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COMMUNITY AFFAIRS LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

FRIDAY, 4 JUNE 2010

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BY AUTHORITY OF THE SENATE

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SENATE COMMUNITY AFFAIRS**LEGISLATION COMMITTEE****Friday, 4 June 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, Carol Brown, Crossin, Eggleston, Furner, Moore, Parry, Scullin and Siewert

Committee met at 8.35 am

CROSS PORTFOLIO INDIGENOUS MATTERS**In Attendance**

Senator Arbib, Minister for Employment Participation

Department of Families, Community Services and Indigenous Affairs

Dr Jeff Harmer, Secretary

Ms Liza Carroll, Deputy Secretary

Mr Rob Heferen, Deputy Secretary

Mr Andrew Tongue, Deputy Secretary

Mr Bruce Hunter, Deputy Secretary, Chief Operating Officer

Ms Serena Wilson, Deputy Secretary

Mr Brian Gleeson, Coordinator General for Remote Indigenous Services

Ms Cate McKenzie, Group Manager, Women and Children

Mr Anthony Field, Group Manager, Legal and Compliance

Mr Steve Jennaway, Group Manager, Business and Financial Services

Ms Donna Moody, Group Manager, Program Performance

Ms Cath Halbert, Group Manager, Office of Indigenous Policy Coordination

Ms Julia Burns, Group Manager, Corporate Support

Ms Kerrie Tim, Group Manager, Indigenous Leadership and Engagement

Ms Amanda Cattermole, Group Manager, Office of Remote Indigenous Housing

Mr Bryan Palmer, Group Manager, Indigenous Programs and Economic Development

Mr Barry Sandison, Group Manager, Families

Mr Matthew James, Branch Manager, Performance and Evaluation

Ms Kim Grey, Section Manager, Performance and Evaluation

Mr Bruce Smith, Branch Manager, Indigenous Policy

Mr David Fintan, Branch Manager, Commercial and Indigenous Law

Ms Megan Lees, Branch Manager, Indigenous Housing Policy
Mr Greg Roche, Branch Manager, Indigenous Programs
Ms Helen Board, Branch Manager, CDEP Policy and Program Management
Ms Kari Ahmer, Branch Manager, Remote Service Delivery
Mr Geoff Richardson, Branch Manager, Governance and Community Strategies
Ms Karen Pickering, Acting Branch Manager, Leadership Delivery
Ms Amanda Doherty, Branch Manager, Policy and Strategy
Ms Lisa Foreman, Branch Manager, Engagement
Ms Fiona Smart, Branch Manager, Safety Taskforce
Ms Liz Hefren-Webb, Section Manager, Indigenous Family Safety
Ms Kim Vella, Acting Branch Manager, Budget Development
Ms Helen Martin, Acting Branch Manager, Financial Accounting and Procurement
Mr Robert Ryan, Branch Manager, Indigenous Housing Delivery
Mr Gavin Matthews, Branch Manager, Indigenous Housing Programs and Services
Mr John Litchfield, Acting Branch Manager, Land Reform
Ms Andrea Lanyon, Branch Manager, Research and Analysis
Mr Allan Groth, Branch Manager, Strategic Policy
Ms Tania Rishniw, Branch Manager, Indigenous Economic Development
Mr Ian Boyson, Branch Manager, Remote Housing Northern Territory
Mr Dave Chalmers, State Manager, Northern Territory
Mr Andrew Lander, Branch Manager, Communications and Media
Ms Lynette MacLean, Branch Manager, People Branch
Ms Lee Emerson, National Program Manager, Family Support Program
Ms Sonia Cornelly, Acting Branch Manager, Family Support Program
Ms Caroline Edwards, Branch Manager, Welfare Payments Reform
Ms Agnieszka Nelson, Acting Section Manager, Welfare Payments Reform
Mr James Rogers, Section Manager, Indigenous Housing Delivery
Mr Mark Coffey, Regional Director, Alice Springs Transformation Plan

Indigenous Land Council

Mr David Galvin, General Manager
Mrs Jodie Lindsay, Chief Operating Officer

Indigenous Business Australia

Mr Bruce Gemmell, Chief Executive Officer
Ms Kaely Woods, Deputy Chief Executive Officer, Business Support
Ms Dianne Rimington, Deputy Chief Executive Officer, Commercial
Mr Satish Kumar, Chief Financial Officer
Mr Colin Clements, Assistant General Manager, Homes

Department of Human Services**Human Services**

Mr Brian Olson, National Manager, Enterprise Architecture Branch

Centrelink

Ms Roxanne Ramsey, General Manager, Indigenous and Remote Servicing Division
Ms Susan Cartwright, Acting National Manager, Income Management Branch
Mr Shane Hoffman, Portfolio Manager, Indigenous Services Branch

Mr Grant Tidswell, Deputy Chief Executive Officer, Business Development Group
Ms Vicki Beath, Acting General Manager, Education, Employment and Support Programs
Division

Department of Education, Employment and Workplace Relations

Mr Robert Griew, Associate Secretary
Ms Ngaire Hosking, Group Manager, Outcome 1—OECECC, Indigenous Pathways and
Early Learning
Ms Catherine Wall, Group Manager, Outcome 2—Schools, Lifting Educational Outcomes
Mr Stephen Goodwin, Branch Manager, Outcome 2—Schools, Lifting Educational Out-
comes
Mr Jason Coutts, Branch Manager, Outcome—TYI, Higher Education Group
Ms Jo Wood, Group Manager, Outcome 4—Strategy, Indigenous Economic Strategies
Mr Stuart Watson, Acting Group Manager, Outcome 4—Employment, General Employ-
ment Systems

Department of Health and Ageing

Executive

Mr David Learmonth, Deputy Secretary

Indigenous Health

Office for Aboriginal and Torres Strait Islander Health

Ms Linda Powell, First Assistant Secretary, Office for Aboriginal and Torres Strait Islander
Health
Dr Geetha Isaac-Toua, Senior Medical Adviser
Mr Craig Ritchie, Acting Assistant Secretary, Remote Health Services Development
Branch
Ms Joan Corbett, Assistant Secretary, Program and Planning Branch
Ms Rachel Balmanno, Assistant Secretary, Policy and Budget Branch
Mr Garry Fisk, Assistant Secretary, Performance and Quality Branch
Ms Tarja Saastamoinen, Assistant Secretary, Family Health and Wellbeing Branch
Ms Alison Killen, Assistant Secretary, Better Health Care Branch
Ms Kathleen Finn, Director, Program and Planning Branch

Regulatory Policy and Governance Division

Ms Teresa Ward, Assistant Secretary, Office of Hearing Services

Primary and Ambulatory Care Division

Mr Lou Andreatta, Principal Adviser, Primary and Ambulatory Care Division

Mental Health and Chronic Disease Division

Ms Virginia Hart, Assistant Secretary, Mental Health Reform Branch
Mr Simon Cotterell, Assistant Secretary, Drug Strategy Branch
Mr Leo Kennedy, Assistant Secretary, Chronic Disease Branch
Ms Colleen Krestensen, Assistant Secretary, Mental Health and Suicide Prevention Branch

Population Health Division

Mr Damian Coburn, Assistant Secretary, Population Health Strategy

Pharmaceutical Benefits Division

Ms Andrea Kunca, Acting Assistant Secretary, Community Pharmacy Branch

Health Workforce Division

Ms Maria Jolly, First Assistant Secretary, Executive

Business Group

Mrs Samantha Palmer, General Manager, Business Group

Mr Adam Davey, Acting Assistant Secretary, Communications Branch

Ms Susan Parker, Director, Communications Branch

Medical Benefits Division

Mr Peter Woodley, Assistant Secretary, Medicare Financing and Analysis Branch

Aged Care Division

Ms Andriana Koukari, Assistant Secretary, Office for an Ageing Australia

Ms Bernadette Walker, Director, Residential Program Management Branch

Health Reform Taskforce

Mr Alan Singh, Assistant Secretary, Health Reform Taskforce

Acute Care Division

Ms Veronica Hancock, Assistant Secretary, Hospitals Development Indemnity and Dental

CHAIR (Senator Moore)—I declare open this Senate Community Affairs Legislation Committee hearing on cross-portfolio Indigenous matters. The committee is considering estimates on Indigenous matters that senators have indicated they wish to raise. We have provided those to the officers. These have been grouped on the program into themes and issues and relate to the portfolios of Families, Housing, Community Services and Indigenous Affairs; Education, Employment and Workplace Relations; Health and Ageing; and Centrelink as an agency of the Human Services portfolio.

The committee must report to the Senate on 22 June and has set 30 July as the date for the return of answers to questions taken on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. 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, which I now incorporate in *Hansard*.

The extract read as follows—

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 also draw attention to advice from the Clerk that, where bills are before a Senate committee, the Senate has given the committee the task of conducting an inquiry specifically into that bill and it will not be considered in other discussions such as estimates. I welcome the minister, Senator the Hon. Mark Arbib, and officers of the portfolio departments. Dr Harmer, I particularly thank again your department for coordinating this process. I think it makes it a lot easier for all of us. Mr Heferen, Mr Tongue and officers who helped put forward the agenda for today, I want to put on the record our gratitude for that. Minister, do you want to make an opening statement?

Senator Arbib—No.

CHAIR—Dr Harmer, do you want to make an opening statement?

Dr Harmer—No.

CHAIR—You all have the agenda. As you know, we are very tight for time. At the end of the time we will close and put questions on notice. We will begin today with matters relating to closing the gap. We will then follow the program.

Senator SIEWERT—What is the department's response to the report from the Menzies School of Health Research on the trial they did on purchasing policies, the impact of the BasicsCard and the intervention?

Dr Harmer—Do you have a specific question or do you want a broad response?

Senator SIEWERT—I am assuming that you have read it.

Dr Harmer—We have read it. As you would expect with something like that, we have been through it pretty carefully. Mr Heferen might make some comments.

Mr Heferen—When the paper came out we were very interested because it is a vexed area. The committee might recall that, when I gave evidence back when this committee was looking at the legislation, I made a couple of observations about evidence that supported the idea that income management overall was a positive tool. The paper, as it was recorded, did not seem to reflect that, which was in the first instance puzzling. I have in front of me the paper, *Impact of income management on store sales in the Northern Territory*, published in the *Medical Journal of Australia*. This is the raw data that was collected. If we look at the raw data on table 2, page 551, it looks at a range of outcome measures. It does a pre-intervention measure, it does a measure for the first four to six months after the intervention, it does a measure for the stimulus payment and it does a post-intervention measure.

If, for argument's sake, we look at the turnover of fruit and vegetables, what we see in the pre-intervention period is a per capita monthly mean—so a per head monthly mean—of 3.15 kilos per head. If we look at post intervention, it is 4.57 kilograms per head. That works out to be 150 grams per day. It goes from 100 grams per day to 150 grams per day. Prima facie, whilst 150 grams per day is not a lot, I think, according to the standard dietary guidelines, it has gone from about two serves of vegetables a day to three serves of vegetables a day. In actual fact, it is a 45 per cent increase, but for the purpose of discussion I think we can call it a 50 per cent increase. Prima facie, that is very significant—an increase of 45 per cent. That does not seem to be reflected in the report.

The second thing of interest is to look at the soft drink turnover. The report does try to make the point that there has been little or no beneficial effect on purchasing in stores. The soft drink turnover does increase; there is no question about that. But it goes from 8.07 litres—my text says 'mL' which, I thought at first, might be megalitres, but a megalitre is actually a million litres, so then I thought it might be millilitres but, no, that is clearly not right, and correspondence with the authors clarified that it is actually litres, so it is 8.07 litres per head—to 8.86 litres per head per month. Assuming a 30-day month, just for the purpose of ease, it started at 270 millilitres a day, which is less than a standard can of soft drink, and went to 300 millilitres a day. So we are talking about, between pre intervention and post intervention, an increase in soft drink of about 30 millilitres a day, which is six teaspoons, a nip of spirits or a nip of Coke—I should not say Coke; it is a nip of soft drink—which is obviously not a great deal. Looking through the text, it does not seem to tease this out.

What it seems to do, moving to the paper at table 4, which is on page 552, is have an extremely complex statistical analysis. I am not an expert in statistics but am reasonably familiar with them, having spent a lot of my working career working with this stuff. What it seems to do is look at the period post intervention and then, within that period, look at the rate

of change. In other words, what it is not really doing is looking at the effect of income management per se. But I think most people would say, 'If you want to look at the effect of income management, look at the situation pre intervention and look at the situation post intervention and try to pull out of that all the other conflating factors and then see what is left for income management.' Reasonably thorough standard multivariable analyses do that. But what I think they have done to get the peculiar results they have—and one of the things we are in consultation with the authors about is to understand what the statistical analysis is actually doing, because on the face of it the paper does not explain it—is just look at the period post intervention to see what rate of change occurs then.

Another thing they have not done is to look closely at or draw out the implications of the income management in the period of the stimulus payment. When those stimulus payments were made, as I understand it, if they went to a person on income support, they were 100 per cent income managed. So a good test of the strength of income management would be, where the payment is 100 per cent income managed, to have a look at what happens. And, indeed, I think that what their data shows is that there was a significant increase in the turnover of fruit and vegetables, and not so much in soft drink. But they discount that, which again is one of those odd things that we need to come to.

We have done a bit of analysis on this—when I say 'analysis', it is reasonably straightforward empirics looking at the data they have provided. When we look at the sales as a proportion of total sales preintervention and postintervention, food and drink sales have gone up, tobacco sales have gone down, fruit and vegetable sales have gone up and soft drink sales have gone down. Again these are puzzling things because, when you look at the complex statistical analysis they have done, they came up with quite different results.

Senator FURNER—Can you table the analysis that you are referring to there, please.

Mr Heferen—Sure.

Dr Harmer—We may need to tidy up the copy that Mr Heferen is reading from. You can have a copy of the document, but I am not sure you can have the one he has got with scribbles on it. We will get a clean copy.

Senator FURNER—Thank you.

Senator SIEWERT—Could we get that relatively soon? Would that be possible?

Mr Heferen—Sure. When I say 'analysis', it is accurate according to the data that has been provided. We have not done any regressions or multivariate analysis; we have simply looked at the proportion of sales preintervention and postintervention. We are not really saying that this would necessarily be as a result of income management. I want to make that clear: I am not suggesting that, because of income management, these things have occurred. It has coincided with the time when income management has been in place, but there may be other factors. I am not suggesting that, as result of income management, these things have occurred. We just do not know that. I guess that is why it is so interesting to look at the work that Menzies has done to see if they can somehow test that.

In the face of what seem to be reasonably straightforward arithmetic analysis preintervention and postintervention, their conclusions are quite puzzling. On page 552 the paper goes through the discussion of its results and says:

These findings do not support official government reports of improved healthy food and drink purchases in association with income management. In 2009, of 66 store operators interviewed by the Australian Government, 63.6% reported an increase in store sales with income management, while one-fifth (20.6%) reported a decrease.

That was the evidence I provided to this committee previously. In fact, their findings do not but their data does. With the data that the stores have provided it is incontrovertible. Fruit and vegetable turnover increased by 45 per cent and soft drink turnover changed by 9.8 per cent. It is pretty clear people have gone in after the intervention and bought more fruit and vegetables—per head on average it went from two serves a day to three serves a day.

There are a couple of other troubling aspects. In the discussion to set up the debate the paper says on page 549:

The diet of Indigenous Australians in remote Australia is characteristically low in fruit and vegetables and high in sugar with reports of soft drinks (aerated sweetened drinks) contributing up to 27% of the total sugar available through remote community stores.

That last proposition is footnoted. We are struggling to get the reference in the footnote. It has been difficult, even through our library, to see if that reference is accurate. I guess more important from my perspective is the statement that:

The diet of Indigenous Australians in remote Australia is characteristically low in fruit and vegetables and high in sugar ...

That is footnoted to come from a paper by Lee, O'Dea and Mathews entitled *Apparent dietary intake in remote Aboriginal communities* from 1994. I guess this paper is quite stark in how they came to that proposition. It is a 1994 paper that uses data from 1986. They looked at six Aboriginal communities: three in the central desert and three on the northern coast. I think you would characterise all the ones in the Menzies paper as being northern coastal—they are all from the Arnhem.

When comparing the northern coastal communities in 1986 with these communities with ALPA stores in 2008 and 2009, the relative comparator of the amount of carbonated beverages consumed—and I am taking turnover at a store to broadly equate to the amount consumed; I think that would be a reasonable proposition—is 224.6 kilograms, which, assuming it is about one litre a kilogram, equates to about 18 litres, so 18 litres per capita per month. The Menzies paper suggested that consumption was about eight litres per capita per month and the 1986 data suggests it was 18 litres per head per month. So in the space of those 23 years consumption more than halved.

At one level that is an interesting academic point, but I guess the issue is: in trying to set up the discussion to flow onto the statistical analysis, which is difficult to get a handle on, what they have used to demonstrate this is data that is 23 years old that actually shows then that their diet was extremely high in sugar—18 litres per head per day, which is very high. Eight litres per head per day, depending on what the rest of the diet is, is not that high. I guess that is another troubling aspect which we are working through with them to establish.

Of all of them probably the most troubling is in table 1 on page 550 of the *Medical Journal of Australia*. It does not identify the communities; it does not name the communities. We have tried to get the names of the communities to do a match, and they will not provide it on the basis of confidentiality and privacy. Obviously, if that is true, we respect that. The table has the communities numbered from one through to 10, has the population served and shows the month in 2008 when income management commenced.

Senator CROSSIN—These are communities that are serviced by ALPA.

Mr Heferen—That is correct.

Senator CROSSIN—So it cannot be too hard to deduce which ones they are and cross-match your information.

Mr Heferen—They have populations, so in principle it would be quite straightforward except the populations vary quite dramatically from the populations that we have.

Dr Harmer—I will let Mr Heferen go on, but in macro terms the claims that are being made on the basis of this 10-community study about the evidence it provides for income management working or not we think are quite extravagant. Mr Heferen is being very careful, but we are pretty confident we know the communities that have been surveyed. They are basically ALPA communities. ALPA stores, as you, Senator Crossin, being from the Northern Territory and others would know, have been very good at promoting the sale of fruit and vegetables. Those stores in those communities prior to, during and post the intervention have been quite active in promoting fruit and vegetables sales. Therefore, you would expect that the difference would be smaller. Even though it is substantial, you would expect it to be smaller.

Senator SIEWERT—So are you saying that prior to the intervention they were good at promoting fruit and vegies?

Dr Harmer—Yes.

Senator CROSSIN—In fact, nearly everything in their stores is labelled either green or yellow to indicate what is good to buy.

Dr Harmer—In terms of an objective analysis, we argue that their selection of communities is not necessarily the best to test the impact because they selected communities which were in a sense advantaged by the nature of the store's promotion of fruit and vegetables.

The other thing we know about them is that they are mainly dry communities. We think 10 out of the 11 communities were dry communities before income quarantining. Again, we will be talking with the researchers because we are looking to work with them and they do some good analysis; but we think the attribution of the macroanalysis about income management not working is extravagant. Prima facie, you would not expect income quarantining, which excluded alcohol, to have nearly as big an effect in a community that was already basically dry as it would in a community with the 'rivers of grog' that the previous report talked about. I think those macro things need to be kept very carefully in mind when you are attributing significant conclusions to this relatively small study.

Mr Heferen—As Dr Harmer said, we expect the Outback Stores to be a lot better. We had trouble matching the populations. This is about trying to look at the effect of when income management was switched on. The switch-on dates shown in the paper seem to be inconsistent with the switch-on dates that actually occurred. For argument's sake, the paper shows that two communities switched on in March. As I understand it, only one of those communities switched on in March. The paper shows that four communities switched on in May. Actually, only two switched on in May and, importantly, one of those communities is Milingimbi, which has a population of about 1,500 people. Of the communities that the paper shows as having a May switch on, there are two with 800 people, one with about 600 people and one with about 300 people. So there is nothing the size of Milingimbi. It appears that there has been some mistake in transcription. It may be that the data I am working from are incorrect, but I do not believe that to be the case. So maybe the transcription in the paper is wrong. We have gone to the authors to sort out what has gone on because we cannot get a handle on this but, as yet, we have not received a response.

Dr Harmer—We will include some of this in the document we give you. We want to be careful because, in the very limited space that they have analysed, we think there are also significant problems. You would have to be fairly careful about some of the conclusions you draw from the study not only because of the things I have mentioned but also because we think some of the data may need correction.

Senator SIEWERT—I would hazard a guess that the same could be said of some of the other studies that have been carried out. In terms of the evaluation process you have been undertaking with the Outback Stores, the committee was told when we were having an inquiry into the bills that are currently before the Senate that the Outback Stores could not provide some of the baseline data that this particular study could. You are probably aware that the Outback Stores tabled a letter during that inquiry in which said they could not provide some of the baseline data because they were new.

Dr Harmer—Many of the Outback Stores were not operating prior to the emergency response. That is correct.

Senator SIEWERT—Yes, I understand that. In terms of where some of the data collection is now up to for some of the Outback Stores, do you intend doing a similar study? I realise that you cannot do that for the period prior to the emergency response because you do not have that data. So how do you intend to do that the analysis?

Dr Harmer—When we do the big analysis, as we are planning to, of the impact of the emergency response, we will be using all the data available to us, including the information we get from the Outback Stores, knowing that we do not have the situation prior to the emergency response in many of the stores. But we will certainly be using it. Consistent with the way the government have approached the analysis that we in the department do in relation to Northern Territory matters across the board, I have no doubt they will make it available.

Senator SIEWERT—The Outback Stores? The actual detailed purchases and things?

Dr Harmer—Yes. That is the approach the government are taking in relation to all the analysis we do, whether it is housing, stores or whatever.

Senator SIEWERT—We were exploring this the other night in terms of being able to disaggregate food purchases at the stores. Have you overcome that problem?

Dr Harmer—I will need to rely on someone who is closer to that. Ms Halbert might know.

Ms Halbert—Outback Stores have recognised that there is a need for information and that everyone is going to be calling for this information in the future. I do not believe this is confidential: they are actually commissioning some specific research so that they can look at how their strategies to promote the sale of fruit and vegetables are working and further down the track what impact that is going to have. So that kind of information will be available in the future.

Senator SIEWERT—Sorry? They are commissioning their own research to look at how their promotion program is working?

Ms Halbert—How effective that is—how effectively their strategies to increase the sale of fruit and vegetables are within their own stores and then further down the track what health impacts that is having.

Senator SIEWERT—How soon will that survey start?

Ms Halbert—I have not got the exact date, but very soon. The project plan is already drawn up; I believe it has already been commissioned. But I will have to check that.

Dr Harmer—We will provide you with that, Senator.

Senator SIEWERT—If you could. Has the approach that is being taken been peer reviewed?

Ms Halbert—Yes, it will be.

Senator SIEWERT—Can you tell us who is undertaking the study?

Ms Halbert—I believe it is Menzies again.

Senator SIEWERT—I am not going to go over the ground that we went over the other day in terms of the evaluation process, but is that process going to be part of that broader evaluation process or is it separate to that?

Ms Halbert—We would clearly see that as a rich source of information to feed into the evaluation.

Senator SIEWERT—Does that mean that as part of the process that is being developed—and we went through who is doing that—they are part of that consultation process so that we can make sure that that data is actually of arrear et cetera to be considered appropriately part of the overall study?

Ms Halbert—Certainly. The commissioning of that research has come after the high-level development of the evaluation strategy, but we will work to make sure it is incorporated.

Senator SCULLION—Whilst we are on the general area of Outback Stores, I will start there. I am still getting reports—or complaints, I suppose you could call them—that wholesalers are saying that Outback Stores are having some difficulty. Quite a number of them feel that they are completely excluded from the process. I know in an answer to this on previous occasions, Dr Harmer, you have indicated this is all about providing the very best,

the very cheapest, level of efficiency in the stores. Perhaps you could tell me what the process is. Is the process saying that we have got select suppliers reviewed at all? Do Outback Stores have a policy of saying, 'These are the suppliers we have at the moment, but we will look for a list of materials that we have to ensure that they are still providing at the best price and the best quality'? What sort of a process is undertaken in that regard?

Dr Harmer—I will need to rely on my colleague, but I want to clarify your question. Is your question about Outback Stores or the suppliers?

Senator SCULLION—It is about a policy from Outback Stores—in that they have select suppliers, and a number of suppliers who have previously been supplying to this niche generally have not got any further business.

Dr Harmer—So they have not got a market with Outback Stores.

Senator SCULLION—That is correct, and they say that they can offer prices. They say to me that they can offer the same quality material for competitive prices but somehow they are kept out of that system. I was inquiring about whether this is actually a policy of Outback Stores.

Dr Harmer—I will let Ms Halbert answer. I was involved in the early stages with Outback Stores moving into the Northern Territory as part of the emergency response. They found—and I know this from attending some of the key meetings with people like Roger Corbett and others who were on the board—that there were arrangements between suppliers and stores that were not at all conducive to the prices offered in the stores being reasonable; I will put it that way. Because we have been urging Outback Stores to operate really efficiently and effectively and do the best they can to get food available at reasonable prices, I think Outback Stores have been pretty tough in their negotiations with suppliers and have cut across arrangements that existed previously between suppliers and some of the stores to reduce the price.

I would not be surprised in that context if some of the suppliers would be pretty disappointed about the way Outback Stores are operating. They are being tough negotiators. The people who are on the board of Outback Stores, as you would know, are very tough businesspeople. They have taken a very tough business approach to the purchase of goods and as a result they have been tougher negotiators with the suppliers in the Northern Territory. I suspect that part of the story might be that but Ms Halbert might know more.

Ms Halbert—I certainly agree with what Dr Harmer has said.

