have either spoken to you or been

reported back to you from Centrelink as checking to test their eligibility for the pension under the new rules and whether they have been told what they qualified for or did not qualify for?

**Ms Foster**—People were encouraged to talk to the Financial Information Service that Centrelink offers. I do not have the numbers who are contacting FIS about that particular issue. That may be something that could be asked of Centrelink.

**Senator FIERRAVANTI-WELLS**—I would like to move, if I may, to the impact of the mining tax on retirement savings. With the government's intention of introducing this proposed mining tax, many Australians have seen the value of their investments and superannuation balances decline. Of course, this will naturally affect their eligibility for the aged pension or part pensions. Have you done any work, been involved with or consulted about the number of senior Australians who will need to access the pension because of the decline in the value of their investments and their super?

**Senator Chris Evans**—I just say beforehand that it was a very loaded question. The reasons for movements in markets are complex. I do not think anyone who has followed the markets internationally believes that debate about taxation in Australia is driving international markets and the flow-on to Australia. I will have the department answer the question as to how they respond to events that may change the earnings of those relying on shares.

**Ms Foster**—From the information we have available, which is from November 2009, there are some 525,000 pensioners who hold shares. Generally, the average holding is about \$5,000 worth of shares. We suspect most of those pensioners have actually become shareholders through the demutualisation type process rather than through active investment strategies.

Some of our pensioners also have managed investments, and there may be some overlap between those two groups. Shares, cash savings and managed investments are all subject to the deeming rules. So we use the deeming rules to calculate income from those financial investments and we then use that income that is calculated under the deeming rules to assess the pension entitlements.

**Senator FIERRAVANTI-WELLS**—My question was directed at senior Australians. You said 525,000 pensioners hold shares, but there are a lot more senior Australians who hold shares. Does that 525,000 pensioners include part pensioners as well?

**Ms Foster**—That is part-rate pensioners as well.

**Senator FIERRAVANTI-WELLS**—What about figures in relation to other senior Australians who hold shares, bearing in mind that they might find themselves in a circumstance where they may eventually come on to the pension as a consequence of their circumstances changing? So this is not just something that affects pensioners and part pensioners who hold shares; it may actually affect people who do not have a pension now but as a consequence of circumstances may find that their shares are no longer—

**Mr Innis**—Senator, we might not have the figures available, but you can reasonably expect that those who have been excluded from the age pension, because of either income or their assets, would have a higher proportion of share owners in that group.

**Senator FIERRAVANTI-WELLS**—Yes.



**Mr Innis**—You would reasonably expect that. As Ms Foster has indicated, in response to reductions in the value of shareholdings and income from shareholdings, those who are on the taper rate for the age pension will receive higher pensions when they lose income. If they are affected by the asset test they will gain pension as a result of that test as well. So the pension operates as a very strong safety net in those circumstances. You may recall that when the global financial crisis hit we took very swift actions to reassess the value of shareholdings by pensioners to ensure that the operation of the safety net worked as quickly as possible. Similarly, we adjusted the deeming rates quickly in response to changes to them on the market. So we monitor the markets closely. We update the value of pensioner assets on a regular cycle. We also adjust the deeming rates on a regular cycle.

**Senator FIERRAVANTI-WELLS**—Following the announcement of the introduction of the proposed mining tax, have you changed your deeming rates? Did I understand that is what you have just—

**Mr Innis**—No.

**Senator FIERRAVANTI-WELLS**—Well, I am asking you if you have.

**Mr Innis**—No. There has been no change.

**Dr Harmer**—There has been no change and we have not done any analysis of the nature that you are asking about. As the minister said, there are lots of things that impact on the share market. We analyse the asset holdings and the financial circumstances of those who come in touch with the pension system. We do not do any analysis of those who are not in our system.

**Senator FIERRAVANTI-WELLS**—That may be so, Dr Harmer, but if you have an increasing number of people who are relying on mining shares for their income and the value of their shares collapses then they are going to be knocking on your door for income support.

**Dr Harmer**—If that was the case, that is true.

**Senator FIERRAVANTI-WELLS**—I know. I am trying to get a handle on the sorts of numbers that we may be talking about. Mr Innis, we have talked about this 525,000. You do have figures. Perhaps later on in the afternoon you could provide those figures, because you must have at least some rough numbers for the people who, age wise, are eligible for a pension but who do not—

**Mr Innis**—We can check to see what we have and, if we have figures, we are very happy to supply them.

**Senator FIERRAVANTI-WELLS**—I think you know the figure I am trying to get to—the potential pool of people that we could be talking about.

**Mr Innis**—Senator, it is also worth noting that the reasons for a change in the value of an asset or an income are not important for the pension system.

**Senator FIERRAVANTI-WELLS**—I appreciate that, Mr Innis. I understand that, but I am interested to know the potential cost to the Australian taxpayers as people whose income, as a consequence of the value of their shares, goes down and who then are going to have to come onto the pension system. That is what I am interested to know. I would like to know how many people that potentially could be.

**Dr Harmer**—We could very easily give you the number of people who are above 65 who are not in the pension system. That is a very simple calculation. We can give you that. Theoretically, at least, they are the potential population of those who could come onto the pension system if some horrific situation happened to assets and share markets or whatever else—no idea. We do not predict what that is likely to be.

**Mr Innis**—Senator, Ms Foster has some information that might be of assistance.

**Senator FIERRAVANTI-WELLS**—Thank you, Ms Foster.

**Ms Foster**—The ABS population projection for people over age pension age, as at June 2010, is 3,175,000 people. We have about 2.1 million age pensioners. DVA also pays a service pension for people over—it is an equivalent to the age pension. There are 218,000 of those people. We also have a group of other income support recipients who are over age pension age. There are 44,700 of those people. We have people who are eligible for the Commonwealth seniors health card, and there are, on my figures here—and I will stand corrected—273,600 people in receipt of the Commonwealth seniors health card. In total, people over age pension age come to 2,680,600 people. That is about 84.4 per cent of the population over age pension age in receipt of some form of government assistance. That leaves about 15.6 per cent of people over age pension age who are fully self-funded in retirement. That would mean that, for instance, if they are a single person they have over \$40,000 a year.

**Mr Innis**—That is in income?

**Ms Foster**—In income or \$645,500 in assets.

**Mr Innis**—Is that in addition to the value of their principal residence?

**Ms Foster**—That is homeowners, so that is in addition to the family home, yes.

**Senator FIERRAVANTI-WELLS**—Now that you have fortnightly reporting—just anecdotally and without asking the precise figure—have you seen an increase or has there been an increase in the number of people who may have applied recently for a pension? Do you have figures in relation to application rates for the pension?

**Ms Foster**—In terms of claim rates for the age pension, it has returned to about 1,800 customers a fortnight. We did see a bit of a peak during the global financial crisis where it was running at about 2,000 new customers a week. It has returned to—

**Dr Harmer**—So, Senator, when the global financial crisis hit the share market price, it certainly went up, but it has returned. Now that the share market has gone back up, it has returned to a normal pattern.

**Senator FIERRAVANTI-WELLS**—So the answer to my question is that, as a consequence of fortnightly reporting, you have not seen any change—

**Dr Harmer**—No, no significant change.

**Senator FIERRAVANTI-WELLS**—apart from 10, 20 or whatever. It is not something that you monitor on a day-to-day basis. How often do you look at those sorts of statistics?

**Ms Foster**—In terms of age pension statistics?

**Senator FIERRAVANTI-WELLS**—Yes.

**Ms Foster**—Generally, on a quarterly basis.

**Senator FIERRAVANTI-WELLS**—So the next quarter will determine whether that 1,800—I think you said, Dr Harmer—on average—

**Dr Harmer**—Whether it has gone up, yes.

**Senator FIERRAVANTI-WELLS**—Whether that figure has gone up in the next quarter.

**Ms Foster**—It is 1,800 a week new customers. The fortnightly assessment that you are mentioning, I think, is in relation to the change that came in as part of the pension reforms which assesses employment income on a fortnightly basis.

**Senator FIERRAVANTI-WELLS**—Well, I was going to then go on and ask: have you seen any variations as a consequence of those reforms?

**Ms Foster**—As a result of that?

**Senator FIERRAVANTI-WELLS**—Yes.

**Ms Foster**—There would not be.

**Senator FIERRAVANTI-WELLS**—Or, if there are, they do not show up until your next quarterly report.

**Mr Innis**—Senator, there has been nothing in the data that we have seen to suggest that that particular measure has changed application rates for the age pension.

**Senator FIERRAVANTI-WELLS**—But in any case, Mr Innis, they are reported quarterly. So your next batch of assessment—anecdotally, or whatever may be the case—of the next quarter will determine if there has been some shift?

**Mr Innis**—It may shift for a range of reasons, so to ascribe any change to that measure would be quite difficult.

**Senator FIERRAVANTI-WELLS**—I appreciate that, but, within the parameters of the factors that may affect it, your next quarter will determine if there is a shift.

**Mr Innis**—Clearly we are always interested in the next quarter's data.

**Senator FIERRAVANTI-WELLS**—I am sure you are, Mr Innis, just in case you have to pay out more. What about access to concession cards?

[2.27 pm]

**CHAIR**—You are now going to 4.2?

**Senator FIERRAVANTI-WELLS**—Sorry.

**CHAIR**—I am fine with that, as long as we have the officers who can answer the questions.

**Mr Innis**—The officers are at the table.

**CHAIR**—As long as we have the same officers, go ahead, Senator; that is fine.

**Senator FIERRAVANTI-WELLS**—Just in relation to access to concession cards such as the Commonwealth seniors health card, have you done any work to ascertain how potential

decline in dividends, super fund performance and share portfolios will affect those holders? How many more seniors could access the seniors card as a result of lower earnings? Are they the same sorts of figures that—

**Ms Lindenmayer**—In relation to the Commonwealth seniors health card?

**Senator FIERRAVANTI-WELLS**—Yes.

**Ms Lindenmayer**—We have not done any work. It is based on an adjusted taxable income test, so it depends on a person's taxable income.

**Senator FIERRAVANTI-WELLS**—So, again, once those quarterly figures come through you will be able to ascertain whether there has been any variation and then, as a consequence of whether you have had more people vary their pension circumstances or you have got new people applying for the pension, you will be able to deal with it on that basis?

**Ms Lindenmayer**—Yes, we will.

**Senator FIERRAVANTI-WELLS**—Yours would only be anecdotal. So that varies from day to day, people who do apply for a card. You only see a trend in the quarter.

**Ms Lindenmayer**—We collect card numbers on a month-by-month basis, but the numbers on the Commonwealth seniors health card have remained reasonably steady for a period of time. There are slight fluctuations up and down, but the variations are not great.

**Senator FIERRAVANTI-WELLS**—So, if you do have retired seniors who will be significantly worse off, what sorts of measures will you put into place to assist those people—assuming you do see a trend?

**Dr Harmer**—Senator, that would be a matter for government on advice from us about what was happening. The department does not decide to do things; governments do. If we notice a trend we advise government and then government will make decisions.

**Senator FIERRAVANTI-WELLS**—I guess there has been a lot of talk, Dr Harmer, about this proposed mining tax, and obviously the cohort of people that we are talking about will be affected, particularly the self-funded retirees.

**Senator Chris Evans**—Senator, you can keep on trying to make political points and that is fine—that is your time; I do not care—but it is not fair on the officers to continually have to respond to what you try to run about the result of the prospective resources tax. If you have a question that goes to the officials about numbers of people on part pensions, numbers who might then come on as a result of a drop in share values, that is all fine. But I think continually putting the political spin to the officers is unfair. If you want to put the political spin to me, that is fine. If you have questions on the impact of changes in the stock market, that is fine, but to continue to try to load the question is not fair on the officers. If you want to have a barney with me about it I am happy to oblige, but quite frankly I do not think this is taking us anywhere.

**Senator FIERRAVANTI-WELLS**—Senator Evans, you and I always have barneys.

**Senator Chris Evans**—I would have thought the biggest impact on self-funded retirees was the global financial crisis, and the government's action there helped preserve the value of their investments by our actions with security for the banks et cetera. I do not really think that

this is the place or the time to have that argument. As I say, if you have particular questions about the interaction between people's private income and the pension, that is fine, but the rest is, quite frankly, political spin.

**Senator FIERRAVANTI-WELLS**—But, Minister, equally, the impact of paying the government's \$700 million a week in terms of interest payments will also have an effect. It ultimately flows through the economy. The reason I asked Dr Harmer about that was that Mr Innis made the point earlier that they do watch the stock markets; they observe and keep track of these things. That is the basis of my question. There are obviously movements in relation to the stock market.

**Senator Chris Evans**—All the time.

**Senator FIERRAVANTI-WELLS**—Yes, for various reasons, and one reason may be any changes that the government may or may not introduce in relation to a particular measure. My point is that, surely, those sorts of fluctuations that Mr Innis spoke of have an impact ultimately in payments to seniors. My question is: do you just monitor? Do you review? Do you anticipate? What is the sort of process that you take and, assuming that there are consequences of this tax, what sort of action will you take? Will you pre-empt it or will you take action subsequent to when you have the shift of people who are no longer able to—

**Senator Chris Evans**—Senator, that is exactly the point I made. These officers are not going to respond to that. If you want to ask them what they do to monitor the stock market, apart from in their personal interest, they may well be able to help you.

**Senator FIERRAVANTI-WELLS**—Then, Minister, I will ask you. You have seen enough reports to know that this tax is going to have an impact on self-funded retirees.

**Senator Chris Evans**—I do not accept that premise at all.

**Senator FIERRAVANTI-WELLS**—You do not accept at all that this tax may have an impact on self-funded retirees and their potential income from mining shares?

**Senator Chris Evans**—You went from 'is' to 'may'. I do not accept the argument that this tax is going to severely impact on the profitability of mining companies in this country. I am happy to argue that here, in Western Australia or anywhere you like. The purpose of this exercise is for FaHCSIA to answer questions about their operations; trying to turn this into a debate about the mining tax, quite frankly, Senator, is a complete waste of your time. But, as I say, I am here until stumps. We are all here until stumps. How you use it is your business. It is not very effective, I do not think. The officers cannot help you with trying to have scenarios about the impact of potential taxes on the stock market. They are very skilful, they are very experienced, but this is not their core business and I would not rely on stock market advice from Dr Harmer—unless he has skills I have not heard of.

**Dr Harmer**—That is absolutely right.

**Senator FIERRAVANTI-WELLS**—But Minister, you have to accept that if there are consequences then it will be felt by this department, because they are going to have more people applying for the pension.

**Senator Chris Evans**—Welcome to the history of the world. This has always been thus.

**Senator FIERRAVANTI-WELLS**—I am asking you: are you doing any planning?

**Senator Chris Evans**—It has always been thus.

**Senator FIERRAVANTI-WELLS**—I am asking you if you are doing any planning in relation to it.

**Senator Chris Evans**—To the mining tax? No.

**Senator FIERRAVANTI-WELLS**—All right. That is your answer. Thank you very much.

**CHAIR**—Are you finished with that line of questioning?

**Senator FIERRAVANTI-WELLS**—I have finished in relation to that line of questioning, yes.

**CHAIR**—Any further questions in this area?

**Senator FIERRAVANTI-WELLS**—I do but, unless anybody else had any questions in that area, I was going to move on to another topic.

**CHAIR**—I know Senator Xenophon has come in particularly with questions around the solar rebate.

**Senator FIERRAVANTI-WELLS**—That is what I was going to go to.

**CHAIR**—I know there are questions, so if you want to start that is fine and then Senator Xenophon can come in.

**Senator BOYCE**—I had some questions about discrimination.

**CHAIR**—We can come back to that, because we are—

**Senator Chris Evans**—I was just discussing Dr Harmer's stock market predictions.

**CHAIR**—As long as it is not on *Hansard*, it is fine. Senator, if you would like to go into questions about the solar rebate. I know Senator Xenophon has questions in that area and I am just checking whether anybody else has questions in that area.

**Senator FIERRAVANTI-WELLS**—I would like to start with questions on the way that income affects pension payments. I will come to some questions later about exam supervisors. When income is reported by a pensioner to Centrelink, is it the correct process that Centrelink determines whether this income is assessable income or exempt income? Is that the role that you undertake?

**CHAIR**—This is FaHCSIA. Some of these questions were asked of Centrelink the other night, and there were questions about the policy areas handled by FaHCSIA.

**Dr Harmer**—If they are detailed questions about implementation, they would be better directed to Centrelink. If it is a policy question, we can deal with it.

**Senator FIERRAVANTI-WELLS**—I might let Senator Xenophon ask his questions.

**Senator XENOPHON**—This follows the announcement of the minister on 14 May in a press release headed, 'Clearer pension rules for household solar energy panels.' I think there was some controversy as to what was in and what was out in terms of the impact on pensioners. The minister issued a clarification in relation to that. Further to that, as I

understand it, I appreciate that pensioners who take payment for electricity returned to the grid through deductions on their power bills will not be affected by this ruling. Is that correct?

**Ms Foster**—That is correct.

**Senator XENOPHON**—However, does the department acknowledge that, given the relatively small amounts of power generally used by pensioners in relative terms—such as two pensioners living together compared to a household with half a dozen kids—this may result in large amounts of credit adding up on power bills and some pensioners may not simply use enough power to take advantage of this? Is there an issue there in terms of the credits that accrue with respect to these power bills?

**Ms Wilson**—I do not quite understand the question.

**Senator XENOPHON**—I will go back a step. At the moment, when electricity is returned to the grid, will that be done through a deduction on their power bills or will it be used as a credit for future bills?

**Ms Foster**—There are generally two alternatives. The feed-in tariffs either are paid as cash to the person who is generating the electricity or appear as a credit on the electricity bills. Up until 14 May, both the cash and the credits were assessed as income for social security purposes. Since 14 May, when the minister made the announcement, feed-in tariff amounts paid in cash are assessed as income but an amount that appears as a credit on a bill is not assessed as income.

**Senator XENOPHON**—And that is the key distinction between pre 14 May and post 14 May?

**Ms Foster**—That is correct.

**Senator XENOPHON**—In relation to that, can pensioners elect whichever they get? How does that work in terms of whether they get a cheque or a credit?

**Ms Foster**—When this issue started to emerge, we did quite a lot of information gathering around the feed-in tariffs. We found that there is a variety of arrangements operating across Australia. There are different arrangements in each state and territory, and in each state and territory there can be several retailers offering these feed-in tariffs. In some cases people can elect and in some cases it is only cash that is offered. In the main, we found that most people are receiving credits.

**Senator XENOPHON**—Depending on presumably which retailer you are dealing with, some only offer a cheque. They would still be affected even though the pensioner cannot elect to get a credit. Is that what the difficulty would be in some cases?

**Ms Foster**—Yes, that is right. The cash would be assessed—

**Dr Harmer**—That is the current situation. Obviously we do not know what decisions utility companies will adopt. But, given this change, it is quite likely that a number of them might review their policy in relation to pensioners. So we do not know what change will occur in the billing or in the practise of utility companies because of the government's decision to make a distinction between a credit and a cash payment.

**Senator XENOPHON**—In relation to that though, are there any communications from the department to the retailers saying, ‘These are the changes. Will you be giving pensioners a choice as to whether they get a credit or a cheque?’

**Ms Foster**—The department is writing to the Retailers Association to inform them of the change, of the adjustment in policy. I have drafted a letter and I will be sending it out tomorrow. We have been in contact with the peak body and they have agreed that if we provide them with the information they will disseminate it to their members.

**Senator XENOPHON**—Perhaps, on notice or through the department, I could be informed of that response when you are in a position to inform me. It is just that it is one of those issues that I have had quite a few calls from constituents on. Just further to that though, if a credit is given on their accounts but they are not using that much power—I think this is a question that perhaps I should have been clearer on before, Ms Wilson—could there be a situation where they would never get to use their credits because the amount that they have been credited for is way in excess of what they could reasonably use in terms of their future electricity bills?

**Mr Innis**—Ultimately, the handling of that situation is one for their electricity provider. As Ms Foster has indicated, there is a wide variety of schemes out there. I would hesitate for us to try to give a specific answer to that because it will depend on the particular scheme the person is in.

**Senator XENOPHON**—Would there be any scope to look at retailers having a uniform approach to this, even on a voluntary basis, because lack of uniformity appears to be one of the problems at the moment?

**Mr Innis**—As expert as the officers are at the table, I think energy policy and energy market policy is probably a little beyond FaHCSIA’s remit. I would not like to comment.

**Senator XENOPHON**—While this does not relate to pensioners as such, can the minister try to ameliorate and deal with these concerns? That is a good thing. But what happens with other Centrelink recipients if they are getting unemployment benefits or other benefits? Do the same rules apply? It could be someone who has been recently unemployed and getting benefits for that.

**Ms Wilson**—The adjusted policy applies to all social security income support payments, so that would include allowances such as Newstart.

**Senator XENOPHON**—And the threshold for Newstart would be lower, wouldn’t it, in terms of cash payments?

**Ms Wilson**—There is a different free area. That is correct.

**Senator XENOPHON**—Thank you for that.

**Senator FIERRAVANTI-WELLS**—Do we know how many pensioners or part pensioners have been affected by this?

**Ms Foster**—No, I do not know the numbers. Centrelink did get a lot of inquiries, we understand. But we do not know the number of people who were actually inquiring about what the impact would be if they did install panels on their roofs compared to people who



already had panels on their roofs and who may have been impacted. We do not have that information.

**Senator FIERRAVANTI-WELLS**—There has obviously been encouragement of people to install solar panels. There has been general encouragement by the government to install solar panels. So, at the time, were pensioners made aware of what the consequences would be? Was there some sort of information given to them?

**Mr Innis**—The rules around the means test are longstanding. So there is general information provided to pensioners about the operation of the means test and the income component of that. They are longstanding rules and that would have been the way the government would have gone about this.

**Senator FIERRAVANTI-WELLS**—So whether it is a solar panel rebate or anything else, hypothetically you are saying that pensioners should be aware of means testing and therefore it is their own fault effectively—

**Mr Innis**—No, that is not what I said.

**Senator FIERRAVANTI-WELLS**—Let me ask you then—

**Dr Harmer**—We are not aware of what information was provided because we did not do it in this department. We are not aware of what information was given to pensioners at the time of the promotion of the solar panels. I do not know, and I do not think anyone at the table knows, whether they were advised about the impacts on income or anything else.

**Senator FIERRAVANTI-WELLS**—I appreciate that but there are rules that set out the parameters for means testing?

**Dr Harmer**—Yes.

**Senator FIERRAVANTI-WELLS**—What I understand from what Mr Innis is saying is that those rules are standard rules. Whether it is perceived income from this sort of scheme or something else, do those rules apply universally?

**Dr Harmer**—People generally understand that income is income and if they have an increase or decrease in their income it impacts on their pension entitlement.

**Mr Innis**—We would always encourage anyone who was uncertain to contact Centrelink, which is very helpful in making sure that customers are aware of what is and what is not income.

**Senator FIERRAVANTI-WELLS**—I refer in particular to a comment that appeared in *The Senior Queensland* in May 2010. This is a comment attributed to Minister Macklin. It stated:

Pensioners who take advantage of the Federal Government's rebates for installing solar panels or solar hot water systems will have not their pensions affected.

**Ms Foster**—There are two different issues there. The installation of the solar panels themselves is supported by rebates from the Commonwealth government through the Department of Climate Change and Energy Efficiency. Those rebates are not income. Effectively they are really a discount off the price of the panel. The issue surrounds when

those panels start generating electricity and it is fed into the system. The question that emerged around the middle of May concerned the treatment of those feed-in tariffs.

**Senator FIERRAVANTI-WELLS**—At any stage was there any confirmation given that both the cash rebate and the solar credits were assessable as income and would need to be declared by pensioners? Was that comment made at any stage that you are aware of?

**Ms Foster**—In relation to the panels—

**Senator FIERRAVANTI-WELLS**—Confirming that the cash rebate and the solar credits were assessable as income. Are you aware whether Centrelink initially confirmed that both the cash rebate and the solar credits were assessable as income and therefore would need to be declared by pensioners?

**Ms Foster**—Until we reviewed the policy both the credits and the cash feed-in tariffs were being treated as income. When we started to look at the issue closely, especially in relation to credits, we found that for a number of reasons at this stage credits would not be assessed as income. So there was a change in the application of the legislation at that point.

**Senator FIERRAVANTI-WELLS**—What I am concerned about is that *The Senior Queensland* stated in May 2010—and I will quote a couple of sentences:

However, a spokeswoman for Ms Macklin then said Centrelink had provided the wrong information.

“Federal Government solar hot water rebates in relation to the capital installation costs for the solar panels and solar hot water systems are not counted as income for Social Security purposes ...

“Pensioners do not have to report these rebates as part of their income ...

Then she goes on to say:

Centrelink’s head office initially confirmed that both the cash rebates and the solar credits were assessable as income and would need to be declared by pensioners.

**Mr Innis**—The statement was perfectly correct. The contribution to the capital cost—

**Senator FIERRAVANTI-WELLS**—Is what Ms Foster was saying.

**Mr Innis**—is not assessed as income. The contribution to the capital cost—

**Senator FIERRAVANTI-WELLS**—Yes, that is right, but the actual cash rebates and the solar credits are income.

**Mr Innis**—Forgive us; you are using words and we are not necessarily understanding where they sit.

**Senator FIERRAVANTI-WELLS**—I will ask my question again. Are you aware whether Centrelink at any stage confirmed that both the rebate and the solar credits were assessable as income? Are you aware of that at all?

**Ms Foster**—I am not aware that Centrelink would have done that. If they were talking about the rebates in terms of the capital installation and they said they were not taking it into account as income, that would have been absolutely correct.

**Senator FIERRAVANTI-WELLS**—I appreciate that. If they are talking about installation that is correct. But if they are talking about the rebate and the solar credits then the correct

information that should have been promulgated is that they are income and will be assessed as income for pension purposes.

**CHAIR**—Senator, I remind you that that question is for Centrelink. You are asking the officers from FaHCSIA whether they know whether someone said something.

**Senator FIERRAVANTI-WELLS**—I take that. So we do not know how many people are affected. Mr Innes, since this issue has arisen, have pensioners who have been affected approached you? on your figures. On the figures that are available to you, are you aware of pensioners who have been affected and have had their pensions varied as a consequence of this?

**CHAIR**—That would probably be a Centrelink question as well.

**Dr Harmer**—We may well have the information in our monitoring, but Centrelink would be the right—

**Senator FIERRAVANTI-WELLS**—I appreciate that.

**Mr Innis**—In terms of the data that comes to us, it is very, very unlikely that this group would be separately identified. The best thing we could do is give you some advice, if we have it, on whether we have received correspondence from people on this issue. That is the best that we could do.

**Senator FIERRAVANTI-WELLS**—Perhaps you might take that on notice if you have had any complaints et cetera from your perspective. I do not have any more questions on the rebate.

**CHAIR**—Nothing more on the rebate? Anyone else with questions on the rebate? I do not think so. What is the next area?

**Senator FIERRAVANTI-WELLS**—Prior to the introduction last year of the secure and sustainable package for seniors, a pensioner's income test was based on an annual reporting of income.

**CHAIR**—I think that was agreed.

**Senator FIERRAVANTI-WELLS**—Let me give you an example. If a pensioner worked at Christmas time as a Santa Claus and only earned income in December, he would not lose any pension as the amount earned in those few weeks in December would be far below the previous annual income test. Is that the case?

**Mr Innis**—It is not quite correct to say that all income was annualised under the former rules. Ms Foster might take the opportunity to explain how the former rules operated.

**Senator Chris Evans**—You better pay attention here, Senator. I have seen the brief of PPQs in the Senate on this—and I am glad you have not asked them in the parliament. So I will be listening intently too. It is not as simple as one would hope, is it?

**Ms Foster**—There was a variety of arrangements that could have applied to intermittent employment income. In some circumstances it could have been annualised and it could have been averaged over 12 months. On the other hand, it could have been held for only three months. It depended on the nature of the employment.

**Senator FIERRAVANTI-WELLS**—Sorry, could you just go back, Ms Foster? Sorry, my apologies.

**Ms Foster**—There were a number of different arrangements could have applied to the treatment of income in the circumstances you were describing. They could have been averaged over a 12-month period or they could have been held for three months. It would have depended on the nature of the employment. There was a lack of clarity around the rules and it did cause a degree of concern for pensioners and difficulty for Centrelink. As part of the secure and sustainable pension reform package, fortnightly assessment of employment income was introduced. This helped clarify the rules. It also helped enable introduction of the work bonus, which allows up to half of the first \$500 in employment income to be disregarded.

**Senator FIERRAVANTI-WELLS**—So what about these seasonal workers such as older people who did their bit as Santa Claus? I do not have the article in front of me at the moment, but I think you would have seen in the press recently—it might have been some months ago—the instance of the chap who worked as Santa Claus and then had his pension cut. Tell me about the circumstance. Minister. at Christmas there is always seasonal work, dressing up as Santa Claus.

**Senator Chris Evans**—And, interestingly, there is always a story about Santa Clauses being ripped off as a result of working every Christmas, whatever the year, whatever the current arrangements are.

**Senator FIERRAVANTI-WELLS**—I am just asking for clarification.

**Senator Chris Evans**—It is just a story I see run every year. I look forward to it every year.

**Ms Foster**—The outcome does vary from individual to individual. A lot of people would be better off under the new fortnightly assessment rules. The outcome depends on how much they earned, over what period, their marital status. In the case of the Father Christmas, I think there was a claim that—actually, I cannot remember the amounts of money that were involved. I think one claimed \$3,000 and one claimed \$9,000. Various amounts were spoken about. Whether or not a person is better off if their income is averaged over 12 months or whether they are better off if income is treated on a fortnightly by fortnightly basis really does depend on the individual's circumstances. It is hard to generalise.

**Senator FIERRAVANTI-WELLS**—Do I assume that under annual reporting there would have been people who would have been disadvantaged by the nature of that report?

**Dr Harmer**—The change to allow age pensioners to keep more of their own income was greatly beneficial to most pensioners earning income. To do that we had to introduce a new system which, as Ms Foster said, meant that, depending on the individual's circumstances, it's possible that some—we believe quite a small number, but it depends on their circumstances—might have been disadvantaged by that move. But the move overall to fortnightly assessment was a major benefit to the vast majority of age pensioners who are earning income.

**Senator FIERRAVANTI-WELLS**—I was going to say, under both scenarios you will have people who are disadvantaged. What you are saying is that under your changes there are fewer people who are disadvantaged—

**Dr Harmer**—Many fewer.

**Senator FIERRAVANTI-WELLS**—And you say that people like the Santa Clauses are going to be better off under these sorts of circumstances?

**Dr Harmer**—Some of them; some of them not. As Ms Foster said, it depends on the particular circumstances. To understand precisely, you would need to know a lot about the individual, about their earning, about their family status—about a whole range of things.

**Ms Foster**—Other income.

**Dr Harmer**—It is really difficult to say what a solution to that is. It is actually very difficult indeed, because the circumstances can be quite different from individual to individual.

**Senator FIERRAVANTI-WELLS**—Dr Harmer, can I just put a case on that sort of issue of seasonal workers. I will put this scenario to you and perhaps you could explain to me why this pensioner is more financially worse off. There is a case of a Queensland pensioner who every year has worked as an exam supervisor. I do not know if you have had exam supervisors. You probably have come across them. This exam supervisor only works during year 12 exam periods. Thus she has no employment income for 11 months of the year, but in October she earns a significant amount above the income-free area. Before the change, her pension would not have been affected because her income was below the annual income-free area. But now, as a result of the changes, she loses part of her pension in the month of October, despite the fact that she does not earn anything else for the rest of the year. This is a circumstance of somebody who is going to be worse off, that cohort of people who will be worse off.

**Mr Innis**—Senator, it is very hard to comment on the specific case. We would need to see all of the details before we could make comment. We are happy to look at a specific case if you would like us to, but we really do need to know all of the details.

**Dr Harmer**—For example, it depends on how much she earned in October. Do you have that figure?

**Senator FIERRAVANTI-WELLS**—No, I do not. I might put these two instances on notice to you in writing, with some figures attached to them, which will make it easier then for you to come back to me. Do you have statistics in relation to how many pensioners have had their pensions reduced as a result of moving to fortnightly reporting?

**Mr Innis**—I am just checking. It is a very complicated calculation because there were a range of changes made at the same time, so to do an analytical calculation we would have to hold everything else as per the old system. We are just checking. I would be a little bit surprised if we had done that analysis—

**Dr Harmer**—Senator, because there were a range of changes that occurred at the same time, it is pretty difficult to separate out which change might have impacted on a reduction or

an increase at that point in time. So I doubt whether we would have it. But what we could say is that the vast majority of people will have had an increase from that change.

**Ms Foster**—Because of the many factors that changed at the same time—at 20 September there were substantial increases in the rate of pension, there was the introduction of the work bonus, there was a change in the taper rate; there were all sorts of things happening at that point in time—it would be hard to put a number on those that would have been affected by fortnightly assessment alone. We were referring before to the fact that around three per cent of age pensioners have employment income. Many of those would now be subject to fortnightly assessment for their employment income. Many of those would have regular income. So they are not reporting fortnightly but they are being assessed fortnightly. In terms of the impact of fortnightly assessment I cannot comment in terms of particular numbers.

**Senator BOYCE**—It is not the vast majority that we hear from; it is the other group who consider themselves to have been disadvantaged by it, and getting a sense of the size of that group is often the difficulty. I have a very regular correspondent from South Australia who frequently makes the point that compared to other pension groups the rate of increase for superannuants, or superannuants who are part employed, is much lower. How do we ever assess who has been harmed by this policy?

**Mr Innis**—Senator, the rate of increase of what?

**Senator BOYCE**—The people affected by the income test, according to this group, are getting a slower rate of increase of pension than age pensioners—part pension. I will have to get the details.

**Mr Innis**—We would have to see the details, Senator.

**Ms Foster**—There is a group of superannuants who are talking about their superannuation income which is indexed to CPI compared to the age pension which is indexed to CPI pensioner beneficiary and wages growth. They have separate issues compared to the fortnightly assessment of employment income.

**Ms S Wilson**—Their issue is about the indexation of their superannuation. It includes former Commonwealth public servants—

**Senator BOYCE**—I know.

**Ms S Wilson**—who envy the wages based benchmark that pensioners receive.

**CHAIR**—Who are also regular correspondents, Ms Wilson.

**Ms S Wilson**—Indeed.

**Senator BOYCE**—They are. It in part concerns me that, with changes that radical, to not have a way of measuring what disadvantage it might have caused seems like a gap in the system.

**Dr Harmer**—No, Senator, because as we said earlier, it is really, really difficult without a lot of information about an individual circumstance. When we did the consultations on the pension review there was a very strong call from pensioners who earned some income from work that we should give concessional treatment to that to allow them to keep working, which is what we did.

**Senator BOYCE**—Absolutely. To encourage them to continue to do so.

**Dr Harmer**—To do that we needed to introduce a fortnightly income assessment. To do that, we were very confident that the overwhelming majority of working pensioners would benefit, and we were pretty confident there would be a relatively small number that might not benefit, but without knowing the individual circumstances we could not tell.

