



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## **SENATE**

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

**Estimates**

THURSDAY, 4 JUNE 2015

CANBERRA

BY AUTHORITY OF THE SENATE

### **INTERNET**

Hansard transcripts of public hearings are made available on the internet when authorised by the committee.

To search the parliamentary database, go to:

**<http://parlinfo.aph.gov.au>**

**SENATE**

**COMMUNITY AFFAIRS LEGISLATION COMMITTEE**

**Thursday, 4 June 2015**

**Members in attendance:** Senators Carol Brown, Bushby, Jacinta Collins, Dastyari, McLucas, Moore, Polley, Reynolds, Ruston, Seselja, Siewert, Smith, Waters.



## **SOCIAL SERVICES PORTFOLIO**

### **In Attendance**

Senator Fierravanti-Wells, Parliamentary Secretary to the Minister for Social Services,  
Parliamentary Secretary to the Attorney-General

Senator Fifield, Assistant Minister for Social Services

### **Department of Social Services**

#### **Executive**

Mr Finn Pratt, Secretary

Ms Barbara Bennett, Deputy Secretary

Ms Felicity Hand, Deputy Secretary

Mr Michael Lye, Acting Deputy Secretary and Chief Operating Officer

Ms Carolyn Smith, Acting Deputy Secretary

Ms Jackie Wilson, Deputy Secretary

Ms Serena Wilson, Deputy Secretary

#### **Cross Outcomes**

Mr Watson Blaikie, Acting Group Manager, Information Management Technology

Mr Scott Dilley, CFO and Acting Group Manager, Finance and Services

Mr Sean Innis, Group Manager, Policy Office

Ms Margaret McKinnon, Group Manager, Corporate Support

Dr Tim Reddel, Group Manager, Programme Office

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

Ms Sharon Bailey, Branch Manager, Ministerial, Parliamentary and Executive Support

Ms Tracey Bell, Branch Manager, Communication and Media Projects

Ms Jess Baxter, Branch Manager, Communications and Media

Ms Helen Board, Branch Manager, Programme Performance

Mr Peter Broadhead, Acting Group Manager, Deregulation and Property Group

Ms Christine Bruce, Branch Manager, Programme Design and Policy

Mr David Dennis, Branch Manager, Policy Evidence

Ms Allyson Essex, Branch Manager, Strategic Policy

Mr Greg Keen Branch Manager Programme Management Transition Team

Ms Lisbeth Kelly, Branch Manager, Disability Employment Services Programme

Mr Leo Kennedy, Branch Manager, Programme Support and Selections

Ms Diana Lindenmayer, Branch Manager, Management Bargaining Team

Ms Kathryn Mandla, Branch Manager, Policy Systems

Mr Robert Michie, Acting Branch Manager IT Operations

Ms Shona Moloney, Branch Manager, People

Mr Tristan Reed, Acting Branch Manager, Project, Risk and Deregulation Branch

Ms Chantelle Stratford, Branch Manager, Programme Systems and Strategy

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

**Outcome 1**

Ms Cath Halbert, Group Manager, Payments Policy

Ms Sean Innis, Group Manager, Policy Office

Mr Paul McBride, Group Manager, Social Security Policy

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

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

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

Mr Ty Emerson, Branch Manager, Labour Market Payments Policy

Ms Allyson Essex, Branch Manager, Strategic Policy

Mr Murray Kimber, Branch Manager, Social Security Performance and Analysis

Ms Mary McLarty, Branch Manager, Eligibility and Participation Policy

Mr Sidesh Naikar, Acting Branch Manager, Family and Students Payments Policy

Ms Michalina Stawyskyj, Branch Manager, Age, Disability and Carer Payments Policy

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

Mr Philip Moufarrige, Director, Eligibility and Participation Policy

**Outcome 2**

Mr Philip Brown, Acting Group Manager, Families

Mr David De Silva, Group Manager, Early Childhood Strategy

Mr Sean Innis, Group Manager, Policy Office

Mr Evan Lewis, Group Manager, Multicultural, Settlement Services and Communities

Mr Michael Maynard, Group Manager, Early Childhood State Network

Ms Cate McKenzie, Principal Advisor, Family Safety Taskforce

Ms Gillian Mitchell, Acting Group Manager, Early Childhood Initiatives

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

Ms Margaret Pearce, Group Manager, Early Childhood Care Support

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

Ms Laura Angus, Branch Manager, Multicultural and Communities

Ms Kristine Cala, Branch Manager, Settlement

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

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

Ms Tracy Creech, Acting Branch Manager, Families and Children

Mr David Dennis, Branch Manager, Policy Evidence

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

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

Mr Matthew Johnston, Acting Branch Manager, Welfare Conditionality Reform

Ms Amy Laffan, Managing Director, Family Safety Taskforce

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

Mr Damian Coburn, Branch Manager, NRAS and Gambling

Mr Stewart Thomas, Branch Manager, Housing and Homelessness

Ms Jane Dickenson, Director, Birth, Adoption and Care

### **Outcome 3**

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

Ms Fiona Buffinton, Group Manager, Access Quality and Compliance

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

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

Ms Clara Barlow, Director, Investigations and Aged Care Law

Mr Michael Culhane, Branch Manager, Quality and Regulatory Policy

Mr Russell de Burgh, Branch Manager, Policy

Mr Craig Harris, Branch Manager, Access Reform

Mr David Laffan, Acting Branch Manager, Aged Care Complaints

Ms Carol Lankuts, Acting Branch Manager, Aged Care Programmes

Mr Nigel Murray, Branch Manager, Funding Policy and Legislation

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

Mr Ben Vincent, Branch Manager, Home Support Implementation

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

### **Outcome 4**

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

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

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

Mr Stewart Thomas, Branch Manager, Housing and Homelessness

Mr Damien Coburn, Branch Manager, NRAS and Gambling

### **Outcome 5**

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

Dr Nick Hartland, Group Manager, National Disability Insurance Scheme

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

Mr Bryan Palmer, Group Manager, National Disability Insurance Scheme

Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal and Compliance  
Ms Karen Wilson, Group Manager, Disability, Employment and Carers  
Ms Deborah Winkler, Group Manager National Disability Insurance Scheme  
Mr Mitchell Cole, Acting Branch Manager, NDIS Transition and Disability Service  
Mr Alan Grinsell-Jones, Branch Manager, Schools, Child Care, Disability and Information Law

Ms Lisbeth Kelly, Branch Manager, Disability Employment Services Programme  
Ms Jillian Moses, Branch Manager, Financial Policy and Performance  
Ms Lyn Murphy, Branch Manager, Disability Employment Services Programme Assurance  
Mr Warren Pearson, Branch Manager, BSWAT Employment Response Team  
Ms Karen Pickering, Branch Manager, Mental Health  
Ms Catherine Reid, Director, Disability and Carer Policy  
Mr John Riley, Branch Manager, Disability Employment Taskforce  
Ms Alison Smith, Branch Manager, Policy and Legislation  
Ms Bruce Smith, Branch Manager, Policy and Legislation  
Ms Sharon Stuart, Branch Manager, Disability Employment Services Policy  
Ms Joanne Llewellyn, Acting Branch Manager, Disability and Carer Policy

**National Disability Insurance Agency**

Mr David Bowen, Chief Executive Officer  
Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal Services  
Ms Jo Carey, Branch Manager, Portfolio Governance, Welfare and Information Law  
Ms Louise Glanville, Deputy Chief Executive Officer  
Ms Liz Cairns, General Manager, Operations Division  
Mr David Fintan, Acting General Manager, Governance  
Ms Stephanie Gunn, Branch Manager, Community Development Authority  
Ms Esther Kerr-Smith, General Manager, Market and Sector Division  
Mr Stephen Payne, Chief Financial Officer  
Ms Anne Skordis, General Manager, Scheme Design Division

**Australian Aged Care Quality Agency**

Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal Services  
Ms Jo Carey, Branch Manager, Portfolio Governance, Welfare and Information Law  
Mr Nick Ryan, Chief Executive Officer, Australian Aged Care Quality Agency  
Mr Ross Bushrod, General Manager Accreditation, Australian Aged Care Quality Agency  
Ms Ann Wunsch, General Manager, Operations, Australian Aged Care Quality Agency

**Committee met at 09:01**



**CHAIR (Senator Seselja):** I declare open this hearing of the Senate Community Affairs Legislation Committee. We welcome back Senator Fierravanti-Wells and officers of the Department of Social Services and we are in continuation. Senator Moore.

**Senator MOORE:** Can you tell us which section of the department is working on the Paid Parental Leave scheme?

**Mr Brown:** It is within the families group and it is the birth, adoptions and care branch.

**Senator MOORE:** I am sorry; I heard 'within the families group' but I did not hear the next bit at all.

**Mr Brown:** I am sorry, the birth, adoptions and care branch.

**Senator MOORE:** How many people are working in the area? Is there a group of people working on paid parental leave exclusively?

**Mr Brown:** There is a section within that branch.

**Senator MOORE:** Is it cleverly called the paid parental leave section?

**Mr Brown:** PPL section, yes, I think that is right.

**Senator MOORE:** How many people are in there?

**Mr Brown:** About eight at the moment.

**Senator MOORE:** This group is looking at policy and it also does research?

**Mr Brown:** It certainly monitors research and it also has responsibility for working with DHS on administration matters as well.

**Senator MOORE:** In terms of the paid parental leave area, Social Services is the lead agency?

**Mr Brown:** That is correct.

**Senator MOORE:** What other departments are involved?

**Mr Brown:** A number of other departments. Obviously DHS is the key administration department.

**Senator MOORE:** The implementing department, yes.

**Mr Brown:** The department of employment clearly have a role and we work very closely with them. Also the department of Prime Minister and treasury are key agencies. But we also have liaison with the Australian Public Service Commission.

**Senator JACINTA COLLINS:** Did you mention the department of employment?

**Mr Brown:** Yes.

**Senator MOORE:** Mr Brown, the follow-up is not to do with you; it is just that the acoustics in this room are not good. So do not feel that it is particularly about your voice.

**Mr Brown:** Right.

**Senator MOORE:** In terms of the modelling or work that you have done, under the proposed measure to change the Paid Parental Leave scheme that came out in the budget, how many women are likely to lose part of their paid parental leave each year over the forward estimates?

**Ms Bennett:** About 47 per cent of women who have a child claim PPL because of the requirements about work and income. Of those women who have children and who receive PPL, about 20 per cent also receive employer-paid maternity leave that is above the minimum wage 18-week PPL scheme and they will no longer be entitled to PPL.

**Senator MOORE:** So they are the parameters. Do we have any idea of particular figures?

**Mr Brown:** On projected figures, once the scheme comes into place, as Ms Bennett was saying, of the around 20 per cent of previously PPL eligible mothers, we project around 34,000 would have employer-provided maternity leave greater than the full PPL entitlement.

**Senator JACINTA COLLINS:** How do we know that figure?

**Mr Brown:** Basically it is an analysis drawn on the PPL evaluation data. There was a very large sample where we collected a lot of data on employer type and who had access to employer-provided leave. But also we—

**Senator JACINTA COLLINS:** At what point in time?

**Mr Brown:** That is since the implementation of the scheme, through 2011, 2012 and 2013.

**Senator JACINTA COLLINS:** Can you give me the end date for that?

**Mr Brown:** We would probably need to take that on notice and come back to you on that one.

**Senator JACINTA COLLINS:** I am just concerned that partly it may be dated as well.

**Mr Brown:** Obviously we also interact quite a lot with the department of employment, seeking their views on trends in industrial changes that they have noticed over a period.

**Senator JACINTA COLLINS:** Just before you go back to Senator Moore, there is one other question on those statistics. The 47 per cent of mothers—it is not necessarily mothers—the 47 per cent of parents of a child who claim PPL, how does that compare to our understanding of overall labour force participation?

**Ms Bennett:** We would have to take that on notice. We will try to get that for you as soon as possible.

**Senator MOORE:** Again, on that last answer about the stats on the partial payment, can you read that last bit of your answer? Can you repeat the answer that you gave?

**Mr Brown:** Around 20 per cent of previously PPL eligible mothers—

**Ms Bennett:** Which is around 34,000.

**Mr Brown:** which is around 34,000, who have access to employer-provided maternity leave valued greater than the full PPL entitlement, or 18 weeks of the national minimum wage, would no longer be eligible for PPL. So they would not get any PPL.

**Senator MOORE:** So 34,000, on this modelling, would be not able to receive any of the government 18-week payment?

**Mr Brown:** That is correct.

**Senator MOORE:** What about the ones who would lose part of their entitlement?

**Ms Bennett:** It is estimated that about 27 per cent, about 45,000, will have access to employer-provided maternity leave valued at less than the full PPL.

**Senator MOORE:** Do we have data on the quantum of that? We have 45,000 people who, from figures that you have, would not have a total package that is more than the current government package. Do you have any idea of the range of that for what the likely employer contributions are?

**Ms Bennett:** We will have to take that on notice, but we can say that about 38 per cent of those work in the public sector and about 62 per cent work in the private sector. An example would be that they might get six—

**Senator MOORE:** A partial entitlement?

**Ms Bennett:** They might get six weeks. We know that the average median income of that cohort is \$43,000. They might get six weeks from their employer. That equals less than the \$11,500. They will get a top-up that will bring them up to that equivalent amount on the basis of taking 18 weeks maternity leave.

**Senator MOORE:** Again, that is done from 2013, on the basis of what was looked at in the 2014 evaluation?

**Mr Brown:** Yes, that would be correct.

**Senator JACINTA COLLINS:** I am a little more concerned about this. I will have to have a closer look at the evaluation because Mr Brown's earlier answer seemed to imply that that data was collected from 2011 up to 2013.

**Mr Brown:** Yes.

**Senator JACINTA COLLINS:** So it may not all be current at 2013?

**Ms Bennett:** The evaluation is publicly available.

**Senator JACINTA COLLINS:** I have that.

**Senator MOORE:** It is compulsory reading in terms of the process. We will get more figures later. I now want to follow up on some comments that Minister Morrison has made about the scheme. In relation to the scheme that he referred to in his public statements as the union-Labor PPL scheme, he says—and I will quote the whole thing:

Importantly, there was an evaluation report done by the previous Government which showed that before and after—

**Senator Fierravanti-Wells:** Can I interrupt you? Is that a public statement?

**Senator MOORE:** Yes, it is in a radio commentary.

**Senator Fierravanti-Wells:** It would be helpful if you would—

**Senator MOORE:** I cannot give you the—

**Senator Fierravanti-Wells:** I think that in this committee we have been very, very particular about getting copies; I certainly have been. Those copies would be—

**Senator MOORE:** We did that when there were newspaper processes; this is radio. I can get *Hansard* later in the day to get a full transcript of the radio interview, but I have here exact quotes from Minister Morrison, which I will read out.

**Senator CAROL BROWN:** For the last two days, all members have been quoting from articles and—

**Senator MOORE:** I understand Senator Fierravanti-Wells's point, but this is a radio quote as opposed to a transcript from a newspaper and I just want to work through it. He stated:

Importantly, there was an evaluation report done by the previous Government which showed that before and after the Union-Labor PPL scheme that was brought in post 18 weeks there was no change to people staying at home longer with their kids. So this argument from the Labor Party that somehow this was leading to people staying at home longer with their kids beyond 18 weeks, their own research found it wasn't true. So it wasn't achieving the objective that they set out for it.

That was on 2GB on 19 May. A similar comment on 15 May, this time on Sky News PM, was:

The scheme that is currently in place that Labor and the Unions put together actually hasn't increased the amount of time that parents are staying home with their children beyond 18 weeks, so the scheme actually isn't delivering that outcome, that's what the evaluation report found on this issue ... obvious place to make a saving ...

My understanding is that certainly there is an evaluation statement on page 4 of the report and then in more detail later it says that, with the 18 weeks, there was a distinct improvement. Eighty-five per cent of post-PPL mothers had not returned to work compared to 78 per cent of pre-PPL mothers. The next quantum taken was 26 weeks and it says that both had not returned to work, that there was not a distinguishable difference at 26 weeks. But then, at 52 weeks, 27 per cent of post-PPL mothers had not returned to work compared to 31 per cent of PPL mothers. I would like the department to have a talk to me about what the assessment is regarding the scheme having not enhanced people staying at home.

**Ms Bennett:** We can go into it in more detail. But broadly there are elements in the evaluation, which I will go through, that showed that, for women on higher income having an employer-provided scheme, it made no discernible difference to the amount of time that they took off. For women for whom the PPL was their only provided scheme or who may have had a very low contribution from an employer—say, just a few weeks—it did make a difference in extending the time. A lot of that is gone into at about pages 98 and 99 of the report. It is quite explicit and it actually says on page 99 that data from in-depth interviews strongly confirm that whether PPL extended a mother's time away from work often depended on their financial situation.

There are elements throughout the report and other commentary and evaluations that have been done that women that have access to employer-paid maternity leave, let us say, will combine other entitlements they may have such as recreation leave or long service leave, and they will extend that time. So the introduction of the PPL did not make a discernible difference to those women on the higher income that already had provisions. But for those on a lower income where they would not have had provisions or very, very low provisions, it has made a difference because of the requirement for the 18 weeks and it has extended their period. I could go into massive detail, but that is the distinction.

**Senator MOORE:** I accept that. The clear difference by the evaluation, which was relatively early in the scheme anyway, was that for people who were on lower incomes this was a discernible change to their planning process—

**Ms Bennett:** Yes.

**Senator MOORE:** Basically because, prior to the union-Labor scheme coming in, they had nothing, and I think that was a huge evaluation element of the scheme. When you say

'women on higher incomes'—and this is something I could not find in the report in detail—what does that mean?

**Ms Bennett:** The report defined it as—

**Senator MOORE:** On what page was that definition?

**Ms Bennett:** I just have a quote this time without a page reference, unlike the other elements that I have. The lower income was defined in the lowest third of incomes, and this was lower than \$37,202 in 2012, and higher income was greater than \$59,058 in 2012, which was the upper third. But I think there is a figure that shows that, on average, the higher income was about—

**Senator JACINTA COLLINS:** Was that the average or was that the—

**Ms Bennett:** It is a median definition.

**Senator MOORE:** Perhaps you could repeat that into the microphone; I am fine if I can get that information. We just need that information on the record.

**Ms Bennett:** There is a difference here in that the higher income was divided into quadrants. So the lower third element was the \$37,000 and then the higher income was \$59,058, but there was an average of the assessed impact income of those that are affected in the 20 per cent. I think that average is—

**Ms Dickenson:** Seventy-three.

**Ms Bennett:** So the average income of those that are affected, the 20 per cent that no longer will be receiving PPL, is in the \$70,000s.

**Senator MOORE:** Ms Dickenson, can you point to where that is in the report?

**Ms Dickenson:** The actual income figures?

**Senator MOORE:** Yes.

**Ms Dickenson:** I think there is a table on page 40. At the bottom of that table, I think there is a footnote. I do not actually have it with me but I think there is a footnote.

**Senator MOORE:** You are pretty good if you can remember a footnote from memory.

**Ms Dickenson:** I have the table in front of me but it is actually copied out.

**Senator JACINTA COLLINS:** High income and low income refer to pre-birth incomes greater than \$59,058 and lower than \$37,202 respectively.

**Senator MOORE:** Is that on page 40?

**Senator JACINTA COLLINS:** Yes. But it does not tell us this further information that Ms Bennett is referring to. One moment earlier, Ms Bennett was referring to an average, whereas, ahead of that, she was referring to a definition above \$59,000, so we are a bit confused.

**Ms Bennett:** I was making that distinction between what was in the report and the impact of the measure on the average income.

**Senator MOORE:** Some of the senators do not have access to that table.

**CHAIR:** We might see whether copies can be made available so that all senators can look at it.

**Senator JACINTA COLLINS:** Further to the points that Senator Moore was raising, I looked at the minister's comments. I have only had an opportunity to look through the overview of the PPL report, but I thought it was pretty clear that the reference on page 4 says that 'one of the key findings'—key findings—of the evaluation was that PPL had a clear effect of delaying mothers' return to work up to about six months after the birth of their baby. That was the Productivity Commission's intention in its recommendations that led to the design of the scheme. What concerns me is that this very significant point in the report is being contradicted by the minister, and I would like to know what the basis of the minister's contradiction of it was.

**Mr Pratt:** I am loath to try to speak on behalf of Minister Morrison, but my understanding is that the point he was attempting to make there—and there are other interviews which he has done on this topic where I think he has gone into it in more detail—was that, for those people who are at the higher end of the income scale, the combined PPL and maternity leave provisions were not having any discernible effect on the length of period they were staying away from work. The minister is quite well aware that, for people at the lower end of the income scale, it is quite effective in increasing the period between birth and the mother returning to work. I think the excerpt of the interview there was shorthand.

**Senator JACINTA COLLINS:** Perhaps you could provide us with the broader explanation that makes the point about income levels. It still does not assuage my concerns here, because the design of the scheme and the Productivity Commission's recommendations were focused significantly on lower income families. My understanding from the private sector is that this will have some significant effects on families such as part-time workers in the retail industry who have been receiving 18 weeks of PPL, plus roughly about eight weeks of employer funded parental leave, and they will lose out from these changes. If you can alert me to the fact that the minister has taken into account the concerns, needs and interests of families such as those, I would be glad to see it.

**Senator Fierravanti-Wells:** We will take that on notice and I will make sure that we get you a response. I am sure that the transcript of today will be made available to Minister Morrison and, if he has additional comments to make to what Mr Pratt has said, we will get those to you.

**Senator JACINTA COLLINS:** I am sure we will cover some of these points as we go through some further detail, but that is the opening.

**Senator MOORE:** In terms of the process, Mr Pratt, the information on which Mr Morrison was making his statements would be provided by the department; his briefing would come from the department?

**Mr Pratt:** Certainly, the bulk of his briefing would come from the department.

**Senator MOORE:** Ms Bennett, you are able to provide the kind of information that you have just given us, more than what is in the report; you are going to provide that on notice?

**Ms Bennett:** The average income—their income and impacts, depending on whether it is partial.

**Senator MOORE:** Yes.

**Ms Bennett:** Yes, we will take that on notice.

**Senator MOORE:** When the modelling was being done on the proposed changes to paid parental leave, was any work done on the impact of the availability of child care from those changes? Was there work done between your group, Mr Brown, and the childcare group, in terms of access to child care and who takes up child care, particularly for those baby places that are at a premium?

**Mr Brown:** Not specifically for this measure.

**Senator MOORE:** With a measure that could actually affect 43,000 and 45,000 across the country, there was no look at the child care impact of that?

**Mr Brown:** Certainly, we have had interactions, in preparing with the childcare people, but I suppose specifically on the measure—and you have asked about the modelling—

**Senator MOORE:** Yes.

**Mr Brown:** The modelling was simply done around interactions on payments, on tax and things like that. As for other payments, for example, we know that, if implemented, there would be increased outlays on family tax benefit A and the newborn supplement, and there would be taxation implications as well, because PPL is a taxable payment.

**Mr Pratt:** I want to make it very clear that there has been considerable work across three main streams in the department on the overlapping interests around child care, family programs and family payments between the social security stream, the family stream and also the childcare stream.

**Senator MOORE:** That is why I asked. I would expect that. There are so many changes in the family and childcare space in this budget that I would expect that to happen. But I am particularly interested because we have had a long-term discussion around the various elements of child care, particularly that baby year and the number of places—which, of course, will be taken up more deeply when we get to the childcare discussions. You said, Mr Brown, that there was no particular work done on that on this measure?

**Mr Brown:** That is right.

**Senator JACINTA COLLINS:** It is the labour force participation implications that we are most interested in. If we now have mothers returning to work earlier than the 26 weeks, at the threshold now, which seems to be 18 weeks, what will be the implications for mothers' labour force participation and the availability of child care? Was that not explored at all?

**Ms Bennett:** No. As we went through it, with regard to the impact for lower income women there has been no change—the arrangements for them.

**Senator JACINTA COLLINS:** No, that was higher income women, you were saying.

**Ms Bennett:** But the amount of time that they took off on leave is what the evaluation said—

**Senator JACINTA COLLINS:** Increased for lower income women, up to 26 weeks.

**Ms Bennett:** So it has increased for lower income women and there remains no change for them; and, for higher income women, the PPL made no discernible impact. So the conclusion could be that they will still be taking the time off that they did before PPL, which is what they were taking, so there will not be a shift in their returning to work earlier. That was the time they were taking before PPL; then they got PPL and it made no discernible difference. You

could conclude that there will be no change in that cohort. Those in the lower income threshold are not impacted by this measure, and that is where—

**Senator JACINTA COLLINS:** Why are you saying that lower income women are not affected by this measure? If you are a part-time retail worker eligible for eight weeks PPL and you would previously have received 18 weeks average income and eight weeks of your part-time income, and you lose that eight weeks, how does that not impact on you?

**Mr Brown:** I think that you are correct, Senator. In part, we are saying that lower income women, on the whole, will be less affected—

**Senator JACINTA COLLINS:** But they will be affected.

**Mr Brown:** Some will be affected where they have access to an existing—

**Senator JACINTA COLLINS:** Can you tell me how many thousands of women that is?

**Ms Bennett:** We explained that it is 20 per cent of the 47 per cent, which is about 90,000. We said that 34,000 will no longer receive it; for about 45,000, there will be some impact; and, for the remaining, there will be no impact or change—this measure has no impact on them.

**Senator JACINTA COLLINS:** So the ones that you say have a part impact would be the ones that fit roughly the category that I am talking about?

**Ms Bennett:** It may or may not.

**Senator JACINTA COLLINS:** And that was the 34,000?

**Senator MOORE:** The 45,000.

**Ms Bennett:** But, as I said earlier, 38 per cent of those work in the public sector, so they may also draw on other provisions.

**Senator JACINTA COLLINS:** But that is 38 per cent; that is still a significant number of mothers who are likely to be returning to work earlier because they have lost part of their parental leave income.

**Ms Bennett:** Obviously we will have to monitor that. I think that—

**Senator JACINTA COLLINS:** Before you monitor it? I am interested in understanding what work was done to understand that. From what you and Mr Brown have said to me, the labour force participation implications of this were not considered.

**Ms Bennett:** It was a package of reforms that are tied—and you are going to talk about childcare reforms later, in another session. There is some work that they have done in the Productivity Commission about participation. They can probably go into it in more detail. But I understood that there was some information by the Productivity Commission regarding child care which said that access to PPL payment, in a sense, was not the greatest lever on the return to work and that it was access to child care.