Senator SCULLION—Just a point of clarification, Dr Harmer. Do any of the members on the board actually supply Outback Stores? Perhaps it is something that you can take on notice if you do not have the answer at hand.

Dr Harmer—I would need to take that on notice. I am not sure.

Ms Halbert—Certainly that has been an issue for the suppliers that are not working with Outback Stores now. I cannot comment on the actual price differences that the suppliers you are talking about may offer but Outback Stores are regularly reviewing their suppliers and their business practices in order to try to bring prices down in the stores. So they would be doing a review of the market periodically in order to make sure they are getting the best value

for money but in choosing their own suppliers clearly they are looking at what is the most cost-effective way of supplying those stores.

Senator SCULLION—There has been another allegation, I am not sure if it is actually a business practice, that some suppliers actually pay some sort of a kickback to make sure that their material is on the shelves. The term ‘kickback’ would make Dr Harmer lean forward—perhaps I could say a ‘rebate’.

Dr Harmer—Are you talking about allegations about Outback Stores or about other outlets?

Senator SCULLION—No, this is specifically about Outback Stores. This is specifically about suppliers to Outback Stores and a process whereby they pay some sort of a rebate—‘kickback’ may have been a bit mischievous—to Outback Stores.

Dr Harmer—I do not know what financial arrangements there are. I do know that the Outback Stores management and operation is very much focused on getting value for money. As I said earlier, they have had to change the suppliers in some cases in order to do that.

Ms Halbert—There is a standard rebate that is available—I believe it is related to remoteness—for suppliers coming into these areas that would be available to any supplier in the same circumstances. It is not peculiar to—

Senator SCULLION—How does that work? Who pays who?

Ms Halbert—I would have to take that on notice.

Senator SCULLION—Basically, who pays who—is Outback Store paying suppliers because they are supplying in a remote area? That would be the notion of your answer.

Dr Harmer—I am not sure we know the answer to that but we will certainly take your specific question on notice.

Ms Halbert—We should take it on notice in case we get out of our depth here but apparently it is paid by the wholesalers. As I say, it is a standard rebate that is available in these circumstances.

Senator SCULLION—A standard rebate that is paid by the wholesalers to Outback Stores?

Ms Halbert—I presume so but I would rather take that on notice.

Dr Harmer—I think we are at the limit of our knowledge. We need to check that.

Senator SCULLION—Dr Harmer, this is a specific payment that is made to Outback Stores. I would have thought there are enough people in the room today to answer that. Whilst I appreciate that you do not want to get the detail wrong, the fundamentals of my question are not complex. I just want to know—

Dr Harmer—To be helpful, as you know we always are, I will try to find out the answer to that while we are going through this section. If we can get it before the end I will give it to you.

Senator SCULLION—That would be very useful.

CHAIR—Are there any further questions about the Menzies report?

Senator FURNER—Yes, just a couple. Mr Heferen, you have clearly established in your analysis that there were some flaws in the report. I am wondering whether you went back to Menzies and asked for their methodology on how they reached those conclusions and try to establish the background for why there are differences in their report and in the analysis that you have done on that?

Mr Heferen—We have gone back on a number of occasions. One of the branch managers in Ms Halbert's team went to the author to get information on the statistical methodology to try to understand what was going on. A section manager, as I understand it, in Ms Halbert's area went to them to try to clarify the communities in relation to the issue I talked about where they had the switch-on dates incorrect. I wanted to try to ascertain which communities they were, to try to align the switch-on dates. As you would be aware there is significant mobility in some of these areas, so it may be that there is something peculiar going on and they measured the population during a time when the community has contracted or expanded. That possibly, logically, could be one of the things behind it, however unlikely it seems.

I went to the lead author to establish some minor things about the presentation of the data, such as why things were labelled in grams and millilitres as opposed to kilograms and litres, and that was clarified. This happened shortly after the paper was published and there was obviously a bit of press about it, not so much on why there was this big increase in fruit and vegetables and why that was not being reported. So our people went back to try to clarify things straightaway.

I think probably a few days, possibly four or five days, later I went back to the head of the Menzies research school and put the same questions again. Obviously we knew that Senate estimates was coming up and we suspected it would be an issue of interest to the committee. I wanted to make sure that what we were saying was not unfair. So if they came back and said, 'This is our statistical analysis and this is why it was done in that way,' we would be able to say, 'Okay, we can debate the merits of that.' But we have received nothing back—sorry, I received a response to my email to the head of the Menzies research school. He did say: 'Yes, I understand on the face of it. What you are saying seems puzzling. I will leave it to the authors.' Going back to the lead author on the question of the modelling, the statistical analysis, she made the point that the person who did it was away until the end of May.

Senator FURNER—When was that, roughly?

Dr Harmer—While Mr Heferen is thinking about that, I make the point that we have a fairly considerable capacity for analysis and research in our evaluation area in Ms Halbert's branch. So the people who are looking at this and who are asking the questions are themselves pretty skilled in this space.

Mr Heferen—We will follow up. I will have some people get the date of the email correspondence and I can provide that to the committee. My interaction with the head of the Menzies school was very early this week or late last week. I was conscious that I wanted to get the information to be in a better position to ensure that the material I was putting into the public domain was as accurate it could be. We have not been able to get that. It is now four days into June, so I think the modeller would be back. Maybe when they said that it would be the end of May it was the first week in June, or something else may have occurred. They may

have other priorities. Everyone has to prioritise their resources to deliver their outcomes. We would have hoped to get it.

As Ms Halbert says, in the work we are doing in other areas we will use Menzies' research. They are group that has some capacity. We wanted to make sure that there was an opportunity to understand what they were saying. I guess the fundamental thing is: what is it that they are really testing? What is their hypothesis? Because, reading the paper, it is peculiar in one sense for the *Medical Journal of Australia*—normally it is: here is a hypothesis. This is why we have the hypothesis. This is the theory that supports it, this is what the data is, this is what we have looked at and this is what the data tells us about whether we support the hypothesis or we reject the hypothesis. So it is the standard scientific method. In this case, the data clearly shows that if the hypothesis, whatever it may be, is that income management has no effect on the consumption of fruit and vegetables—as Dr Harmer said, that is just one element of income management, quite apart from the other issues that have been well traversed in the public domain—they are not explicit about that data so it is not clear where it goes. What we want to do is have a discussion with them to be clear about what they are saying, why they are saying it and what the data is that they have. I think all of us who are involved in this area recognise there is a paucity of data. If someone actually goes out and collects the data, it would be really interesting to see what it says. We would have really appreciated the opportunity to have that dialogue but we have not had it.

CHAIR—Senator Furner, do you have another question?

Senator FURNER—I am trying to get some idea of when the communication occurred, because it appears from the Menzies document that the last sample was in September 2009. Is that correct?

Mr Heferen—I am not sure.

Senator FURNER—I understand it was from 1 October 2006 to 30 September 2009.

Mr Heferen—We would have loved to have had the opportunity for them to say: 'This is the data; these are the communities. Have we got the switch-on dates right?' If the test is about what the impact of income management is, clearly the pre and post are pretty important. It may be that the switch-on is actually irrelevant. It may be that they are going so far before and so far after that when the thing comes on it does not matter, but from the face of the paper it is not possible for me to verify that. That would have been one of those key points.

Senator FURNER—It does not help if you are not getting any feedback from them about the analysis of their methodology either.

Mr Heferen—That is true. That is what we have pursued. Obviously, I cannot speak for the head of the school, the authors or the other people as to why they have not been able to respond.

Senator FURNER—Thank you.

CHAIR—The committee has at this stage ceased the consideration of the Menzies report. There may be further discussion on it with our committee at another time. We are now moving to the partnerships agreement.

Ms Halbert—I have an answer in relation to the rebate.

CHAIR—For the rebate?

Ms Halbert—Yes. I have a little bit of information about the rebate. It is apparently a standard industry practice. Outback Stores obtains the rebate as part of its centralised purchasing power. It keeps the rebate in order to operate but to lower its operating costs. As I say, it is a standard rebate offered by the wholesalers in recognition of the retailer using the purchasing services. I cannot tell you the level of the rebate, because that is commercial-in-confidence.

Senator SCULLION—If I want to sell my cabbages to Outback Stores, I pay them this rebate and they let me put my cabbages on their shelves? Is that pretty much it?

Dr Harmer—I do not think Ms Halbert can answer a hypothetical in relation to that.

Senator SCULLION—It is not a hypothetical. Somebody sells cabbages to Outback Stores and, as I understand it—

Dr Harmer—I am not sure that the rebate relates to the cabbages, Senator.

Senator SCULLION—Indeed. Perhaps we should go back to goods, Mr Harmer. Are you saying—

Dr Harmer—If you have got a more detailed question we will certainly take it, but what Ms Halbert is saying is that the practice which Outback Stores participates in in relation to the dealing with wholesalers is a standard retail wholesale practice. I do not think we have any information to suggest, for example, that Outback Stores operates any differently from the other networks that operate in relation to goods and services between retailers and wholesalers.

Senator SCULLION—If it is standard industry practice, the amount that would be—just in terms of a percentage—is a reflection of that standard industry practice. Would that be right, Mr Harmer? One would expect that that is the rationale.

Dr Harmer—You would assume so, Senator, but I need to be careful. I am not going to say ‘yes’ to that, because I just do not know.

Senator SCULLION—I accept to a degree that, if there is this commercial-in-confidence, we are talking about what percentage it would be.

Dr Harmer—Yes. We would not be able to tell you that.

Senator SCULLION—I have to say that, for us to ascertain—

Dr Harmer—I am not sure that we would know.

Senator SCULLION—Indeed. You may have to take it on notice. If the answer to my question is that a certain percentage is standard industry practice across the board, then I would have to say that I struggle a little bit with the notion of commercial-in-confidence. The reason that I would like some consideration to your providing that number is that I am quite sure that I can find out what the actual percentage is in terms of a standard industry practice.

Dr Harmer—You would most likely get it from the wholesaler.

Senator SCULLION—It has been put to me that that figure is in fact 10 per cent.

Dr Harmer—I have no idea.

Senator SCULLION—That is quite a significant increase in the cost of providing goods. I am not only asking you to put it on the shelf but I am also providing you with 10 per cent of the goods.

Dr Harmer—But it would only be significant if there were not the similar 10 per cent offered to all similar retailers in the same area. That we do not know.

Senator SCULLION—Whatever the figure is, the money—and it is in fact cash—is given to Outback Stores. The allocation is to assist in the administration of the store?

Ms Halbert—The nature of Outback Stores is that their key purpose is to meet food security needs in these communities, and so they are always looking for ways to lower the prices to the local communities. I presume that all profit businesses would use the rebate in a different way, but in the case of Outback Stores they use it to lower prices in those stores.

Senator SCULLION—Ms Halbert or indeed Dr Harmer: if I now have to pay 10 per cent to get my cabbage on the shelf, I can tell you right now that, as a retail business, the way that I would set that extra 10 per cent to get the cabbage on the shelf would be to stick 10 per cent on the price of the cabbage. That is how you do business. I do not just take it out of my pocket as a matter of philanthropy. I know that we are talking about this as a standard industry practice—you can almost expect that we will have another examination of this matter at a later stage—but I cannot understand how an extra 10 per cent on something is going to bring down its price. That is bound to put the price up. Perhaps you could just spend a moment explaining the rationale of this.

Dr Harmer—I do not think we can take this much further. All we can say is that we believe it is a standard practice. We also believe that Outback Stores that were previously operating across the communities were involved in reducing the price of fruit and vegetables and goods to those communities. That is about it, I am afraid.

Senator SCULLION—It just does not make sense, Dr Harmer. I am sorry; it just does not make sense. I accept that you have said that you do not have all the information to hand.

Dr Harmer—It may make more sense if we had more detail; but, unfortunately, we have not got it.

CHAIR—Senator Scullion, we cannot take this any further.

Senator SCULLION—I understand. However, for clarification, I want to put a question on notice. Could you provide a brief report to the committee that sets out—

Dr Harmer—The operations of our business?

Senator SCULLION—firstly, that you have actually ascertained—I am not sure, although you are making that statement—that this is in fact an industry practice and not from anecdotal evidence or Outback Stores.

Dr Harmer—We will take that on notice.

Senator SCULLION—Could you set out the rationale of how a 10 per cent rebate to the suppliers actually lowers the cost of groceries in the communities?

Dr Harmer—I think that might be too much of an ask. We will do our best to answer your question, Senator.

Senator SCULLION—I reckon it will be a pretty big ask to find that answer, but it is part of the answer that I have been provided. If it is a consequence of perhaps not having the right information here, you might want to correct that. But the answer that has been given to me is that an addition of a 10 per cent rebate on goods is going to somehow connect it with reducing the price.

Dr Harmer—Senator, in my experience—

CHAIR—Dr Harmer, I am stepping in here. There is a question on notice, and this conversation has been going on and on. Senator Crossin, did you want to make a comment?

Senator CROSSIN—I want to say that there is a quite detailed analysis of Outback Stores and how they operate in a House of Representatives committee report.

Dr Harmer—Yes, there is.

Senator CROSSIN—The Aboriginal and Torres Strait Islander committee did a comprehensive inquiry into community stores, and there are pages and pages on how Outback Stores operates. Also IBA might be able to clarify some of this, but there is extensive information.

CHAIR—Thank you, Senator. We have Indigenous Business Australia at 1.30 pm.

Senator CROSSIN—It is just a reference to where I think all those questions will be answered.

Dr Harmer—Indeed. They may be answered in that material, Senator. Thank you.

[9.24 am]

CHAIR—Senator Adams wants to move onto the issue of partnership agreements. Have we got the right officers at the table?

Dr Harmer—If you are talking about partnerships in relation to housing, that would be after 10.15.

Senator ADAMS—No, it is the Indigenous national partnership agreement of which FaHCSIA is the lead agency. That is what I want to know about. Have we got the right people?

CHAIR—I think so, Senator.

Dr Harmer—Yes.

Senator ADAMS—The first question is: as the lead agency, which specific Indigenous national partnership is your agency responsible for?

Ms Halbert—FaHCSIA has responsibility. I trust you are asking about Indigenous national partnerships?

Senator ADAMS—Yes.

Ms Halbert—The National Partnership Agreement on Remote Indigenous Housing and the National Partnership Agreement on Remote Service Delivery are the only Indigenous-specific ones that we have. There are other national partnerships that we have the lead on that have Indigenous elements in them.

Senator ADAMS—What about the Indigenous early childhood development? That is not your—

Dr Harmer—No, that is DEEWR's.

Senator ADAMS—And is economic participation DEEWR's?

Ms Halbert—That is DEEWR.

Senator ADAMS—That is DEEWR as well. So your only two then are the service delivery national partnership and the remote Indigenous housing national partnership.

Dr Harmer—Yes.

Ms Halbert—That is correct.

Senator ADAMS—Some of these questions may need to be taken on notice because I do not want to hold everybody up. What is the agency's budget allocation for the four-year agreement for those two specific agreements?

Dr Harmer—We will give you the housing one when we have the right people, unless Mr Tongue has that figure.

Mr Tongue—The remote Indigenous housing NP is a 10-year NP, and it is \$5.6 billion.

Senator ADAMS—Can I have that on notice, just to—

Mr Tongue—We can break that down. The remote service delivery NP, from memory, is in the order of \$250 million. But I can take that on notice too.

Senator ADAMS—Thank you. How is the budget allocated on an annual basis given that in the first year there have been delays in the rollout of the program, so therefore you would have had an underspend in the first-year allocation? Would you be able to take that on notice as well?

Mr Tongue—You are talking about the flow of the money across the out-years versus what we are spending?

Senator ADAMS—That is right.

Mr Tongue—I would not necessarily agree that we are going slowly on remote Indigenous housing. We will come to the spend there. We can break that down and give you the flow of funds and what has been spent and committed this financial year.

Senator ADAMS—I wanted a breakdown of the expenditure by both of these programs, with how much from each state and territory.

Mr Tongue—Remote service delivery is a little bit more complicated because the concept of remote service delivery is that we, together with the states and territories and other Commonwealth agencies, are providing an infrastructure across the 29 communities that is leveraging the existing mainstream programs, be they for housing, employment, health, education or whatever. So remote service delivery is largely departmental funding. But certainly we will do our best to try to give you some—

Dr Harmer—And it will be quite variable across the states and territories. We have 15 communities in the Northern Territory and four—

Mr Tongue—In WA.

Dr Harmer—Four of the 29 are in WA. We can give you—

Mr Tongue—We will do our best to break that down.

Senator ADAMS—Thank you. As far as the Aboriginal and Torres Strait Islander organisations go, how many of them are involved in the budget?

Dr Harmer—Which one?

Senator ADAMS—Firstly, as a breakdown of expenditure by the program, an initiative within each of those agreements that you manage. That was state and territory—

Dr Harmer—We can do that.

Senator ADAMS—And then the breakdown under the government agency and any Aboriginal and Torres Strait Islander organisation administration costs absorbed by your agency to administer the program under the agreement.

Mr Tongue—If we were talking about Indigenous Business Australia, which we just mentioned—

Dr Harmer—Is it IBA you are talking about?

Mr Tongue—Or the AILC? Those sorts of—

Senator ADAMS—Yes—whatever organisations are involved with these partnership agreements.

Dr Harmer—None of them will be signatories to the agreement and the extent to which they would be involved in expenditures associated with the agreement would vary from community to community. We can try to identify in one of the communities in Western Australia whether there is an IBA involvement and how much involvement, but it is unlikely to come from the partnership money. That is going to be quite difficult. I am reluctant to take that one on notice because I do not think we can provide.

Mr Tongue—No, I do not think we can.

Senator ADAMS—All right. I will go back to the person who asked me to put forward these questions. Has your agency incorporated the service delivery principles for services for Indigenous Australians in the development and roll out of your programs?

Mr Tongue—Yes.

Senator ADAMS—Thank you.

Mr Heferen—Chair, while there seems to be a lull, I have a couple of issues from Senator Furner on dates of emails. I have just had those confirmed. The email from the branch manager in FaHCSIA to the lead author to sort out some of the statistical issues was sent on 24 May. My follow-up email to the head of the Menzies School of Health Research included those questions again, because on 24 May the reply came back saying that the statistician was away until the end of May. So on 31 May I followed up with the head of Menzies School of Health Research saying, ‘We are very interested in the answer and could you please give us the detail as soon as possible and outline the issues as we have discussed.’ That was on 31 May.

Senator SIEWERT—Which was just Monday, and today is Friday. So it was not that long ago.

Dr Harmer—He was not implying it was; he was just giving the dates.

CHAIR—The next series of questions are for the Coordinator-General for Remote Indigenous Services.

Senator SCULLION—Perhaps I could just have a question on the COAG agreement.

CHAIR—I am sure the officers will be able to answer.

Senator SCULLION—Dr Harmer, we have had some media reports that indicate that after a couple years COAG still seems to be having some difficulty actually measuring Indigenous disadvantage let alone reducing it. I will not put it to that extent. In terms of the status of measuring disadvantage and the actual outputs that have been agreed to, where are we up to with that?

Dr Harmer—Are you referring to the COAG Reform Council report?

Senator SCULLION—Yes.

Dr Harmer—They are reasonably calling for some breakdown over time of what they call the trajectory for the achievement of the targets. I should just say that none of the five key targets are in FaHCSIA's portfolio. They are primarily in DEEWR and Health—life expectancy, employment, education outcomes et cetera. The targets, as you would be aware, are very significant and ambitious targets about the key elements of closing the gap. We and the other departments are now working on some intermediate targets that will get us to the projected outcome and meet the target.

Mr Heferen—As Dr Harmer said, the CRC's report on the progress of the National Indigenous Reform Agreement made commentary around the lack of data on the trajectories. As Dr Harmer said, on the six key targets with the seven building blocks that are all part of the overall NIRA, they say that work needs to be done on the trajectories, which it is. On 16 June there will be a meeting of essentially a subgroup to start making sure all of that material is brought together. My understanding is that a lot of work has been done on the trajectories for two of the targets. They are nearly complete and we need to ensure that the work on the others is brought up to the same level so we are in a position to go through the reporting process on the trajectories.

Senator SCULLION—I will be knocked on the head for looking for an opinion of some form—I am sure someone will jump in—but I am just looking for some help. We are all agreed that we have to close the gap, and we are using these principal indicators. A concern that has been reflected in some of the media and that I have is that we are revisiting some of those measurements, rather than just looking at the work in terms of the process. How often is that going to happen? I acknowledge that we might have to make some adjustments and relook at those sorts of things. But, in terms of those particular measurements, targets and trajectories, is this going to be reviewed? Have you decided that this will be done at a particular time?

Mr James—In terms of the targets, the COAG Reform Council put out a report last night on the NIRA. They will be putting out a report every year as part of the task that they will be

undertaking from now on, and this goes across the six targets and all the submeasures. The first report was a baseline report, but the reports from next year on will be assessing progress. That is why they are emphasising the importance of trajectories. What they are saying is that for next year's report they are going to need to have an assessment of what the pace of change should be to see if we are on track. That is built into the annual process, it is each year and it will be a public report like the one that was released last night.

Senator SCULLION—I thought trajectory was where we are now and where we want to be and you just draw a line.

Mr James—That is right.

Senator SCULLION—Is that pretty much the trajectory that you are using?

Dr Harmer—In a sense, but it will not necessarily be a straight line. It may reflect slower progress in the early years, as some of the programs come on-stream and start to impact, and much faster progress in the later years. So you are right, but it will not be just joining the points necessarily.

Mr Heferen—As Dr Harmer said, that is one of the key challenges in this. A lot of these things would not necessarily occur on a linear trajectory. There may be some of an asymptotic or hyperbolic nature. Sometimes things take a while to get going. Once they get going, take-up is quick and they may level off. Those are the things that need to be explored. If it was merely a straight line, even I might be able to sit down and produce that. But it is far more complex, which is why we need the more detailed consideration, and it will obviously take a little more time and coordination to do that effectively.

Mr James—A large bulk of the trajectory work is already done. DEEWR can talk in more detail about the literacy and numeracy trajectories. They have done extensive work on that. The year 12 attainment target is not a straight line. The Institute of Health and Welfare are working with DoHA to develop the trajectories for infant mortality and life expectancy. The life expectancy one is a little complex, partly because the data comes out relatively infrequently. We have to make sure that we get all of that trajectories work completed this year so it is ready for the CRC's report next year; otherwise they will not be able to do a key part of their job, which is to assess whether the pace of change is fast enough.

Senator Arbib—Also, the government instituted the annual report that the Prime Minister gives to the parliament on progress towards meeting that.

Senator SCULLION—We just heard that the trajectories are not linear and that they are going to be curves that we are eventually going to work out. If you are not actually sure where these points are and it is your responsibility to assess whether or not we are closing the gap, how can you actually know where we are and how are you going to be able to assess that, given the position that you are now in about trajectories—where we might be at and where we should be at? I think it is reasonable to say it all seems fairly vague.

Mr Gleeson—Through you, Madam Chair, can I make a statement in response to Senator Scullion's question and also to inform the committee of my work?

CHAIR—Absolutely.

Mr Gleeson—As you know, my role is to coordinate and drive progress on implementing the COAG remote service delivery partnership, which encompasses 29 communities across the Northern Territory, Western Australia, Queensland, South Australia and New South Wales. As part of my work, I report to the Minister for Families, Housing, Community Services and Indigenous Affairs, Ms Macklin, every six months. The next report—my second—is coming out in August 2010. In advance of these reports, I work with the Commonwealth, state and territory governments involved in the 29 communities to resolve and leverage issues upfront. I do not wait for the reports to go to the minister; things happen in the interim across the 29 communities. These range from things as simple as reinstating the telecommunications service in APY lands in South Australia to giving some government departments a hard time in regard to improving services provided by the Mossman Gorge Wellbeing Centre, and this goes to the heart of Senator Scullion's question.

My next report is coming out in August. The focus will be to give a report card against the 29 communities. Secondly, it will look at how we are going with the local implementation planning process, which is underway in the communities at present. Thirdly, it will focus on the issue of governance within the communities. That was raised by the committee the last time we spoke and it was also identified in my first report as a key foundation for moving forward in these 29 locations. Also, there is some quantitative and qualitative work to be done in regard to certain issues around things like community safety and youth.

It is important to give the committee a bit of a snapshot of how it is going across the 29 communities. I think it is important to acknowledge that this is a five-year partnership and we are only one year into the process. We have already in place the architecture, and that means that we have a single government interface representing all the stakeholders—all the partners—existing in all 29 locations. We have completed some baseline mapping to assess where we are at with the communities right across all the different partnership agreements, and we have advanced the planning processes in each community to ensure that we align with the building blocks and targets that we have set.

The quality of our engagement with the communities is variable, for a lot of reasons. In some cases the community implementation plans that we have as part of the architecture will be fairly rudimentary documents that require further negotiation and refinement over time. It could be that in some communities we will not be satisfied with the quality of these documents, so the sign-off may take a few more months—the deadline is the end of June. I want, again, to recognise that we are making a five-year commitment here and that, given the importance of building our engagement with the communities, a slavish adherence to a deadline over achieving a deep and comprehensive partnership with the communities could be fatal to the process. It is very important that we do go through a considerable community driven process. Equally, governments should not use this as an excuse for lack of urgency and effort on their part in an attempt to marshal resource and effort to assist the 29 communities.

In summary, there are some positive signs. There is also some evidence of additional investment—a foundation on which we can build—but we have some long way to go. The short answer is that we are in the process of assessing, across the 29 communities, where we are at with different stages of development and where we are at with moving that pendulum in

the right direction. I think it is a bit early to say that we can tick a box in regard to any of the specific targets in any of the 29 communities.