**Senator BOYCE**—Would you be able to get a number for that from Centrelink or from your own—

**Mr Innis**—The number of what, Senator?

**Senator BOYCE**—The number of complaints you have received in regard to that?

**Mr Innis**—We could certainly have a look at our correspondence to see if—

**Senator BOYCE**—In regard to the fortnightly assessment, negative comments about—

**Ms Foster**—I am not sure that ministerial correspondence stats would be able to distinguish people who have raised a fortnightly assessment issue compared to other definition of income issues.

**Dr Harmer**—Centrelink may be able to give you stats from their—

**Senator BOYCE**—We will put the question on notice for Centrelink.

**Senator FIERRAVANTI-WELLS**—I guess, Dr Harmer, the reason for asking the questions is that at the time of this change there were accompanying transitional arrangements and assurances given about no pensioners being worse off as a result of the reforms. So we clearly do have pensioners who have been worse off as a result of these reforms.

**Dr Harmer**—It depends a little bit on the loss for that month. For example, a single pensioner post the reforms is now getting a substantially bigger pension for each week of the other 48 weeks of the year. Whether that is offset by the reduction in their pension for that one month is the question. The proposition would be that it is very unlikely there would be many in that category because of the significant increase in the pension per fortnight. The loss because of the amount you would earn as a Santa Claus, for example, at Christmas or for marking in October is, in most cases, unlikely to offset the significant increase you get in the pension for the rest of the year. That is the reality of it.

**Senator FIERRAVANTI-WELLS**—Then, of course, you have those people who were receiving the pension before 20 September and then the people who started receiving the pension after this date. So then you have the 40c versus the 50c difference. I guess it goes back to the point—and the minister is not in the room and I am not asking you to answer. The fact is that, again, this was another promise of no pensioner being worse off, but we do have people who have been worse off as a consequence of these changes. It is another promise of ‘nobody is going to be worse off’—the grand promise—and then there are people who are worse off. I will just leave my comments there. We might move on to work bonuses for the self-employed. Is that appropriate here?

**Ms Foster**—Yes.

**Senator FIERRAVANTI-WELLS**—Sorry. I am just jumping around. Actually, before we go there, since we are on the transitional arrangements, I might ask about the taper rates. As a

result of the changes in the taper rates, how much money was saved? How much money did the government save as a consequence of that measure?

**Ms Foster**—Sorry, I just have to get the relevant—this was a number that was in last year's portfolio budget statement.

**Dr Harmer**—It would be in the budget papers—

**Senator FIERRAVANTI-WELLS**—I have got it here. Ms Foster, is it in this year's?

**Ms Foster**—No.

**Dr Harmer**—That would be last year's.

**Senator FIERRAVANTI-WELLS**—It is not taken over.

**Dr Harmer**—We may not have separately identified it in the documentation. If we have not, we would be able to give you—

**Senator FIERRAVANTI-WELLS**—Perhaps we will be here for a while and if the question is just taken—

**Dr Harmer**—I think we have given it before.

**Senator FIERRAVANTI-WELLS**—If it has been given, you could just direct me to where it was given. I might just move on to the work bonus.

**Ms Foster**—We will continue to look for the number, but there were a number of initiatives that were bundled together in the costings, and the numbers were not disaggregated in the papers. So there is a blend of the taper changes, the work bonus and a number of other changes. I think it appeared together, so it may not be possible to specifically say the particular dollar impact of the taper change.

**Mr Innis**—Obviously, there was a significant \$14 billion-odd spend for the package overall, so this was a very small component of the overall costing if you like.

**Senator FIERRAVANTI-WELLS**—Will you provide that on notice?

**Mr Innis**—Yes.

**Senator FIERRAVANTI-WELLS**—I turn now to the work bonus for the self-employed. Before it was shut down how many people, on average, were choosing to take advantage of the Pension Bonus Scheme? Do we have figures in relation to the numbers of people who were taking that up?

**Dr Harmer**—We answered a number of questions from Senator Boyce on the Pension Bonus Scheme. Was that one?

**Senator FIERRAVANTI-WELLS**—Did you?

**Mr Innis**—We did. I think the number currently in the scheme is about 73,000.

**Senator FIERRAVANTI-WELLS**—I understand that those in the system would be eligible for a tax-free payment of about \$40,000 for singles and about \$30,000 for a couple. If someone entered the scheme at age 65 they should expect to receive the bonus payment when they reach 70. What happens to a person if they choose to keep working past 70? Would they be able to get the bonus if they choose to keep working?



**Ms Foster**—If they claim the age pension they will be able to get the bonus. That is the maximum bonus—\$40,000. The average bonus is around \$12,000. That was the figure for 2008-09. That shows that most people stay in the scheme for three or four years, but it does vary widely between individuals.

**Senator FIERRAVANTI-WELLS**—So they still stay at the same level? It does not matter if they continue to work until they are 80?

**Ms Foster**—That is right.

**Senator FIERRAVANTI-WELLS**—The work bonus, which is the new scheme, was designed to replace the Pension Bonus Scheme. How many people are currently benefiting from the work bonus scheme?

**Ms Foster**—At the end of March there were 63,000 age pensioners with employment income who were eligible for the work bonus.

**Senator FIERRAVANTI-WELLS**—So the work bonus allows Centrelink to disregard up to the first \$500 a fortnight of a pensioner's income?

**Ms Foster**—That is correct.

**Senator FIERRAVANTI-WELLS**—So if a pensioner works part time, say, as an exam supervisor and earns \$750 in that fortnight, then half of the first \$500—that is, \$250—would be deducted and Centrelink would only count it as \$500 instead of \$750. Is that how it works?

**Ms Foster**—That is correct.

**Senator FIERRAVANTI-WELLS**—Does the work bonus scheme apply to wage earners only or does it also apply to self-employed people such as sole traders?

**Ms Foster**—Self-employed people do not have access to the work bonus. They are able to offset their assessable income by business related expenses. It is quite different for employees who have their gross income taken into account. Self-employed people can reduce their business income by business deductions.

**Senator FIERRAVANTI-WELLS**—Let me give an example. If you have a pensioner doing part-time work as an exam supervisor, they get paid a wage so they can benefit from the work bonus and get the deductions that we talked about. If you have a pensioner who knits teddy bears and sells them at the Sunday market, they do not get the work bonus. All they can deduct is the price of their knitting needles and wool and whatever else?

**Ms Foster**—The business expenses associated with that business—that is, the stall and all sorts of things.

**Senator FIERRAVANTI-WELLS**—If, for example, you take a pensioner in the street who does gardening for his neighbour or something like that, effectively that is self-employment. He will not be able to access the work bonus, because he is self-employed. I am trying to draw this distinction, Ms Foster. If you are a wage earner then you get the bonus. Surely that is discrimination against pensioners who just work and get an income—because they are employed as a sole trading gardener, for example, they do not count as much as somebody who is getting an income marking exams.

**Mr Innis**—Senator, the dividing line between business income and personal income is something that we would need to look at the specific cases for. Just as is the case in the tax system, you need to look at the specific instances. The pensioner who is selling some product at the local market may or may not be operating under a business name. They may or may not be claiming tax credits for their expenses et cetera. I understand the concern you are raising, but it is very hard to make judgments on the examples you are providing.

**Senator FIERRAVANTI-WELLS**—I take your point. Assume for the purposes that we are dealing with a wage earner and a self-employed gardener who happens to be a certain age. He is self-employed and he has—

**Mr Innis**—Has a gardening business.

**Senator FIERRAVANTI-WELLS**—Has a gardening business. Both of them are over 65. I am trying to find out why one is discriminated against. Why is the work of the self-employed gardener not considered work whereas the work of the person who marks the exams is considered work? Do you see what I am trying to—

**Dr Harmer**—Senator, what Ms Foster said earlier is that the self-employed gardener gets access to tax concessions for earned income whereas the wage and salary earner just pays tax through wages and salaries.

**Ms Foster**—That is correct. If a person is running a business such as a self-employed gardener, the Social Security Act for business income links directly through to the tax act. So the deductions that they are allowed in the tax system are also allowed in the social security system. It is not a question of whether one person is regarded as working or not. They both are working. The income that they are earning is treated in a different way because one is running up expenses in running their business and in earning their income. The other person—

**Senator FIERRAVANTI-WELLS**—But Ms Foster, the person who is marking the exams may also have deductions. He or she may have self-education expenses that they might deduct. There could be a range of deductions that that person could have which would be legitimately available to them just as the person who is self-employed would have deductions available to them. Do you see? Your distinction of one being able to deduct, I just do not understand, because there is no reason why the exam supervisor cannot have deductions themselves.

**Dr Harmer**—What we are trying to do is answer your questions. Ms Foster is giving you the facts. We are not able to enter into a policy debate.

**Senator FIERRAVANTI-WELLS**—I am not asking you, Dr Harmer, to enter into a policy debate. I asked Ms Foster about the distinction. Why is there a distinction—what appears to be on its face to be discrimination of the applicability of the work bonus to people who are wage earners as opposed to self-employed? Ms Foster, correct me if I am wrong, but the person who is self-employed has open to him or her the ability to make a series of deductions and business deductions. My point was that so does the wage earner who is an exam supervisor. So I do not understand. If that is the sole distinction then there is a problem there, Dr Harmer, because both are in the same camp.

**CHAIR**—We have established the system. I do not think the officers can go any further. The system operates the way it has been described now.

**Ms Foster**—That is correct.

**CHAIR**—That is it. Any change would have to be a matter of policy distinction, and at the moment the policy is that it stands. So I think you have made your point. Was that the intent?

**Dr Harmer**—The policy has been the same for many years in that regard.

**Senator FIERRAVANTI-WELLS**—In summary, it is almost that if you are self-employed there seems to be discrimination—almost another aspect of class warfare.

**Dr Harmer**—It has been part of the social security system for many years, and certainly for the last 10 or 20 years.

**CHAIR**—I think that was a comment, as you well know.

**Senator FIERRAVANTI-WELLS**—Going back to the taper rates: how are those changes with the taper rates helping pensioners who work part-time to keep more of their earnings?

**Ms Foster**—At the moment people with employment income and who are eligible for the work bonus have half of the first \$500 disregarded. That means they can keep more of their pension before it is affected by employment income.

**Senator FIERRAVANTI-WELLS**—Let me just understand this: the object of the work bonus is to give incentives for seniors to stay in the workforce part-time. But is not raising the taper rate to claw back and reduce pensions working against the system? Do you see what I am getting at?

**Mr Innis**—I understand the point. It is important to recognise that the introduction of these changes was a package; it is the impact of the package as a whole that we analysed in making our recommendations to government, and that government analysed in making its decisions on what the policy would be. It is true that a change from a 40 per cent taper to a 50 per cent taper changes the withdrawal rate of pension, but that needs to be considered against the increases of the base rate, the new indexation arrangements and the work bonus arrangements et cetera.

**Senator FIERRAVANTI-WELLS**—I guess what I am trying to get at is that there were, as I said earlier, assurances given that no pensioner would be worse off as a result of the reforms. But we do see—and we have just had the discussion about the work bonus—that you give with one hand but the increased taper rates take from the other hand. Is this just smoke and mirrors, or are we actually seeing more people better off?

**Dr Harmer**—The easiest way to answer is that in the swings and roundabouts of the costing the pension system now costs \$14.8 billion more than it cost before the reforms. There is a lot more money in pensioners' pockets than there was before the reform.

**Senator FIERRAVANTI-WELLS**—I guess the question is: are there more pensioners better off? There might be a value there, but for numbers of pensioners, do we have overall—and assurances were given as part of the transitional arrangements that no pensioner would be worse off as a result of the reforms—more pensioners better off and more pensioners affected? Do you see my point?

**Dr Harmer**—I think the answer is yes.

**Senator FIERRAVANTI-WELLS**—It is all very well to have a headline big figure, but in terms of the—

**Dr Harmer**—I think the answer to your question is yes.

**Senator FIERRAVANTI-WELLS**—All right. I was just going to move to impact of deeming changes.

**CHAIR**—Just before Senator Fierravanti-Wells continues, we have asked amongst the committee and the committee believes that we will stick to the agenda as printed as the senators feel there will be enough questions for Housing to take us through to the evening. I apologise to the officers of outcome 3 and they take their stand as—

**Dr Harmer**—I am assuming all outcome 3 people will get that message, thank you.

**CHAIR**—I just want to make sure that they know we are not wasting their time.

**Senator FIERRAVANTI-WELLS**—In March 2010, Minister Macklin issued a press release stating:

From today, Australia's three million age, disability, and carer pensioners, and veterans' income support recipients, will receive higher pensions payments to help meet increases in the cost of living.

A figure of three million was mentioned. Where does that three million come from?

**Ms Foster**—Are you able to help me with the three million—

**Senator FIERRAVANTI-WELLS**—Yes, this is a press release issued by Minister Macklin on 22 March. I just quote from that. It says:

From today, Australia's three million age, disability, and carer pensioners, and veterans' income support recipients, will receive higher pensions payments to help meet increases in the cost of living.

Where does this three million figure come from?

**Ms Foster**—That is the sum total of those pensioners—

**Senator FIERRAVANTI-WELLS**—Is that the sum total of the figures that we went through—

**Ms Serena Wilson**—No. It is the sum total of age pensioners, disability support pensioners, carer payment recipients and relevant Veterans' Affairs pensioners.

**Senator FIERRAVANTI-WELLS**—What information did the government rely upon to decide to raise the deeming rate?

**Ms Foster**—As we were discussing earlier, we monitor financial markets closely. We look at the deposit rates, for instance, we look at the stock exchange, we look at the range of investment returns that are available to pensioners and we make a recommendation to the minister on the basis of that as to what the deeming rate should be.

**Senator FIERRAVANTI-WELLS**—Sorry, Ms Wilson, you were quick to point out—that is the obvious. My question is: where was the source of that three million figure. I would assume that the minister took that from various documents or perhaps she was quoting—

**Ms Serena Wilson**—For that particular press release, I am not aware of what source she was using—

**Senator FIERRAVANTI-WELLS**—That was the gist of my question.

**Ms Serena Wilson**—but we have quarterly data available on numbers of people in receipt of payments and we publish annually at a point in time the numbers receiving payments in—

**Senator FIERRAVANTI-WELLS**—Ms Wilson, my question was a very simple one. She obviously sourced that three million from somewhere. If you could kindly, on notice—

**Dr Harmer**—It would have been department numbers.

**Senator FIERRAVANTI-WELLS**—That is fine. Could you just take on notice what the source of that three million figure was. That was just the gist of my question. There was nothing sinister in it.

**Dr Harmer**—It would have been a straightforward addition of the 2.1 million age pensioners plus the 790,000 disability support pensioners and the 200,000 carer payments. That gets you to about three million.

**Ms Serena Wilson**—And wife pensioners and widowed pensioners, which are smaller numbers, in Veterans' Affairs.

**Senator FIERRAVANTI-WELLS**—As a consequence of the changes to the deeming rates, how many pensioners or part pensioners have seen their pensions reduced? Have there been pensions that have been reduced? How many of those are there?

**Ms Foster**—The deeming rates are generally changed at indexation points. That is each March and each September. They are timed at the same time as indexation changes in order to minimise the changes that pensioners do experience in their pension rates. It can be very difficult to isolate what particular impacts are affecting people. At March the indexation increase, for instance, was \$29 for a single pensioner and \$44 for a couple combined. To work out what the particular impacts of the deeming rate change would have been is really quite difficult. The deeming rates were increased for the lower rate to three per cent and the upper rate to 4.5 per cent. To work out the particular impacts of those compared to what the impacts of the indexation increase were would be very difficult.

**Senator FIERRAVANTI-WELLS**—You do not work it out; is that the bottom line? You alter the deeming rates but you do not monitor how many pensions this affects?

**Ms Foster**—There are winners and losers, and we know conceptually who they are. In terms of putting precise numbers on them, it is quite a difficult thing to do.

**Mr Innis**—It is also worth noting that the purpose of the deeming rate is to provide a fair reflection of what people are earning in the marketplace from their investments. So if there has been a deeming rate increase it is because, on the balance of the analysis we have in front of us, returns in the marketplace have increased so that people's income is increasing as well. It is important to note that any pension changes are a result of the fact that people's returns from their investment are rising.

**Senator FIERRAVANTI-WELLS**—Given that many pensioners received less of a pension from March of this year because of the deeming rate changes, why then did the

minister say in her press release that three million pensioners ‘will receive higher pensions payments’ when clearly many pensioners actually saw their pension decline because of the deeming rate rises?

**Mr Innis**—Senator, it would be helpful to have a copy of the paper you are quoting from. That might help us provide the appropriate context for the minister’s statement.

**Senator FIERRAVANTI-WELLS**—I will get you a copy of that press release. I am just reading from it. But I will get you a copy of that press release.

**Mr Innis**—And the timing of the press release in the context is very important.

**Senator FIERRAVANTI-WELLS**—Insofar as any of your answers may change as a consequence of having a look at that, please do so.

**Mr Innis**—We will certainly come back to you.

**Senator FIERRAVANTI-WELLS**—I have one last question in relation to that. What is the government doing to ensure that banks are raising interest rates on deeming accounts, in line with the official rise in the deeming rates?

**Ms Foster**—That is a matter of bank policy. The government does not influence deeming accounts provided by banks.

**CHAIR**—We are due to have a break. I just want to check how many more questions you have on outcome 4.

**Senator FIERRAVANTI-WELLS**—I do not have any more questions. Minister Evans was going to give me the latest version of the comparison between the age pensioners and the illegal immigrants.

**CHAIR**—The email response?

**Senator Chris Evans**—One of my staff emailed your office. But I was not sure whether she had included the background brief from the library, so I have asked her to send that on. She gave you the current rates.

**Senator FIERRAVANTI-WELLS**—Minister, it might be helpful if that was also part of the record of this committee.

**Senator Chris Evans**—Yes.

**Senator BOYCE**—I must admit that it was raised with me yet again last Saturday night. Yet our office has probably sent out the background briefing paper about 30 or 40 times.

**Senator FIERRAVANTI-WELLS**—I know.

**Senator Chris Evans**—It is like a virus. You cannot kill it. It originated in Canada. Every time we get a new radio announcer they fall for it, run it and then we ring them up and say, ‘You know this is a hoax.’

**Senator BOYCE**—Well, one hopes, for their longevity, that they have told hundreds of thousands of people.

**CHAIR**—Do we have any further questions on outcome 4?

**Senator BOYCE**—I have one which I hope is relevant to this area, and I have a couple of follow-up questions from earlier questioning which may or may not be appropriate here. So I will do my discrimination one and then move on to the other one. The Human Rights and Equal Opportunity Commission recently put out a report saying that the Age Discrimination Act had not produced one courtroom victory in the six years that it had operated and that more than 40 per cent of the 600 claims that had been made had been settled out of court. The Commissioner responsible for Age Discrimination, Elizabeth Broderick, said that it appeared that age discrimination on this basis was largely accepted and acceptable in Australia. What is the department's view on this? Are you aware of this report? What action are you taking in regard to this report?

**Mr Innis**—I explained a little earlier in the hearing that the issue of discrimination is not a FaHCSIA portfolio issue—it is an Attorney-General's portfolio issue—and that we are a member of a working group on discrimination. We do contribute to that working group. But commenting on the approaches of the government to that particular issue is beyond the remit of the portfolio.

**Dr Harmer**—We provide income support for the aged—

**Senator BOYCE**—I realise that.

**Dr Harmer**—but the Department of Health and Ageing and the Attorney-General have a great deal more responsibility for those matters.

**Senator BOYCE**—Nevertheless, I would have thought that a report of this kind would have provoked some sort of consideration by the department.

**Dr Harmer**—I do not know how it would have impacted on our income support policy.

**Mr Innis**—What we can do is assure you that the operation of FaHCSIA's responsibilities are done in a non-discriminatory way. But beyond that it is the responsibility of others.

**Senator BOYCE**—I guess I saw it as perhaps being in that area where you would consult seniors organisations and the like, and wondered whether that was an issue that had been raised with you in that area.

**Ms Foster**—When we have been talking to stakeholder groups, such as the National Seniors Association and COTA, that issue has been raised. For instance, some seniors groups have come and addressed the key agency reference group on age discrimination and have talked to us about the issues. So, yes, we are aware of that report and we have discussed those issues with the stakeholder groups.

**Senator BOYCE**—When they are speaking about age discrimination, are they talking about age discrimination within government agencies or in general or both?

**Ms Foster**—More in general terms. It does cover age discrimination in terms of younger people as well as older people.

**Senator BOYCE**—You sort of make the point that it is not the department's area of responsibility, and I accept that. However, what do you do when those issues around age discrimination—seeing as we are in the seniors area—are raised with you?

**Ms Foster**—One of the things we do is provide a bit of a linking role I suppose. We are aware of the issues. We can flag those issues with relevant policy agencies when those debates are occurring and we sensitise people to those issues when those debates are occurring. It is more a consciousness and understanding of the environment and the context in which a lot of people are working, and the issues they face when they are trying to seek employment. We are aware of those issues and we can influence the policy debates. In terms of how it affects our work: again, it is part of that context that we are operating in.

**Mr Innis**—Just to add to Ms Foster's answer, the mere fact that we are an active participant of this working group is a demonstration of the fact that they are issues that are important to us and they are issues that we seek to be informed on. We seek to contribute to the whole-of-government policy and delivery development in those areas, but they are not formally our responsibility.

**Senator BOYCE**—Okay. If I could just ask this question here and see what happens—and it is somewhat returning to the earlier questions I asked around how many people were entitled to age pension and may not claim it and other benefits in that area. I have since been made aware of an article in today's *Sydney Morning Herald* talking about a report called *Missing Out* done by the Australia Institute. Are you aware of that report?

**Dr Harmer**—Yes, I saw that report this morning a little bit, Senator. I think it is primarily, as I recall, in relation to carers.

**Senator BOYCE**—They cover parenting, carer and disability payments and, of course, we can talk about that at another time. But they make the point that there are 168,000 people in that area not getting benefits worth \$623 million a year because it is too complicated and people are not aware of what they are entitled to. I again raise that question. I find it surprising that we do not know the same issues in the seniors area and—

**Mr Innis**—Senator, earlier today we indicated that that sort of report is one that we would examine. We would like to see the methodology used to get to that figure. We have a payment committee in the department that discusses the operation of the whole payment system and it is the sort of issue that we would discuss at that committee. But until we have had a chance to examine the report and the methodology they have used, it is very hard for us to respond to it.

**Senator BOYCE**—No, I am not talking about this particular report; I am talking about the fact that complexity and lack of knowledge are raised as reasons people have not claimed these benefits. It appears that we do not have similar information in the seniors space.

**Dr Harmer**—I do not think that is quite accurate, Senator. We mentioned earlier that the way we develop our estimates for pension entitlement is we look at the cohort of population that are in the age group and we make certain assumptions about which of those will have income below the threshold or assets below the threshold and we give an estimate for the expected number of pensioners.

**Senator BOYCE**—But I understood you to say that you did not actually monitor how many—

**CHAIR**—Senator, let Dr Harmer finish.



**Dr Harmer**—So we then get figures for how many pensioners actually apply and become eligible. We never know at that point whether the problem is that some pensioners might have been eligible but did not apply or our assumptions were incorrect. It is really, really difficult to determine which of those two reasons explain the differences between our estimated number and the number of pensioners. However—

**Senator BOYCE**—Sorry, I understood that figure was not available earlier today—the estimated and actual in the age pensions.

**Mr Innis**—Sorry, in the portfolio budget statement, Senator, we estimate a figure for the number of people receiving the age pension each year. In the annual report we report on how many actually receive the age pension. Generally, the numbers are very close.

**Senator BOYCE**—Could I, on notice, have those figures for the past three years, please?

**Mr Innis**—Certainly, Senator.

**Senator BOYCE**—Thank you

**CHAIR**—That is it?

**Senator BOYCE**—Thank you, Chair.

**CHAIR**—No more questions.

**Senator FIERRAVANTI-WELLS**—I have a copy of that media release which—

**CHAIR**—You were questioning; okay.

**Senator FIERRAVANTI-WELLS**—Yes. It would be easier if I could give that to Mr Innis.

**CHAIR**—Okay.

**Senator FIERRAVANTI-WELLS**—A little portion of it has been chopped off with the minister's logo.

**Mr Innis**—We will remember which minister it came from, Senator.

**Senator FIERRAVANTI-WELLS**—I am sure you will.

**CHAIR**—Do you have questions to follow up on that now, Senator?

**Senator FIERRAVANTI-WELLS**—Yes, I do. I will just give Mr Innis a moment—

**CHAIR**—I am letting this run over so we will have a late break, because I am anticipating the break will be between this session and Housing, like outcome 2.

**Senator FIERRAVANTI-WELLS**—I do not have any more questions in relation to this.

**Mr Innis**—So, Senator, the \$3 million figure would come from the number of people who benefited from the indexation changes that the minister was referring to. As Ms Foster said, there are two components that occur generally on a six-monthly cycle. One component is indexation; one component is deeming. It is not always true that there is a deeming rate change. Sometimes the deeming rates fall. Sometimes they increase depending on what is happening in the market, but three million people would have benefited from the indexation change.

**Senator FIERRAVANTI-WELLS**—Just following on from that, at the time pensioner advocates were warning that many of the 700,000 or so part-rate pensioners would be worse off because they are caught between the cut in the allowances and the failure of the banks to pass on the rising interest rates for cash deposits. This goes to the question that I was asking before—that is, what does the government do to ensure that pensioners will not be worse off when they are caught in that dilemma?

**Mr Innis**—Senator, if I am interpreting the question right, it is what does the government do to ensure that the banking system and the finance system responds?

**Senator FIERRAVANTI-WELLS**—You have circumstances where pensioners and part pensioners have two issues. One is the fact that in this instance you were talking in March about pension rises, but when you chose to raise the deeming rates as a result of increased earnings as we recovered from the GFC the fact was that many pensioners actually saw their pension rises decline. That is one issue. The other issue is the one about the concerns that were raised by pensioner advocates because of that difference in period between when the allowances were cut and the banks failing to pass on the interest rates for cash deposits.

**Mr Innis**—On the latter question, the operation of the banking system is obviously a matter for the Treasury and the responsiveness of the financial system to the deeming rate change is not something I have particular evidence of.

**Dr Harmer**—Senator, these arrangements of deeming and the banks' approach to it has been in place since the mid-nineties and there have been no moves by governments to in any way increase regulation on the banks. So it is something that we leave up to the banks basically.

**CHAIR**—I think it could have been earlier, Dr Harmer.

**Dr Harmer**—Sorry?

**CHAIR**—I think it could have been earlier than the mid-nineties. I cannot see from the questions you are asking, Senator, that we are going to get much more.

**Senator FIERRAVANTI-WELLS**—No. I guess I will just end on the note that I understand that when asked the Prime Minister said that the banks were gouging customers over rate rises. He urged people to shift accounts to other banks if they felt that they were unfairly treated. So I will just leave it on that note.

**CHAIR**—I am sure you know that was a comment, Senator. Are there any further questions in outcome 4? If not, thank you very much to the officers from outcome 4. We appreciate your time. We will move into outcome 2 after the break.

#### **Proceedings suspended from 3.48 pm to 4.13 pm**

**CHAIR**—I welcome the officers associated with outcome 2, Housing. We welcome the minister, Senator Stephens. We have considerable time on this outcome. I know that Senator Humphries has questions. I know that Senator Ludlam has questions. I believe Senator Fielding is coming back with some questions as well. This session on this outcome will go through until 6.30 pm when we will take a break. I would like to have dinner for an hour and a half to allow people to attend some other meetings and then come back after dinner with the same portfolio. Because of the range of questions I think we will just start and see how we go

and see whether we have common areas of questioning. On that basis, I call Senator Humphries.

**Senator HUMPHRIES**—I thank the department for being here. Could I start with some questions about the way in which NAHA works in conjunction with the partnership agreement for stimulus housing spending. I have not got the correct title there but I am sure you know which agreement I am referring to. NAHA refers to the role of local government in section 13 of that agreement. It states:

Local governments operate under State regulation, local governments ... are responsible for:

- (a) building approval processes;
- (b) local urban planning and development approval processes; and
- (c) rates and charges that influence housing affordability.

As I understand it, each of the states and territories and the Commonwealth and the Australian Local Government Association were signatories to NAHA.

We then have the partnership agreement under which the stimulus housing spending has been rolled out. As you are no doubt aware, there are a number of concerns that have been expressed about the way in which state governments have, in some cases, expressly legislated to provide that normal local government planning responsibilities and approval processes are to be bypassed in order to achieve objectives, including time lines, for the stimulus spending. I am curious as to whether those two commitments are actually consistent and, if they are not consistent, to what extent? How is it that the agreement on the partnership overrides the national agreement, which includes the responsibilities and the rights conferred on local government, to which the ALGA was a partner?

**Mr Lamont**—The stimulus package is basically governed by the national partnership agreement and the Social Housing Initiative guidelines. There is no reference in the Social Housing Initiative guidelines to planning. In that sense it is consistent with the NAHA in that local governments, under state regulation, are responsible for planning and related development issues. Our remit with respect to the Social Housing Initiative is to assess individual proposals as per those guidelines. We have no—

**Senator HUMPHRIES**—Those state guidelines?

**Mr Lamont**—No. Under the national partnership agreement there were the Social Housing Initiative guidelines, which refer to things like energy efficiency, build quality, location, transport issues, et cetera, but there is no planning assessment process that the Commonwealth does in respect to the Social Housing Initiative.

**Senator HUMPHRIES**—I understand that. At least one state government has indicated that it needs to bypass state government planning requirements in order to meet the deadlines for completion of stimulus projects laid out by the Commonwealth. They have blamed, as it were, the Commonwealth for having to bypass those local government requirements. I assume that the money that the Commonwealth has put on the table with respect to the stimulus housing projects is dependent on meeting time lines and deadlines. Is that a sufficient basis for the states to undertake this process of overriding local government legislation?

**Mr Lamont**—Senator, from my perspective, that is a bit of a hypothetical. The issues in respect to a number of the Social Housing Initiative dwellings and proposals were that they are a mix of developments: some of them approved under existing state and local legislation, some of them were subject to streamlined planning processes that individual state governments implemented in respect to nation building and, again, some of them were subject, in the New South Wales example, to revisions to the state environmental policies in 2008. So it is impossible for me to give you an indication as to whether all of the targets could or could not have been achieved on the basis of whether states had their own planning legislation amended or streamlined.

**Senator HUMPHRIES**—I asked a question at the last estimates about this. I asked whether states and territories have enacted nation-building legislation to speed up development assessment. The minister's response was that New South Wales, Victoria, Tasmania and South Australia have enacted nation-building legislation and the ACT has amended its planning and development regulations to expedite Social Housing Initiative projects. I assume that if that answer was provided, the Commonwealth has been consulted about the way in which the states are amending or enacting special legislation to comply with the requirements of the stimulus spending on social housing.

**Mr Lamont**—No, Senator. There is no requirement for the states or territories to advise us of changes to their legislation.

**Senator HUMPHRIES**—I did not actually ask were they required to; I said, have they in fact consulted with you?

**Mr Lamont**—No, Senator.

**Dr Harmer**—Senator, it sounds like the answer provided was just a factual statement about which ones have.

**Senator HUMPHRIES**—So you are aware of those because you have asked and they have told you that?

**Dr Harmer**—Yes.

**Senator HUMPHRIES**—As far as you are concerned, there is no requirement on the part of the states or territories to enact legislation in order to meet deadlines?

**Mr Lamont**—No, Senator. There is nothing in the NPA and there is nothing in the guidelines.

**Senator HUMPHRIES**—Do you think that the requirement on the states to the extent that they, to your knowledge, involve bypassing local government planning and approval processes is necessarily a breach of the terms of NAHA, which require or confer on local government a role in this area?

**Mr Lamont**—I guess there are two issues with that question. The first one is that all of the amendments to state planning legislation do not necessarily bypass local councils.

**Senator HUMPHRIES**—But some do.

**Mr Lamont**—Some do. Certainly a change in role, but bypassing completely—I do not think that is the case. There are requirements to consult with local councils on their existing

plans; there is a requirement to consult with residents. So that is the first point I would make on that.

**Senator HUMPHRIES**—So there is a requirement to consult with residents?

**Mr Lamont**—Absolutely. In New South Wales, for example, you have the state environmental planning policy, which gives residents 21 days to comment on an individual proposal. Indeed, many of our projects have been amended to reflect the community concerns that the New South Wales government has received. In Victoria, the legislation is structured differently. It goes straight from the Victorian housing department to the local council to provide comment on. So there are differences in the individual schemes and the individual legislation that has been put forward.

**Senator HUMPHRIES**—How many local governments have written to the federal minister complaining about the way in which local government processes have been infringed by the way in which social housing projects have been rolled out?

**Mr Lamont**—Senator, I do not have those numbers. I can tell you, though—

**Senator HUMPHRIES**—There would be a lot, would there not?

**Mr Lamont**—No, Senator. In terms of 2,400 projects, we have had in the order of, I think I said the last time, 40 to 50 individual concerns raised through the minister's office in writing.

**Senator HUMPHRIES**—By councils or by individuals?

**Mr Lamont**—By both. So that is less than two per cent of the total number of projects supported under the Social Housing Initiative.

**Senator HUMPHRIES**—I am looking at an article in the *Age* of 11 March, which reports: Communities across Melbourne, including in Coburg, Ringwood, Sunshine and Geelong— I did not think Geelong was in Melbourne, but anyway—

**Senator CAMERON**—Chair, are we going to have this document tabled?

**CHAIR**—As you can tell, and as I have said earlier today, we have had an issue with Finance and Public Administration about making sure that any documents that have been referred to are tabled. Senator Humphries, I will let you finish your question first. Senator Cameron, what we have been doing in this particular estimates hearing is looking at the complexity of the question before we make a ruling. It is not a blanket ruling in this committee. So what we will do is hear your question, Senator Humphries. If there is a requirement to see a copy of the document and the officers need that, we will of course provide that before further questioning. Senator Humphries.

**Senator HUMPHRIES**—Thank you. To continue the quote:

Communities across Melbourne, including in Coburg, Ringwood, Sunshine and Geelong, have been infuriated by the state's heavy-handed approach as it seeks to meet a deadline of completing 4500 social housing dwellings by mid-2012.

Charged with delivering the program, the Brumby government last year seized planning control from councils and suspended notice and appeal rights for residents until the housing is delivered.

There are other articles I am sure you have seen where the state government refers to the deadlines that the federal government has imposed in order to meet these commitments. I might also point out that in the same article federal MP Kelvin Thompson called for greater community involvement in the planning for projects under the \$5.6 billion Social Housing Initiative. I will table a copy of that article now.

**CHAIR**—And you have a series of questions on that article?

**Senator HUMPHRIES**—Not really, no. That is what is reported as happening in Victoria. Is Victoria the only place where those sorts of concerns have been raised?

**Dr Harmer**—Senator, what we do not know from that article is who the journalist spoke to. He or she talked about three councils but we do not know whether we spoke to one person or 20. They have used colourful language—‘infuriated’. We do not know what that means. It is really, really difficult on the basis of a press report.