**Senator MOORE:** Not the greatest.

**Ms Bennett:** Not the greatest.

**Senator MOORE:** It did not say that it did not have an impact.

**Ms Bennett:** No, it did not say that.



**Senator MOORE:** It made it quite clear that it was a composite impact on the decision to return to work—that the assessment was that access to effective child care—

**Ms Bennett:** My colleagues will be able to go into that in more detail when they appear.

**Senator JACINTA COLLINS:** Yes, I am sure they will be able to go into that. But at the moment what we are exploring is the design of the new PPL arrangements. It is clear from the evaluation that, for low-income mothers, their length of time on leave increased up to 26 weeks. This measure will now drop the threshold down to 18 weeks. It will put more pressure on baby places in child care, and I am interested in understanding what account, if any, of that was taken in the design of the measure.

**Ms Bennett:** I can ask my colleague, but I do not think the PPL evaluation said that everyone moved to 26 weeks.

**Senator JACINTA COLLINS:** I did not say that.

**Ms Bennett:** There was an increase in those low-income mums that were still away from work at the 13-week point. There were various measures that went through this. With those at the point in time that had traditionally taken 13 weeks, there has been a 10 per cent increase as a result. I do not know where the 26 weeks comes into the—

**Senator JACINTA COLLINS:** I will read it to you: 'One of the key findings'—this is page 4—'of the evaluation was that PPL had a clear effect of delaying mothers' return to work up to about six months after the birth of their baby.' It cannot be clearer than that. You can unpack it in terms of different income groups and you can talk about different components and different break-ups of it, but the report says 'one of the key findings' and 'up to six months'. It cannot be clearer than that.

**Ms Bennett:** In the table that is being provided—and I certainly will ask a colleague—it says that, for low-income women that took 26 weeks pre-PPL, if I have read this correctly, it was 62.4; and, for those post-PPL, there was a drop of 1.6 per cent. Have I read that correctly?

**Ms Dickenson:** That is the proportion of people who remained away from work at six months.

**Ms Bennett:** There had been a drop post the PPL.

**Mr Pratt:** Can I just make some comments here? I think we are conflating a number of issues. Certainly the high-level evaluation finding is that PPL has been successful in assisting mothers to stay home with their children for longer but, when you unpack that, there is a significant impact on different income scales compared to others. When we explore the child-care issues tomorrow with the childcare stream, I think it will be quite clear that the government's child-care package is very much aimed at increasing the availability, flexibility and affordability of childcare and the participation impacts and so forth—and we can go through all of that tomorrow.

Could I just remind senators that the measure that we are talking about today is ultimately a savings measure which the government has progressed and it is covered in page 168 of budget paper No. 2. That makes it clear that ultimately the savings from this measure are going to be redirected to repair the budget and fund policy priorities. So, yes, coming from this measure, there is an impact on certain groups; that was understood in developing it. In terms of the

government's decision-making process and all of the advice and modelling that was done, quite clearly it was a savings measure.

**Senator JACINTA COLLINS:** I am well aware that it is a savings measure. In fact, I did not get the chance to refer back to the PBS and quantify it exactly, so could you remind me?

**Mr Pratt:** Going to the budget paper, it is savings of \$967.7 million over four years.

**Senator JACINTA COLLINS:** There is another element that I am interested in exploring at this stage. I fully understand that it is a savings measure. What I would like to understand is the degree to which government informed itself of a likely impact on—particularly, in my view—low-income families often engaged in private sector work with marginal, if any, PPL entitlements. Many of those women over the last five years have had PPL schemes introduced to supplement the 18 weeks and bring them up to a reasonable amount of income up to 26 weeks and they are the ones who will lose out of this measure. I have only heard the minister talk about public sector double dipping; I have not heard him talk about the women who will lose marginal amounts of income in comparison to the double dipping example and the degree to which the implications of that were assessed. Mr Brown and Ms Bennett have taken on notice some of my questions and I am very keen to understand those implications.

**Mr Pratt:** I can answer in the general sense that, certainly in working through this within the budget processes, there was significant consideration of all of the impacts on different groups; and, while there were no specific discussions on this particular savings measure and on the child-care package, separately there were significant interactions between the different streams about how these could work together. I think, to be fair, this also needs to be seen in light of the child-care package and that involves a significant increase in resources going into the child-care arrangements in Australia.

**Senator JACINTA COLLINS:** We will probably get to that a bit later. There was a particularly interesting piece from the ANU this week, looking at the NATSEM work and the comparison of the overall funds that have gone in and come out, and that is not necessarily favourable to the government; but I do not want to get bogged down on that one.

**Mr Pratt:** I suggest that we do that in outcome 1.

**Senator JACINTA COLLINS:** Sure. I just want to deal with this double dipping issue briefly—I do not want it to be taken that I have adopted this language, which I have not—and we may in a bit get to a further discussion about it. But, in the context of my describing one of my concerns, which is women on low incomes who have only just attracted some low levels of PPL whose financial circumstances will be compromised by this measure, any sense that what was involved here was double dipping is extremely insulting. These measures were designed and recommended by the Productivity Commission to try to supplement the income of low-income women so that they would take up to 26 weeks of leave. Because I have used that word, I just want to make that point. But the other question I want to ask in relation to that issue—and maybe fairly discreetly so that we can get back to Senator Moore—is this: in this shift now down to 18 weeks, have we taken into account our international obligations and reporting?

**Ms Bennett:** We will take that on notice.

**Senator JACINTA COLLINS:** I know that we have reported to the ILO about attempting to reach a 26-week threshold. It is pretty clear now that the government has moved

down to an 18-week threshold and I would like to know whether it has considered the implications of our international standing there.

**Ms Bennett:** ILO issues do not sit within us, but we will take that question on notice about how it fits with previous government and current government commitments.

**Senator JACINTA COLLINS:** Certainly Australia's obligations in relation to our reporting to the ILO do sit with you. The management of our relationship with the ILO, I understand, is not in your portfolio. But the extent to which any of the areas where we have indicated some level of responsibility or obligation—

**Mr Pratt:** Ms Bennett's point is that our international work is organised in another part of the department and not in her stream itself.

**Senator JACINTA COLLINS:** Thank you.

**Senator MOORE:** Is part of the discussions you have with the other departments—you have listed off the departments you talk to about things—the international obligations? Are they part of those discussions?

**Mr Pratt:** It is quite possible. I do not know that those issues were dealt with in terms of particularly the employment department.

**Senator MOORE:** Senator Collins actually talked about the issue with the term 'double dipping', to which there has been great offence taken. Was that term something that the department came up with?

**Mr Pratt:** I have observed the debate around the terminology. The earliest use of the term, I believe, in relation to paid parental leave, was a press release from the then opposition in 2013, which referred to its future policy around preventing double dipping.

**Senator JACINTA COLLINS:** That was in the context of public sector entitlements and the rolled-gold scheme in discussions with states and territories, wasn't it?

**Mr Pratt:** It was in the context of the then opposition's broader paid parental leave policies, yes.

**Senator JACINTA COLLINS:** So not this particular measure.

**Mr Pratt:** It was the origin of this measure.

**Senator JACINTA COLLINS:** I am not sure whether you could describe that as the origin of this measure; I think that is a very long stretch. The measure it was in the context of was the measure that involved, I think, some high-income women receiving up to \$75,000 from government payments—so 26 weeks of leave at full pay—and at the same time receiving public sector paid parental leave, which is a very different thing to what is proposed here.

**Mr Pratt:** I will not debate that with you. It was in the context of the government in opposition's previous paid parental leave policies, which they have decided to change and to do different things in relation to PPL, childcare and so forth.

**Senator JACINTA COLLINS:** It is a significant change, isn't it?

**Mr Pratt:** I think that is a fair description.

**Senator JACINTA COLLINS:** Could you provide us with a copy of that?

**Mr Pratt:** It is available on the Liberal Party website, I understand.

**Senator JACINTA COLLINS:** So the department has not adopted it as an indication of government policy on your own website.

**Mr Pratt:** That is certainly not my understanding.

**Senator MOORE:** Minister, that was a party term rather than a government term.

**Senator Fierravanti-Wells:** I think what Mr Pratt is saying is that it has its origins, if I understand it—I do not have it in front of me—in a media release in 2013. I do not have it in front of me, but I am sure that it is available.

**Senator MOORE:** I am just checking, because it was a party comment, whether that is the kind of language that you use, Minister?

**Senator Fierravanti-Wells:** I will take that on notice. I am happy to get a copy of that document made available to you.

**Senator MOORE:** Are you taking on notice whether you personally use the term?

**Senator Fierravanti-Wells:** Well—

**Senator MOORE:** That was my question.

**Senator JACINTA COLLINS:** I do not think I have heard the minister use the term.

**Senator MOORE:** That is why I am asking whether that is a term that the minister uses.

**Senator Fierravanti-Wells:** Suffice it to say that my direct responsibilities in this department are multicultural affairs and settlement services. I have not had occasion, if I can put it that way—not that I can recall—to refer to these issues. But, specifically in relation to August 2013—I think it is August 2013; I am not sure—we will get a copy of that document provided to you. We will take that on notice.

**Senator MOORE:** Is the term 'double dipping' used in the budget papers?

**Senator Fierravanti-Wells:** I am sorry?

**Senator MOORE:** Is the term 'double dipping' used in the budget papers?

**Senator Fierravanti-Wells:** I think that is what Mr Pratt said. It is on page 168.

**Senator MOORE:** Yes, that is right. I am just confirming that it is not just something that was used in a Liberal Party policy statement in 2013.

**Senator JACINTA COLLINS:** In a completely different context.

**Senator MOORE:** It is actually used in the budget papers of 2015.

**Mr Pratt:** Certainly the measure refers to double dipping.

**Senator MOORE:** Do you believe the term 'double dipping' is appropriate?

**Senator JACINTA COLLINS:** I think that is asking the secretary for an opinion.

**Senator MOORE:** I am asking the minister. I would never ask you, Mr Pratt. But, Minister, do you think that the term 'double dipping' is appropriate—not for Liberal Party policy but for a stated policy direction in the government?

**Senator Fierravanti-Wells:** The measure is at page 168 of the budget papers and it is referred to as double dipping. It is in the budget papers and, as far as I am concerned, it is an appropriate measure.

**Senator MOORE:** Fine. I wanted to get that last bit on the record. So the way that you would describe parents with newborn children who access their employer provided schemes as well as the government's minimum wage scheme would be 'double dippers'?

**Senator Fierravanti-Wells:** It is a measure; it is in the budget. I cannot take it any further than that.

**Senator MOORE:** That means that the budget describes people who access—

**Senator JACINTA COLLINS:** The government does.

**Senator Fierravanti-Wells:** It is at page 168. Would you like a copy of that page?

**Senator MOORE:** I do have that page. I just wanted to see whether that is the appropriate term in the budget papers for people who access legal entitlements.

**Senator Fierravanti-Wells:** It is used in the budget papers. The heading is 'Removing Double-Dipping from Parental Leave Pay'. The measure is described in the terms that Mr Pratt referred to. As far as I am concerned, that is a budget measure and it is there in the budget.

**ACTING CHAIR (Senator Smith):** Senator, given that we have been on this issue for 45 minutes, I would like to give Senator Reynolds an opportunity to ask some questions for a few minutes—

**Senator MOORE:** On this issue?

**ACTING CHAIR:** On this issue, and then come back to—

**Senator JACINTA COLLINS:** Sure. Could I just ask the one quick question that I was going to ask following on from that, which is of Mr Pratt. You have mentioned the first time that double dipping was referred to, which was in the coalition's policy statement of 2013.

**Mr Pratt:** The first time I have been able to identify it.

**Senator JACINTA COLLINS:** Sure. Could you provide us with all examples that you have been able to identify it, please?

**Mr Pratt:** I will certainly have a look at what we have, but it will be a collection of what is in the budget documentation, what is in media releases and things of that sort, including this—

**Senator JACINTA COLLINS:** I mean any examples other than the two occasions, in general terms, that we are referring to. So we are referring to the pre-election occasion and we are referring to the budget papers; but, in the lead-up to the budget papers, are there any other—

**Mr Pratt:** I am sure that there are. We will see what we have and supply that on notice.

**Senator JACINTA COLLINS:** Thank you.

**ACTING CHAIR:** Senator Reynolds.

**Senator REYNOLDS:** Thank you, Chair. Good morning, Secretary, and good morning, Parliamentary Secretary. I would just like to go to a couple of areas first of clarification from the testimony that we have already had this morning. I am certainly finding this a very complex issue to get my head around and I am sure that those impacted by this would find it similarly difficult to understand the complexity of the discussion. First of all, I think it might be helpful for us if we can have a look at the numbers of people who are not affected by these

changes and exclude them from the discussion. So I wonder whether you could describe who will not be impacted by this and how you would categorise them; you have numbers of people, for example.

**Ms Dickenson:** I can answer that, if you like. Of the people who currently receive paid parental leave, 53 per cent will not be affected.

**Senator REYNOLDS:** So 53 per cent will not be affected at all. Are there categories of people who will not be affected?

**Ms Dickenson:** Yes. About eight per cent of those people work in the public sector and about 92 per cent work in the private sector. These are the lowest income PPL recipients who do not have any other paid maternity leave available. They are more likely to receive PPL around the time of the birth of the baby, directly afterwards, and they are the ones who have had the greatest impact from the current Paid Parental Leave scheme.

**Senator REYNOLDS:** Just to confirm that, 53 per cent will not be impacted at all. Eight per cent of those are in the public service, but 92 per cent are in the private sector.

**Ms Dickenson:** Yes.

**Senator REYNOLDS:** And they are the lowest income women?

**Mr Brown:** The median income would be about \$39,000, but it is also important to note that around 28 per cent of the existing PPL client base have incomes lower than the national minimum wage of \$31,000 a year.

**Senator REYNOLDS:** So \$39,000—

**Mr Brown:** That is the median.

**Senator REYNOLDS:** is the median. In terms of the breakdown of those in the private sector, apart from being on the lowest income, are they from any particular sectors—small business or anywhere else?

**Ms Dickenson:** We think most would be in the service industries and retail.

**Ms Bennett:** Yes; they are also likely to be casual employees or self-employed.

**Ms Dickenson:** Yes.

**Senator REYNOLDS:** So casual, self-employed or in small businesses, small service industries?

**Ms Dickenson:** Yes.

**Senator REYNOLDS:** So they are the ones who have been excluded. Just from the discussion this morning, does the evaluation report make distinctions between low- and high-income individuals and families?

**Ms Bennett:** The income count is only of the parent—in this case, the majority of them are women. It is not a family income. The principle behind it is a replacement wage for the working mother. As for research on family incomes that indicates what might be happening in households, I do not believe we have that available information.

**Senator REYNOLDS:** So the woman concerned could have a low income, but come from a high-income family.

**Ms Bennett:** That is certainly possible, remembering the prerequisites. It is only 47 per cent, as there is the income test. Women on very high incomes—above \$150,000—are not entitled to it. Also, they have to have had work participation. They have to have had a minimum period, which is a complicated formula. I think, on average, it is about one day a week for 10 months out of the preceding three months before they can claim it.

**Mr Brown:** So it is 330 hours in 10 of the previous 13 months prior.

**Senator REYNOLDS:** Could you simplify that? If I were one of the women who may come within that category, how would you describe it?

**Ms Bennett:** You might be working part time or casually for a small business or be self-employed and your small business or your self-employment does not provide or fund any paid parental leave. So long as you met the minimum work test, you are entitled to the 18 weeks at the minimum wage, which is currently about \$11,559; we have not calculated the labour figures because of the increase in the minimum wage. That is one scenario.

**Senator REYNOLDS:** I do not want to verbal you, but from my interpretation of the discussion we have been having on the 18-week scheme or the 26-week scheme it appeared to me that my colleagues were of the view that 26 weeks is the appropriate amount of time, when the scheme was put in place. Was the department asked to look at a 26-week scheme as well as an 18-week scheme?

**Mr Pratt:** In the context of this measure, no; but certainly in terms of PPL generally we have looked at a range of different schemes.

**Senator REYNOLDS:** When the previous government had a look at their scheme, did you have a look at both an 18- and a 26-week model?

**Mr Pratt:** Convention dictates that we do not talk about what we used to advise the previous government on, but I can say generally that, as a department very focused on paid parent leave, we have for a long time looked at a variety of different scheme options.

**Senator REYNOLDS:** Putting those two together—if I am comparing apples with apples—the current arrangement is 18 weeks at the minimum wage?

**Ms Bennett:** Yes.

**Senator REYNOLDS:** And not 26 weeks?

**Ms Bennett:** No.

**Mr Pratt:** That is correct.

**Mr Brown:** Eighteen weeks was recommended by the Productivity Commission report.

**Senator JACINTA COLLINS:** On the basis of—

**Senator REYNOLDS:** Senator Collins, I am happy for the department to answer my question.

**Senator JACINTA COLLINS:** I think they should be open with you about what the Productivity Commission report recommended.

**ACTING CHAIR:** Excuse me, Senator Collins! Respect was shown to you and to others previously and there will be another opportunity for you. Senator Reynolds.

**Senator REYNOLDS:** Were you about to say that the 18 weeks was a Productivity Commission recommendation?

**Mr Brown:** Yes.

**Senator REYNOLDS:** So the 18 weeks was the recommendation of the Productivity Commission; thank you. Can you confirm for me how many mothers receive the government's PPL?

**Ms Bennett:** The PPL scheme as it is at the moment?

**Senator REYNOLDS:** Yes.

**Mr Brown:** Currently, if we go to March 2015 and the full year or nine months to that point, 122,736 people started receiving—

**Ms Bennett:** That is a claim, so that does not reflect a point in time when there may be people from previous periods still on the 18 weeks. So it is a rolling number that claim for that period.

**Senator REYNOLDS:** Of course, because obviously people come on and off it continually.

**Ms Bennett:** Yes.

**Senator REYNOLDS:** So, say around 122,000. How many received both the government PPL and employer-funded maternity leave?

**Ms Bennett:** It is roughly estimated that about 20 per cent will be affected by this changed measure as they have an employer-provided maternity leave that exceeds the \$11,500, as it roughly is. The further cohort we are talking about receive some, but it is less than \$11,500. So that is 34,000.

**Senator REYNOLDS:** Thanks; that is clear. How many PPL schemes are more generous than the government's PPL scheme? Do you have any figures on that?

**Ms Bennett:** No, but we can take that on notice. Recently it was reported in *The Economist* what the international standards were—and we do look at these issues. So we can take that on notice.

**Senator REYNOLDS:** If you could. If you do have those international comparisons for government and private sector, and also international benchmarks, that would be helpful.

**Ms Bennett:** We will have a look at what we can find.

**ACTING CHAIR:** *The Economist* is a very authoritative source, Ms Bennett.

**Ms Bennett:** But it did not make a distinction between government-provided and employer-provided.

**ACTING CHAIR:** I just noticed your reaction when you mentioned *The Economist*.

**Ms Bennett:** It is just very interesting that, in the middle of this debate—I think it was two weeks ago—*The Economist* had quite an extensive article.

**Senator REYNOLDS:** It would be great if you would take on notice whether the department has any other information beyond that in *The Economist* and also that breaks it down by government and private sector; thank you. Do you have any figures—this is my last question—on how many mothers do not have access to an employer-funded maternity leave scheme at all currently?



**Ms Dickenson:** Fifty-three per cent of the PPL customers do not have access to any employer-provided paid maternity leave.

**Senator REYNOLDS:** Can you tell us that in numbers?

**Ms Dickenson:** Ninety thousand.

**Senator REYNOLDS:** So 90,000 women, or 53 per cent?

**Ms Dickenson:** Yes; 53 per cent of people who get PPL—that is about 90,000 mothers every year.

**Ms Bennett:** So that is 90,000 of that; on average, about 122,000 every year.

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

**Senator JACINTA COLLINS:** On the point we just covered, I would be interested to see the trend data, if you have that easy available.

**Ms Dickenson:** On customer numbers?

**Senator JACINTA COLLINS:** No—the trend data on the proportion of women who have access to an employer-funded scheme. We know that—other than the public sector—it was relatively close to zero and it has grown significantly over the last several years. So I would be interested if you have, easily accessible, some trend data on that.

**Ms Bennett:** We will have to talk to the Department of Employment about that because it is bedded into changes that may have been done through enterprise agreements or award arrangements; so it is not information that we collect, as we were talking about earlier. So we will talk to them about what is available.

**Senator JACINTA COLLINS:** You may end up talking to them about a few other things we cover too, because there are some implementation issues that I want to cover with you a bit later as well, which will take us into that space. So let us see where we end up with them.

**Ms Bennett:** You might want to refer some of those questions through the committee to the other committee.

**Senator JACINTA COLLINS:** Sure. But you were the lead agency in the development of this policy, so I am also interested in the extent to which some of these issues were evaluated and considered in the process. Also, during Senator Reynolds's questioning, you mentioned *The Economist* reporting about government and private funding. You will need to be dealing with the schemes that are partial—for instance, the social insurance schemes that are part government-funded and part worker-funded. I will be interested to see the outcome of it but, if you could accommodate that element as well, that might be helpful too.

**Ms Bennett:** We will see what is available.

**Senator JACINTA COLLINS:** There were also Senator Reynolds's questions about the previous government. Secretary Pratt, I did not actually take her question to be one seeking advice from government, but rather what were the policy considerations leading up to the current scheme. I think it would have been quite appropriate to refer to all of the policy discussion about the Productivity Commission's report, their recommendations, the detail around why they made those recommendations and their very clear recommendation that a publicly funded 18 weeks would help most women reach 26 weeks.

**Mr Pratt:** I am not in the habit of interpreting what senators might ask me. If they ask me a question, I will try and answer it directly.

**Senator JACINTA COLLINS:** I understand that. Now I am coming to my interpretation, so I am asking you about that.

**Mr Pratt:** Right. Certainly if you have a question about what we know about the analysis by the Productivity Commission around PPL, we can answer questions on that. My point was, though—and, to be fair, I have been very consistent in this over 20 years of appearing at Senate estimates—that we just do not talk about what we advise previous governments on.

**Senator JACINTA COLLINS:** And I respect that. So I am asking what may be interpreted as a slightly broader question, which is: what were the policy considerations that led the previous government to the scheme as it currently is? Contradict me if you think I am verballing you on this, but I would say that the Productivity Commission's report and its recommendation that we publicly fund 18 weeks was on the basis that that 18 weeks will help most women reach a benchmark of 26 weeks when they combine other leave—whether it is existing PPL entitlements, maybe even future employer-supported PPL entitlements, annual leave or other leave entitlements that they may have.

**ACTING CHAIR:** Senator Collins, if your questioning were a little more precise, it might assist witnesses to assist you in providing precise answers.

**Senator JACINTA COLLINS:** Yes.

**Mr Pratt:** Once again, without being unhelpful, you are in a much better position to talk about the previous government's decision-making processes and what it was attempting to achieve through PPL. What we can answer is what we drew from, for example the Productivity Commission, as being the bases for having a PPL scheme. I am happy for us to do that, if that is your question.

**Senator JACINTA COLLINS:** That is my question.

**Mr Pratt:** Which of my colleagues would like to do that?

**Mr Brown:** I think your categorisation of that is probably a reasonable one, Senator.

**Senator JACINTA COLLINS:** Thank you very much. Thank you, Chair.

**ACTING CHAIR:** Senator Moore.

**Senator MOORE:** I know that Senator Reynolds has asked for some of this information just in terms of gathering information, but I thought I would just put on record exactly the data that we want in terms of access to the paid parental scheme. We would like to get information to the best of your ability on how many public servants in each year for the last three years have accessed the statutory scheme, an agency enterprise agreement and both schemes; and also how many private sector workers have accessed paid parental leave each year for the last three years under the statutory scheme, an enterprise agreement and both schemes. Mr Pratt, last night, when I asked you about your own department, you were unsure whether you could get that information, but I am going to see whether you can find that information for the public sector and the private sector, as a lot of the debate around the policy change has focused on the public sector.

**Mr Pratt:** We will supply what we can and we are still examining what we can tell you about the department.

**Senator MOORE:** I understand that. It would be good if you could get that information.

**Mr Brown:** As I explained earlier on, our own modelling was done on PPL evaluation data, which was the best source we had for describing public versus private sector and who had access to a scheme. But obviously there are a lot of public sector agencies, both Commonwealth and state, and, to the extent to which we will have granular data, we will investigate that, obviously.

**Senator MOORE:** And local government.

**Mr Brown:** Yes, indeed.

**Senator MOORE:** When we had the original inquiry on the original union labour scheme, we had considerable discussion around the issue of local government. It was a very big issue in that sector. That is an area that could have some useful data in terms of the access to the schemes, combinations of schemes and the wage elements, because of the cost sector of labour in that employment. That would be useful.

**Senator JACINTA COLLINS:** I ask, supplementary to that: what data do we currently hold? When a mother claims the 18-week minimum entitlement PPL, what information is collected? It is means tested—I cannot recall exactly at what level.

**Senator MOORE:** It is \$150,000.

**Senator JACINTA COLLINS:** Presumably we are establishing that their income is under that threshold. Are we actually collecting any other information about whether they are accessing other payments or—

**Ms Dickenson:** I can answer that. When they apply for paid parental leave we do ask their income, the eligibility criteria, residence status. They have to meet a residency test and the work test. We do get information from their employer. But we do not know whether they have any paid maternity leave, the particular people that apply for PPL, because it is not actually part of the eligibility criteria. We do know whether they work for the Commonwealth government, a state or territory government, private sector, where they work but we do not know anything about paid maternity leave.

**Senator JACINTA COLLINS:** Even if they work in the public sector they won't necessarily be eligible for the public sector paid parental leave, will they?

**Ms Dickenson:** That is right.

**Senator JACINTA COLLINS:** You would not necessarily know that difference either?

**Ms Dickenson:** No.

**Ms Bennett:** The fact is that we know that casual is not ongoing. You might be working in the public sector and if you have worked, for example, in the Commonwealth for less than 12 months you are not entitled to department-provided paid maternity leave.

**Senator JACINTA COLLINS:** That is right. The issue I am thrashing through here is that, even though you may indicate you work for the public sector, you may not have an entitlement to PPL. That is a bit of an assumption. You can probably make a reasonable assumption that it is a certain percentage that might not, but you will not know that from currently collected records.

**Mr Pratt:** I am prepared to make an assumption that the vast majority are.

**Senator JACINTA COLLINS:** That is what I mean. You might assume, from what you know from your employment records, that there might be one per cent that do not, because they have not had 12 months or because they are on non-ongoing contracts, but beyond that you cannot really tell from the information you currently have.