Senator SCULLION—Thank you. My concern is that the linear assumption was a poor assumption. If you would put your mind to it for a moment you would recognise that probably was not the case. You are responsible for saying where we are up to. I acknowledge that maybe the first 20 per cent can flatline—everyone is getting their act together with building a house, finding a bricklayer or whatever it is. The reason we want to look at the trajectory is that the further you go down that line, if we are going to follow the trajectory, the greater the expectation that there be a geometric, rather than an arithmetic, rate of progression.

The challenge is the 20 per cent—let us say that is a year, which is gone. I think it is all very reasonable that while these things are being put in place there is some sort of trajectory—I have no criticism of that. But the reason we have the trajectory, and the great work that you are doing, is that we, as a parliament, are able to have an alarm that says, ‘This really is not on track. We need to do something different. We need to do something more.’ That is a really important alarm.

I guess my concern is that we are a year in and we are not talking about where the trajectory should be but saying we still have to work out where the trajectory should be. For me, the trajectory, in the vernacular, simply means ‘where we should be’. We still have not worked that out. In what time frame do you think we should have those absolutely ironed out, noting that we are getting into the next 40 per cent, so that you can make some serious, objective recommendations along the lines that you have been speaking of?

Dr Harmer—Before Mr Gleeson answers your question, I just want to clear something up because I think you may have a slight misunderstanding. Mr Gleeson’s role is the coordinator general across the remote service delivery national partnership, which is the progress we are making in making a difference in those 29 communities. Mr Gleeson does not have a direct or responsible role for reporting on the six COAG targets. Such reporting is for the COAG Reform Council, which, as I think Mr Tongue said earlier, has produced a baseline report for the first year and will report annually. They are the ones responsible for reporting against the six national targets. Mr Gleeson’s role is reporting against how the work between the Commonwealth and the states and territories is going in relation to the 29 communities. I just want to make that clear.

Senator SCULLION—I just noted in this first report that there were all the indicators that are used for the six principal targets. A number of other indicators—very useful ones—that have come off that were pretty much the brains trust behind the entire report. They all indicated back to there; hence my question.

Dr Harmer—They need to, because every element of the government’s expenditure in Indigenous affairs—and remote service delivery is a key element of it—is intended to make progress towards the broader targets. So that is what they were aiming to do. I was not saying the question was not legitimate; I just want to make it clear that Mr Gleeson’s role is in relation to those 29 communities.

Senator SCULLION—Thanks for that, Dr Harmer. Perhaps you can have a crack at the question, given that right across your portfolio you are completely dependent—and quite

rightly so—on putting our hand on our heart and saying, ‘This is where we should be by then.’ What I have heard this morning is that with respect to these technical people who get into all of this we still appear to be saying, ‘We are not really sure because we haven’t actually got the trajectories finished.’ So knowing where we are going to be, acknowledging it is not linear, is still not understood and we are already 20 per cent down the road, going somewhere.

Dr Harmer—Yes, but there is no uncertainty about it.

Senator SCULLION—No uncertainty!

Dr Harmer—No. The endpoints have been set and locked in and considerable money has been allocated. The COAG Reform Council baseline report was due this year and they reported exactly as they were supposed to. They have indicated that in order to make a proper assessment they want trajectories. That is being worked on and will be available shortly. They will report next year on the progress against those trajectories.

Senator SCULLION—When do you think the trajectories will be available?

Mr James—They will have to be available around September this year at the latest and, as Dr Harmer said, there is no lack of clarity about what the endpoint is, where we need to get to. It is just that in some instances we need to make sure we get the path exactly right so that we can make an assessment of whether we are on track. I wish we could draw a straight line, but—

Senator SCULLION—I acknowledge that.

Mr Tongue—I would just make the point that what we tend to focus on in this committee is the 25 per cent of Indigenous Australians who live in remote areas, where there are specific allocations for remote service delivery, housing and so on. These trajectories also cover the 75 per cent of Indigenous Australians who live in urban areas, and part of the complexity of defining the trajectories is that a lot of the experience of those Indigenous Australians looks broadly similar to that of other Australians in those bottom two income quintiles. Trying to make the mainstream programs, if you like, pick up the needs of Indigenous children in Western Sydney, for example, is a particular challenge but it is also a technical challenge in defining the trajectories. To some extent the remote Indigenous task is an easier task in terms of plotting the trajectory.

Mr Heferen—The remote service delivery national partnership is, at this stage, a five-year program. Hopefully it is useful to add that whilst the five-year remote service delivery national partnership will be making improvements to the six targets in respect of people in those areas, some of the targets are over a decade. In saying we are 20 per cent in and still unsure of where the trajectories are, three of the targets are within a decade and one is actually within a generation. I am not for one minute saying that that means our September date ought to be put back; we do need to have that done by September. But if you look at the targets, the close the life expectancy gap, the key overarching target, is within a generation. The target for the gap mortality rates for Indigenous children under five is a decade. The target for the gap for Indigenous students in reading, writing and numeracy is within a decade. The target for employment outcomes of Indigenous and non-Indigenous Australians is within a decade. So in regard to the proposition that we are 20 per cent in and not yet moving, it must be

remembered that some targets are in five years but some of the targets are for a longer period of time.

Mr Gleeson—I should answer the question in regard to the 29 communities. My first report referred to clear progress having been made on these building blocks in the 29 communities. My next report will make a similar assessment. Over the next six weeks hopefully the department will give us some qualitative and quantitative information to enable me to make that final assessment in regard to the 29 communities. In six weeks time I will be able to give a more specific answer in respect of progress on the building blocks in the 29 communities.

Senator SIEWERT—You made a comment that the consultation process was variable in the communities and you also said that you would have to deal with that. One of the problems we have had all along is engagement with communities. Can you explain what you are doing to accommodate it and how rapidly that is occurring?

Mr Gleeson—First of all, one of the key principles the government has set is that it has to be community driven—community engagement drives the process. There is a process underway of developing what we call ‘local implementation plans’. That gives us a list of the priorities that each community has and then we will start to match that with a negotiation process with service providers and government. As I move around communities interacting with government and local stakeholders, the reality is that it is a very big train of reform that is going on. The challenge is to coordinate all the different players in the 29 locations to ensure that everybody is at the table at the same time. That is very difficult. You cannot do it. We are talking about state government, local government and Australian government colleagues all trying to come together. There are technical issues to be discussed. On the community side of things, as some senators would know, we are asking these people to be across some very technical areas and be able to engage effectively. In short, it is a question of trying to ensure that the process, the deadlines, do not push active and appropriate engagement with communities.

The government has been very clear to ensure that we get the engagement right. My concerns are that in some communities we do not have a clear mechanism to engage with. Sometimes you have a local council that says, ‘We would prefer you deal with us,’ and then it is a community reference group who should be representing their community but sometimes do not feel that they are able to be the voice of the community. Then who signs off on the plans? In some cases, it is not always clear.

This is not a criticism. It is a question of a whole new process being put in place. I suppose we are catching up as we move forward. But I have confidence that in the next two months we will be able to get to a stage where plans will be signed off. There may have to be an evolving qualitative adjustment undertaken with all the stakeholders around the table and that we all feel comfortable with.

Mr Tongue—Could I just dive in in support. FaHCSIA provide in each of the communities a government business manager and an Indigenous engagement officer.

Senator SIEWERT—That is only in the NT, though.

Mr Tongue—No, across all of the 29 RSD communities.

Senator SIEWERT—So all of the communities now have one?

Mr Tongue—They have a government business manager and an Indigenous engagement officer.

Senator SIEWERT—In all the 29 communities?

Mr Tongue—Yes. With the variability that Mr Gleeson is talking about, because some of the communities are at different stages in evolving their social capital, some of them are at a point where they are engaging with us and indeed dictating terms. In other communities we are providing additional resources such as facilitators and enablers to ensure that we can meet the coordinator's concern about whether we are getting a legitimate engagement. What we are finding is that one size does not fit all. We are putting a fair bit of effort, in some of the communities, into supporting community engagement.

Senator SCULLION—I remember that in your last report you stated that the first of the new child and family centres was due to become operational in March. Did that happen, and where is that?

Mr Gleeson—I will have to take that on notice and check that out. My report talked about Wadeye. That has certainly commenced. I recently observed progress being made in the set-up and the architecture and installation of the centre, but it has not been finalised yet.

Senator SCULLION—That is not actually operating yet but it has been completed?

Mr Gleeson—I can confirm the specific status with you later as to where it is at.

[9.57 am]

Centrelink

CHAIR—We have some questions for Centrelink. Senator Siewert has a particular question about the Indigenous volunteers program.

Senator SIEWERT—We started this the other night and we decided that we were going to do it today. Could we clarify what is happening with the program? As you would be aware, there is a concern in the community that there has been a funding cut. You indicated on Monday or Tuesday night—I have lost track of which night—that in fact that was not the case. If we could just go through what the situation is, that would be appreciated.

Dr Harmer—We will take you through the funding across the year.

Mr Roche—I will just set the scene. It is a little bit complicated.

Senator SIEWERT—Why am I not surprised?

Mr Roche—Welcome to our world.

Dr Harmer—There is nothing simple in this world.

Mr Roche—Since 2003 Indigenous Community Volunteers has been an independent not-for-profit organisation governed by a board of nine directors, including four Indigenous directors. Our minister no longer has powers in relation to appointments to that board but has powers in relation to a number of the funding agreements that we have with ICV. In 2004 the then government provided ICV with a one-off capital injection of \$20 million. It was similar to the model which had been applied to Reconciliation Australia. The intention there was to

give the organisation the ability to become self-sustaining financially. In the following financial year, 2005-06, the then Department of Employment and Workplace Relations made a one-off grant to ICV of \$6½ million out of its Indigenous employment program. That program, that funding, is expiring on 30 June this year.

Senator SIEWERT—The \$6.5 million.

Mr Roche—Yes.

Senator SIEWERT—So the \$6½ million was obviously over a period of—

Dr Harmer—It was over a fixed four-year period.

Senator SIEWERT—So that was \$1.7 million per year.

Mr Roche—The next major development was that, in May last year, following an approach by the board of ICV, our minister agreed that ICV could tap into that \$20 million funding.

Senator SIEWERT—The original—

Mr Roche—The original \$20 million. ICV can now draw down on the \$20 million and has been doing so. As at 1 June, ICV retains a balance of a little over \$15 million.

Senator SIEWERT—So they have been drawing down \$20 million to run the organisation.

Mr Roche—That is right. ICV has essentially reoriented itself in the last couple of years. It has also expanded. It is now matching the Close the Gap targets, and those have become targets for this organisation as well. There has been a significant increase in volunteer interest, and of course we remain a very big supporter of the work of ICV. There have been discussions for quite some time about the future for ICV in terms of its financial needs, but ICV has been aware for some time that it is unlikely that the original DEWR—as it was then called—grant for Indigenous employment would be renewed by our department. We started raising this in about August last year. There is, as always with government funding decisions, some uncertainty. We have recently, for example, from drawing on other sources, been able to provide them with a one-off grant of \$300,000.

In short, we are aware that ICV continues to be a priority for the department and, I think, for the government as well. So we have initiated a roundtable between ICV and other funding bodies, other departments, that would potentially have an interest in ICV's activities. We have ongoing discussions with them about their future and they are under consideration. But, because of the fact that they have the ability to draw down on the \$20 million and still have \$15 million in the bank, they have the capacity to survive for some years without any further major injections of government funding.

The other thing I should mention is that ICV has decided on a major fundraising strategy of its own, and it is doing quite a lot of work on that separately from government. It intends to move to being more independent of government funding in the medium term, and of course we are happy to support that.

Senator SIEWERT—Was it clear at the beginning that the \$6.5 million was a one-off grant?

Dr Harmer—I think we would be reasonably confident, Senator, but to be definitive we would need to check with the people from DEEWR.

Senator SIEWERT—That would be appreciated. What was the decision-making process around—I am aware that I am asking you, rather than DEEWR—not funding them beyond that initial grant? Was it purely because it was a one-off grant?

Dr Harmer—I am pretty confident it was known to be a one-off injection associated with a boost in labour programs, but I do not know for sure. The reason I answered your question the way I did the other night was that it was not a big savings exercise; it was expected that the money was going to cease in 2009-10. Because that was known, that was one of the reasons our minister gave them access to their \$20 million capital.

Senator SIEWERT—Has there been an evaluation of the effectiveness of the work that they have been doing?

Mr Roche—The Office of Evaluation and Audit, OEA, undertook an audit, and that was published last year. Generally speaking, it found it to be an effective organisation. We need to do some more work in relation to that, to be certain we have got value for money, in order to be able to go back to ministers with any proposals. That is to be done in next few months, in consultation with ICV.

Senator SIEWERT—You say you may ‘go back to ministers with any proposals’ and you said you are having a roundtable—will there be an opportunity for you to work with the organisation in working with other agencies to access other funds.

Mr Roche—Yes.

Senator SIEWERT—But not the employment funds—or is there an opportunity to still consider—

Dr Harmer—They will be one of the departments. While the money that was given to them in 2004-05 will not continue, there may be other opportunities for DEEWR to contribute to this fund.

Mr Roche—Just to be clear, Senator, we actually had that roundtable a couple of months ago, and DEEWR was one of the agencies at that meeting.

Senator SIEWERT—I beg your pardon. So the roundtable is an ongoing process?

Dr Harmer—Yes. ICV can draw down on what remains of their \$20 million capital, the \$15 million. Obviously, if the government wants them to continue at the same rate of activity, there will come a time when that \$20 million will be exhausted.

Senator SIEWERT—Exactly.

Dr Harmer—That is some time out, but in terms of sensible planning we are looking at other options so they can be more self-sustaining, they can draw on other departments and they can integrate themselves more effectively across other departments and other agencies.

Senator SIEWERT—What is the projection of how many years they can go for on that \$15 million?

Mr Roche—We expect they could survive at the current rate until 2014, but we need to work with them. They are changing what they are doing and we are changing the way we interact with them.

Senator SIEWERT—Thank you.

Senator SCULLION—Since the announced expansion of the income quarantining to the remainder of the Northern Territory, how many new businesses or merchants have signed up to the business card?

Mr Tidswell—We are in the process of signing up merchants across the Territory. I will ask Ms Ramsey to give us the figures.

Ms Ramsey—As at 21 May this year, 3,094 merchants have been approved. Of course, some of those are ones that were previously approved.

Senator SCULLION—Do you have the capacity to differentiate how many new ones were approved after the announcement?

Ms Ramsey—It is basically the same number, but I will refer that Ms Cartwright, whose area does the sign-up.

Ms Cartwright—The announcement has not changed any of the merchant sign-ups. What we have been focusing on is the change from the first iteration of the BasicsCard to the new BasicsCard. So we have been talking to merchants around the transfer from the old card to the new card. We have not had discussions yet about the change in the income management arrangements.

Senator SCULLION—The 1st of July is coming down like a steam train. There is not much we can do to slow that down. That is when it is all going to be implemented. I know there are a number of merchants, like Target, Woolies and Coles, that would have that capacity in any event, wherever they were in the Territory. I just want to know if there are additional merchants that have been signed up that were not previously engaged, particularly in larger areas, population centres like Darwin.

Ms Cartwright—I could not attribute any extra sign-ups to the announcement of the changes that might be passed due to the legislation. What I can say is that one large merchant involved in the BasicsCard has rolled out nationally and we are in negotiations with another large merchant to have coverage of the food and the other products that they sell.

Senator SCULLION—I am not sure how long you have been in the area, Ms Cartwright. I know Mr Tidswell will recall some questions and issues that were raised around a number of the not so large and not so easy merchants. There were a whole range of changes in buying behaviours that I think everybody acknowledges now were not the intent. Because they did not have access to the BasicsCard for quite a long time, some of the small shopping centres and things like that in Katherine, for example, felt—and I think quite reasonably—that they did not have the same profitability and so on. Have we learnt from that mistake? Are we negotiating now with a lot of the smaller stores in and around Darwin in particular? That is an area that has not really been much associated with the original intervention.

Ms Cartwright—My understanding is that the stores in the Darwin area that can participate in the income management program have signed up. We have done merchant

seminars in relation to the rollout of the new BasicsCard and we had attendance at those seminars from various merchants. We have account managers working in the Northern Territory that can sign up merchants as they wish to apply to be part of this program, and we actively go to merchants to sign them up if they are eligible based on customer demand.

Mr Tidswell—Regarding those early teething problems we discussed around sign-up and who is in and who is out, I think we are largely on top of that those days and have pretty good saturation in businesses across the Territory. One would assume, as you do your work in the Senate to sort the legislation through, that businesses that have been sitting on the outer might put their hand up.

Senator SCULLION—An aspect of that was always the subjectivity around who makes the decision about whether a store is appropriate or not. A question that I asked the other night and was flicked to you guys is: is the policy that the only things you cannot buy with a BasicsCard are alcohol, cigarettes, gambling products and pornography? They were the things that the legislation prohibited. Or has it now become a situation where we are trying to be more helpful? We made an example of the camera store in Alice Springs which, sadly—because people want to use the store—still does not have a BasicsCard function. With this whole issue of signing up new merchants, they may not be aware that some of these products are prohibited. We have gone a long way down the line, but there are still anomalies there.

Mr Tidswell—As you well know, we do not make the policy; we put in place procedures for merchants to comply with the requirements of the BasicsCard and work with the guidelines that are set by FaHCSIA in respect of retailers.

Ms Ramsey—With respect to trying to bring in some of the smaller merchants, certainly our account managers are there to work locally. We have account managers spread through the Territory and Alice Springs and Darwin. I am certainly happy to have a conversation with them about making sure that within the policy guidelines they are in contact with some of the smaller stores.

Senator SCULLION—Thank you for that. I might write you a note of the people who are concerned.

Ms Ramsey—Yes. It would be useful if they made contact with us and we can certainly assess their capability of being in or out.

Senator SCULLION—I will do that. That is probably the smartest way to go about it. Thank you.

Senator SIEWERT—Can I put a question on notice. Is it possible to get a list of all the stores that have signed up?

Mr Tidswell—The 3,000?

Senator SIEWERT—Yes.

Mr Tidswell—I am sure we can supply that list on notice.

Senator SIEWERT—No, I want you to name them all now! On notice would be appreciated, thank you.

Senator CROSSIN—Senator Scullion and I are constantly getting calls from businesses about why they cannot have a BasicsCard. For example, shops that might exclusively sell CDs or videos or stereo equipment—that is one of them. The other one is an approach from the AFL NT for people to be able to use their BasicsCard for entry into the football, because it is very hard for them to manage their cash and to keep their cash a couple of days ahead to get entry that way. Can you give us some advice about responding to these queries, or are you happy for us to keep sending each and every one of them through to you?

Mr Tidswell—I am happy to give some advice here now and then pass to my colleagues in FaHCSIA in terms of the policy intent. The general advice is that the BasicsCard is there for priority goods and services. Most people still have some other monies to put into things such as the purchase, as you said, of AFL games when they come to Darwin or whatever and for other non-priority needs. That would be my standard answer when asked and when talking to people in communities and townships. FaHCSIA might have a view.

Senator CROSSIN—We understand that is the standard answer as well, but you need to be aware that there is a lot of lobbying. When the income management rolls out to non-Indigenous people there will be a lot of lobbying, as Senator Scullion said. The general understanding on the ground is that most people think that you use your cash for grog and cigarettes, essentially, and all of the other money you get is for you to dispose of in what we would determine as a sensible way. They would see an ability to buy the latest Johnny Cash CD from their BasicsCard as something they could do.

Of course, you would be aware there is always this conflict, ‘You can use your BasicsCard in BIG W and buy the CD, but you cannot use your BasicsCard in my shop to buy the same thing.’ So businesses on the ground are still feeling that there is a lot of inequity there in the way they are being treated.

Ms Edwards—I might just go briefly to your question and also to Senator Scullion’s question before. With regard to alcohol, tobacco, pornography and gambling, the key principle is that you cannot use your income managed funds in any way to buy those products. The BasicsCard—and we did cover this ground a little the other night—is a very central mechanism to be used for accessing your income managed funds, but it is not the only one. The first thing is that you cannot use your income managed funds for those particular excluded goods, and certainly the government is very keen on encouraging everybody in the community, including those on income management, to use all of their money wisely to minimise the amount that is used on excluded goods, including their discretionary funds. We certainly would be hoping that people would use less and less of their discretionary funds on alcohol and tobacco in their own health interests, but it is not prohibited.

The BasicsCard is really about a service delivery mechanism, very ably managed by our Centrelink colleagues. You can talk to your Centrelink officer about how much you allocate to that card, having regard to the fact that it is a card to be used at businesses which mainly sell priority goods. The amount that you allocate to the card varies between customers. It can be used at a large number of merchants, but there needs to be a principle for who is able to access the system for BasicsCards fund, and the principle is businesses which deal primarily in priority goods. I hear what you say, Senator Crossin, about other goods available at BIG W, for example, that are not food or clothing and so on, but generally speaking those shops are

ones that deal primarily in food, clothing and the other priority goods that are set out in the legislation. That is a key aim of the BasicsCard and of income management.

The football, CDs and all those other things are perfectly legitimate and appropriate things for people to spend their money on, but they are not within that list of priority goods. They are not something that you buy with the BasicsCard. But, of course, we move forward to encourage customers to plan for those sorts of purchases and to use their non-income managed funds for those sorts of purposes. Also, when they have met all their priority good needs through the BasicsCard, or whatever way—rent deductions and so on—they are always able to go to Centrelink and talk about paying for those sorts of things from income managed funds by another mechanism—for example, by cheque or other sort of payment.

Senator SCULLION—Is there a review process? I am not sure who came up with this list of priority goods, but you know that priorities and needs differ amongst people—is there a review of the notional list of what is good for people?

Ms Edwards—The priority needs are set out in the legislation. The key ones are obviously there. There is scope to add things to that list by ministerial instrument. We are always looking at those things and having regard to the representations made by businesses, senators and others. For example, recently toys were added to the list of priority goods on the basis of the key educational, developmental role that they play in children's lives. That is a matter for the minister, but obviously we are constantly reviewing it and getting a lot of information from our colleagues as to what it is that people, merchants, customers and others are saying. We are open to any representations which would be passed through to our minister for her consideration.

Senator SCULLION—Trish and I are investing in hard hats over the next little while! I hope that is on the priority list!

Proceedings suspended from 10.20 am to 10.32 am

CHAIR—The committee will resume with a general discussion on housing.

Senator SCULLION—We have already moved from SIHIP, the Strategic Indigenous Housing and Infrastructure Program and the National Partnership Agreement on Remote Indigenous Housing. I understand the vernacular—SIHIP is part of the national partnership. How much has been allocated to each state and territory government to date under the National Partnership Agreement on Remote Indigenous Housing?

Ms Cattermole—Would you like us to walk through the payments that have been released to date to each jurisdiction?

Senator SCULLION—Yes.

Ms Cattermole—I will start with capital works, which is to date the largest allocation that has been made to the jurisdictions.

Senator SCULLION—Does capital works translate to new houses?

Ms Cattermole—Yes, that is correct. And refurbishment work. To New South Wales to date we have released \$19.051 million in capital; to WA, \$58.562 million; to South Australia, \$25.255 million; to Queensland, \$33.857 million; to Tasmania, \$3.59 million; and to the

Northern Territory, \$128.027 million. Victoria has no capital works allocation because most of the work being done in the Victorian jurisdiction is around urban and regional Indigenous Community Housing Organisation reform work. I will speak about that in a moment. That is capital; that is one component of the national partnership and therefore of the funding being released. There are several other components.

Senator SCULLION—That involves new houses and refurbishment.

Ms Cattermole—And refurbishment work; that is correct. In addition, of course, we have a number of other components, as you know, including the property and tenancy management work; the employment related accommodation, which is designed to assist people coming into regional centres for employment and work; and the reform payments, which were to assist the jurisdictions in taking over responsibility for urban and regional Indigenous community housing organisations. There are payment releases under each of those, which I can also walk you through if you would like.

Senator SCULLION—For my benefit, anyway, just the capital works are probably the—

Ms Cattermole—Yes, that is why I started with that.

Senator SCULLION—Indeed. In the same way, can you give me an indication of how many houses have been built and how many have been refurbished and completed in each of those jurisdictions.

Ms Cattermole—Certainly. Shall I step through those on a jurisdiction-by-jurisdiction basis?

Senator SCULLION—Yes, if you could, please.

Ms Cattermole—In New South Wales there are 61 houses completed or underway; in Queensland there are 83 houses completed or underway; in South Australia, 44; in Western Australia, 94; in Tasmania, two; and, in the Northern Territory, 94. That is new houses.

Senator SCULLION—Indeed. So they incorporate two things: houses that have been started and houses that have been completed?

Ms Cattermole—Correct.

Senator SCULLION—Would you be able to give me a quick rundown on those that have actually been completed?

Ms Cattermole—Certainly. In New South Wales, 39 are complete; in Queensland—

Senator SCULLION—Sorry; could I clarify that. I understand that those are not new houses that have been built; those are purchased houses in New South Wales. Is that right?

Ms Cattermole—That is correct. At this stage in New South Wales, we are primarily talking about houses that we have acquired. It is different in different jurisdictions, as you will appreciate. In some jurisdictions, we are talking about houses that have been prefabricated in factories and are being moved onto the site. Of course, in the Northern Territory we are talking entirely about on-site construction. In Queensland, three are complete.

Dr Harmer—Can I interrupt. I do not know whether Ms Cattermole is aware of this, but, because I knew Senate estimates was coming up, I have been pressing the heads of agencies

for the most recent data. I got an email from the head of the Queensland department just last night, telling me that of the, I think, 83 we have talked about for Queensland there are now 44 tenanted, which means they must be complete.