The only evidence we can rely on in terms of the reaction of local government councils to various components is, as Chris has said before, that we have a certain number of reports or letters to ministers and we interact with people. As far as our information goes, there is a relatively small number of projects that have actually raised concerns sufficient for them to be brought to the attention of either the department or the minister. It is really difficult when there are colourful press reports but no real information on just how many people were involved in the discussions, what was said et cetera. It is really not a good practice for us to be commenting on a press report without further information.

**Senator HUMPHRIES**—I have a very substantial collection of clippings of people complaining in the media about—

**Senator CAMERON**—From the *Australian*?

**Senator HUMPHRIES**—No, from a wide variety of newspapers which I am happy to wave around if necessary. But I will come back to the question I am asking though: are you saying that state governments have not effectively been put in the position of having to truncate rights or abridge processes undertaken by local governments in order to meet the deadlines that you have imposed as a federal government for these projects being delivered?

**Mr Lamont**—I think it is a decision that can only be made by state and territory governments. They have got information on availability of land. They have information on where these projects are in the current planning system. That is not something that I could answer.

**Dr Harmer**—we have no way of evaluating whether those statements by state government are correct or not. We do not know enough about their arrangements with local councils. We do not know enough about how much land they have in their land banks et cetera. So that could only be verified by the state government.

**Senator HUMPHRIES**—But you say you are aware, because you answered the question on notice, of four states and a territory enacting legislation which involved expediting Social Housing Initiative projects but you do not know whether that actually involves a breach of the NAHA agreement which says that local government has final say on housing projects delivered under NAHA.

**Mr Lamont**—No. I referred to the provision in the NPA. Ms Winzar might want to comment.

**Ms Winzar**—Perhaps by way of clarification we should explain that the Social Housing Initiative is not actually attached to the National Affordable Housing Agreement; it is attached to the intergovernmental agreement. So it is not necessarily in conflict with the NAHA because it is not subject to the NAHA.

**Senator HUMPHRIES**—Sorry, but I do not understand that point. NAHA is an agreement between all the states and territories and the Commonwealth and the Australian Local Government Association which imposes conditions or rules on the way in which Commonwealth funding for housing should be spent. Are you saying that the rules in NAHA do not govern social housing projects?

**Ms Winzar**—I think from memory your question went to suggesting that the Social Housing Initiative was a schedule to the NAHA and I was just correcting that technically it is not.

**Senator HUMPHRIES**—If I implied that, I did not mean to. I am aware that they are separate documents. But surely the National Affordable Housing Agreement is a document which governs the way in which states spend Commonwealth money on housing and that if there is to be a role for local government built into that overarching national agreement it cannot be dishonoured by subsequent money being given to the states for housing.

**Mr Tongue**—I think the National Affordable Housing Agreement role of local government says:

Local governments operate under State regulation, local governments (and the Australian Capital Territory Government and the Northern Territory Government) ...

It then goes on to say what they are responsible for. So the NAHA I think fairly clearly contemplates the fact that in discharging its responsibility local government operates under state regulation and if that regulation changes then the relationship of local government under the agreement will necessarily change.

**Senator HUMPHRIES**—Yes. What it says is—this is section 13 you are reading from:

Local governments operate under State regulation ...

We know that. That is pretty obvious. Have you got a full stop or a comma after ‘regulation’?

**Mr Tongue**—Comma.

**Senator HUMPHRIES**—It goes on:

... local governments (and the Australian Capital Territory and the Northern Territory Government) are responsible for:

- (a) building approval processes;
- (b) local urban planning and development approval processes;

You might say that that is all meaningless if the states change the regulation, but it does not say, ‘Subject to the right of state governments to alter this unilaterally.’

**Dr Harmer**—No, but it says that at the beginning, Senator.

**Senator HUMPHRIES**—I'm sorry?

**Dr Harmer**—That is what the beginning bit is meant to—

**Senator HUMPHRIES**—It is just making a statement that local governments operate under state regulation. It does not foreshadow therefore that this protection for the role of local government can be overridden because the states decide, presumably without the support of bodies like ALGA, to simply override the requirements of NAHA.

**Dr Harmer**—I think that is exactly what it means. It is making a statement about where local government fits in relation to state government regulation. It goes on to say that local government, and the Australian Capital Territory government and Northern Territory government, are responsible for all these things, but the very beginning of the section on the role of local government makes it crystal clear that they operate under state regulation.

**Senator HUMPHRIES**—I do not think that that means that therefore the states can unilaterally change that and affect the responsibilities of local government. This is a legal argument, I suppose. We shall have to let lawyers fight that out at some other time.

**Mr Tongue**—I note, Senator, that they are not legal documents. They are intergovernmental agreements certainly, but they are not legal documents.

**Senator HUMPHRIES**—So nobody could take an action based on these documents?

**Mr Tongue**—Parties under the agreements may take actions. You know: 'You said you would do that and you did not do it; therefore we will withhold money,' or something. But they are not agreements that you would, say, take to the High Court or anything like that.

**Senator HUMPHRIES**—Maybe not, but is there not an expectation when these agreements are signed and published and waved around as a great historic agreement that they indicate that they have some validity and that their terms actually can be relied upon by citizens, including the important citizens who make up the people who are working in local government in this country, such that they will have a continuing role? I would read that section and think, 'Wow, this gives local government a role in the implementation of national housing programs.' That is what I would read if I were looking at that document.

**Dr Harmer**—Well, in a way that is what it is. It is the first time, in my memory—I have been involved in housing for 30 or so years in the Commonwealth—where we have actually had local government at all involved in Commonwealth-state agreements.

**Senator HUMPHRIES**—And they will not want to be involved again, will they, if they are going to be overridden like this?

**Dr Harmer**—I do not know the answer to that, but no-one would believe that the intergovernmental agreement would cut across state responsibility for the legislation around land release, zoning, planning et cetera. I am sure, or I would be very surprised—I should be very careful—if local government, when entering that agreement, believed that it was giving them additional power over state government in terms of regulation of their zone. It certainly was not discussed when we were negotiating it.

**Senator HUMPHRIES**—Okay. Even if you accept that state regulations might mean that local government's role is to be set aside or bypassed or whatever words you want to use, if



the approval processes are thought to be the exercise that holds up the delivery of the federal government housing projects, is it not appropriate to require those making approvals, whether they are state governments or somebody else, to comply with local government by-laws and plans for those particular districts where projects are being located, even if the councils are not asked to actually approve the proposals, such that their documents are relied upon as the basis on which to make approvals?

**Mr Lamont**—Once again, this is a planning issue. In most respects most of the local planning requirements are honoured. There are occasions there where it has not been so—they have been referred to under the state legislation, whether that be nation-building legislation that was enacted by the state government or another Affordable Housing piece of legislation that was enacted by the respective state government. But, to go back to the examples I provided previously, in the operation of the nation-building legislation in Victoria, proposals are referred to the local government in the first instance. So there is a mix of approaches here, but they are very much ones taken by the state government and we have no involvement in those.

**Senator HUMPHRIES**—I think it is a bit strange, but all right. I want to ask about some of these projects and get an idea of what kinds of things are happening under the projects. I am particularly concerned about the way in which, first of all, they are being monitored and, in particular, the way in which the performance of this partnership is being monitored from the Commonwealth's point of view. What processes are in place to audit each project as problems arise within each project?

**Mr Lamont**—The individual proposals are audited from the outset against the Social Housing Initiative guidelines. We run a ruler over each of the proposals that are received to ensure that they comply with the Social Housing Initiative guidelines. That is a very important step so that we do know what we are dealing with.

**Senator HUMPHRIES**—I would not have called that an audit, with respect. I would have called that measuring or testing it. Auditing I see as something you do retrospectively.

**Mr Lamont**—Sure. Following that, we do value-for-money assessments against individual projects. Staff in my group have gone out and had a look at individual proposals. As we are getting to a critical mass of completions and a critical mass in terms of the commencements of the program, we will be conducting a physical audit in the coming months to have a look at, if you like, a checklist against the Building Code of Australia requirements and a checklist against the Social Housing Initiative guidelines and to do an assessment against proposals on that basis as well.

**Senator HUMPHRIES**—So will each project be audited in that way?

**Mr Lamont**—No, not at this stage.

**Senator HUMPHRIES**—So you randomly audit some projects?

**Mr Lamont**—Correct.

**Senator HUMPHRIES**—And what does the audit involve?

**Mr Lamont**—As I mentioned, we will look at it against the key elements of the Building Code of Australia and the key elements of the Social Housing Initiative guidelines. So we are talking about build quality and amenity primarily.

**Mr Tongue**—We do monitor the states. We have previously provided the committee with information on six-star energy ratings, disability standards, the number of dwellings made available to Indigenous Australians and so on. Mr Lamont's team manages this very closely.

**Senator HUMPHRIES**—Yes, but that is what you determine when you are approving the projects at the outset, isn't it?

**Mr Tongue**—And then tracking them through to the point where they are completed. At this stage we have an average dwelling price of about \$275,000, which compares more than favourably—

**Senator HUMPHRIES**—Can I come back to that later when I ask questions about that, please?

**Mr Lamont**—This assessment is conducted every month against all of the proposals that are approved and are continuing.

**Senator HUMPHRIES**—I am thinking about auditing or checking if problems arise. You have a particular project running somewhere and the community says, 'We're concerned about this,' or the local council says, 'We're concerned about what is happening with this.' How does the audit team, which you made oblique reference to before, swing into action and look at those things? Is it reactive in that sense or is it simply a matter of waiting until some predetermined point in the development to go out and look at the projects?

**Mr Lamont**—Once again, delivery is primarily a state government responsibility. If an issue continued, my team would then get involved. But we have not had that issue to date.

**Senator HUMPHRIES**—The Prime Minister was interviewed on radio station 4CA in April. He was asked about a project in Cairns that was causing many problems. The interviewer was asking then about the sorts of issues that were being raised by the community. He responded by saying:

What I was about to go on to say, John, is that, therefore, in the implementation of this, when any issues arise, each of the relevant ministers has an audit mechanism available to quickly look at any problems which arrive. It is inevitable, across the country, that you're going to have implementation difficulties. What we have is an audit mechanism to look at these problems as they arise. That's why I'd encourage the locals to get that in to Minister Plibersek straight away.

He is obviously referring to a federal mechanism. What sort of audit mechanism is actually in place? Do people in your area actually implement that?

**Mr Lamont**—I think I know the property that you are referring to. In that case we sought additional information from the Queensland government. They were primarily issues around value for money. The Queensland government provided us with some fairly comprehensive documentation that supported the original proposition by both Queensland and us that we were getting value for money on that particular project. In that sense, is there an audit mechanism? Yes, there is, because there is a requirement for the Commonwealth to conduct a value-for-money assessment and there is a requirement for the state government to respond to

information requests that the Commonwealth may have in terms of delivery, and that was provided fairly promptly.

**Senator HUMPHRIES**—But you are not suggesting that the audit mechanism that the Prime Minister is referring to there was just a matter of saying, ‘We’ll go and check the state government’s figures.’ Is it what you were talking about before—a physical site visit?

**Mr Lamont**—In this case, if it is the property I think you are referring to, there were primarily concerns around value for money and whether an independent assessment had been done in respect of value for money. For this particular property there had been three independent assessments on value for money and we were satisfied with the outcome of that. All of those value for money assessments were not done by Queensland and were not done by the Commonwealth; there was a third party involved to provide that assessment. In that sense, there was an audit on value for money.

**Senator HUMPHRIES**—Let us divorce ourselves from this particular issue. I am interested in knowing about the audit mechanism that is available to look at any problems which arise. Do you have a capacity to go out and individually check issues that have been raised by communities or local government bodies about the way in which stimulus housing projects are being delivered?

**Mr Lamont**—To the extent that they go to the built form, to value for money and to cost issues, yes. To the extent that they go to planning, once again we have no jurisdiction in that area.

**Senator HUMPHRIES**—How many site visits or analyses of this kind have you done with respect to problems that have arisen?

**Mr Lamont**—I would have to take that on notice. We have been to a number of sites, but I could not give you an exact figure.

**Senator HUMPHRIES**—Would it be a couple? Would it be 100?

**Mr Lamont**—For me personally there would be dozens, but I would have to check with the rest of my team.

**Senator HUMPHRIES**—Have you visited any sites as a result of that?

**Mr Lamont**—Yes.

**Senator HUMPHRIES**—In how many states?

**Mr Lamont**—I would have to take that on notice. It has been a pretty busy 12 months.

**Dr Harmer**—We very actively manage this important program. We are very attuned to ensuring we get value for money. While we work very closely with the states and territories, who are responsible for the delivery, if problems come to our attention which go to value for money, we do follow them up. As Mr Lamont said, if it is a matter of planning we go to the state or territory that is responsible for that and request a report from them. For value for money, which is our main consideration, we follow up things that we get.

In the overall scheme of things, in terms of the number of houses we are building, there have been a relatively minor number of complaints or problems about value for money. As Mr

Tongue said, \$275,000 per unit is pretty good value for money on today's construction regime.

**Senator HUMPHRIES**—We will come to that. I would appreciate it if you could take on notice listing for me those places where you have actually had Commonwealth officers visit and the other places you have had audits done in the sense that the Prime Minister used in that interview on radio in Queensland. Were you saying before that, in effect, this exercise is not just to see that the process is on track but also to see that value for money is being delivered to the Commonwealth?

**Mr Lamont**—Correct.

**Senator HUMPHRIES**—One of the issues with respect to value for money is the question of how much the Commonwealth pays for all of these developments. I want to ask about the project at Hope Street in South Brisbane, which is the Prime Minister's electorate. I am not sure whether you have a copy but the documents that I have seen from the state government which outline all of the costing elements of this project suggest to me that the land that was acquired for this development in Hope Street had a valuation—I assume from work undertaken by the state government or perhaps by the Commonwealth department—of \$7.6 million, but the final amount paid for the land in fact was \$9.043 million. The land valuation was \$7.650 million and the final price paid was \$9.043 million. Can you tell me why a project with a land valuation like that ends up having more paid for it? We are not talking here about the cost of the building. Obviously, you would not build a building for \$1.4 million—of that kind anyway. Why is there a difference between the land valuation and the final price paid?

**Mr Lamont**—I have not got the valuations in front of me, nor the breakdown. I do have some recollection of this project. I believe there are two sites for the proposed development, so I do not know whether the valuation referred to in those documents actually contains one or the other or both. I would need to take that on notice.

**Senator HUMPHRIES**—It is on the one line. I assume they are talking about the same thing.

**Mr Lamont**—Sometimes there will be staged developments. So the available land for the project may not be released at the same time. There have been instances in the past where a state government has purchased site A with the intention of buying site B for the proposed development. I am just not familiar enough with that project at this point without going back and checking.

**Dr Harmer**—We will have a look at it. It is very unwise for us to proceed without the document that you have and without knowing precisely the answers to questions about the valuation. One is the date of the valuation: was it up to date et cetera? There are a whole range of questions that need to be answered. If Mr Lamont has not got it with him and he is not familiar with the detail, it would be very unwise for us to continue with that. We would rather take it on notice.

**Senator HUMPHRIES**—I accept that argument except that I have more questions to ask about this. Therefore, I would like to know before we finish today whether that valuation is for the same block of land and whether there is any reason as to why this is the case. I do not want to find out in five months time what the answer to my question is.

**Dr Harmer**—We will do our best. If you can provide us with the document, we will do our best to verify that valuation.

**Senator HUMPHRIES**—Okay.

**Dr Harmer**—I am sorry, Senator, but I am not able to promise that I am going to be able to give it to you tonight.

**Senator HUMPHRIES**—There are quite a few projects on this list which appear to have starkly different valuations to the amounts that are finally paid. I would be interested in knowing in general why there would be such variations. In fact, you would be aware from some of the critics of this process that the government appears to have in some cases paid well above market rate for blocks of land that it is purchasing. Any explanation as to why that might be the case would be very useful.

**Dr Harmer**—Are you referring to blocks of land for the Social Housing Initiative?

**Senator HUMPHRIES**—Yes.

**Mr Lamont**—I can remember only one media report.

**Dr Harmer**—I am not aware of any substantiated allegation about that.

**CHAIR**—Do you have a number of individual instances that you are wanting to question? At the moment there is only one on the table which is Hope Street in South Brisbane. You have a large document there. Are there others that you are wanting to put on the table as well?

**Senator HUMPHRIES**—There will be others in the course of the afternoon. This is only about the Queensland developments. This is my only copy. I am happy to let you have a look at it, but I obviously want it back, please.

**CHAIR**—I suggest that we take a full copy and provide that to the witnesses. That would be useful. I know that Senator Cameron has some issues about one area in Queensland. Do you wish to continue and for him to come in later or do you wish for him to ask his questions now?

**Senator HUMPHRIES**—If he wants to ask his questions now, I am happy for him to do that.

**CHAIR**—Senator Cameron, you have questions about one of the Queensland projects.

**Senator CAMERON**—Yes. It is Harpa Street, Palm Cove.

**Mr Lamont**—That is me.

**Senator CAMERON**—Mr Lamont, we keep hearing that there was all this controversy about this project. I picked up two issues—one is that some residents do not want social housing there and another one is about value for money. Is that correct?

**Mr Lamont**—That is correct.

**Senator CAMERON**—I live in Sydney and I know there is social housing overlooking the Harbour Bridge. That is correct, isn't it?

**Mr Lamont**—That is correct.

**Senator CAMERON**—Has that caused any problems for tourism for the Harbour Bridge?

**Mr Lamont**—I would not be authorised or able to comment on that.

**Senator CAMERON**—One of the arguments is that if you put social housing in an area then the tourism industry falters or fails. Have you looked at that argument? I would not expect you to put a great deal of strength to it.

**Dr Harmer**—No, we have not because there has been social housing all around the inner parts of Sydney since 1945.

**Senator CAMERON**—I suppose the people who service the tourism industry have to live somewhere, don't they?

**Dr Harmer**—Indeed.

**Senator CAMERON**—A lot of the people who would be in this Harpa Street, Palm Cove, area could be working in the tourism industry. You would expect that would be—

**Mr Lamont**—That is correct.

**Senator CAMERON**—What has been done to try to assess that approach?

**Mr Lamont**—I believe that the Queensland minister and her officials have looked at their proposed allocations for that site and, indeed, have the intention of allocating a number of the key workers within the tourism industry in that part of the world to some of these dwellings.

**Senator CAMERON**—Just let me go to a more general issue before I come back to the Palm Cove issue. The whole program was part of the government's stimulus package program.

**Mr Lamont**—That is correct.

**Senator CAMERON**—In relation to this proposal, the stimulus package was to increase the supply of social housing as well as refurbishing social housing, because in the 10 years or 11½ years of the previous Howard government, investment in social housing had declined per capita.

**Senator HUMPHRIES**—That is not a matter to be commented on today, Senator, nor is it a matter before the estimates committee for the 2010-11 budget.

**Senator CAMERON**—It is an issue. You may not like it to be an issue.

**Senator HUMPHRIES**—I am sure it is to you.

**Senator CAMERON**—You might not think a billion dollars being cut out is an issue—

**CHAIR**—Senators—

**Senator HUMPHRIES**—We have never cut a billion dollars out of social housing.

**CHAIR**—Senator Cameron, Senator Humphries, I just remind you that when I am speaking it would be useful if both of you stopped. Senator Cameron, you do not talk over the chair. Basically, today we have allowed a number of senators to have some comments and you can have a look at the *Hansard* to see that. We are focusing on the issue. If you could continue on the issue.

**Senator CAMERON**—Okay. Focusing on the issue of the increased supply of social housing—part of the reason government had to go down that path was that over a period there

had been a decline in expenditure on social housing. That is relevant to why that funding was made available.

**Mr Tongue**—It is true to say that over time the real value of assistance from the Commonwealth to the states for social housing had declined.

**Senator CAMERON**—Yes.

**Mr Tongue**—So what the program does is bring the level of social housing back up and there is an important element of the program that is about refurbishing social housing, because what had happened, the states were in the process of beginning to sell off stock—

**Senator BOYCE**—To generate the money.

**Mr Tongue**—To generate the money to refurbish the stock that they had. I think our number is about 70,000 dwellings that have been refurbished as a result of the program.

**Mr Lamont**—That is correct.

**Senator CAMERON**—And the second leg of the package was to increase the opportunity for persons who are homeless or at risk of homelessness?

**Mr Lamont**—Correct.

**Senator CAMERON**—People can be at risk of homelessness very quickly, can't they? They can be in the workforce and, if they are at the lower socioeconomic end, a couple of weeks without employment can mean they can be homeless.

**Mr Lamont**—Absolutely. Women escaping domestic violence is another one. Very quickly they need accommodation. They need to maintain contact with the labour market and so on. There is a whole range of groups who are at risk of homelessness.

**Senator CAMERON**—And the third element was to stimulate the building and construction industry and retain jobs during the global financial crisis.

**Mr Lamont**—Correct.

**Senator CAMERON**—So all of these were very, very important goals for the government to undertake. I have seen a newspaper report that goes to the issue that Senator Humphries has been raising about value for money. I would like to table two documents. One is from the *Weekend Post*, dated Sunday, 29 May 2010. Another is a document from Davis Langdon, who has done some costings on this report. I have only one copy and so I will need a copy to go to. I am not sure how you want to handle that, Chair.

**CHAIR**—Are your questions such that the officers will need to see those, Senator Cameron?

**Senator CAMERON**—Yes.

**CHAIR**—Have you got questions that you can go on with, or will we go back to Senator Humphries or Senator Ludlam while we wait for those documents to be returned?

**Senator CAMERON**—I can keep going. In terms of the issue of homeless people being moved to a tourism area, are there any other examples of where this is happening under the package?

**Mr Tongue**—I think in part it depends on who is described as homeless. In the public's mind, homeless people—

**Senator CAMERON**—People requiring social housing. Can I frame it that way?

**Mr Tongue**—Because there is such a wide spread of accommodation under the program, I am sure there would be.

**Mr Lamont**—Every major centre in Australia, Senator, will get some of the social housing that is proposed under this program. Many of those destinations may well be the beneficiaries of tourism trade. So it is not that we are either taking a decision to invest or not to invest on the basis of a tourism component or tourism industry in that particular location.

**Senator CAMERON**—There is a fair bit of unemployment in Cairns. Are you aware of the position in Cairns as to why we would need this social housing there?

**Mr Lamont**—I know that the building industry in particular was hit pretty hard during the last 18 months to two years with a very high unemployment rate in respect to trade contractors—builders, carpenters, bricklayers et cetera. I can also tell you that Cairns and Northern Beaches have a public housing waiting list in the order of 600 persons. So there is a reasonably strong requirement, a strong demand, for this accommodation.

**Senator CAMERON**—Have you had a look at any of the websites that have been established to oppose this proposal?

**Mr Lamont**—I have looked at one, Senator, for the Palm Cove development.

**Senator CAMERON**—Are you aware that that website takes a highly political position? It is not just opposition from a resident's position but nearly a party political position?

**Mr Lamont**—Senator, I have really only focused on the concerns raised in terms of value for money, I am sorry.

**Senator CAMERON**—Because some of the links from one of the websites I have looked at, which is apparently the major website, goes to broader critiques of the Rudd government. It seems to me that there are a number of agendas running on this: it is a political agenda; it is an agenda to keep people from social housing.

**Senator HUMPHRIES**—Chair, can I raise a point of order?

**CHAIR**—Senator Cameron, there is a point of order.

**Senator HUMPHRIES**—With great respect, I really do not know that any of the officers at the table can answer questions about the motives of people who have put up a website in Queensland. With great respect, it is nothing to do with the department as to what is on that website.

**CHAIR**—Senator Humphries, the question before the officers is whether they were aware of it. It was not asking for any assessment from the officers.

**Senator HUMPHRIES**—And they have indicated that, no, they were not and Senator Cameron has gone on to ask other questions about this website.



**CHAIR**—Senator Cameron, you were continuing in a similar vein, but my understanding is your questions were reasonable. I will pull Senator Cameron up if he goes beyond the area, Senator Humphries. Senator Cameron?

**Senator CAMERON**—Thanks, Chair. They are tough on this committee, I can tell you. I have a *Weekend Post* article.

**CHAIR**—We have it in front of us. Do the officers have a copy?

**Senator CAMERON**—Does everyone have a copy? I did ask for it to be tabled.

**CHAIR**—Go ahead.

**Senator CAMERON**—This *Weekend Post* article talks about an independent review of Palm Cove's—what it describes as—contentious public housing plan. It goes on to say that this report should bust the myths about money wasted on the project. There is a quote from Minister Plibersek. Are you aware of this article?

**Mr Lamont**—I am familiar with the article, Senator.

**Senator CAMERON**—It goes on to say that a company called Davis Langdon have now prepared two reports on this project; is that correct?

**Mr Lamont**—That is correct, Senator.

**Senator CAMERON**—The first report was requested by a local mortgage broker, a Mr Chris Blyth of Blyth Mortgage Solutions, and that report had a certain outcome. Are you aware of that?

**Mr Lamont**—Yes, Senator.

**Senator CAMERON**—Are you aware of what that outcome was?

**Mr Lamont**—I do not remember the exact cost, but it was not an inclusive cost for the development and the figure quoted was much lower than the contracted price.

**CHAIR**—This report was provided to the department?

**Mr Lamont**—This report was provided to Queensland Project Services.

**CHAIR**—Did Queensland Project Services provide it to the federal department?

**Mr Lamont**—Yes.

**CHAIR**—So it is a report that you have had?

**Mr Lamont**—Yes.

**Senator CAMERON**—The initial report from Davis Langdon said that the construction costs seemed excessive?

**Mr Lamont**—Correct.

**Senator CAMERON**—And the second report from Davis Langdon is based on a far wider understanding of the project?

**Mr Lamont**—That is correct.

**Senator CAMERON**—And the second report deals with the quality of the build and with the environmental issues in the build and is much more detailed than the original report?

**Mr Lamont**—That is correct. It looks at the issues in terms of specifications that are required under the Social Housing Initiative guidelines. We have discussed previously in this committee issues around energy efficiency, accessibility and the like, so this captures those requirements.

**Senator CAMERON**—Can I take you to the Davis Langdon report, which is the second Davis Langdon report. On the third page it has a ‘Background’ heading. In the last sentence in the second paragraph, Davis Langdon said, ‘Clearly, the advice we received from BMS was misleading.’ Are you aware of what advice was given to Davis Langdon from BMS in relation to this?

**Mr Lamont**—No, I am not.

**Senator CAMERON**—I have given you a copy of the second report now. It goes on to say that they have subsequently been requested by Project Services—is that the Queensland government?—

**Mr Lamont**—That is correct, yes.

**Senator CAMERON**—to review the scheme based on the latest drawings and ‘advise what we think is a reasonable cost for the project’. On the last page they go on to say, ‘We note that the figures exclude developers’ costs’—this is the original one—‘which need to be added.’ It outlines some of the issues that were not in the original report that were used widely to say that the government did not get value for money. You cannot build a project without development management and project management costs, can you?

**Mr Lamont**—No.

**Senator CAMERON**—With regard to contingency and risk items—for example, potential acid sulfate soils noted on the plans—you could not get a builder to involve themselves without that contingency on that site, could you?

**Mr Lamont**—No.

**Senator CAMERON**—Statutory fees, funding costs and developers’ margins are normal. It goes on to say—this is the Davis Langdon independent analysis—that the developer’s margin should be around the 20 per cent mark and that what was finally achieved was a developer’s margin of 15 per cent, which is five per cent under what they would have expected to do in Cairns.

**Mr Lamont**—That is what Davis Langdon projected based on the state of the industry in Far North Queensland.

**Senator CAMERON**—Yes, and that resulted in a total development cost in the order of \$4.415 million.

**Mr Lamont**—That is correct.

**Senator CAMERON**—And the estimated construction cost of \$2,367 per square metre, which is the cost for that project, is within their expected benchmark range of cost for those projects as originally advised—and they gave a range of between \$2,200 and \$2,500 per square metre.

**Mr Lamont**—That is correct.

**Senator CAMERON**—So there has been a significant saving in terms of this project. Can you indicate what those savings were?

**Mr Lamont**—We are over \$200,000 below the valuation. So the contract price is \$200,000 below the quantity surveyor's report.

**Senator CAMERON**—So Davis Langdon have had an opportunity to really assess this. The first assessment that they did was on the basis of what they described as misleading advice. Once they received all the advice, they are basically saying the value for money is there. So would there be any basis for continuing the arguments for lack of value for money for this project that you are aware of?

**Mr Lamont**—From our point of view we are satisfied, based on the valuation that Project Services has provided and based on our own costing tool that was developed by an independent assessor, that we are getting value for money on that project.

**Senator CAMERON**—So the arguments that Senator Humphries is using about value for money would not apply to this specific project? There is definitely value for money?

**Mr Lamont**—It is appropriate for us to check that we are getting value for money. We have applied it to our costing tool which, once again, was developed by an independent quantity surveyor, and we have since had the information from Davis Langdon. So from our point of view, we have two valuations, or two quantity surveyors' reports, that indicate that we are getting value for money.

**Senator CAMERON**—So, if it is value for public money, the only other issue that is publicly out there is whether people who require social housing should be in this area.

**Mr Lamont**—There may have also been some issues on planning but once again, as I have mentioned to Senator Humphries, that is not something we get involved in.

**Senator CAMERON**—So the only argument that can be raised is basically whether it is appropriate for this housing to be in that area?

**Mr Lamont**—That seems to be one of the arguments, yes.

**Senator CAMERON**—I had a quick look on the net at the plans which are in one of the opposition member's websites. These are modern buildings. They look as if they will be well built. Will they be environmentally appropriate?

**Mr Lamont**—They should be six-star energy rated.

**Senator CAMERON**—Do you know how many six-star energy rated homes are in that area?

**Mr Lamont**—There would be very few. The Queensland regulation was only updated to five stars relatively recently and I do not believe six stars have been introduced in mainstream housing in Queensland at this point. I may be wrong on that, but certainly if it had been it would be a relatively recent inclusion.

**Senator CAMERON**—So the occupants of these houses have access to really high-grade environmentally suitable housing?

**Mr Lamont**—That is correct.

**Senator CAMERON**—That is probably leading the pack in terms of Palm Cove accommodation?

**Mr Lamont**—I do not know the Palm Cove build form that well, so I would not go that far. But certainly, in terms of the state, they would be some of the most energy-efficient residential dwellings.

**Senator CAMERON**—From what I have seen, they do not look as if they would be out of place in the area they are in. What is being proposed in the website—I do not know if it is the same website that you have looked at—is a picture of a huge monolith old-style sixties building and it said, ‘If you let this happen, this is what you’ll get. You’ll get these monoliths and it will be a disgusting situation. It will be bad for Palm Cove.’ There are no proposals for these 1960s style monoliths to be built in Palm Cove, are there?

**Mr Lamont**—No, we are talking 18 units over four levels.

**Senator CAMERON**—So, in terms of what the government was trying to achieve, we will have increased the supply of social housing in that area—is that correct?

**Mr Lamont**—That is correct.

**Senator CAMERON**—We will have increased opportunities for people who need access to social housing; it will improve people’s access to employment in the Palm Cove area; and it is stimulating the building and construction industry and retaining jobs. Do you have any idea how many jobs were created out of this project and what the stimulus is?

**Mr Lamont**—I can take that on notice. We do have a requirement to count jobs for individual projects. I do not have that to hand, but I am happy to take that on notice.

**Senator CAMERON**—I will leave it at that; thanks.

**CHAIR**—Are we going to go through every project at that length, Senator Humphries?

**Senator HUMPHRIES**—I hope not.

**Senator CAMERON**—I bet you do. I have a few more here.

**Senator HUMPHRIES**—I do have some further questions about the Harpa Street project if I may.

**CHAIR**—That is Harpa Street, Palm Cove?

**Senator HUMPHRIES**—Yes, that is the same one—Harpa Street, Palm Cove.

**CHAIR**—It seems sensible to continue with it, Senator Humphries.

**Senator HUMPHRIES**—Thank you very much. You have answered questions from Senator Cameron about the value for money of the building. I am interested, though, in the value for money of the purchase of the land. I understand that, according again to the Queensland government document I referred to before, the land has been purchased for \$1.35 million. I understand that the land was previously traded in June 2008 for just over \$1 million. Are you aware of whether that is the case?

**Mr Lamont**—No, I am not. I have a valuation, though, that the Queensland government has provided us in response to our queries which indicates that the value of the land was \$1.35 million.

**Senator HUMPHRIES**—Are you aware that the value of the market in that part of Cairns has actually fallen, perhaps as a result of the GFC, in the last 18 months?

**Mr Lamont**—No.

**Senator HUMPHRIES**—So if it were the case that the land had been traded for \$1 million a year and a half ago and was now purchased for \$1.3 million in a falling market, would that not be surprising?

**Mr Lamont**—Senator, we have to use the valuations that we are provided. It is no different to any other government procurement activity.

**Senator HUMPHRIES**—The valuation that Senator Cameron was referring to before from Davis Langdon is not the valuation though on which the government is reliant for its assessment of the value of the land?

**Mr Lamont**—No. We used a quantity surveying tool which was developed by an independent third party engaged by the Commonwealth to run a ruler, if you like, over all of the proposals that were originally proposed under stage 2 of this Social Housing Initiative.

**Senator HUMPHRIES**—And what did it say was the value of the land?

**Mr Lamont**—We did not get a value of the land; we only load in the construction value. A quantity surveying tool cannot be used for determining land values. That needs to be subject to an independent valuation of land. We are measuring the cost of construction per square metre effectively against a certain building specification. We have relied upon state and territory governments to provide valuations on land where it has been required.

**Senator HUMPHRIES**—Okay. So have you seen the valuation that the state government has relied upon?

**Mr Lamont**—Yes, I have, Senator.

**Senator HUMPHRIES**—And what did that indicate was the value of the land?

**Mr Lamont**—\$1.35 million.

**Senator HUMPHRIES**—Which is exactly what you paid for it?

**Mr Lamont**—Exactly what the state government paid for it, yes; that is right.

**Mr Tongue**—Senator, I should note too that in connection with this program land value and land contributing to the program varies enormously across the country. For example, in New South Wales the state housing department had a lot of landholdings and so contributed those to the program. In other jurisdictions religious and charitable organisations have been involved and they have contributed land into the program. I would hate to create the impression that in every jurisdiction large amounts have been paid for land, because the pattern varies enormously across the country and even within states and territories.

**Senator HUMPHRIES**—Thank you. Senator Cameron referred to the appearance and form of the building that is proposed to be erected. Are you aware that the Cairns Regional Council has examined this particular proposal from a number of considerations that would normally apply to a building which the local council would need to approve?

**Mr Lamont**—I am aware, yes.

**Senator HUMPHRIES**—Are you aware that, with respect to compliance on the question of whether the development achieves tropical character in a Cairns vernacular through its structure, it reports that the project:

Does Not Comply—From the plans provided there would appear to be little in the built form that is representative of tropical vernacular as the building is almost entirely concrete and block work—though no details regarding colours or finishes have been provided.

Are you aware of that?