**Senator MOORE:** Mr Pratt, you said earlier that your area has been looking at issues around paid parental leave for a long time. I know that because we had discussions long before the introduction of the first scheme. Can you give any information about whether, prior to the announcement on 10 May 2015 of this budget change, the department provided advice to the minister on changes to the current paid parental leave scheme?

**Mr Pratt:** Yes.

**Senator MOORE:** Was that requested by the minister?

**Mr Pratt:** At different times the minister or his office has requested advice. On other occasions the department has generated advice.

**Senator MOORE:** Has the department considered any other changes to paid parental leave, including the ongoing issue we have talked about, superannuation?

**Mr Pratt:** Without going into the nature of the advice to the minister, we have considered almost every aspect of paid parental leave.

**Senator JACINTA COLLINS:** Every aspect?

**Mr Pratt:** Almost every aspect.

**Senator JACINTA COLLINS:** I was going to say that was ambitious.

**Senator MOORE:** Mr Pratt, prior to 10 May when was the last time that officials from the Department of Social Services had conducted consultation with stakeholders regarding the Paid Parental Leave scheme?

**Ms Bennett:** I can answer that. That was in January. I think the date was about 22 January. The last consultations were in relation to the then government policy on PPL and when the Prime Minister announced that that would not be proceeding we did not have any follow-up meetings either across government or in government.

**Senator MOORE:** When you had that consultation, who was involved?

**Ms Bennett:** My colleagues can go into more details. We had an interdepartmental committee that met on a regular basis looking at design and implementation issues of the government's then commitment. That had been meeting for about 12 months. During that period there were consultations conducted which we were a part of but which were led by the Department of Prime Minister and Cabinet with state and territory governments, I believe under the umbrella of COAG, on how it would impact on them, implementation, other details about what it would look like. I think there were about three or four of those meetings.

**Senator MOORE:** That was with the states?

**Ms Bennett:** With the states and territories.

**Mr Brown:** That would have been during the first half of 2014 predominantly, I would think.

**Senator MOORE:** You did give us advice at previous Senate estimates about the ongoing discussion with the states. Do you know when the last of those was?

**Mr Brown:** No. I think it was in a question on notice, though, from last time.

**Ms Carapellucci:** We provided an answer to a question on notice at the last estimates. The last time the department was involved in a discussion with officials from a state or territory regarding the formally proposed Paid Parental Leave scheme was on 4 February 2014.

**Senator MOORE:** There has been nothing with states since then, 4 February?

**Senator JACINTA COLLINS:** Sorry, when you referred to the meeting with stakeholders on 22 January, that was January this year, was it?

**Ms Bennett:** No. The last IDC—

**Senator JACINTA COLLINS:** That is an IDC. I thought you mentioned that there had been a meeting with stakeholders other than states and territories.

**Ms Bennett:** No, states and territories.

**Senator JACINTA COLLINS:** Fine.

**Senator MOORE:** I am not sure how many of you were around when the original union-Labor—and I keep saying that because that is how Minister Morrison refers to it—Paid Parental Leave scheme was actually introduced. I am just trying to get a sense of the proposals at that time. My memory from being involved in the legislation inquiry at that time is that the Paid Parental Leave scheme that was brought forward was intended to be a complementary scheme. So it was actually put out there that it was intended to complement employer schemes. Was anyone here at the table there?

**Ms Bennett:** I think as Mr Pratt said, you guys would know the previous government's commitment on the introduction of—

**Mr Pratt:** The technical term is 'the opposition'.

**Senator JACINTA COLLINS:** I think Mr Brown described it better when he said, 'Yes, my characterisation of the Productivity Commission's report was really out there.'

**Senator MOORE:** I am very confident of our position on what is meant but all I am trying to get is the departmental position on what was the expectation around the initial scheme and to see whether, from the departmental point of view, there was discussion and expectation that it would be a stand-alone scheme or whether it would be complementary to employer schemes.

**Ms Bennett:** Mr Brown agreed to points that the previous government had on that framework to Senator Collins's questions.

**Senator MOORE:** One of the reasons I am asking that now is that in the evaluation report one of the things that were particularly asked was whether the scheme had had any impact on employer schemes. Ms Dickenson, you may remember that there was a lot of concern raised at the time that if the government brought in a scheme, employers would not do so. Do you remember that process?

**Ms Dickenson:** Yes.

**Senator MOORE:** We were very keen to encourage, all the way through, that employers did do so. The PPL report has actually said that there was virtually no change in employers'

paid parental or other paid leave provisions following the introduction of the PPL. Is that how you—

**Ms Dickenson:** That is what the evaluation has found, yes.

**Senator MOORE:** The process in that whole discussion of the original legislation was around how you could put the two things together. Has the department now looked at any information or considered any impact on employer schemes if this change goes through to actually wind back and say that people who have access to employer schemes that are above the government allowance would not be able to get an employer scheme? Has that been raised with you?

**Ms Bennett:** We cannot make that prediction about what employers are going to do. These arrangements are set in EAs, enterprise agreements, or in other industrial instruments. Obviously that will be something that may come up in the future evaluation.

**Senator MOORE:** Has it not been made—

**Senator JACINTA COLLINS:** Sorry. Ms Bennett, just on that point, I think, if I recall correctly, we found that quite a number of PPL schemes were not in instruments. It was one of the early issues with them.

**Ms Bennett:** That is right, yes.

**Senator JACINTA COLLINS:** So they are not actually prescribed through an industrial instrument and are potentially relatively flexible according to employer discretion?

**Ms Bennett:** That is a question for the department of employment.

**Senator MOORE:** My question was: Ms Bennett, had it been raised with you?

**Ms Bennett:** No.

**Senator MOORE:** And what your response was?

**Mr Pratt:** Sorry, let me answer that question. Certainly we are very aware of views that that might be the case. Certainly we consider that in advising government.

**Senator MOORE:** It is just that it has been raised publicly about the scheme. I was interested in whether it had been raised with the department.

**Mr Pratt:** We are certainly aware of this. It is long standing.

**Senator JACINTA COLLINS:** Was that awareness advised to government ahead of them proceeding with the measure?

**Mr Pratt:** I am not going to talk about what we advised government. We certainly advised government about all aspects of this proposal.

**Senator MOORE:** Minister, I know you are representing at the moment, but I am putting the question: has the issue around any impact in a change to the PPL scheme, particularly taking away double access, been raised with the minister?

**Senator Fierravanti-Wells:** I cannot say. Let us put this in context. The Paid Parental Leave scheme is not a welfare payment. Clearly it is a workplace entitlement. This measure does give businesses the opportunity to be an employer of choice through the range of employment conditions and the payments that they may offer. Other than that, I cannot take that further.

**Senator MOORE:** Can you take it on notice, in terms of the process? We agree strongly—in fact that was our position from the start—that it is a workplace scheme to link employees to workplaces rather than a welfare scheme and should be handled completely differently.

**Senator JACINTA COLLINS:** Just on that point, though, one of the issues that have been raised by a number of employers is that they have instituted entitlements for PPL in order to, in a sense, product differentiate. So they have introduced schemes to attract employees. Those that have schemes that are not superior to the publicly funded PPL scheme are now left in the situation of working out how they differentiate themselves when the payments they have been making previously to differentiate themselves are taken out of the publicly funded PPL scheme. So there is, ironically, a counterintuitive effect on employers being employers of choice by this measure.

**Senator Fierravanti-Wells:** I cannot take my comments further. I will refer that to the minister. If the minister has anything further to add I am sure he will on notice.

**Senator MOORE:** One of the other issues that were raised in the evaluation was the ongoing discussion around the impact on women and children's health and breastfeeding. There is a lot of work done in this evaluation on the impact that the introduction of paid parental leave had on various aspects of child and maternal health. Whilst in many of the sections it did not show that there was a statistical difference, one of the areas where there seemed to be some difference was access to breastfeeding. In terms of the impact, on page 7—and you may want to refer to that later and put it on notice—the clear difference increased with the longer time that people had access to leave away from work. There is a table there that says at 26 weeks there was a two per cent increase between people who had access to time away from work and people who did not. As it grew to 40 and 52 weeks there was a stronger link to mothers actually continuing breastfeeding if they had access to leave, as opposed to not. I am just wondering, in terms of the work that the department has done: has there been any cross-information about the health benefits of extended periods away from the workplace and the impact of that on breastfeeding mothers?

**Ms Bennett:** No. The only source of work that we have is those areas that you quoted on pages 4, 5, 6 and 7, up to 9, on health in the evaluation.

**Senator MOORE:** I know the Productivity Commission looked at the World Health Organization's recommendations. That was certainly one of the discussions that was had at the time of the introduction of the initial scheme—that the 18 weeks was a step towards achieving the amount of time that was considered to be optimum, and with the expectation that women could access extra time. At the time that was looking at employer schemes and access to other leave. That is also part of the work that the department has been doing?

**Ms Bennett:** It is reflected in, as you said, the Productivity Commission—

**Senator MOORE:** The only source document for this consideration is the evaluation?

**Mr Brown:** And administrative data.

**Ms Bennett:** Administrative data does not go into breastfeeding.

**Mr Brown:** It does not go into those kinds of things, but overall we have analysed numbers and income levels.

**Senator JACINTA COLLINS:** Just on that point, I was asking about administrative data earlier. Are there other sources of administrative data that are relevant here?

**Mr Brown:** The administrative data is the data that DHS collects in terms of the claims and the information they collect from claimants at the time.

**Senator JACINTA COLLINS:** There is no other source of administrative data that we are talking about here?

**Mr Brown:** No. There is also the data that employment might have on wider employment type information, which is administrative data in this sense.

**Senator MOORE:** I want to get some information on the previous scheme that had been recommended by the government. I want to get some information around the working aspects of the previous proposal. Can you give me an indication—

**Mr Pratt:** Senator, which previous proposal?

**Senator MOORE:** The previous proposal of the now government.

**Senator JACINTA COLLINS:** What I called earlier the 'rolled gold scheme'.

**Senator MOORE:** Yes, and which until 31 January was the proposal on which the department was working, as you said earlier in evidence today, Mr Pratt.

**Mr Pratt:** Yes.

**Senator MOORE:** Can we get any idea of how many departmental staff were working on the development and the proposed implementation of that scheme?

**Ms Bennett:** We will take that on notice.

**Mr Pratt:** It will be a subset of the PPL section at different periods over the—

**Senator MOORE:** That is what I would expect, but I want to see it set out, Mr Pratt, and the levels of those staff. In terms of the focus of that work, can you give me an idea of how long the department was focused on the development of that scheme?

**Ms Bennett:** We indicated it was about 12 months.

**Mr Brown:** It was very much from when the government changed it.

**Ms Bennett:** Yes, until January, so it was 15 months.

**Senator MOORE:** Can you give me any idea of what the nature of that work was? What was the department doing around the development of the scheme?

**Ms Bennett:** Obviously, finalising exact parameters, micro policy areas that needed to be addressed and implementation issues. It was a significant change that would have had to occur to the Department of Human Services administrative arrangements through their IT system. There were discussions with state and territory governments. Last night Ms Bell talked about the PPL work that was done on focus groups. So there was a range of activities being undertaken that would lead up to an implementation within the government's time frames.

**Senator MOORE:** You said it would be a subset of the group. Would that be a subset of the branch that would be working on that or would it be its own branch, as Mr Brown has identified?

**Ms Bennett:** It was in Mr Brown's group.



**Senator MOORE:** That would have a branch head at the SES level?

**Ms Bennett:** Mr Brown, in fact, was the branch head at the time.

**Senator MOORE:** There has been some continuing service here, Mr Brown?

**Mr Brown:** That is right.

**Senator MOORE:** It is always good to find that—when the same person has been through the whole area. You will give on notice exactly how many people were involved in that?

**Ms Bennett:** Yes, Senator.

**Senator MOORE:** Legal advice: was there a degree of legal engagement in terms of the process? Was there in-house legal advice?

**Ms Bennett:** There was certainly an array of legal advice about what shape the legislation should look like and how it would interact with existing state arrangements. Broadly, advice was provided on how to shape the legislation.

**Mr Pratt:** Primarily, it would have been internal legal advice. We will take on notice whether or not we got any external advice.

**Senator MOORE:** That would be internal costing? Okay.

**ACTING CHAIR:** Senator Moore, it is now 10:20, which is the time of the programmed break. Would you be happy for to us break now and then come back to your questioning?

**Senator MOORE:** Sure.

**ACTING CHAIR:** We will suspend until 10:35, and we will resume with outcome 2.

**Proceedings suspended from 10:20 to 10:35**

**ACTING CHAIR:** We will continue with outcome 2, paid parental leave. I invite Senator Moore to continue her questioning.

**Senator MOORE:** I will follow on from the questions about the resources used in terms of the previous government paid parental leave scheme proposal before 31 January. We had got down to the process of legal costings and we had a question on notice. I would like to follow up on the number of times and the cost of consultation with state governments and other stakeholders in terms of the development of the scheme prior to 31 January 2015.

**Ms Bennett:** Sorry, Senator, if you could repeat the question?

**Senator MOORE:** I am following on from the questions before the break about the development of the previous paid parental scheme for the government up until 31 January 2015. I just want to know the consultation costs in terms of meeting with state and territory governments and also stakeholders.

**Ms Bennett:** In relation to the state and territory governments, you will have to refer that question to Prime Minister and Cabinet, as they took the lead.

**Senator MOORE:** You were there—not you personally, but DSS was there?

**Mr Pratt:** We certainly participated in those consultations. I guess we could estimate a DSS contribution in terms of staff time.

**Senator MOORE:** Yes, that is what I was asking.

**Ms Bennett:** Yes. We will take on notice the meetings that we had with stakeholders.

**Senator MOORE:** How many officers were engaged in that stakeholder work?

**Mr Brown:** We will go back and double-check. Usually there would have been two to three in the stakeholder meetings that we had.

**Senator MOORE:** Were they always in Canberra?

**Mr Brown:** I know we had meetings in Sydney and Melbourne.

**Senator MOORE:** PM&C would be aware of whether they had to bear the costs of other people. That is fine. Were any communication materials developed in line with the previous proposal?

**Ms Bennett:** No. I refer to the questions that were provided last night by Ms Bell on work that came into the communications area.

**Senator MOORE:** That was across the whole area. I did not actually define the previous paid parental leave scheme.

**Ms Bennett:** She answered questions about focus groups for PPL.

**Senator MOORE:** Yes, but it is a whole area there. Was some of that taken on notice, Ms Bennett?

**Ms Bennett:** No, I think she—

**Senator MOORE:** She said how many focus groups met, but there was no costing.

**Ms Bennett:** I think she did provide the costing for PPL.

**Senator MOORE:** I will check again.

**Mr Pratt:** In the event she did not, we will take it on notice.

**Senator MOORE:** Sure. I want to get an idea of whether the department has any quantum of resources given to the development of the previous paid parental leave scheme.

**Ms Bennett:** We will take that on notice.

**Senator MOORE:** Can I also get some amount of costing on the development of the new Paid Parental Leave scheme that was announced in the budget? If we could get the same round of costings on that?

**Mr Pratt:** We will attempt to do that.

**Senator JACINTA COLLINS:** I want to clarify an answer Ms Bennett gave earlier, just so I understand it properly. I was asking about stakeholder consultation. I think you mentioned that there was only consultation with states and territories. I think at the time we were talking about, for want of a better term, the rolled-gold scheme. What consultation with stakeholders has occurred across both schemes?

**Ms Bennett:** Mr Brown was starting to talk about that. We explained there were some elements. One was the IDC, which was across departments. We talked about state and territory consultations which we participated in but the Department of the Prime Minister and Cabinet led. There were other consultations with companies.

**Mr Brown:** In the first part of 2014 we undertook a range of stakeholder consultations with employers, employer bodies, some unions, the ACTU—those kinds of meetings. We had, I recall, one or two meetings in Sydney and Melbourne. Also, there were some telephone—

**Senator JACINTA COLLINS:** Would you mind taking that part of it on notice across both schemes? I would be interested to understand which stakeholders were engaged across both schemes.

**Mr Brown:** Yes.

**Senator JACINTA COLLINS:** Rather than listing them all now, it is probably easier if you take it on notice.

**Ms Bennett:** Can I just clarify: that is the previous government-announced scheme?

**Senator JACINTA COLLINS:** Yes.

**Ms Bennett:** The other one is in relation to these changes?

**Senator JACINTA COLLINS:** Yes, the budget measure.

**Ms Bennett:** There were no consultations undertaken externally to the Public Service on the budget measure.

**Senator JACINTA COLLINS:** Thank you. That clarifies the earlier answer that you have given.

**Senator MOORE:** I have just one question on that budget measure. The savings have been announced—and you told me how many, mainly women, would be impacted, on average, in the first year—so can you give me any idea of your estimates into future years? The answer you gave us earlier in the day around the 20 per cent and the 40 per cent—I have written all that down—would relate to 2015-16, I would expect, in terms of the introduction of the measure.

**Mr Pratt:** It is probably an estimate based around a full year of operation of the scheme. If your question is: how might that grow over time—

**Senator MOORE:** Yes, an estimate of how many families or women will be impacted by this budget change through the out years.

**Ms Bennett:** We will take that on notice. Can I just point out that it is 2016-17 that it comes into effect, not 2015-16.

**Senator MOORE:** So what is the 8.9 for Human Services in 2015-16?

**Ms Bennett:** That is an expense. That is changes they will need to make to their systems to be ready for 1 July 2016.

**Mr Brown:** Things like ICT, claim forms—all of those kinds of things.

**Senator JACINTA COLLINS:** That is the same timing for child care, isn't it?

**Mr Pratt:** The childcare package has different elements which start at different times. The nannies trial starts in January next year. The main scheme takes effect from July 2017.

**Senator MOORE:** You will take that on notice in terms of the numbers? Have you worked out, in terms of the save, what would be the average that a woman would lose?

**Ms Bennett:** We will have to take that on notice.

**Senator MOORE:** You have got that information?

**Mr Brown:** Obviously if the group lose all their entitlement, it is 18 weeks of the national minimum wage.

**Senator MOORE:** That is the full amount, yes. We had a lot of questions about partial losers.

**Mr Brown:** Yes.

**Mr Pratt:** Certainly there has been analysis of that. We can give you a sense of it.

**Senator MOORE:** Mr Brown, you said earlier in your evidence that you had done considerable work around the tax impacts of those changes. Is any of that information about the tax impact available for the public to see?

**Mr Brown:** I just need to check.

**Ms Dickenson:** I can answer that. In budget paper No. 2 there is a line 'Australian Taxation Office'. That is the loss in revenue expected by the tax office from the drop in paid parental leave payments.

**Senator MOORE:** That is the total?

**Ms Dickenson:** Yes.

**Ms Bennett:** It is on page 168.

**Senator MOORE:** I have got it, Ms Bennett; it is tattooed on my heart.

**Ms Dickenson:** So the \$200 million in 2016-17, for example, is a loss in tax revenue.

**Senator MOORE:** Is there any information that we can have on that that led to that particular figure being announced?

**Ms Dickenson:** It is based on the costing. We start from the number of births that are predicted by the ABS in any year. We look at the proportion of people that will be eligible for paid parental leave under the current arrangements and then we model the impact of the measure, including on their tax.

**Senator MOORE:** I would find it extremely interesting to see all of that information. So again I ask: is any of that information public?

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

**Senator MOORE:** I think Mr Brown gave that from the very start, and Ms Dickenson has just given more detail of the elements of that discussion. We really would like to get that. Is there any reason why we cannot have that, Mr Pratt?

**Mr Pratt:** I am not sure. I will check and see whether there are any sensitivities related to it.

**Senator MOORE:** Can you check during the day?

**Mr Pratt:** We will have a go at it.

**Senator MOORE:** That will be really interesting. In terms of the impact, and also Mr Brown's evidence, it would be very useful to have the background to that process. We look forward to your answer. Thank you.

**Senator JACINTA COLLINS:** The only other area I think I have in the PPL space is around implementation issues. Can we have some sense of how we are going from the discussion we had previously about what information is available under the current system—which is relatively limited in comparison to what would be required to implement the new arrangements—and what plans you have in place to transition?

**Ms Bennett:** As I said, it doesn't come into effect until 1 July, 2016. We will be working in the same way that we normally look at implementation issues. We will be getting together the relevant agencies—but particularly the Department of Human Services—and we will be mapping through the changes. Obviously there are the factors of introducing legislation, the passage of legislation, the design of the IT system, what supporting information will be made available to mothers through DHS pamphlets or other means. We haven't really started finessing the details of that, but we have started having our first discussions with DHS on implementation issues.

**Senator JACINTA COLLINS:** Ms Bennett, there are two issues here: there is the routine implementation processes, which you pretty much went through, and there is the question of whether this design is in itself implementable. I am curious about what considerations were put to questions such as those that have in part already been raised. How do you ensure that there isn't a significant shift in employer behaviour? Or do you even care if there is? How do you ensure that you are able to collect the information that would be relevant to implementing a scheme such as this? How, for example, will you be able to distinguish an employee taking annual leave as opposed to PPL? How do you ensure that an employer doesn't decide to double the available annual leave under certain circumstances and not call it PPL? There are a whole range of 'Can this regime even be implemented?' questions. I am curious about whether detailed consideration has been given to them.

**Ms Bennett:** Senator Collins, as Mr Pratt said, we did provide detailed advice on this program at this budget measure. Some of the questions that you are asking also apply to the current scheme—shifts and changes. We are mapping through how it will be implemented and how we put in place processes and regimes around compliance and risk assessments. We are in the very early stage of doing that. We will be able to answer questions on that at a later stage.

**Senator JACINTA COLLINS:** The only question in that space that is really relevant to the current scheme is compliance around whether someone claiming the government-funded scheme does meet the work criteria and whether they have an income below the \$150,000 threshold. This new arrangement is much more complex. Was thought not given to date about how these far more complex criteria are going to be implemented?

**Mr Pratt:** Yes, we have examined those issues. Some of the issues you raise, as Ms Bennett points out, potentially could also occur under the current scheme. But, those things are typically considered in terms of the compliance and integrity measures that are applied, particularly by the Department of Human Services. We are working through those things with them now.

**Senator JACINTA COLLINS:** We may see this if this information can be made available sooner rather than later, but I am assuming that the revenue implications in the budget did not take into account secondary behavioural change.

**Ms Bennett:** Yes, that is right.

**Mr Pratt:** That is the operating rules which apply to budget estimating.

**Senator JACINTA COLLINS:** Except when we are talking about NATSEM reports, if we are a minister.

**Mr Pratt:** I have no comment on that. On the issue about revenue, we will see what information we can supply. Of course, this will ultimately be something which Treasury will have responsibility for responding on, but I have undertaken to see if there are any issues with our providing further detail, if we have any.

**Senator JACINTA COLLINS:** I suppose the main question I am asking is how confident can we be that the savings that are indicated in the budget—the \$967.7 million over four years—will be realised? How confident are we that there won't be behavioural change to avoid these measures? What arrangements is the government proposing to deal with that potential, such as changes within the workplace relations system? Are they being envisaged? How do you hope to contain the behavioural response to these new measures?

**Mr Pratt:** They are the best estimates available to the government. As we have already said, we are working through those issues now.

**Senator JACINTA COLLINS:** Those best estimates, from what we heard earlier from Mr Brown earlier today, could date back to 2011?

**Mr Pratt:** Back to 2013.

**Senator JACINTA COLLINS:** Please do if you can, but we have not been assured that the reference to the data in the evaluation doesn't date back to some of that data coming from 2011. It is not that the 2013 is the full picture, is my understanding—but I may be wrong.

**Ms Bennett:** Ms Dickenson explained that there are other current factors that are put into that, including forecasts on birth—

**Ms Dickenson:** For a costing such as this, the basis is the latest up-to-date administrative data available from the Department of Human Services in terms of the take-up of PPL and the incomes of the customers. Then we use the evaluation information to overlay the more detailed information about access to paid maternity leave and that sort of thing. It is a combination of data sources that we use.

**Senator JACINTA COLLINS:** Can you outline that for us in a bit more detail, in the absence of our not yet being able to have the information around the costings?

**Ms Bennett:** We can take that on notice and explain the sources that we used that were fed into the assumptions for the budget measure and the time frames of those sources.

**Senator JACINTA COLLINS:** That is taking it on notice, but this is budget estimates, and I am interested, as far as is feasible, in understanding that here and now—if that is possible.

**Mr Pratt:** I think Ms Dickenson has given a pretty good summary of the sources of information and the types of information that were used in developing our estimates. But there are also things which are done in Treasury and other places—Finance.

**Senator JACINTA COLLINS:** Ms Dickenson, could you go back over that summary for me?

**Ms Bennett:** Firstly, there were forecasts on what the birth rate would be from the Bureau of Statistics; is that correct?

**Ms Dickenson:** Yes.

**Ms Bennett:** Then administrative data was provided—current point-in-time claims. So that is the number of women, the times that they claim the incomes and the work testing that they are meeting.

**Senator JACINTA COLLINS:** While you move through those, with the income work test information, the only income information is whether they are above or below the threshold? Or do you actually have their income?

**Ms Dickenson:** We do have their actual income.

**Senator JACINTA COLLINS:** Okay—keep going.

**Ms Bennett:** The parameters that were set in the evaluation. Then, as the Secretary said, forecasts in relation to other revenue bases that were inputted through Treasury.

**Ms Dickenson:** We use economic parameters to grow the wages to the future years. We use forward estimates of the national minimum wage to calculate the PPL rate, that sort of thing.

**Senator JACINTA COLLINS:** So you operated on the basis of current income—not on the basis of any income shift that might occur as a consequence of this measure?

**Ms Dickenson:** It is based on current information, yes.

**Senator JACINTA COLLINS:** Current information under the current arrangements?

**Ms Dickenson:** Yes.

**Senator JACINTA COLLINS:** So there were no assumptions made about how circumstances might be different under the new arrangements?

**Ms Dickenson:** No.

**Senator JACINTA COLLINS:** Despite the fact that, I think, the Minister has made references to predictions about shifts in workforce participation from both the child care and the PPL changes, they weren't built into the model?

**Ms Dickenson:** No, we don't build behavioural impacts generally into modelling of this type.

**Senator JACINTA COLLINS:** Are you aware of any other elements that were put into the modelling from other departments, apart from Treasury?

**Ms Dickenson:** No.

**Senator JACINTA COLLINS:** At this stage it was simply current claims, data—

**Ms Dickenson:** Information from DHS, information from paid parental leave evaluation and Treasury for the tax.

**Senator JACINTA COLLINS:** Nothing further from yourselves?

**Mr Pratt:** Finance always has a significant role in looking at all of this.

**Senator JACINTA COLLINS:** I can probably build in your traditional Treasury-Finance element. I am curious to understand the potential limitations of what is available in terms of what was built in from other areas. I think that has given me a fairly good picture of that. While you are considering now some fairly significant implementation issues—and you did provide advice to government, which I am not asking you to provide the detail of—is there

anything further you can tell me about what consideration was given to implementation issues ahead of this announcement?