Ms Cattermole—That is consistent with what we are seeing as quite a rapid ramp-up, which we always expected around this time of the year. That is the kind of leap that we are seeing in nearly all the jurisdictions at this time. Those sorts of updated numbers are coming in quite rapidly.

Senator SCULLION—The number you gave me was three, and that has now been updated to—

Dr Harmer—Forty-four.

Senator SCULLION—So those 44 in Queensland are actually tenanted.

Mr Ryan—I think the figure for Queensland is that by 30 June they anticipate that they will have 44 houses tenanted.

Dr Harmer—Sorry.

Senator SCULLION—It is that trajectory thing again—aspirational.

Dr Harmer—It is indeed.

Senator SCULLION—I accept that. Thank you.

Ms Cattermole—Seven houses are complete in South Australia, 12 in Western Australia, none at this stage in Tasmania—of the two there—and 13 in the Northern Territory. That takes us to a total of 98. In addition to those 98, a large number of the houses underway are at either lockup stage or what we call ‘frame to lockup’ stage, the two most significant stages prior to completion. In particular, that is important for houses that are prefabricated, because what that means in terms of lockup is that they have been completed in the factory and are on their way to the communities where they will be connected to services and tenanted.

Senator SCULLION—Do you have some figures in terms of the costs of each of the new houses?

Ms Cattermole—We have average costs.

CHAIR—Are you going to walk us through each jurisdiction there as well, Ms Cattermole?

Senator SCULLION—Just for the purpose of completeness, could you provide an average across each jurisdiction that you have been doing?

Ms Cattermole—An average cost of each new house?

Senator SCULLION—Indeed, but perhaps I could ask something else—perhaps on notice, or you can provide it to us if you have it. If you have an average cost, clearly you have individual costs to get the average. Rather than going through each individual house, which I do not think is useful, would you be able to provide that to us?

Dr Harmer—We can give you the average now.

Ms Cattermole—We can certainly read you the averages now if you would like to work through those.

Senator SCULLION—Thank you for that. I will take those now.

Dr Harmer—It is averaged by state. Obviously there is variation.

Ms Cattermole—That is correct.

Senator SCULLION—I know, but to get to an average you have to add up the exact numbers for each house and divide it by the number of houses. I do not want the exact numbers for each house immediately; I just wonder if you would be able to provide it today sometime.

Dr Harmer—You would like us to read out the average, now, for the state—

Senator SCULLION—Yes.

Dr Harmer—but on notice you would like us to give you the span.

Senator SCULLION—Yes.

Ms Cattermole—Just for absolute clarity, one thing I have not spoken about yet—because I do not have the information on a jurisdictional basis—is the fact that there are some houses being built in jurisdictions outside the national partnership agreement. They are included in the overall numbers but I have not given you those because they are not national partnership agreement houses.

Senator SCULLION—Where would they be? In what jurisdictions would they be?

Mr Ryan—they are primarily, at this stage, in South Australia and the Northern Territory. They represent the final stages of the housing programs that were running prior to the national partnerships.

Ms Cattermole—There are a number of those. I think the total is 24.

Senator SCULLION—So they were not included in the figures that you gave me originally.

Ms Cattermole—That is correct.

Mr Ryan—But the 24 does go to the total of 98 completed.

Senator ADAMS—Can I just ask about a definition of ‘tenanted’ and ‘completed’. Does ‘completed’ mean able to be lived in with all of the services associated with them? I am just confused about the two terms.

Mr Ryan—The way that we define ‘completed’ is that the house has to be able to be tenanted. So it must have been physically completed and connected to services, but not necessarily tenanted. So at that point it is completed as a house and the property and tenancy management arrangements are then underway.

States have committed to minimising the period of time that exists between a house being completed and tenanted. The other thing around the non-NPA is the AACAP program. The Commonwealth does deliver a small number of houses each year, and continues parallel with the MPA arrangements. I think the 24 includes three in New Mapoon.

Ms Cattermole—I apologise; I have not answered the second part of your question yet, which was about refurbishment numbers. Would you like me to walk you through those?

Senator SCULLION—If you would, please.

Ms Cattermole—Shall I step you through ‘completed’ and ‘underway’ together or separately.

Senator SCULLION—If we could just have the completed ones, that would be useful.

Ms Cattermole—There are 413 refurbishments complete across the jurisdictions. Of those there are 223 in the Northern Territory, 87 in Western Australia, 20 in South Australia, one in Queensland, and none each in New South Wales and Tasmania, both of which, though, have good numbers underway. In addition to that there are some refurbishments that sit outside the national partnership in a similar manner. There are 82 of those that are complete. That is the total of 413. Overall, we have a total of 807 completed or underway.

Senator SCULLION—Could you just run through those average costs of the new houses?

Ms Cattermole—Certainly. The average national cost is \$410,900. Breaking that down by jurisdiction, in the Northern Territory, as you know the average cost is 450,000; in Western Australia it is \$475,000; in Queensland it is \$416, 583; in South Australia it is \$396,000, in New South Wales it is \$265,000 and in Tasmania it is \$450,000.

Senator SCULLION—Thank you for that. I note that in New South Wales there are no new houses being built. They have decided to use their allocation to acquire houses to meet this requirement. Are you aware—in general terms, without going through the specifics of the houses—that some 39 houses have been purchased? I understood that the motive behind this proposal was to ensure that we reduced overcrowding. I would like some assurances that the purchases in New South Wales are moving toward that motive. My concern is that I have not seen a lot of houses with ‘for sale’ signs in remote Indigenous communities that are suffering from overcrowding. Do you know where these houses are being purchased in New South Wales?

Mr Ryan—We would probably need to take that on notice. We do have that information but it is not here.

Senator SCULLION—Okay, perhaps later in the day.

Dr Harmer—But we are well aware of the purpose for the funds. In Indigenous communities, as you know, there is significant overcrowding and all of these houses will contribute to addressing that issue.

Mr Tongue—Senator, I would note though that my recollection of the numbers, and they are probably somewhere in the brief behind me, is that the figures for overcrowding in New South Wales in remote Indigenous communities are not that high. They are certainly not as high as the Northern Territory’s. A figure of about 2.7 people per house sticks in my head for public housing in remote communities in New South Wales versus—and you know the data in the Northern Territory that we are dealing with.

Senator SCULLION—I guess that goes to the question that if you are not building new houses you are not actually increasing capacity. You are only buying existing houses and it

would certainly not be having the same impact as in, for example, places where you are actually increasing capacity by building new houses.

Mr Tongue—My recollection of discussions with New South Wales colleagues is that the economics of this for them meant, because the communities they are dealing with are largely in the Murray-Darling Basin—it has been subject to drought for a period of a decade—it was far more effective to go and buy houses in communities. That is recognising that the nature of remote communities in New South Wales is a bit different from that of those in that band across the top, where it was more cost effective to buy on the market. I am pretty sure that we will be able to assure you that we are contributing actual new stock for Indigenous occupation.

Mr Ryan—And the target is for Indigenous overcrowding, so these are houses that have been bought on the mainstream housing market and made available to Indigenous families. So we are increasing the number of houses in these communities that are available to Indigenous families. Therefore, although you may not be increasing the housing stock in those communities, because they are communities of Indigenous and substantial non-Indigenous population you are actually lowering the overcrowding rate for Indigenous families in that area.

Dr Harmer—Senator, your most common view of an Indigenous community in remote areas would be the Northern Territory, where they are overwhelmingly—and you are right—Indigenous communities, Indigenous households and Indigenous houses. In the areas of New South Wales which are classified as remote there are substantial numbers of houses that are available for purchase which are not occupied by Indigenous households and which will contribute significantly. You can see by the price they are paying that they are getting very good value for the houses in New South Wales.

Senator SCULLION—I will look forward to having a look at the details of the list. Thank you for that. In general terms on the national partnership agreement, I understand COAG has agreed to renegotiate the funding agreement. Whereabouts are we up to in those negotiations?

Dr Harmer—We have already renegotiated it and it has been accepted. Just as a bit of background, this arose out of our minister's very strong concern about some of the early signs that you are aware of and that appeared in the press of not sufficient progress. Minister Macklin, even though we were only very early into the agreement, decided and agreed—and the Prime Minister agreed too—that we would renegotiate this partnership to put greater strictures on the states and territories in terms of progress. Now they all have 25 per cent of their funding at risk according to performance against targets of constructions, completions, refurbishments. That has been accepted. I can assure you, from our perspective and the nature of the contact that we have with the states and territories housing people, that this has got their attention in terms of targets and activity more than there would have been without it. So it has been a pretty successful exercise.

Ms Cattermole—Just to add to that, in terms of where we are up to, Senator, the first biennial bids process is now well underway. The submission of bids closed at the end of May. We are hoping to inform jurisdictions of the outcome around the end of the financial year. So all that is currently being accessed.

Senator SCULLION—As for leverage, Dr Harmer, you speak about their potentially looking down the barrel as to 25 per cent of their funding if they all go home to their homes. My concern is that if you take 25 per cent—and I have been on the record on this but you might want to explain this to me—25 per cent fewer houses get built. So do you have a fallback position? If you are not giving it to the states and territories to apply, do you have some other rationale under which that 25 per cent of funding can still be applied to housing for Indigenous Australians in that particular jurisdiction?

Mr Ryan—The 25 per cent bid applies to the capital component only. What we have seen immediately from the moment the bid process commenced is an absolute focus from state governments around delivery.

Senator SCULLION—You would reckon it should have been there earlier, wouldn't you?

Dr Harmer—We would not try to pretend that in the early stages, particularly in the Northern Territory, as you know, and some of the other states too, we had sufficient focus on the delivery of houses. You will be aware that over many, many years governments do not have a great record in delivering particularly remote Indigenous housing. We now have a lot of money. We had some problems in some of the states. We moved very, very quickly. I have 14 people in the Northern Territory, people in Queensland and people in Western Australia, at the minister's urging, making sure that the Commonwealth is in there not only with the stick of the 25 per cent of the capital that is at risk but also helping them and prodding them constantly to make the progress. It is a vastly different environment now to what it was 12 months ago.

Senator SCULLION—So are you able to give me some assurances? It will be terrific if it all just goes fine, but history does not give me a whole range of confidence there. Let us say that it does fail. The assurance I am looking for is that, instead of just taking the 25 per cent from the states, which may be in some pain—but the people will be in more pain because they will not have the houses—that money would still be going to whatever the jurisdiction is but through some other mechanism.

Dr Harmer—That would be speculation, and I would rather not go there. Let me say this. The minister was very determined that we needed to put a great deal more pressure on the states to deliver. We have done that. It seems to be working. But, knowing Minister Macklin and this program—and I have seen her talking with state and territory ministers about the importance of this—if this does not work I would be very, very surprised if that is where we would stop. I need to be careful about speculating, but it is unlikely that she as a minister in the Commonwealth government would just say, 'Oh well, that's too bad.' We would certainly be looking for other options. But at the moment what we are saying is that we are pretty confident that the mechanisms we have put in place are working.

Mr Ryan—But the 25 per cent is based on a state government potentially losing that and that being redirected to other states which are performing and where needs are great. It is an underlying principle. What we are seeing as a result of bringing that in is that states are performing better, and therefore the need to use that mechanism is reducing all the time because of the improved performance.

Senator SCULLION—Mr Ryan, I hope you understand my concern. Thank you for the answer, but my concern, as I come from the Northern Territory, is their history. It will be terrific because New South Wales or somebody else has done it more efficiently than them, but the Territory will lose out, and it is the Aboriginals in the Northern Territory who will lose out, not necessarily the Northern Territory government. I understand that you cannot speculate on that, but I just want to put on the record a concern that, when that trigger happens, we really need to be careful.

Dr Harmer—We would be alert to that, Senator, I can assure you.

Senator SCULLION—I have asked some questions in the past, particularly in regard to the Northern Territory area, about whether or not I can get a breakdown of the costs community by community or house by house. I got an answer to a question on notice to the minister. The answer, as far as I can recall, went something like this: ‘We can provide overall funding numbers but because of the nature of the alliances and the way the reporting process goes we are unable to provide you with anything more specific.’ Is that still the case?

Mr Boyson—The way the program is structured in the Northern Territory is that we will be able to provide confirmation of how well we have done against those average targets across communities at the time that we wind up and finish packages as we move through the program. That is because we are attributing costs—not just the direct costs of construction, the labour and materials, but also the other costs that are associated with construction—not to individual houses as we go through but across a whole package and to some extent across the whole program. To provide it at an early stage would be very misleading.

Senator SCULLION—Mr Boyson, what we want to do is disaggregate those funds that have been specifically spent on the refurbishment or building of a house, and then we can simply make the subtraction and deal with the remaining things, which are, in a general sense, other costs. I think that is not entirely misleading. In fact, I think it throws a spotlight on the issue of how efficiently we are doing this, how well we are spending the money and what sort of bang for our buck we are getting across the board. Hence the reason for my question. The written answer came:

It is not possible to disaggregate payments made to the Alliance Partner for individual communities or houses.

That was the answer I got back from the minister.

Dr Harmer—I think what Mr Boyson said was that at this stage it is not, because we have not completed any packages in any of the communities, but when we do complete a package in a community I think he is saying—and I am looking to him to correct me if I have got this wrong—we will be able to give you the information you want so that you can get down to individual dwelling construction costs. But we cannot do it yet and we will not be able to do it because of the nature of the contracting and the reporting until we have finished a package in a community. Is that correct?

Mr Boyson—That is correct.

Dr Harmer—So we are not saying that we cannot give it to you or will not; we are saying that we cannot at the moment but when we have finished a package in a community we will be able to break those costs down for you.

Senator SCULLION—When do we expect the first notional package or community to be completed?

Mr Boyson—We are looking for the first packages to be completed towards the end of next year. It will be through next calendar year.

Dr Harmer—In September or October perhaps, in 2011.

Mr Boyson—Towards the end of the dry season next year.

Senator SCULLION—It is interesting. We have the Northern Territory committee of cooperation, which is extremely cooperative in this regard. No doubt you will have seen that it provided information on the SIHIP for the Council of Territory Cooperation. That was on 13 April. It provided a spreadsheet—I am sure you have seen it; you have people associated with it.

Dr Harmer—I have not seen it—

Ms Cattermole—Neither have I, Senator.

Senator SCULLION—This spreadsheet, whilst it does not come from the Commonwealth government, gives a much clearer breakdown and clearly demonstrates that we do have the capacity to go down not only community by community but, effectively, house by house. So I am still a bit perplexed about the minister's answer to me, which said, 'It is not possible to disaggregate payments made to the alliance partner for individual communities or houses,' given that we are quite clear here that we can actually break down how many houses to how many communities, and there are some quite small numbers and quite small communities. That is why I have asked the question. Is it still the case that the minister is saying that we cannot do that, given that on 13 April another organisation dealing with exactly the same issues seems to have made at least a reasonable fist of dividing those up into communities and into areas and houses?

Dr Harmer—I suspect that that is a breakdown at a particular stage of the construction process in the community. As we have not finished any community yet, they will be, presumably, preliminary figures for the costs in those communities. That is what you will have. We have not given it to you because we are not convinced that that will be the final figure for all of the houses, I suspect, in the communities.

Mr Boyson—That is exactly right. Probably it might help if I explain the differences in the contracting methodology that is used with alliancing. On fixed-price contracts, what normally happens is that specifications are drawn up for what is to be delivered. Builders or contractors will tender based on that and come in with a price for which they will deliver the individual house or a group of houses. Under alliancing, we are specifying the parameters, what we want delivered, broadly across a whole package—that is both refurbishments and new houses. We are also specifying the standard we want those houses brought to, and we are specifying the overall budget within that. It is a very different approach. We will get to the end of the package and we will get that breakdown at the end of the package. It is also based on those contractors, those alliances, being able to deliver within the envelope they are given. The onus is on them to deliver within that, and there are penalties if they do not deliver within that.

Senator SCULLION—So at the end of the program you will be able to provide a document that will tell me, house by house, how much it actually cost to refurbish each one of those houses. Some of the communities are so small that you know it is going to be the cost of a house. That is going to allow us to disaggregate exactly how much is being used for other things, given some of the changes that the minister took—and I congratulate her for those—in terms of ensuring that the administrative burden, if you like, that was taken off by the jurisdiction—in this case the Northern Territory—was reduced. I think the agreement was some eight per cent.

Dr Harmer—Yes. That is correct.

Senator SCULLION—But to hold people to that eight per cent—they are the figures that we really need.

Dr Harmer—I can confirm that we are running at around eight per cent or lower at the moment.

Ms Cattermole—We are at tracking at eight per cent or lower across the life of the program as we speak.

Senator SCULLION—I understand we go to the confidentiality issue—and generally it is a pretty reasonable answer—about those issues associated with the alliance. You might have noticed there have been some discussions in the media about the actual costs of some of the renovations.

Dr Harmer—Yes.

Senator SCULLION—There is an average cost of \$75,000. I have been in some of these houses. As a layman, I know what it costs to put a coat of paint on something and throw a couple of bits of stainless steel around. I was very disappointed that that was somehow an average of \$75,000. Are we building houses and refurbishing houses to a standard or are we refurbishing and building houses to a price? Perhaps on refurbishment would be the way to answer the question, rather than on new houses.

Dr Harmer—We have, as we do for new construction, a notional average which we are going to stick to. We are very confident, for example, we will get the 750 houses in the Northern Territory for the money. We are tracking at \$450,000 on average. We managed the refurbishments, in a sense, in the same way.

Senator SCULLION—It is not a really big population base.

Dr Harmer—No, but the ones we are building at the moment are primarily on islands and in the north, where the cyclone-proofing et cetera is more expensive. We are anticipating that, as we move slightly further south and off the islands, we will actually get cheaper houses. In the refurbishment area, we are managing in the same way. We have a target. We believe we will meet the target. The target gives us an average that we are aiming for, but we do not say to a contractor going into a house in Kintore or somewhere in the south, ‘Once you get to \$75,000, you walk out the door whether it’s painted or not.’ That is not what we are saying. We are saying on average we have allocated \$75,000 per refurbishment. Our assessment is that that should provide a reasonable refurbishment to allow the house to be occupied appropriately by an Aboriginal family.

Senator SCULLION—I understood from previous questions, some time ago, that the original assessment for the refurbishments was between \$75,000 and \$150,000. The reason you came to those numbers was on advice from the consultants, who made an assessment across the board and some average scopings. That is how they got the numbers. Could you explain why the number went from \$75,000 to \$150,000 to an average of \$75,000?

Ms Cattermole—Perhaps I could answer that. I apologise for going back over the history, but to my knowledge—and Mr Boyson might correct me if I am wrong—that there was no actual program parameter for each of the elements of the program prior to the August 2009 SIHIP review. One of the challenges that we were facing at that time, one of the things that we had to grapple with during the review, was the fact that there were not particular program parameters for each of the elements of the program. The implications of that were that it was highly likely that the program would not reach its targets—the targets that were set right upfront, the ones that you know well. In particular, what was going to happen was that a very small number of houses were going to be refurbished and/or built, depending on which one you are talking about.

Let us take refurbishments for a minute. That was the challenge: that in fact a very small number of refurbishments would be achieved, because they were what they were, if you like—meaning that one of the key elements, which was that we would refurbish 2,500 houses, would not be met. In turn, what we know about that from the past is that, if you just do a small number and you leave a large number of houses untouched, as you know, people tend to move to the places where there are functioning showers, functioning toilets and kitchens where you can cook food and so you do not actually see the kind of transformational change that this program was looking for.

The review came along and one of the things that we determined was to set those program parameters to ensure that the targets would be met. That is the first time, as I understand it, that there had been a clear program parameter for refurbishment. I am not quite sure where the \$150,000 came from. That has been mentioned a number of times recently.

Senator SCULLION—That was the vernacular. I do not know where it appeared. It said that there would be an average—

Ms Cattermole—That is my understanding, too. It is a general view; it certainly was not a target and it was not a number at that stage. At that stage we identified that, to meet the targets, it would need to be an average of \$75,000. As Dr Harmer said, it is not a per-house \$75,000; it is an average across the program. As you know, it was then determined that we would focus on a functional refurbishment approach and that was designed to tackle, as much as we possibly could, the health hardware components of the house to ensure that people could achieve the best from each of those refurbishments. It tackles kitchens, bathrooms and so on. As much as we possibly could, it was to identify safety issues and then functionality issues.

Senator SCULLION—The fix-and-make-safe change.

Ms Cattermole—It is more than that, though. That was the first component and then, as you know, it goes from there to targeting the functionality of houses.

Senator SCULLION—When we have done the fix-and-make-safe process, which talks about functionality and safety, there is an assumption—certainly from me and others—that we will go back and do something different. It will be something more than just the functionality issue. Is that a correct assumption?

Ms Cattermole—That is correct. In some cases, that will obviously be what is needed and that will be that. Then the house will be to the standard that is required and the tenancy arrangements will fall into place. What we are facing, as you fully appreciate, is that in many cases we are dealing with houses that are in an incredibly poor and dilapidated condition. We are looking to establish a strong base, and the functionality approach provides us with that because it gives you a very clear list of priorities that tackle the things that are most important in each house. On top of that will be the enhanced ongoing repairs and maintenance program, which will come in behind. We will be able to use the data, what we have got to, and build on that. We are seeing that happening already.

Senator SCULLION—Just as an observation, regarding most of the stuff that I have observed in terms of refurbishment, people would just see that as maintenance. Eventually someone has come and maintained the house—they have painted it, they have fixed the light switch and the plumbing was fixed up again. That would be pretty much the maintenance that you would expect on a house.

Ms Cattermole—I would be happy to look into any particular instances, but certainly the approach that we are taking would not accord with, say, painting and so on as a first stage unless it were a health issue.

Senator SCULLION—My challenge with this process is that we have gone into a house and we have fixed and made safe. There is an efficiency issue. Now we will have move people out of the house and come back again. When I ask how many refurbishments there are, you tell me that a certain amount have been completed. For each of those refurbishments that have been completed, I imagine that you already have a scope of works. I understand there is a scope of works for each house. Can you avail yourself of that scope of works? Does the Commonwealth have access to, for example, one of the houses in the alliance that has a total scope of works? The assumption is that you have ticked off some of those. Each house will then have a remainder of works to do. Is there a time and are people informed so that they can plan around their own lives when someone will be back to deal with the remainder of the scope of works list?

Mr Boyson—Perhaps I could answer that. In a previous question on notice we provided what the Northern Territory calls their condition assessment tool. That is the basic tool that is being used to go through and assess the condition of houses. It catalogues for each house the condition of the house, both in terms of its physical condition and in terms of its functionality. That is used as a prioritisation tool for the alliance partners when they go in to look at what they need to do as a matter of urgency in each of the houses. It also serves to inform the Department of Housing, Local Government and Regional Services asset management officers as to what other works need to be done in the house and inform their ordering of work for regular maintenance and cyclical maintenance from the shire. There is a process in place that is beyond the alliance partners which is part of the ongoing property and tenancy management procedures that have been put in place by the Northern Territory government.

Senator SCULLION—I am interested because I know you have a relationship with the Northern Territory government and they somehow have this vicarious relationship with the alliance partners. I am imagining that the scoping work for all of the houses within the area of the Northern Territory would have been the first step. Is it correct to say that there would be a scope of work for all the houses that are intended to be completed, say, in that jurisdiction—it would have been completed already?

Mr Boyson—One of the learnings early on with SIHIP was that it was foolish to go in and try to scope houses too far ahead of time. Most of those houses have very heavy usage. It was found that if they were scoped too far ahead of time, by the time contractors got in there things had changed and the scoping really was not worth the paper it was written on. At the moment scoping work is being done immediately before the alliance partners go into a house. The alliance partners then sit down with the asset management officers and work through what the priorities are for each one of those houses. The Northern Territory government, as the asset owner, is part of that process of determining the priorities for each of those houses.

Mr Tongue—By way of context, my memory is that there are 5,000 public houses across the Northern Territory.

Mr Boyson—That is right—nearly 5,000.

Senator SCULLION—My concern—and it should be your concern, Mr Boyson—is that the alliance partners themselves are going into a house and saying: ‘We are doing the scope of work. This is terrific. We are only going to do it as we get into the house.’ When we get into the sharper end of the deal in a couple of years time, there is an opportunity for that scope of work to become a lot shorter, because the same people who are doing the deal are looking at their profitability: ‘We’ll only need to do these things on the scope of work.’ Anecdotally—and I will not go into any detail—I have seen scopes of work and I have seen the houses. You have explained to me that there is this vast difference between the scope of work and what has been done in the house. Probably about 25 per cent of the scope of work has been completed and there is an expectation that the other 75 per cent will no doubt be done later. What is in the scope of work is up to the same people who are actually doing the work. Given the nature of the contracts and given this global approach to that, is there not a real risk that unless there is some independence about having the same, consistent approach to the scope of work there is going to be some slippage in what they consider to be a full scope of work, simply because that is in their interest?

Mr Boyson—I think I explained previously that the asset management officers from the Northern Territory government are involved in the scoping process and they are also responsible for accepting those houses back on behalf of the Northern Territory government.

Dr Harmer—Senator, I know you have made some comments on the likely incentives for the alliance partners in relation to profitability versus the work they do. Of course that is possible, but there is significant advantage for the alliance partners in doing a very good job with this, because we will undertake a review of the alliance framework at some point. There is also the potential for reputational damage for some pretty big builders and companies if they do the wrong thing. With the checks and balances and the checking—the visibility—of this Northern Territory effort, I think it is quite unlikely that we will get very much of that sort

of behaviour. They want to continue to get contracts. They know that the press, you, Senator, us and others are all over them in terms of looking at the data. It is a very different environment now in building in some of those remote communities, and even refurbishment, than it was some years ago. This is a very, very significant change in the way we are doing things. There are a lot more people involved, there is a lot more checking, there is a lot more data, there is a lot more validation of works et cetera. It is vastly different to what it was.