**Mr Lamont**—I am, Senator.

**Senator HUMPHRIES**—Does that not concern you? I must say that I have had a number of people complain about other housing projects that are very drab and uninspiring and complaints frequently come to me. I do not know whether any of your 40 to 50 complaints about these projects have included design, but those views have certainly come to me.

**Mr Lamont**—Yes, relatively few. I guess the issue is that the report that I recollect said that it is primarily or largely compliant with the Cairns plan. I believe there were some issues, but once again we do not get involved in planning matters. That is once again a state government/local government issue.

**Mr Tongue**—Again, Senator, I would dive in there. In most of the jurisdictions that I am aware of, the state housing agencies are using architects to design the dwellings. It has been the case in some instances where we have asked the state government to show us some photographs so we can verify that in fact, if you like, the Commonwealth is funding contemporary architecture, and it looks to an untrained eye like we are and that some of the blocks that are going up—some of the dwellings that are going up—look no different to anything else that the council is approving. I do not say that is necessarily the case in Cairns because I have not looked at the images from there. Again, I hate to create the impression that we are building sort of Soviet-era housing blocks. We are not. They are contemporary dwellings.

**Senator HUMPHRIES**—The fact that they have been designed by architects is no guarantee that they are going to look any good, might I say. I am sorry. I can show you a number of places where I think the architect should be hung, drawn and quartered. But I do not want to lose too many more votes from architects, so I will not pursue that line. Let us forget about the appearance and look at the basics like air conditioning. Is it true that the building has not been designed with any air conditioning?

**Mr Lamont**—I believe the Queensland government have a policy that they do not include air conditioning in public housing.

**Senator HUMPHRIES**—In Far North Queensland?

**Mr Lamont**—That is my understanding.

**Senator HUMPHRIES**—No air conditioning. I find that very surprising. Can you confirm whether the developer here paid a nonrefundable five per cent deposit on this block of land before the final approval of this project was announced?

**Mr Lamont**—I am not aware of that. I would have to take that on notice.

**Senator HUMPHRIES**—If you are not aware of it could you make inquiries as to whether that is the case?

**Mr Lamont**—Certainly, Senator.

**Senator HUMPHRIES**—Is it possible to table the valuation that you referred to that had been done by the state government?

**Mr Lamont**—Yes, if I can get the Queensland government's permission, because it is actually their valuation. I see no difficulty, but I would just like to check with the Queensland government first.

**Senator HUMPHRIES**—One of the criteria for developments, I understand, needs to be access to services. You are aware that this development at Palm Cove is nearly 25 kilometres north of the centre of Cairns. Is it true that it is 10 kilometres away from the nearest school?

**Mr Lamont**—It could well be.

**Senator HUMPHRIES**—Is that the kind of service that is referred to in the guidelines document?

**Mr Lamont**—No, we are talking about public transport and those sorts of requirements. The valuation from the Queensland government indicates that it is within 100 metres of a bus stop, I believe.

**Senator HUMPHRIES**—And that is all there is there; nothing else but a bus stop?

**Mr Lamont**—I think there is a small retail precinct as well.

**Senator HUMPHRIES**—In terms of public transport, that is all there is?

**Mr Lamont**—Yes.

**Senator HUMPHRIES**—I am advised that it is the most distant point in the Cairns region from the centre of the city. For example, if health workers are to live there—and this has been suggested in the guidelines—then they are 25 kilometres away from the Cairns hospital. It would not be the most convenient location for a health worker to live, would it?

**Mr Lamont**—There are a number of people on the public housing waiting list in that area. We have looked at it from the point of view of providing transport. We were satisfied that there was public transport. The other issue that the Queenslanders identified was the requirement to provide accommodation for some key workers who lived and worked in the Palm Cove community. To that extent as well it seemed to satisfy the public housing waiting list requirements in that part of Far North Queensland.

**Senator HUMPHRIES**—You say there is a waiting list of 600 people for public housing. Are you aware that the Cairns area stretches 25 kilometres to the north and I assume another 25 kilometres to the south? A person who might want social housing in the immediate vicinity of the Cairns CBD may not be interested in it 25 kilometres up the coast. Are you suggesting that there are 600 people who are wanting accommodation in a location as remote as this?

**Mr Lamont**—Yes, I believe so. I actually know the area very well. The advice that we have received from the Queensland government is that there are people in that immediate area and surrounding area that do have a requirement for public housing.

**Senator HUMPHRIES**—There is only a small corner shop there as far as shopping is concerned. Other shopping facilities are quite a lot further south, are they not?

**Mr Lamont**—I believe the closest major shopping centre would be in Smithfield.

**Senator HUMPHRIES**—Which is how far away?

**Mr Lamont**—It would be in the order of 12 kilometres away.

**Senator HUMPHRIES**—So apart from a bus stop, what other services are there within 10 kilometres of this site?

**Mr Lamont**—I do not have those documents with me. I am happy to have a look at that again, though, if you would like to put that on notice.

**Senator HUMPHRIES**—My advice is that there are not any. I would like you to check whether there are other services.

**Mr Lamont**—We are happy to check that.

**Senator HUMPHRIES**—There is a park apparently. That is the one of the other things that they require. There is a park within those 10 kilometres but not much else. That is all I wanted to ask about Harpa Street.

**CHAIR**—Are there any other questions about Harpa Street in Palm Cove?

**Senator CAMERON**—I have one question. Living in Queensland is a bit different from living in the CBD of Sydney, Melbourne or Canberra—

**CHAIR**—I invite you to be careful, Senator Cameron.

**Senator CAMERON**—I am very careful. I suppose a commute of 10 kilometres in Queensland in a regional area—

**Senator HUMPHRIES**—With no car.

**Senator CAMERON**—Yes, a commute would not be any different. In fact, it would be less of a problem than a 10-kilometre commute in Sydney in some areas. You cannot really compare apples with oranges now, can you?

**Mr Lamont**—Senator, what we look at in respect to these proposals is: is there a public transport service available in the immediate vicinity?

**Senator BOYCE**—Do you look at the frequency of the transport during the day?

**Mr Lamont**—I would have to take that on notice.

**Senator BOYCE**—You might compare CBD and regional, but there are probably two buses a day in the regional area, not 20 or 30.

**Mr Lamont**—Correct.

**Senator CAMERON**—I suppose people will make a choice to either take up an offer of accommodation there or not; is that correct?

**Mr Lamont**—That is correct. We are building on advice from state and territory governments on where they have defined the need in accordance with their existing public housing waiting lists.



**Senator CAMERON**—How far is Clifton Beach from there?

**Mr Lamont**—It is reasonably close, I think.

**Senator CAMERON**—I am advised there is a shopping centre at Clifton Beach.

**CHAIR**—Thank you. Last chance on Palm Cove. Senator Humphries, would you like to move on to the next area?

**Senator HUMPHRIES**—Yes, please. Still in Queensland, in fact, still in the Cairns region. I would like to ask about—it is Trinity Park or Trinity Beach?

**Mr Lamont**—Trinity Park, I believe. The development you are referring to is Trinity Park.

**Senator HUMPHRIES**—Trinity Park is near Trinity Beach. We have the right place.

**CHAIR**—It is a question about development, Senator.

**Senator HUMPHRIES**—I notice that the project at Trinity Park is for 19 units; is that correct?

**Mr Lamont**—That is correct.

**Senator HUMPHRIES**—Coming back to Harpa Street, there were 18 units in Harpa Street and you have provided 18 car-parking spaces. I understand that at Trinity Beach you have 19 units but only 11 car-parking spaces. Again, one of the most frequent complaints made about the stimulus housing projects, and I have seen some of them personally, is that they almost always have fewer car-parking spaces than there are units. Why have you provided for only 11 car-parking spaces when there are 19 units in the development?

**Mr Lamont**—The experience of state housing agencies is that car usage is very low within public housing tenants. To give you an example, there was a study in New South Wales that indicated that one in eight of the public housing occupants in metro Sydney actually had a car. That is a virtue of the fact that these people are in affordable or public housing to begin with. Where we have areas outside metro centres, states tend to provide more accommodation for car parking, but a one in one is not the common practice. Certainly, one in four, one in five seems to be the practice applied by many jurisdictions across the country.

**Senator HUMPHRIES**—Of course, as far as I am aware all of the local government areas have requirements for at least as many parking spaces as there are dwellings in a development.

**Mr Lamont**—I am not sure about that, Senator. I think there may have been some changes in that area recently, but I am happy to take that on notice.

**Senator HUMPHRIES**—There are some projects that I want to come back to where I understand that is the case. Perhaps we will talk about it project by project when we get there.

**Mr Lamont**—Okay.

**Senator HUMPHRIES**—This project at Trinity Park has been allocated to Hutchinson Builders, a large Brisbane based company. Are you aware whether the workforce for this development will be drawn from the Cairns area or from Brisbane?

**Mr Lamont**—No I am not, Senator. I would have to take that on notice.

**Senator HUMPHRIES**—It would seem strange if you are looking at stimulating, as Senator Cameron referred to before, employment in a certain area of the country that you would not base your projects on local firms that can employ local people.

**Mr Lamont**—Certainly the practice that we have seen across the country is wherever possible to get local trade contractors.

**Senator HUMPHRIES**—Sorry, say that again?

**Mr Lamont**—The practice around the country has been to get local contractors wherever they are available.

**Senator HUMPHRIES**—So why was a Brisbane based firm chosen in this case rather than a Cairns based one?

**Mr Lamont**—That may be the builder. The way that the residential construction industry is structured is that it is obviously the builder who does a project management type role and local subcontractors, or subcontractors generally, are required to perform various functions on those sites. I would need to take advice from the Queensland government as to the location, if they have that, on the individual subcontractors. But an individual builder from Queensland or from Brisbane does not necessarily mean that local employment has not been generated.

**Senator HUMPHRIES**—The developer of Trinity Park has also received several other stimulus development projects. Is that true?

**Mr Lamont**—I am not aware, Senator.

**Senator HUMPHRIES**—I am told that the developer at Trinity Park has some \$55 million worth of stimulus projects in Queensland. You cannot confirm that?

**Mr Lamont**—I would need to take that on notice. I can check our database fairly quickly though.

**Senator HUMPHRIES**—I understand that the block at Trinity Park that this development occurs on is lot 1801. I understand that there have been court proceedings about that particular block. Are you aware of those court proceedings?

**Mr Lamont**—Yes, I am.

**Senator HUMPHRIES**—Was the department aware of the existence of court consent orders prior to the purchase of this block taking place?

**Mr Lamont**—Yes, Senator.

**Senator HUMPHRIES**—Are you aware that an application for a declaratory judgment about the court consent orders is being lodged with the Planning and Environment Court?

**Mr Lamont**—No, Senator.

**Senator HUMPHRIES**—Do you know whether the Queensland department handling this has received notice of such an application?

**Mr Lamont**—I am not aware.

**Senator HUMPHRIES**—If such an application is made, would it be customary to defer construction until those proceedings are resolved in the court?

**Mr Lamont**—I do not know. I would need to take that on notice if it is a legal issue. I believe the issue relates to the gazettal of a road reserve through this particular parcel.

**Senator HUMPHRIES**—Yes.

**Mr Lamont**—I have seen documentation that is an exchange of correspondence between Queensland Transport and Cairns City Council which identified where the road reserve was agreed to be located, and that was not the parcel of land where we are building Social Housing Initiative dwellings.

**Senator HUMPHRIES**—It was not the parcel of land.

**Mr Lamont**—Not the parcel of land.

**Senator HUMPHRIES**—You are confident that is the case?

**Mr Lamont**—I have seen the documents myself.

**Senator HUMPHRIES**—My advice is that it is the same parcel of land and that the only reason that the previous court orders were not deemed to apply any longer was that the ownership of the block had changed hands, but the block itself was still the block that had been earlier agreed would bear certain infrastructure such as access roads.

**Mr Lamont**—I am aware there were exchanges subsequent to that that identified or confirmed the actual road reserve through that development. With the Queensland government's permission, I would be happy to come back and table those documents.

**Senator HUMPHRIES**—I would appreciate it if you did. Can you tell me whether the minister has met with or spoken with or corresponded with the developer of this project since the development began?

**Mr Tongue**—Senator, can I just clarify which minister—the Queensland minister or Minister Plibersek?

**Senator HUMPHRIES**—I am referring to Minister Plibersek.

**CHAIR**—That would have to be a question to the minister.

**Senator HUMPHRIES**—So you will take that on notice?

**CHAIR**—I think so. We will take that on notice. If we can get that in writing as well just to confirm which one it is, we will take that on notice.

**Senator HUMPHRIES**—Sure. Thank you very much. I understand that the land was purchased for \$1.1 million. Is that correct?

**Mr Lamont**—I have not got that information.

**Senator HUMPHRIES**—I do not think it was—

**CHAIR**—Was that one of the ones on the large document that you tabled?

**Senator HUMPHRIES**—Yes, it would be, although I have not got the particular reference in front of me. So if someone could check that, perhaps it would be useful. On the face of that document—I may have this wrong; so if someone has a copy of the document, they could check this—there is a suggestion that the valuation for this site, according to that document, was in the order of \$800,000 but that \$1.1 million was paid for it. Again, this is a question of

the variation between what is recorded in the document as the valuation of the site and what was actually paid for it. There may be an explanation as to why there is a variation there. But, in the case of this particular development, if the variation is as it appears, I would appreciate knowing why that is the case.

**Mr Lamont**—Yes, Senator. I would want to go back through the information that we have on file and information from the Queensland government to cross-reference, if you like, the valuation and the amount paid. It is an Excel sheet, or a table. I would not be confident in actually verifying or not. So I would want to go back.

**Senator HUMPHRIES**—Sure. Do you have the name of the company or individual who conducted the valuation on the Trinity Park site?

**Mr Lamont**—No, sorry.

**Senator HUMPHRIES**—You are going to table, with the leave of the Queensland government, the valuation for the other site?

**Mr Lamont**—Yes, sure.

**Senator HUMPHRIES**—Can you also table this one, too, please?

**Mr Lamont**—Certainly, Senator.

**Senator HUMPHRIES**—Thank you. I would appreciate a detailed breakdown of the building costs for this project, including fees and project management costs that are payable to the developer.

**Mr Lamont**—We could do that as well, Senator.

**Senator HUMPHRIES**—Thank you. The vendor on the contract of sale for this land is also the same person who is building the project and, again, the same person—or company—that developed the original estate. Does that give rise to any conflict of interest issues as far as the department is concerned?

**Mr Lamont**—Senator, our primary concern would be to sight a valuation to ensure that we were getting value for money for the site. So providing we had an independent valuation, or a measure of assessing project costs, we would be fine.

**Mr Tongue**—Again, across the program we should note that state housing authorities have worked with developers in a number of instances around the country to purchase stock that fits the criteria of the program—so, lower cost stock, if you like. That is not something that we would be surprised about. That is consistent with the notion of the GFC slowing development, providing an opportunity to advance developments that would not have otherwise happened because of the GFC as long as they comply with the requirements of the program. So it is consistent with the stimulatory model that we talked about earlier.

**Senator HUMPHRIES**—Was there an inspection of the site by the federal department prior to the purchase?

**Mr Lamont**—Not that I am aware of.

**Mr Tongue**—It is not necessarily our role, Senator, to be inspecting sites. That is a state government activity.

**Senator HUMPHRIES**—All right. Do you know whether FaHCSIA or the state department concerned consulted with the Cairns Regional Council about the status of lot 1801?

**Mr Lamont**—I know there have been exchanges in correspondence. I would need to check to see whether that pre- or postdates the approval for this project, but I know that there has been discussion with council by the Queensland government and exchanges of correspondence.

**Senator HUMPHRIES**—I think you are right. My advice, though, is that it did not occur until February this year, which is well after the date on which the land was purchased.

**Mr Lamont**—Certainly I have sighted correspondence in respect of the road issue before then. I would need to check to see if there was anything else on file.

**Senator HUMPHRIES**—You are aware that the Cairns Regional Council has written to Minister Plibersek advising her that they deemed the location to be inappropriate and asking her to find an alternative site for this project.

**Mr Lamont**—I am aware, Senator.

**Senator HUMPHRIES**—And has the minister responded as yet to that letter?

**Mr Lamont**—I am not sure. I think we may have in terms of a response from the department but, once again, this is primarily an issue for the state government.

**Senator HUMPHRIES**—So you are aware that the responsible local council considers this site to be inappropriate but, again, you are saying that the concerns of the elected body in that part of the state are not a matter that the federal department, FaHCSIA, can take into account when making a decision about whether to fund this project?

**Dr Harmer**—What Mr Lamont is saying, Senator, is that the Commonwealth does not get involved in between the state government and the local council in relation to planning/building matters. Our primary concern, as Mr Lamont has said a number of times, is making sure that we get houses built and making sure that we get value for money out of them, and we leave the planning and the delivery to state and territory governments.

**Senator HUMPHRIES**—Again, people reading the NAHA document would assume that respect for local planning approval processes and local master plans was an important consideration as far as the Commonwealth was concerned. But this is not the only project, is it, where those considerations have been set aside and the Commonwealth has discounted any interest in this by saying that planning is purely a matter for local government?

**Dr Harmer**—We dealt earlier with the relationship between various levels of government under the NAHA, and it is spelt out very clearly in there, and local government accepts it as a reality that the planning and zoning is a matter for state and territory governments not the Commonwealth. But this is the first time, I should say again, that local government has been involved in any Commonwealth-state agreements of any kind, so it is quite a step forward for local government that they are actually involved in that agreement.

**Senator HUMPHRIES**—That is true, but previously all Commonwealth funded state housing projects have had local government planning approval, have they not?

**Mr Tongue**—Yes, I understand that that is the case, but in talking to state housing counterparts about the nature of the stimulus, which is to inject money into the building sector as we quickly talked about earlier, they are able to cite instances where local planning approvals take six, seven months or longer for public housing projects and comparable private sector projects get dealt with by local councils in six to seven weeks.

**Senator HUMPHRIES**—Indeed, you make a very good point there. There is a very serious concern about this. But is it not a touch ironic that the first time that a role for local government is acknowledged in a national agreement it coincides with the first time that local government organisations are overridden with respect to approval of major projects within their boundaries?

**Dr Harmer**—I think it is important to understand the context of this. When the NAHA was signed—I can be corrected, but I think I have got this right—it was before the full impact of the global financial crisis was clear. This is something that was a major jolt to the Australian economy. The government, as you know, was very concerned about employment, particularly in the building construction industry, and this was quite an unusual one-off stimulus where the priority was about increasing the number of public dwellings for very good social policy and housing policy reasons but was also very much to generate jobs quite quickly because of the worry about what would happen to the economy and employment in the building and construction industry. That was something that was not apparent when the NAHA was signed.

**Senator HUMPHRIES**—This is the global financial crisis that peaked in Australia in 2008 we are talking about?

**Dr Harmer**—Yes.

**Senator HUMPHRIES**—And we are still rolling out spending in response to it in 2010, 2011, 2012? Is that really appropriate spending to respond to a crisis which took place two years ago?

**Dr Harmer**—Well, you make that comment on that.

**CHAIR**—Senator Humphries knows you will not comment on that, Dr Harmer.

**Mr Lamont**—In the interests of completeness I should point out that it is not unusual for local governments to be overruled by state planning legislation in respect to private developments.

**Senator HUMPHRIES**—But it is unusual for the Commonwealth to be complicit in that, isn't it, by virtue of the time lines they have imposed on these sorts of projects?

**Mr Lamont**—We may disagree about the complicity, but the issue for local government is that they are still bound by state regulation in this area and we are following that.

**Senator HUMPHRIES**—I understand that this complex is to be located at the entrance of a small estate and this is why this debate about access roads going through block 1801 arose. Let us face it, when state government allocates tenants to a building they do not usually ask how many cars they have in the block, do they? The tenants are not going to be chosen by virtue of the number of cars they have or do not have.

**Mr Lamont**—No.

**Senator HUMPHRIES**—In those circumstances there is no way of knowing whether this 19-unit development will have 19 residents with cars or, as they are two-bedroom developments, 38 residents with cars or two residents with cars. We just do not know, do we?

**Mr Lamont**—But, Senator, they do have an allocations policy that looks at the individual needs and circumstances of the public housing tenant and seeks to match their accommodation requirements with the available stock. Overwhelmingly through the Social Housing Initiative there has been a requirement for one- and two-bedroom units reflecting two things, primarily: one, accommodation for key workers in certain areas; and, two, accommodation for aged and infirm people who the public housing sector in state governments is trying to get out of three- and four-bedroom homes and into smaller dwellings. Overwhelmingly the product that we are building through the Social Housing Initiative is that one- and two-bedroom accommodation.

**Mr Tongue**—Then our refurbishment funding has allowed states and territories to refurbish the three-bedroom house or four-bedroom house and then make it available to families who are sitting on the waiting list. It has been a quite sophisticated way that the states and territories have managed the waiting lists, the existing stock and the refurbishment money to decant and shift people to better match housing requirements.

**Senator HUMPHRIES**—That is very good, but it does not go to the point about parking that I am referring to. I am told that this Trinity Park estate development has one entrance road, and that there is very little or no room for street parking at this point. So if there is any miscalculation—in fact, there is no calculation: if there is any outcome which results in there being more than 11 cars among these 19 units, you are going to end up with a significant traffic and parking problem on that estate.

**Mr Lamont**—I do not necessarily accept that in terms of the requirement. I have just had some information from the state government, who are watching this as well, that we have actually got 19 car parks, not the 11 of which both you and I were of the understanding.

**Senator HUMPHRIES**—Okay.

**Mr Lamont**—Their advice is that there are 19 car parks for the 19 units.

**Senator HUMPHRIES**—Have they changed that requirement since what was—

**Mr Lamont**—They may well have. I will take that on notice and confirm that number. That is the advice just provided.

**Senator HUMPHRIES**—Questions in estimates do get good outcomes sometimes. That is what I call action.

**Dr Harmer**—How good is that?

**Senator HUMPHRIES**—I like that. This development will be the largest building in Bluewater Harbour, will it not?

**Mr Lamont**—I believe so.

**Senator HUMPHRIES**—What job opportunities are there in Bluewater or Trinity Park for the proposed tenants of this complex?

**Mr Lamont**—I am not sure, I will have to take that on notice.

**Senator BOYCE**—Nevertheless, the Cairns area currently has—

**Mr Lamont**—Very high waiting lists.

**Senator BOYCE**—the highest unemployment rates in Australia at over 11 per cent; is that correct?

**Mr Lamont**—Particularly in Far North Queensland.

**Dr Harmer**—I was trying to be helpful with the questions on notice. There are a lot of questions on notice that will take, I suspect, quite a lot of investigation. I just want to put a caveat on the number of questions we are taking on notice that we will actually be able to deliver to you. I think when we are talking about how many jobs in a region, the analysis required to do that is not something that I am going to divert FaHCSIA resources to.

**Senator HUMPHRIES**—I did not understand that to have been taken on notice. If it was, I would not have pressed that. I do not expect you to know that.

**Dr Harmer**—Sure.

**Senator HUMPHRIES**—If you do not know that, that is all right. I was hoping you would have an answer, but if you do not, I do not expect you to accept responsibility.

**Mr Lamont**—Not at all.

**Senator HUMPHRIES**—I will have another question later about this development, but I will hold it for the moment until I check.

**Senator CAMERON**—Mr Lamont, are you aware that the builder of the Palm Cove public housing complex is actually an active opponent and protester against the Bluewater Harbour estate?

**Mr Lamont**—I have heard that.

**Senator CAMERON**—Are you aware of a report in the weekend *Cairns Post* of Saturday, 8 May 2010 that confirms that?

**Mr Lamont**—Yes, I am.

**CHAIR**—Which you will table, Senator Cameron?

**Senator CAMERON**—I would be happy to table it. Will I do it now or can I just keep going? Otherwise it will take up a bit of time. I will table that. I have some other general questions while I am waiting for that to be tabled.

**CHAIR**—Sure.

**Senator CAMERON**—I will table another document which is the—

**CHAIR**—On the same issue?

**Senator CAMERON**—On the same issue, yes. Can I ask you some general questions on the program? Did the program intend to seek out house and land packages held by private developers?

**Mr Lamont**—Yes, it did. In particular, it sought to advance projects that had stalled on account of builders and developers being unable to secure finance. We have anecdotal reports from industry that that remains a problem in the sector, so a number of our projects that were



previously slated for private development and which had stalled are being funded and developed under the Social Housing Initiative.

**Mr Tongue**—Indeed, Senator. In talking to colleagues in Western Australia, the fact of this investment has been enough to kick a wider development in, because the precommitment by the state or territory government then allows them to finance the rest of the project that then gets it rolling.

**Senator BOYCE**—That was in Western Australia, Mr Tongue?

**Mr Tongue**—Yes.

**Senator CAMERON**—Given that example you are using, because of the social housing in there, were there any arguments that they would not be able to sell or was it the opposite—that they want this social housing in to kick the project along?

**Mr Tongue**—No, Senator. In mixed developments, no, that is not the case at all. Indeed, the South Australian colleagues have talked to us about a development where the product is virtually indistinguishable between what you would call social housing, lower-end private rental and otherwise semisubsidised rental. They are all doing pretty well, I think.

**Mr Lamont**—Further to that, we had estimates at the time of the approvals late last year where developers advise that there were another 4,000 dwellings that were likely to be built on account of the investment in social housing initiatives. So we have not used those figures widely, but that is what developers were saying at that particular point in time.

**Senator CAMERON**—In terms of these house and land packages, were they purchased much the same as a private citizen would purchase a house and land package?

**Mr Lamont**—There was some spot purchasing and off-the-plan purchasing. So effectively where there was a relatively low take-up and there was affordable product within an estate, state and territory governments sought to secure a number of those. There were also developments that were planned—that is, off-the-plan developments—where a number of dwellings were secured.

**Senator CAMERON**—And did that keep some of those businesses alive?

**Mr Lamont**—Certainly the anecdotal report is that it assisted with employment. We have put case studies on the Nation Building webpage to indicate the apprentice employment outcomes and some of the other job outcomes from some of these developments.

**Senator CAMERON**—In terms of some of these builders—

**Senator BOYCE**—That is the actual buildings?

**Mr Lamont**—That is correct, Senator.

**CHAIR**—Go ahead, Senator Cameron. You cannot talk over each other for Hansard purposes. What was your question, Senator Boyce?

**Senator BOYCE**—Sorry. I was just confirming that the apprenticeship numbers they were checking were for construction only, not for jobs created in the area because people lived there.

**Mr Lamont**—No. The anecdotal information that we have from developers is that these were apprenticeships that were created on account of the work funded under the stimulus package.

**Senator BOYCE**—Thank you.

**Senator CAMERON**—So in terms of what the government was trying to achieve in its stimulus package—that is, to give a kick along to the building industry, both in terms of employment and in terms of companies being able to maintain finance during a period when finance was drying up—did this package have that effect?

**Mr Lamont**—That is more of a Treasury question, Senator. I can say by way of background to that question though that there was a 20 per cent to 30 per cent drop in residential building approval and residential building starts. We are talking about building just short of 20,000 dwellings in about two years, so that is a significant bridging of the gap, if you like, in terms of the downturn that the industry experienced and is experiencing.

**Senator CAMERON**—I refer to the *Cairns Post* of Saturday, 8 May that has been tabled. I take you to the second paragraph that says that builder Wayne Cavallaro, a Bluewater Harbour estate resident who has protested against a 19-unit development there, has been contracted to build the 18-unit project on the harbour's Olivia Street corner near Palm Cove's tourist strip. So on the one hand the developer has taken the advantage at Palm Cove and then he is saying, 'Not in my backyard' where he lives.

**Mr Lamont**—That would appear to be the case, Senator.

**Senator CAMERON**—Yes. If you go over to the—

**Senator HUMPHRIES**—Sorry, but before we go on just for the sake of the record, do you have any evidence that Mr Cavallaro does live near the 19-unit development?

**Mr Lamont**—We have just been following the media clips, Senator. My comment is addressed to what would appear to be the impression that the article conveys.

**Senator HUMPHRIES**—I do not see where in the article it conveys the impression that he lives near it. Maybe he does. I mean, this man has just been defamed under privilege and you have supported that contention by saying it appears to be the case that he is being a NIMBY.

**Senator CAMERON**—Point of order.

**CHAIR**—What is the point of order, Senator Cameron?

**Senator CAMERON**—No-one has defamed anyone. All that has happened is that quotes from this newspaper—

**CHAIR**—Public document.

**Senator CAMERON**—I have put on the record—

**CHAIR**—There is no point of order.

**Senator HUMPHRIES**—Sorry, with great respect, you have extrapolated from that to say that it appears this man is protesting about something near his home. You have no evidence that this man lives near this place—maybe he does, but I have no idea. Until you know that, I

think we should not be putting this man's name under a cloud merely because you are extrapolating from an article that you have tabled here.

**CHAIR**—Senator Humphries, I take the point. Senator Cameron, in future when drawing on this comment could you please say 'As reported in the *Cairns Post*. In the first paragraph of the public article in the *Cairns Post* it makes that statement.' Senator Cameron, if you have questions on that point, if you could actually, without any of us knowing personally whether this gentleman lives in that place or not, make sure that you are referring to the public media, which is reported in that way.

**Senator CAMERON**—I think it is quite clear what the situation is. It goes on to say:

I have an obligation to my subcontractors to provide work for them. They have got children and houses to pay off.

This is when he is arguing about why he is protesting against one and building another. He goes on to say:

If I walked away from this, which is what they are asking me to do, there would be 50 other builders lining up for it because there is not a lot of work out there.

Is that still your understanding—that there is not a lot of work for the building industry in Cairns?

**Mr Lamont**—Senator, I believe, in terms of north of Cairns, there were around 100 submissions for 19 projects.

**Senator CAMERON**—Then it goes on to say that Mr Cavallaro had told him he had been told to do whatever it takes at any cost to get the job done by a December deadline. Are you aware of whether that is an accurate position, or has anyone from your department said, 'Do whatever it takes at any cost to get the job done?'

**Mr Lamont**—Senator, in terms of 'at any cost', no. Certainly there are project targets to be achieved in terms of commencements and completions. In total, we have 13,100 dwellings to be completed by the end of the year. Certainly we have published the jurisdictions and the national targets in terms of the targets themselves and the achievements against those targets. So this is a fiscal stimulus measure and one that we are trying to ensure stays on time and on budget.

**Senator CAMERON**—I have also tabled a mock-up of the Trinity Park project. Is that a good depiction of what the project would look like when it is finished?

**Mr Lamont**—I seem to recall that they are the drawings that I have seen previously, or the sketches.

**Senator CAMERON**—Yes.

**CHAIR**—Mr Lamont, that is the documentation you have seen?

**Mr Lamont**—I believe so. Certainly it is a two-storey development of that nature. I would need more detail to actually cross-reference it, but it looks to be the same development.

**Senator CAMERON**—Has anyone raised to your knowledge with either the federal government or the state government that building this project as it is outlined here would absolutely kill the tourist season, as it says here?

**Mr Lamont**—Not from the Queensland government.

**Senator CAMERON**—Did the department look at the effect of this on the tourist season—as to whether this would kill the tourist season?

**Mr Lamont**—No, Senator.

**Senator CAMERON**—So there is no evidence before you that this would kill the tourist season?

**Mr Lamont**—No, Senator.

**Mr Tongue**—We are aware across the country, as a result of the small number of projects that there have been complaints about, that some pretty strong claims have been made about public housing doing this or doing that. All we can say is that we respond to them. There is very little evidence that supports many of the claims that are made about public housing. The fabulous one is public housing and the crime rate. There is very little evidence to support claims like that.

**Senator CAMERON**—Have you had a look at this Bluewater project in terms of local schools, doctors, sporting facilities and shopping centres? What is the situation there?

**Mr Lamont**—I believe we have assessed those in terms of the proximity to transport and those sorts of things. I do not have those details in front of me.

**Senator CAMERON**—Okay. Could you give us some details in relation to the proximity and the appropriateness of this project and the access to public amenities for residents?

**Mr Lamont**—I could provide those at a later date. I just do not have them on me.

**Senator CAMERON**—Sure. That is it, thanks.

**Senator BOYCE**—Social housing—

**CHAIR**—I am not aware of discussions that are going on, Senator Boyce.

**Senator BOYCE**—I was just saying that if we are moving in an orderly manner south, I have some questions about social housing in Longman before we go to New South Wales. I refer to a joint media release from the Prime Minister, the Minister for Housing and Minister for the Status of Women and the Labor member for Longman, Mr Jon Sullivan, released on 3 May. This report is based on a \$10½ million investment in social housing in that area; is that correct?

**CHAIR**—Do you have a document that refers to that, Mr Lamont?

**Mr Lamont**—I do not have that document.

**CHAIR**—Are your questions going to be based on this document, Senator Boyce?

**Senator BOYCE**—My main query goes to fact that it says that the investment will save 100 homebuyers \$15,000 on the purchase of a new home.

**Dr Harmer**—That is not the social housing stimulus package; that is the Housing Affordability Fund.

**Senator BOYCE**—Housing affordability, sorry. I should have looked at my heading better.

**CHAIR**—We will handle that under the second program, Senator Boyce. We will move now to New South Wales. Is there a particular process there that you want to ask about, Senator Humphries?

**Senator HUMPHRIES**—Yes. I wanted to ask about two projects at Swansea in New South Wales, which is near Newcastle. One is at Boyd Street, Swansea. It is two storeys and has 24 units and 21 car spaces. The other one is at Josephson Street. It is three storeys and has 24 units and five spaces. Do you have any idea why two developments in the one community with the same number of dwellings should have such a big difference in car spaces?

**Mr Lamont**—The issues in terms of car parking I have referred to before. The New South Wales state environmental planning policy has some changes in respect of affordable housing and reduces the requirement to provide car parking on a one-on-one basis. I have referred to the issue that New South Wales housing has told us about based on their studies. They say that one in eight appears to be the usage of cars in public and social housing.

**Senator HUMPHRIES**—It seems strange that there is such a big difference.

**Mr Lamont**—It might have something to do with the site. There are a range of issues depending on the individual location. It is not unusual for us to see a lower number of car parks than the one-on-one basis.

**Senator HUMPHRIES**—Surely in the one community the same issues would apply to people in social housing? You cannot direct certain sorts of people into certain sorts of housing depending on their car requirements, can you?

**Mr Lamont**—Not necessarily. There are a range of different requirements in the same area. The public housing waiting list is fairly diversified within the same area. I am assuming that the allocations policy will reflect that.

**Senator HUMPHRIES**—With respect to the Boyd Street development, I am advised that comparative blocks on the market have sold for at the most \$800,000. This block was purchased by the Commonwealth for \$1.165 million. With respect to Josephson Street, comparative blocks have been selling for \$700,000. This block was purchased for \$980,000. Do we have the actual valuation for the two blocks at hand?

**Mr Lamont**—Not to hand.

**Mr Tongue**—You mentioned ‘purchased by the Commonwealth’. They were purchased by the state government.

**Senator HUMPHRIES**—Okay, with Commonwealth money.

**Dr Harmer**—In terms of comparative blocks, you would need to know a bit more about exactly what size the blocks were and exactly their location when comparing them. As you would appreciate, it can be quite misleading. Blocks quite close to each other can have quite different values because of size et cetera. We would need more information before we would, for example, draw the conclusion that the state government paid too much for the block.