**Mr Pratt:** We worked through the typical implementation issues that we always do with measures of this sort, so IT, legal—

**Senator JACINTA COLLINS:** Sure, I understand those, but as Ms Bennett said, there was no consultation with stakeholders. So there was no consultation with employer organisations, major employers, unions? Other than, presumably, some discussions with the Department of Employment, there was no deeper consultation?

**Mr Pratt:** Senator, in terms of budget measures, on occasion there are some things which are very large scale where there are external consultations in the development of them. This was not one which had specific consultations around it during the budget process. I am not aware of what other interactions we may have had with stakeholders, such as the ones you have identified, previously or which other parts of government might have had previously. So I cannot say that they didn't happen. But I think we have outlined what we did in relation to the lead-up to this budget measure being introduced.

**Senator JACINTA COLLINS:** Ms Bennett has been pretty clear on that point. Chair, will there be the capacity for us to return to this issue if the department is able to come forward with more information on the costings?

**ACTING CHAIR:** I think the best way to deal with that is to have a discussion around that in the event that the department can do so.

**Senator JACINTA COLLINS:** Thank you.

**Mr Pratt:** Just on that point, I am not sure that we will have significant additional information on the revenue impacts of this measure beyond what is in the budget paper or in terms of what we can share which doesn't fall in the category of advice to government. Ultimately Treasury will need to provide that material because it is responsible for the modelling in that area. I suggest we quickly determine whether or not there is anything else we can provide you before we finish outcome 2 while the people are here.

**ACTING CHAIR:** This is just one of three elements in outcome 2, so that will allow you some time to do that, Secretary. We have a question from Senator Reynolds on paid parental leave. I will then go back to Senators Collins and Moore if there are any other issues on paid parental leave. If there are not, I will then move to Senator Waters on other outcome 2 issues and Senator Siewert.

**Senator SIEWERT:** Other outcome 2 questions?

**ACTING CHAIR:** Yes: families and communities, and social and community services. Senator Reynolds.

**Senator REYNOLDS:** Thank you very much, Chair. Secretary, I think I am now clarifying Senator Collins's clarification of my earlier clarification in relation to the 18- to 26-week issue. First of all what I want to do is confirm—and I am not asking policy questions, as Senator Collins also kindly clarified for us—about the Labor government's intention behind their PPL scheme. As I understand it, it was an 18-week scheme and they were hoping that private enterprise would self-initiate an eight-week scheme that complemented it. Is that



right? Under this current scheme, when it was implemented, was there a desire or intent that industry would initiate their own scheme?

**Mr Pratt:** Once again, I am uncomfortable about trying to interpret the previous government's policy positions.

**Senator REYNOLDS:** As Senator Collins again kindly clarified, I am not asking for advice to government at the time.

**Mr Pratt:** Senator Collins can do that far better than I can.

**Senator REYNOLDS:** In regard to the policy as implemented and as it currently exists, was there some component that this 18-week—what was it called? You called it 'the Labor-Greens-union' or 'union-Greens'—

**Senator JACINTA COLLINS:** No, she is using the minister's language, Minister Morrison's description.

**Senator REYNOLDS:** Whether it is 'Labor-Greens-union', whatever it is, the current PPL process was that it would complement something that business would also implement?

**Mr Pratt:** I think that is correct. The existing PPL arrangements are there to ensure that there is an 18-week period of paid parental leave. It was designed to operate in tandem with any employer schemes which also might operate.

**Senator REYNOLDS:** Has the department got any information or any statistics or any reporting that that in fact has occurred?

**Ms Bennett:** The department of employment has the information about changes in arrangements that employers make to leave. From my understanding, there was not a significant—

**Ms Dickenson:** Not a significant drop.

**Ms Bennett:** not a drop nor a significant increase in employers changing—

**Ms Dickenson:** I think some employers have introduced certain top-up arrangements or that sort of thing. That is more detail held by the department of employment.

**Senator REYNOLDS:** To your knowledge, there has not been that commensurate, self-initiated bump by eight weeks or whatever it was supposed to be?

**Ms Bennett:** There has not been a shift. The evaluation which we referred to earlier—and I have said the figures so many times all over the place—shows that in the private sector employees a large proportion of private sector or non-government employees do not have paid parental leave. We went through the characteristics of those employers. Our understanding, because of the nature of them, being small businesses, is that there has not been a shift to introduce their own employer-based scheme. The introduction of the PPL has not changed fundamentally the characteristics of employers in providing top-up schemes.

**Senator REYNOLDS:** Just to clarify those statistics—and there are two key ones associated with that—and just to be very clear, it is under the current PPL scheme introduced by the previous government, which is still in operation, the 'union-Greens- Labor scheme', whatever my colleagues referred to it as, under the current scheme—

**Senator MOORE:** Just to clarify, that was the term that Minister Morrison used.

**ACTING CHAIR:** And you did clarify that in previous estimates, Senator Moore.

**Senator MOORE:** Every time I used it I said 'as Minister Morrison described it'.

**ACTING CHAIR:** Senator Reynolds has the call.

**Senator REYNOLDS:** Thank you for that. As mentioned by Senator Moore, not Senator Collins, under this current scheme you are saying that 92 per cent—

**Ms Bennett:** I just need to confirm. I will just ask Ms Dickenson if she can find it. What we are talking about is non-public sector employers and what proportion provide their own paid maternity leave scheme.

**Senator REYNOLDS:** Just to be very clear, because there have been a lot of statistics that have been flying around today, we are saying that 92 per cent of women who have children and who work in private enterprise under the current arrangement do not have maternity leave?

**Ms Bennett:** Do not have employer—

**Senator REYNOLDS:** Yes, employer maternity leave. Then the figure that we talked about today was 53 per cent. Is that 53 per cent of all women in the workforce, public and private, who have no PPL?

**Ms Bennett:** That 53 per cent relates to women who are not eligible for PPL. Of the 300,000 births, 53 per cent are neither in the workplace—

**Senator REYNOLDS:** That is right. You said there were about 90,000—

**Senator JACINTA COLLINS:** Or high income earners.

**Ms Bennett:** Pardon?

**ACTING CHAIR:** Sorry, Ms Bennett, Senator Reynolds is asking the questions. Do not respond to questions from other senators.

**Senator JACINTA COLLINS:** No, it is just clarification of a statistic, that is all. I did not want them to make a mistake. Sorry.

**Senator REYNOLDS:** I tell you what, if you want to clarify my clarification for clarification, Senator Collins, you have got the opportunity.

**ACTING CHAIR:** Senators!

**Senator JACINTA COLLINS:** Sorry, Senator Reynolds. The 53 per cent that do not claim PPL—not the 47 per cent that do—about 90,000 do not have access to employer-provided PPL. So 53 per cent of women who apply for the PPL—that is, around 90,000 women—do not have access to an employer-provided maternity scheme.

**Senator REYNOLDS:** They are the ones who, you said earlier, were the ones on less than \$37,000 a year who typically worked in smaller businesses in the service—

**Mr Brown:** The median.

**Senator REYNOLDS:** They generally earn less than the median. They are the ones who predominantly cannot get employer-paid maternity leave.

**Ms Bennett:** Ninety-two per cent of that 90,000 women work in the private sector.

**Senator Fierravanti-Wells:** Chair, can I make a suggestion. Ms Bennett, it might help if we start with the base figure—I think it is 300,000—and then work down that way.

**Senator REYNOLDS:** That would be very helpful. Thank you.

**Senator JACINTA COLLINS:** That would be really helpful.

**Senator Fierravanti-Wells:** So that everybody is on the same page on this issue. Let us start with actual—

**ACTING CHAIR:** I think we understand your suggestion, Senator Fierravanti-Wells, which is a good one. On that basis I ask Ms Bennett to continue.

**Ms Bennett:** There are about 308,000 babies born in Australia each year to about 304,000 mothers. Of the current PPL scheme, about 47 per cent of new mothers are eligible for PPL.

**Senator REYNOLDS:** So that 47 per cent is?

**Ms Bennett:** In 2013-14 that was 144,255.

**Senator REYNOLDS:** Can you repeat that, please?

**Ms Bennett:** In the full financial year 2013-14—we gave you the figures earlier, the most current—144,255 started receiving PPL. I explained to you that it is a rolling cycle because it might be in a different year.

**Senator JACINTA COLLINS:** Senator, just before you move on to the next one, because I think this helps clarify the earlier issue, when you say 47 per cent are eligible, you mean that either they have satisfied the work test or their income is too high. Is that correct?

**Mr Brown:** They also would have to meet residency tests.

**Senator JACINTA COLLINS:** As well as that. So it is those three factors. It is not just that they satisfy the work test?

**Mr Brown:** Yes.

**Ms Bennett:** Yes.

**Senator JACINTA COLLINS:** Thank you.

**Ms Bennett:** Of that 47 per cent that receive the PPL, 53 per cent, which is about 90,000 women, will be unaffected by this measure as they do not have access to employer-provided maternity leave. Of those, about eight per cent work in the public sector and 92 per cent work in the private sector and their median income is around \$39,000 per year.

Of that 47 per cent that do receive PPL, about 20 per cent who would have previously been eligible will no longer be eligible, that is, around 34,000 women, because they have access to employer-provided maternity leave valued greater than the full PPL of about \$11½ thousand. Of those women, 61 per cent work in the public sector and 39 per cent work in the private sector and their median income is around \$73,011 per year. These are their incomes. These are not family-based incomes.

Of the 47 per cent of those mothers that will receive a partial PPL, once the measure is introduced, 27 per cent of previously eligible mothers, which is around 45,000 women who have access to employer-provided maternity leave, which is valued less than the full 18 weeks at the national minimum wage, will be eligible to receive a top-up, a partial PPL payment. About 38 per cent of them work in the public sector and 62 per cent work in the private sector. Their median income of these women is \$43,000 per year.

**Senator SIEWERT:** I think—

**ACTING CHAIR:** No, Senator Reynolds has the call.

**Senator REYNOLDS:** Thank you very much for the clarification. I think that has been incredibly helpful to summarise the figures that we have discussed this morning. In plain English, my outtake of all of those figures in terms of the change is that the current scheme provides 18 weeks principally to benefit people who are in the public service and also people who are union members and it has actually made no difference to the time they spent with their babies. The people who will benefit most out of the new scheme, as you have just gone through the figures, are clearly all of those women who are currently not eligible in the private sector. They will now get support for up to 18 weeks when they have their babies. These are women who are on the lowest incomes, in small business, service industries et cetera. Would that be a fair—

**Mr Pratt:** And they will continue to be assisted.

**Ms Bennett:** They are not affected by it.

**Senator REYNOLDS:** Thank you.

**CHAIR:** We are going to go to Senator Collins and then we will come to Senator Waters.

**Senator JACINTA COLLINS:** Are you on PPL as well?

**CHAIR:** We will continue with PPL and then we will go to Senator Waters once we finish PPL. Senator Collins.

**Senator JACINTA COLLINS:** Thank you for those statistics broken down that way. Now it is much easier to understand. Do we know what proportion of women are ineligible because their incomes are too high?

**Ms Bennett:** We have an estimate. I think it is about two per cent.

**Senator JACINTA COLLINS:** If I am reading it correctly, the statistics you just gave me also told me that roughly eight per cent of public sector workers are not eligible.

**Ms Dickenson:** Yes. Eight per cent of the people who currently receive PPL do not have paid maternity leave.

**Ms Bennett:** They could be in public sector agencies?

**Senator JACINTA COLLINS:** They meet the work test but they would not meet the public sector—

**Ms Bennett:** In the public sector—this is in state, territory, Commonwealth—they might be things like government business enterprises that may not have the same provisions.

**Ms Dickenson:** Or they might not have worked for the public service for 12 months.

**Ms Bennett:** Casuals, non-ongoing or have not met whatever that organisation's prerequisite employment is. As I said, in our department it is 12 months, as it is in most of the Commonwealth.

**Senator JACINTA COLLINS:** In that earlier discussion we had, we know that roughly eight per cent of those working in the public service that at least meet the PPL work test do not meet whatever PPL test applies in the agency by whom they are engaged.

**Ms Bennett:** They are not eligible for entitlements under whatever their agency may have. They may not have entitlements.

**Senator JACINTA COLLINS:** That is roughly an eight per cent figure for them. Then you have clarified for us that 45,000 women with an average income of \$43,000 a year will be negatively impacted by this measure.

**Ms Bennett:** This measure will have an impact on them and they will receive a top-up to equal the 18 weeks.

**Senator JACINTA COLLINS:** Whereas previously they would have received the 18 weeks plus whatever partial entitlement they had?

**Ms Bennett:** Yes.

**Senator JACINTA COLLINS:** Are you able to break that down any further?

**Ms Bennett:** We will have to take that on notice.

**Ms Dickenson:** Yes, we probably can but it is—

**Ms Bennett:** We have not got it with us. We will have to take it on notice.

**Ms Dickenson:** It is a bit micro.

**Senator JACINTA COLLINS:** You have broken it down to 38 per cent public sector, 62 per cent private sector. That is a significant number of private sector employees. Are you able to break at least into—you possibly are not, given your data limitations—

**Ms Dickenson:** We do know the part-time, full-time split for that. It is only a graph. I would have to get the figures.

**Senator JACINTA COLLINS:** Maybe you could tell me what you do know, and then I will consider what else I put on notice.

**Ms Dickenson:** We know it by married or partnered status, I think we know it for income, and we know it by part-time, full-time.

**Senator JACINTA COLLINS:** So you will be able to tell me, for example, if some of these families are single-parent families?

**Ms Dickenson:** What proportion it is likely to be.

**Senator JACINTA COLLINS:** The reason I am touching on that was because of the earlier question that I think Senator Reynolds alluded to. This is usually a mother's income that we are accounting for here, rather than family income. The obvious question is: how many of those families are single-income families? So to the extent that you are able to tell me the partner details, that might be helpful.

**Ms Bennett:** Obviously, we will not be able to take into account anything that might go to further financial circumstances, such as whether they are receiving child support payments or those sorts of things.

**Senator JACINTA COLLINS:** No, I understand.

**Ms Dickenson:** Overall 95 per cent of PPL recipients are partnered.

**Senator JACINTA COLLINS:** So it would probably be a big assumption then to apply these other criteria to that five per cent, I suspect.

**Ms Dickenson:** It does get a bit micro when you get to subgroups.

**Senator JACINTA COLLINS:** Are you able to break them into subgroups after the break-ups you gave us before? For example, are you able to tell us, of the 27 per cent of those eligible who will be part-affected, what proportion of them are partnered?

**Ms Dickenson:** We make assumptions about that sort of split based on the information we have about past people, yes. So we probably have that sort of thing.

**Senator JACINTA COLLINS:** That is good. What else might you be able to tell me, in order to break it down further from what data is currently available? I did not realise you collected partnered. We had that discussion earlier about what you currently collect and partnered did not come into the picture.

**Ms Dickenson:** That would be something that someone would do as part of the claim process.

**Senator JACINTA COLLINS:** I go back to my earlier question about the claim process. Apart from income to see if they are eligible, work test to see if they meet the work test, we now know you collect partnered; is there anything else you currently collect?

**Ms Bennett:** We collect some demographic information. We can identify what proportion are Indigenous. It is 1.5 per cent. This, of course, must be self-identification by the individuals. About 20 per cent of PPL are identified as culturally and linguistically diverse, based on the country of birth; 99.4 per cent of PPL recipients were the birth mother of the child; 0.4 per cent of the recipients were the partner of the birth mother.

**Senator JACINTA COLLINS:** What percentage was that?

**Ms Bennett:** 0.4 per cent. And 0.2 per cent of PPL recipients were adoptive parents.

**Senator JACINTA COLLINS:** We have partnered, indigeneity, culturally and linguistically diverse. What else do we collect?

**Ms Bennett:** Birth mother, partner.

**Senator JACINTA COLLINS:** Is there geography?

**Ms Dickenson:** We know geography.

**Senator JACINTA COLLINS:** So you could give me a geographical break-up in some form that is convenient?

**Senator Fierravanti-Wells:** I think Ms Dickenson said not geography.

**Ms Dickenson:** We do have geography.

**Senator Fierravanti-Wells:** I beg your pardon.

**Ms Dickenson:** The geography is just distributed in the way that the births are across Australia—the geographical breakdown.

**Senator JACINTA COLLINS:** Could you do that for me by electorate, say?

**Ms Dickenson:** I am not sure.

**Senator JACINTA COLLINS:** No? What geographical groups could you break it into?

**Ms Bennett:** Probably by postcodes, state.

**Senator JACINTA COLLINS:** Postcodes would be better than state. That is a big figure.

**Ms Bennett:** We will have to take that on notice and have a look.

**Senator JACINTA COLLINS:** Regions would be a bit more helpful.

**Ms Bennett:** Surprisingly, Senator, most Public Service data is not either allocated or collected by electorate. I know that it is a constant and regular question about electorates but it is not actually—

**Senator JACINTA COLLINS:** It is the regions that we are most familiar with.

**Ms Bennett:** We will have a look. I think it matters a lot to some parts of the community, about electorates, but it is not a core way in which—

**Senator JACINTA COLLINS:** No, I understand that. I am just exploring with you what is the most convenient region—

**Ms Bennett:** We will have a look at that. We do have some information on small and medium employers. That is collected through the application.

**Senator JACINTA COLLINS:** So the size of the employer?

**Ms Bennett:** 47.2 per cent of claimants were small employers that had less than 20 employees; 52.4 per cent come from medium-large employers, which is 20 plus. We cannot break it down any further than that. And with 0.4 per cent we did not know.

**Senator JACINTA COLLINS:** That is employers. What else do we have? This is far more fertile than the first round of the answer to this question.

**Ms Bennett:** We can tell you about dad and partners.

**Mr Pratt:** Senator, we are happy to continue supplying as much as we know here. It is conceivable that we can get the application form on the Internet and have a look through it—everything that is collected by the Department of Human Services.

**Senator JACINTA COLLINS:** That is quite possibly the easiest way. My difficulty is that when I first asked this question I said, 'What data do we have?' I was told it was pretty much just work test and income.

**Mr Pratt:** That was in the context of—

**Senator JACINTA COLLINS:** Now we are deciding it is much more fertile.

**Mr Pratt:** I thought that was in the context of the criteria used to determine eligibility.

**Senator JACINTA COLLINS:** No, I was asking what information we had in terms of what is available for us—

**Mr Pratt:** I think we were answering in that context potentially, Senator.

**Senator Fierravanti-Wells:** In fairness to Mr Pratt and his officials, they were answering in the context of that eligibility. What we are now getting into is what is actually on the application form.

**Mr Pratt:** We will continue to tell you what we do know. We also, on notice, though, will arrange to supply a copy of the application form, which will set out all of the data items.

**Senator JACINTA COLLINS:** I have a better suggestion: I will go away and look at the claim form, which I am sure I can find online. I will then frame some further questions on notice, which I think will help us to gain a better sense of what data is available for us to then consider what might be the behavioural implications of this significant change to the existing PPL arrangements.

**Mr Pratt:** Certainly, Senator.

**Senator JACINTA COLLINS:** Thank you. Are we told what other forms of leave people are accessing?

**Ms Dickenson:** We do not know that from the claim process but we do have information from the evaluation.

**Senator JACINTA COLLINS:** We have what the evaluation collected, and I still have to do a critique of what current-day quality that involves. But from the claim process or any other administrative data, we do not know whether, when someone takes their parental leave, they are, as the Productivity Commission originally alluded to, cobbling together a mixture of other leave entitlements which may be an employer funded PPL, accumulated annual leave, long service leave—

**Mr Pratt:** Leave without pay.

**Ms Bennett:** We do not have that administrative data. It is in the 4,0000 people that were surveyed in the evaluation.

**Senator JACINTA COLLINS:** Thank you.

**Senator MOORE:** I have one last question on this section.

**CHAIR:** Certainly, Senator Moore.

**Senator MOORE:** Who analyses this data? You said this is on the application form. Often when we have these questions about data in these areas we are told how difficult it is to actually get it. Who analyses the data on the application form and at what time is it done? Is it quarterly, monthly, annually?

**Ms Dickenson:** In DSS we get it from DHS and we analyse it.

**Senator MOORE:** You analyse it. What is the sequence of the data that they give you? Is it quarterly?

**Ms Dickenson:** I think it varies. I am not actually sure. I think some of it is monthly; some of it is quarterly.

**Senator MOORE:** Can you take that on notice?

**Ms Bennett:** For example, the information I just quoted was at 31 March. So it was for the end of that quarter.

**Ms Dickenson:** Most of it is quarterly. Some of it might be a bit less—

**Mr Brown:** Mostly it is quarterly. It is usually just raw numbers of claimants and that kind of thing.

**Senator MOORE:** You get that quarterly. Do you do reports on it? Sometimes people do standard reports on data collection.

**Ms Dickenson:** Just internally. We use it for estimates. We use it to track and monitor.

**Mr Brown:** For our own purposes.

**Senator MOORE:** That is part of your branch's job, Mr Brown?

**Mr Brown:** Yes.

**CHAIR:** Senator Waters.

**Senator WATERS:** I have some questions about funding for the 1800RESPECT line, which I think sits under the national action plan. I flag that I am meant to be in a meeting in



five minutes, so I will try to be quick. If you are able to do the same, I would greatly appreciate that. When the government announced on 17 May that there would be \$4 million in extra funding for the 1800RESPECT phone line, was that new money or does that come out of the existing \$100 million that had been allocated under the national action plan?

**Ms McKenzie:** That was in addition to the money normally provided for the plan.

**Senator WATERS:** We know that 18,000-odd calls went unanswered to the 1800RESPECT line in 2014. Was there a calculation done in setting that \$4 million additional funding injection that related to how many phone calls could then be answered?

**Ms McKenzie:** It is not quite as simple as that, as a simple calculation. One of the things we noticed right from the beginning with 1800RESPECT was that a lot of women—assume they are women—ring and then do not go through with the call. So the number of calls that commence, where somebody makes the call but then hangs up, has been very large right from the very beginning. It takes a lot of guts for women to ring up. They can quite often be about to make a phone call and they can be interrupted by either their children or perhaps their violent partner. So there are a lot of reasons why the calls may not carry through. We have been keeping an eye on that. What we have also been keeping an eye on is the number of calls that are taken by 1800RESPECT. They have been going up. Right the way through, we have been watching this. In 2013 we provided an additional \$800,000 to 1800RESPECT to answer some more calls.

**Senator WATERS:** Ms McKenzie, I am sorry to interrupt, but my time is really tight. My question was about unanswered calls, not about incomplete calls or the increase in demand. With the extra funding, have you projected whether 1800RESPECT will now be able to answer all calls made or not?

**Ms McKenzie:** We project that it will be able to answer a certain number of calls, but we cannot guarantee that the number of unanswered calls, if women hang up, are going to be answered. There will always be a number of calls which will not be responded to.

**Senator WATERS:** With the number of calls that you have projected with the additional funds that you will now be able to answer, how many is that?

**Ms McKenzie:** 55,000.

**Senator WATERS:** How many of the 18,000 unanswered calls does that reduce by?

**Ms McKenzie:** As I said, we do not know how many of that 18,000 are women who have called and then decided to hang up themselves or women who have called and have not been able to get a response within a period of time—

**Senator WATERS:** Do you not distinguish between calls that are not picked up and calls that are incomplete?

**Ms McKenzie:** When a woman rings 1800RESPECT the first thing that she gets is a privacy call that says that this call could be monitored. Then there is an opportunity for her to be able to leave a message after two minutes for somebody to ring her back. Many women take that opportunity.

**Senator WATERS:** Do you categorise that as an unanswered call?

**Ms McKenzie:** If the woman breaks off at that time, yes.

**Senator WATERS:** So the 18,000 includes calls that are not able to be returned?

**Ms McKenzie:** Yes, that is my understanding.

**Senator WATERS:** Given that I am running out of time, could you please take on notice giving me as much information about the estimates of calls that, with the additional funding, you will now be able to attend to as opposed to the ones that you have not been able to attend to without the extra funds? Can you answer whether you have built in an expected increase in demand, given the increasing levels of awareness about domestic and family violence in the community? Perhaps take that on notice for me. Also I would like a full breakdown of all of the spending allocated so far of that \$100 million over the four years.

**Ms McKenzie:** Yes.

**Senator WATERS:** Thank you. I now have some questions that I am not sure will belong with you about respectful relationships funding in schools. There was a discretionary DSS grants program that, unfortunately, was discontinued in the budget. I am interested in whether that was the only one or whether there are other respectful relationships programs that have also been defunded.

**Ms McKenzie:** This has been raised and discussed a number of times at estimates. The respectful relationships project that we funded out of the \$100 million was projects that were funded as one-off projects for up to three years. They were the ones that were part of the evaluation of the Respectful Relationships program.

**Senator WATERS:** I think that is different to the discretionary grants program that DSS have cut. It is the REALskills program. Ms Bennett, that might be a question more for you. Thank you, though, Ms McKenzie.

**Ms Bennett:** There are others that are coming to the table to answer this question.

**Senator WATERS:** Thank you. I am aware there was that one respectful relationships program that has lost its funding. Are there others as well?

**Ms Creech:** I understand the service that you are speaking about was formally funded under the Communities for Children Direct program. It would have applied, I suspect, under the new Children and Parenting Support program. It is a broadbanded activity that would have a full range of different children around parenting services under there. We would need to have a look at the services applied to deliver similar kinds of activities.

**Senator WATERS:** Do I understand that to mean you cannot tell me now what other programs have been defunded? Is that what you are saying?

**Ms Creech:** This is an activity that brought together a number of former programs. There would have been Communities for Children Direct, MyTime for carers and grandparents, Specialised Family Violence, Kids in Focus—and they all had a broad-ranged focus of their activities.

**Senator WATERS:** You are not sure which of those have remained funded and which have not remained funded?

**Ms Creech:** We can give you some—

**Senator WATERS:** Thank you for the broader context. I am interested in respectful relationships programs that were funded under your department. Which of those have now lost their funding?

**Ms Creech:** Respectful relationships may not have been a program in its own right. It may have been a particular service delivering a particular program, its respectful relationships program. We would need to go back and have a look at whether there were other providers who were delivering a similar program prior to this broadbanding activity.

**Senator WATERS:** All I am trying to get at is which ones have lost funding. If something has replaced it, great; I would love to hear about that too.