Senator SCULLION—The reality, though, on the ground—and I spoke to you about this the other night—is that we have had houses that have been ticked off through this process and that are fine but that people are considering bulldozing. That is just a given. Forget about the bulldozing part of it—everybody accepts—

Dr Harmer—I think you are talking about some on Groote Eylandt, are you not?

Senator SCULLION—Indeed. But forget about sacking the partners. I am saying the process for inspection at several layers of development clearly is completely flawed. I know we have said that now we are putting in new assets officers. What I am going to is, what is the independence of the asset officers? Are they overseeing the scoping works, are they overseeing something, or are they, apart from the final day, saying they have to have sign-off, are they actually doing the scope of works or are they simply overseeing that process?

Dr Harmer—First of all, we would not accept that the process of checking that is in place now is completely flawed. I would accept, and this is what led, as you probably know, to the breakdown in the relationship and the dismissal of the Earth Connect alliance partnership, that there were some real questions about that activity which we again, as we have done in the history of this program, when we find a problem, whack, we deal with it and we improve it. That is what we have been doing and that happened with Earth Connect. There were questions about the checking which have now been reformed and revised. I want to make sure that you do not think that the checking that was present around some of those Groote Eylandt Earth Connect projects is still a process that we are adhering to.

Senator SCULLION—I guess the other concern is that it took us so long. The houses had been completed before we recognised that there were failures in construction right from the very start. My concern still is that it took the Commonwealth, or appeared anyway to take the Commonwealth, an awful long time before we realised that there were some really significant problems. But you are asserting that that has been completely repaired.

Dr Harmer—I think we reacted pretty quickly, when we were convinced. I mean, it is not a light matter terminating a big contract. We had to do a lot of work and we had to be very conscious of the fairness and natural justice issues before we terminated that contract. I do not think it took long at all. We did due diligence on the process and then terminated it when we were convinced that we were right.

Ms Cattermole—Just to absolutely make sure, we add yet another layer of quality assurance into the process. You might recall that the minister recently announced the establishment of a new quality assurance team. The idea of that is again to ensure that we have further quality assurance processes built in that are there along the way, and it is for the very reasons you have identified, so that we identify problems as early as possible and can get on to them as quickly as possible through the process, not when you get near the end.

Senator SCULLION—A question on another island where it appears to be going somewhat better, on the Tiwi Islands. I have been led to believe that the houses that had been handed back are not in fact completed but there is an arrangement with other parties for a payment to ensure that those works are done outside of the alliance. I understand that there is a sum of some \$7,500 per house. Do you know anything about that?

Mr Boyson—We have to take that on notice. If you had more detail—

Dr Harmer—It is the sort of thing that if you have got information on it I would like to have it because—

Senator SCULLION—I am not suggesting any mischief, I am just wondering what was inside and outside the budget. There is no assertion of mischief.

Dr Harmer—We have not got any information on that. I would certainly like to have it.

Senator SCULLION—I will certainly be able to provide that to you later in the day.

Dr Harmer—Thank you. As you have seen from our history in this program, we act pretty quickly when we find that there is a problem. This is a very high-profile program with a lot of money involved. Like you, I for many years have been involved in housing. I am very keen to make sure we do not waste this opportunity with so much money to get the houses built.

Senator CROSSIN—Is there an IBA build?

Dr Harmer—I do not know.

Senator SCULLION—I will get some more information on that, but that is what I was led to understand.

Mr Boyson—If I could add something, you asked before whether we are refurbishing houses to a standard or to a price. The alliance partners are working to a set of very firm parameters following refurbishments and they are required to meet those parameters. The basic parameters that they are required to meet are that a house is safe, that a house is secure, that a house has working wet areas, which means that in the number of cases in the houses I have seen the alliance partners are actually stripping bathrooms and taking all the tiles off, retiling, replacing all the plumbing, water-proofing them, which in a lot of housing houses has never been done previously. They are replacing toilets, making sure that toilets work, and going as far as making sure that septic tanks work on houses. There is no point in fixing the toilet if the septic tank does not work. They are replacing kitchens, which I am sure you have seen, the stainless-steel kitchens. And as part of security in those houses, windows and security screens are also being replaced.

Senator SCULLION—The biggest challenge for me is this: I say, ‘How many houses do we have refurbished?’ You tell me the number. Some of that cohort of houses has been completed; they will never need another refurbishment. I have not visited any but I hope to be visiting some next week. I have visited many houses that are clearly only 20 per cent into the full scope of works, so it is very difficult to say, ‘How far are we through the project?’ when we have this vagary about when we are going to be able to go back. Perhaps by the next set of estimates, or even on notice, you could provide us with a figure on how many houses have been refurbished and are not to be refurbished again. Could we have another category, that the refurbishment has been completed rather than an interim completion?

Dr Harmer—When you say ‘not to be refurbished again’, some of those that we will complete are for refurbishment in this cycle, and at some point in the future they are likely to need further work. There is always work; hopefully it will not be in this cycle. One of the big difficulties, as you know—the reason we had to make such significant reforms to the way we were doing things—is that, for years, we were building houses in the Northern Territory that, because no rent was collected and there was no maintenance program, were lasting seven to 12 years compared with an average life cycle of 40 or 50 for a building elsewhere. That is what we are looking to address as well.

Ms Cattermole—We are obviously more than happy to provide you with everything we can, but also bear in mind the numbers of refurbishments we are delivering, which makes it quite a challenge. We are looking to deliver about 2,000 over the next three years, and that is about 10 times the number that have ever been achieved in refurbishment programs in the past in the NT. The sheer volume of the number of refurbishments we are getting is going to make a significant difference.

Senator SCULLION—I am confident—we should all be confident—that we can actually track where every house is up to—

Ms Cattermole—Absolutely right.

Senator SCULLION—particularly if people are moving back in. Frankly, I think you are going to have a whole new scope of works in terms of refurbishment. I will get to the tenancy issues in a moment.

Ms Cattermole—I could not agree more.

Dr Harmer—We do not fear the scrutiny. This is important. There is a lot of money, and we will answer your questions and provide the response.

Senator SCULLION—What I think would be useful for parliament is to have a better understanding and a breakdown of what we have said are completed refurbishments. I am not going to be prescriptive about how that should be, but I think that at least we need details on those that we will not be revisiting, so it is not just a fix-and-make-safe program. Some have been completed, I understand, to a much higher level of amenity than I have seen—

Dr Harmer—We will do our best to provide that information to you.

Senator SCULLION—As part of the process of the alliance management, there is a term ‘unallocated alliance management and establishment costs’. Can you break that down for me? It is an additional \$26.2 million, I understand.

Mr Boyson—This is off the CTC spreadsheet?

Senator SCULLION—No, I am not sure where I got it. The Northern Territory government lists the entry, so it might be part of their Council of Territory Cooperation materials. But they have listed the document and entry ‘unallocated alliance management and establishment cost’, and it says \$26.2 million.

Mr Boyson—Because this program has a life of five years, there are certain costs that are being incurred by the alliances, particularly at the early stage of the program and the start-up, that the Northern Territory government wants to make sure do not penalise early packages.

The idea is that those early setup costs and the costs of doing things like going through and developing designs that are going to be used right across the program, getting the alliances set up and ready to operate, are amortised, if you like, across all the packages. To have not done that would have meant that the first packages of works that rolled out would have had significantly fewer outcomes in houses delivered than the later packages.

Mr Tongue—I think they are in the nature of fixed costs.

Senator SCULLION—Indeed. So these are administrative costs, the fixed costs that should be amortised over. So, when we are looking at the budget and the assertions of Ms Cattermole about the eight per cent in administrative fees, let us say you break that down linearly, just to make it reasonably accurate. Has that been taken into consideration in the eight per cent?

Mr Boyson—The eight per cent is separate from that figure.

Senator SCULLION—So if the \$26.2 million is being provided by someone—the Northern Territory government—as part of this package to the alliance partners as part of the administrative process, it is not building houses, it is an administrative cost. Is that reasonable?

Mr Boyson—I would call that part of the construction cost. It is the normal cost of construction and the fixed costs of setting up a program of this size and getting these consortia—these alliances—set up as part of the operation.

Dr Harmer—To build a place for the team to work from et cetera, that is the sort of thing that we would cover.

Senator SCULLION—I understand that. What you are really telling me is that the eight per cent is about what the Northern Territory government is incurring. This is something that is being incurred by the alliance but, as part of the on-cost of the alliance, the alliance are being paid that cost.

Mr Boyson—That is right.

Senator SCULLION—I understand that SIHIP provides for a profit margin of up to 20 per cent for the alliance partners. Can you break that down for me and, in regard to the management fees that you have just talked about, is this profit on top of that management or establishment cost? Has that been taken into consideration in the contract?

Mr Boyson—I am sure you will appreciate that I cannot really comment on the fees and the level of fees that are being paid to each of the alliance parties because it is commercial-in-confidence information. But I would say that the structure of the alliance process is that the alliance partners are paid for costs incurred in the delivery of packages and then, over and above that, there is a fee that has been negotiated as part of the contracts. There is also another tier which is around the incentive payments. So there are three elements to the payments that are made to the alliance partners: one is for the costs incurred in delivery, and that is for materials, labour et cetera and their general overheads, and the other is their fee and then the incentive structure.

Senator SCULLION—So there is direct cost for materials, you say. You would effectively get invoiced for materials?

Mr Boyson—The Northern Territory government gets invoiced for materials, the costs of labour and the overheads that the alliances incur on an ongoing basis to be delivering.

Senator SCULLION—Then the alliance gets paid on top of that for delivering the whole thing, or is it just a fee for managing the whole set-up?

Mr Boyson—They get paid a fee, which is usual and which you would expect.

Senator SCULLION—Indeed. I am just trying to get it clear in my mind—a rough sense of that. So with this notional profit margin, when we talk about this built-in profit what we are really talking about is a fee that is not subject to any costs outside of their own management costs and those sorts of things. It is nothing to do with the actual building and construction. So the vernacular when somebody says to me that there is this built-in profit is really the fees that are provided to the alliance partners that you described.

Mr Boyson—One feature of alliancing is that it is transparent to the extent that the fee is negotiated. We know exactly what the fee is, which is not always the case in fixed price contracting where you get a price for the delivery. The other point to make about the fee is that it is the portion that is paid to the alliances that is at risk if they do not deliver. So there are arrangements in place under the contracts where there is a penalty that applies that can eat into that fee of the alliance partners if they do not deliver on cost.

Dr Harmer—We get a great deal more control on this than we had under previous arrangements, which is why the previous government in Canberra commissioned a private sector consultant to recommend which way to go—and that is this alliancing arrangement.

Senator SCULLION—In regard to the changes in the arrangements—and we have all heard about what has happened with the Earth Connect Alliance—can you tell us how much has been paid, given that there is a succession of arrangements, to Earth Connect Alliance?

Dr Harmer—I will need to rely on my colleagues. As they are looking for it, given that there will be perhaps quite a lot of media watching this, because it has an interest, one of the things that we are really interested in, and I am sure you will be pleased about, is that the alliancing contract for the construction requires 20 per cent Indigenous employment and they are currently running at 35 per cent, which is an incredibly good outcome. We are hoping we can maintain that.

Senator CROSSIN—You have anticipated my question, Dr Harmer.

Senator SCULLION—Is that across the whole partnership program?

Dr Harmer—My notes do not tell me that it is. I think it is. I am not sure that we will be able to hold that—it is a really, really good figure in the early stages. We did not expect it to be at that level this early so it is a very good sign that we are getting people trained and getting real jobs.

Mr Ryan—That is the figure for the Northern Territory where we have access to that level of information. The full information is yet to come for the other jurisdictions.

Senator SCULLION—Are the other jurisdictions currently supplying information to that question?

Mr Ryan—They are required to supply complete information at the end of the financial year.

Dr Harmer—We will have that information for you next time in relation to other states but we are monitoring particularly closely in the Northern Territory.

Senator SCULLION—Do we have the amount that has been paid to Earth Connect Alliance?

Ms Cattermole—There are probably two matters to respond to. There are two issues: one is the expenditure to date in the packages for which Earth Connect was formally responsible. I think that was just over \$19 million.

Mr Boyson—That is \$19 million for the Groote Eylandt package. This is detailed in the Council for Territory Co-operation spreadsheet that you referred to.

Senator SCULLION—So this has been paid to Earth Connect?

Ms Cattermole—That is expenditure in relation to the works at Groote Eylandt to date. In terms of the other question you asked about the alliance itself, as you may be aware, since the decision was reached in mid-March about the alliance's involvement in the program there has been a transition approach underway which has been led by a senior FaHCSIA officer. That is still underway and there is a whole range of elements to that, which include the finalisation of the final arrangements. It is still under way so we are not in a position to provide you with those details at this stage because those commercial arrangements are still being worked through.

Senator SCULLION—Would you be able to tell me about the construction work that was actually completed by Earth Alliance in terms of the new and refurbished houses? When they left, how many new houses and refurbished houses had they completed.

Ms Cattermole—I am not sure that I have that on me. I may have to take that on notice.

Mr Boyson—There were 17 houses under way across the three communities on Groote Eylandt and 19 refurbishments and rebuilds that were handed over to the Department of Housing, Local Government and Regional Services.

Senator SCULLION—So the 19 were handed back—it was notional—so they were ready to go again. Out of the 17 under way, how many had been completed?

Mr Boyson—None had been completed by Earth Connect Alliance at the time they separated from the program.

Senator SCULLION—What is happening in the way of recovery action? Are you undertaking any recovery action against Earth Connect Alliance?

Dr Harmer—We need to be really careful in this because we are going through a process which is not completed yet. At some point we may be able to give you specific answers but at this stage, since we are still in the final negotiations, we should not go into that.

Senator SCULLION—All right. I do not think there is any doubt that there were some problems with the standards of work that they were doing. What is being done to ameliorate that in terms of the 17 houses that are at whatever stages of construction and, particularly,

with the 19 that have been handed back. I am not sure if they are tenanted or not but what is being done about that?

Mr Boyson—We are satisfied that the refurbished houses that have been handed back are all of an appropriate standard. They were signed off by the asset management officers so there have been inspections done of those houses.

Senator SCULLION—But they were subsequent inspections.

Mr Boyson—Some of those were done while Earth Connect was still with the program. There were a number of those houses where, as you would expect when you have inspections of this type, the asset management inspectors were not satisfied with the work that was done and they told Earth Connect to finish it. There were a number of houses that, when Earth Connect separated from the program, Territory Alliance took over and have completed since then. With the new houses, a number of the houses are now being completed or being taken to completion by Territory Alliance. There are also a number of houses we are in negotiations on with the Anindilyakwa Land Council regarding the future of those houses and how they will be used.

As we speak, actually, a steering committee of the Regional Partnership Agreement for Groote Eylandt and Bickerton Island is going through and working through some of the proposals not only for those houses but also for the whole housing program. As you may be aware, there was a schedule to the Regional Partnership Agreement that set out the agreement between the two governments and the Anindilyakwa Land Council as to how the program would progress. That has been revised with the new arrangements and there are still negotiations underway.

Senator SCULLION—When did the problems with Earth Connect Alliance first come to your attention?

Mr Boyson—There were reports that came from the Department of Housing, Local Government and Regional Services asset management officers in January. They reported those back through the department. There was immediate action taken in very early February when the two alliance directors went out and inspected those houses. They also talked to the ALC in detail and got the ALC's view. The ALC had been expressing some concerns for some time, but it was only towards that January period when construction was well underway that the quality assurance issues that we were very concerned about came to the fore. The Northern Territory government executive director then met with senior members from the alliance in early February on the island and worked through the issues of concern with what he saw and what had been reported to him by the Anindilyakwa Land Council. Both I and the Northern Territory government executive director then wrote to Earth Connect Alliance in mid-February articulating and documenting those performance concerns.

Senator SCULLION—I would just note that on a close inspection of the second review—the post review assessment that was released on 10 March—there is absolutely no indication that anything is going wrong on Groote Eylandt or anywhere else. So why do you think that would be the case?

Ms Cattermole—I think the issue there is simply that that assessment was not really an assessment about individual alliances. It was an assessment of the program management

arrangements and how they were going post the 2009 August review. That is what its terms of reference were—to look at whether those things had been put in place and whether they were making a difference? As I think you know, that review concluded that they were. It was not meant to be—and nor would you expect it to be—a look at individual alliances and the work that they were doing.

Senator SCULLION—Basically everything is on track and everything is going fine, but the issues on Groote Eylandt were not only about a particular individual alliance; the issues there were that the quality assurance process, which has to be a fundamental part of any program, had clearly failed or something had gone wrong in the inspection process. Whilst that has all been dealt with now, that all happened and came to your attention in January. One would have thought that in the review dealing with all those things post 2009 this was a significant issue.

Ms Cattermole—It was a significant issue; you are absolutely right.

Senator SCULLION—Why was not it picked up in the review?

Ms Cattermole—I would disagree with the view that it was an issue around quality assurance processes. It actually was an issue about the quality of the work being performed. If you think about the time periods, as Mr Boyson was saying, those concerns were drawn to our attention in a way that precipitated action in January. In fact, the decision that was made to part company with that alliance occurred in mid-March. So, consistent with the need to provide fairness and the opportunity for people to be heard, that action was taken pretty decisively once those issues were articulated and identified in the required manner.

Senator SCULLION—I will accept your acknowledgement. Perhaps it was not just in the quality assurance area. But I will also accept your assurance that there was a significant problem. My question, perhaps to Dr Harmer, is: when one would think it would be well within the review's scope to be able to deal with these things post 2009, why was that released in March, given the knowledge in January that there was a significant problem with it?

Dr Harmer—There was a problem with the building program on one of the projects.

Senator SCULLION—It was more than a bit of a problem; you sacked the entire alliance.

Dr Harmer—It was a big problem; that is true.

Ms Cattermole—It is probably important to say that the decision for that alliance to cease operations as part of the program was made by agreement.

Senator SCULLION—I am just talking about the scale of the matter and why the review missed out on picking it up.

Dr Harmer—The review was pretty comprehensive—are you talking about the Dr Donald review?

Senator SCULLION—There are two reviews—the first review was completed and released in August, and the second review came out in March 2010. Given these issues came to your attention in January, I am wondering what the reason is that there was an omission to even mention any of these things—

Dr Harmer—Certainly it was not apparent when Ms Cattermole and Mr Davies did the review in August. I suspect the reason it was not picked up in the review Dr Donald did was that—and I do not know whether he went to Groote Eylandt—he had a very big task to do in a relatively short time frame. I think there were some comments in his report about things we could improve, but I do not think all of the problems with the Groote Eylandt contractor were apparent when he was finalising his report.

Ms Cattermole—I think the key really is that the report was not designed to answer that question. The report was clearly about what happened in the 2009 review—have those changed arrangements you committed to been put in place, and are they making a difference. None of those things are precluded by what occurred in relation to that one alliance.

Senator SCULLION—I read the *Hansard* the other night about the letter from the chairman of the Anindilyakwa Land Council and his concerns about what is going to happen to those houses, whether they are bulldozed or not. Can you provide an answer to that question?

Dr Harmer—I can but, just going back to the Dr Donald report, Ms Cattermole just informed you that the terms of reference for that report were to go through the recommendations that Ms Cattermole and Mr Davies made about reforms to the program and to assess whether they had been implemented. That was basically what that job was, and it was a very good report saying that they had been implemented. He confirmed that the target of 750 new houses and whatever number of refurbishments were on track; we were down to below eight per cent in the admin charges and those sorts of things. He was not asked to investigate the individual contracts for value for money or quality of work.

Senator SCULLION—If he is saying all these new arrangements have made everything pretty much on track, which was used a fair bit, that is fine, but there was some content happening on Groote Eylandt at the time that clearly indicated that, whatever processes were in place, something was clearly not on track. My concern is that if you know that in January and you are looking at processes, and the report is asserting quite clearly that all those things have been implemented, all the changes have been implemented and everything is okay, clearly that is not the case. Before the report was announced he was aware of the fact that there was a complete muck-up on Groote Eylandt and yet the report asserts that all the arrangements and the processes in place are okay.

Mr Boyson—I think the progress to date since that time has demonstrated that the program is on track and the processes within the program were strong and were able to deal with this. The fact that the program is still to deliver on its targets to the end of this financial year, in spite of the issues with the quality of work by one alliance—which I hasten to say is not a program issue, it was an issue with that particular alliance—demonstrates that the structures within the program are strong, robust and on track.

Senator Arbib—And this morning, Senator, you did congratulate Minister Macklin for the changes she took on. This was a big task, she took direct action on it, and we are seeing the changes leading to improvements.

Senator SCULLION—Indeed, and I am not questioning any of those things. I am simply questioning the timing and the assertion that is being put to me now that this report only dealt

with issues within its scope, and the terms of reference were whether or not the recommendations of the previous SIHIP review had in fact been implemented and those arrangements were satisfactorily in place. All I am asserting is that when the authors of the report, which was not submitted until three months later, were aware of that, it does not matter what processes are in place—you might say the processes were okay, it was just the alliance that went wrong—I am astonished that there was not an acknowledgement that something had still gone awry. You cannot say everything is fine with the arrangements and the process when something is clearly not right.

Dr Harmer—In a sense I do not think it is fair to Dr Donald for us to comment on why he did not pick up a particular problem or include it in his report.

Senator SCULLION—I just thought you might have an understanding of why that was the case.

Dr Harmer—No. What we are saying to you is that Dr Donald undertook his review according to the terms of reference and reported, basically on time, against the terms of reference, which had him looking at whether the changes that were recommended by Ms Cattermole and Mr Davies were done. He did that. I think it would be really unfair to him—I know Dr Donald is an incredibly good researcher with a lot of experience in housing—for us to speculate as to whether he discovered things. I do not know what he did in relation to that, whom he told or whether he did find something out and tell the Northern Territory government. I do not know.

Senator SCULLION—You were aware of it, clearly. I know that, Dr Harmer.

Dr Harmer—We were.

CHAIR—Senator, your point is on the record and I think we have gone as far as we can with this issue.

Dr Harmer—We were and we acted very quickly once we had confirmed it. There is a difference between being aware that there are problems and that some people have some concerns and being able to get to the point where you are satisfied that you can take very significant action to terminate a very big contract.

Senator Arbib—It is a huge step.

Senator SCULLION—Indeed, and I acknowledge that. I am just—and I suspect many people are—very cynical about the timing of a report which came out one day and said, ‘Everything’s absolutely fine,’ and a media release the following day that said: ‘We’re having some major problems. We’ve sacked an alliance partner.’

Dr Harmer—I covered this before. When Dr Donald was saying everything was fine he was saying that the changes Ms Cattermole and Mr Davies had required be made to the program were made and the targets were on track.

Senator SCULLION—We were just going to the answer to the question in regard to what is actually happening with the seven—

Ms Cattermole—I can provide you with further information. I am not sure it is a full answer, and that is partly because things are still being worked through, as I think Mr Boyson

mentioned earlier, particularly in relation to the regional partnership agreement negotiations that are occurring today. But certainly since the letter that was written by Anindilyakwa Land Council, in April I think, there has been further expert advice in relation to those houses. As I said, I cannot absolutely provide you with the answer, but it is quite possible that will mean there will be a different outcome in relation to them, and that is one of the things that are actually being discussed in the negotiations that have been underway since then.

Senator SCULLION—Thanks.

Senator ADAMS—I would like to know the progress of the houses that were being built at Napranum, which is in Cape York. We were up there doing an inquiry and we were told they would be completed by 30 June.

Dr Harmer—Certainly the advice we are getting from Queensland—they have a mixture of construction but primarily they are putting modular housing into the various communities—is that they are on track for the delivery of the number, but I do not know about a particular town.

Mr Ryan—I think we would have to take questions about specific communities on notice, but they are certainly making every effort to achieve that target. We have been assured of that.

Senator ADAMS—By 30 June? When we were there they had eight weeks to complete them and nothing had happened.

Mr Ryan—That is right. We would have to speak to the Queensland government about specific communities to give that level of information.

Dr Harmer—One of the difficulties—and Senator Scullion will be aware of this—in relation to the north is that the wet has extended well beyond the normal. They were planning to deliver and complete a lot of buildings in the May-June period, and the extended wet has made it quite difficult in the north. I know that is the case in the Northern Territory. It might appear as if it is a small number of houses that have been completed—and it is only 13 or whatever—but they are very confident, now that they can get the trucks in, that there will be a lot completed very quickly in the next couple of months.

Senator CROSSIN—I want to go back to Indigenous employment outcomes. You are saying that the target has been well and truly exceeded?

Ms Cattermole—In the Northern Territory?

Senator CROSSIN—Yes.

Dr Harmer—In the Northern Territory, yes. We do not have information yet for the other states and territories under the national partnership, which I think we will get at the end of the financial year—so sometime soon we will have that—but we are really pleased with the results in the Northern Territory.

Senator CROSSIN—How many actual people in employment does that mean?

Ms Cattermole—Currently there are 250 Indigenous people employed in the SIHIP program under the national partnership in the Northern Territory. Since the commencement of the program, 465 people have been employed through the program. At the moment that is an average of about 35 per cent.

Senator CROSSIN—Are the numbers you are quoting a mixture of full-time and part-time employment?

Dr Harmer—I anticipate they would be, Senator.

Ms Cattermole—I would have to check, but I think that is right.

Mr Boyson—Yes, the actual numbers of people that have been employed are full- and part-time. Most of those people are in full-time employment, though.

Senator CROSSIN—Combined with training?