**Senator HUMPHRIES**—Indeed, and I would love to see what that information was, because that goes against the advice that I am receiving about that.

**Dr Harmer**—As we have mentioned earlier, we have been monitoring this program pretty carefully. We are very, very pleased with the value for money we are getting on the builds. We certainly have no evidence so far, with our investigation, that the states have been paying too much for the land, but we will keep our eye on it. Mr Lamont is understandably pretty defensive about this program because he and his team have done an incredibly good job in managing a very, very difficult and very urgent program. I want to make that point.

**Senator HUMPHRIES**—Indeed. The performance of state governments might be a question that needs to be answered about this. I do not quibble with much of what is happening at the Commonwealth level. I certainly have concerns about how some state governments are handling this. I will come to more of that in a moment. I understand that the purchasing criteria for stimulus housing blocks include that the blocks should not be on flood-prone land, nor should they have water views. Is that the case, to your knowledge?

**Mr Lamont**—I am not aware of water views. That might be a state requirement. We have not imposed that. Our requirements are those as per the guidelines.

**Senator HUMPHRIES**—I am advised that one of these two blocks is on flood-prone land and, indeed, significant pile driving has had to be conducted in order to ensure that the construction can proceed on land that is affected by water. I am talking about Boyd Street. In fact, Boyd Street has absolute waterfront onto Lake Macquarie. If it is not the requirement of the federal government that these locations not have water views, could you take on notice the question of whether there is a state government requirement to that effect?

**Mr Lamont**—I am happy to do that.

**Senator HUMPHRIES**—Thank you. I am advised that the pile driving has been necessary because of sandy, acidic, sulphate soils and a high underlying watertable. If I could have that information, that would be useful, thank you. I am also advised that the Lake Macquarie council has recommended against either of these sites proceeding. It submitted lengthy assessments as to why that should occur and those assessments have been ignored. Has the Lake Macquarie council written to the Commonwealth government about these sites?

**Mr Lamont**—Not to my recollection, but that does not mean they have not. I would need to check that.

**Senator HUMPHRIES**—Okay. I have been to visit the sites at Gerringong on the South Coast. Are you familiar with that?

**Mr Lamont**—I am.

**Senator HUMPHRIES**—This site is in a small community where there is very poor public transport, where I am advised there is very little employment, where there is no or very little high density housing and where the local council is adamantly opposed to the development on this site. I think it is the Kiama local council. I met with the mayor. The mayor was quite distressed, I think it is fair to say, about this development. The mayor is a former candidate for the Australian Labor Party, as I understand it.

**CHAIR**—Is that a relevant part of this—

**Senator HUMPHRIES**—Probably not. It is only as relevant as some of the issues that Senator Cameron was raising before.

**CHAIR**—It is now on record.

**Senator HUMPHRIES**—Yes, indeed. Why was this site chosen?

**Mr Lamont**—My understanding from Housing New South Wales is that there is a high demand for public housing in that location.

**Senator HUMPHRIES**—That is not what the mayor seems to believe. She strongly contests that view. She also argues that the site is quite inappropriate, because the council has guidelines for the development of the ‘CBD’ of Gerringong. This site actually falls into the commercial area of Gerringong. It is not part of a residential area. It is a very steep site. It is a site that I am told the developer has attempted to off-load for some time, unsuccessfully, and it has now done so in the context of this project. Have you done an independent audit of this project?

**Mr Lamont**—I am personally aware of the information on this site. There are 11 units on the site. The advice that we have is that it is well located in terms of public transport in outer New South Wales and that there is a high demand for public housing in the area. It is not a big development, it is a small development, and my understanding is that it is sort of well within the SEPP as developed by the New South Wales government.

**Dr Harmer**—Senator, if I could just comment. I do not know to what extent the mayor would have access, but it is unlikely that he would actually have access to the applications for public housing in that area. His impression might be quite relevant because he knows the area, but the truth is that it would only be the state housing authority that has access to the addresses of applicants for public housing. He may be right, but if the public housing authority is saying there is a high demand for public housing they would be operating from actual applications and addresses of people who have applied.

**Senator HUMPHRIES**—Does the Commonwealth government have access to those lists?

**Dr Harmer**—No.

**Mr Lamont**—I have just seen the reference. New South Wales Housing have told us that there are more than 200 in that area waiting for public housing.

**Senator HUMPHRIES**—What does ‘that area’ mean? Does that mean Gerringong or does it mean the Kiama local government area?

**Mr Lamont**—I have just got the Gerringong area, but I would need to confirm that. But 200 in the immediate area, if you like.

**Senator HUMPHRIES**—I would like you to confirm that that is the case and that indeed this area does fall within the—CBD sounds a somewhat grand term for Gerringong, but in their commercial area, and was proposed for commercial development by the council and now is going to be accommodating residential development. Can you confirm whether that is the case as well, please. I turn to the development on the corner of North and Vincent streets in Ulladulla. Can you tell me how many parking spaces are provided on this development?

**Mr Lamont**—There are 18 dwellings, Senator. I do not have a car-parking figure on them.

**Senator HUMPHRIES**—I do not have the figure either, but I understand it will be a considerably smaller number than the number of dwellings. Public transport in Ulladulla is

very poor. There is virtually no public transport within Ulladulla. There is a bus route that takes people up and down the coast, but at quite infrequent intervals. So a lack of a car in Ulladulla is a serious disability, and I would suggest you should take that on notice.

**Dr Harmer**—In that one as well, just in context, it is possible that there is very good street parking and not a need for any on-site parking. Combined with the information Mr Lamont has about the ratio of owned cars to residents, it may not mean that is a problem. There are large areas of Sydney, as you would know, with terrace houses. They are very attractive locations with very expensive housing where there is no parking at all except on the street. In many of those cases they are small inner-city streets. In Ulladulla et cetera we have got, quite possibly, ample parking on-street. I take your point about the ratio, but you have to be careful about drawing conclusions that the lack of car-parking spaces is an indication that they are either low-quality or inappropriate dwellings. I just make that point.

**Senator HUMPHRIES**—Of course, in those terraced areas of Sydney and Melbourne, we are talking about places that were built and developed before there were cars in many cases, Dr Harmer. Local governments these days generally provide a minimum standard of car-parking provision for each development, including in the ACT, which you would be familiar with.

**Dr Harmer**—Sure.

**Senator HUMPHRIES**—I understand that with the Ulladulla development, like so many others I am quoting here, local government requirements for parking have been ignored.

**Mr Tongue**—Senator, by the same token again, based on my knowledge of the situation in New South Wales, we would not be asking the Australian taxpayer to pay to provide car-parking spaces that will never be used.

**Senator HUMPHRIES**—But why not? If we expect minimum standards for buildings that conform to what under NAHA was considered to be the acceptable standards of local government organisations, why shouldn't we expect that housing development will include appropriate accommodation for cars?

**Mr Tongue**—Because we know that it is in the character of tenants of public housing that they have a lower rate of car ownership. Additionally, we are trying—at a time when there are in excess of, I think, 130,000 Australians on a public housing waiting list somewhere—to make these dollars go as far and as hard as we can.

**Senator HUMPHRIES**—Not by creating substandard developments.

**Mr Tongue**—I challenge that.

**Senator HUMPHRIES**—You yourself said that—

**Senator CAMERON**—Are you saying that the terraces in Paddington are substandard?

**Senator HUMPHRIES**—No.

**Senator CAMERON**—Because they do not all have car parking.

**Senator HUMPHRIES**—You said yourself before that, in areas outside CBDs, outside metropolitan areas, there was more expectation that people would use cars. Places like



Ulladulla and Gerringong are good examples of that. There is virtually no public transport in those places. Everybody needs to have a car to get around.

**Mr Tongue**—Without knowing the make-up of people on the waiting list, I know from broad knowledge that many of them would be older and many of them simply would not own cars. It depends on the character of people on the waiting list. I imagine state colleagues in front of a state estimates committee are getting questioned about why they are providing too many car spaces if they are not needed, and how they can justify that as value for money for the taxpayer. We are a bit damned if we do and damned if we do not in this area.

**Senator HUMPHRIES**—I think there are different standards with these things.

**Senator CAMERON**—On that point, it seems to me that the impression is being given that everyone who moves into social housing will require a car park or a car, but many people in social housing would be retirees, widows, returned soldiers—people who would be very happy to move to Gerringong and maybe not move out of Gerringong ever again. Isn't that the case?

**Mr Tongue**—Many of these sorts of tenants are likely to be older and possibly have disabilities, and often, through our other programs, we are providing community buses and so on. I know the South Coast quite well, being a Canberra resident, and many of the RSLs, for example, provide buses to pick people up and take them on outings and so on. It really does depend, with all of these developments, on what the tenant mix is that the state government is trying to achieve. But state governments will be able to provide accessibility options.

**Senator CAMERON**—This principle that Senator Humphries is raising—that you must have a car—is a nonsense really. There are many private homes, as I have said—I used the example of Paddington—in the inner city for which people pay over \$1 million and do not have a car space. Isn't that correct?

**Mr Tongue**—That is certainly true in the inner areas of major cities.

**Senator CAMERON**—So what is happening in social housing here is no different from what is happening in private residential homes.

**Mr Tongue**—Certainly for already developed lots in major cities, absolutely.

**Senator HUMPHRIES**—You would not want to have either older people or people with disabilities on the Gerringong site, as you would know, Mr Lamont, because it is a very steep site. There is a very sharp rise up to the main road.

**Mr Lamont**—Correct.

**Senator HUMPHRIES**—I have other questions about New South Wales, but I might put those on notice.

**Senator CAMERON**—Mr Tongue, in Swansea have any changes been made arising from community concerns that have been raised?

**Mr Tongue**—A number of proposals in New South Wales have been amended as a result of consultation with the community.

**Senator CAMERON**—Can you give some examples?

**Mr Lamont**—I do not have the Swansea ones, but there are examples where we have reduced the yield for the site. There may have originally been 18 units proposed; the state government may have dropped that to 14 or 12. Issues around mobility have been addressed on certain sites. The environment is also an important factor. We have left certain trees on site.

**Senator HUMPHRIES**—Screen garbage cans?

**Mr Lamont**—Yes, landscaping for certain requirements. So there have been a number of amendments triggered by community and by local discussions with state housing agencies.

**CHAIR**—Victoria, Senator Humphries.

**Senator HUMPHRIES**—Victoria, yes. I only have one proposal to raise here and that is the development at the former Ferntree Gully primary school site and—two, I suppose—Olive Grove, Boronia. I will take Boronia first. The proposal is for a double-storey building, which apparently breaches the planning policies of the Knox City Council. Again, is Knox council one of the councils that has written to the federal government about this?

**Mr Lamont**—I am not aware off the top of my head.

**Senator HUMPHRIES**—Their concern particularly was that the development breaches the council's planning policies for the Dandenong foothills area and that there was no effective provision for local consultation about the development. The city development director, Mr Kourambas, has said that the time frame of just 14 days in which the council could provide comment to the government meant that no report had been presented to the council and there was very minimal time to actually go out and consult the community, which was a task conferred on the council. Did you not say before, Mr Lamont, that it was an expectation of this process that there would be consultation about developments?

**Mr Lamont**—No, what I said was different states were doing it different ways. In Victoria the established process was that they—with their process—would consult with local council, not necessarily with the community. That differs from the New South Wales example where there is a direct consultation process with the community.

**Senator HUMPHRIES**—So as far as you are concerned, Victoria does not have any process built in for local community consultation?

**Mr Lamont**—My understanding is that in accordance with legislation they go direct to the local council.

**Senator HUMPHRIES**—The development of the old Ferntree Gully primary school site is for 87 residential units, a quite high-density proposal for a relatively low-density community. Are you aware of what consultation occurred in that case with the local council?

**Mr Lamont**—I believe there was an approach to council.

**Senator HUMPHRIES**—How much notice was given of the need for the state government to have an answer to the council's views about that?

**Mr Lamont**—I am not sure.

**Senator HUMPHRIES**—Is it really satisfactory to approach local government bodies, ask them to respond in 14 days to a proposal and for them to engineer effective local consultation within a time frame like that?

**Dr Harmer**—I do not think Mr Lamont's personal view about that would be something we should—

**Senator HUMPHRIES**—Let me ask you, Dr Harmer.

**Dr Harmer**—We are commenting on a state government practice or a practice. Without knowing the facts and the details, it would be unwise of us to do so.

**Senator HUMPHRIES**—Dr Harmer, does your department conduct any consultation about legislation or guidelines or anything else that you are talking about involving the general public where 14 days are provided for the public to comment on things?

**Dr Harmer**—I doubt it, but I do not know for sure. I would need to be careful. It would usually give more time, but I do not want to comment on state government practice.

**Senator HUMPHRIES**—But you would regard as ideal—in the case of your department, 14 days would be a less than optimal time period?

**Dr Harmer**—It would depend on the nature of the consultation and how broadly we would need to tap into the community's views.

**Senator HUMPHRIES**—I am also told that the third project in Victoria, 'The Nicholson' project in Coburg, has again been initiated without the support of the local council, the city of Moreland, and that there have been protests about this development. Can you tell me whether the city of Moreland is one of the local government bodies to have written to the federal minister?

**Mr Lamont**—I do not believe they were, Senator. I am not sure, but I do not believe they were. We have advice from the Victorian government to suggest that the Moreland city planners were actually largely supportive of this project and, further to that, the issues that the council planners raised were addressed in the planning permit conditions.

**Senator HUMPHRIES**—Is it true that the state minister in this case, though, called in the project so that the local council was unable to in fact pass judgment on it?

**Mr Lamont**—They were subject to the same community consultation process as per the other projects that were called in, as you call it, under the Nation Building Social Housing Initiative for dwellings in Victoria.

**Senator HUMPHRIES**—So you are saying all of the projects in Victoria have been called in by the relevant state minister?

**Mr Lamont**—The major projects were part of their nation-building legislation, with the exception of those that were already approved. So there were projects in Victoria that were approved prior to the stimulus package. The major projects primarily have been assessed and reviewed under the nation-building legislation passed by the Victorian government.

**Senator HUMPHRIES**—This process is a shemozzle, isn't it? You have got—

**Senator CAMERON**—After you proving nothing here, you have got the hide to say that!

**CHAIR**—Senator Cameron—

**Senator CAMERON**—You have got the hide to say that! What a joke!

**Senator HUMPHRIES**—You have got community after community and council after council protesting about the lack of consultation, about time frames that would not be tolerated by Commonwealth agencies for their public consultation and concerns that you must have seen through innumerable articles in local media about public consultation—all of it driven by a deadline process which the Commonwealth has set to meet its own targets. You would surely concede that this is not an appropriate way in which to deal with local communities in whose midst these projects are being placed and will be there for many years to come.

**Dr Harmer**—Just for the context, I think there are something like 2,400 projects. We are aware of complaints, about 40, and many of those complaints are being dealt with and many of the complaints are basically about issues around car parking et cetera where there is an assumption that there is car parking for public housing needed and the evidence is that it is not. We have already stated that we are getting incredibly good value for money for the construction—\$275,000 per unit. We are building 19,000 additional social housing dwellings at a time when there is a massive shortage.

**Senator CAMERON**—And you took a billion out of the system.

**CHAIR**—Senator Cameron!

**Senator HUMPHRIES**—No, we did not, Senator Cameron.

**Dr Harmer**—I am being a bit defensive because this is a program that the department from our end is running, I think, incredibly well and we are certainly serving the people on the public housing waiting lists incredibly well. We are building social housing. We are getting it very efficiently done, and it is a pretty good program—a very good program.

**Senator CAMERON**—Assertions just are not—

**CHAIR**—Senator Cameron!

**Senator HUMPHRIES**—The communities are asserting these things, Senator Cameron, not me. I am not making any of this up. It is all coming from local communities.

**Senator CAMERON**—Yes, you are. It is all political.

**Senator HUMPHRIES**—If you believe that, then sail into the next election and tell people in these communities that it is all political, that it has nothing to do with their views about these communities.

**CHAIR**—Senator Humphries, do you have a question?

**Senator HUMPHRIES**—Yes. You say there are 40 projects which have drawn complaints.

**Dr Harmer**—Of the order of 40, I think.

**Senator HUMPHRIES**—Okay; of the order of 40 projects. Why not suspend those projects—only a small proportion of those that are being rolled out by the Commonwealth—until the concerns of local communities are met and until you have had a chance to look at these issues and overview them comprehensively rather than relying on this crash-through approach that the state governments are taking with some of these projects?

**Dr Harmer**—I may need to be corrected, but I do not think it is in our ambit to just stop projects. We are funding the state and territory governments to run this program.

**Senator HUMPHRIES**—Are you saying you cannot stop the projects? Why could you not go to a project and say, ‘We’re not satisfied this project is in the public interest and we’d like to suspend it’—not cancel it but suspend it—‘until we’ve dealt with certain issues.’ You said before, Mr Lamont, that there were audits that you could go out and do. Why would you not do that?

**Dr Harmer**—If we were concerned through an audit reason and we are convinced through an audit reason, then we certainly could do that. But, so far, I am not aware from the 2,400 or so projects that we have had one single project—I may be corrected—that we have followed up through an audit that we have had to suspend. I stand to be corrected, but I am not aware of any.

**Senator HUMPHRIES**—In some of these cases—in case Senator Cameron thinks I am just making this up—local Labor members have raised concerns about either the process or the outcome. I mentioned before Mr Kelvin Thomson, the member for Wills. Are you aware, for example, that Carlo Carli, the state member in Coburg, has also expressed serious concerns about the Nicholson development?

**Dr Harmer**—Senator, if you are asking us questions about what political party the opponent or the critic comes from, we do not concern ourselves about that. We concern ourselves with the facts of the development, the information we get from state and territory governments, the audit that we undertake of the project, the value for money and those things. Unless I am much mistaken, we have not found one single project so far that we would use our veto to stop.

**Senator HUMPHRIES**—So you have a veto?

**Dr Harmer**—If we were concerned enough through auditing, I can assure you that we would stop it.

**Mr Lamont**—Senator, there were projects that we did not approve in the first place, that were bounced from the outset, either on value for money grounds or because we were not satisfied that they had satisfied the Social Housing Initiative guidelines. We have bounced projects in the assessment process that was used. We continue to monitor this program. We have very detailed reports every month that we receive from state and territory governments. We review them continuously for the very issues that we have raised previously.

**Senator HUMPHRIES**—So you are saying that there were projects that you bounced at the beginning because they were not appropriate and you are saying that every one that you have approved conceptually at the beginning, which is now proceeding, is worth while? Not one of these projects has turned out to have a problem with it or an issue that needs to be resolved that does not deserve at least a suspension of that project until those issues are determined?

**Mr Lamont**—I am saying that they have satisfied the Social Housing Initiative guidelines. We have reviewed various projects at times for value for money concerns or another issue

related to the guidelines to get further clarity. We have been satisfied with the information we have received.

**Senator HUMPHRIES**—How many projects did you say—1,400?

**Mr Lamont**—Two thousand four hundred.

**Senator HUMPHRIES**—You are rolling out 2,400 projects across the country. At least 40 of them are giving you concerns with respect to public complaints, letters written to the minister. You said that 40 to 50 pieces of correspondence going to the minister, and obviously more are going to the state governments if these examples are anything to go by. Not one of them is worthy of exercising what Dr Harmer refers to as the veto? Surely one of them must fall in that category?

**Mr Lamont**—A lot of the issues raised by constituents are being addressed by state governments themselves. A lot of the complaints are also directed to objections to social housing tenants, not the actual built form that is being provided in these locations.

**Senator HUMPHRIES**—How many projects did you bounce at the beginning?

**Mr Lamont**—There would be numerous. I would have to talk to my team about that.

**Dr Harmer**—They are primarily, I assume, because they did not meet the guidelines.

**Mr Lamont**—Correct.

**CHAIR**—Senator Humphries, Senator Cameron has one question on this point and then we will break for dinner. One question, Senator Cameron.

**Senator CAMERON**—It is hard. Mr Lamont, I spoke earlier about the website for the Harpa Street, Palm Cove, group. I have looked at the website for what is called the RAID group in Ryde, which the member for Bennelong, Maxine McKew, says is absolutely a Liberal front. I do not know if you have looked at both of those websites, but they look almost exactly the same, with the same font and the same make-up. It has obviously been the same. On the RAID site, they have put a number of propositions that I would like you to address. On the RAID site they state:

- Secret plans across Ryde for massive social housing overdevelopment now being implemented
- Absolutely no community consultation involved—

And on it goes:

- Long-term ... tenants and families booted out to make way for substandard, undersized boxes

Is any of that true?

**Mr Lamont**—With all of the plans, with the exception of the project that was already approved for a private development, neighbours were provided with 21 days notice by the New South Wales government. We know Ryde very well.

**Senator HUMPHRIES**—Twenty-one days! Luxury!

**Mr Lamont**—The local library also had plans, as did the local council. We are aware and we have the minutes of the letters—an exchange of minutes that went through from Housing New South Wales and the Ryde council on the issue. We are talking about developments that

are no more than two storeys. In many cases they are half that of other apartments and units in the Ryde community and we are talking about an average of 16 units per development.

**CHAIR**—Senator Cameron, you have had your one question.

**Senator CAMERON**—Last one. On this website it states:

Ryde Liberal & some Independent councillors have condemned developments as ghetto boxes.

Is there any way these developments could be described as ‘ghetto boxes’?

**Mr Lamont**—I have seen a number of them. No.

**Senator HUMPHRIES**—All the opponents of this project are Liberal fronts? Is that what you are saying, Senator Cameron?

**Senator CAMERON**—Yes, some of them. Yes, RAID is, yes.

**CHAIR**—We will now break for dinner and we will come back at 7.45. Dr Harmer, Senator Scullion will be here and we will talk with him. He has been made aware that there will be no people from that area. He wants to put questions on notice. I just want to make that very clear.

**Dr Harmer**—I am assuming that he has questions on broad housing because we will not be prepared to answer any questions on Indigenous housing. That would be Friday.

**CHAIR**—He has been told that and he may wish to put questions on notice that may swing into Friday, but he has been told the officers are not available.

**Senator BOYCE**—I understand the questions that Senator Scullion wants to ask are what he characterises as ‘high level questions’ about intergovernmental relations and the like in terms of Indigenous housing.

**CHAIR**—We will handle them as we come.

**Dr Harmer**—I will not and nor will my colleagues have any information on Indigenous housing here. Not only have we not got the people here, I have not got my folder and I have not got any facts. So long as Senator Scullion understands that.

**CHAIR**—Yes, he does, Dr Harmer, and he will have 25 minutes from 7.45 to have those questions and return to the mainstream of outcome 2 with Senator Humphries and Senator Ludlam. Senator Humphries, Senator Ludlam has general questions. It may be useful if he could ask those when we come back. So prepare the officers that Senator Ludlam will be going into questioning at whatever 25 minutes after 7.45 is. Thank you very much. We will now adjourn.

#### **Proceedings suspended from 6.32 am to 7.46 pm**

**CHAIR**—Thank you, we will reconvene. Senator Scullion, you have some general questions. I have to let you know that Dr Harmer has been very clear that he has none of his people here from Indigenous housing. So in terms of detailed answers, it may not be able to happen.

**Senator SCULLION**—I have had a long and warm relationship with Dr Harmer, Madam Chair, and I must say it leaves me with a feeling of his considerable knowledge about a great many matters. I am quite sure he will not disappoint.

**Dr Harmer**—Flattery!

**Senator SCULLION**—Dr Harmer, I do appreciate that, for whatever reasons, it is probably not worth exploring. The right people are not here at this particular time. I thought it might be useful to explore generally the relationship between FaHCSIA and a number of other organisations, particularly around the states and territories. How many FaHCSIA personnel are dedicated to Indigenous housing in a general sense?

**Dr Harmer**—On all of these questions, I should say that (a) I have not got the people at the operational level here and (b) nor have I got my folder, so most of it is going to be a broad estimate.

**Senator SCULLION**—Indeed. I acknowledge that and I have no problem with that.

**Dr Harmer**—One hundred and twenty, roughly.

**Senator SCULLION**—You have two principal programs, and they are the ones that I would like to talk about. One is the national partnership program and the other, specifically a part of that, is SIHIP. Clearly, we have a fair bit of history in SIHIP and a lot of data and the others where we may need to look.

**Dr Harmer**—Yes.

**Senator SCULLION**—Would it be reasonable to say that those 120—and I am not holding you to this—in a very vague sense would be spread evenly or would SIHIP, because of its development, having run more intensively, have more personnel?

**Dr Harmer**—There are not many. We have about 10 people in SIHIP in the Northern Territory, many of them, post the review, embedded in helping the Northern Territory run it. As you know, after the initial concern following the review, Minister Macklin asked us to move in and shape it up, with the Northern Territory government, which is what we have done. So we have put some senior people in the Northern Territory operation.

**CHAIR**—Dr Harmer, most of these you can take on notice.

**Dr Harmer**—Yes.

**Senator SCULLION**—Okay, that is fine.

**Dr Harmer**—I do not even have my folder here containing the information.

**CHAIR**—We understand that.

**Senator SCULLION**—I know it is a comfort folder, but you are doing well, Dr Harmer. In relation to the national partnership program, do you know, just in a generic sense, having learnt what you have from SIHIP and given what I think is pretty abysmal progress in terms of the program against the report, if there are any considerations for placing similar sorts of embedment to ensure that the Commonwealth has a similar sort of role to play—quite a useful role—as it had in SIHIP?

**Dr Harmer**—We have put a senior person in Queensland, Western Australia, South Australia and New South Wales. So we have upped our resourcing in each of the states and territories where we have significant Indigenous housing expenditure, as Minister Macklin announced that she was asking me to do following the review of SIHIP.



**Senator SCULLION**—In terms of the reporting process on both of those—and perhaps you could do SIHIP first—we all acknowledge it was a bit of a disaster. It would certainly appear, on the face of it, that it has gone a bit better since your action, your intervention.

**Dr Harmer**—We would maintain that it has gone a lot better.

**CHAIR**—Senator Scullion, if you are going to make comment like that, we will just close it down.

**Senator SCULLION**—I am sorry.

**CHAIR**—If you want to make a comment like ‘it was a bit of a disaster’, we will close it down. It is not a question.

**Senator SCULLION**—Thank you for confirming it! I was just making an observation that has been widely indicated in the media, Madam Chair.

**CHAIR**—If you want to make comments like that—

**Senator SCULLION**—Fine, Madam Chair, I accept your admonishment. But thank you for that, Dr Harmer. What is the reporting process for the people who are in the SIHIP at the moment? Clearly, they are not reporting to the NT government; they are reporting to the Commonwealth. Who do they report to?

**Dr Harmer**—SIHIP is a program funded by the Commonwealth and managed primarily by the Northern Territory government, but there is significant involvement in the management now by senior Commonwealth officials.

**Senator SCULLION**—So you would say that SIHIP is probably managed more by the Commonwealth than the Northern Territory?

**Dr Harmer**—No. We have a significant senior presence; but, in terms of managing the day-to-day contracting and supervising and what is happening in the various towns, the Northern Territory government would still be the primary manager.

**Senator SCULLION**—Perhaps you can correct me if I am wrong but, if I had somebody operating in an embedded sense, I would expect them to report back to me.

**Dr Harmer**—Yes, we get regular reports.

**Senator SCULLION**—How does that reporting process occur? Is it monthly, daily?

**Dr Harmer**—The people who are embedded in the Northern Territory operation report to the head of our Indigenous housing group, who is Amanda Cattermole. She is located in Canberra but spends quite a bit of time going to the Northern Territory, as you can imagine.

**Senator SCULLION**—She in turn reports to?

**Mr Tongue**—To me.

**Dr Harmer**—To Mr Tongue, and he reports to me.

**Senator SCULLION**—And who do you report to, Mr Tongue? You report to Dr Harmer?

**Mr Tongue**—I do.

**Senator SCULLION**—Mr Tongue, we read in the media that there are a whole range of issues that happen and they get resolved and there are announcements on those. Say we have

an issue that has been reported—someone is not up to a reporting benchmark or there is a difficulty with a lease arrangement; all those things that can happen—what is the process of reporting or indicating that to Dr Harmer?

**Mr Tongue**—The principal carriage of the program rests with the Northern Territory government. If something comes up in the Northern Territory—say, it is brought to our attention or we notice it in the media or from our activities on the ground—typically, it would be handled within Ms Cattermole’s group. Occasionally it would be kicked up the line to me or Dr Harmer. But, broadly, the day-to-day management still rests with the Northern Territory government.

**Senator SCULLION**—One of the reasons that I am asking this is that I have some concerns, given that you have, not an overseeing role—I acknowledge that—but an embedded role that appears to have made this better. I would like to explore a couple of issues that were quite surprising, certainly to me and many members of the public. One of the things that came as a bit of a surprise was a media release from Ms Macklin’s office. It was put out by Mr Burns and Warren Snowdon, respectively from the Territory and the Commonwealth, on 17 March. I know you do not have the details, but it says:

An assessment of SIHIP by independent consultants Dr Owen Donald and Julia Canty-Waldron found that the changes and recommendations of the 2009 review have been implemented, and have put the program on track to achieve its targets of 750 new houses, 230 rebuilds and 2500 refurbishments over the period to 2013.

It was a media release that, as I always follow these things, I read with some pleasure: it is on track, on budget—that sort of thing. I was pretty pleased. That came from the minister’s office. On the following day, as you would be aware, we had another media release that said:

Agreement was reached last night between the SIHIP Joint Steering Committee and Earth Connect Alliance that Earth Connect’s operations under SIHIP in the NT would cease.

So we had one day when it is all on track and the next day we sacked one of the principal alliance partners. In here, we have this notion of the SIHIP Joint Steering Committee. I have made the assumption that that was a reflection of the relationship between the Commonwealth and the Northern Territory. Is that right?

**Mr Tongue**—We have those—they are known as JSCs—in each of the jurisdictions. They are forums that bring together jurisdictional representatives and us as the Commonwealth representatives where major decisions concerning the operation of the program are considered. The jurisdictions are still responsible for the management and operation of the program but, because we have not just an interest in the housing outcome but an interest to connect programs up around the housing, we participate in those joint steering committees.

**Senator SCULLION**—So in a general sense, Mr Tongue—I am not trying to tie you down—it is just a committee meeting. But in something as significant as a termination, where an agreement had been reached between them and the person that you were sacking, that would be a significant trigger, I imagine?

**Mr Tongue**—Certainly, yes.

**Senator SCULLION**—So, while the announcement says, ‘Agreement was reached last night,’ I would not imagine that that was the first time that you suspected—given some of the

media that Earth Connect had in the past—that this announcement would be made. I am not suggesting you were aware of the announcement before the agreement, but you would have been aware of those issues around that, wouldn't you?

**Dr Harmer**—We had been watching and we had some information that raised a few concerns, but we had to be very careful in managing the relationship, because of contracts and liabilities et cetera, about advising anyone before the decision was finally made, yes.

**Senator SCULLION**—I guess my concern, Dr Harmer, is that literally one day we heard, 'Everything's fine; it's on track,' and that is from the Commonwealth, from Commonwealth knowledge. But then the next day was quite a disaster. This is not a small hiccup in a program—and no mischief from the Commonwealth. One day it is on track; the next day it is not. In terms of the reporting process, it is a bit of a shock.

**Dr Harmer**—You have to think about what the report by Dr Owen Donald said was on track. It was the changes recommended by the review that we did in August, I think, last year. The report or the work done by Dr Donald was a piece of work that was committed to as part of that review—that it should be reviewed at the end of the year, I think, was the terminology. What was being reviewed was the progress in terms of implementing the recommendations from the review, things like the proportion of the allocation that was being spent on administration, the likelihood of the 750 target being met et cetera. In that regard, Dr Donald's report indicated that things had been put in place: there was a new management framework, there were now more frequent meetings, the Commonwealth was engaged in the setting of the parameters for the program and the monitoring of it, the Commonwealth had put additional resources in et cetera. All of those things were accurately reflected in Dr Donald's report, as the things that were recommended in the August report had been implemented. So, just to be clear, there was no conflict necessarily between Dr Donald's assessment that that was the case and the decision taken very shortly after that the Earth Connect alliance partner needed to be terminated and that section or group of work given to one of the other alliance partners.

**Senator SCULLION**—I guess I was just very curious about understanding the reporting process and how you were able to respond to the information you got from SIHIP in the Northern Territory. One day you have reflected in a media release, or someone has:

... and have put the program on track to achieve its targets ...

and perhaps the normal media release bits are put on that—when in fact the very next day we were able to ascertain that that was clearly not the case. I am wondering about the reporting—

**Dr Harmer**—I would not necessarily agree with that. We would maintain—because the decision is taken by the joint Northern Territory-Commonwealth group—that, on the basis of the evidence, with the cessation of the contract for Earth Connect we are better placed to make the targets now than we were with them involved. That is the truth of it.

As we were leading up to that decision—looking at the information and making sure we were behaving fairly and appropriately, but knowing that we were responsible for some very significant achievement of targets—we had to make sure that we were ready to put in place something that would carry on almost without a blip, which is what we have tried to do.

**Senator SCULLION**—I understand that. I can recall—and perhaps Mr Tongue can too, being closer to the reporting process—that many of the concerns about Earth Alliance, which

were certainly reported in whatever they call the committee in the Northern Territory—they seem to be far more effusive than we are here—were due to structural issues. There was a lot of concern around structural issues, about whether they could be done or undone.

I will quote from a letter that no doubt you have seen—it went to your minister—which is from the chairman of Anindilyakwa council on Groote Eylandt. It says:

I also bring your attention to the conclusions of the review released on 10 March, only six days before the alliance partner approved for Groote Eylandt was removed from the project. The conclusion of the review also appears to be in stark contrast to the situation I am facing in which families refuse to move into renovated houses and that seven of the new houses referred to in the report may have to be completely demolished and started again.

These are not my words and I am not putting any particular weight on them. I have no reason to doubt them either. The issues behind the sacking of Earth Connect—and Mr Tongue said already that you would be generally aware of the issues—were obviously in terms of the program there. They were not about saying, ‘People are not getting paid on time,’ or, ‘The progress isn’t particularly good.’ They were actually serious structural issues. I spoke to Gerry Wood, who was there, and Alison Anderson, who said, ‘Look, some of the houses looked like they were much further out on the outside.’ Perhaps they were, and that might be one of the reasons behind it.

When the first media release went out on the 17th, you must have been aware that there were serious structural issues, to the extent that we are now looking at people who are asserting that we might even have to bulldoze some of the houses pushed in the report. I would have thought on the 17th you would have clearly known—or someone must have known—that it was not perhaps an accurate representation to say, ‘We are on track and on budget.’

**Dr Harmer**—I do not think that is quite right. The Dr Donald report was, as I said before, about whether the changes that were recommended by the August review had been made and implemented. They were long-term structural changes to the way the program was running. They had been made, which is what Dr Donald said. There was nothing in our knowledge to advise Dr Donald that the changes that we had made would in any way compromise the achievement of the targets.