**Ms Creech:** Sure.

**Senator WATERS:** Thank you. One final question: I am interested in the engagement that your department has, if any, with the department of education and the national curriculum authority about embedding respectful relationships in schools.

**Ms Bennett:** We are working across government on where different portfolios make a contribution to this. You would have to put that question to the department of education about where it is sitting at the moment in current discussions about curriculum and those issues.

**Senator WATERS:** I am asking you about your engagement with that department.

**Ms Bennett:** We said we do talk to them.

**Senator WATERS:** You talk to them. Is there any formalised process or is it ad hoc?

**Ms Bennett:** I think it comes up when issues are raised.

**Senator WATERS:** So it is ad hoc in response to a request from them?

**Ms Bennett:** Yes.

**Senator WATERS:** Thanks very much. That is all I have got time for, unfortunately.

**Senator MOORE:** One of the things I wanted to follow up on—and Senator Brown might be across that—is that on 25 April the Minister for Social Services, Mr Morrison, announced the allocation of \$15.7 million over two years towards the development of 27 specialist family violence services and eight family early intervention alcohol and drug services. Is that your area?

**Mr Brown:** Yes.

**Senator MOORE:** Can you give us some detail of that—front-line services and domestic violence? How much is to go to front-line services that actually support domestic violence victims? We have just got the line heading and I would like some detail in terms of the allocation.

**Mr Brown:** Leading up to the grants round there were subcomponents of the program—the Families and Children program, the Specialised Family Violence program and the Kids in Focus program. The service or the organisation that is delivering those program will continue to deliver those programs following the minister's announcement.

**Senator CAROL BROWN:** They were initially cut, weren't they, or defunded?

**Mr Brown:** We went through the grants round. As to the outcomes they yielded on a competitive approach, I guess it is fair to say that we noted that a number of those organisations did not apply—quite a number.

**Senator CAROL BROWN:** Did you say they did not apply?

**Mr Brown:** A number did not apply. We did get some feedback that, given the service they were operating, they might not necessarily have seen themselves as fitting into the broadbanded activity that we had advertised for.

**Senator CAROL BROWN:** How did you receive that feedback? How were they identified?

**Ms Bennett:** Partly it would have been around their applications. The upshot of this is that they provided a whole range of family services and one element of that was about support services for families affected by violence. They did not quite see themselves as a specialised family violence service. When the applications came in there was a low number of existing organisations. They did not see themselves in that space. So there was work done with the department and those providers to talk about why they had not put in an application and the way they had done that.

There are 23 organisations that deliver this from 27 sites and 82 outlets. This is a very small proportion of the 5½ thousand applications that were received in the grant process, but they had not self-identified themselves in that way. We immediately commenced discussions with those organisations, talked them through what that meant and that resulted in the announcement.

**Senator CAROL BROWN:** That identification was initiated by the department or the minister's office?

**Ms Bennett:** No, we realised it as part of the outcomes of the grants immediately and then commenced looking for a solution.

**Senator CAROL BROWN:** I am sorry to interrupt, but outside the service gap announcement—

**Ms Bennett:** This is a separate exercise.

**Senator CAROL BROWN:** Which subactivity was the—

**Ms Bennett:** They come under the children and parenting subactivity in the big honeycomb document.

**Senator CAROL BROWN:** Have all the providers accepted their offers?

**Ms Creech:** We are just in the final stages of the direct selection process. As we outlined, for a number of them, because they had not formally applied through the open selection process, we did need to do a secondary direct selection process to take that funding forward. That has just concluded. We are now in the process of making those grant offers back to providers, but they have been advised about the extension of funding.

**Senator CAROL BROWN:** That is for two years?

**Ms Creech:** Yes.

**Senator CAROL BROWN:** Can you just remind me of the value?

**Ms Creech:** For the Kids in Focus activity it is \$6.7 million over the two years. For Specialised Family Violence Services it is \$9 million over the two years.

**Senator CAROL BROWN:** Wasn't there Family Relationship Services for Humanitarian Entrants? Are they not caught up in the same—

**Ms Bennett:** That was combined with family; it was the old FRSHE.

**Senator CAROL BROWN:** These came from the same program?

**Ms Bennett:** Yes.

**Senator CAROL BROWN:** The other two—Kids in Focus and family violence—came from the same former program as humanitarian entrants; is that right?

**Ms Bennett:** Yes. They were broadbanded into the family and children's activity. We have provided that honeycomb which shows all the old programs and how they translate into the new ones. We could provide it again, if you like.

**Senator CAROL BROWN:** They were not successful at all. There was no identification as a service gap by the department. You are telling me that the department realised at the end of the grants program that these two areas—

**Ms Creech:** I think Ms Bennett talked more broadly about gap analysis resulting after the initial grants process. We are still in the process of looking at any remaining gaps that may have resulted from the particular children and parenting support round.

**Senator CAROL BROWN:** Are you able to tell me now—or perhaps you can take it on notice—whether any of the Family Relationship Services for Humanitarian Entrants services were provided with funding at all? Did anyone that would have provided that service—

**Ms Creech:** We can take that on notice. We would need to look across the full rounds that were undertaken at the time to see if they were provided funding in any of the streams of funding that were open at the time.

**Senator CAROL BROWN:** If you could take that on notice, I would appreciate it.

**Ms Creech:** Sure.

**Senator CAROL BROWN:** Thank you.

**Senator MOORE:** Senator Waters asked a question about the extra funding for 1800RESPECT. I did not hear your answer because there was kind of a personal conversation over there. I am wanting to know where in the budget that money came from.

**Ms Bennett:** The 1800RESPECT—the additional funding?

**Senator MOORE:** Yes, the \$4 million.

**Ms Bennett:** It came from within outcome 2. It came under the families. It related to a small underspend that existed. That underspend—I would call it a normal BAU. It resulted from some projects where the start date had been delayed. It has not affected what those organisations or those programs are receiving in total; it is just about the ebb and flow of those activities.

**Senator MOORE:** So I cannot find it in the budget papers; it is an internal—

**Ms Bennett:** It was an internal reallocation within the outcome.

**Senator MOORE:** Is any more money to be internally reallocated? It is just that \$4 million is a significant amount of reallocation, so I am just wondering. Could you have a look at that, Ms Bennett?

**Ms Bennett:** I would have to have a look across—

**Senator MOORE:** I was pulling my hair out trying to see, with all the different lists and things, where I could find \$4 million.

**Ms Bennett:** As you know, the department is able to make some movement within outcomes. There is always some movement that occurs. I would have to go back and have a look. Sometimes it is small amounts. It might be a \$100,000 evaluation. It depends on where the movement comes from. Some of the allocations within outcomes, while they relate to budget initiatives, are internal; they are allocated within the department's own administered programs where there might be available funding.

**Senator MOORE:** I understand the complexities. I was just interested in terms of finding out where that amount of money came from. We have been talking for months and months around different grants rounds and not being able to find anything. That is good. It is on the website that Minister Cash had a media release on the day that the 1800RESPECT money was found. It is wonderful that that money came. I really congratulate you on that. Minister Cash said—I did not get a copy of it because it is on the website—and I quote: 'As the Treasurer had stated in a previous interview, we have set aside additional money in the budget. We will have more to say in the near future.' That was about the advisory panel to reduce violence against women and expenditure on violence against women. Can I find where the additional money in the budget has been allocated for that?

**Ms Bennett:** No, you cannot; it is in the contingency reserve. Until decisions are made—how much and what for—that money is not available to the department.

**Senator MOORE:** Is there a statement anywhere that shows me the contingency reserve?

**Ms Bennett:** No.

**Senator MOORE:** So do we have any idea how much money is in the contingency reserve? I am asking a question to you because it is a program in terms of domestic violence that you would be involved in. I understand it should be Treasury or someone else who does that kind of stuff.

**Mr Pratt:** That is right.

**Senator MOORE:** I have not followed contingency reserves before. How does a contingency reserve work? I don't get it. Mr Pratt, can you just give me a how-to about contingency reserves.

**Mr Pratt:** I will give you a very high level, superficial analysis of the contingency reserve. It is essentially an unannounced attribution, an earmarked set of funds, available for a purpose if it happens. It could be there to offset a risk which might manifest during the course of a year. It could be for something where a decision has been taken but hasn't been announced. This is quite conventional. Governments do this.

**Senator MOORE:** Absolutely; it is just that I have not come across it before. So this would be held in Treasury?

**Mr Pratt:** Yes, Treasury.

**Senator MOORE:** And then given out to departments as required?

**Mr Pratt:** That is right.

**Senator MOORE:** I want to talk about the national plan and the money that is linked to that. The money with the national plan is held by DSS?

**Ms Bennett:** Yes.

**Senator MOORE:** So Office for Women, in PM&C, have policy discussions, but the money is with DSS?

**Ms McKenzie:** The money for women's safety is with DSS. The Office for Women in PM&C has a small amount of other money.

**Senator MOORE:** They have the grants—

**Ms McKenzie:** for women's leadership and development. Sometimes that money is spent on women's safety measures or initiatives.

**Senator MOORE:** The PM&C grants are quite specialised in that area; I have gone through them. The money for the plan that DSS has—what is the budget for that?

**Ms Bennett:** The action plan?

**Senator MOORE:** The money against the action plan, yes.

**Ms McKenzie:** In the PBS, on page 92, under 'expenses for families and communities', about a third of the way down there is a line called 'national initiatives'. That 'national initiatives' covers the National Framework for Protecting Australia's Children and the National Plan to Reduce Violence against Women.

**Senator MOORE:** They are the only two that are under 'national initiatives'?

**Ms McKenzie:** Yes—and the trafficking.

**Senator MOORE:** How much money is in the National Plan to Reduce Violence against Women?

**Ms McKenzie:** If you look at the 'national initiatives', of \$28 million, about \$3 million of that is with the National Framework for Protecting Australia's Children and the rest of it relates to the national plan.

**Senator MOORE:** How much is in trafficking?

**Ms Bennett:** It is about \$25,500,000; something like that.

**Senator MOORE:** How much is trafficking? The framework document for families and children is \$3 million, and you said \$25 million. But trafficking is a subset, so how much is that?

**Ms McKenzie:** I can give you the exact figures in the out years, if that would be helpful?

**Senator MOORE:** That would be useful.

**Ms McKenzie:** The trafficking in 2014-15 was 1.055; in 2015-16 it is 1.055 and that continues through 2016-17 and 2017-18; so 1.055.

**Senator MOORE:** So continuing funding of \$1.055 million.

**Ms McKenzie:** Right.

**Senator MOORE:** That is about \$6 million-ish.

**Ms McKenzie:** The funding for the national framework is about \$3 million; it is \$2½ million to \$3 million.

**Senator MOORE:** That is \$3 million across the years?

**Ms McKenzie:** Yes—about \$2.6 million each year.

**Senator MOORE:** The framework on the safety of children is due to end when?

**Ms Bennett:** That is another—

**Senator MOORE:** I will come back to that, because I know there is a turn-over date coming up very soon for that. So I will be asking questions about it. The funding for the safety of women and children; what are the amounts across the out years for that?

**Ms McKenzie:** In 2015-16 it is 25.3; in 2016-17 it is 25.88; in 2017-18 it is 26.4, and in 2018-19 it is 27.

**Senator MOORE:** And 2014-15 has been fully expended?

**Ms McKenzie:** It will be.

**Senator MOORE:** It will be fully expended, and then into 2015-16. That is very useful in terms of the process. The plan goes to next year—

**Ms McKenzie:** The third action plan?

**Senator MOORE:** Yes. The third action plan goes into next year. I have questions on notice to the Office for Women in PM&C about what is happening in terms of looking at the fourth plan.

**Ms McKenzie:** The third.

**Senator MOORE:** That is right, because we are ending the second plan and looking at the third plan. What role does DSS have in that?

**Ms McKenzie:** We will have the role of managing the development of the third action plan. So there is a process that has been agreed and that was undertaken with the development of the second action plan.

**Senator MOORE:** Yes, consultation.

**Ms McKenzie:** It was agreed there would be a progress report, there would be an evaluation that would happen with it, plus there would be consultation both in terms of Commonwealth-based consultation in round tables but also state-based consultation, talking with the local advisory groups. There is obviously consultation between the women's ministers as they finalise the plan. It takes quite some time.

**Senator MOORE:** It is a huge exercise.

**Ms McKenzie:** It is a huge exercise. Then it goes to, obviously, Commonwealth and state—either first ministers or cabinets, to be agreed.

**Senator MOORE:** And DSS does that?

**Ms McKenzie:** DSS and PM&C. DSS takes a main content role. PM&C was enormously effective in doing the second action plan in terms of engaging with other Commonwealth agencies and also engaging with first ministers' departments in the states and territories, whereas we tend to deal with mainly line ministers' departments in the states and territories, who then bring in the first ministers' departments. It meant that we actually had two ways of engaging with the department.

**Senator MOORE:** The organisation of the consultation process and the evaluation, does that come out of the \$25.3 million?

**Ms McKenzie:** Yes.



**Senator MOORE:** That is a huge component of the process and yet that will come out of the 2015-16 \$25.3 million, which is no bigger than the 2016-17 \$25.88 million. Ms McKenzie, is that particular intensive process built into the costings of the \$25.3 million allocation?

**Ms McKenzie:** Yes. Each year has different demands. We run the Personal Safety survey. We fund the National Community Attitudes Survey. Each of those years is a different amount in the development stage versus the in-the-field stage versus the evaluation stage. So it is a very complex budget that we work through in women's safety.

**Senator MOORE:** Absolutely.

**Ms McKenzie:** Last year we only had a \$40,000 underspend. So we manage it down to the very last dollar.

**Senator MOORE:** A \$40,000 underspend?

**Ms McKenzie:** Yes.

**Senator MOORE:** Was that 2013-14 or 2014-15?

**Ms Bennett:** It was 2013-14.

**Senator MOORE:** Did that flow over?

**Ms McKenzie:** No.

**Senator MOORE:** You lose it?

**Ms McKenzie:** We lose it.

**Senator MOORE:** You are not going to have 40 grand left this year, are you?

**Ms McKenzie:** We are trying our very best.

**Senator MOORE:** Absolutely. Where would I find a breakdown of the expenditure of 2014-15, Ms McKenzie?

**Ms McKenzie:** This year it was \$24.996 million.

**Senator MOORE:** Where would I find that?

**Ms McKenzie:** It is in the 'national initiatives' line.

**Senator MOORE:** In terms of what is spent.

**Ms Bennett:** On page 92, in the budget, it has the 2014-15 estimated spend. Then, when the pays come out, it shows the actual. So this is a forecast of what we are hoping to be out of the door by 30 June.

**Senator MOORE:** I am trying to find out on what programs it was spent, in terms of breakdown—

**Ms Bennett:** Between the third action paper, children, trafficking, and the second action paper? We can take it on notice to provide to you what the estimated spend will be for this financial year.

**Senator MOORE:** And on what?—that next refining. You will be spending the \$24.9 million to the last cent. I want to know what it was spent on.

**Ms McKenzie:** Yes. We have a range of things that it is spent on every year.

**Senator MOORE:** Yes, I know. It drives me mad, through the DSS website, trying to find it all.

**Ms McKenzie:** Yes, DV-Alert, 1800RESPECT, Our Watch, The Line, the Personal Safety Survey, the National Community Attitudes Survey. This year we have also been funding work on the national DVO scheme. Then there are a small number of one-off payments that we make, depending on what the policy issues at the time are.

**Senator MOORE:** Ms McKenzie, I can get a list of that from your office?

**Ms McKenzie:** Yes.

**Senator MOORE:** That would be great; I would like that. Two questions: one on ANROWS and one on Our Watch. Does the Commonwealth contribution to Our Watch come out of that bucket as well?

**Ms McKenzie:** Yes, it does.

**Senator MOORE:** And also ANROWS?

**Ms McKenzie:** Yes, it does.

**Senator MOORE:** Both of those organisations are funded through until next year?

**Ms McKenzie:** No. I think ANROWS is funded through until next year. That is a Commonwealth/state/territory agreement.

**Senator MOORE:** They both are in principle, aren't they?

**Ms McKenzie:** ANROWS is Commonwealth/state and involves all the states and territories. Our Watch was a joint initiative of the Victorian and Commonwealth governments and we are the primary funders. Since then the Northern Territory, South Australia and now Tasmania have joined as well. So they provide another contribution. But that is just done on a different kind of time frame.

**Senator MOORE:** ANROWS is currently funded until 2016. That is in your budget for 2015-16. But at this stage there is no decision beyond that; that is a budget decision for government about further funding after next year.

**Ms McKenzie:** There will need to be a decision made about further funding. That will be the same for all the state and territory governments as well.

**Senator MOORE:** Just in terms of the process; I have been following the amount of money through. Also with Our Watch, the same thing; in terms of when it is due. I think the Our Watch process is due 2017-18. The same thing—there is no money allocated beyond that at this time?

**Ms McKenzie:** No.

**Senator MOORE:** It is a decision for budget from 2017-18.

**Ms McKenzie:** It is a decision for government, yes.

**Senator MOORE:** The national awareness campaign is the new money in this budget; are you the agency that is working through the process of funding that?

**Ms McKenzie:** We are the agency. At the moment what has been established is a COAG steering committee, which all states and territories and the Commonwealth are represented on.

I co-chair that steering committee along with my PM&C colleague. We work jointly on many things.

**Senator MOORE:** What is the timing for the national awareness campaign?

**Ms McKenzie:** The important thing with the national awareness campaign, and where we are focusing at the moment, is what needs to be the focus of the national awareness campaign. We are working with the states and territories to identify the most appropriate focus at this time.

**Senator MOORE:** What is the process for finding that focus, Ms McKenzie? I am trying to find out what is happening. All we have got in the budget paper is an allocation of \$30 million over three years. We know that is jointly with states and territories and it is part of the COAG agreement. Then we have, I think, a 15-line statement from the COAG about the agreement and that this is going to happen. I want to find out what the process is. Is it going to tender? Are we using consultants? My other question is: what engagement, if any, does Our Watch have? When I read what the role of Our Watch is, it is very much around community awareness. I am interested that we have this allocation through COAG and Our Watch is not mentioned.

**Ms McKenzie:** The issue at the moment is Our Watch is very focused around primary prevention. It does a lot of work around primary prevention. But that does not necessarily mean that the awareness campaign is going to be focused in exactly the same place as Our Watch is focusing. So I expect that there will be a level of consultation with other organisations. We certainly have talked to the states and territories about that. At the moment we are still working through what we think would be the most effective focus of a campaign. We had a tele-con with the states and territories last week. We will be having another discussion with them over the coming weeks. It is something that we are all working through together.

**Senator MOORE:** Is there a work plan for this in terms of the expected time frames for each step of the action? How long is the consultation period on developing focus?

**Ms Bennett:** We do not know that yet. It depends what level of agreement we get through those mechanisms that we have talked about in working with the states. As Ms McKenzie said, we have done some desktop research. That was done by the communications area about what the literature is showing, what the patterns are, what the international experience is, and from that—

**Senator MOORE:** International experience of what?

**Ms Bennett:** Of running campaigns, what the successful outcomes, the evaluations, have been. That information has been shared at the high level with the states and the territories and we have had further discussion with them on that. Until we actually get agreement on what it is, it is very difficult to say how would it then go to campaign development work, what would the nature of any campaign buy be, what would the element be between social media, mainstream media—all of that. So we have not got answers to those questions yet.

**Senator MOORE:** I understand there is a process in development. What I am not sure about is where in the three-year period, which has been identified in the funding in the budget and in the media releases, there is any expectation, even at this stage, about when there will be action.

**Ms Bennett:** Given that the first part of the tranche of the money comes this financial year, we are working towards doing something sometime this year, early next year. That is the effort that we are putting into it.

**Senator MOORE:** Sometime this year, early next year there could be a work plan?

**Ms McKenzie:** A campaign. I think the work plan will be determined sometime this year, early next year. It is at a very early stage. Jurisdictions have lots of input into these kinds of conversations. We need to make sure it is going to maximise the use of the dollars that are going to be given to it.

**Senator MOORE:** It says that states and territories contribute \$15 million towards this total. Is that \$15 million from all seven or \$15 million in total from all seven?

**Ms McKenzie:** It was a joint contribution.

**Senator MOORE:** So it is \$15 million from the Commonwealth and \$15 million from all of the states and territories?

**Ms McKenzie:** Yes.

**Senator MOORE:** To a total of \$30 million?

**Ms McKenzie:** That is normally how the Commonwealth-states operate.

**Senator MOORE:** How often is the group planning to meet at this time?

**Ms McKenzie:** At this time what we are doing is really just trying to work our way through the focus of the campaign. As I said, we had a telecon last week. We are expecting to have another meeting within the next couple of weeks. Really, from then on we need to work out the timetabling and a whole range of other matters.

**Senator MOORE:** Which agencies are involved at the Commonwealth level—the Office for Women and yourselves, anyone else?

**Ms McKenzie:** Not as yet at the Commonwealth level.

**Senator MOORE:** Could be if required?

**Ms McKenzie:** Could be if required, yes.

**Senator MOORE:** I think anything else I can put on notice for the Office for Women.

**Mr Pratt:** Senator Moore, while there is a pause, I have some further information for you on the contingency reserve.

**Senator MOORE:** Thank you.

**Mr Pratt:** Budget Paper 1 sets out the contingency reserve.

**Senator MOORE:** I don't often read Budget Paper 1.

**Mr Pratt:** No, it is not one I look at either.

**Senator MOORE:** Budget Paper No. 1 tells me how it works.

**Mr Pratt:** Statement 5 outlines the contingency reserve in table 17.

**Senator MOORE:** This is getting better and better.

**Mr Pratt:** That is statement 5, page 47. And pages 48 and 49 give some descriptions of the things typically covered by the contingency reserve, as per my quick summary: decisions taken but not yet announced, provisions for other specific events and pressures that are

reasonably expected to affect the budget estimate. That might include where the government knows it is going to do a significant policy announcement on something at a later stage and it wants to have money available for that. Sometimes it is used where there are commercial-in-confidence matters, for example, where we are going to renegotiate something or negotiate something with the states and we do not want to declare our hand as to how much money is available for that negotiation. Or it could even be for commercial purposes around a new building, like we were talking about yesterday. There might be funding set aside in it for that. That is where you will get information on that. All of that is set out in the Treasury budget paper.

**Senator MOORE:** Thank you very much.

**Mr Pratt:** Finance, of course, has a role in administering it and doling it out to us when we need it.

**Senator MOORE:** Thank you.

**CHAIR:** We welcome back Minister Fifield. Can I throw to Senator Siewert.

**Senator SIEWERT:** I want to go to income management.

**Ms Bennett:** Have we finished the Office for Women?

**Mr Pratt:** I am hopeful that, say, at about 12.25 we might be able to give a run-down on where we are at on the issue that Senator Moore was interested in around tax and PPL. If we could do that then, we can send those people off to do other exciting things.

**CHAIR:** Five minutes will be enough for that, Mr Pratt?

**Mr Pratt:** I expect so, yes.

**CHAIR:** Senator Siewert.

**Senator SIEWERT:** Thank you for the updated figures on income management. I had an issue from yesterday that I will raise first. When we were talking to the Department of Human Services about calls that they were not taking, it emerged that there had been over a million calls to the income management line. My quick adding up without a calculator shows around 27,000 all up are on income management.

**Mr Pratt:** Of that order.

**Senator SIEWERT:** That is an awful lot of calls, from 27,000 people. Have you looked at the nature of those calls? Is it from a particular group of people that are not able to access information or services in relation to the BasicsCard?

**Ms Bennett:** We were surprised that it was not answered at the time. There were a lot of questions. Human Services have provided us with some information which I can go through with you. The average speed of answer for questions from 1 July 2014 to 24 May about income management after hours—there were 737,501 calls answered—was two minutes and 18 seconds.

**Senator SIEWERT:** I did get the average speed.

**Ms Bennett:** During business hours there were 1,091,590 calls answered. The average speed was nine minutes and seven seconds. The most common inquiries, they have advised us, relate to change in circumstances that require a reassessment and possible change to regular expense allocations, income management account balances and transaction inquiries.

**Senator SIEWERT:** Do we have an idea of the proportion of these?

**Ms Bennett:** No, we have not been provided that information.

**Senator SIEWERT:** That was account balances and?

**Ms Bennett:** Account balances which we understand make up a very high, regular and consistent proportion of calls, requests to transfer funds from the customer's income management account onto the BasicsCard, requests to make one-off payments to stores or businesses that are not approved to accept the BasicsCard, requests for information about exemptions from income management, contact and response to letters advising customers that they have been selected for income management, contact from customers to administer their exiting income management to discuss their expense allowance.

**Senator SIEWERT:** Sorry, that one was when people were first told they were going on?

**Ms Bennett:** Yes, then when they are leaving, reports that the BasicsCard had been lost or stolen, requests to reset the BasicsCard pin, requests for BasicsCard balance, as distinct from other income balances.

**Senator SIEWERT:** Sorry, the BasicsCard rather than what is in the rest of their account?

**Ms Bennett:** Yes, and requests for information on where the BasicsCard can be used.

**Senator SIEWERT:** It was 1.9 million calls. Did I get that right?

**Mr Brown:** It was 1.8 million.

**Senator SIEWERT:** We have got nearly two million calls that are coming in.

**Ms Bennett:** It is 1.8 million. Yes.

**Senator SIEWERT:** What is the time frame for that, sorry?

**Mr Brown:** It is 1 July 2014 to 24 May.

**Senator SIEWERT:** I was double-checking. It was year to date, wasn't it? That is a very significant number of calls. Were you surprised at the number of calls that were coming in?

**Mr Brown:** We certainly knew that. I was not aware of the volume.

**Ms Bennett:** We have always understood that the requests for balances both of their account balance and their BasicsCard were a regular and constant inquiry of the department because it is not like going to an ATM. It has always been an issue that the Department of Human Services has kept us alert to. There is a high demand in those particular areas.

**Mr Pratt:** There is another dimension to this. The 27,000 figure is a point-in-time figure. So there will actually be over a given year more people who actually go onto income management and drop off than that figure. Now your next question is: how many is that over the year? Unfortunately I do not have that.

**Senator SIEWERT:** You are a mind reader.

**Mr Pratt:** I do not have that figure to hand but it will be a greater figure than the 27,000.

**Senator SIEWERT:** I accept that. But a lot of the people that are on it, particularly in the Northern Territory, will have been on it for a significant period?