Mr Boyson—Combined with training.

Senator CROSSIN—Do we have any training outcomes yet? Do we have a figure on how many might perhaps have—

Dr Harmer—Reached a certificate level, do you mean?

Senator CROSSIN—Yes.

Mr Boyson—Unfortunately I do not have those numbers with me, but we can get those.

Dr Harmer—It is a reasonable measure of the sustainability of the—

Mr Boyson—One of the successes, particularly in places like Nguiu, has been that the alliance partners have been taking a very structured approach to employment workforce development, in that they have a recruitment agency working with them which is an Indigenous recruitment agency. They are recruiting people to positions, and that involves having structured training for people. If it is identified that there is a need for a person to drive a concrete truck, they are recruiting for that and training the person so the person has skills. They are also working people through the different certificate levels. There are a number of people who have got to certificate 2 level. We can get the numbers of those training outcomes for individuals to you.

Ms Cattermole—Nguiu is also an excellent example of a place where people who have started, for example, by being involved with CDEP have in fact not gone back to CDEP in large numbers after being trained and employed through the program.

Senator CROSSIN—So it is a place where CDEP is actually being used in the right way to transition people through to employment?

Ms Cattermole—That is exactly right.

Senator CROSSIN—What sort of feedback are you getting on the ground, then, from communities? I suppose it is hard to get any qualitative data, but what feedback from people is there about their employment?

Mr Boyson—The sort of feedback we are getting is that people are starting to do things like open bank accounts and save, and think about things like taking a holiday—saving money and putting money aside for that. When people start to tell you that that is what is happening, it is a really gratifying thing to hear.

I was on Nguiu looking at the houses that were being completed. There were a large number of local people working on those houses, and as we were going through people were coming up and pointing out to us the work that they had done and taking a great deal of pride

in the work they had done. I was in Santa Teresa a couple of weeks ago, and there is a really strong link between the refurbishment work that is going on in Santa Teresa and the CDEP program. An opportunity has been taken by CDEP to train people in skills that can be directly transferred across to R&M work with the shire. There was a crew of CDEP people on work experience who were concreting the verandas. It was a positive thing to see that group of five or six people working through the houses and doing the concreting of those verandas.

Senator CROSSIN—Can I ask you about construction in Alice Springs. I know the minister was there a couple of weeks ago and opened—I do not know if ‘opened’ is the right word—

Dr Harmer—Handed over the keys, I think.

Senator CROSSIN—You know the first house has been built in the town camps?

Dr Harmer—Yes.

Mr Boyson—I might pass to Mr Coffey.

Senator CROSSIN—Yes. My question was specifically so that we could welcome Mr Coffey to estimates!

Mr Coffey—Thank you, Senator. As you would be aware, we negotiated in Alice Springs back in 2008, and it was a priority of Minister Macklin to negotiate long-term leasing over the town camps. It was a long and hard road. It took a couple of hard years of intense consultations and negotiations—there was an injunction and a full court hearing, which found in favour of the minister—to finally get land tenure in December last year. Since that time we have commenced work immediately through a Fix and Make Safe program for clean-up in the town camps. In fact we removed 853 tonnes of rubbish and 63 car bodies during that program. The residents were involved in cleaning up their yards, and it made an immediate impact.

Since that time we have commenced some new houses. You would be aware that the first house was completed on 14 May, and Pamela Lynch and her grandchildren have moved into that house since that time. The second house is due for completion and handover to Territory Housing today. We are also building another six houses in a number of town camps. So, out of the first eight houses, five will be completed by the end of June and the others will be completed soon after.

We are also doing refurbishments in two town camps: Iparpa town camp and Palmer’s Camp. One of those refurbished houses has been completed, on 14 May, and the second house is due for completion today also and should be handed back to Territory Housing. There are 13 houses in that package. Maybe I could now touch on Indigenous employment just in Alice Springs.

Senator CROSSIN—Yes, that would be good.

Mr Coffey—There is over 55 per cent of Indigenous employment under the Alice Springs package, which equates to 29 people being employed through Territory Alliance work on both the refurbishments and the new houses.

Senator CROSSIN—I do not know if you are involved in this, but can I ask also about the transitional accommodation or the short-term accommodation plans that will take pressure off those town camps for people moving into Alice Springs on a short-term basis.

Mr Coffey—Certainly. That comes under the Alice Springs Transformation Plan and there are two parts to it. One is the visitor accommodation. Recently we announced that construction had commenced on the visitor accommodation, which will house up to 150 people on a short-term basis, generally visitors that are coming to Alice Springs. It will be a fully secure and safe environment, alcohol and drug free, and will be managed by Aboriginal Hostels. That is due for completion mid-year and we are anticipating that the take-up of that venue will be quite high. Aboriginal Hostels are in the process of doing marketing to the communities. During Reconciliation Week in Alice Springs last week we got a lot of feedback, especially from women, that they were keen to use such a facility. That will cater for some people that are currently probably staying in town camps when they visit Alice Springs.

The other side of that program, under the economic stimulus package, is social housing. We sourced \$13.4 million for another three projects. One of those projects is refurbishment of the Lodge, which will provide accommodation for people visiting Alice Springs for medical reasons. Another one is at the Salvation Army, which will provide some additional beds. The third project is a new site, Percy Court, which will provide transitional accommodation. That will link in with the housing that we are doing on the town camps and the visitor accommodation so that people can get high-level support and training either to get them into public housing in the first instance or to get them back into public housing when they may have previously been evicted.

Senator CROSSIN—What is the timeline for the completion of the visitor accommodation?

Mr Coffey—Mid-year for the visitor accommodation.

Senator CROSSIN—This year?

Mr Coffey—That is correct.

Senator CROSSIN—How many beds will there be in total in the other three projects you mentioned?

Mr Coffey—In total, the other projects will give us nearly 100 beds.

Senator CROSSIN—For short-term visitor accommodation in Alice Springs?

Mr Coffey—The visitor accommodation will be 150 and the transitional accommodation and accommodation for people coming in to access medical treatment will be nearly an additional 100, so in total there will be an extra 250 beds.

Senator CROSSIN—Thank you. Can I ask one question before midday.

CHAIR—Yes.

Senator CROSSIN—I want to ask about the *Indigenous home ownership issues paper* that was released recently. Seeing we are talking about housing, let us move on to home ownership

and what kind of feedback you have had from that paper and how that links into the work that is happening with SIHIP.

Ms Cattermole—Certainly. Ms Lees might assist me in a moment. To answer the first of your questions, as you know the paper has only been out in the public domain for about 10 days, but even in that time since it was first released we have had quite significant interest, particularly from key stakeholders. I think a number of them have already signalled their intention to lodge a submission to the paper, which is terrific because it means there is a strong, broad interest in the issues that have been raised around home ownership for Indigenous people, including people in remote Australia.

Mr Tongue—For example, Senator, earlier this week we met with an organisation called Habitat for Humanity, basically a non-government organisation that uses ‘sweat equity’ to—

Dr Harmer—The senator would be well aware of them.

Senator CROSSIN—Yes, I know about them all right.

Mr Tongue—They are certainly going to make a submission to the paper. Using the paper is, I guess, a bit of a guide for possible future activity. So it seems to be mobilising—

Senator CROSSIN—What about the banks? Do they intend to put any submissions in to the paper, do you know?

Ms Lees—We have certainly sent the paper to the major banks. I would fully expect that we would get submissions from them; I cannot confirm that for you. But one of the papers that we drew on in our homeownership paper was some preliminary work that the ANZ bank has done itself, looking at the lending experience for Indigenous Australians and how they might become involved, perhaps through easing the perceived barriers in dealing with a mainstream the organisation when you are not familiar with those processes. So I would expect to have some contact from banks.

Senator CROSSIN—What are the barriers to Indigenous homeownership and the leasing arrangements on the land; what are we doing to overcome those?

Ms Lees—I think, particularly when you are looking at remote Australia, in which the majority of people are living in communities and perhaps have a long history of living in government provided or organisation provided Indigenous community housing, there are a few issues. In order for people to be able to attract a financial lender they need to have a long-term security against which banks will lend, it needs to be applicable to an individual and it needs to be transferable. That is where we have been looking at the leasing arrangements. You need either freehold or a significant period of time for a lease. Perhaps if we talk about that in more detail Mr Litchfield will be able to talk a little bit more about the leasing.

I think there are also some other barriers, particularly in remote areas. You have got high levels of disadvantage: broadly, across Australia, 70 per cent of Indigenous people are in the lowest two income quintiles. We have long periods of time of being in receipt of social housing. I think some of the significant reforms under the National Partnership Agreement on Remote Indigenous Housing are the property and tenancy management reforms, which are about trying to encourage normalised behaviours about standard rent collection, standard rent payments and the responsibility of tenants, so that the behaviours that are required and the

financial planning that is required to both save for and maintain a homeownership loan start to become normal. So we are looking on several fronts for those changes to happen. Of course, affordability is a key question in remote Australia. We are hoping that through the homeownership paper we will get some alternative approaches to the provision of housing that may reduce costs, because what we do not want to do is leave people with debt traps. What we are trying to do is maximise the opportunities for people who aspire to and who are able to afford homeownership.

Dr Harmer—Senator, just briefly—I do not think we have time unless you want to go further into the leasing—the leasing is critical, and the township leases that we have, the 99-year leases, are very conducive to and a good basis for homeownership, and banks, I think, are likely to be prepared to lend against that. Our land reform agenda, or Minister Macklin’s reform agenda around land, is really critical to the homeownership drive, which she is also very strong on, so we will be trying to get longer term leases. I think we will find, through the submissions to the paper, that the length of the leases will actually be critical to bank lending for homeownership, and we will be working on that.

Ms Lees—And that is supported by the evidence to date under the Homeownership on Indigenous Land Program, which has seen 15 loans in new bits of township leasing.

Senator CROSSIN—15 loans to date?

Ms Lees—Under the Homeownership on Indigenous Land Program, 14 of which are under a township lease arrangement.

Senator CROSSIN—Right. And that is because the 40- or 99-year lease gives banks more assurance about the collateral; is that right?

Dr Harmer—Yes.

Ms Lees—That is right.

Senator CROSSIN—I see.

Ms Lees—And you have got individual lots which are transferable, which is also what banks are seeking.

Senator CROSSIN—Okay.

CHAIR—Senators, I am sorry; I am going to have to stop this session. Senator Scullion, did you want to put something on notice?

Senator SCULLION—It was just a very short question, if I can.

CHAIR—Yes, you can.

Senator SCULLION—Thank you. Dr Harmer, you were talking about the leases; the other really important area is the tenancy arrangements. I acknowledge that there has just been a release, I think, by Dr Burns about the rental. I was just looking at the SIHIP post-review assessment and it says:

These “functional refurbishments” justifiably concentrate on rectifying the most urgent hazards to residents’ health and safety. The budget of \$75,000 ... is based on this premise and is generally insufficient for a comprehensive refurbishment. In many cases, these works alone will be insufficient for public housing occupancy standards ...

Given that is the case in the most recent report, will the Commonwealth be moving to ensure the Northern Territory is in possession of this new set of rentals and they know which houses are in fact not now making public occupancy standards and they can adjust those rents accordingly?

Dr Harmer—I do not know whether we would necessarily agree with the statement.

Senator SCULLION—This is from Dr Owen Donald and Julia Canty-Waldron's *Strategic Indigenous Housing and Infrastructure Program: post review assessment* report of March 2010.

Dr Harmer—That is a statement by a reviewer who is a terrific reviewer. I am not sure I would necessarily agree with the specific comment. It is a fairly big statement.

CHAIR—Perhaps we could get a response to that on notice.

Dr Harmer—Yes.

Senator SCULLION—On page 5 it says,

Public housing occupancy standards are effectively a pre-requisite to being able to collect adequate rent revenues to sustain repairs, maintenance and effective tenancy management in remote communities.

Dr Harmer—That is correct. I absolutely agree with it.

Senator SCULLION—So please take that on notice. Make sure you are in touch with Dr Burns who is just running out with a whole range of new schedules for rentals—but if they are not meeting public occupancy standards that will have to be taken into consideration.

CHAIR—I thank the officers from the housing area. We appreciate your time. There will be questions on notice from a number of senators. We will now move onto the health area.

[12.06 pm]

Department of Health and Ageing

CHAIR—I welcome the officers from the health department.

Senator SIEWERT—I want to ask some questions about the extra funding that Minister Snowdon announced for the Indigenous health budget of \$168.7 million, which includes the money for Opal fuel, for example. As I understand it there is another \$38.5 million allocated to Opal fuel.

Ms Powell—Yes, that is correct. That will provide additional bulk storage facilities in Darwin and North Queensland for another 39 communities across the Top End, the Eastern Kimberly and the Gulf region.

Senator SIEWERT—What is the expected timeframe for the installation of the infrastructure?

Ms Powell—We hope to have the bulk storage facility ready by about 2012-13.

Ms Saastamoinen—The bulk storage facilities will service 39 retailers—39 different sellers of petrol—with 11 new communities being assisted through that.

Senator SIEWERT—Are those 11 new communities in the Top End of NT and WA?

Ms Saastamoinen—And Queensland.

Senator SIEWERT—I want to go to the issue of Yalata, and where we are up to there. Then I want to go to those issues that we have been talking about on an ongoing basis—what happens when retailers will not stock Opal.

Ms Saastamoinen—Three weeks ago, the South Australian government advised the partners involved in the Yalata project that they have not approved the site that the local community had selected for the service station. We are working with the Indigenous Coordination Centre and the community at the moment to try and support the community to locate another possible location, and we are also considering with the ICC what other action the Commonwealth departments may want to take around that.

Senator SIEWERT—Could you tell us why they have not approved the site the community wanted?

Ms Saastamoinen—I think there is a number of different issues. One issue is the purpose for which the land was originally allocated. I do not have a full set of reasoning from the South Australian government. They presented that at a teleconference and we are following up with them to get some further detail.

Senator SIEWERT—Is it possible for you to take on notice that question of why it was not approved?

Ms Saastamoinen—Yes.

Senator SIEWERT—This has been an ongoing process. I am aware of that. In terms of the time lines now for finding a new site, is there any indication about how quickly that is going to occur?

Ms Saastamoinen—No, not at this stage. As I said, only three weeks ago we were advised that the South Australian government had not approved the community preferred site.

Senator SIEWERT—Had you been consulted prior to the South Australian government not approving it?

Ms Saastamoinen—I would have to go back and check. I am not sure we had been told anything like that.

Senator SIEWERT—The department has been involved in negotiations with the community, haven't you? Were you aware of the site they were choosing?

Ms Saastamoinen—Yes.

Senator SIEWERT—I know it is not up to you to give the final approval, but were you happy with the site that the community had identified?

Ms Saastamoinen—We took the advice from the community that, for them, that was the best site. We do not impose a different view. It is meant to be working in partnership with the community, so we took the advice from the community that that, for them, was the best site for that particular depot.

Senator SIEWERT—It would be appreciated if you could take those other questions on notice. The sites that we have been toing and froing over, those roadhouses that are refusing to take Opal, have we seen any movement in those areas since February or since we last discussed this?

Ms Saastamoinen—One of the roadhouses that had been on our list of recalcitrant roadhouses, Jervois Roadhouse, has now started to receive Opal fuel.

Senator ADAMS—Where is it?

Senator SIEWERT—What is its common name?

Ms Saastamoinen—That was one of the 11 or 12 that had been listed.

Senator SIEWERT—It is on the broader list than the list of three.

Ms Saastamoinen—Are you specifically then referring to Laverton?

Senator SIEWERT—There is Laverton, Rabbit Flat, Tilmouth Well and Ti Tree.

Ms Saastamoinen—Laverton has indicated that, with the bulk storage facility being developed in Kalgoorlie and the rollout across the goldfields, they will join in and receive Opal fuel once we do the goldfields rollout. Rabbit Flat Roadhouse, as far as we are aware, is still planning to shut at the end of this calendar year and will not be selling to anyone else. Officers from the department attempted to meet with the proprietor of Tilmouth Well Roadhouse in January and he was not available for a meeting so that has not moved. Ti Tree Roadhouse has not moved either.

Senator SIEWERT—You will be aware of the recommendations of the Senate committee: that, if it had not been resolved in six months, further action be taken. What is the department doing therefore about those particular roadhouses where there is obviously a problem?

Ms Saastamoinen—The department is contacting them again, as I said. In January we attempted to meet again with the proprietor of Tilmouth Well Roadhouse and he was not available for the meeting. Some of the reasons that the retailers are presenting for not wanting to put on Opal fuel will be addressed through the establishment of the Kalgoorlie storage depot, for example. Laverton's issues about getting a regular supply of Opal fuel should be addressed through that.

Some of the other retailers in the Top End of Australia have also put forward the lack of guaranteed supply of Opal fuel as their reason for not progressing with receiving Opal fuel. The budget measure setting up storage facilities in the northern part of Australia will be able to cover areas such as Halls Creek, so once Darwin is up and running we will be able to supply Opal fuel to Halls Creek and the Kimberley from Darwin. Again, if the reasons are around a guaranteed and regular supply of Opal fuel, then that excuse will no longer be there.

We are also working with the retailers even now to see whether or not we can put in place interim arrangements. Some of them told us that, until the Commonwealth could commit to a longer term storage solution, they would not even agree to an interim arrangement. So we are now going back to those retailers who have given that as a reason and saying, 'We have now made a commitment to a longer term storage solution; are you willing to come on board and accept an interim supplier solution?'

Senator SIEWERT—It seemed to me that with some of the retailers, there was basically an intransigence about not wanting to stock Opal. So even with the best will in the world from the department to resolve the supply issues, I suppose I am a bit sceptical about whether the issue of their flat refusal to stock Opal is going to be solved. Therefore I would suggest that

the old approaches that we were canvassing in the committee report would need to be looked at—that is, some sort of legislative basis might be required. Have you looked at that at all?

Ms Saastamoinen—You may be aware that we released a cost-benefit analysis into legislating for mandating for Opal fuel. That was released a few months ago. So we have been looking at the issue of legislation, but the decision to legislate would be a matter for the government. The Opal budget measure does address some of the issues that were raised in that cost-benefit analysis around things like the limited availability of data on the prevalence of petrol sniffing, some of the community issues and some of the individual behavioural issues that we just do not have good information about.

The other thing that the cost-benefit analysis raised was that prior to implementing legislation we really did need to address the storage and supply issues. So as part of the budget measure we are also putting in place not just the storage and supply but also new surveillance and a new evaluation of the Opal fuel program. We also have funding to enhance the communication. Some of the communication activities that we are looking at doing are with BP Australia, which is very closely involved in all of this, is planning to do a road show with—for example—mechanics, external experts and people who run boats. They will go into communities and talk in a very technical way to mechanics there as well as boat users and car hire companies about the use of Opal and how to dispel some of the myths.

The other thing—and this will be part of the communication along with the local focused communication—is that we are looking at how we can target the tourist market. If we can create a greater demand for Opal fuel, we are hoping that that will also assist in addressing some of the issues that the recalcitrant service stations are putting up to us.

Senator SIEWERT—Thank you very much. It is much appreciated.

Senator SIEWERT—I want to check on the diversionary programs and how they are linking in. When we were last in Alice Springs, I heard a comment made around some of the diversionary programs and applications made to run diversionary programs in towns that were not priority towns. Are diversionary programs still being run in communities that are not priority communities?

Ms Saastamoinen—I will have to refer that to FaHCSIA—

Senator SIEWERT—I always do this, I know, on the petrol sniffing between the two agencies, but I want to know the information.

Mr Roche—In relation to the new youth and communities funding measure of which approximately \$9 million is becoming available this financial year, we have almost completed all of the funding negotiations and expect shortly to be able to provide details of the coverage across the Territory. But in summary, we expect that in addition to youth related infrastructure there will be approximately 30 youth workers employed in a range of communities. As part of the process in dealing with the applications which were received late last year for this funding measure, the Senior Officers Group, which consists mainly of Territory based officers, did undertake a prioritisation exercise. The RSD sites were accorded first priority, however, other communities were not excluded. The effect of the funding decisions is that essentially most communities in the Territory are covered one way or the other, although, of course as you would expect, there is a tendency towards more support in the RSD communities. I am sorry

that I cannot be more explicit, but it will be clear once the individual decisions can be realised.

Senator SIEWERT—When is it likely that they will be announced?

Mr Roche—Very soon, Senator. The contracts are with the recipient organisations today.

Senator SIEWERT—So the contract is being finalised. That is very soon. I just needed degrees of ‘very soon’. Thank you very much. Obviously I look forward to it rolling out through those other communities in the north. I would like some breakdown of the figures from the further \$168 million. My understanding is that there is the money for Opal fuel and the money for TSI CDEP, and that leaves about \$120 million for the other areas. Is that correct?

Ms Powell—Let me give you the explanation for that. There were four budget measures that had a direct impact on Indigenous health issues in the budget, two of which you have just described. There was \$6 million that has gone into the Flexible Funding Pool that is being managed by FaCSIA for funds that will go to the remote service communities—and that was our contribution to that—as well as \$6 million which is going to the Strong Father, Strong Families program as part of the men’s health policy.

The \$168 million that you referred to is the increase in funding from the previous budget, and I can give you the breakdown of that. There is the \$74.5 million increase in the Indigenous Chronic Disease Package, \$9 million for the Eyes and Ears Measure, \$9.6 million for child and maternal health programs, \$3 million for Link-Up, \$3.2 million for COAG drug and alcohol services, \$2.6 million for suicide prevention and mental health programs, and \$3.4 million for aged care. Those that I just read out to you are the increase in funding for this financial year for pre-existing measures.

Senator SIEWERT—Which I have been confusing with the new ones. The \$3.4 million on aged care, is that for the whole of Australia or specifically targeted?

Ms Balmanno—The \$3.4 million would be the increase in Indigenous specific aged care funding.

Senator SIEWERT—Yes, I appreciate that, but is it targeted specifically? There was additional funding a while ago—last financial year—

Ms Balmanno—Yes,

Senator SIEWERT—put into Indigenous specific aged care. I thought that was largely targeted at the NT.

Ms Balmanno—The detail would have to be a question for our colleagues from aged care. This would be the increase in that funding that was scheduled to occur in this financial year. So the purposes of that funding would be as previously announced.

Senator SIEWERT—So it is not a new initiative separate to the previous NT allocation. It is to build on that. It is more money for that initiative, not the same money, is it?

Ms Balmanno—It is money that has been previously announced, but the second year has more money than was provided in the first year.

Senator SIEWERT—So it is a top-up?

Ms Balmanno—Yes.

Senator SIEWERT—Okay. I can go back and look at the detail on that. In terms of the additional money than is being provided for GP clinics and GP services, can you give me some background on the provision of those services and who will be able to access that? I understand that is specifically for Aboriginal controlled health organisations—is that correct?

Ms Powell—There was no budget measure that was an increase in funding for Aboriginal controlled medical services.

Senator SIEWERT—I am trying not to repeat stuff that we talked about yesterday and the day before. I understand some money will be available for superclinics in some of the more remote areas. Is that correct?

Ms Powell—There is a range of funding for GP type services, and Aboriginal community controlled health services are able to apply for that money.

Senator SIEWERT—Are any Aboriginal controlled health services able to apply for that money, not just those in remote communities or that service remote areas?

Mr Singh—That is correct.

Senator SIEWERT—Any existing services can apply for the money?

Mr Singh—That is correct.

Senator SIEWERT—Can they apply for any of it—there is not money specifically targeted at Aboriginal controlled health centres? They just apply for the pool that is there?

Mr Singh—That is right. There is not specifically earmarked money.

Senator SIEWERT—Thank you. Those were the questions I had on this area.

Senator EGGLESTON—I notice that in the ‘Addressing areas of special need’ part of the media release from Warren Snowdon there is a section related to assisting Australians living in rural and remote areas having difficulty in accessing ophthalmology services. I was recently rung by the ophthalmologist who goes to the Kimberley who said that the optometry service which used to be provided in the Kimberley had either been suspended or the optometrist had left. I wonder if anyone would like to comment on the provision of optometry services where the optometrist goes to Aboriginal communities and identifies patients who may need to see an ophthalmologist for surgery—filters the patients, in other words—and whether that service has been maintained. What is happening there, specifically in the Kimberley?

Ms Saastamoinen—I do not have any details specifically on the Kimberley but I can take that on notice.

Senator EGGLESTON—If you would. Can you tell us in general terms about the provision of such screening services around the rest of the country for optometry?

Ms Saastamoinen—I can talk a little bit about the Visiting Optometrists Scheme. It is not within this output and I am not sure if we have anyone from that division here. Under the improving eye and ear health initiative that was announced in last year’s budget there has been an expansion to the Visiting Optometrists Scheme with an additional \$6.5 million. In

April this year the expanded services commenced, so through the Visiting Optometrists Scheme another 18 optometrists have been registered and they are going to be delivering optometrist services to, I think, another 110 communities. So that is the expanded services underneath the eye and ear health measure. More broadly, for the other areas that VOS is covering, I would need to refer that to the division that manages it.

Senator EGGLESTON—Thank you, that is very useful. I am sorry if I am in the wrong program but I was just looking at the health issues list on the agenda here and it includes eye health. I used that as my lever for asking that question.

Senator SCULLION—At the last estimates, as you would recall, I asked about the dental checks and the follow ups that are being done. Can you just tell me now the total amount of dental checks that have been done and how many follow up services have been completed?

Ms Powell—There have been 7,865 dental services provided to 4,949 children.

Senator SCULLION—How many of the follow up services have been completed?

Mr Ritchie—If I understand your question, that represents 54 per cent of children who had referrals from the Child Health Check Initiative.