It is entirely possible that an observer could conclude, following the Dr Donald report, that the program was on track, remembering that, even if they were aware that on Groote Eylandt there were some questions about the quality of some of the houses et cetera, they were a relatively small number in the 750 target. They were not impacting on the way we were running the program. They had little impact, if any, on the amount being spent on the administration of the program.

All of the key elements of the things that were reported in the August report were being addressed, and that is what Dr Donald said. While the cessation of the Earth Connect alliance arrangement was significant in one sense—a relatively small number of houses—we were very confident amongst the management at the time that we had another alliance partner who could absolutely move in quite quickly and take over and fix the situation without compromising the targets or the cost. So in that context I think it was quite reasonable.

**Senator SCULLION**—Without being argumentative—because you know I never get that way, Dr Harmer—I suppose, whilst it is a relative number in terms of 750 houses, it is almost exactly the number of houses being completed in the program. In that context it is a lot. I appreciate that, if we look over four years, seven out of four years is terrific, but when you are talking seven out of possibly double that—and I am not sure if we are actually into double digits yet—I follow this number closely and it is not particularly high.

If a report is coming back to the minister through this process that indicates that the minister's office should then say, 'Listen, everything is fine with this program; on track, on budget,' fundamentally based on performance indicators from the company, which are structural and obvious even to untrained observers, I would have thought in that case that perhaps the media release could well have been seen to be misleading. I can absolutely guarantee that I am sure that that was not the intent.

**Dr Harmer**—I will check with Mr Tongue. I do not know the answer to this, but we kept very tightly in the administration of the program the decisions we were taking on the ground in the Northern Territory on Earth Connect. I am not at all sure that the minister or the office would have known, when that first release was announced, that we were planning to make a decision that quickly on Earth Connect, so I am not at all sure that that is the case.

**Mr Tongue**—I think it is in the nature of construction projects in remote areas that sometimes hard decisions have to be made about contractors and so on. The fact that a hard decision was made and implemented quickly might be an indication that the program was actually working better than it was, and we would not have been able to move as quickly as we have moved under the contracting arrangements for remote Indigenous housing that existed before SIHIP.

**Dr Harmer**—The great advantage in the SIHIP arrangement is that we were able to very quickly, without very much delay at all, and organise for a new contractor, who we had an arrangement with, to move quickly into Groote Eylandt and take over. We would have had to have gone back out to tender—a whole range of things would have had to have happened—if we had not had that arrangement that could move quite quickly.

**Senator SCULLION**—I was not questioning the decision.

**Dr Harmer**—The only point I want to make—and I do not know the answer to this—is that it would not have been necessarily the case that the minister's office or the minister would have been aware, when that first release went out, that we were planning the very next day to terminate the Earth Connect contract. In fact, I would be surprised if they did know. That was something we would not have had to get ministerial approval for—it would happen administratively. We were very careful about how we were managing that, because we were aware that if we did not handle it properly, if we did not handle it confidentially, there were all sorts of legal ramifications, where the Commonwealth or the state or the territory could have been up for more money. We were very careful to protect as much of the funding as we could.

**Senator SCULLION**—I will have to commend you for your consistency on the matter, in the second media release at least. You said it was still on track and on budget, Dr Harmer.

**CHAIR**—Senator Scullion, we agreed that we would have until 10 past eight on these questions. Are there others that you want to put on notice this evening before Friday?

**Senator SCULLION**—No.

**Dr Harmer**—On Friday I anticipate that you will be asking questions about the numbers. I can assure you that on Friday we will have the numbers in the Territory, we will have the numbers across all the states et cetera.

**Senator SCULLION**—Could you take on notice the details in terms of the financial arrangements under the national partnership program. For 2008-09 we have \$333.807 million and for 2009-10, \$432.733 million. How much has been expended in 2008-09 and so far in 2009-10? I think we already had a question on notice about—

**Dr Harmer**—We will be able to give you those answers on Friday.

**Senator SCULLION**—Thank you. You were very helpful.

**Dr Harmer**—Thank you.

**CHAIR**—Senator Ludlam, you have some general questions on housing.

**Senator LUDLAM**—Thanks, Chair. Some of this will traverse issues that I have asked you about before, so I will start with some fairly general stuff on social housing. I asked you about this, I think, in the last round. The minister's target was around 75 per cent of the social housing dwellings funded through the stimulus package to end up in the community housing sector. Can you provide us with an update of how that is going state by state?

**Mr Lamont**—The intention is still there. Certainly some states are announcing that they propose to transfer a greater percentage than others and that is primarily based on the capacity of the not-for-profit sector in those locations. Generally speaking, the states and territories have indicated that that remains their target in respect to the transfer of these properties.

**Senator LUDLAM**—There are a couple of questions that I am going to ask and presumably the numbers are going to be different state by state, so I am happy for you to table that stuff, rather than reading us the numbers. Across the states and territories, are you able to tell us the proportion of titles that have been transferred to community sector organisations as opposed to those where the community organisations are just doing the tenancy management?

**Mr Lamont**—I cannot as yet, because at this stage it is a proposal to transfer. Most of the dwellings have not yet been completed. If we start at roughly 75 per cent of the total number of dwellings, the decision to transfer either management rights or actual title will generally be made in a finality sense once the projects have been completed. So, whilst we have a proposed intention at this stage, the transfer has not actually taken place.

**Senator LUDLAM**—Is it possible to tell us what proportion of the properties funded by the stimulus package have been completed and handed over, or are we still in the early stages?

**Mr Lamont**—I can give you an exact figure, if you would like one.

**Senator LUDLAM**—Yes, please.

**Mr Lamont**—We have commenced just under 15,000 dwellings and we have completed just under 1,600 dwellings.

**Senator LUDLAM**—Fifteen thousand commenced. Do you have any idea what that represents as a fraction of the total properties that you estimate you will be building?

**Mr Lamont**—We are building in the order of 19,400.

**Senator LUDLAM**—There were 1,600 completed?

**Mr Lamont**—Correct.

**Senator LUDLAM**—Are the numbers in yet for what the final tenure of those 1,600 will be?

**Mr Lamont**—There will not be, for two reasons: that is a figure from last Thursday. That figure will not be confirmed until the next monthly report, so that will have a practical completion number attached to that report; and then at some subsequent stage there will be a decision to transfer.

**Senator LUDLAM**—So, apart from what the aspiration was that the minister expressed and that the states and territories have expressed at different times, it is not possible to provide us with anything. You do not know how we are tracking?

**Mr Lamont**—Only the ones that have actually been transferred. That will be a much smaller number.

**Senator LUDLAM**—All right. Anything that you are able to provide us in that regard, I think, would be helpful. If we take the 15,000 properties that are under construction and add the ones that are complete and have been handed off, what proportion are being constructed by state governments as opposed to private developers or other kinds of organisations?

**Mr Lamont**—There would be none constructed by state governments.

**Senator LUDLAM**—None at all?

**Mr Lamont**—None at all. They are all being built by the private sector, effectively. There may be project management or project coordination provided by states. But, no, these are private built.

**Senator LUDLAM**—I put quite a few questions to you last time about affordable housing in boom towns, with a bit of an eye to the north-west of Western Australia. I think, Ms Winzar, you had some information for us: that you were not collecting and you were not sure if you were intending to collect data by subregional housing markets. But you did undertake to give that some thought. I think you would remember that the line of questioning was around transferring properties out of very overheated high-value markets into outer metro areas, in this case in Perth, which was leading to a net gain in housing stock but a net loss in some of the worst housing markets in the country. That was my thinking at the time and I am wondering if there is anything more that you can tell us about that issue.

**Ms Winzar**—Yes. We have had a bit of a look at it. One of the ways we tackled this was to have a look at our own housing information that we access through the Centrelink system, which indicates what sort of tenure people have, including those who are living in public housing. We particularly had a look at Carnarvon, looking at Karratha, Port Hedland and Broome. It was interesting that we came up with a bit of an increase in the number of public housing dwellings in a number of those areas. I might get Ms Croke to help me with some of this. I think we had about another 180 public housing dwellings all up in the north-west of

Western Australia, which we were not expecting following the conversation that we had at the previous couple of estimates, I must say.

**Senator LUDLAM**—That certainly seems a bit counterintuitive. That is right across the north-west or is it particular towns?

**Ms Winzar**—It did vary a bit, but we do know, for example, that in Carnarvon—that is, the statistical local area—in March 2010 we had 370 of what they call ‘income units’, not receiving rent assistance because they are in public housing. That compares with, say, two years previously where we had 363 public housing families, I suppose, or singles in the Carnarvon statistical local area.

**Senator LUDLAM**—So a unit represents a dwelling?

**Ms Winzar**—Yes, for the most part you could substitute that. We had a look at Roebourne and Karratha. That total had gone from 542 public housing dwellings in March 2008 up to 577 in March 2010.

**Senator LUDLAM**—That was for Roebourne or Karratha?

**Ms Winzar**—It is Roebourne statistical local area. In Broome, the two figures are 775 public housing units in March 2008, growing to 953 in March of this year, which is quite a significant increase.

**Senator LUDLAM**—That is good and I am delighted to be proven wrong on some of those. Do you have figures for either Port Hedland—Port and South, I guess, is a single township—or Karratha?

**Ms Winzar**—I do not think I do. The reason that might be is that it will be down lower than the statistical local area. The only thing I can tell you is that we have some social housing projects that we are funding in Western Australia in some of those areas. Having said all of that, there would still be some cases in Broome, Karratha or Carnarvon where public housing dwellings may have been sold. It is just that, overall, the stock numbers have gone up.

**Senator LUDLAM**—That was not my argument. It was more about the net gain or loss, so I was basically working on the premise that what we had been told by folk up there and what I thought had come out in state parliamentary estimates in Western Australia was that there had actually been a net loss. I will not tie us up here for long, but if you are able to undertake to get figures for us for Port and South Hedland and for Karratha-Dampier, if you do not have them tonight—

**Ms Winzar**—Sorry. That was Dampier and?

**Senator LUDLAM**—Dampier and Karratha.

**Ms Winzar**—Yes, okay.

**Senator LUDLAM**—Karratha is the largest town in the north-west so I would expect you to have some figures there.

**Ms Winzar**—Yes.



**Senator LUDLAM**—And Port and South Hedland, either together or disaggregated, if such figures exist. Those are probably the two markets that would be most overheated. They are the two major mining towns on the coast.

**Ms Winzar**—Yes, that is true. I must say that we did have a look at the *Hansard* from the WA parliament and it is not my recollection that there was any reported overall net reduction in the number of public housing dwellings in any of those locations that we have been talking about.

**Senator LUDLAM**—Great.

**Ms Winzar**—That is coverage over the last three months or so.

**Senator LUDLAM**—Which would be since we had this debate last November or December, I think. Thank you. If there is anything further that you can add to that, that would be very welcome. This might be something that is outside your portfolio, but the National Resource Sector Employment Taskforce was established to look at the social impacts of mining, including inflation and housing. Do you folk have any insight into an update on that task force's work?

**Ms Winzar**—No, I cannot give you any information on that task force.

**Senator LUDLAM**—Are you providing it with information on the housing portfolio?

**Ms Winzar**—This part of our portfolio has not been asked to provide any input into its deliberations.

**Senator LUDLAM**—I find that a bit curious. Housing is part of their mandate, but you have not been asked to feed anything in?

**Dr Harmer**—Presumably they would be interested in market information about housing, which could be obtained. We would not have better market information than many other sources.

**Senator LUDLAM**—So it sounds as though you have gone back and interrogated state and territory data on net gains and social housing gain or loss. How does that fit with the picture that you painted last time, that you did not have that information to hand and it was not something that the Commonwealth was going to be in the habit of collecting?

**Ms Winzar**—I would certainly stand by those statements. Our relationship with the state and territory governments does not require us—or demand of states and territories that they go down to subregional level in reporting to us what they are doing. They report just at whole of jurisdictional level. So our interrogation of the Centrelink customer records will not necessarily be a complete story, because there will be some people who are in public housing who are not on Centrelink payments for instance, but it was one way to try and get a bit of an answer to the questions that you were asking in the last hearing.

**Senator LUDLAM**—Yes, it is a proxy, and at least it shows that the numbers are improving and not going backwards. I take it by your comments, in terms of standing by what you told us last year, that there is no intention to routinely go through this kind of data. This is a one-off based on what I had asked you?

**Ms Winzar**—That is correct.

**Senator LUDLAM**—All right, thanks. Just moving briefly on to NRAS, I wonder if you can give us an update on round 3. I understand round 4 was launched a couple of days ago as well, so maybe we can take each of those in turn, unless you have covered this ground already with somebody else?

**Ms Winzar**—No, we have not. So you just want us to talk at the high level about the outcomes of NRAS round 3?

**Senator LUDLAM**—To begin with, yes.

**Ms Winzar**—I will ask Ms Finnigan to help me out here. We have had quite a good response to round 3. You might remember that this round is pitched at a couple of different objectives. The most significant of those is that we want large investments, large portfolios of properties, even if they are over a number of different projects, so we are looking at proposals of more than 1,000 dwellings apiece. I think to date we have received about 10 or 11 proposals under round 3 and, together, they represent more than about 13,000 NRAS dwellings to be delivered over the next few years.

**Senator LUDLAM**—You are assessing 10 or 11, or you have accepted 10 or 11?

**Ms Winzar**—No, we are in the process of assessing those that we have received at the moment. We have got 11, Ms Finnigan tells me.

**Senator LUDLAM**—Are you still open for applications for round 3, or have you closed it while you assess what you have?

**Ms Winzar**—The round stays open until the end of August this year.

**Senator LUDLAM**—How many of the 10 or 11 applications that you have had have been processed and signed off?

**Ms Winzar**—They are all being processed. We have completed the full assessments on two of those applicants and made offers. The others will hopefully be progressively finished over the next month or two.

**Senator LUDLAM**—Great. Are you in a position to tell us from what part of the world those applications have come from?

**Ms Finnigan**—The two applications comprise 2,137 incentives. One is from Western Australia and one is from the ACT.

**Senator LUDLAM**—Those are the ones that you have completely assessed?

**Ms Finnigan**—Offers have been made. We are waiting on a response.

**Senator LUDLAM**—Great. Can you give us a breakdown of where the other eight or nine are from?

**Ms Winzar**—You mean what jurisdictions they cover?

**Ms Finnigan**—We have received applications from New South Wales, the Northern Territory, Queensland and Victoria, in addition to the first two.

**Senator LUDLAM**—It might have been simpler to ask you whether there were any jurisdictions where you have not got an applicant.

**Ms Finnigan**—South Australia and Tasmania.

**Senator LUDLAM**—What's going on there! You told us last time that just because a particular applicant has come through, it does not mean you are building one colossal block; these places can be distributed. Do they all need to be distributed in the same community, or could an applicant put in a proposal for half in Perth and half in Bunbury?

**Ms Finnigan**—They can be spread either across a jurisdiction or nationally.

**Senator LUDLAM**—In rough numbers, are you able to tell us the break-up between metro, regional and remote of round 3?

**Ms Finnigan**—We have not done that analysis on the applications.

**Senator LUDLAM**—When are you expecting to have the balance of those eight or nine offers made to the applicants?

**Ms Finnigan**—Our assessment period is taking between eight to 10 weeks. That timing starts as we receive the applications and we undertake a compliance check.

**Senator LUDLAM**—And that just rolls?

**Ms Finnigan**—Yes.

**Senator LUDLAM**—We spoke before about proposals for a small panel of advisers, particularly when we got to this round where you are trying to attract institutional investors. Last time you told us that had been set up. What has its role been in the assessment of round 3?

**Ms Winzar**—Last time we had this conversation you were asking us what arrangements we had to engage with institutional investors and we told you that we had contracted an organisation to help us with building those relationships and getting entree to some of those larger potential investors, so that has certainly been in train. On the issue of an advisory panel, we have had some further discussions with Minister Plibersek's office and we are in the process of finalising who might be nominated to help us out on such an advisory panel.

**Senator LUDLAM**—Can you make any dramatic announcements about that tonight?

**Ms Winzar**—No, Senator.

**Senator LUDLAM**—It was worth asking. What can you tell us about round 4?

**Ms Finnigan**—Round 4 will commence from 14 June. It will be a rolling application period of six months and it will call for applications for a minimum of 20 dwellings.

**Senator LUDLAM**—So this is on a much smaller scale than round 3.

**Ms Finnigan**—We still encourage large applications.

**Senator LUDLAM**—A minimum of 20? All right. I have not asked you yet about the sustainability benchmarking, which I know last time you reported that you were actually quite happy with how it was looking. In terms of round 3, what can you tell us about these much larger applications?

**Ms Finnigan**—In round 3 the applicants are required to complete accessibility and sustainability checklists. That checklist is based on the HIA GreenSmart checklist. If the

applications do not provide sufficient information or satisfactory information, they will fail their assessment.

**Senator LUDLAM**—Do you go back and tell them how they have failed and they can have another go?

**Ms Finnigan**—Yes. They are able to amend that information and relodge.

**Senator LUDLAM**—Who does the actual assessment, because you are assessing these off paper plans, rather than built properties? Do the developers themselves go through and tick the boxes?

**Ms Finnigan**—The applicants provide the information and that is assessed by the assessors as part of that process. That information is checked once dwellings become available for rent and occupancy certificates are provided, and we follow up and make sure that all the information provided in the application—and on the basis that they were approved—is complied with.

**Senator LUDLAM**—Right across the different rounds—I guess we will not talk about round 3 and 4, but certainly 1 or 2—have you been giving incentives out to places that already exist that are being refurbished and what fraction of those sorts of places would be made up, or is it all being built from scratch?

**Ms Finnigan**—The majority are new constructions. I cannot tell you how many. I think one—but I would have to confirm that—

**Senator LUDLAM**—So it is marginal.

**Ms Finnigan**—has been approved, with a total refurbishment, so it was, in effect, a new dwelling.

**Senator LUDLAM**—The reason I am asking is that I had information that, at least as far as some NRAS properties were concerned, tenants themselves were having to undertake the GreenSmart assessment. I am wondering whether that information is wrong. You are both looking a bit puzzled.

**Ms Finnigan**—I have not heard of that situation.

**Senator LUDLAM**—I cannot imagine how that would come about. As far you are concerned for the new ones coming through, are you able to provide us with a break-up—and I do not want you to read through the whole table of data—from rounds 1 and 2 of everything that you have approved and whether the sustainability benchmarks that you assessed against have been met or not?

**Ms Finnigan**—Yes. I think at the last hearing I indicated to you that we were doing a mail-out to all round 1 and round 2 participants—

**Senator LUDLAM**—Yes.

**Ms Finnigan**—and requiring that they complete the checklist as dwellings became available for rent. To date we have received 600, and we are following up on the return of others. From the information received as at 20 May, it appears that the majority of participants have incorporated universal design features into their NRAS dwellings and that they all meet the relevant state and territory energy rating.

**Senator LUDLAM**—Now I am a bit puzzled. Maybe that is where this information has come from. In the process of assessment you have already asked people to report to you what their intentions are. Now you are going back with a checklist and saying, ‘All right, what do you actually do?’ Who is doing that assessment?

**Ms Finnigan**—The approved participant is required to provide that information to us within three months of their dwelling becoming available for rent.

**Senator LUDLAM**—What form of accreditation are they required to have before they can report? Presumably they are not just going around and saying, ‘Yeah, that looks like it’s all double-glazed,’ and ticking boxes. Who is doing those assessments for you?

**Ms Finnigan**—As I have indicated, we have just started receiving the returns. We are working our way through those, analysing them.

**Senator LUDLAM**—You have sent 600 out or you have got 600 back?

**Ms Finnigan**—We sent out 1,100 and we have received 600 back. The follow-up on that is part of our compliance strategy. We do some follow-up with approved participants.

**Senator LUDLAM**—Tell us a little bit about the checklist that you are sending out—how much information and how much detail it has—or are you able to provide us with a copy of what you are sending out?

**Ms Winzar**—We will give you a copy. I believe we have already provided it to the committee at past hearings.

**Senator LUDLAM**—It is the same one?

**Ms Winzar**—It is the same document.

**Senator LUDLAM**—I will not waste your time if you have done that already. You did not quite get to an answer to the question that I put to you. You have mailed out 1,100 checklists of green sustainability, ticks in boxes. Who does that assessment? Are accredited GreenSmart assessors doing that assessment, or how would you know if they were not?

**Ms Winzar**—No, we are not asking for accreditation of those completing the checklist. It is a fairly straightforward document that we are asking the approved NRAS applicant to complete and they would do that, we would hope, by reference to the specifications around the building itself.

**Senator LUDLAM**—But how do you know that they are not just ticking and ticking?

**Ms Winzar**—Indeed, they may well do that.

**Senator LUDLAM**—Are you doing spot checks on this kind of stuff?

**Ms Winzar**—As Ms Finnigan indicated, we will do some compliance activity on those when they are returned.

**Senator LUDLAM**—This might be where my information is coming from. I recognise that you have not gone through and looked at all the 600 you have got back, but are there any circumstances in the process where tenants themselves would be filling out this spreadsheet which asks, ‘How much sunlight does your laundry get between 11 in the morning and three

o'clock in the afternoon?' That is the kind of feedback I am getting. Are tenants filling these things out?

**Ms Winzar**—No, Senator. I would not think that would be our questionnaire. That does not ring a bell with any of the categories that we are asking, but if you give us the details after we finish tonight, we are happy to follow it up.

**Senator LUDLAM**—That is all I have: that people are being given this horrific spreadsheet of 57 columns that runs from A to AK, including how much sunlight your laundry gets, and that is not what I thought you were handing us before.

**Ms Winzar**—No. It may well be that it is some other survey instrument, whether or not it is from the Bureau of Statistics, around household energy consumption and usage. Without any further information it would be difficult for us to validate it.

**Senator LUDLAM**—It sounds like you are calling barleys on that one. If that is not one of yours, that is okay. Does the completion of round 4 see all of your NRAS funding out the door or will there be rounds 5, 6, 7 et cetera?

**Ms Finnigan**—Any future rounds would be dependent on the outcomes of rounds 3 and 4.

**Senator LUDLAM**—What are you budgeted for? Do you have a maximum subscription rate for rounds 3 and 4?

**Ms Finnigan**—No, we do not. The only rate is 50,000 dwellings nationally.

**Senator LUDLAM**—How many are already in train one way or another—signed off?

**Ms Finnigan**—From rounds 1 and 2 we have 10,768. Those are incentives that have been reserved.

**Senator LUDLAM**—So we are only 20 per cent through the program.

**Ms Finnigan**—Yes. We have the other 2,137 under offer, but we cannot count those until—

**Senator LUDLAM**—No, that is all right. I am just looking for an idea of the scale. So this obviously has a way to run?

**Ms Finnigan**—It does.

**Senator LUDLAM**—Lastly on NRAS, can you provide us with a break-up—on notice, if you would—of everything that you know of that you have approved, whether it has been built or not; everything that you have signed off that you are confident will be built; maybe just the postcodes? We are looking again for a break-up of where they are going. And can you give us off the top of your head some kind of order of magnitude break-up between urban and regional. Is that something you have got on the table?

**Ms Finnigan**—Seventy-four per cent of the current allocated incentives are located in major cities and 16.8 per cent in inner regional.

**Senator LUDLAM**—That still leaves a balance of 10 per cent.

**Ms Finnigan**—There are 40 dwellings available in remote and there is 4.7 per cent allocated to outer regional. We have insufficient details for around three per cent because the actual location has not been confirmed.

**Senator LUDLAM**—Fine. But could you just provide us, as you have in the past, with postcodes of where that is going?

**Ms Finnigan**—Yes, we can do that.

**Senator LUDLAM**—I do not have any other questions on NRAS.

**CHAIR**—Anyone else with questions on NRAS? Do you have questions on NRAS, Senator Humphries?

**Senator HUMPHRIES**—I do.

**Senator LUDLAM**—You are not going to go house by house, are you?

**CHAIR**—Postcode by postcode.

**Senator HUMPHRIES**—Do not tempt me.

**CHAIR**—But you would prefer to get back to social housing?

**Senator HUMPHRIES**—I would prefer to get back to other things.

**CHAIR**—We will get Senator Ludlam's social housing questions first.

**Senator LUDLAM**—Yes. I have just got a couple.

**CHAIR**—Then we will come back to you, Senator Humphries, and you will have the time to determine how you spend it. Senator Ludlam?

**Senator LUDLAM**—Are we doing homelessness in a separate bracket?

**CHAIR**—Homelessness is in this area. You have questions on homelessness as well?

**Senator LUDLAM**—A handful.

**CHAIR**—Senator Humphries, do you have questions on homelessness?

**Senator HUMPHRIES**—Yes, I do.

**Senator LUDLAM**—All right.

**CHAIR**—But you still want to get back to social housing?

**Senator HUMPHRIES**—I am happy for Senator Ludlam to—do you need to wheel in different people for that?

**Dr Harmer**—We have got all the people on housing.

**CHAIR**—We will do social housing. Senator Ludlam, you can do your social housing questions because there could be crossover there.

**Senator LUDLAM**—There might be some crossover.

**CHAIR**—Then we will go beyond that.

**Senator LUDLAM**—Thanks. The only stuff I did not ask you about on social housing was what I have just been pressing the NRAS folk on, which is the sustainability benchmarks. I can remember last time we spoke, it looked pretty peachy. What can you tell us since then?

**Mr Lamont**—The six-star rating for stage 2 dwellings has not changed so the states are reporting a 97 per cent expectation against stage 2. My recollection is that was the same as

last time. In terms of the accessibility outcome for stage 2, we are still sitting at 99 per cent, and above the 30 per cent requirement for adaptability class C.

**Senator LUDLAM**—For what?

**Mr Lamont**—Adaptability class C, the higher level of accessibility.

**Senator LUDLAM**—Can you provide us with an update, on notice if you like, on the locations where you are building them? Is that possible?

**Mr Lamont**—Yes, I can. This is according to the Accessibility/Remoteness Index of Australia. We have 58 per cent in major cities, 30 per cent inner regional, 10 per cent outer regional, one per cent remote and another one per cent very remote.

**Senator LUDLAM**—How much work is it to provide us with a breakdown by postcode.

**Mr Lamont**—It is on the internet. We have got a breakdown by postcode on the Nation Building webpage.

**Senator LUDLAM**—All right. I should have brought the clipping with me. I was asking the department of climate change about this the other night. An article ran in the *Financial Review* on 23 April about a nine-star house in Western Australia. Are you aware of that?

**Mr Lamont**—I saw the article.

**Senator LUDLAM**—Just for everyone's benefit, it is a carbon-neutral house. It uses 119 per cent less energy and 76 per cent less water. It is expected to be sold at a premium of between two and five per cent more than a standard home. It is obviously not including land costs and so on. For a tiny fraction more than what we are putting up as six-star, we could be having nine-star houses. Are you folk doing anything to go a bit beyond where we are up to at the moment or are you just leaving it at a six-star rating?

**Mr Lamont**—We are simply delivering in accordance with the original Social Housing Initiative guidelines. We are not looking beyond. Many of the developments that we are funding under the Social Housing Initiative had existing planning approval. Some of them have had to be tweaked to reflect or to achieve the six-star energy rating, so we are not proposing to go beyond the six-star requirement.

**Senator LUDLAM**—Thank you. Chair, the questions that I have on homelessness are as it relates to the social housing scheme, so I am wondering whether I can roll straight into that. There are only a couple really.

**CHAIR**—You will jump in if there is anything that you are wanting to follow up in the questions?

**Senator HUMPHRIES**—No worries.

**CHAIR**—Okay.

**Senator LUDLAM**—There is very large-scale build-out going on. Tonight you have given us some idea of the scale of that in community housing, NRAS and supported housing. Can you tell us what this actually is meaning and if there is any crossover with the A Place to Call Home initiative? To what degree are people who are currently homeless going to be able to move into houses that we are building with the stimulus money?



**Mr Lamont**—As part of the stimulus package, around 50 per cent who are identified as homeless currently will be allocated to Social Housing Initiative dwellings.

**Senator LUDLAM**—Can you clarify the process for allocation of housing under those sorts of schemes? Are people being launched to the front of the queue? How are you going to allocate them?

**Mr Lamont**—It is primarily the public housing waiting lists in state government and, where appropriate, the community housing waiting lists.

**Senator LUDLAM**—Are you taking any part in that, or is that entirely delegated to the states and territories?

**Mr Lamont**—The states are doing that. We are recording the outcomes that they provide us.

**Mr Tongue**—And the program is also built on some common-ground type services specifically dedicated to homeless people, so it is both the waiting list and the nature of the stock that is being funded.

**Senator LUDLAM**—Maybe it is too early, with a large number of these properties still under construction, but at what point are we going to get an idea of the sort of difference that it will make on the ground? We had this conversation last time. When will we see indicators of homelessness in Australia turn down or, indeed, when will we be able to point to the housing market and say, ‘These big-picture initiatives have improved housing affordability in Australia’? There are probably two separate questions there.

**Ms Winzar**—In addition to the social housing stimulus payment, one of the other attachments to the National Affordable Housing Agreement is \$400 million for social housing, again with the objective of being targeted to those who are at high risk of homelessness or who are homeless. That particular \$400 million had the objective of delivering somewhere between 1,600 and 2,000 extra social housing dwellings. So far, 553 of those dwellings have been completed and are tenanted. Three hundred and one of those tenants are people who were homeless or were assessed as being at risk of homelessness, so it is already making a difference. That is the small bucket of social housing capital, in addition to Mr Lamont’s larger target of 19,000 houses that will be constructed. Certainly we are already having an impact. As to whether or not you would see that reflected in any of the aggregate measures of homelessness or the indicators that might tell us something about the state of homelessness in Australia yet, I would suggest no. I would say 300 people who are homeless or at risk having been housed already is not going to make much of a difference to the overall picture.

**Senator LUDLAM**—Have you accounted already for that entire \$400 million, either in places under construction or approved?

**Ms Winzar**—It is all committed. It has not all been paid out yet. I think it has got about another 12 months left to run before we completely exhaust the funds.

**Senator LUDLAM**—How many dwellings will that account for in the end?

**Ms Winzar**—As I indicated, the target is somewhere between 1,600 and 2,000. We think we will get about 1,900 dwellings out of that fund.

**Senator LUDLAM**—This is my last question, and it might seem a little bit random. Every time you pick up a paper, particularly in Western Australia, it is telling you that housing markets are less affordable than they were before. In the policy work and the research that you folk do, do you ever advise Treasury on tax policy as it relates to housing? We have structural incentives in Commonwealth tax policy designed to inflate a housing bubble and then, on the other hand, we have you folk trying to pick up the pieces and house the homeless. Do you have any kind of formal role in advising Treasury or anybody else on the incentives that we have to make houses more expensive in Australia?

**Dr Harmer**—Senator, at the start of your question you commented about the housing market and you said a word I did not catch.

**Senator LUDLAM**—‘Affordability’, I think.

**Dr Harmer**—Right. The answer is yes, we are involved with Treasury, particularly on the tax transfer review, a range of recommendations in that space. We, as a secretariat, had significant input into that.

**Senator LUDLAM**—I cannot get into questions of what advice you are providing to different bits and pieces of government, can I?

**Dr Harmer**—No, but there are reports available. You can see what the panel recommended from the tax review. What I can say is that we had some input into that.

**Senator LUDLAM**—Do you want to just point us to where that would be?

**Dr Harmer**—It will be on the Treasury website.

**Senator LUDLAM**—Just spell it out for me; not the address but—

**Dr Harmer**—The Henry tax review?

**Senator LUDLAM**—Yes.

**Dr Harmer**—There are a couple of chapters in that that deal with taxation and housing issues, and we had some input into that.

**Senator LUDLAM**—Thank you very much. I will leave it there.

**Senator HUMPHRIES**—Dr Harmer, I noticed that you and your staff were having dinner in the staff cafeteria downstairs during the dinner break. It is not normally my business what you and your staff might discuss in such circumstances—no doubt your thoughts were turning to what was happening in the estimates committee. It has been put to me, however, that a conversation was overheard at your table, and my informant relates to me a conversation along these lines. Secretary: ‘You could refer them to page 66—“Yes, Senator”—page 243, then to appendices.’ Other official: ‘And take your time.’ Secretary: ‘And take your time.’ Other official: ‘Just slow him right down.’

**Dr Harmer**—I do not recall any of that, Senator.

**Senator HUMPHRIES**—You do not recall that. Okay. I, of course, would be aghast if anybody appearing before the estimates committee saw it as their role to make more difficult the exercise of this committee to actually obtain information.

**Dr Harmer**—So would I. You know—you have been a senator on these committees for some time—FaHCSIA has a very good reputation for being helpful. We are very good at answering our questions on notice pretty much on time. We try to be as helpful as we can in answering questions. We do not play games.

**CHAIR**—Senator, it is most unusual to actually quote from an overhead conversation in this Senate estimates, so we will take it and the secretary will answer the questions, but I have never heard it in the time we have been here, so I am just making that note.

**Dr Harmer**—And I certainly do not recall any such conversation.

**Senator HUMPHRIES**—So you can assure me that you certainly did not say words to that effect in the course of this evening?

**Dr Harmer**—I do not believe so. As you know, we approach Senate estimates professionally and we try to answer the questions as asked. We do not play around with senators' questions.

**Senator HUMPHRIES**—Indeed. You are unaware of anybody else at the dinner table who may have made a comment to the effect that Senator Cameron could be called upon—

**Dr Harmer**—Senator—

**CHAIR**—I do not believe this line of questioning is appropriate, Senator. If you wish, take this up with the department outside the area, if this is a concern you have, but I do not believe that quoting back alleged conversations in the staff dining room is an appropriate method for this—

**Senator BOYCE**—Point of order, Chair: I would suggest that, given the seriousness of this, if it is true it certainly is something that should be aired with *Hansard* present and under parliamentary privilege.

**Senator FURNER**—No. It is a private conversation. Obviously nothing has been proved on it yet.

**Senator BOYCE**—But, if it is a private conversation, this is the opportunity to air it.

**CHAIR**—It is a point of order. The issue has now been put on record. The concern has been raised. I think there has been an attempt to answer the question. I think we should move on. If you wish to take it up outside the Senate estimates, I am more than happy for it to be done, but it is not appropriate to be asking officers about a private conversation in this place.

**Dr Harmer**—Can I just say it is very difficult. It places the department and me in a very difficult position when we are asked to deal with allegations such as that. It is not possible to defend yourself against that.

**CHAIR**—No, it is not. It is an alleged conversation.

**Senator HUMPHRIES**—I understand, Dr Harmer. If you can assure me categorically that there was no such conversation, then I am assured and—

**Dr Harmer**—I am not aware of any conversation.

**Senator HUMPHRIES**—comforted that there has been no breach of parliamentary privilege over this matter.

**CHAIR**—Senator, I am asking you to move on.

**Senator HUMPHRIES**—Have you given that categorical assurance, Dr Harmer?

**Dr Harmer**—I do not recall any such conversation at the table. I cannot imagine we had it at our table over dinner. I am afraid whoever your source was must have misheard. I cannot remember any such conversation. It is not the sort of conversation that we would normally undertake. It was a big table, so I have to be careful in saying categorically that no-one said some of those things, but it is very unlikely. I did not hear it.