**Mr Pratt:** Yes, that is right.

**Senator SIEWERT:** Would it be fair to say there would not be a lot of churn of people on and off?

**Mr Pratt:** I think there is a reasonable amount of churn.

**Senator SIEWERT:** If you could take that on notice and tell us the number of people that are coming on and off.

**Mr Pratt:** Yes, we will take it on notice.

**Senator SIEWERT:** You probably should be able to tell me those that are on and off and have been on before.

**Ms Bennett:** We have provided an answer to a question on notice and we will update that question. That would have been provided at the last hearings. We can update the point in time.

**Senator SIEWERT:** For this year. We can look at point-in-time but also if it is going or not. I assume from that answer that you just gave, Ms Bennett, that you are assuming or you know that the bulk of the questions about income management are coming from the Northern Territory or other remote communities rather than a place-based income management. Also that is where the vast majority of people are.

**Mr Pratt:** That is an intuitive question.

**Ms Bennett:** Yes, that is intuitive.

**Senator SIEWERT:** Thank you. If you could take that question on notice.

**Ms Bennett:** We will update the previous question on notice. Yes, we will.

**Senator SIEWERT:** The match savings measure is the measure that has been dropped now, isn't it?

**Ms Bennett:** Yes, because of the very low take-up.

**Senator SIEWERT:** I understand why it has been dropped. The VIP measure continues?

**Mr Brown:** No, we discontinued it as well.

**Senator SIEWERT:** That has been dropped too?

**Mr Brown:** Yes.

**Senator SIEWERT:** Both of those measures have now been—

**Mr Brown:** They will be discontinued.

**Senator SIEWERT:** Thank you. In terms of the vulnerable youth trigger exclusions, what have been the most common reasons for the granting of an exclusion?

**Mr Johnston:** For the youth vulnerable triggers, the main reasons for exclusion are that the measure is impracticable and their wellbeing would be placed at risk.

**Senator SIEWERT:** They are the only two reasons?

**Mr Johnston:** They are the primary two reasons.

**Senator SIEWERT:** They are the primary two reasons. Okay; there can be others.

**Mr Johnston:** That is right.

**Senator SIEWERT:** In terms of people that have gone on to voluntary income management, when you give us those figures on the churning—

**Ms Bennett:** The ons and offs?

**Senator SIEWERT:** The ons and offs—is it possible to then tell us the number of people from that process that are going on to voluntary income management?

**Mr Johnston:** It should be possible to do that. We did provide some of that information with regard to the child protection measure in answer to the last question on notice. So we can look at updating that; we can take it on notice and add it to the other request.

**Senator SIEWERT:** That would be great. That is in regard to the child protection notice?

**Mr Johnston:** In the last estimates question on notice answer that we provided, because the question was focused on child protection income management, we provided that statistic.

**Senator SIEWERT:** But there are others that are put onto income management for other reasons?

**Mr Johnston:** Do you want to know how many then will go on to the voluntary?

**Senator SIEWERT:** Yes.

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

**Senator SIEWERT:** Thank you. Can I go on to the new measures, please? In terms of the extension, the process basically is that they will be extended, and the extension will apply to all of the areas where income management currently applies; is that correct?

**Mr Johnston:** That is right.

**Ms Bennett:** That is set out in Budget Paper No. 2, page 60.

**Senator SIEWERT:** I have that here. Those are all the existing localities?

**Ms Bennett:** That continue income management, yes.

**Senator SIEWERT:** Including the new places that were added last year?

**Ms Bennett:** Yes.

**Senator SIEWERT:** There are no changes; those places are running in the way that currently exists?

**Ms Bennett:** It is very clear, as it says here, that it is to extend the income management arrangements in all current sites which are listed until 30 June.

**Senator SIEWERT:** I understand that, but you talk about it being extended. You also talk about there being streamlining by phasing out the voluntary incentives, which we have just talked about, and reducing the number of interactions between the Department of Human Services and income management participants.

**Ms Bennett:** Yes.

**Senator SIEWERT:** That is a change.

**Ms Bennett:** Yes.

**Senator SIEWERT:** Given the conversation we have just had about the high number of interactions that are held over the phone, what does that mean?

**Ms Bennett:** We will go into it in more detail in a moment, but it mainly relates to social worker arrangements and the SPaR, which is how the relationship between DHS and the state governments works. It used to be that if the state governments did something, it was dealt with by DHS and then the event happened. Now it will be more automated. Mr Johnston can go into more detail about the social worker contact.



**Mr Johnston:** The primary streamlining that is occurring is around compulsory contacts that a Centrelink customer service assistant would have to make with a particular income management customer. For example, on some measures, when they come on, there is an eight-week check-up to see how the person is going with their priority needs and how it has been allocated when they first went on income management. There are these sorts of compulsory additional contacts that occur in addition to whether someone rings up because they have a query about their payment or their account balances, as Ms Bennett said, at the outset. So what it is really saying is that it will be more demand driven. If people are calling, their request will be dealt with at that point rather than having additional compulsory contacts that are built into the design of the program.

**Senator SIEWERT:** Was there analysis done of the effectiveness of those compulsory contacts?

**Mr Johnston:** There was anecdotal evidence from the Department of Human Services that those contacts were relatively short and very much business-as-usual. They were not intensive social work discussions around their experiences or anything broader. There are, of course, those conversations happening with Centrelink social workers. They were more of a procedural business-as-usual check to see whether everything was going okay.

**Senator SIEWERT:** You mentioned social workers twice in relation to this issue. Are people still going to have access to social workers at Centrelink?

**Mr Johnston:** Yes, they will.

**Senator SIEWERT:** On a demand basis, not somebody ringing them up to make contact?

**Mr Johnston:** That is right. It is on a business-as-usual basis. Centrelink provides access to social workers for a whole range of reasons. People will continue to have access to those social workers.

**Senator SIEWERT:** Thank you.

**Senator MOORE:** Can I follow up on that. I want to clarify something. With that interaction with the client at set times during the process, who did that interaction?

**Mr Johnston:** Customer service assistants in the Centrelink call centres.

**Senator MOORE:** It was trained Human Services staff members but not necessarily social workers?

**Mr Johnston:** That is right, not social workers.

**Senator MOORE:** Did social workers do it at any time?

**Mr Johnston:** We do not know that, Senator.

**Senator MOORE:** That was not in the information that you had?

**Mr Johnston:** No.

**Senator MOORE:** So with interaction with non-social workers, the impetus will change?

**Mr Johnston:** That is right.

**Senator MOORE:** But the relationship with social workers stays the same?

**Ms Bennett:** With the social worker it does not change.

**Mr Johnston:** It does not change. That is right, Senator.

**Senator MOORE:** I was not clear on that. Thank you.

**Senator SIEWERT:** How much money is saved in that?

**Ms Bennett:** In the streamlining?

**Senator SIEWERT:** Yes.

**Ms Bennett:** With the administrative changes over two years, those are the steps that we have just set out. There are some further administrative efficiencies that have been able to be achieved in the more established sites. So the administrative changes are bundled up together; they are not separated out. It is \$26 million over the two years.

**Senator SIEWERT:** Does that include the savings measure as well?

**Ms Bennett:** The total savings measure over the two years through the efficiency and streamlining is \$36 million; \$4 million relates to the removal of the vulnerable social worker assessments and \$6 million is for the voluntary incentive payment and the matched savings payment.

**Senator SIEWERT:** You spoke a bit fast then. Can you go back?

**Ms Bennett:** I will go through it again. Over the two years the efficiencies that have been identified in the streamlining, which are set out in the legislation, reduce the cost over what it was in past years by \$36 million over two years. The removal of the vulnerable social worker assessment is \$4 million.

**Senator SIEWERT:** That is what I wanted. You said it very fast and I missed it the first time. What is going?

**Ms Bennett:** The social worker assessment.

**Senator SIEWERT:** Which is very different to the contact. So the social worker assessment of the vulnerable—

**Ms Bennett:** Removal of the vulnerable social worker assessments.

**Senator SIEWERT:** What does that mean? Is that not when you are doing the assessment of who is classed as 'vulnerable' and who is going to be put on income management?

**Mr Pratt:** Yes.

**Ms Bennett:** These were an intensive assessment by the social workers and the feedback we received was that it detracted from the more broad support that they would wrap around and provide, because it is a tool that they had to complete in a particular way. So that was a step that was set out in the legislation. That is part of the changes that are before the House. They still receive referral and support by social workers but do not have to complete this particular administrative assessment.

**Mr Brown:** In other words, a lot of the vulnerable clientele would come on through an auto trigger. There were very few that, in addition to that, were assessed by a social worker to come on—

**Senator SIEWERT:** Which triggers?

**Mr Brown:** The youth and child protection auto correct, unreasonable to live at home—

**Senator SIEWERT:** We have 178 that are social worker referrals in—

**Ms Bennett:** That does not change.

**Mr Brown:** In the Northern Territory.

**Ms Bennett:** That tool is not directly connected to social worker referrals.

**Mr Johnston:** That is right. What Ms Bennett and Mr Brown have been saying is that the vulnerable welfare recipient measure of income management stays in the legislation. But underneath that, as you will know, there are auto youth triggers and a range of other classes of person listed by legislative instruments that could be automatically placed on that vulnerable measure of income management. In addition, there is a discretion for a social worker to place someone onto the compulsory vulnerable measure of income management if they assess the person is at risk of financial crisis. We are just taking out the social worker assessment making those referrals to that measure. The reason is that the numbers of people being placed on that measure by social workers over a number of years have been very low. They have been captured by a range of other measures, including people who, in their conversations with social workers, are given information about voluntary income management and decide to volunteer for income management at that point rather than through a compulsory referral.

**Mr Pratt:** If I can jump in here, I suspect actually that you are happy with this because it removes a pathway onto compulsory income management. It does not appear to have worked particularly well, so we are going to stop funding it. That is what is happening.

**Senator MOORE:** I am not convinced I am happy with it, Mr Pratt. We might have to come back after the lunch break.

**CHAIR:** Mr Pratt asked if he could have a few minutes before lunch to share some other details.

**Mr Pratt:** Chair, thank you. My advice is that we are still trying to check some matters with Treasury, so we are now looking at after lunch.

**CHAIR:** All right. There are a couple more minutes. Perhaps a couple of quick questions.

**Senator SIEWERT:** As I recollect, this measure was also then used when we were talking about pensioners, for example, being identified as vulnerable and put onto income management. That is the case, isn't it?

**Mr Pratt:** There was a category of people who got compulsorily placed on income management where a social worker determined that for some reason they needed to go on income management. So that pathway into income management is now being removed as part of this measure.

**Ms Bennett:** If I could add to that: it is not changing the person's ability to access a social worker or social workers being able to make assessments. It was a specifically set out, intense mechanism that was in addition to the other triggers. It was not being utilised to the degree expected in the original design. It is not reducing or changing someone's ability to receive support from social workers in the Department of Human Services.

**Senator SIEWERT:** I understand that. Can we go on to the other savings? I stopped you because that was what I wanted to ask about as it was coming up. Where is the rest? There is \$4 million out of the \$36 million. There are the two measures—the matched savings measure is included in that \$36 million?

**Ms Bennett:** Yes. It is \$6 million for the matched savings and the voluntary incentive payments over two years.

**Senator SIEWERT:** \$6 million for the two savings measures. Where is the rest?

**Ms Bennett:** These are administrative streamlining arrangements that we talked about—

**Senator SIEWERT:** The contacts?

**Ms Bennett:** It is partly the contact; it is also partly other things that the Department of Human Services has improved over the time that this has been in. It is about processing, handling, speed and support. That equals \$26 million.

**Senator SIEWERT:** That is the Human Services component of it?

**Mr Brown:** Probably slightly more. Certainly, the \$26 million is derived from the service delivery arrangements through DHS.

**Senator SIEWERT:** Could you repeat that?

**Mr Brown:** The \$26 million that Ms Bennett has identified is very much the efficiencies gained through having a look at the range of contacts and interactions they have and attempting to integrate those. Clearly, as you mentioned earlier with the phone contact, a lot of it is demand driven or client driven. Certainly, it is about removing some of the other contacts that were built in, just to make some efficiencies.

**Senator SIEWERT:** On the demand side, if there are fewer automatic contacts, did you factor in that, therefore, there could well be more demand driven contacts—as in the phone process where we are already getting two million phone calls?

**Mr Brown:** If the interpretation of that is that clients are ringing up about their balance or to check those kinds of things, there are opportunities taken to integrate those to check up on the clients—

**Ms Bennett:** We worked very closely with the Department of Human Services on the implications of this and ideas. They are at the front-line of delivery. We drew on their experience and their insights of the program over the last few years.

**CHAIR:** We will leave it there. We will break for one hour and come back at 1.30.

**Senator SIEWERT:** I still have a lot more questions in this area.

**CHAIR:** I would not dream of cutting you off, Senator Siewert!

**Senator SIEWERT:** I am just letting the department and officers know that I have more questions after lunch.

#### **Proceedings suspended from 12:31 to 13:30**

**CHAIR:** Let us recommence. Mr Pratt, did you have some additional information for the committee?

**Mr Pratt:** Yes. We have been consulting with Treasury to get our lines right, and Ms Dickenson will take us through basically what we did in terms of estimating the foregone tax revenue from the PPL measure.

**Ms Dickenson:** The PPL costing was based on data from the PPL evaluation and from administrative data that we get from the Department of Human Services. The PPL evaluation data is survey data from a representative sample of over 4,000 mothers who had a baby after the paid parental leave scheme had started. This information includes the income of the mother and information about all their paid leave entitlements, including their paid maternity leave entitlements. It also has their income and the length of the paid maternity leave to which

they were entitled. From that data, first of all we extrapolated this information to the population of mothers based on our knowledge of the administrative data—so the whole sample of PPL population.

For every individual, we were able to work out the amount of income they had, the amount of paid maternity leave they would have received from their employer, and how much that was worth in total. From that, we were able to calculate their current paid parental leave entitlement from the government-funded paid parental leave, and what their paid parental leave entitlement would be post this budget measure, so post 1 July 2016. If their paid maternity leave entitlement from their employer was worth less than 18 weeks of the national minimum wage, which is the paid parental leave total, under the new measure we gave them the amount of PPL that they would get, which would be the partial payment. If their employer-provided maternity leave was worth more than 18 weeks of the national minimum wage, which is the PPL rate, we gave them zero PPL. If they had no employer-provided paid maternity leave, we gave them the full value of the 18 weeks of PPL.

Then, for each individual, we worked out their total income from paid parental leave, salary before the birth and employer-provided maternity leave, before this measure starts and after the measure started, from July 2016. For some people that means a drop in their income between those two periods. Then we provided that information to Treasury and they used their tax models to work out the difference in the tax revenue between the pre 1 July 2016 and the post 1 July 2016 PPL arrangements. They provided that information to us, and we used that in our overall costing of the measure.

**Senator MOORE:** So this had to be done individually?

**Ms Dickenson:** The model was based on the data from the PPL evaluation, which is from a sample, but we were able to extrapolate that to represent the population. It is really a big spreadsheet. It is not harder to do it for 140,000 than it is for one, really.

**Senator MOORE:** Is any of that data public?

**Ms Dickenson:** Only what is in the budget papers.

**Senator MOORE:** Is there any reason why that cannot be public?

**Ms Dickenson:** We have provided the numbers who were affected in each of those categories; that is public.

**Mr Pratt:** Some of that table will actually be public, I imagine, particularly the stuff which is in the evaluation, obviously. Other bits of it are probably things which have not been released; it is just that we have it and we have not released it. Can I suggest that we take it on notice to see what the minister is prepared to release.

**Senator MOORE:** That is useful and it actually puts into one statement a lot of the various bits of information that we heard this morning. There is nothing there that is new, but in terms of the process having been clarified, it is good. Mr Pratt, I am really serious about trying to get hold of this stuff publicly. If they can see from the minister what they are prepared to release, we are taking issue around public interest immunity if we cannot get this information.

**Mr Pratt:** I think the only complication is around what elements of it constitute advice to government as opposed to the simple data, which is not sensitive. Can I undertake that we will look to see what we can release?

**Senator MOORE:** I just thought I would put on notice that that is what we think.

**Senator Fierravanti-Wells:** I think in light of the discussion that we had this morning, I have just suggested to the secretary that perhaps it might be useful for one comprehensive answer to come from the department that reiterates the stats that Ms Bennett gave this morning. I understand if I can summarise, Senator Collins is now going to say she wants additional things, in addition to what you have said, so it is done in a chronological way and we follow the process that we did this morning, and then inserted along the way we can put information that we can supply to you, that is available. I think that is probably a very good summary answer.

**Senator MOORE:** It is a very good start.

**Senator Fierravanti-Wells:** That is going to give us all a lot more clarity around this. Are you happy with that?

**Senator MOORE:** Certainly, and when we see that, we can then see if there is anything we require. Thank you.

**Ms Bennett:** Senator Moore asked if she could have a copy of that little table.

**Mr Pratt:** It will not keep you up late at night.

**Senator MOORE:** No, it will not, but it means I do not have to reread my handwritten notes, which is very useful.

**Senator SIEWERT:** Do you need to ask anything about—

**Senator MOORE:** No, you keep going. This was just to clarify what the different subsets were.

**Senator SIEWERT:** Can we go back to income management and the issue around the social worker availability? When the act was changed in 2012 and Stronger Futures came in—I think that was the right piece of legislation—and numerous bills, one of those gave states a much broader capacity to refer vulnerable people. How does this then affect and interact with the states' process?

**Mr Johnston:** You are right. The states were given that ability through the vulnerable measure, and it was primarily with regards to public housing tenants.

**Senator SIEWERT:** But it was not just restricted to that, though?

**Mr Johnston:** No, it was not, that is right.

**Senator SIEWERT:** In fact, the capacity was broadened out under that legislation.

**Mr Johnston:** That is right. For example, one issue where the states may refer someone under the measure would be for public housing. Only a small number of states have taken that up. Under this process, under the Supporting People at Risk measure, the states will have the ability to continue to make those referrals, so that does not change. The states will be given, for example, a state authority, like the Northern Territory Alcohol Management Treatment Tribunal, with the ability to make referrals for vulnerable customers or vulnerable clients

where they deem income management to be a useful tool. So they will be relying on that SPAR measure.

**Senator SIEWERT:** That means that there will not necessarily be involvement of the social workers up-front unless the person requests that?

**Mr Johnston:** That would be a matter for the state authority that became the SPAR body to determine how they made those referrals. It could be that there is a social worker contact there from the public housing authority, for example, or through the tribunal in the Northern Territory.

**Mr Brown:** But the customer could request one.

**Mr Johnston:** And the customer could request one from Centrelink.

**Senator SIEWERT:** If someone knows they can ask for one, or if somebody tells them that, so what you will be doing in this process is strengthening the capacity of the states to refer?

**Mr Johnston:** I would not say it was strengthening, because it is something that already exists in the income management program. It is just giving the states the ability to continue to do what they do now, should they choose to take up that option.

**Senator SIEWERT:** How many people have been referred through the states? You said a small number? Are you able to tell us that now, or do you need to take it on notice?

**Mr Johnston:** In the data that we provide you, the SPAR measure is identified. That is in the Northern Territory context.

**Senator SIEWERT:** Yes, I know.

**Mr Johnston:** In terms of the states that do make their referrals for the vulnerable, it is New South Wales, South Australia and WA, I believe, but in terms of the specific numbers, it is difficult to break down from the total vulnerable figures that we provide in the data. I could take it on notice to see if it would be possible to break that down further.

**Ms Bennett:** Part of the reason for that is that the mechanism used to be that they are a SPAR partner, and they would refer it to a Centrelink social worker who also does something, where this is basically streamlining it, as you have said, through the SPAR arrangements. They deal with it, and it does not necessarily require another reassessment by Centrelink.

**Mr Johnston:** That is right.

**Senator SIEWERT:** That is what I am concerned about, because that means you are putting the capacity into the hands of the states to just refer without somebody actually then—

**Ms Bennett:** But they already do that.

**Senator SIEWERT:** But this process goes through a social worker. The conversations we have had in the past have been that, yes, the states refer, but it goes to Centrelink to actually look at the particular case.

**Senator MOORE:** We have been told that many times.

**Mr Johnston:** That is under the vulnerable measure assessment, that is right.

**Mr Pratt:** Without going through a social worker, can the states currently refer using the SPAR mechanism?

**Mr Johnston:** I would probably need to take that on notice. I just do not feel confident to provide an accurate answer to that right now.

**Mr Pratt:** All right, we will take that on notice. The other thing is: do we know in terms of the numbers whether it is hundreds or thousands?

**Mr Johnston:** The total number for the vulnerable measure is only a bit over 250, around 260, but we do not have the breakdown from that. I can take that on notice.

**Mr Pratt:** So it is a subset of 260; it is not a huge number.

**Senator SIEWERT:** These measures are only looking at the vulnerable youth trigger; they do not tell us the other vulnerable figures, due to place based. Oh, I beg your pardon.

**Mr Johnston:** The assessments are by vulnerable as well.

**Senator SIEWERT:** You are combining it with the child protection measure?

**Mr Johnston:** Yes. That is because in some jurisdictions the numbers are less than 20, so we do not want to identify the people subject to the measure.

**Ms Bennett:** Just returning to the point that the secretary made, as at 2 January, 264 people were part of the SPAR. They were social worker assessed measures which could be the social worker directly or through the SPAR, as opposed to the 2,662 on the auto-triggers. When the mechanism of the social worker assessed was based and priced, it was viewed that there would be approximately 3,000 participants. The data that has been provided is that only 9 per cent has been an anticipated take-up of that mechanism that was built into the legislation. That is 9 per cent, but less than 10 per cent, either come in through a social worker intervention assessment or through the SPAR which has involved a social worker as well, so 264 instead of looking at the auto-triggers. Anticipated take-up was not given, and it required, I suppose, regular currency of specialist Centrelink social worker skills that could be made available in a different way.

**Senator SIEWERT:** What are these people doing when they are not—

**Ms Bennett:** We would have to ask DHS but, as you know, they do provide a lot of support for many DHS clients. I think I said earlier that this allows them to focus on the more mainstream parts of their jobs.

**Senator SIEWERT:** I do not have any more questions here. I do have more income management questions, but not on that particular issue.

**Senator MOORE:** I am just following up in terms of the social worker impact. One of the things you have talked about here consistently is ensuring that the people who are vulnerable and/or going through the other mechanisms that are on their particular source of application to the department—the youth, aged, long-term unemployed and those different ones that came through—we have talked a lot about the need to have a social worker involved. By the very nature of their situation, they are vulnerable. That was kind of the protection element. When they went into what is a completely different form of service from the department, with the compulsory income management, it was going to change their fortnightly experience. We wanted to have that social worker involvement. I have heard all the evidence about the fact that the stream that was actually generated through a social worker has not resulted in large numbers. I have heard that, and I have accepted it. What I want to find out is what the social



worker involvement is essentially for all of the other people who are going into their compulsory income management stream.

**Ms Bennett:** We will talk to the Department of Human Services and have that clearly set out.

**Senator MOORE:** It is that intrinsic element of having someone with specialist skills of dealing with people who are vulnerable, who are experiencing life-changing events, rather than going through the mainstream service delivery element in the department. I have heard the argument about why this particular measure is being put forward as a saving. What I am concerned about is the intervention process of social workers along the way. You have spoken with Senator Siewert. I just want to clarify if any of the changes in these proposals go to the final decision maker for supporting people at risk authorities?

**Mr Johnston:** Does it affect the SPAR measure?

**Senator MOORE:** The decision maker.

**Mr Johnston:** No, it does not affect that at all.

**Senator MOORE:** What you have gone through, in terms of practice, is actually the work that the states already have. Other than the Northern Territory alcohol tribunal, this could apply to anybody set up under the legislation?

**Mr Johnston:** That is right.

**Senator SIEWERT:** Can I just jump in there? I understand your removal of the vulnerable social worker assessments. It says in the non-legislative changes, 'Administrative changes such as streamlining of the third-party referral mechanisms.' What does 'streamlining of the third-party referral mechanisms' mean?

**Mr Johnston:** I think that relates to the way Centrelink will make referrals to other organisations, like for financial counselling and those kinds of things.

**Ms Bennett:** It is not removing them; it is acknowledging that the mechanisms have become more efficient, and the funding that was allocated perhaps more automated. We can ask DHS, as we do with this, if the way in which they were able to deliver those services has changed.

**Senator SIEWERT:** When you are referring them on to financial counselling, is that what you mean?

**Ms Bennett:** Yes, financial counselling could be one aspect of that for money management courses.

**Senator SIEWERT:** But it is not the third-party referrals as getting people into the system?

**Mr Johnston:** No.

**Mr Brown:** No.

**Senator SIEWERT:** I am just not sure about how you streamline a referral mechanism.

**Mr Brown:** It might be the language you use, but as I was trying to explain earlier, DHS has been able to examine the nature of the interactions it had with income management clients over a period and reviewed the process and tried to integrate some of those, whether it is referral points or what have you.

**Senator SIEWERT:** I think I might have to put some questions on notice to DHS.

**Mr Johnston:** I think it would be to DHS.

**Senator SIEWERT:** This funding comes under your budget initiative.

**Mr Johnston:** It was. We work very closely with DHS in terms of how we design these budget initiatives and find efficiencies in how the program operates. I think on those particular non-legislative and more administrative service delivery processes, it would be more appropriate for DHS.

**Senator SIEWERT:** All right, I will need to put some questions on notice to them.

**Senator MOORE:** Does it have any impact on the interaction between social workers and people identified by child protection?

**Mr Johnston:** No, it does not.

**Senator MOORE:** That remains unchanged?

**Mr Johnston:** It remains unchanged.

**Senator MOORE:** Also, on notice, can I get the breakdown of funding for this year, from previous years, against those elements that have been changed?

**Mr Johnston:** Yes, we can have that on notice.

**Senator MOORE:** That is why I particularly wanted this document so I could see each element of this proposal. We have the savings on that, but we would like the breakdown from what happened in the past and into the future?

**Mr Johnston:** Yes, we can do that.

**Senator MOORE:** As to the impact of income management for those participating in income management through the vulnerable measures, do you have evidence that talks about that particular impact?

**Mr Johnston:** In terms of participants in the vulnerable measure?

**Senator MOORE:** Yes, and the impact on them, the changes on them, the types of experiences?

**Mr Johnston:** So currently?

**Senator MOORE:** Yes.

**Mr Johnston:** For changes they experience currently?

**Senator MOORE:** Yes.

**Mr Johnston:** We would have to probably talk to our colleagues in DHS about that as well. It would be mostly anecdotal. Of course, the numbers of evaluations over many years have gone to people's experiences of income management of a variety of those measures.

**Senator SIEWERT:** And it is not very positive and we are still extending it. I do not know why you bother spending money on it.