Senator SCULLION—Perhaps I should rephrase that. Have there been any further checks, if you like, done since that first survey—rather than follow ups on the actual work?

Mr Ritchie—You mean child health checks?

Senator SCULLION—Yes.

Mr Ritchie—The Child Health Check Initiative finished, as I am sure you are aware, and now there are just regular assessments through primary healthcare services.

Senator SCULLION—So there is a completeness on that.

Ms Powell—The child health measure finished in July last year. What replaced that were the normal arrangements for child health, which is the MBS item. In addition, the Northern Territory Department of Health and Families has actually increased its normal child health check approach and also a number of AMSs have got more extensive approaches to child health checks. But because they are no longer being driven through the Commonwealth we do not receive that data at that level.

Senator SCULLION—Of the 46-odd per cent of the people who have had a check, I am assuming they have been identified with a dental issue. Is that a correct assumption?

Mr Ritchie—Correct.

Senator SCULLION—So there is some 46 per cent remaining who have not had a follow up service to have the problem ameliorated. How long will those people have been waiting since their first assessment—perhaps from the last one, rather than trying to be rubbery. When the initial program finished, how long since then till now?

Ms Powell—I do not think we keep the information like that because if a child is seen more than once that would be double counted. So we just have information on the number of services provided.

Senator SCULLION—What I am going to is that 46 per cent of the kids have been identified as having a dental problem of some form and how long have they now been waiting between when they were identified as having a dental problem and now?

Mr Ritchie—It would depend when they were captured in the context of the child health checks.

Senator SCULLION—The child health checks ended, so the best it can be is between June and now. Would that be correct?

Ms Powell—We do not have that information with us and I am not sure we have that information, but we can certainly see if it is available.

Senator SCULLION—Clearly everybody has been doing their best but as I indicated last time, it does seem pretty underwhelming that we only got through half of those young kids who have presented with a dental problem, and we all know the connections with other health issues. Could you perhaps help the committee on what are the principal challenges in getting through these numbers? Is it the number of dentists? Why is it that it appears that we have still only dealt with half of those who had presented?

Mr Ritchie—There are a number of things. First of all, there is money being provided for follow-up that goes through to 2012. So we still have some time left to run the follow-up of those children. Secondly, the program is a voluntary one, so the parents of children who received a referral may not, for a variety of reasons, take up the option of seeking follow-up. Thirdly, follow-up is undertaken through teams that visit. It may be that families who are often mobile are not in communities when those follow-up sessions are provided. So there are a number of reasons. Certainly everybody is continuing to work very hard to make sure that follow-up is done to the fullest extent possible.

Senator SCULLION—How do you communicate? Some time ago they were identified and told, 'You're going to have to have a referral and see a dentist.' As you know, there are a lot of mobility issues in many of these communities. Have you attempted to reconnect with those 46 per cent and say, 'By the way, as a reminder'—trying to pick out the demographic and the issue you are talking about—'you have a referral and you do need to go and see a dentist again'? Have you attempted a communication strategy to deal with the issue you have identified?

Mr Ritchie—Those services are delivered by other people. I would expect that, within the course of their normal service delivery, they would be doing that, either through a primary healthcare service as part of their regular service provision to their clients—

Ms Powell—It would be quite usual, when a visiting specialist comes into a community, for either the Aboriginal health worker or some other staff within the health service to know exactly who is expected to be seen that day and to go out and round them up or remind them. Each community will have different systems in place, depending on their characteristics. But I would be confident that kind of follow-up is planned for and executed to the extent possible.

Senator SCULLION—So there are probably a multiplicity of other reasons that we still have 46 per cent of people who have had a referral and not actually seen a dentist, and you do not think the communication issue is a particularly large one.

Ms Powell—I do not think it stands out on its own as the biggest one.

Senator SCULLION—What else are you doing to accelerate ensuring that they match the referral with activity?

Ms Powell—Other than our regular conversations and meetings with the Northern Territory health department, which provides the service, we have a partnership forum in the Northern Territory, which is a body that comprises the Commonwealth health department, the Aboriginal medical sector and the Northern Territory health department, where these sorts of issues are discussed. They try and identify problems, barriers and solutions. They work through those sorts of mechanisms. These sorts of issues are on the table and on the agenda regularly. We do not require people to attend the services.

Senator SCULLION—Half the people were told, ‘You need to go and see a dentist.’ The reason we invested in these check-ups was to ensure that there was a follow-up process: ‘We’ve checked up on these kids. This one has a problem and should go and get fixed.’ I am sure you would agree that half of them not getting fixed is unacceptable. I am just looking for what sort of a strategy you have to close the gap of the 46 per cent of kids who have had a referral to a dentist and not seen one yet.

Ms Powell—In addition to what I have just described, I would be happy to make sure that it is rediscussed at the next meeting to see if we can push that forward.

Senator SCULLION—Okay. I am not sure what else to ask on that in the absence of the current minister. My delightful colleague Senator Evans and I had a bit of a set-to on that matter, and it was quite large—when I say ‘large’, we just had a little moment. It was a reflection of a frustration that this does not appear to be moving particularly—

Senator CROSSIN—You have lots of moments!

Senator SCULLION—fast. I think it is a legitimate frustration. I am not having another spat but, certainly, by the next set of estimates, you can expect some other questions on this area, because it just does not appear reasonable that somehow we cannot round them up and inform them or something; it is just such a large number. In any event, if you are undertaking to talk to your colleagues in the Northern Territory about a strategy or a way forward, that would be fantastic. In fact, Dr Harmer, as that evolves, perhaps you could write to the committee and let them know that that has happened or something is happening in the in-between, rather than waiting till the next set of estimates. I would appreciate it. It is an interim report, if you like.

Dr Harmer—If Health have got some information in between that they can provide then we would do it.

Senator SCULLION—Thank you very much.

Ms Powell—If I could just add that the 54 per cent that we have got following the referral is not significantly behind, because we are three years into what is a five-year plan. It is something that we talk about—how do we make sure that people are attending all of the time—but we are only three years into the five-year plan.

Senator SCULLION—I acknowledge that, but I am thinking about a kid who has got something wrong with his tooth, and three and five years just do not really fit. I acknowledge what you are saying, I really do, but—

Ms Powell—And then these dentists of course also see other children—other than those that are referred through the child health check.

CHAIR—I think we have actually done that issue, Senator. Senator Siewert.

Senator SIEWERT—Can I ask you to also take on notice, rather than going through the details now, an update on hearing health and ear follow-up from the child health checks. It is the same sort of data: where are we up to with follow-up checks and things like that?

CHAIR—Which is an ongoing issue.

Senator SIEWERT—Rather than going through that now, could you take that on notice.

CHAIR—Senator Crossin, we will go back to your question and then we will go to Senator Siewert with dialysis.

Senator CROSSIN—All right. I cannot let another moment go by without asking how the rollout of the trachoma eradication program and money are going.

Ms Saastamoinen—We have signed funding agreements with the Northern Territory and Western Australian governments for an expansion of the trachoma control activities in those jurisdictions. That will see 120 Indigenous communities getting new or expanded trachoma control activities, and they are going to be very comprehensive—so not just the screening but also the treatment and follow-up. There is also a focus on some of the other aspects of the SAFE strategy—facial cleanliness and education. We are currently still negotiating with the South Australian government over an expanded program in that jurisdiction. We have received a couple of proposals from them but have had to go back to them asking for additional information on the activities that they have proposed. So the expanded service delivery has started in the two jurisdictions where we have funding agreements. We are also putting in place arrangements for ongoing national reporting and the surveillance activities as well. We do not have a new arrangement in place for that as yet, but at the moment, through the University of Melbourne, we have got the reporting continuing.

Senator CROSSIN—Can I just follow up on two of those issues. The expanded services in those communities—are we talking about the original concept of a doctor and nurse and health workers travelling to those communities in a team, or will the health centres and Aboriginal community controlled health centres administer this? How is it going to work on the ground?

Ms Saastamoinen—There is probably a combination of activities. Each of the states and territories that we are working with will develop localised approaches, but it is true to say that there will be visiting teams. Whether it will be doctors, nurses or eye specialists will depend on what is actually available and what is needed in each community, but they will be required to work with the local health service as well in terms of follow-up. Again, the education side will be not just educating the health service but looking at how that could be tied into things like the early childhood services that are in the community and how we can encourage families to look out for eye health issues with their children as well.

Senator CROSSIN—At the University of Melbourne there have been two reports handed down now, the survey and then the policy report. Am I talking about the same issue here?

Ms Saastamoinen—No. I think you are talking about Professor Hugh Taylor's lead reports—are you?

Senator CROSSIN—Ye. We are talking about two different surveys here?

Ms Saastamoinen—Yes. So we have the National Trachoma Surveillance and Reporting Unit agreement.

Senator CROSSIN—Administered by?

Ms Saastamoinen—It was with the Centre for Eye Research—CERA—but we have subcontracted to another part within the University of Melbourne. That is the surveillance report that is produced yearly. It measures the prevalence of trachoma in the communities that have been screened through the projects that we are funding through the South Australian, Western Australian and Northern Territory governments.

Senator CROSSIN—Is there a website for a link to that report?

Ms Saastamoinen—Yes.

Senator CROSSIN—Can you provide that to us?

Ms Saastamoinen—Yes.

Senator CROSSIN—And so when is the next report due?

Ms Saastamoinen—For the 2009 data, we are finalising the report this month so that should be available early in the new financial year.

Senator CROSSIN—I notice Professor Hugh Taylor with Liam Jurrah and the Melbourne Football Club. Is there money or a targeted approach going towards being proactive about using those sorts of football idols and teams to, I suppose, co-educate people about face washing and prevention, along with the sporty health message?

Ms Saastamoinen—We are not providing funding to that particular Melbourne Football Club initiative, but we are working with Professor Hugh Taylor. We are working with him as an expert adviser to help inform the rollout of the trachoma measure across the relevant jurisdictions. Professor Hugh Taylor certainly is our key link into what is happening with the Melbourne Football Club. And I note Professor Hugh Taylor has also been talking to the Northern Territory government representatives about how they can implement the trachoma control measures in their jurisdiction. So while the department has not had a direct link to the Melbourne Football Club, we are aware of the work that Professor Hugh Taylor does in providing some of those strategic links as well.

Senator SIEWERT—Can we go onto dialysis? I will also let you know that I have a lot of other questions I am going to put on notice because we are running out of time. With regard to dialysis, do you keep track of the numbers of people who are accessing dialysis services in the states? I have a couple of questions, and if you do not—

Ms Powell—That information is kept by each state.

Senator SIEWERT—Okay. I will have to write to each state to get the information. How closely are you liaising with the states at the moment over the Central Australia issue with regard to the number of people who are accessing dialysis in Alice Springs from South Australia and Western Australia?

Ms Powell—We have been talking regularly and frequently with our colleagues in South Australia, Western Australia and the Northern Territory about the dialysis issue in Central Australia. In the course of those conversations, they would provide information. I know in the tri-state agreement that they do spell out their current figures.

Senator SIEWERT—But you do not have access to those?

Ms Powell—We do not keep that. We have a copy of it, but the tri-state agreement is a confidential agreement. We are not a party to it.

Senator SIEWERT—It is confidential, so you do not—do you have a copy of the agreement itself?

Ms Powell—We do.

Senator SIEWERT—When you say it is confidential—

Ms Powell—I was noting this morning the reminder that we are not a party to that and that it is marked confidential. I do not know why.

Senator SIEWERT—So if I want a copy I will need to get it from the states. What I am trying to work out is this: as I understand it there is a dispute at the moment, certainly from the community perspective, about how many beds South Australia is now funding in Alice Springs, whether it is 16 or eight—it is now eight, it used to be 16—and whether that is an increase or not. Have you been involved in those discussions?

Ms Powell—My understanding matches yours. That kind of information only comes to me in the context of the meetings that we have where they talk around it.

Senator SIEWERT—So we are no closer to resolving whether they are—

Ms Powell—They do not report to us on how many beds they have.

Senator SIEWERT—Is the Gap Road facility at capacity now? Is that going to be at capacity—where is that in meeting the demand in Central Australia?

Ms Powell—I believe that it is not at full capacity. I also believe that the projections are that it will be, and I would not really like to get into too much detail about that because, again, they do not report to us. It is very much clearly within the province of the Northern Territory government.

Senator SIEWERT—In terms of the announcement that was made by Minister Snowden in May, if I remember rightly, about entering into that process of the study, how deeply involved are you in that study? I have a couple of other questions from there.

Ms Powell—We are deeply involved in the study. We have convened two meetings with the other three states to discuss issues such as finalising the terms of reference, governance arrangements, consultation arrangements, those sorts of matters, and also to discuss with them

arrangements for getting on board someone to undertake the work on behalf of all four jurisdictions. So we have facilitated that.

Senator SIEWERT—And the funding for that study?

Ms Powell—We are going to pay for that.

Senator SIEWERT—And how much is it?

Ms Powell—We do not know yet.

Senator SIEWERT—You are writing a blank cheque?

Ms Powell—Well, we would stop short of that, but we would certainly be getting some kind of consultant or consortium on board to provide the work for us.

Senator SIEWERT—Have the various service providers and NGOs, or non-government providers, in the area been involved in the consultation process over the draft terms of reference?

Ms Powell—The terms of reference have been negotiated between the jurisdictions. There will be a consultation process that will be extensive that will follow that to inform the study.

Senator SIEWERT—Okay, but they have not been involved in the terms of reference. Some of these organisations are providers of services; they have not been involved in any discussions or consulted over the terms of reference?

Ms Powell—Not by the Commonwealth. The terms of reference have been negotiated between the four jurisdictions.

Senator SIEWERT—Are you aware of whether the states have had any discussions with the stakeholders and service providers in their input into the terms of reference?

Ms Powell—I think some of them have talked to some of their service providers, but I do not have very much detail on that.

Senator SIEWERT—But it has not been a requirement by the Commonwealth that the jurisdictions talk to their various stakeholders?

Ms Powell—No, they would have been talking to them in the context of forming their views about what the right questions are to ask.

Senator SIEWERT—You may have said this and I have missed it, but when are the terms of reference going to be finalised?

Ms Powell—I hate to say this, but it is quite soon I would expect.

Senator SIEWERT—Quite soon?

Ms Powell—We have been meeting with the states and once ministers are comfortable with the terms of reference I would expect that they would be finalised then.

Senator SIEWERT—I presume they will then be released, not for consultation but public information?

Ms Powell—I would expect so.

Senator SIEWERT—As I recollect, it is the end of the year that the study is going to be done by.

Ms Powell—That is what we would like.

Senator SIEWERT—Obviously, therefore, the terms of reference have to be finished pretty soon if it is the end of the year. What is the process for getting the people on board who are going to be doing the study? You said you have been providing help with that. Is it an open tender process? Are you going to a select tender process?

Ms Powell—Our inclination is to go for a select tender. We have been talking closely to the states and they have most of the expertise in this area. They have been confident that a select tender process, where we will contribute to the kinds of organisations or individuals that should be invited to apply, will give us the best and most efficient outcome.

Senator SIEWERT—And in terms of what happens after the end of this year, once the study is finalised, (a) is there intent to release that publicly and (b) where are you at in terms of your understanding of what happens from there? Obviously doing a study is great, but it is what happens after that which is most important.

Ms Powell—The study will be designed to inform service planning, development of options, looking at what is feasible in terms of clinical service provision, community needs and things like that. Without pre-empting the study, I cannot anticipate what might happen with it.

Senator SIEWERT—I know I have to hand over, but very quickly: will the terms of reference be expansive enough to include the sorts of things that you have just mentioned—that is, availability of staff, resources, training and more innovative solutions around community delivery of dialysis and all those sorts of issues, for example community hubs?

Ms Powell—I feel quite confident that the terms of reference will be broad enough to cover all of that. They will cover workforce issues, technology issues, healthcare access issues, social issues, cultural issues, preferences of patients and their families and their community's future likely needs—they will be very broad.

Senator SIEWERT—And that will involve consultation with stakeholders—service providers—and, obviously, patients.

Ms Powell—The consultation will similarly be very broad. It will not be limited to communities. It will include NGOs, service providers, people who receive dialysis and their families, and people who might receive it in the future. I cannot think of anyone who would be excluded.

Senator EGGLESTON—I have a couple of questions about dialysis. There was an East Kimberley package that went with the federal funding for Ord stage 2, or so I gather. It includes funding for health in general, I think, in some areas. Does it include provision for dialysis?

Ms Powell—The East Kimberley package had a number of infrastructure components that provided healthcare facilities. I cannot recall whether any of them were specifically for dialysis.

Mr Ritchie—No.

Ms Powell—No. We do not think so.

Senator EGGLESTON—I believe that there are two extra chairs at the Derby dialysis centre. Do you know where they were funded from? Was it federal or state?

Ms Powell—I expect it would be state.

Senator EGGLESTON—What about the Eastern Pilbara? If there are people coming across the border to Alice Springs, I presume they would come from communities like Punmu and Kiwirrkurra. But where, in general, do people not so far east in the Pilbara go if they need dialysis? Do they go into Newman, or to Port Hedland?

Ms Powell—I could not answer that. There are quite a lot of cross-border flows that have been going on for a long time and for which WA and the Northern Territory have come to arrangements between them. We have not been aware of any particular issues in that area. Those services are provided by WA under whatever arrangements seem to be working there.

Senator EGGLESTON—I am just not sure where the dialysis service is that is provided for that Eastern Pilbara area. It may well be Newman, but I can discover that from other sources.

Senator ADAMS—I have a question about foetal alcohol spectrum disorder. This was raised at the last two lots of estimates. Where are we at with that, and what funding has been made available?

Mr Cotterell—I am responsible for programs in relation to alcohol for the whole of the Australian population, not just for Indigenous people. We are taking action on a number of fronts in relation to FASD. In November of last year the Ministerial Council on Drug Strategy considered a comprehensive report on foetal alcohol spectrum disorder in Australia. The MCDS agreed to seek advice from the Australian Health Ministers Conference before releasing the report and responding to it. A working group is being established for that purpose, which I am chairing. We are intending to report by the end of this year.

In relation to prevention, the government has developed and disseminated brochures and posters for pregnant women and breastfeeding women advising them of the 2009 National Health and Medical Research Council's alcohol guidelines. The message in those guidelines is that for women who are pregnant or breastfeeding, not drinking is the safest option. We are looking at developing Indigenous-specific versions of those communication materials. The Western Australian government is commissioning some work in this area, so we are talking to them about building on that work to develop national-level materials. We are hoping to fund a project this month to develop those materials, but I cannot tell you how much will be available because that will be a matter for negotiation. Next financial year we will be looking to develop communication materials specifically for affected communities. Those materials will be developed with and by those communities. That is one area of work.

In a second area of work the department has provided \$33,000 to the Murdoch Children's Research Institute to examine and develop screening tools for alcohol use during pregnancy. By 'screening tools', we mean tools to help healthcare workers discuss the issue of alcohol with pregnant women and to work out whether and how much they may have been drinking

during their pregnancy. That work has provided a draft report to the department and we are having a look at that before it is accepted, paid for and released.

There are a couple of things coming out of that. One is that there are existing screening tools available, including a Pregnancy Lifescripts kit that the department has previously funded, which are valid and helpful in screening for alcohol use during pregnancy. We are going to update the Pregnancy Lifescripts kit for further dissemination. It addresses risk factors for chronic disease generally, including smoking, alcohol and poor nutrition, and we are looking at whether to add physical activity to that.

Secondly, the report sets out an in-depth screening questionnaire for assessing just how much alcohol may have been used during a pregnancy. That is more applicable where an in-depth study is being done, so we are providing that to the Institute of Health and Welfare for consideration in future studies of the data on this. In addition, the report will help to inform the antenatal care guidelines that are currently being developed in collaboration with state and territory governments. The first set of those guidelines is expected to be available for public consultation in July 2010 and it relates to the first trimester of pregnancy.

The third area is in relation to diagnosis. We are in the final stages of a procurement process for the development of a diagnostic screening tool to assist clinicians in diagnosing babies and children affected by FASD. One of the issues with FASD, which this committee is very familiar with, is that it is underdiagnosed. People who are affected are not spotted and they and their families do not get the support that they need. We went through a select tender process for that and contacted the relevant experts and we are in the final stages of negotiating with a preferred supplier. That will be a two-year project and, again, I cannot say the exact amount that will apply because that is what we are negotiating at the moment.

The fourth area is related to data collection and reporting. We have been in discussions with the Institute of Health and Welfare about what might be done to improve data on FASD. Again, we are negotiating an amount with them about a scoping study.

Finally, I think the Department of Families, Housing, Community Services and Indigenous Affairs has already provided evidence to this committee that it will be convening an interdepartmental group to look at FASD, because one of the other issues is about disability support services for people who are heavily affected.

That is the range of strategies that we are taking.

Ms Powell—Could I add that we have a range of prevention programs aimed at pregnant women or women before they become pregnant that cover the issues and risks associated with drinking during pregnancy. It is covered during our substance use programs and our mothers and babies programs. We have a specific program in which we are providing the Apunipima Cape York Health Council and the Ord Valley Aboriginal Medical Service with funds for a health and education program specifically around the risks of drinking alcohol during pregnancy and its impact on foetal development and the associated risks with FASD.

Senator ADAMS—That has certainly gone a long way in the last nine months with the department, so thanks very much for that; it is very good. Just with education and disability support, it has been really difficult that the children who do not have the facial features but may still be affected have not been able to gain any support within the classroom. This came

up in a number of our submissions that we had during our inquiry with the other committee looking at Indigenous communities. Do you work with the department as far as education and support for these children goes? It was just the fact that they did not have the facial symptoms; therefore they were eliminated from the support program.

Mr Cotterell—The Ministerial Council on Drug Strategy report that I referred to earlier was also referred to disability ministers and early childhood and education ministers for them to consider. So they have linked into the issue. We have had discussions with FaHCSIA about the disability supports. The third thing that will assist in that area is the diagnosis tool because it will help improve identification of children with disabilities.

Senator SCULLION—Could you clarify: in Australia is FASD now a registered disability in terms of getting access to particular services?

Mr Cotterell—That is probably more of a question for FaHCSIA.

Dr Harmer—I will take it on notice and hand it you.

Senator SCULLION—Thank you. I will make just a quick comment. It just seems astonishing. I know you are doing a lot of this work, having just visited Canada. Just go over there to see what they have done. We have a Red Nose Day in Australia. They have a FASD month in Canada. Most people in Australia do not even understand what the acronym means. This is a good Australian wine—Kissing Bridge chardonnay—but in America it has a warning label concerning pregnancy. I just think there is a heap of things we can do and I acknowledge that you have come a long way in nine months. That is fantastic. But I think in terms of both the education and making some fundamental decisions about this being a disability and using the sorts of processes that they have in Canada, we can really accelerate this process. But I commend you for the work that you have done.

CHAIR—We will table that bottle and send it to the department. Senator Furner did have a question on eHealth but he will table it.

Proceedings suspended from 1.07 pm to 1.43 pm

CHAIR—I want to put on record my apologies to the officers from IBA and the ILC for making you travel. We only have a limited time now, but on behalf of the committee I want to put my personal apologies to you for the inconvenience.

Senator SCULLION—I have some questions for Indigenous Business Australia.

Dr Harmer—While Mr Gemmell is coming to the table, I will answer an earlier question. Senator Scullion asked a question of Brian Gleeson this morning in relation to the child and family centre that was due to be completed in March 2010. Mr Gleeson has chased that up and it was the Wadey child and family centre. His advice is that construction is now complete. Landscaping is the only outstanding item to be completed and services are now operating from the building.

Senator SCULLION—Thank you. Regarding IBA, can someone tell me what the current value of funds and assets under management is?

Mr Gemmell—Yes. I am the chief executive and general manager of IBA. I probably should mention I have been in that position for a grand total of six weeks.

Dr Harmer—So he is fully across everything.

Senator SCULLION—He will be completely across everything.

CHAIR—That is an extended time for this committee!

Mr Gemmell—I will ask our chief finance officer, Mr Satish Kumar, to respond to your question. That is probably quicker than me trying to get it.

Mr Kumar—The assets under management as of April include the consolidated financial statements. That includes both IBA and its subsidiaries. We have a total receivable of about \$430 million in loans. We have investments of about \$250 million. We have non-financial assets of about \$173 million.

Senator SCULLION—What was your income on return from those assets last year? Could you break that down for me?

Mr Kumar—For 2008-09 the total consolidated revenue was \$153 million on an asset base of \$1 billion.

Senator SCULLION—I understand the government is proposing to provide a guaranteed minimum \$50 million a year to IBA. It is somewhat subjective, but will this provide the budget and investment security for IBA? What are your thoughts and forward projections?

Mr Gemmell—IBA is funded from a mix of sources, one of which is government budget appropriations with particular purposes—for example, they will provide funding to support our activities in the home and small business loans area. We also generate income ourselves from a range of investments that have been made or vested in IBA over a period of time and which generate resources and expenditure in other areas. We are highly dependent on the returns that we get from our investments. They are an important part of our income. We are also highly dependent on the government appropriations to sustain us. At the moment, we are a very sustainable organisation into the future.

Senator SCULLION—How many business loans were funded in the last reporting period?

Mr Gemmell—Would it suit you if I answered the question in terms of loans in the 10 months to April this year?

Senator SCULLION—That would suffice.

Mr Gemmell—In the 10 months to 30 April this year we have approved 69 business loans totalling \$12.57 million. That is approvals. There is a process that moves from there in terms of going through securities and so on, so 59 of those have been settled—that is, done and in place with all the legal documentation.

Senator SCULLION—How many have been—

Mr Gemmell—Sixty-nine, worth \$12.57 million, have been approved and 59, totalling \$11.23 million, have been settled.