**Senator HUMPHRIES**—Thank you very much. My next question relates to the stimulus housing projects that were being referred to before dinner. There was an article in the *Australian* on 17 May in which reference was made to problems with stimulus housing projects in Queensland. I did say I was moving off from Queensland, but I want to go back there briefly.

**CHAIR**—You always do, Senator!

**Senator HUMPHRIES**—Indeed. The article states:

A spokesman for federal Housing Minister Tanya Plibersek said she believed all 2300 homes that were supposed to be completed nationally by June 30 would be finished on time.

Is that an accurate statement, Mr Lamont, and is it still your expectation?

**Mr Lamont**—That is a national target and at this stage we expect to achieve that.

**Senator HUMPHRIES**—I have been given, again, a document that comes from the Queensland department that deals with these matters.

**CHAIR**—I do not know whether I want you to table that one, Senator Humphries.

**Senator HUMPHRIES**—No, I would not suggest it be incorporated into *Hansard*.

**Senator FIFIELD**—I would like a copy, Chair!

**Senator HUMPHRIES**—It is a little unwieldy, but it is dated 20 April. It purportedly is the NBESP project report and it purports to demonstrate the time line with each of the projects which are being undertaken in Queensland under the housing stimulus project. Although it is a little hard to see, I am happy for you to inspect this document at the table. It shows a line for the 30 June cut-off for stage 1 projects, and the overwhelming majority of these projects are, according to this time frame, going to run well over that 30 June deadline.

That is only in Queensland, and it may be that Queensland is atypical of the rest of the country, but this chart, as of 20 April, would strongly suggest that the overwhelming majority of projects are not going to come in on target by 30 June. Could you comment on that information.

**Mr Lamont**—It is certainly true that a number of the Queensland projects have been delayed. The targets that were set were national targets. We applied indicative targets based on a per capita and average cost basis for each of the states. We continue to be in dialogue with Queensland to see if we can get close to their original indicative target. Commencements have picked up significantly, but there have been delays in Queensland on account of rain and other issues. But it would not surprise me that you have a chart there that suggests that some of the projects that were originally scheduled to be completed on 30 June will not be.

**Senator HUMPHRIES**—It is more than just some of them, it is most of them, according to this. Are you saying to me that this is only the case in Queensland, or is this the case across the board?

**Mr Lamont**—Of the major states, there has probably been some lag in Queensland more than other states in terms of completions.

**Senator BOYCE**—Is that state-wide, Mr Lamont?

**Mr Lamont**—Yes, it would be. There were some issues in the north of Queensland with rain, and that stalled some projects, and also early in the piece in South Queensland, but other issues relate to the availability of land, the ability to get agreements on land and some of the other contracting issues that were stalled for some time.

**Mr Tongue**—But we still expect to meet or exceed all our targets.

**Mr Lamont**—The national target.

**Senator BOYCE**—All the what?

**Mr Tongue**—We expect to meet or exceed our national target for 30 June and we expect to meet or exceed the end-of-year target.

**Senator BOYCE**—Are those figures available on a state-by-state basis as to what the target was and what is going to be achieved?

**Mr Lamont**—No. The targets are only applied to the national program.

**Senator BOYCE**—So how do you know you are behind in Queensland if you do not have targets for Queensland?

**Mr Lamont**—As I mentioned, we set indicative targets that were based on their per capita funding and their average cost.

**Senator HUMPHRIES**—I am still not clear what you are saying, Mr Lamont. Are you saying that Queensland is atypical and that in the other states, as per the report in the *Australian*, you expect that all 2,300 homes will be completed by 30 June?

**Mr Lamont**—We expect more than 2,300 homes to be completed by 30 June. We expect that some of the projects that Queensland identified as originally being completed on 30 June will not achieve that benchmark.

**Senator HUMPHRIES**—Will not achieve it?

**Mr Lamont**—Will not achieve that, but nationally we will exceed the 2,300 target, as per the current indications.

**Senator HUMPHRIES**—What is the figure of 2,300 made up of?

**Mr Lamont**—That was applying the stage 1 funding and averaging it out at \$300,000 per dwelling. We are achieving more dwellings for stages 1 and 2, because the average cost is lower, but the NPA indicates that \$300,000 was to be the measure that these dwellings were to be assessed against.

**Senator HUMPHRIES**—Are you saying that some projects which are in fact in stage 2 will be completed before 30 June and therefore the quota for stage 1, counting those ones from stage 2 that have come in early, will be met?

**Mr Lamont**—There are some stage 2 dwellings already completed, so we are taking the total number of dwellings that will be completed as at 30 June.

**Senator HUMPHRIES**—With respect, the article says—and it is not a direct quote, so maybe the minister was misrepresented:

A spokesman for federal Housing Minister Tanya Plibersek said she believed all 2300 homes that were supposed to be completed nationally by June 30 would be finished on time.

Are you saying that the 2,300 homes, which presumably are the homes in stage 1—

**Mr Lamont**—It would be a combination of the two, so there would be more than 2,300 completed, we expect, by 30 June. We are talking about element 1 in the NPA. Element 1 relates to new construction, which comprises both stages 1 and 2.

**Senator HUMPHRIES**—Of the developments that will be completed by 30 June, can you tell us what proportion will be stage 1 projects and what proportion will be stage 2 projects?

**Mr Lamont**—I should be able to. If you want to move on to another question, I will try and find that information.

**Senator HUMPHRIES**—With respect, with, it appears, a majority of stage 1 projects in Queensland not remotely capable of being finished by 30 June, you must have a very large number of stage 2 projects which are going to finish early. I also have—not here but downstairs, you will be pleased to know—the stage 2 projects, so I can table those as well. You are confident that they will show that across the board there will be 2,300 completed projects in both stages?

**Mr Lamont**—Because we are getting a lower average cost in pretty much all the jurisdictions in stage 1, there is a greater number than was originally proposed to be completed under that stage. So that is one element that contributes to that greater than 2,300 figure. There are, as I mentioned previously, stage 2 projects that have also been completed on a national total. The issue with Queensland is that we are expecting around 300 dwellings to be completed by the end of June.

**Senator BOYCE**—Between now and the end of June?

**Mr Lamont**—No, in total, and that is out of an original approved figure of 532.

**Senator BOYCE**—Is that a fine-weather figure?

**Mr Lamont**—These things change, but we continue to monitor that.

**Senator HUMPHRIES**—So you can tell me—not necessarily now, but on notice—how many of these projects to be completed by 30 June will fall into stage 1 and how many will fall into stage 2.

**Mr Lamont**—The figure of 532 is the approved dwellings under stage 1. We are expecting 300 to be completed from both stage 1 and stage 2 under—

**Senator HUMPHRIES**—Sorry, 300?

**Mr Lamont**—Three hundred.

**Senator HUMPHRIES**—In Queensland?

**Mr Lamont**—In Queensland, under element 1, which is comprised of stage 1 and stage 2.

**Senator HUMPHRIES**—That does not appear to be consistent with this chart, because there would be 300 or so in here and most of them are not, according to this chart, scheduled to be completed by then. So I am pleased to take your assurance that, in effect, this chart is now seriously out of date.

**Mr Lamont**—I believe we confirmed that figure with Queensland state housing today.

**CHAIR**—Senator Humphries, what is the date of your chart?

**Senator HUMPHRIES**—20 April—3.03 pm, to be precise, on 20 April.

**Dr Harmer**—We keep a pretty close eye on progress in this program. We are monitoring it pretty carefully and we get very regular updates. It sounds like we have got quite recent information—perhaps as late as today—about where we are up to, so I think we can be pretty confident.

**Senator HUMPHRIES**—All right. I want to be clear that what I am describing is what you are describing. You are conceding that you will not complete all the stage 1 projects by 30 June, but you say that, when the minister's spokesman was referring to all 2,300 homes that were supposed to be completed nationally, she was not referring to the stage 1 project; she was referring to a combination of stage 1 and stage 2 projects?

**Mr Lamont**—The NPA interchanges element 1 and stage 1. We have always assessed internally that the requirement for 30 June was a percentage of the total number of dwellings out of stage 1. Whether that was made up of stage 1 or stage 2, it did not matter. There was a physical target met in respect to the national requirement for around 2,300 dwellings.

**Senator HUMPHRIES**—But you have previously made it public that you expect all the stage 1 projects to be completed by 30 June. That was the publicly announced deadline that you set yourself, wasn't it?

**Mr Lamont**—No. We have previously announced that we expected 2,300 dwellings to be completed.

**Senator HUMPHRIES**—You never indicated publicly that the deadline for all projects for stage 1 was 30 June?

**Mr Lamont**—No. I have only ever referred to 2,300 dwellings.

**Senator HUMPHRIES**—I am not asking what you have referred to, Mr Lamont. I am talking about what has been put out by the department or the minister's office or whatever.

**Mr Lamont**—I am not aware of any reference other than to element 1 of the Social Housing Initiative, which by our calculations is 2,300 dwellings.

**Senator HUMPHRIES**—That is reassuring. Before dinner, you took on notice one question I asked you to deal with urgently, which was to do with the value of the project in Hope Street.

**Mr Lamont**—We have not been able to confirm that at this stage. I can confirm my memory and recollection of it. It was an original proposal that fell over which had a valuation attached to it. We are trying to work out whether that is the same valuation that you had. It has subsequently been replaced by the purchase of two lots. We have not yet been able to confirm whether the valuation applies to both lots or only one and we are seeking further information on that. So we do know that there were actually two lots that replaced the original proposal. We have a suspicion or a concern that it is more likely that the data you have refers to the original proposal, so we want to confirm that for sure.

**Senator HUMPHRIES**—It would seem to me to be fairly unhelpful to have a document which was meant to track projects but has an apples and oranges type of arrangement in it. I suppose that is not your document so—

**Mr Lamont**—The document, I think, had 20 April—again, that date—on it, so there have been changes to the program.

**Senator HUMPHRIES**—But you would hope that the same document would refer consistently to the things in it. But that is another argument; we will come back to that later. I wanted to ask questions about the National Housing Supply Council now, if that is all right. I want to start with a process matter. I wrote to the committee secretariat and asked for the National Housing Supply Council to appear in estimates, and the manager of the Ministerial and Executive Support Branch has written back to the secretary of the committee indicating that, as the NHSC does not receive a departmental appropriation and was established to provide advice to government, it would not seem appropriate for the NHSC to appear before the estimates committee. Can I just be clear about how that comes about. In the 2008-09 budget, in Budget Paper No. 2, there was an appropriation for the National Housing Supply Council for five years: \$10.2 million over five years to establish a National Housing Supply Council. Is that not a departmental appropriation?

**Ms Winzar**—You are correct in saying that there is an appropriation for the supply council, but it is not an appropriation to the supply council as a separate organisation. Those funds form part of the departmental budget for housing group and they are applied to the work of the council in terms of the staffing that support the council, the members' sitting fees and travel costs, convening meetings, undertaking their research and data extraction and so on, producing the report et cetera.

**Dr Harmer**—We are prepared to answer questions that you have about those funds and about the administration, because we provide the support to the Housing Supply Council. But, as Ms Winzar said, it is not an organisation which is part of government.

**Senator HUMPHRIES**—Okay.

**CHAIR**—Dr Harmer, are the staff employed as Australian public servants?

**Ms Winzar**—The staff that support the council are. They are employed within FaHCSIA.

**Dr Harmer**—Yes, they are our staff.

**CHAIR**—The council themselves?

**Ms Winzar**—The council themselves are not employees. They are remunerated. They have a sitting fee for their attendance at the council meetings and so on.



**Dr Harmer**—They are like an advisory body.

**CHAIR**—That is what I wanted to get on record, Dr Harmer. Senator Humphries, does that answer your question?

**Senator HUMPHRIES**—I think so. The other organisations which appear at estimates committee are not organisations; for example, I know the Indigenous—what do they call them?

**CHAIR**—Land councils?

**Senator BOYCE**—The IBA.

**Senator HUMPHRIES**—The IBA, yes, and the Equal Opportunity for Women in the Workplace agency. Those other organisations are all organisations for which there is an appropriation to them in the budget, isn't there?

**Dr Harmer**—Yes.

**Senator HUMPHRIES**—I am satisfied, thank you.

**CHAIR**—The officers are able to answer questions, though, if you have questions.

**Senator HUMPHRIES**—I hope they are. I would like to ask those questions and hope that they can answer them. I would prefer to have the members of the council itself in front of us to describe their work, but I accept that they—

**CHAIR**—That is noted.

**Senator HUMPHRIES**—Yes, thank you. I see that \$2.3 million has been appropriated over the last financial year for the operations of the council. Can you tell me what the actual spend of the council for the 2008-09 financial year was, please.

**Ms Winzar**—I do not think I brought with me the spend in 2008-09 for the council. I have got the information on its spend to date for this current financial year but not for last year.

**Senator HUMPHRIES**—Could you give that to me, please.

**Ms Winzar**—Sure.

**Ms Croke**—We have year-to-date expenses across a number of components of the National Housing Supply Council: staffing within the Office of Housing to support the supply council, \$927,700; council meeting costs, year-to-date expenses, \$107,700—and that comprises travel and other travel related costs, cab charges and accommodation; sitting fees for council members, \$75,800; research and data acquisition, \$395,900. Communications and media is \$10,000 to date; however, we know that an additional \$63,900 will be coming out of the system shortly for the printing and production costs of this year's report. So they are our year-to-date expenses.

**Senator HUMPHRIES**—What does that add up to?

**Ms Croke**—\$1,517,100 million.

**Senator HUMPHRIES**—So, with \$2.3 million appropriated, there will be a considerable underspend?

**Ms Croke**—There are still commitments, though, until the end of the financial year. They were just year-to-date expenses, and we still have commitments through to the end of the financial year. I am not sure if we will have fully expended those funds.

**Senator HUMPHRIES**—No, but they would have to be very substantial—have you got any meetings planned in the next month?

**Ms Croke**—Yes. We meet next week in Darwin.

**Ms Winzar**—It is a standard arrangement to withdraw or quarantine a certain amount of new policy funding such as this for the corporate overhead. That goes not so much into direct staff costs but the provision of accommodation, power and all that sort of stuff. Some of that balance would be taken up by that sort of cost as well.

**Senator HUMPHRIES**—Are there other sources of revenue for the council or is it purely funded through a Commonwealth appropriation? This provides advice to COAG, of course, so do the states not contribute towards this?

**Ms Winzar**—No, they do not. It is fully funded through that one line in the budget.

**Senator HUMPHRIES**—You mentioned that there were sitting fees. What fees do the chair and the councillors receive?

**Ms Croke**—The chair's sitting fee is \$721 per day. Council members receive \$547 per day.

**Senator HUMPHRIES**—You said the council is meeting in Darwin. I take it it meets in different places from time to time.

**Ms Croke**—Yes.

**Senator HUMPHRIES**—The secretariat is in Melbourne?

**Ms Croke**—No, in Canberra, within FaHCSIA.

**Senator HUMPHRIES**—So the secretariat is FaHCSIA staff, based here?

**Ms Croke**—Yes.

**Senator HUMPHRIES**—How many staff are employed?

**Ms Croke**—It is probably 10 FTE—full-time equivalent staff.

**Senator HUMPHRIES**—Is that seasonal? Were there more employed during the production of the report?

**Ms Croke**—We probably pulled more people off line from doing other pieces of work but, essentially, it is around 10 FTE over the course of the financial year.

**Senator HUMPHRIES**—What is the highest level at which you employ somebody in that role as a staff member?

**Ms Croke**—Some of my time—

**Ms Winzar**—Effectively, as an EL2, heading up the unit; then a series of other EL2 officers with data or particular technical expertise in this area to support them; some secretariat/coordination type staff. There are a range of people in that unit. As Ms Croke indicated, a good amount of her time goes that way as well.

**Senator HUMPHRIES**—I have a couple of questions about the operation of the council. Are the terms of reference of the council set out in a statute?

**Ms Winzar**—No, they are not, but we have set up a website for the National Housing Supply Council and that will have terms of reference, little bios of all of the current members, copies of the first two reports of the council and some presentational material that supports the work that they have been doing. We can give you that web address, if you wish.

**Senator HUMPHRIES**—Okay. I was intrigued that the council's first and second reports talked at length about a number of factors contributing to unaffordable housing, such as delays in planning approvals of the kind that you talked about earlier today, Mr Tongue, and other issues. One thing that I thought was not extensively referred to was the question of developer charges and costs. Can you give us any enlightenment, Ms Croke, as to why that issue was not dealt with at great length in the report? Perhaps I have overlooked some relevant part of the report.

**Mr Tongue**—My recollection is that it has been reasonably dealt with. I would have to check whether it was report No. 1 or report No. 2, but the sorts of numbers that stick in my head, for example, are that the variation in developer charges between, say, Sydney and some of the other jurisdictions is in the order of \$145,000 down to \$45,000. Those sorts of numbers have been developed for the supply council. I think they have looked at the question.

**Senator HUMPHRIES**—I thought it was a bit superficial. Perhaps I might ask you, Ms Croke, to take on notice what you consider to be the work on that and let me know.

**Ms Croke**—Yes.

**Senator HUMPHRIES**—I understand the council has also done some work on the increase in what you might call rental or housing stress, the percentage of income paid towards rent or mortgage repayments. Can you give me the council's latest assessment on that?

**Ms Croke**—Certainly. The council looked at rental stress in the lowest 40 per cent of income quintiles. They looked at it in terms of both housing affordability for first home buyers and affordability for people in private rental. Are you wanting me to go through some of the headline—

**Senator HUMPHRIES**—No, not if it is in the report already.

**Ms Croke**—It is in the report, yes.

**Senator HUMPHRIES**—It seems to me that this work was rather refined between the first and the second reports. This is an ongoing exercise, I assume, by the council, to continue to do that work.

**Ms Croke**—Yes.

**Senator HUMPHRIES**—Is this work only available for us to see at the publishing of each report or are there other interim statements that it makes?

**Ms Croke**—Over the next year we are wanting to produce more brochures in between the annual council reports and we are looking at what topical issues we might want to produce brochures on. This year our first brochure is a shorter version, essentially an executive

summary, of the council report, which I have copies of, and we are wanting to produce topical brochures over the course of the year—maybe one or two—after council meetings. If we have been to particular locations, we might look at what a particular location may well tell us, but we might choose more topical housing issues.

**Senator HUMPHRIES**—That is sort of a reprise of what has already been published in the report rather than fresh evidence of particular issues.

**Ms Croke**—If we did have a piece of research over the course of the year that showed something that we felt was in sufficient detail that we could put out a brochure on it, then we would look at that, as well as there being a fulsome study in the main report.

**Senator HUMPHRIES**—Thank you for that. I might ask some questions about NRAS now, if that is all right, Chair?

**CHAIR**—Senator Humphries, we are moving towards a break at 9.30. Would you prefer to start your questions or would you prefer to have a break now?

**Senator HUMPHRIES**—I might deal with a briefer issue that could take us up neatly to 9.30, if that is all right.

**CHAIR**—Fine. Then we will come back and go into the longer period of questions.

**Senator HUMPHRIES**—Yes. Are there any plans on the part of the department for advertising with respect to housing issues generally, or homelessness in particular, for the rest of this calendar year?

**Ms Winzar**—We are not contemplating any advertising campaigns around either housing or homelessness issues this calendar year.

**Senator HUMPHRIES**—Can you indicate to the committee whether it is still the expectation of the department that we will meet the target of halving homelessness by 2020?

**Ms Winzar**—It is certainly still our objective that we halve homelessness by 2020.

**Senator HUMPHRIES**—I appreciate that, but that is not my question. To reach a target as ambitious as that, we will need to set ourselves clear milestones and benchmarks. Have we reached any benchmarks as yet and, if not, when is the first benchmark we reach in this respect?

**Mr Tongue**—Could I perhaps dive in there, in terms of the sort of apparatus that has been established to address the targets. In addition to the \$500 million or so that has gone from the Commonwealth to the jurisdictions, and their additional commitment in the order of a similar \$500 million that is being managed under the national partnership, we have established a delivery review board that I chair with colleagues from across the Commonwealth, particularly focusing on the social policy agencies—Health, DEEWR and the like.

We are heavily engaged with Centrelink. They have employed 90 additional officers and have introduced a new vulnerability flag, which is a key for us. Because homelessness is a stock and flow problem, we have to both stop the flow and address the stock. Then we have the advantage of all of the social housing expenditure. We have some interim targets at 2013. They are assertive targets. Centrelink is in the very early stages of starting to collect some

data. We have the PM's Council on Homelessness, which draws together people from the sector who are feeding us all the time on those issues of blockages and system interactions.

To be really honest with you, if it were just building houses it would be easy. It is really about a combination of houses and services that will mean we address the target or not.

**Dr Harmer**—In relation to building houses, the government has available to it a great number of instruments—the social housing stimulus with 19,000 dwellings, the NRAS, the Housing Affordability Fund, the homelessness additional money, the \$400 million out of the National Affordable Housing Agreement. All are either additional instruments or funds that have only been made available in the last couple of years.

Against the background of the very substantial increases in social housing, much of which is targeted at people who are homeless or are in danger of becoming homeless, we have got other early intervention strategies through Centrelink. I think we have to be confident that we will give it a pretty good shot.

**Senator HUMPHRIES**—These things you refer to are all inputs, whereas what we are looking for with this target is an outcome. I realise we do not regularly audit the number of homeless, but a concession was made last year, I think, that homelessness has actually risen in the last little while. When do we start measuring outcomes under this process?

**Ms Gumley**—There are 10 performance indicators in the national partnership agreement, which is the \$1.1 billion that Dr Harmer mentioned. Those 10 performance indicators measure the count of homeless people to identify the reduction. They also identify the outputs, the services that states and territories are providing, but also, importantly, the outcomes, so how many people have received services and then got sustained outcomes. The outcomes are around employment, retention in education, retention in housing and connection with friends, family and support networks.

So there is a system that the Australian Institute of Health and Welfare has been developing in conjunction with states and territories and the Commonwealth that will build on the existing former SAAP collection and will now take into account a broader range of services that reflect the services in the national partnership agreement. It will also take into account those services by the Commonwealth that Mr Tongue mentioned. They will then measure both the outcomes and the outputs, and then the census information will provide us with details about whether the overall number of homeless has gone down.

**Senator HUMPHRIES**—When is the first of that work by—did you say it was NHMRC?

**Ms Gumley**—No, Institute of Health and Welfare.

**Senator HUMPHRIES**—Institute of Health and Welfare, sorry. When is the first of that work going to be available?

**Ms Gumley**—The service reporting will be commencing from 11 June, and then reporting will probably be around 11 September. In the meantime, states and territories and the Commonwealth are pulling together information around the service provision that they have got in place. A lot of this work is around new service development, so there were not readily available systems.

We are rolling out the services, we have got the performance indicators worked out, and we are working on developing that nationally comparable system. Information will be collected by jurisdictions around the services that they are rolling out in these first early years.

**Senator HUMPHRIES**—That is good to see. If it is all right, Chair, we might go for our break now.

**CHAIR**—Sure. We will break until 20 to 10 and then we will come back with more questions in this portfolio from Senator Humphries. Dr Harmer?

**Dr Harmer**—Can I just check whether there are any more questions for the social housing initiative, or can I let Mr Lamont go?

**Senator HUMPHRIES**—I have got questions about housing affordability data, which is not really that.

**Dr Harmer**—No.

**Senator HUMPHRIES**—I have got questions about rental affordability and some reporting issues. I do not think so. If there is anything, I can put it on notice.

**Dr Harmer**—Thank you.

**Proceedings suspended from 9.25 pm to 9.42 pm**

**Senator HUMPHRIES**—Can I go back to NRAS, please. I am aware that last week the minister announced that she was calling applications for round 4 of NRAS. Round 3 of NRAS is not due to finish until 31 August. Is that right?

**Ms Finnigan**—That is right.

**Senator HUMPHRIES**—So why are we opening applications for round 4 when, presumably, people can still make applications under round 3?

**Ms Finnigan**—Round 3, as you know, was meant to attract large-scale institutional investors for a minimum of 1,000 dwellings. We had many approaches from interested parties that would like to participate in NRAS but were not able to manage 1,000 dwellings, and the states and territories also had a view that they would like an opportunity for smaller applications.

**Senator HUMPHRIES**—So it was not possible to put in a bid for 200 or 300 dwelling developments?

**Ms Finnigan**—Not in round 3.

**Senator HUMPHRIES**—Round 4 will be targeted at what size of development?

**Ms Finnigan**—A minimum of 20, similar to round 2, with priority given to applications of 100 or more dwellings.

**Senator HUMPHRIES**—How many applications have been received under round 3 to date?

**Ms Finnigan**—We have received 11, for about 13½ thousand dwellings.

**Senator HUMPHRIES**—So they have not been processed yet. Are they distributed across the nation?

**Ms Finnigan**—Yes, they are, except for South Australia and Tasmania.

**Senator HUMPHRIES**—You have not approved any, obviously, under round 3 yet, because the application round has not closed yet.

**Ms Finnigan**—We have made two offers. The round is rolling, so as we receive applications we assess those, in partnership with the states and territories. We have made offers to two approved participants but they have not accepted those offers yet, so it is difficult to talk about them.

**Senator HUMPHRIES**—So they are not on the public record as yet?

**Ms Finnigan**—That is right, but the incentives involved 2,132 for just those two applications.

**Senator HUMPHRIES**—Between the two?

**Ms Finnigan**—Yes.

**Senator HUMPHRIES**—You cannot tell me where they are, obviously, at this point in time. I assume there has been ongoing monitoring by the department of compliance issues with respect to the operation of NRAS, particularly the requirement by landlords to provide rent at 20 per cent below market rate. Have there been any concerns or complaints registered with the department about the way in which the scheme is operating?

**Ms Finnigan**—No, not to my knowledge.

**Senator HUMPHRIES**—Is there a process of randomly auditing or spot-checking these developments?

**Ms Finnigan**—The compliance is more structured than that. At the end of each NRAS here—and we are currently in the middle of that process—all approved participants with dwellings available for rent have to lodge a statement of compliance. That involves information about the dwellings. It confirms the tenant income. It provides some tenant demographic information. So there is that part of it. Another part is that, as dwellings become available to rent, the occupancy certificate must be forwarded to the department to check that. Then there is the ongoing contact with approved participants.

**Senator HUMPHRIES**—That ongoing contact is not systematic but it is random?

**Ms Finnigan**—It is random at different times of the year, but certainly leading up to the end of the NRAS year and ensuring compliance before payment is made, it is much more structured and systematic.

**Senator HUMPHRIES**—You mentioned before, I think in answer to a question from Senator Ludlam, that 74 per cent of the NRAS applications that have been approved were in major cities.

**Ms Finnigan**—Yes, that is right.

**Senator HUMPHRIES**—And 16 per cent in inner regional, did you say?

**Ms Finnigan**—Inner regional, yes.

**Senator HUMPHRIES**—What do we mean by ‘inner regional’?

**Ms Finnigan**—We are using the ABS remoteness area classification. ‘Inner regional’ would have in the past, I think, been described more as ‘outer metropolitan’, so just outside of the major cities.

**Senator HUMPHRIES**—Have there been concerns raised with the department about the application of planning laws with regard to the development of NRAS projects?

**Ms Finnigan**—There have been delays to the rollout or the coming on line of NRAS dwellings and there are a variety of reasons that lead to that, but certainly delays to planning approvals has been an element with some.

**Senator HUMPHRIES**—Okay, but the question I am asking is not so much about the delay in the application of planning laws but not applying planning laws in certain cases. Are you aware of any such cases?

**Ms Finnigan**—Not that I am aware of, no. NRAS dwellings are subject to the relevant state and territory legislation around planning and development.

**Senator HUMPHRIES**—This is more perhaps a question for Dr Harmer or the minister. Why would you allow state governments to override planning laws with respect to social housing projects but not countenance that with respect to NRAS developments?

**Dr Harmer**—We actually do not allow or disallow them. In relation to social housing, we do not get in the middle of the state government relationship with local government in relation to planning.

**Senator HUMPHRIES**—You know it goes on and you do not have any concern about it, with respect to social housing?

**Dr Harmer**—It is not something we can do anything about.

**Senator HUMPHRIES**—That is debatable, I suppose. But that is a distraction; I will not press that question. Thank you for that answer. Is the post-implementation review under way as yet?

**Ms Finnigan**—Yes, it is. I think Ms Winzar responded at the last hearing and explained that the post-implementation review was very much around the assessment, the internal processing arrangements, and certainly the information that we gathered throughout that review led to a streamlining of and improvements to the assessment processes for round 3, so much so that we are only taking eight to 10 weeks to assess those very large claims. So the information that was gathered was very useful for that purpose.

**Senator HUMPHRIES**—That will be released to the public in due course?

**Ms Winzar**—We were not intending to release it. It is an internal document. It focuses very much around things like design of the application form; how our internal processes work in terms of the assessment; which bits are done sequentially or concurrently through that process with state governments. I do not think it would be a very useful public document at all.

**Senator HUMPHRIES**—All right. I have a question about the balance between regions or parts of the country with respect to rollout of NRAS. It has been put to me that around 23 per cent of the NRAS approved applications fall in New South Wales. New South Wales has



about 30 per cent of the Australian population. Is the proportion in New South Wales true and does that give rise to any concerns about imbalance in the way that the program is rolled out?

**Ms Finnigan**—New South Wales has around 22 per cent of the current incentives. NRAS is an open process that anybody who is suitable can apply for and test their eligibility. The incentives are not allocated on a pro rata basis according to population demographics.

**Senator HUMPHRIES**—That is true. But isn't it also true that the incentives that are paid to applicants, once successful, are uniform, irrespective of where they are in the country? Therefore, in areas where rents are highest, the amount of concession that the NRAS landlord has to make to a tenant is greater, but the incentive for him to do that is no greater. You might expect that the product of that would be that, in high-rent areas, people would be less incentivised to take part in the NRAS program. We know that Sydney in particular has very high rents. Is that figure a reflection of that reality: there is less incentive for people to use NRAS in places like Sydney?

**Ms Winzar**—It is something that we were aware of in the initial design of NRAS—that it was a uniform payment at the Commonwealth level—and from the beginning we made it clear to states and territories that, if they felt that there was a particular need in their jurisdiction or a desire on their behalf to provide a higher level of co-contribution, it would be open for them to do so. Some states variously have done that, mostly by way of in-kind provision—land or perhaps concessions on duty or charges—but it is not the case that we have seen that sort of corresponding increase in the state or territory co-contribution because of the higher capital cost of entry to the rental market.

**Senator HUMPHRIES**—You have not seen it?

**Ms Winzar**—We have not seen it, no. But it is certainly open to state or territory governments to consider it, if they wish.

**Senator HUMPHRIES**—Isn't it possible then that, because New South Wales is not making a higher co-contribution, in fact the higher rents in Sydney are not providing the means for people to get access to NRAS that they would if they lived in Melbourne, Brisbane, Adelaide or Hobart?

**Ms Winzar**—Ms Finnigan is just pointing out to me that in New South Wales, under the category of 'major' cities, something like 1,992 of the 2,400 incentives in New South Wales are in Sydney itself. They probably are not in inner Sydney but they are in the rest of Sydney and Sydney is a very diverse housing market itself. Not every part of Sydney is extremely expensive, even though some of it is.

**Senator HUMPHRIES**—Indeed. But those parts of the city which are most expensive would be, arguably, the places where NRAS is most needed. It may be that the structure of the scheme does not provide enough incentive for people to put applications in for those sorts of areas.

**Ms Winzar**—That may be the case; it may not be. I have not had a look at the precise geographic distribution to match it with the capital costs of rental accommodation, in those postcodes that NRAS is not covered, to assess whether or not that is the case.

**Senator HUMPHRIES**—I have seen a media release from Urban Taskforce Australia on 19 May, which paints a fairly alarming picture of housing affordability in New South Wales:

There are signs that Sydney rents are resuming their strong upward march in the face of a worsening housing shortage, according to the Urban Taskforce.

The release says:

... NSW government figures ... showed a significant jump in rents for two bedroom apartments in the inner suburbs of Sydney and three bedroom houses in outer suburban Sydney.

... ..

... rents in outer suburban Sydney increased by more than three times the rate of inflation.

... ..

“Five years ago the median rental for a three bedroom house in the outer suburbs was just \$240 a week, since then it has surged by 46 per cent, while inflation over the same period has been just 18 per cent.”

Given these sorts of figures, which I assume are accurate, I pose the question that we were talking about before, about homelessness. It is great to talk about the inputs, the measures that the government is taking to deal with housing unaffordability, but don't figures like that demonstrate that the inputs are not keeping up with the outcomes?

**Mr Tongue**—Those figures are, in part, a reflection of what the Housing Supply Council has been reporting, which is a very significant undersupply. What we believe is happening, particularly in the major metropolitan markets, is that that undersupply, probably as you would expect, is disproportionately affecting people on more modest incomes, either in the ownership sector seeking to be homeowners, or in the rental sector. So the \$20 billion investment of the government in social housing has certainly attenuated some of that impact. To really address a shortage of about 175,000 dwellings and possibly as many as 500,000 dwellings for the bottom two income quintiles, basically we need to work with the states and territories to reform planning and development arrangements. We need to develop a whole lot more housing stock.

**Senator HUMPHRIES**—Yes, indeed. But doesn't it still leave us in the position where every indicator of home affordability—and I include in that the range from purchase of a house, the number of people who are under mortgage stress, through to rental stress, through to lack of access to social housing, through to a rise in homelessness—seems to suggest at the moment that we are heading backwards rather than forwards? Wouldn't it be appropriate in those circumstances to perhaps shift some of the focus off dealing with symptoms—which is what you seem to be suggesting high rent was—to some of the causes like doing more to accelerate the supply of new land into the market and dealing with issues like planning log jams?

**Mr Tongue**—I cannot really comment on the government's policy choices. Embodied in the National Affordable Housing Agreement with the states and territories is a wide area of reform that goes from social housing at one end to supply issues at the other end. So, really even pre GFC, we were looking at this question of—I will call it—a more holistic response to the housing market. Some interesting things, though, are occurring; for example, some data suggests that household size is going back up again. A response in situations like this is that children stay at home longer et cetera, so you begin to get bigger household size. So there are

a range of things that happen in the market; society accommodates these pressures. It is difficult to attribute a poor supply situation must equal something. We do not think we are in that territory. A poor supply environment may equal a range of outcomes that we are seeking to intervene on. The Housing Affordability Fund, for example, is trying to stimulate more supply.

**Senator HUMPHRIES**—Okay.

**Dr Harmer**—The answer is that really we have to do a bit of both. We have to continue with the stimulation in the construction of new houses, new social housing, as the government is doing, as well as working on the other end of land release and development costs et cetera. I think there is a need for both, given the situation.

**Senator HUMPHRIES**—With respect to NRAS, I understand that there has been a sort of trial period and state governments now need to make a decision to sign up more permanently to the NRAS arrangements. There is a sort of opt-in, opt-out question facing the state governments. Have I understood that correctly?