**Senator MOORE:** We are interested to see if there is any difference in the evidence of experience of people who have entered the process through the vulnerable definition as to the other forms of income management participation. That would be a Human Services issue?

**Mr Johnston:** It would, but I think we can work with them to get it.

**Senator MOORE:** If we can get anything further to any of the evidence that is led to just describe the experience and what data has been available?

**Mr Johnston:** Yes.

**Senator MOORE:** I think that has covered most things. I think most of the questions would need to then go to Human Services, but there may be stuff on notice.

**Mr Johnston:** I think on the evidence question that you just outlined, that would be something that we would have to take on notice.

**Senator MOORE:** Sure.

**Mr Johnston:** We will work with Human Services to ensure an answer.

**Senator MOORE:** Thank you.

**Senator SIEWERT:** Could you take on notice, please, the amount of money that both FaHCSIA and DSS have spent on the evaluation reports of income management?

**Ms Bennett:** We have provided that previously, but we will have to make sure that it is covered.

**Senator SIEWERT:** I want the total and the most up-to-date figures, please. I will not bother asking you any questions about the evaluation. I will not get very far. I refer to where to from here with the money that has been allocated to look at the Healthy Welfare process; what is the proposal for the breakdown of the expenditure, what are the time lines, and where will it be trialled?

**Ms Bennett:** No decision has been made as to where it will be trialled. It is referred to in—

**Mr Johnston:** While my colleagues are finding the reference in the PBS, as you would know, some \$2.7 million was announced in the budget for further consultation and testing the feasibility of the Healthy Welfare Card recommendation from the Forrest Review. That is for one year, in 2015-16, in the current budget. That is to help facilitate engagement with industry and exploring possible more technologically advanced solutions in terms of providing restricted debit cards, as Mr Forrest recommended.

**Ms Bennett:** It is in Budget Paper No. 2 on page 166. There is an allocation this year of \$2.7 million, as Mr Johnston set out. There are two elements to it: to look at the practical technology of moving to something that is more in line with a normal debit card, like a Visa card or MasterCard platform, and also to engage with up to three communities to assess whether they would be suitable trial sites.

**Senator SIEWERT:** I apologise if it is somewhere, but I cannot tell from this, but how much is going for the consultation with communities and industry?

**Ms Bennett:** Some \$2.7 million is the combined allocation.

**Senator SIEWERT:** I know. That is what I understood.

**Ms Bennett:** That includes the staff that are available, the materials that need to be developed, maybe arranging people to attend meetings and those sorts of things.

**Senator SIEWERT:** Is that just for the consultation process, not for the trials?

**Ms Bennett:** It is not the cost of funding for the trials yet, because we have not worked out the parameters, resolved where they are, what it would look like, or exactly what the

platform of it will be. Then we would need to come back to government with what those costs would be.

**Mr Pratt:** The funding associated with the trial might be found in the contingency reserve.

**Senator SIEWERT:** Although the budget papers talk about the trials, do I understand that none of the \$2.7 million is for trials, but that will be part of the process of working out—

**Ms Bennett:** It is for the preliminary work that needs to be done.

**Senator SIEWERT:** So next year will you then be budgeting for the trials, potentially?

**Ms Bennett:** Perhaps if we went back to government earlier, the contingency reserve could be called upon.

**Mr Pratt:** That has not been decided yet.

**Ms Bennett:** We have not come back with the costings, and formal proposals to government have not yet been considered, so there is no allocation for that as yet.

**Senator SIEWERT:** How did you work out that \$2.7 million was the amount of money needed to carry out that process?

**Ms Bennett:** On the basis of staffing costs for the number of staff that need to be involved to do some feasibilities on this, talking with several communities to determine which are the best, some analysis, some work with the financial institutions about assessments and costs, financial and probity and those sorts of things. They were put into a budget template and that is what we were allocated to do this work.

**Senator SIEWERT:** Will you be taking on outside consultants?

**Ms Bennett:** We have actually engaged an outside consultant at the moment to assist us in talking to possible card providers to assist on what sort of questions to ask, what the technology has the capacity to do, how to break down the information to determine what it might mean in one type of area for one group of people, and how it would interact with merchants in the mainstream. So we are having some assistance in developing that work.

**Senator SIEWERT:** That is the technical side of the card?

**Ms Bennett:** Yes.

**Senator SIEWERT:** Who are they, and how did you select them?

**Ms Bennett:** Boston Consulting, and we utilised a panel.

**Senator SIEWERT:** Is Boston Consulting around Australia?

**Ms Bennett:** They are in Australia. In fact, there are some of them in Canberra.

**Mr Pratt:** BCG is quite a significant provider of services in Australia and elsewhere around the world.

**Senator SIEWERT:** How much are you paying them?

**Ms Bennett:** I think we have paid them \$146,000 to date.

**Senator SIEWERT:** What is the contract worth?

**Ms Bennett:** We would have to take that on notice.

**Senator SIEWERT:** Are you doing this out of last year's budget?

**Ms Bennett:** Yes, preliminary work, and still now. It will continue.

**Mr Johnston:** It is ongoing.

**Ms Bennett:** We are utilising that contractual arrangement as we need to utilise it at certain points. We may not need to use it again or we may. It depends at what point where we do not have the in-house knowledge to progress some of the issues.

**Senator SIEWERT:** But they are just in the technical side?

**Ms Bennett:** They are advising us on those components.

**Senator SIEWERT:** In terms of the consultation with communities, it says here 'on future income management arrangements'. The question is: are you talking about income management across the board or just in the communities?

**Ms Bennett:** Decisions have not been made in relation to that.

**Senator SIEWERT:** The basis of my question is: there is the process of the Healthy Welfare Cards in the trial communities. It says here, 'The future of income management'. I took from your answer before that the consultation—and it may have been a misinterpretation—would be largely based around the potential trial communities and/or the trial communities about the Healthy Welfare Card. If you are talking about the future of income management, surely you need to go beyond that.

**Ms Bennett:** Income management has been extended, which we have just discussed. Funding has been continued for two years. During the course of this trial, depending on what government decides and at what time, it may inform making assessments about the technology, usability and merchant relationships for the future of income management.

**Senator SIEWERT:** Sorry, that did not answer my question at all.

**Mr Pratt:** Sorry, could you repeat the question?

**Senator SIEWERT:** I am trying to find out, if you were doing consulting, and we have had a long history of engagement over the consultation process about income management, it is fair to say that there is pretty strong concern in communities about the process that has been carried out before, and about income management. This says, 'Consultation about the future of income management.'

**Ms Bennett:** Parliamentary Secretary Tudge—it has been made it publicly available, and you would have seen it in many activities—has commenced some preliminary discussions with a number of communities. Once there is some idea where they might be, and government has endorsed that, we would then go through a more formalised consultation process which would draw on those funds that have been allocated to the department.

**Senator SIEWERT:** To do the trials?

**Ms Bennett:** To do the trials.

**Senator SIEWERT:** That is different to general conversation about the future of income management. That is my question. Is the consultation about what you have just said, and that is it, or will you also be talking more broadly across the communities that have been affected by income management about whether they want income management?

**Ms Bennett:** No.

**Senator SIEWERT:** Thank you; that is what I was asking. So there is an assumption that income management will continue, and this is where we will put it?

**Ms Bennett:** At this stage, it is funded for two years, as we referred to in those sites in previous questions that I have answered.

**Senator SIEWERT:** Then you would do the trials on the Healthy Welfare Card, and everybody else has to suck it up if the government decides from those trials that it wants to continue it. There will be no further consultation with other communities?

**Mr Pratt:** I do not know that I would conclude that. That is something for the government to decide down the track, subject to how the trials go.

**Senator SIEWERT:** The process is you are then supporting that refinement of which communities will have the trials in them?

**Ms Bennett:** We are working with PM&C on this issue. As I said, Parliamentary Secretary Tudge is leading the consultation with communities.

**Senator SIEWERT:** Is there a time frame for when that will be finalised?

**Ms Bennett:** No, there is not.

**Senator SIEWERT:** In terms of that community consultation, within the next 12 months or earlier?

**Mr Pratt:** Certainly there will be significant consultation over the course of this year.

**Senator SIEWERT:** Calendar year?

**Mr Pratt:** Calendar year, but who knows; the consultations could happen more rapidly, subject to what the communities think and what they tell Parliamentary Secretary Tudge, or they might take longer. There is no hard and fast timetable.

**Ms Bennett:** And then the time it takes to make a decision.

**Senator SIEWERT:** Is the consultation with the banking sector working on that same time frame as well? So do you have the two processes concurrently?

**Ms Bennett:** Yes.

**Senator SIEWERT:** With an expectation to finish at the same time?

**Ms Bennett:** They are occurring concurrently because the element after consultation, after government has made a decision about time frames, which communities, when it might commence, we need to make sure that we have some technology to test it at the same time.

**Mr Pratt:** It also depends a little bit on which communities we end up trialling this in. The technology options may be different, depending on which communities are chosen.

**Senator SIEWERT:** Why is that?

**Mr Pratt:** For example, something that might be appropriate in an urban location may not work in a remote location, that sort of thing.

**Senator SIEWERT:** There is a potential there; you have more than one type of technology.

**Mr Pratt:** It will be up to three trials.

**Senator SIEWERT:** Is it envisioned that you will work across all banks or are you talking to one bank about the provision of the card?

**Mr Pratt:** I suspect, in terms of the trials, it will be an institution.

**Senator SIEWERT:** Will you put it out to tender to the banking sector?

**Mr Pratt:** Probably not. We will probably determine through our discussions with various institutions who is most capable of handling a trial of that sort. I do not suppose it is impossible that we could do some form of procurement process, but I do not know that that is finalised yet.

**Ms Bennett:** I think the decision of where the communities are located will determine what the profile is, but those decisions have not been finalised yet.

**Senator SIEWERT:** Is it envisaged in the future that the process would just be with one financial institution?

**Ms Bennett:** The future is not envisaged yet until we see what the trials show.

**Senator SIEWERT:** Surely you must have an idea about whether people will have a choice of which banking institution they will be forced to work with?

**Mr Pratt:** We are talking in general terms. I think the options are open. It would depend very much on the direction the government decides to take in terms of how widespread it is or how narrow it is. If it was widespread, then we potentially could imagine it being handled by a number of institutions. If it was relatively narrow, it might be a single institution, as with the current arrangements. All of those things are still to be decided.

**Senator SIEWERT:** If we go back to the consultants that are being used with respect to this process, are there any other outside consultants, or any consultants being brought in, to do the consultation process or any other part of this process?

**Ms Bennett:** Not at this stage, no.

**Senator SIEWERT:** Are you undertaking it, or is PM&C undertaking the consultation process?

**Ms Bennett:** We are working with PM&C but, as I said, Parliamentary Secretary Tudge is leading some of these discussions. We provide support, information, analysis of communities and details about how many merchants are there, and providers, or what might be happening. We do that sort of work that supports it. Sometimes a departmental officer has accompanied Parliamentary Secretary Tudge, and sometimes someone from PM&C has accompanied Parliamentary Secretary Tudge.

**Senator SIEWERT:** In terms of the formality of the process, are there advertisements? Does the consultation involve the whole community? How has that process been undertaken? You have the expertise in this because you have been through a number of versions of consultation on income management/Stronger Futures. Are you doing a similar sort of thing, or is this going into town and having a meeting?

**Ms Bennett:** We will take that on notice because, as I said, we are working with closely with PM&C and we have set up some of those arrangements. The area of PM&C used to be part of the department. But we will take that question on notice on how it has been structured. It has not been a general open yet. It has not been an open consultation process yet, but it has been more targeted to individuals or already established mechanisms that exist in some of those communities. We will take that on notice.

**Mr Johnston:** In addition to individuals there are locations, service providers who know the local area and all those sorts of things as well.

**Senator SIEWERT:** So we are not actually talking to the people that are actually affected yet, are we?

**Mr Pratt:** We still have a long way to go in the process.

**Senator SIEWERT:** Yes, you will be a long way down the track before the people that are going to be impacted are actually consulted. Sorry, more of the same.

**Mr Pratt:** I do not want to give you that impression. I think the expectation is there will be widespread—

**Senator SIEWERT:** You said you are targeting individuals.

**Mr Pratt:** So far. It is early days.

**Senator SIEWERT:** And providers.

**Mr Pratt:** So far.

**Senator SIEWERT:** So PM&C is running this process, but it is supposed to be not an Aboriginal process. So why are they running it and not you?

**Ms Bennett:** No. We said we are doing it jointly.

**Senator SIEWERT:** You said you had to ask PM&C about the consultation process.

**Ms Bennett:** About their elements of it, and in terms of our broader element, I set out the types of things that we are providing. As I said, a member of staff in the non-Indigenous communities is a member of our staff that accompanies the parliamentary secretary to some of those meetings. We have been present at meetings that he may have had with some of the financial institutions. There is a range of things.

**Senator SIEWERT:** Why are you not going to the Indigenous communities?

**Mr Pratt:** We might.

**Mr Johnston:** We are doing that as well.

**Senator SIEWERT:** You are? Ms Bennett just said to the non-Indigenous communities. So, is a person from DSS going to all of the meetings?

**Ms Bennett:** Not to every meeting that is held, no.

**Senator SIEWERT:** Does PM&C go to every meeting?

**Ms Bennett:** I do not know whether they attend every meeting with the parliamentary secretary.

**Senator SIEWERT:** Can you tell me, or are you aware, of which communities have been visited already?

**Ms Bennett:** We will take that on notice.

**Senator SIEWERT:** That includes non-Indigenous communities as well, does it?

**Mr Johnston:** That is right.

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

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



**Senator SIEWERT:** What is the time frame for rolling out the consultation process beyond targeted individuals and service providers?

**Mr Pratt:** As I said before, over the course of this year, but subject to how those consultations go, they may be extended beyond that. It depends really how the consultations go or what comes out of them.

**Senator SIEWERT:** Is there a cast-iron guarantee that there will be broad community consultation which is an open invite, with language? We have been through this before. You know what is involved in consultation in these communities.

**Mr Pratt:** Yes, and I will not put a cast-iron constraint on Parliamentary Secretary Tudge, because he is leading this process across both Prime Minister and Cabinet and DSS. It is my strong expectation that there will be widespread consultations in communities.

**Senator SIEWERT:** You took on notice, I think, the breakdown of the money that has been provided out of the \$2.7 million for the consultation process and the technical process?

**Ms Bennett:** No, we did not.

**Senator SIEWERT:** Sorry, I must have forgotten to ask that. I must have been diverted when I was asking about the \$2.7 million. We started down that track.

**Ms Bennett:** As I said to you, it has elements including departmentals, so departmental expenses. We will try to provide some distinction in that.

**Senator SIEWERT:** I think they are all my questions on income management. I presume it is in the next outcome, but I want to check on the new process, looking at what is happening with the actuarial approach.

**Mr Brown:** That is under outcome 1.

**Senator MOORE:** I have a couple more questions on the Forrest review area, following on from Senator Siewert.

**CHAIR:** Before you do, I would remind senators that we are about two hours behind our schedule. I would remind senators of the agreement we had to stick to our schedule, but I would also remind them of the standing order which no longer allows me to shut it down.

**Senator MOORE:** I want to find out what consultations were undertaken with banks and possible industry partners on the Healthy Welfare Card as part of the Forrest review.

**Mr Pratt:** We did answer quite a few questions on this in previous estimates sessions. We have been having quite a few meetings with banks, technology providers, card providers, other financial sector institutions, retailers, on this. We did quite a bit of that last year. Parliamentary Secretary Tudge and former Minister Andrews led those. They were quite extensive. There has been continuing engagement with subsets of those ever since. So there has been quite a lot.

**Senator MOORE:** Can you refer me to the previous question on notice that covers this area?

**Mr Pratt:** It is certainly in the transcript from the previous estimates.

**Senator MOORE:** I will just double check.

**Senator SIEWERT:** It might have been the time before last.

**Senator MOORE:** Yes, I think it was. You have actually said that has been going on for a period of time. I know we have talked about it before, but I am just trying to look at the consultation that has happened up until now. Now that there is going to be another significant funded part of consultation; all the stuff that you have discussed came prior to the current \$2.7 million allocation?

**Mr Pratt:** That is right.

**Senator MOORE:** With respect to meetings, phone calls and correspondence involving the department, the minister or the parliamentary secretary, was that all covered in previous transcripts?

**Mr Pratt:** Certainly at a general level, yes.

**Senator MOORE:** Can we get a more particular level in terms of what the minister, the parliamentary secretary and the department have had in terms of consultation with banks and possible industry partners?

**Mr Pratt:** In what sense?

**Senator MOORE:** The number of meetings, the dedicated time and any formal correspondence?

**Mr Pratt:** There were certainly lots of meetings, quite a bit of correspondence. My memory is not perfect on this, but I thought we talked about it quite a bit in estimates before. Whether or not we took some questions on notice and followed up on that, I am not sure. But if we have not, we will try to give you some more information on that.

**Senator MOORE:** That would be very useful.

**Mr Pratt:** If we have, we will update it.

**Senator MOORE:** It is the parliamentary secretary that is leading into the next round of consultations on this program?

**Mr Pratt:** That is right.

**Senator MOORE:** The feedback from banks and industry on the Healthy Welfare Card to date—and we have had discussion about this before, and I have seen the submission by the Australian Bankers Association—showed a lack of support to the role of banks in the Healthy Welfare Card. I do not think I am verballing its submission. Has there been a degree of support from banks to this process in the past?

**Mr Pratt:** I was asked this question before. Really, you should ask the banks directly, because I can give you my assessment of it. There is a variety of views coming from the financial institutions. There are some areas where there are issues and there are other areas where there is broad support. Really, I think the best option would be to ask the banks.

**Senator MOORE:** I listened carefully to the interchange with Senator Siewert, and you gave an answer where you indicated that there was a bank that was showing interest, or words to that effect.

**Mr Pratt:** I was indicating that we will need to have at least one financial institution involved in this, yes.

**Senator MOORE:** Maybe I misheard, but I thought you actually said there was one interested, not that we would need one? I could have misheard that.

**Mr Pratt:** I am not sure that I said that. Mind you, there are institutions that are—

**Senator MOORE:** I will not ask you for the names. In terms of the process, what is the difference between the \$2.7 million series of consultations with what has gone on before? What is the difference in what will happen into the future?

**Mr Pratt:** A large part of that will be the more extensive consultations with communities, whereas what I have just been discussing in terms of meetings last year were particularly with institutions, card companies, retailers and so forth. We will still keep doing that, but we will be more in the communities.

**Senator MOORE:** I am interested in the difference between what the consultations were before until now? What is the different focus in this next round?

**Mr Pratt:** Again, subject to consultations externally, there may be differences in the possible policy settings, the options that government might consider, so those would need to be retested with possible partners.

**Senator MOORE:** You actually gave some information to Senator Siewert about the \$2.7 million. Did you ask whether there will be a consultant involved?

**Senator SIEWERT:** Yes.

**Senator MOORE:** And the answer?

**Mr Pratt:** Yes, we have had consultants already involved.

**Senator MOORE:** And you have Boston Consulting?

**Mr Pratt:** That is right.

**Senator MOORE:** That is from the list?

**Mr Pratt:** From our panel.

**Senator MOORE:** From the departmental panel?

**Mr Johnston:** From the APSC panel.

**Senator MOORE:** Does the department have its own panel?

**Mr Pratt:** In certain areas, but it works well for government for departments to be able to access different panels so that there are efficiencies. For example, I think we might look after panels around research or that sort of thing—areas we are particularly interested in.

**Senator MOORE:** So they are departmental panels; they do not have any group on it that could do the kind of work that you want in the \$2.7 million?

**Mr Pratt:** It may well. We have a number of panels that we can access. We can go right across different departments.

**Senator MOORE:** Is there a process that you have to use to go outside of your own panel, or can you move in and out at the decision of the secretary?

**Mr Pratt:** I must confess I do not know exactly. I will take that on notice.

**Ms Bennett:** I can actually answer that.

**Senator MOORE:** It seems Ms Bennett knows the answer.

**Ms Bennett:** Our organisation is one of the departments that agrees to use some departments' panels. We cannot us—some departments lead a particular panel. It is a bit like you would have heard briefing on some of the legal panel arrangements. We have some

panels that other organisations draw on us. It might be on evaluation or some of the research panels. We have been on this occasion because we have that relationship with the APSC that has been specifically agreed, we were able to draw on their panel. There are rules around this. As I said, it has been \$146,000, so there are questions about who we can choose; that is the expertise they bring into it, the speed in which they were able to commence on it, and their proven past value for money. Those factors can be determined. Obviously the size of what you expect something to be determines whether you go out for other processes that are all stepped out.

**Senator MOORE:** What is the trigger point for that? It is \$146,000.

**Ms Bennett:** I cannot remember what that is.

**Senator MOORE:** How many organisations are on your panel? You can take that on notice.

**Mr Pratt:** These are actually questions for our cross-portfolio.

**Senator MOORE:** We ran out of time here last night, Mr Pratt.

**CHAIR:** Yes, we really did not have enough time for cross-portfolio. How long did we have?

**Senator MOORE:** Not quite long enough. We will stick that on notice in terms of process. Will any funding be provided to industry or other experts to engage in the consultations?

**Ms Bennett:** We do not know yet.

**Senator MOORE:** When do these kick off?

**Ms Bennett:** We explained earlier, just very early consultations with individuals. The process will be that government will make its decision how it is progressing, which relates to possible trial sites. It could be also about the nature of the technology, timing and implementation. Then, as Mr Pratt said, we would also include in that a consultation strategy and time frame for introduction and those sorts of things.

**Senator MOORE:** I heard all that.

**Ms Bennett:** So, an implementation plan is still yet to be developed.

**Senator MOORE:** I heard all that answer when you talked to Senator Siewert. I want to know when the work will start.

**Ms Bennett:** We are hoping soon.

**Mr Pratt:** In the next stage of consultations. It is almost in train.

**Senator MOORE:** So the \$2.7 million is for next financial year, is it not?

**Ms Bennett:** Yes.

**Senator MOORE:** Have you started that, or do you have to wait until the financial year ticks over?

**Mr Pratt:** No, we can organise things now.

**Ms Bennett:** We can stage a plan.

**Senator MOORE:** So, as yet, the \$2.7 million has not kicked in?

**Mr Pratt:** That is available from the next financial year, but we can use existing resources.

**Senator MOORE:** You actually asked questions around whether income management was focused particularly at Indigenous Australians, did you not?

**Senator SIEWERT:** Yes, I did.

**Senator MOORE:** And the answer was?

**Mr Pratt:** No, not exclusively to Indigenous Australians.

**Senator MOORE:** I know that we talked about why the Parliamentary Secretary on Indigenous Affairs is leading the development of the trial. Is that an extended function? Am I unaware of the way the process works, in that Mr Tudge has the Indigenous Affairs title, and he is leading on an area—

**Mr Pratt:** He has also been separately tasked with this.

**Senator MOORE:** So this is a separate task?

**Mr Pratt:** It is separate but related. The original proposal for the Healthy Welfare Card came from Mr Forrest's review.

**Senator MOORE:** Which was focused on Indigenous people.

**Mr Pratt:** Mr Forrest's review did touch on lots of things which go beyond the interests of Aboriginal and Torres Strait Islander people of Australia. He had lots of recommendations around things which are DSS mainstream business, including income management, pensions, welfare generally.

**Senator MOORE:** It crossed over, but certainly had a major focus on Indigenous Australians.

**Mr Pratt:** Certainly. That was the main focus.

**Senator MOORE:** It is not in Mr Tudge's Parliamentary Secretary for Indigenous Affairs hat that he has the leadership; this is a special task?

**Mr Pratt:** Well, it sits alongside that hat.

**Senator MOORE:** What about the role of PM&C in the development of the trial, in terms of the fact that PM&C's role is the Office of Indigenous Affairs?

**Mr Pratt:** PM&C also has a general strong policy interest in social policy matters overall.

**Senator MOORE:** Senator Siewert came close to the process in terms of the links with income policy, with which she was not happy. In terms of the focus of this area—and you have explained to me that it is not peculiar to Aboriginal and Islander people—the link with the feedback we got around the emergency response is something that we are beginning to hear in the community. Is that something that the department has heard in terms of the response in the community feeling as though this is actually targeted at Aboriginal and Islander communities?

**Mr Pratt:** That is certainly not the government's intention.

**Senator MOORE:** Has the department heard of such a response?

**Mr Pratt:** I have seen some media reports that suggest there is a concern of that sort.

**Senator MOORE:** You have not had formal comment around that?

**Mr Pratt:** My comment is the government's objective here is looking at a Healthy Welfare Card which would apply potentially to any Australian who needs it down the track. But that is a long way into the future. We have very early steps to take in terms of some trials in up to three communities before we get into that sort of territory. No government decisions have been taken at all about where this might head into the future.

**Senator MOORE:** That is the type of information you will learn through the trial process?

**Mr Pratt:** That is right. It will inform future government decision.

**Senator MOORE:** Have you decided yet what products will be excluded from purchase under the trial, or is that still under consideration?

**Ms Bennett:** Parliamentary Secretary Tudge has talked about alcohol, gambling and drugs, which is restricting the amount of cash that can be spent.

**Senator MOORE:** So they are the only things that he has spoken about to this stage?

**Ms Bennett:** At this stage, yes.

**Senator MOORE:** Are pornography products and cigarettes no longer considered harmful? As you know, that was part of the previous process.

**Mr Pratt:** No final decisions have been taken on exactly how this might work.

**Senator MOORE:** There is a particular question about the issue of pornography, as that was such an important issue in the emergency response process in the NT experience. As yet, that is still not determined?

**Mr Pratt:** It will be subject to a future decision by government.

**Ms Bennett:** And it may be different between—

**Mr Pratt:** It could be different in different communities, yes.

**Ms Bennett:** Different in different communities.

**Senator MOORE:** What is different about the other income management locations and the trial locations?

**Ms Bennett:** The trial locations have not been identified yet. Income management is in the list of communities that we have talked about, or unless there are particular triggers where it is not communities versus individuals or families. In this case, there will be trials that are not just in Indigenous communities, as we explained, but the trial sites have not yet been determined.

**Senator MOORE:** Is there any tension between the decisions that are within an income management community that cigarettes and pornography are not able to be purchased, and at this stage we do not—

**Mr Pratt:** Those are things which government will have to work through.

**Senator MOORE:** It has not been decided yet. Have there been any representations by the tobacco or pornography industry to the department or the government about the exclusion of their products?

**Ms Bennett:** No.

**Senator MOORE:** Not to the department?

**Mr Pratt:** No.

**Senator MOORE:** Minister, are you aware whether there has been any representations from the tobacco or pornography industries about their products being excluded in this trial?