Senator SCULLION—The difference is that an approval is just a process level and the other—

Mr Gemmell—Approval is where we say we will do it, and then you have to get things like documentation on securities and that sort of stuff that underpins the loan.

Senator SCULLION—Do you conduct a bit of a portfolio analysis of your loans, of how they are going?

Mr Gemmell—Absolutely. As a new CEO it is one of the first questions you ask: ‘What have we got out there and how are they going?’ and so on.

Senator SCULLION—How is it going, Mr Gemmell?

Mr Gemmell—To answer that, first of all I have to make sure you get your mind-set right—

Senator SCULLION—I need lots of that.

Mr Gemmell— about the field in which we are lending. We are asked to lend to small business—which is a fairly risky area, Indigenous and non-Indigenous—and to Indigenous clients. And we also play in the field where these clients cannot actually access the commercial market, so they cannot get their loans from the banks, they may have been knocked back by the banks or they have not actually got a proposition to put to the banks. What we do is try to analyse their proposals, build up their capability to the point that we think there is a viable business and then we will provide a loan to support that. To get to your question, given that it is a risky area, it is going moderately. It is showing signs of stress. There are a degree of loans at risk in the portfolio, which we actively manage. We manage it with a mentoring type system to try to support them.

Senator SCULLION—When you say ‘loans at risk’ obviously you have had a look at the portfolio. Let’s say that within this portfolio you have identified something being at risk. Is that because they have not made payments? What are the triggers you look for?

Mr Gemmell—The trigger we normally look for is when the payments do not come in as they fall due. We will then contact them and find out what is going on and then we will start to make assessments of whether that is a short-term cash flow thing, where we might reschedule their repayments, or whether it is actually a sign of a business that is not progressing as they had hoped and they are going to get themselves into trouble.

Senator SCULLION—What percentage of the portfolio is in the demographic where it has been a bit difficult, the way you have described it, and you are having to assist? You can perhaps take that on notice. But, in general terms, is it all of the portfolio, part of it, half of it, a small amount?

Mr Gemmell—It is a proportion of the portfolio. It is what you would expect—a proportion of the portfolio is showing signs of stress and having to be actively managed, and that is a pretty variable figure. We could take that on notice and come back with a figure over a respectable period of time to give you an indication.

Senator SCULLION—Just how many of the loans are currently under stress. Currently, what is the return on the investment on the loans? What is the return you are getting from these loans?

Mr Gemmell—That is not quite how we work it out. We provide loans. They are often concessional. So we are not making money out of this part of the deal. The government provides the funds to support this, so we are not in it to make a profit, if you like, although we do get a return. We do get interest payments from our clients.

Senator SCULLION—So what would be the return?

Mr Gemmell—It would probably be likely to be negative. We actually incur a loss when we make these loans because they are loaned out concessional.

Senator SCULLION—I assume that part of your charter requires sound investment assessments to return a reasonable financial return on these particular business loans, or does that fall outside of that charter?

Mr Gemmell—The essence of what we have got to do is provide Indigenous Australians with the opportunity to get into this business, and we are certainly funded to do that. So, yes, if we were a strict commercial business there is no way we would be doing this because, by default, we are only providing loans that a commercial provider will not provide.

Senator SCULLION—So that is part of the deal—that you have to try to demonstrate with an external financial provider that they have knocked you back?

Mr Gemmell—Not necessarily. You might come up with a proposition and we might take a look at it and know full well that they have not got the proposition at that point. In other cases we might push them off to see if we can get them to a commercial borrower. There are examples where someone has come in with a proposition with sufficient cash flow and sufficient security to make it a thing that a proper commercial lender would be interested in, so we refer them off to them.

Senator SCULLION—So this amount in the portfolio that appears to be in some sort of strife, when you make these assessments—given, as you have said, that perhaps they do not have the same amount of equity or rigour that might be expected—is it correct to assume that you are still going through a fairly rigorous exercise that demonstrates to you that this business has the financial capacity to make the repayments, setting aside the concessional nature. What is the process? Do you think it is as rigorous as other processes or are there concessions in that process as well?

Mr Gemmell—If I could pass on the question of rigour—I have not satisfied myself particularly about that at this stage. I can tell you the process. We will have generally put the Indigenous client into contact with a business consultant who will have assisted them to work through their business plan and to develop whether it is a commercial proposition in the first place which has underpinned the loan. If it is not going well, what we will often do is again put in a business consultant to have a look at it. They will provide advice to the client and to us about how it is going and whether it is terminal or whether it has some prospect of recovery if they do something a bit different or whatever it is. Depending on that advice, of course, we may finish up, if it is trading insolvent or anything like that, having to call in experts to close it down. If there is some prospect of keeping it going and maintaining it, we will look very closely at that.

Our interest is not in closing them down. There are times we have to because if they trade insolvent, that is that and we cannot do anything more. But if we can do something to help them make this a viable business we will and we look at that quite hard. But we do that through advisers who we attach to that company and they provide advice, both to the client and to ourselves.

Senator SCULLION—Given that, as you said, these loans are provided with a concessional nature, particularly in terms of the return of interest, what are the other characteristics that you are looking for when you make an assessment of these loans? For example, do you look for the amount of Indigenous employment and other spin-off benefits that would be provided—benefits that one would expect for a program that receives a concession from the Commonwealth government specifically to target our first Australians?

Mr Gemmell—In the case of the small business loans, you have to be Indigenous to actually get access to them. We do have regard to the employment potential that is there. It is usually quite small—we are talking small business here and there are not necessarily big Indigenous employment outcomes. Certainly in our other programs we have regard to the employment outcomes that might derive from the investment we might make and we have a good look at that. We certainly do not disregard that issue when we look at the investments, but we are really looking at whether they have got a viable proposition, what the risks are from undertaking the business and us providing the loan and what the securities are that might underpin that if it all goes to custard and we have to start to talk about realising our securities.

Senator SCULLION—You indicate that because it is principally small business in this area there may not be a large number of people involved but, just so I get it right, you do take into consideration whether or not the proposal or prospectus includes Indigenous employment?

Mr Gemmell—Absolutely. We would certainly look at that and, as you would expect, the more Indigenous employment that you might have attached to the proposal the more favourably we would view it.

Senator SCULLION—Do you report, either in your annual report or in some other place, the numbers of Indigenous jobs that may have been created from the support of business loans?

Mr Gemmell—Yes. I am informed we do, and we monitor that as well in our regular reports.

Senator SCULLION—I wondered if it was over the same reporting period. I hope that is consistent with what you just gave me. Would you be able to provide me with how many jobs have been created in the business loans stream?

Mr Gemmell—Yes, I think we should be able to provide that. We will take that on notice. We certainly can give you a figure over a period, and I will make clear what the period is.

Senator SCULLION—Could you tell me, out of the 59 loans for which the approval has been finished, how many would have been seen to have the creation of Indigenous employment as one of the particular aspects of either the application or the successful provision of the loan?

Mr Gemmell—You can take 59 as a figure to start with, but of course there may be more.

Senator SCULLION—Indeed. I was just asking how many of those 59 you would specifically identify.

Mr Gemmell—I understand.

Ms Rimington—In reference to your question, in our portfolio budget statements, certainly from the year completed, if you turn to page 229, program 1.3, you will see that we have as one of our performance indicators the number of jobs created and supported reported there. That will at least give you what our results were last year.

Senator SCULLION—What is it?

Ms Rimington—For the year completed, 2009-10, it is 230.

Senator SCULLION—Is that as a part of the specific line of business loans, or is it also taken as part of the investment portfolio?

Ms Rimington—That is just loans.

Senator SCULLION—So they are separate. You are going to take on notice the percentage of loans that are considered to be at risk of default. What percentage of loans are funded to Indigenous business owner applicants? You have told me that in the investment portfolio and the business area the business loan has to have an Indigenous person, company or entity, but I am not sure exactly how that works. Could you tell me what part of the portfolio is like a passive investment and what part of the portfolio would be an active investment, an investment that looks very clearly at Indigenous employment and those sorts of other issues?

Mr Gemmell—We have a program which we call investments. They are our active investment programs. The overall design is a commercial one to produce income to sustain the activities of IBA and to fund our activities, but as part of that, looking at the various investments we might make, we have a collection of investments around Australia that we own—hotels, office buildings and various other things. As part of our consideration of those investments, we do look at the Indigenous employment outcomes that might be generated from the investment. We own the hotel at Kakadu, the crocodile hotel—that is not its right name, but most people know it by that. We own that, and that provides opportunities to generate Indigenous employment outcomes. We also look at engaging in other initiatives such as our involvement in the joint venture for the next stage development of the Ord River—it is called the Moonamang Joint Venture—with Leightons. Again, that has the potential and indeed has a requirement to produce Indigenous employment outcomes. We are there with a very minor investment in that to make sure that they produce—

Senator SCULLION—Would you say that that description of the examples you have just given characterises the portfolio across the board, or is that half of the portfolio?

Mr Gemmell—Yes, it is part of the portfolio. We have a very interesting mix of assets that have been acquired over a long period of time, often in conjunction with Aboriginal groups and communities, where they wanted to engage on those things; on other occasions we might have acquired them ourselves. We always look at the Indigenous outcomes that we will

achieve from those investments, whilst also looking at the commercial returns that we will receive from them.

Senator SCULLION—Those examples you have given are good examples. What percentage of the portfolio would it be reasonable to say those examples are representative of? You might want to take that on notice.

Ms Rimington—Perhaps I can give you some guidance. As at the end of March, IBA employed 870 staff. Of the staff numbers, 220-odd, or 25 per cent, are Indigenous Australians. In terms of the employment benefits that flow from the investment part of our portfolio, that gives you a feel for the size of—

Senator SCULLION—So that is not who works for IBA; they are people who are working and operating as part of the investment portfolio.

Ms Rimington—Correct. IBA has a total of 870. Of our direct investment employees, there were 221 at the end of March that are Indigenous.

Senator SCULLION—How many of the 870 would be characterised by having a particular number of Indigenous employees?

CHAIR—Thank you, Senator, and thank you to the officers from IBA. That will be placed on notice. I give my apologies to the officers from the Indigenous Land Corporation. Senators were not here to put questions to you on time, and we do not have time for you in this afternoon's schedule. I know that you have travelled to give evidence this afternoon. We will take that up in our process.

[2.06 pm]

CHAIR—We will now move to our last section, Employment and economic development. Thank you to the officers who are here from DEEWR and FaHCSIA. I know there are a number of questions that Senator Siewert and Senator Scullion put on notice in the DEEWR estimates. They may want to follow up on those or go into questions.

Senator SIEWERT—The issues that I brought up in the DEEWR estimates we will touch on anyway, so I am not going to go straight back to those, because they will come up anyway. I want to start off with some statistics that have just come out. The unemployment rate for Aboriginal and Torres Strait Islander Australians has gone up. Is that of concern, what are you putting that increase down to and how does it interact with the way CDEP has changed?

Mr Griew—The Australian Bureau of Statistics released a new *Labour force characteristics of Aboriginal and Torres Strait Islander Australians* on 3 June. This is the sixth of these publications since 2000. It reports data analysed from the labour force survey. What it is doing is giving us an annual movement in estimated unemployment rate for a small population, so it has to be taken with that qualification. What it shows is that the national unemployment rate for Indigenous Australians aged 15 and over has increased between 2008 and 2009 to an estimated 18 per cent, which corresponds to an increase in the number of unemployed from 27,000 to 35,400. It is important to understand the nature of this report and also that it is the 2009 calendar year that it is describing, so it is not a contemporary figure like those we are used to in the annual cycle of ABS publications telling us about the mainstream economy.

Senator SIEWERT—That is a fairly substantial amount. It is a just under six per cent increase in the unemployment rate.

Mr Griew—Absolutely.

Ms Wood—I could add one point on that. It is a comparison to the increase, according to the survey—the Indigenous unemployment rate compared to the broader population. The increase over a similar period, which covers the economic downturn, was around 31 per cent for the total population and about 26 per cent for Indigenous Australians. Given some of the caveats around this data, we see that as probably a consistent increase compared to the whole population.

Mr Griew—The period being described was the period of the impact of the global recession.

Senator Arbib—This is for 2008-09, right at the height of the global recession.

Senator SIEWERT—Are you implying by that that the figures are getting better the first half of this calendar year?

Ms Wood—No, I was just making the point that, from the same dataset, the unemployment rate for Indigenous Australians increased in a similar trend to the whole population. The challenge we have with this dataset for Indigenous Australians is that the ABS, because their survey is not designed to capture the very small Indigenous population, average it over 12 months. We do not get the monthly figures so that we can see the movement; we only get the figures once a year.

Senator SIEWERT—I take your point that it was during the GFC and the general unemployment rate rose as well, but is it not true that the difference between the non-Indigenous community and the Indigenous community, in terms of unemployment, was that previously it was around 23 per cent and it has now risen to about 24 per cent? I take your point that that needs to be seen in terms of a general rise. I understand the statistics show that the gap between the non-Indigenous and the Indigenous population has in fact increased.

Mr Griew—In the unemployment figure?

Senator SIEWERT—Yes.

Mr Griew—I think that what Ms Wood was just explaining was that, in terms of this dataset, we will not know that, because there is a lag for some time. It is certainly the case that this is a population that is disadvantaged in terms of education level, and geolocational factors tend to be concentrated in areas that were harder hit by the global downturn. So we have every reason to be concerned that, other things notwithstanding, this is a population that will be vulnerable to the factors that hit other disadvantaged Australians hard. Thus, there are a range of programs and specific efforts that the government has us implementing. In terms of actually knowing whether the gap in unemployment has changed in the meantime, what we are advising you is that we will have to watch what happens with the next report from the ABS.

Senator SIEWERT—I understand what you are saying about this year, but you can still compare it to previous years, can't you, where you are looking at the unemployment rate in

the broader population and comparing it to the figures for last year? I must have misunderstood.

Mr Griew—Do you mean going retrospectively back, from 2009 to 2008 to 2007?

Senator SIEWERT—Yes.

Mr Griew—One can go back to 2000 that way, but we do not have that data with us.

Senator SIEWERT—Could you take that on notice. I am really struggling to understand. I understand that some people have made those comparisons with 2007 figures, for example. They compared it to 2007 figures and looked at the difference between the two populations then and the difference between the two populations according to 2009 figures. As I understand it, that shows a gap. What am I missing?

Senator Arbib—I saw the figures as well today. While I was disappointed, I was not surprised. When you look at the groups that fared worst out of the global recession, it is those most disadvantaged groups, particularly long-term unemployed people with low skills and low education levels and also young people. I do not think it is a surprise that the Indigenous community would fare poorly employment wise during the global recession.

Can I also make the point in answer to one of your questions; with the reform of the employment network moving into Job Services Australia, and also the reform of the IEP—the Indigenous Employment Program—we will have to wait to see the figures, as Mr Griew said, but you would expect as the economy picks up that employment of Indigenous people would also pick up. As you are well aware, the government has a number of programs and is working very hard to assist that happening.

Senator SIEWERT—The point is that at the same time as that was happening the changes were being made to CDEP, which is where I want to go next: some of the issues around CDEP and where we talked about it in various committees. The reports that we are getting from some communities is that there is a great deal of depression associated with people who have come off CDEP and gone onto Newstart. These are people who formerly saw CDEP as a job and are now on Newstart and working for the dole. That is not seen by the community as work, and there is a great issue about loss of self esteem associated with that. Do you know how much people coming off CDEP have actually contributed to that higher unemployment rate? And what efforts are being made to deal with these issues of loss of self-esteem and the impact that is having on communities?

Ms Wood—On your first point about the interaction of CDEP participation with unemployment figures; it is a difficult thing to unpack. It is treated differently in different ABS collections, partly because it is self reported. To a large extent it depends on whether people view themselves as being employed on CDEP and report that they are employed. So its treatment in the figures is actually inconsistent.

Senator SIEWERT—When people report themselves as employed or not under CDEP, what is the general approach? Anecdotally it has been reported to me that people see themselves as employed on CDEP.

Mr Griew—The technical point in the labour force survey is that it is an international standard definition of employment of being employed for one hour in the last week, so it is

just a completely different measure. The other point I was just talking to the minister about is that a substantial part of the change in the unemployment figures in these data are in metropolitan areas post the cessation of CDEP. There are a whole lot of factors here which are cyclic and to do with unemployment rates in cities as well as what is happening in CDEP.

Senator SIEWERT—I take your point.

Mr Griew—On your more general point about people who were on CDEP; we can report to you about the work we have done to make sure we pick up people from CDEP in the outer regional areas, where the CDEP programs closed on 30 June last year. We actually put this information into the record at the last of these hearings. Of the 3,463 people who were on CDEP at June last year in locations where CDEP was ceasing, we have traced all those people through into being on benefits, or not on benefits and registered with a job service provider, or in work or in another way not eligible. It is not in any way to sidestep other parts of your question, but in knowing where those people are and making sure they are registered with a job service provider, as we said last time, that piece of work has been done. For changes in CDEP policy you would probably want to ask our colleagues in FaHCSIA.

Senator SIEWERT—Okay. Before we go there, I think Senator Scullion put a question on notice the other day about whether there is ongoing follow-up of that cohort to see how they are going in and out—in other words, where they are now, as opposed to where they were in February, when you provided us with that information.

Ms Wood—We have the data that shows where they are now, which is updated from the information we provided in February. Of the 3,463 people who were on CDEP at 30 June, 1,964 did not continue on CDEP. At the end of March, which is the latest data we have, 1,306 of those people were on income support, which means 658 people were not on income support.

Senator SIEWERT—Does the same apply as applied before, that we do not know whether they have come out of the income support system or whether they have gone into a job?

Ms Wood—For the 658?

Senator SIEWERT—Yes.

Ms Wood—There are a range of reasons that could apply. It could be that they have moved into a job, they were not eligible for income support for other reasons like spousal income or they chose not to apply. Of the 1,306 people who were on income support at the end of March, 1,047 were registered with employment service providers, primarily with Job Services Australia providers, and 259 people who were on income support were not registered with an employment service provider. That would generally be because of their income support type—if their income support does not have participation requirements, if they are on parenting payment, age pension or disability support pension.

Senator SIEWERT—I am sorry, who were the 1,964?

Ms Wood—The 1,964 are the people who did not continue on CDEP.

CHAIR—Senator, we will go to FaHCSIA for an answer and then we will go to other senators.

Senator SIEWERT—Okay. Are you monitoring the impacts on communities of coming off CDEP and going onto Newstart or in some instances perhaps coming out of the system? I am certainly getting feedback that it is having a substantially negative effect on communities in terms of people's self-esteem et cetera and that the jobs that were being done are now not being done.

Mr Tongue—We have certainly been monitoring the CDEP changes very closely, working with Centrelink and with DEEWR and with our staff in various communities where we have them. I will ask Mr Palmer to talk a little bit about some of what we have been doing to ensure that CDEP is working as well as it possibly can to minimise any of those impacts.

Ms Broad—I think it is worth stating that CDEP is continuing and it has changed, so in remote communities people can still participate in CDEP on income support. The way in which CDEP has changed is that there is a greater focus on work readiness and community development. We hear that people think CDEP has gone, when in fact it has not, it has just changed. We are working very closely with DEEWR and Centrelink in relation to ensuring that there is joined-up service delivery between Job Services Australia providers and CDEP providers and making sure that the individuals are getting the tailored assistance that they need. As well as that, we have funded a suite of projects that will help people transition, and that includes the funding of mentors and coaches and community development officers to work with the individuals and communities in making them aware of the changes as well as supporting them through the pathways to hopefully seeking a job off CDEP.

Senator SIEWERT—CDEP is only continuing in certain communities—

Ms Broad—That is right.

Senator SIEWERT—so people have come off CDEP in many communities. So the issue I was asking about still applies, and that is what is happening with those people. I appreciate what you are saying about mentoring and stuff, but the fact is that people still have low self-esteem because they are not working anymore whereas before they were working. So the issue is still there. The fact that CDEP continues but in a different form still means people see themselves now on income support whereas before they had a job. That is the difference.

Mr Griew—I could make a point here in relation to our use of the Indigenous Employment Program. One of the things we have tried to do with the Indigenous Employment Program is actively seek out Indigenous organisations that have engaged in business-like activities through CDEP and sponsored the creation of what are essentially social enterprises. For example, the minister and I were visiting Walgett a few months ago and met with the Walgett CDEP group, who are a great group and very keen to take over a local hardware business in the town that is closing and unlikely to reopen. They are now, with IEP support, in the process of developing that as a local social enterprise. That would be an example of the kind of way we can pick up and sustain local sustainable Indigenous-run businesses in some of these communities. Again, this is not to sidestep or downplay the point you make, but we found a great response and quite a lot of pride in the organisations that have been able to pick up those sort of opportunities. That is very much what IEP is for.

Senator FURNER—A number of us here today were recently in Far North Queensland on the regional and remote Indigenous communities inquiry and met and heard from a number of

entrepreneurial Aboriginal and Torres Strait Islander people. I was wondering what the government is doing in terms of the strategies for considering assistance for business and entrepreneurship, particularly through the Indigenous Economic Development Strategy.

Ms Wood—I can talk a little bit about that. We have within the Indigenous Employment Program the capacity to support business and economic development strategies. Obviously there is also the capacity within Indigenous Business Australia to support more at the commercial end. We do work closely to ensure that we are taking a client centred approach so that the most appropriate assistance is available. That support can range from support for individual businesses developing feasibility and business plans. It can include financial literacy and management and business skills training and it can move into the financing end, particularly through Indigenous Business Australia. So there is a range of support for businesses but that funding can also be used to support economic development strategy development, working more at the regional end. I know that we have funded in various locations economic development officers and business development officers within the Indigenous organisations to develop the business opportunities. In Far North Queensland there were businesses development officers in the Western Cape Chamber of Commerce. So there are a range of different ways we can facilitate and support business development, and it really can be designed around what the actual opportunities are and what the communities and the local organisations think they need.

Senator FURNER—What is the department doing in the consulting process to ascertain the needs in those particular areas? How is that being followed?

Ms Wood—There is a range of ways in which that generally happens. We work through our state officers with the local regions. Within the Indigenous Economic Development Strategy that is currently out for consultation there is a commitment to a more structured regional economic development assessment. That would be something that would be conducted with the range of local stakeholders that would have an interest to ensure that we are designing the interventions, the input and the support in a strategic way that actually looks at the whole region. We understand that local economies tend to work on at least a regional level, so you need to actually look across the region rather than necessarily looking at a community in isolation. That is the objective of that commitment.

Mr Tongue—On the same family of initiatives I think it is worth mentioning the Indigenous Minority Supplier Council and also that the federal government is changing its arrangements for purchasing services and procurement to enable Indigenous businesses to compete on a more even footing. So from 1 July new Commonwealth procurement requirements will come in which will also create opportunities for Indigenous enterprises.

Senator Arbib—On top of that, there is a fair bit of work in that and it is in the consultative process at the moment. We are talking to small businesses, but the Australian Indigenous Minority Supply Council is something we are very supportive of and are working closely with. It has only been going for six months and already has up to 41 Indigenous suppliers. It has facilitated \$3.36 million in signed contracts between members and certified Indigenous suppliers. This means it is putting Indigenous small businesses in contact with and into contracts with government departments and corporations, and some of the largest corporations in the country are involved in it. It provides these businesses with certainty and

also allows them to build their business and employ more Indigenous people, so we are very proud of the work it has done. I was recently in the United States and caught up with the parent body. It believes the Australian organisation is probably doing better than any other country in terms of its development.

Senator ADAMS—I have some questions about the CDEP provider, the Nooda Ngulegoo Aboriginal Corporation, in the Western Australian goldfields area. The CDEP program has been closed and transferred to Geraldton, so could I have a bit of background on the reason for that, please? We do not have a map, but I could explain that Geraldton is actually out in the mid-west, on the coast. This area is around Wiluna, Leonora and Laverton, which is not quite over onto the Western Australian-South Australian border, so there is quite a distance between the two.

Ms Wood—Nooda was a CDEP provider and a Job Services Australia provider and also serviced municipal services. An administrator was put into Nooda and three months after that it was discovered that they were insolvent. What then happened was MEEDAC, which is a CDEP provider that operates up in the Geraldton region, was able to take over its case load so that none of the CDEP participants were disadvantaged. I understand that, similarly, the JSA service was transferred to Skill Hire and MAX Employment, so there has been no disruption of services, and around December of this year a funding process will be opened up to see if there are any other providers who would like to bid to run CDEP.

Senator ADAMS—A newly incorporated Aboriginal corporation called Ngumbu, at Leonora, has recently applied to DEEWR for funding to hire a business consultant—to assist them in preparing a business plan to submit to FaHCSIA, to see if they could manage a CDEP in the goldfields. The main reason is that with all the mining activity—and, hopefully, these mines will keep going and not go into recess—a number of the employees around that particular area of Menzies, Leonora, Laverton and Wiluna are moving north. There is a large number of Aboriginal people who are trying to get themselves skilled up so that they can apply for jobs. They are being very keenly supported by the Shire of Leonora and a number of mining companies, to see if this corporation can be successful and to have something locally. So that is really the reason for that. On their behalf, I would ask how long it will take for DEEWR to process the application. When could they expect to be told whether they have been successful or not?

Mr Griew—We will have to take that on notice, I am afraid. Not only would I prefer not to comment on an individual funding application but also it is not one that either Ms Wood or I is personally acquainted with; it will have come through our state office into the line area.

CHAIR—Thank you very much, Dr Harmer. That concludes the estimates hearing today. As you would expect, there will be a large number of questions on notice to you and your officers. I want to thank you, as always, and your officers for your cooperation. Thank you, Minister and Hansard.

Committee adjourned at 2.35 pm