**Ms Winzar**—Not quite. We set up NRAS to run in two phases. The first couple of years we styled as the establishment phase, and we were particularly looking at how we might get NRAS up and running—not necessarily going for what we have done in round 3, which is targeting the big institutional investment, but perhaps starting to build the NRAS brand through community housing or smaller ventures to begin with. After the first two years, it was to move into what we called the expansion phase, which is essentially where we are at this current point.

I think we did have some early commitments from jurisdictions where they would say, ‘Okay, for the first couple of years during the establishment phase, yes, we’re partners with you in NRAS and we’ll just see how it goes.’ All jurisdictions have reaffirmed their commitment to participating in the NRAS program and making co-contributions, and they are in it with us for the full duration.

**Senator HUMPHRIES**—So South Australia has not said that it will not participate in NRAS in the future?

**Ms Winzar**—No, it has not.

**Senator HUMPHRIES**—Good. That is all I had to ask about NRAS. With the announcement of the Housing Affordability Fund, I understand that state governments were meant to integrate their systems online. Have we achieved that objective as yet?

**Ms Winzar**—No, we have not quite achieved that objective. You are referring, I think, to the electronic development application process, or eDA as it is known, for which we provided funding of about \$30 million across jurisdictions to accelerate a project which had been in its embryonic stage for some years. That work is proceeding apace, and Ms Finnigan can give you some more detail about exactly where the jurisdictions are up to in implementing that.

**Ms Finnigan**—There was a bit of a delay to the final payments to states. The standards that will apply nationally had some delay due to some complexities. All but three jurisdictions will have received their final payments by December of this year. Those exceptions are Victoria, South Australia and New South Wales, which are due for payment by June 2011.

**Senator HUMPHRIES**—We are paying them because they have actually achieved something?

**Ms Finnigan**—Yes. They receive their final milestone payment on delivery of the system.

**Senator HUMPHRIES**—I understand there have been examples of developers dealing with local government and then the state government coming in and trying to broker a deal without being aware, apparently, of what work has been going on with local government. Is that a symptom of the scheme not being fully integrated online, or does that indicate some other problem?

**Ms Winzar**—That is not a question that I can put into a context. If you could give us a little bit more information, we might be able to help you.

**Senator HUMPHRIES**—I do not have any more information, so I am just asking you whether this report is true. I will come back with more information on notice, if I have it, but I do not think I can give you any more on that at the moment. Thank you, that is all I wanted to ask about HAF.

I want to ask a couple of questions about the performance of the National Affordable Housing Agreement. I think in section 7 of NAHA there is reference to its objectives and in section 8 there are references to the outcomes of the agreement. With respect to the items listed in section 8, 'Outputs', do we have any information about progress on those matters at this point in time? Let's leave the first output to one side, because we know what the situation is with homelessness. Are there any figures on the second output, which is:

(b) number of people who are assisted to move from crisis accommodation or primary homelessness to sustainable accommodation;

**Ms Winzar**—Yes. The COAG Reform Council is the body which will provide a public report on performance against this national agreement, as with all the other national agreements. I understand that the first report is expected to be released within the month.

**Senator HUMPHRIES**—Within a month of now?

**Ms Winzar**—Yes, that is our expectation.

**Senator HUMPHRIES**—That is designed to report on all of those issues in section 8?

**Ms Winzar**—Yes.

**Senator HUMPHRIES**—Very good. That saves me having to go through that in detail. I want to talk about land release. Is that also you, Ms Croke?

**Ms Croke**—Yes.

**Senator HUMPHRIES**—I note that before the 2007 election the then opposition leader, now the Prime Minister, promised to expedite the release of the Commonwealth land by revamping the Commonwealth Property Disposals Policy. The revamp was to include requiring all federal government departments 'to demonstrate why surplus land should not be released for the benefit of local communities'. What stage has that promise reached?

**Ms Croke**—We have been working under the new Commonwealth Property Disposals Policy, and FaHCSIA's role is to assess properties that have been identified as surplus for either housing or a community purpose. We provide advice to Minister Plibersek, who then

provides advice to Minister Tanner, who is ultimately responsible. We look at different parcels of land as they become surplus.

**Senator HUMPHRIES**—That is good but that is not, with respect, what seems to have been promised in 2007. They were going to require all federal government departments ‘to demonstrate why surplus land should not be released’. So it was a positive obligation on government departments. Have all federal government departments at this point in time demonstrated why any surplus land they have should not be released for the benefit of local communities?

**Ms Winzar**—Our colleagues in the Department of Finance and Deregulation have the lead in prosecuting land release for the Commonwealth. They have asked all Commonwealth agencies to identify land surplus to requirements, and I believe that they have listed some surplus land on their website. To date, as far as I am aware, there have been two sales effected of large Commonwealth plots of land, one in Western Australia and one in Queensland. There were some—

**Senator HUMPHRIES**—Do you know how many blocks?

**Ms Winzar**—I do not have with me the number of hectares involved with those two sales. There have been a number of other sites—I will get my tongue out of my cheek—put up for sale, but I am afraid the global financial crisis did actually delay disposal, and a couple of those either were withdrawn from sale because there was no interest or the prices that were being offered were far below what the agencies were prepared to accept. Now that we are in a situation where we have somewhat stronger housing market conditions, we expect to have some more activity in that space over the next year or two.

**Senator HUMPHRIES**—You have mentioned that all departments have been asked to indicate what surplus land they have and whether it can be disposed of. It seems to me that what Mr Rudd was promising was somewhat more definitive: it was a positive demonstration by each department as to why land could not be released for the benefit of local communities. Notwithstanding this is in another department, are you confident that that test has been met?

**Dr Harmer**—We have to be pretty cautious on that, given that it is not our responsibility. Ms Winzar has gone probably as far as we can go on that.

**Senator HUMPHRIES**—You could not tell me how much land has been released or how much is in the pipeline for release? That all has to come from Finance?

**Dr Harmer**—That information would be available from the department of finance.

**Senator HUMPHRIES**—Fair enough. That is all I wanted to ask about that area. Can I ask what the department does to keep an eye on fluctuating levels of housing affordability? You have got a brief there through NAHA and all sorts of other mechanisms—the COAG agreement and so on—to assess housing affordability. How does the department actually do that? When you get affordability issues arising in local communities, like the one in the *Sydney Morning Herald* article earlier this month entitled ‘House prices rocket 20 per cent’, what sort of response do you put in place to deal with them?

**Ms Winzar**—In the Office of Housing we do monitor a number of reports that are produced on both house sales and rental costs. One of the difficulties in this space is that there

are a lot of different views about what is happening with house prices. While some data sources might give rise to a heading that house prices are rocketing by 20 per cent, another data source might say that that is actually not true. It depends on where the data is drawn from. For example, there can be quite some discrepancy between information provided by the Real Estate Institute of Australia versus information provided by the valuer-general's office in a particular state. It does vary a lot. We do our best to triangulate that data, in terms of both house purchase costs and rental costs. We provide advice to government about how we think things are travelling. Likewise, as we have already canvassed, through the National Housing Supply Council activity we are monitoring those sorts of things as well.

**Senator HUMPHRIES**—When you triangulate that information from those sources, do you compile that information or that assessment in a regular report to government? Do you publish any assessment of that triangulation?

**Ms Winzar**—We do provide advice to government regularly on how things are moving as they are reported from these various sources. We do not publish any of that information ourselves. Our role is, essentially, to take the information from a range of other available sources and, if you like, try and discern what the truth is amongst all of those views.

**Dr Harmer**—We do provide advice to government. We do not publish our analyses in that area, but I am pretty confident the Housing Supply Council has an element or a section, doesn't it, on housing affordability?

**Ms Winzar**—They do. They do a report on it.

**Dr Harmer**—So that is part of the advice to government, and we have referred to that report before, which you can have.

**Senator HUMPHRIES**—Yes. That is once a year. Similarly, on the question of rental affordability, do you undertake the same sort of exercise?

**Ms Winzar**—Yes, we do monitor the various data sources on rents. Information which we might derive from rental bond boards in each state might be quite different from that supplied by some of the market monitors around what is available for rent, which might be quite different from what is collected by the Bureau of Statistics about how much rent people actually pay. It is a little difficult to balance all of these different sources of information. They are all, I suppose, partly true and partly not quite so true, depending on what they are trying to tell us.

**Mr Tongue**—It would not surprise you, Senator, that there can be a self-serving element to some of the data that is published in the newspapers, in order to drive the price of real estate up.

**Senator HUMPHRIES**—Indeed I am not surprised about that. One thing that did surprise me, though, was to learn recently that when the Australian Bureau of Statistics assesses the impact of rent rises on inflation it discounts the size of those increases by what it determines to be an increase in the quality of housing which is offered to people by virtue of what the market produces over time. That sort of exercise seemed to me a little bit surprising and a bit counterintuitive, but that is an argument for another committee on another day. You do not

have any discounting arrangement in the figures that you prepare, Ms Winzar, for the government?

**Ms Winzar**—No, we do not, but I would observe that one of the reasons that is often given for the increase in house purchase prices—not so much rental, but the purchase price of new homes—is that they are larger and that the quality is generally much better than it was, say, a decade ago.

**Senator HUMPHRIES**—I assume you would concede that rental affordability, based on the figures that you have prepared for government, has declined in the last two years in general across Australia?

**Ms Winzar**—That is correct.

**Senator HUMPHRIES**—Do we have any indication of by how much?

**Ms Winzar**—That is one of those ‘How long is a piece of string?’ type questions. If we were to look at median house rental prices, we would get a different answer from if we looked at median unit rental prices. We would get a different answer if we looked at the whole of Sydney versus some of the submarkets in Sydney, as I indicated before.

**Dr Harmer**—It is complicated by quite different situations in different markets.

**Senator HUMPHRIES**—Yes, but you could surely track those things when you are looking at the same product over a period of time in the same sorts of markets. Surely that would give you some indication.

**Dr Harmer**—True.

**Ms Winzar**—If, for example, we looked at the median weekly asking rents for houses, one of the most recent rental reports that has been published, for the first quarter of this calendar year, suggested that on average the year-on-year change would have been a worsening of affordability by about two per cent. Rents had gone up about two per cent. But that can mask things. In Hobart, rents have been absolutely flat as a tack for at least that long, if not two years. In Darwin they have gone through the roof, looking at an increase of around \$480 to \$550 a week for a house over the last year. It does vary a lot. So when you ask, ‘How much has rental affordability changed?’ then it depends on where you are.

**Senator HUMPHRIES**—I have only a couple of other issues to raise. The first is a reference in MYEFO to the way in which the government has been able to afford to redirect \$1.5 billion to the Building the Education Revolution expenditure. It referred to the fact that it would be unable to find this money without an additional appropriation because it reduced funding for social housing under the Nation Building and Jobs Plan as a result of lower than expected costs. Can you expand on that. I know this is a bit old now, but expand on—

**Dr Harmer**—That was sometime ago.

**Senator HUMPHRIES**—Yes, it was. It was in the MYEFO for 2009-10.

**Dr Harmer**—Yes.

**Senator HUMPHRIES**—But I still want to get a picture of how that all worked out.

**Dr Harmer**—Ms Winzar might be able to answer, but it would really be one that Mr Lamont—

**Ms Winzar**—Yes, Mr Lamont would certainly have the detail. I believe we did cover it, if not at the last estimates hearing then maybe the one before.

**CHAIR**—I think it was two ago.

**Ms Winzar**—Yes. It was essentially that, because of the lower than expected unit costs—and I think Mr Lamont indicated that we had done quite well in terms of the costs of dwellings under the social housing stimulus—we were able to reduce the \$6 billion that had been put aside.

**Dr Harmer**—And still make the target.

**Ms Winzar**—And still meet the targets.

**Senator HUMPHRIES**—If that information is in a previous estimates transcript, I will find it there, thank you. I asked a question on notice at the last estimates round about the preparation of implementation of FaHCSIA reports in housing at the electorate level, and the response I received read:

As per advice provided at earlier Senate Estimates hearings, the department does not routinely prepare reports on government/FaHCSIA programs at the electorate level.

I take that point, but ‘not routinely’ preparing reports does not rule out that they are in fact prepared in certain circumstances from time to time.

**Dr Harmer**—Sure.

**Senator HUMPHRIES**—So is it not possible to have those reports—notwithstanding that they are not routinely prepared—tabled for the committee to look at?

**Mr Tongue**—Could I just ask what number that question is? I have, I think, a complete collection from last time, and I have got one on reports commissioned by the government in relation to housing. Could I have the number, please?

**Senator HUMPHRIES**—This is question No. 32.

**Mr Tongue**—We are just hunting it down, sorry.

**Senator HUMPHRIES**—Sure.

**Ms Croke**—Senator Humphries, a little while earlier, when we were talking about the National Housing Supply Council, you requested more information on developer costs and we said we would have a look at what is available.

**Senator HUMPHRIES**—Yes.

**Ms Croke**—We commissioned a piece of research called *National dwelling costs*. It is a study report that URBIS did for us. That goes across the Sydney, Melbourne, Brisbane, Perth and Adelaide cost of housing and includes developer costs. That is available on the National Housing Supply Council website.

**Senator HUMPHRIES**—That details the components made up of developer costs in particular developments or sample developments.



**Ms Croke**—Yes. There are a series of case studies and it compares infill to greenfield studies.

**Senator HUMPHRIES**—I shall note that down. Thank you.

**Mr Tongue**—Senator, sorry about the delay. I have got it now. I think you asked this one at the cross-program level previously, and it was in connection with all FaHCSIA programs, rather than just housing programs.

**Dr Harmer**—And I think we said that we are not able to do that for all our programs at this stage.

**Senator HUMPHRIES**—No. What I actually asked was:

Can we have tabled all currently prepared reports on progress of the implementation of government/FaHCSIA programs at the electorate level?

I did not say ‘reports on the implementation of all government programs’ or ‘all FaHCSIA programs’, if you see my distinction. I was asking whether there are reports prepared on implementation of government or on FaHCSIA programs at the electorate level. I will insert the word ‘some’ or ‘any’ before the word ‘FaHCSIA’ there. If there are electorate based reports on the progress of FaHCSIA programs, may we have those?

**Dr Harmer**—We produce an enormous number of those, for example, for ministerial and prime ministerial visits to various electorates. We have been doing that for years. The request would be an enormous exercise. I do not think we have that briefing information by electorate on our website yet. We are certainly not able to do that. So it would be an enormous task to go back over the briefing material provided to government for our ministers and various parliamentary secretaries’ visits to electorates, or the Prime Minister’s visits, or community cabinets et cetera to do that.

**Senator HUMPHRIES**—What if we were to limit it to the current financial year to date?

**Dr Harmer**—I would have to seek advice on whether we can do that. Some of the briefing notes and material will be part of advice to government. I think it would be quite a difficult task to separate it out. We are still working on our spatial data; improvements in technology are allowing us to do these things more quickly and more routinely. We are not quite there yet. We are not far from being able to do this on a routine basis, but we are not there yet.

**Senator HUMPHRIES**—I am not so much interested in the input to them. I know it must be quite difficult to do the reports.

**Dr Harmer**—Yes.

**Senator HUMPHRIES**—But, once they are produced, it is relatively easy to copy them and send them to a committee.

**Dr Harmer**—I would like to take that one on notice.

**Senator HUMPHRIES**—Yes. If there are more than 500 of them, okay, I am not—

**Dr Harmer**—There would be quite a few and I am not sure of the extent to which it would be a diversion of our resources, but I will take it on notice.

**Senator HUMPHRIES**—Okay.

**Dr Harmer**—For the last?

**CHAIR**—Twelve months.

**Dr Harmer**—Twelve months. Yes.

**Senator HUMPHRIES**—Yes, since the beginning of the financial year. My last question is about the Home Insulation Program and the extent to which, if at all, the states will be asked to reimburse the Commonwealth for insulation installed illegally in public housing dwellings under the stimulus plan.

**Mr Tongue**—I am not aware that any insulation has been installed illegally under the program.

**Senator HUMPHRIES**—Fraudulently, then. We know that there are a number of examples where the installation of home insulation was conducted without the permission of householders. These issues have been raised in the public arena in connection with the Home Insulation Program. Is there any liability for states with respect—

**Dr Harmer**—I do not think public housing—

**Ms Winzar**—No. Public housing was not party to the insulation funding. That was for private landlords, not for public housing. We very much encouraged state housing authorities to insulate as part of the repairs and maintenance component of the social housing stimulus initiative, but they did it as part of that package of activity.

**Senator HUMPHRIES**—I was led to believe that there were some public housing dwellings that were insulated under that scheme, but you are saying that there was not.

**Ms Winzar**—No.

**Dr Harmer**—Not that we are aware of.

**Mr Tongue**—No, I do not think so.

**Senator HUMPHRIES**—I am reassured. That is really it for me, Madam Chair.

**CHAIR**—Are there any further questions in outcome 2?

**Senator BOYCE**—I only have a couple and I am happy to put them on notice.

**CHAIR**—Please do that, Senator Boyce.

**Dr Harmer**—I mentioned to Senator Fifield that we took on notice this morning some questions in relation to Ms Rein's involvement in housing and access. At that stage I felt that they were best answered under the disability program, but I am advised that it is actually best handled here. So we are happy to provide some more information about that now, if that is okay.

**CHAIR**—Certainly. Ms Croke.

**Ms Croke**—Before the end of last year we started to look after the National Dialogue on Universal Housing Design.

**Senator FIFIELD**—Sorry, that was 'national dialogue', did you say?

**Ms Croke**—National Dialogue on Universal Housing Design. There have been four meetings—

**Senator BOYCE**—So FaHCSIA is now providing the secretariat; is that what you mean?

**Ms Croke**—We provide a secretariat function.

**Senator BOYCE**—Thank you.

**Ms Croke**—There have been four meetings: in October, March, December and April. They are not in the right order. Two meetings have been at Kirribilli House and two meetings have been at the offices of Stockland in Sydney.

**Senator FIFIELD**—Which two meetings were at Kirribilli House?

**Ms Croke**—A meeting on 27 October 2009 and a second meeting on 2 March 2010.

**Senator FIFIELD**—The other two were at?

**Ms Croke**—Stockland in Sydney.

**Senator FIFIELD**—Anything else?

**Ms Croke**—What else would you like to know?

**Dr Harmer**—You were asking this morning about whether there was any payment to Ms Rein, I think.

**Senator FIFIELD**—No, I did not ask.

**Dr Harmer**—Okay. But there has not been.

**Senator FIFIELD**—I assume that would not be the case.

**Dr Harmer**—That is correct.

**Senator FIFIELD**—So, no, I did not pose that question at any stage.

**Dr Harmer**—That is correct.

**Senator FIFIELD**—Were the two meetings at Kirribilli House both auspiced by Ms Rein?

**Ms Croke**—Hosted.

**Senator FIFIELD**—Were there officers of FaHCSIA present at those?

**Ms Croke**—Yes, two officers from FaHCSIA were present on both of those two occasions.

**Senator FIFIELD**—And the same officers were in attendance at the meeting at Stockland as well?

**Ms Croke**—No, different officers. There was a mixture of people from the Office of Housing and from the disability and carers branch. There were three officers, because there was someone else from the disability and carers branch.

**Senator FIFIELD**—Who initiated the meetings of 27 October and 2 March?

**Ms Croke**—I could not answer who initiated them. I would have to go back and have a look at that.

**Dr Harmer**—If they are the ones at Kirribilli House, I imagine they would have been initiated by Ms Rein, because they would have to have had an invitation issued, but we can take that on notice.

**Mr Tongue**—The dialogue was convened by Parliamentary Secretary Shorten. Is that what you are driving at?

**Senator FIFIELD**—I am driving at asking the question of who convened the meetings. Was it Parliamentary Secretary Shorten? Was it an officer of FaHCSIA? Was it Ms Rein?

**Ms Croke**—It would have been the parliamentary secretary who convened them, and hosted by Ms Rein.

**Senator FIFIELD**—There have been four meetings to date.

**Ms Croke**—Yes.

**Senator FIFIELD**—Are there plans for further meetings of the dialogue?

**Ms Croke**—There is possibly a meeting to be held in the next couple of weeks, but it is not confirmed yet.

**Senator FIFIELD**—Do you know where those meetings are likely to be held?

**Ms Croke**—We plan for them in Sydney. They could be at Kirribilli House or they could be again at Stocklands in Sydney. At this stage it is not confirmed.

**Senator FIFIELD**—I am not sure if you were monitoring estimates earlier today. I am not sure if you were, Parliamentary Secretary Stephens. But, in asking fairly straightforward questions, the minister at the table, Senator Evans, alleged that I was seeking to slur Ms Rein, which I think anyone who was watching proceedings would know was not the case, and Parliamentary Secretary Shorten on the wireless today accused me of launching an attack on Ms Rein. I defy anyone watching the hearing to characterise those questions in that way and, indeed, the chair intervened and said that my questions were entirely appropriate.

Given you were not here in the morning, Parliamentary Secretary, let me just reiterate that I have said repeatedly this morning that I thought Ms Rein should be commended for her interest in disability policy. I think anyone who can help raise the profile of disability issues is doing a good thing. Indeed, the only reason that I sought to raise Ms Rein's role was because Ms Rein had herself raised it in the *Sunday Telegraph* in an interview where she said that she wanted to take a more active role and to use her influence and business skill to get some real change for the disabled. I quote:

I hope to have actually created something working with Bill Shorten as Disability Minister, to have actually been part of creating some real change for people with disabilities in this country.

That is in an article headed 'Rein's role in shaping policy'.

The minister at the table said that I was verballing Dr Harmer by asking questions about Ms Rein's role in shaping policy, which is basically the essence of the interview that she gave. Ms Croke, it would appear from what you have told me that the way in which Ms Rein's interest—which again I say is a good and positive interest which I affirm—is finding its expression has changed. Again, I am not offering any commentary on that. Could you attempt to define for me the role that Ms Rein has in this National Dialogue on Universal Housing Design?

**Mr Tongue**—Could I dive in there and note that Ms Rein is patron of the International Day of People with Disability and the National Disability Awards.

**Senator FIFIELD**—Indeed, and I was actually going to raise that because I was surprised it was not raised this morning. I thought that would be an obvious point to raise as a further expression of her interest in these areas.

**Dr Harmer**—That is because we thought at that stage the detail would be provided in the disability—

**Senator FIFIELD**—Sure. Is the role that Ms Rein is playing in the National Dialogue on Universal Housing Design formally part of her role as ambassador for International Day of People with Disabilities?

**Mr Tongue**—I think somebody with a role of patron of International Day of People with Disability and the National Disability Awards, and who has been involved, as I understand it, over a period of time on disability issues, playing a role in the dialogue with the disability sector and the housing sector about how to drive universal design in the construction sector is not mutually inconsistent. They are fairly consistent roles.

**Senator FIFIELD**—I am not suggesting they are mutually inconsistent. What I am asking is: is this role that Ms Rein has as part of the National Dialogue on Universal Housing Design a function of her role as an ambassador? I am not saying it is inconsistent. I am asking if it is a function of that role.

**Dr Harmer**—We can take it on notice but—

**Senator FIFIELD**—If you cannot answer that, I am assuming the answer is no.

**Dr Harmer**—Not necessarily.

**CHAIR**—No, you cannot assume that.

**Dr Harmer**—We are saying we will take it on notice.

**Senator FIFIELD**—I am making that assumption in the absence of the relevant department being able to answer the question.

**Dr Harmer**—We are saying we will take it on notice.

**CHAIR**—It is not uncommon to have things taken on notice.

**Senator FIFIELD**—It is not as though there has not been telegraphing of the intention to ask questions of this nature.

**Dr Harmer**—That particular question has not been telegraphed.

**Senator FIFIELD**—No, but the fact that the questions would be asked and, as Mr Tongue himself raised, the fact that Ms Rein is an ambassador for that purpose.

**Dr Harmer**—Sure. I believe we have been pretty helpful so far. We have given you the information about the meetings and about the role. Ms Rein's role is very much about hosting meetings of senior people from business and government. Mr Shorten has used the information to assist with influencing better design. That is the role. I do not know what else we can say about the role.

**Senator FIFIELD**—About Mr Shorten's role or Ms Rein's role?

**Dr Harmer**—About Ms Rein’s role. She is the host of the various meetings and uses, as you mentioned before, Kirribilli House and other locations.

**Senator FIFIELD**—And I think you said you there was a meeting at the Lodge.

**Dr Harmer**—Yes, there was obviously a preliminary meeting at the Lodge. That was before there was any formal secretariat provided for the role.

**Senator FIFIELD**—Who does the secretariat service?

**Ms Croke**—Through Parliamentary Secretary.

**Senator FIFIELD**—My question was: who does the secretariat service? I am sorry; I do not understand why there are confused looks on everyone’s faces for a straightforward question. Secretariats are set up to service someone or something. Who does the secretariat service?

**Ms Croke**—We service the participants who attend the national dialogue.

**Dr Harmer**—We service the event.

**Ms Croke**—The event.

**Senator FIFIELD**—Why don’t you give me a potted history of the national dialogue on universal housing design as a starting point.

**Ms Croke**—I will not be able to go right back to the beginning, but I think Dr Harmer talked about—

**Dr Harmer**—I cannot recall the date of that meeting, but it was quite early on. There was a discussion at the Lodge, hosted by Ms Rein. She invited a range of developers and builders and people from the disability sector.

**Senator FIFIELD**—Who founded the National Dialogue on Universal Housing Design? How did it come to be? These are straightforward questions. I am not quite sure why we are talking in riddles.

**Dr Harmer**—Presumably it was Mr Shorten.

**Senator FIFIELD**—How did the National Dialogue on Universal Housing Design come to be?

**Ms Croke**—I think it came about through Parliamentary Secretary Shorten.

**Ms Winzar**—We will have to take that on notice. We do not have the answer with us to hand. What we can tell you is that—

**Senator FIFIELD**—Sorry, Ms Winzar, I do not accept that. This is a line of questioning which was telegraphed this morning. This is a very straightforward question—how the national dialogue on universal housing design came to be—and officers at the table are seriously saying, ‘We don’t know. We’ve got to take it on notice.’

**Dr Harmer**—It is quite rare, in my experience over 25 years at Senate estimates, that a senator does not accept when an officer says they have to take it on notice.

**Senator FIFIELD**—Dr Harmer, that is an interesting observation.

**Dr Harmer**—Indeed, sir.

**Senator FIFIELD**—Fantastic! Thank you.

**Dr Harmer**—Therefore, I am suggesting that it is a reasonable thing to take it on notice.

**Senator FIFIELD**—What I am doing is expressing incredulity that officers at the table who are responsible for this particular dialogue cannot say when and how it actually came to be.

**CHAIR**—Senator, the question has been asked.

**Dr Harmer**—That is because those particular details are not in front of the officer at present, which is not terribly unusual. We will take it on notice.

**CHAIR**—Senator, the question has been asked. The answer has been given. The officers will take it on notice.

**Senator FIFIELD**—I must say I am absolutely flabbergasted. What I thought was just going to be a fairly routine series of questions—

**CHAIR**—Senator, you have expressed your concern, and you have expressed your incredulity.

**Dr Harmer**—We may well be able to answer that tomorrow. We do not have the detail of that in front of us, and I do not want the officers guessing on something like that.

**Senator FIFIELD**—Just, roughly, when did the dialogue come into being?

**Ms Croke**—I know it was in late 2009.

**Senator FIFIELD**—Late 2009? What month are we in 2010?

**CHAIR**—Senator, I am stepping in now. You have asked the questions. The officers have actually given a response. They know your interest and they will answer your questions on notice. That is my ruling.

**Senator FIFIELD**—I am sensing obstruction here.

**CHAIR**—Senator, that is inappropriate.

**Dr Harmer**—There is absolutely no obstruction here.

**CHAIR**—I have given my ruling, Senator. You have asked the question a number of times. The officers have responded a number of times. You are not satisfied that you are getting the answer on notice but you will be getting your answer on notice. Do you have another question?

**Senator FIFIELD**—I do. Ms Finnigan, are you able to provide a list of the attendees at the four meetings of the dialogue to date?

**Ms Croke**—Yes, I would be able to do that. I would have to take that on notice. I can give you the list of participants but not in attendance at every meeting.

**Senator FIFIELD**—Sure, could you provide the list of participants and the attendees when you are able to do so.

**Ms Croke**—Do you want me to run through the list of participants now?

**Senator FIFIELD**—Are you able to table them, to save time?

**Ms Croke**—Yes.

**Senator FIFIELD**—Thank you; that would be appreciated. Ms Croke, are you able to advise the committee if there were any briefing notes prepared for Ms Rein by the department for those meetings?

**Ms Croke**—We did not prepare any briefing notes for Ms Rein.

**Senator FIFIELD**—Thank you. Are you able to provide a copy of any agenda that was prepared for each of those meetings?

**Ms Croke**—We would be able to provide you with copies of the agendas.

**Senator FIFIELD**—Thank you. Are you able to advise the committee if the department prepared any proposals as a result of interest expressed by Ms Rein at those meetings?

**Ms Croke**—I do not recall any proposals being developed.

**Senator FIFIELD**—Does that mean there were not or that you cannot recall?

**Ms Croke**—I will check, but I am pretty certain that we did not provide any proposals or develop any proposals.

**Senator FIFIELD**—Could you provide that advice, please.

**Ms Croke**—Yes.

**Senator FIFIELD**—I was going to ask about officers of the department who attended, but you are going to provide a list of participants—

**Ms Croke**—Yes.

**Senator FIFIELD**—so that will certainly cover that. Ms Croke, again I will go back to my original question. Are you able to provide details on the parameters of Ms Rein's role in the dialogue?

**Ms Croke**—I should be able to provide a description of that.

**Senator FIFIELD**—Are you able to do that now?

**Ms Croke**—I think I would have to take that on notice. I could go back to some of the original documentation.

**Dr Harmer**—I may have more detailed information. As I understand it, Ms Rein was the host of the event, which was attended by Mr Shorten, a series of senior people from the building industry and people from the disability sector. So she was a host. In relation to the one that I was at, which was at the Lodge, Ms Rein spoke very passionately about her understanding of the difficulties faced by people with disabilities in accessing houses et cetera. Given her personal experience and background from her family, she is able to speak passionately and personally about some of those things, which I am sure in those events has some impact on the developers and builders and people with disabilities who attend. That is the role, as I understand it, Ms Rein plays. Mr Shorten, who is the parliamentary secretary responsible for disability, attends and, I am sure, uses the event to influence activities by builders, developers et cetera. There is nothing, as far as I am aware—and I stand to be corrected—more complicated than that. It has a significant input into the thinking and the policy in relation to access in dwelling design.



**Senator FIFIELD**—Earlier today, Dr Harmer, I asked how Ms Rein’s involvement had come about. I did not know it was in the dialogue then, but now we know it is. You said your knowledge of it was that you received an invitation to attend the Lodge.

**Dr Harmer**—Yes.

**Senator FIFIELD**—Now we have the benefit of Ms Croke at the table, what is your understanding of how Ms Rein’s involvement came about in the dialogue?

**Ms Croke**—I do not have the answer to that question in terms of the original involvement.

**Ms Winzar**—The complexity here is that, while the Office of Housing has the current role for providing the secretariat support to the dialogue—to the group of participants—they did not have it right from the beginning, which is why we cannot help you with who initiated this and how it came to be, which is why we will have to go back and search for the documentation.

**Senator FIFIELD**—That could easily have been said 10 minutes ago. Who did have the original carriage?

**Dr Harmer**—We are not used to having to explain why we cannot give you the answer at the moment. When we say we have not got the information available, we generally have that accepted.

**Senator FIFIELD**—But you should not be shy about saying, ‘The reason we can’t advise you is that we didn’t actually have carriage of this at that time.’

**Ms Winzar**—You asked who did have carriage at that time. At its initiation, it was the disability branch of the policy branch of the department which initially had the responsibility. Given it related to building standards and so forth, it was felt to be more appropriate for the Office of Housing to provide the ongoing support.

**Dr Harmer**—Which is why we will take it on notice and provide you with the information.

**Senator FIFIELD**—I guess I should ask that tomorrow—

**Dr Harmer**—We will provide the information.

**Senator FIFIELD**—when we have the officers here who were there at that time. Again I emphasise that the reason I am asking these questions is because Ms Rein herself put this subject and her involvement in the public domain in an interview in the *Sunday Telegraph* and said that she wanted to be part of creating some real change.

**Dr Harmer**—Which is terrific.

**Senator FIFIELD**—As a consequence of that, I am asking what the parameters are of that role to create real change.

**Senator Stephens**—As do we all.

**Senator FIFIELD**—Indeed we all do. Anyway, it seemed to get Minister Evans and Parliamentary Secretary Shorten a bit excited.

**CHAIR**—There were a few people excited.

**Senator FURNER**—Including me.

**Senator FIFIELD**—Thank you, Senator Furner. Ms Croke, I appreciate now, having been told that you did not originally have carriage of the matter, and that therefore you are not fully acquainted with the genesis of the dialogue. Are you able to define the parameters of Ms Rein's current role in this area?

**CHAIR**—That question has already been asked and answered.

**Senator Stephens**—Twice.

**CHAIR**—Exactly the same question.

**Senator FIFIELD**—My original question was about the genesis of it.

**CHAIR**—No, you asked about the parameters earlier. You can look at the *Hansard*. You have asked the officers for the parameters of the role, and Ms Croke said she would take it on notice and provide an answer.

**Senator FIFIELD**—But part of the explanation was that the department was not originally aware of the genesis, so I am refocusing my question to be talking about the current role.

**Dr Harmer**—Not the department; it is just the housing bit of the department.

**Senator FIFIELD**—Sorry, the housing section, which is why I was refocusing my question on the current role, and that would be within the knowledge of officers at the table.

**Ms Winzar**—I must say I would feel much more comfortable if we could have a look and see if there is any documentation that describes for us the role that was intended for Ms Rein.

**Senator FIFIELD**—I appreciate you would be more comfortable with that and will seek that, but is it not something officers at the table are able to shed any light on?

**Dr Harmer**—If we do not have it here, then we do not have it here, I am afraid.

**Senator FIFIELD**—In that case, I think I have taken it as far as I can at this point.

**CHAIR**—Are there any other questions in outcome 2? Senator Boyce, you have got two on notice, you said. Dr Harmer, thank you very much. I advise that tomorrow there is going to be a slight change in the program. As you know, we are going to have a longer break because officers have to attend another function, and then instead of starting outcome 6 at two o'clock we intend starting at 1.30, straight after lunch, and then bringing forward outcome 5 to four o'clock.

**Dr Harmer**—Outcome 6 at 1.30?

**CHAIR**—Outcome 6 at 1.30 and outcome 5 at four. The rest of the day is unchanged.

**Dr Harmer**—Thank you.

**CHAIR**—Thank you very much, Dr Harmer and officers of the department. We appreciate your support. We will be back here again tomorrow at nine o'clock.

**Dr Harmer**—As I go, I have an answer to a question that Senator Boyce asked this morning in relation to the number of staff self-identifying as having a disability. There are 185 ongoing full time et cetera. I will hand that to the secretariat.

**CHAIR**—Thank you, Dr Harmer. We now stand suspended under nine o'clock tomorrow morning.

**Committee adjourned at 10.54 pm**