**Senator Fierravanti-Wells:** Not that I am aware of, but I am happy to take that on notice and make appropriate investigations.

**Senator MOORE:** Everything else Rachel covered.

**Mr Pratt:** Are we finished income management and healthy welfare?

**Senator MOORE:** Hopefully.

**Senator SIEWERT:** I wanted to ask a couple of quick questions about intercountry adoption.

**Ms Bennett:** We just have to get another member of the staff.

**Senator SIEWERT:** I beg your pardon. I understand the *Report of the Interdepartmental Committee on Intercountry Adoption* from last year, or at least part of it, has been made publicly available. Is that right?

**Ms Bennett:** Yes, that is right.

**Senator SIEWERT:** I understand, however, from constituents that pages beyond page 41 about possible immediate measures have not been released to the public.

**Ms Bennett:** You would have to ask the Department of the Prime Minister and Cabinet about that.

**Senator SIEWERT:** So it is PM&C where I need to ask that?

**Ms Bennett:** PM&C.

**Senator SIEWERT:** Is that because they ran that process?

**Ms Bennett:** Yes.

**Senator SIEWERT:** Even though the issue sits with you, they ran that process?

**Ms Bennett:** It was through that process that it was decided that the issue sits with us.

**Mr Brown:** And the Attorney-General's Department.

**Senator SIEWERT:** And A-G's?

**Mr Brown:** Yes.

**Senator SIEWERT:** I will need to put that on notice. I suspect, therefore, you may not be able to answer the next question around the report *Intercountry adoption in Australia: analysis of programs and models of service delivery*. Do I have to ask them for that report, too?

**Ms Carapellucci:** Could you repeat the question?

**Senator SIEWERT:** There is a report called *Intercountry adoption in Australia: analysis of programs and models of service delivery* by Jennifer Degeling. Are you aware of that report?

**Mr Brown:** I am aware of that report. I think you should ask the Attorney-General's Department.

**Senator SIEWERT:** A-G's for that one as well?

**Mr Brown:** Yes.

**Senator SIEWERT:** Have you seen that report?

**Mr Brown:** Yes, I have seen that report.

**Senator SIEWERT:** So have you been using that report for the work that you have been doing?

**Mr Brown:** It certainly provides some context and information that is useful.

**Senator SIEWERT:** I will put that on notice. Do you have carriage of the process from now on of dealing with the new initiative?

**Ms Bennett:** We will go into a bit more detail but it is still a role shared between our agency. In a sense we are the coordinating agency and we work closely with the Attorney-General's Department because they are the central authority in terms of international adoption. We work with the Department of Foreign Affairs, the Department of Immigration and a number of other agencies that relate to things like Medicare cards, identity and other benefits. The arrangement that the department and the state governments are establishing is a service in which parents interested in adoption or in the adoption process may come to us to seek further information or assistance through the connections that we have established with those organisations that I have listed to find out the status or if there is some blockage or resistance for resolution.

**Senator SIEWERT:** In terms of the process of ongoing consultation about the rollout of this initiative and other issues to do with intercountry adoption, what is the process from here on for broader consultation with NGOs and, in particular, adult intercountry adoptees? You will be aware that they have some strong opinions and also some issues that they would like to ensure are addressed with the new process.

**Ms Bennett:** Ms Carapellucci will be able to go into more detail but we have had contact. It is enduring contact. We have involved them in staff training and they have already provided some feedback about information that was on the site.

**Ms Carapellucci:** We have had some preliminary contact with a group called Inter-Country Adoptee Voices. We are organising a meeting with them for 22 June and we will have their representatives from around Australia who will be able to dial in via videoconference, but some of us will travel up to Sydney to meet face to face. The Attorney-General's Department will also be involved in that meeting.

That group also contributed to the training that we did for the staff who are on the 1800 information line. Those staff are qualified and very experienced social workers that had special training around intercountry adoption. That included presentations from state and territory central authorities, families who have been through the intercountry adoption process as well as people who were adopted themselves. A representative of Inter-Country Adoptee Voices provided a session at that training.

**Mr Brown:** And also things like the Hague Convention and those applicable things.

**Senator SIEWERT:** Will there be ongoing involvement? What is the process for ongoing involvement?

**Ms Carapellucci:** We are now working on a more fully developed stakeholder engagement strategy. Up until now we have been focusing on getting the website up and



running and the 1800 number. Now that is underway we are looking at stakeholders who we need to further engage with and how we might do that.

**Senator SIEWERT:** What is your time line for that?

**Ms Carapellucci:** That will be over the next few months.

**Senator SIEWERT:** So by?

**Ms Bennett:** By the end of the year.

**Senator SIEWERT:** That is where I was going. At this stage do you envisage by the end of the year you will have a new process in place?

**Ms Bennett:** Not a process. It will be engagement with stakeholders. We are working with state governments on further reforms to streamline their connection and also with Attorney-General's. It is a constant process of how we can streamline arrangements, to share information about best practice and engage with stakeholders about where there might be a change in particular country conditions or other countries may become signatories. I think it is not just one path where we are going to change the service; it is the way that we are going to continually work to try to make the best information that is available as easy as possible but in a sensible and practical way for prospective parents in that process and making sure that the services that are across the Commonwealth that we provide and the relationship with the state governments is as seamless as possible. It is ongoing and taking into account the stakeholder interests in this.

**Senator SIEWERT:** I will follow it up in October to see how the progress is going. Thank you.

**Senator CAROL BROWN:** Can you explain to me how you are going to spend the \$33.7 million that is in the budget over five years? You have got the website and the 1800 information line. What is the cost for those?

**Mr Brown:** DSS funding over that period amounts to \$29.9 million. It includes funding for staffing. There is also a small top up for Family & Relationship Services as well to assist parents. For example, if a parent experiences relationship difficulties or family difficulties they will be able to access specific services as well. We are currently working through how that will be delivered. That is part of that component.

**Senator CAROL BROWN:** How much is that?

**Mr Brown:** It is \$3.5 million over the forward estimates, so \$875,000 per year.

**Senator CAROL BROWN:** So you will engage a service provider for that?

**Ms Bennett:** They are already there.

**Mr Brown:** It is likely we will use existing family relationship providers.

**Senator CAROL BROWN:** When do you expect that to happen?

**Mr Brown:** We are working through those details quite rapidly at the moment. I could not give a precise time as to when that would occur, but I think it would be quite soon.

**Ms Bennett:** The remaining funding was to be split across several agencies.

**Senator CAROL BROWN:** Does most of it sit with you?

**Ms Bennett:** Yes, \$29.9 million.

**Senator CAROL BROWN:** Can you give me the cost of the 1800 information line?

**Ms Carapellucci:** There is a cost of \$1,058,500 over the forward estimates for the technology for the information line. Then there is an additional \$155,446 for information line costs, so that would be the actual—

**Senator CAROL BROWN:** The answering?

**Ms Carapellucci:** No. It is the payment for the number. There would be staffing costs there as well. I would have to take on notice the staffing costs specifically for the staff who are on the information line.

**Senator CAROL BROWN:** What will be the operating times for the 1800 information line?

**Ms Carapellucci:** It is nine to five Monday to Friday across Australia.

**Senator CAROL BROWN:** Do you know how many people are working on that information line?

**Ms Carapellucci:** There are four staff who are dedicated on the phone and then there is scope for additional staff.

**Ms Bennett:** But at different shifts. The national coverage from nine to five is really nine to nine.

**Mr Brown:** Nine to seven at the moment with WA.

**Ms Bennett:** Nine to seven.

**Senator CAROL BROWN:** They are not DSS staff, are they?

**Ms Carapellucci:** Yes, they are.

**Senator CAROL BROWN:** Do you have some details about contacts through that information line? It has not been operating for long though, has it?

**Ms Bennett:** It has not.

**Ms Carapellucci:** We have data for the first two weeks. The total number of phone calls over the first two weeks has been 50. There were 18 in week one and 32 in week two. The average length of call in week one was 16 minutes and in week two was 11 minutes. The total number of emails that have come in is 28. There were 16 in week one and 12 in week two. The total number of website hits has been 6,415. There were 1,478 in week one and 4,937 in week two.

**Senator CAROL BROWN:** At the next estimates I will get some more information. In your budget document you are talking about strengthening relationships with existing partner countries. How are you going about that, or is that a question that I would need to ask somewhere else?

**Ms Carapellucci:** The management of country programs sits with the Attorney-General's Department but we are working with them on that as well.

**Senator CAROL BROWN:** Do you have a role in pursuing other countries to become partners or is that also somewhere else?

**Mr Brown:** As I said, we have been working closely with A-GD. They are leading the active exploration of new country programs with countries who are Hague signatories but with whom we do not currently have an agreement.

**Senator CAROL BROWN:** Are all our partner countries signatories to the Hague Convention?

**Mr Brown:** I think there are two that currently are not.

**Ms Carapellucci:** One is Taiwan and the other one is South Korea, which has signed up to the convention. Australia has made an assessment that they comply with the convention but they have not formally taken that step.

**Senator CAROL BROWN:** The A-G's Department is still the Australian central authority?

**Mr Brown:** That is correct.

**Senator CAROL BROWN:** In relation to the Hague Convention?

**Mr Brown:** That is correct.

**Senator CAROL BROWN:** Will the department be sending anybody off to the special commission on intercountry adoption?

**Mr Brown:** Yes.

**Senator CAROL BROWN:** You are. That is good. Who is going?

**Ms Carapellucci:** I will be attending that.

**Senator CAROL BROWN:** Are you the only one?

**Ms Carapellucci:** Yes, the only person from DSS attending.

**Senator CAROL BROWN:** That is all I have. Thank you for that information. I would like to ask some questions about the National Framework for Protecting Australia's Children. Can the department give me an update on the consultations on the development of the third action plan?

**Mr Brown:** Consultations began earlier this year, I think around March. They were co-facilitated by Families Australia. Brian Babington, CEO from Families Australia, led off most of the consultation meetings that we had.

**Senator CAROL BROWN:** I think, from the last estimates, that they were roundtables.

**Mr Brown:** There was a series of roundtables. I think we had 16 in capital cities and some regional centres. Sometimes we had more than one in one capital city.

**Senator CAROL BROWN:** All capital cities?

**Mr Brown:** All capital cities. We also went to Lismore and Townsville as regional centres. We can give you more precise details of numbers. It varied but it was around 25 per roundtable. We sought from states and territories and the NGO sector people to target to be invited to those meetings so we had quite a diverse range of people who were able to contribute to those discussions.

**Senator CAROL BROWN:** Was it by invitation only or was it public?

**Mr Brown:** There was not a public call. It was consistent with previous exercises. We tried to manage it but used the NGO sector in particular, the coalition, to identify people with

a diverse perspective who could bring to bear their expertise and ideas in a forum. We wanted to have an approximate limit in those forums so that everybody had a chance to speak. It was a good, solid conversation.

**Senator CAROL BROWN:** I will take up your offer, on notice, if I could get some of the information about the localities and the organisations that were invited or attended. Is it also possible to get copies of the documentation that may have guided the discussions?

**Mr Brown:** Yes. We are happy to do that. The department, in consultation again with Families Australia, in particular, and the states and territories developed a discussion paper, a discussion primer, and we would be happy to provide that to you.

**Senator CAROL BROWN:** At the last estimates I think it was indicated that the action plan would be developed over the next six months. Are we still working to that timetable?

**Mr Brown:** We are still working to a timetable of getting the third action plan developed and agreed to across jurisdictions later this year. We are aiming for approximately September.

**Ms Bennett:** We do need the states and territories to come with us on this as well and they have their own internal processes. They need to take it through their own government frameworks. I think there is a broad agreement for September-October. Also, the observation is that the states are wanting to make sure that as we lock down the next action plan that it may have picked up things that have come from the royal commission and the out of home care so there is the process of consultations but there will also be, obviously, some reflection on other work and thought and other environmental issues that are happening and how that might be folded into the plan.

**Senator CAROL BROWN:** In the discussion earlier this morning you indicated that \$2.6 million of the national initiatives fund was for the national framework. Is that correct? Did I hear you correctly?

**Ms Bennett:** That was Ms McKenzie. We were talking about national initiatives.

**Mr Brown:** It was figure of something like that.

**Senator CAROL BROWN:** Is that funds for projects?

**Mr Brown:** Projects to support the national framework. In the past it has been commissioned, always with agreement of the states and territories, for things like research reports and some data work. It has funded, for example, some of the work around the consultations earlier this year.

**Senator CAROL BROWN:** Has some of that money been expended?

**Ms Bennett:** We have money this year and we have money in the forward years. Often some of the projects for research work are jointly funded between us and the states; not for every project, but there is an established formula. The secretaries of community services meet on a regular basis to look at a forward work plan of research or items and then some projects we will have decided just to fund ourselves which they are aware of and we share but we may have decided to do that to move it along quickly.

**Mr Brown:** There are things like the work that AIHW are doing, the data collection reporting on the national standards that were agreed by states and territories a few years back. There is quite a considerable investment in that process.

**Senator CAROL BROWN:** We will say it is \$2.6 million. Is that still available or has some of that money already been expended?

**Mr Brown:** I do not have the details with me but I believe that this year's funding is fully committed.

**Senator CAROL BROWN:** The one that we are in now?

**Mr Brown:** The one that we are in now, 2014-15; I think those funds are fully committed. I think there is a small number of projects that we have committed to for next year but there is some funding that at this stage has not been identified. You know that the process we are going through at the moment will help us.

**Senator CAROL BROWN:** Can I get a breakdown of the 2014-15 projects, on notice if that is easier?

**Mr Brown:** Yes.

**Senator CAROL BROWN:** I would also like, if it is possible—

**Ms Bennett:** Recognising that our contribution to those projects may not be the total cost of them or reflect states' contributions. Some will have been entirely funded by us and then others will have been the source of contributions from state governments.

**Senator CAROL BROWN:** I am sure you will indicate that when you provide the information. Also, for any of those in 2015-16, if you can, if it has already been committed. I have a couple of quick questions about how you communicate about the framework. There have previously been annual reports but I know that has ceased. Do you do emails?

**Mr Brown:** There is still the annual report. There was an annual report to COAG that I am aware of. There is still an annual report proposed which will go on our website.

**Senator CAROL BROWN:** You used to do newsletters because I noticed that they were still on your website but there has not been one produced for a few years.

**Mr Brown:** There has not been one for some time. Without knowing how the discussions around the third action plan will play out over the next little while, we will be looking at that issue as we go along for the third action plan: how we communicate the framework.

**Senator CAROL BROWN:** It could help stopping senators putting questions on notice.

**Ms Bennett:** We will take that into account.

**Senator CAROL BROWN:** I have a few questions on the Stronger Relationships trial. I am trying to gather some data. How many couples registered for the trial actually utilised the subsidy?

**Mr Brown:** As at 9 February, when new registrations ceased, there were 12,931 registrations. As at 28 May a total of 6,389 claims had been made by service providers.

**Senator CAROL BROWN:** They have still got until the end of this month?

**Ms Creech:** Yes.

**Senator CAROL BROWN:** Is that another 6,000, at this point in time, that have not yet used the subsidy?

**Mr Brown:** That is correct.

**Senator CAROL BROWN:** Do they use the full \$200 subsidy?

**Ms Creech:** The providers deliver a service to a couple and they can then claim the \$200 subsidy back. There may be times where the service they provide the value is more than \$200, but it is the \$200 subsidy that they can claim back.

**Ms Bennett:** It has to be a minimum of \$200.

**Senator CAROL BROWN:** I understood that. What were the final costs of administering the trial, including staffing, IT and advertising?

**Ms Creech:** The final estimated cost is around \$2.5 million. That includes IT, staffing, communications and evaluation. That is all the elements.

**Senator CAROL BROWN:** That is all I wanted to know. I have got some questions on Settlement Services.

**CHAIR:** Are you still going in this outcome?

**Senator CAROL BROWN:** Yes. It is just a few quick ones.

**CHAIR:** I will just remind you that we are about two and a half hours over time.

**Senator CAROL BROWN:** On page 92 of the PBS under Settlement Services, can you break down the programs and the specific funding allocated to those programs?

**Ms Cala:** Yes, I can. There are four programs under that: Humanitarian Settlement Services; Grants for Settlement Services; Free Translating and Interpreting Services; and funding for NAATI, the National Accreditation Authority for Translators and Interpreters. In terms of the breakdown for 2015-16—

**Senator CAROL BROWN:** Could I have it for 2014-15 and 2015-16. What have you got there?

**Ms Cala:** I have 2014-15. So for 2014-15 Grants for Settlement Services was appropriated \$43.699 million; for Humanitarian Settlement Services \$97.905 million; and for NAATI, \$636,000.

**Senator CAROL BROWN:** That was for 2014-15?

**Ms Cala:** Yes, it was.

**Senator CAROL BROWN:** Do you have the 2015-16 breakdown?

**Ms Cala:** Yes. For Humanitarian Settlement Services, \$83.029 million.

**Ms Bennett:** If I could just intervene for a moment, it looks like it is a reduction but it is not actually a reduction. There was an underspend in the 2013-14 financial year of \$16 million which was rolled over into the 2014-15 financial year, hence showing an increase for that one-off year for Humanitarian Settlement Services and which reflected the flow of when humanitarian settlement migrants arrived into the country. There is an annualised allocation but, while they may have been placed in that year, their actual arrival did not align to the financial year so there was a rollover. As you go through the other years the figure has consistently remained around the \$83 million to \$84 million which Ms Cala will go through.

**Ms Cala:** In 2015-16 Humanitarian Settlement Services, \$83.029 million; Settlement Grants, \$49.484 million; Free Translating and Interpreting Services, \$16.365 million and NAATI, \$637,000.

**Senator CAROL BROWN:** Can you provide on notice the information for the other years?

**Ms Cala:** Certainly. Yes, we have it.

**Senator CAROL BROWN:** Could I also get the Strengthening Communities item for 2014-15 and 2015-16.

**Mr Lewis:** Do you want that figure now or on notice?

**Senator CAROL BROWN:** Yes, just for these two.

**Ms Bennett:** 2014-15 and 2015-16.

**Mr Lewis:** For 2014-15 Strengthening Communities is \$1.949 million.

**Ms Bennett:** It has two elements.

**Mr Lewis:** Diversity and Social Cohesion is \$1.949 million and grants for Multicultural Affairs is \$442,000 for 2014-15.

**Senator CAROL BROWN:** What was that?

**Mr Lewis:** Grants for Multicultural Affairs was \$442,000. In 2015-16 it is \$1.953 million for Diversity and Social Cohesion and then for Multicultural Affairs grants it is \$442,000, as previously.

**Senator CAROL BROWN:** Do the Humanitarian Settlement Services contracts expire at the end of—

**Ms Cala:** No.

**Senator CAROL BROWN:** When do they expire?

**Ms Cala:** They are currently due to expire in April 2017.

**Senator CAROL BROWN:** At the last estimates the department said that the government is considering whether to develop its own multicultural policy. Is there any possibility of getting an update there from the minister or the department?

**Ms Angus:** Would you just repeat the question for me?

**Senator CAROL BROWN:** At the last estimates in February the department said that the government was considering developing its own multicultural policy. I would like an update.

**Ms Angus:** Yes, that is correct.

**Senator CAROL BROWN:** Can you tell me where we have come from since February? When is it likely to be released? Can you give me any information on that?

**Ms Angus:** I cannot give you an idea of the release date as yet but we are continuing to work on it. It has been discussed with the Australian Multicultural Council at their meeting earlier this year.

**Senator CAROL BROWN:** In terms of consultation, there is a draft that has been discussed? What did they discuss?

**Ms Angus:** No. We have not discussed a draft as yet.

**Senator CAROL BROWN:** What did the MCOT discuss?

**Ms Angus:** The which?

**Senator CAROL BROWN:** Did you say it had been discussed at the Multicultural Council?

**Ms Angus:** Yes. There was a discussion about the fact that the government was reflecting on the policy and that they would be interested to hear the views of council members at a particular point in time. There was general agreement that that would happen and that would be a good thing.

**Senator CAROL BROWN:** Is that where we are up to? What is the next plan?

**Ms Angus:** As I said, we are working on a draft at this point of time.

**Senator CAROL BROWN:** In terms of that, are you planning for consultations once a draft has been—

**Ms Angus:** We have not looked at the consultation element yet in relation to the development.

**Senator CAROL BROWN:** And we do not have any real time line around that?

**Ms Angus:** We do have a specific deadline that we are working towards, no.

**Senator CAROL BROWN:** Do you expect a policy to be completed by the end of the year?

**Ms Angus:** It will be up to the government to decide if and when to release it, but I would imagine that we would have something that would be available for consideration by the council and potentially the government before the end of the year, yes.

**Senator CAROL BROWN:** So, the department is working to that sort of time line?

**Ms Angus:** We are actively working on it now, yes.

**Senator CAROL BROWN:** I think that is all, unless you have got something else you can really share with me. The minister might be able to give me some more information.

**Senator Fierravanti-Wells:** Rest assured that I am—

**Senator CAROL BROWN:** I will be the first to know?

**Senator Fierravanti-Wells:** No, but I am very committed to a multicultural Australia and I think anybody who follows my activities will know just how committed I am in relation to that. I think Ms Angus has taken the matter as far as we can. It is under consideration but certainly we are very committed and we are very engaged in multicultural Australia.

**Senator CAROL BROWN:** Are you involved in this process?

**Senator Fierravanti-Wells:** Yes.

**Ms Angus:** Yes, of course. Routinely what you would do is develop something that would be considered. There would be input from a range of key stakeholders and of course the senator is a key stakeholder.

**Senator CAROL BROWN:** That is what I was asking her about.

**Senator Fierravanti-Wells:** We also have our newly appointed council and we really want to hear their views in relation to this. So, as Ms Angus has indicated, we are working through a process on that.

**Senator CAROL BROWN:** Thank you.

**Senator MOORE:** Chair, I wanted to clarify where I ask questions about carers.

**CHAIR:** Mr Pratt.

**Mr Pratt:** If it is to do with carer payments, it is outcome 1.



**Senator MOORE:** No, it is to do with the budget initiative about the portal.

**Mr Pratt:** The carers' portal?

**Senator MOORE:** Yes.

**Mr Pratt:** That is outcome 5.

**Senator CAROL BROWN:** I have a couple of quick questions around child support advocacy. Is that in this area?

**Ms Bennett:** It is in outcome 2.

**Senator CAROL BROWN:** I wanted to follow up an answer to a question on notice about the child support advocacy under the children and parenting subactivity. The answer was that the grant agreements are in place until 30 June 2015 and funding for these organisations after this time is a decision for government. Can you update me?

**Mr Pratt:** What question number is that?

**Senator CAROL BROWN:** It is question No. SQ15-000187.

**Ms Bennett:** The answer is no decision has been made as yet.

**Senator CAROL BROWN:** When was that? The funding is no longer there at the end of this month. When are we likely to see a decision?

**Ms Bennett:** We are hoping soon.

**Senator CAROL BROWN:** Have there been any consultations about these services?

**Ms Bennett:** You will recall in previous discussions we explained that, following a decision by the government that was made at MYEFO, advocacy services in this area had its funding discontinued. That was a decision made by the government in MYEFO. An extension of existing funding—

**Senator CAROL BROWN:** Was this excluded from the DSS tender?

**Ms Bennett:** They were not a grant. They were not part of the DSS tender.

**Senator CAROL BROWN:** So, they were excluded from that?

**Ms Bennett:** Yes.

**Senator CAROL BROWN:** I am sorry, I should not have interrupted you.

**Ms Bennett:** They were not part of the 2014 grant process. It was a MYEFO decision by government to cease advocacy funding. In February the minister approved that the funding would be extended to 30 June. The department has been consulting with these organisations to identify services that they may provide versus advocacy that they may provide. That information is still being finalised because some of the organisations are still finalising the providing of the advice on the services that they provide but we are hoping it will be resolved shortly.

**Senator CAROL BROWN:** How was the advocacy services identified as another gap?

**Ms Bennett:** It was not identified as a gap.

**Senator CAROL BROWN:** So, why was the minister—

**Ms Bennett:** It was a decision that was made in MYEFO.

**Senator CAROL BROWN:** Was the decision made at MYEFO that it was not going to be funded?

**Ms Bennett:** Yes, that the funding would cease for advocacy services in a number of areas and child support was included. Following that decision the minister approved extending to 30 June so that we could look at services that these organisations might provide versus advocacy.

**Senator CAROL BROWN:** So, your discussions now with the services are about services that they provide, but not advocacy?

**Ms Bennett:** Because there has been a decision not to fund advocacy.

**Senator CAROL BROWN:** So, the decision made and announced in the MYEFO about advocacy stands and what we are now looking at is—

**Ms Bennett:** Whether they provide advocacy and a service.

**Senator CAROL BROWN:** Yes. In terms of any future funding for these providers it is only for services that do not include advocacy?

**Ms Bennett:** Yes.

**Senator CAROL BROWN:** What sort of funds are we looking at in terms of these services?

**Ms Bennett:** I can tell you their previous funding, if you have a particular organisation.

**Senator CAROL BROWN:** Could you provide a list of those organisations on notice?

**Ms Bennett:** The total amount of funding in 2014-15 to the affected organisations was \$435,280.

**Mr Pratt:** It ranged between \$60,000 and \$120,000.

**Senator CAROL BROWN:** Do we have an indication of what we are looking at for 2015-16, or is that going to be based on your ongoing discussions?

**Ms Bennett:** Following that, yes.

**Senator CAROL BROWN:** So, are you having these discussions with all the providers—

**Ms Bennett:** Yes.

**Senator CAROL BROWN:** that were previously funded?

**Ms Bennett:** Yes.

**Senator CAROL BROWN:** But no advocacy. That decision still stands. Prior to the MYEFO decision were there funds in the forward estimates for these services?

**Ms Bennett:** Not specific line items. They came under the broader families and children activities. That is within that broad band. It was not locked down that there was a separate line item in the forward estimates, but it was a known expense into it. That was part of the MYEFO savings that ceased those arrangements.

**Senator CAROL BROWN:** On notice could you give me a list of those organisations. Just quickly, how many are there?

**Ms Bennett:** I can tell you those organisations: Dads in Distress Support Services, Drummond Street Services, Lone Fathers Association of Australia, Shared Parenting Council of Australia and the National Council for Single Mothers and their Children.

**Senator CAROL BROWN:** Do you have an indication of what sort of services they provide other than advocacy? Obviously they all provided advocacy.

**Ms Bennett:** As I said, those issues have not been finalised at the moment and not all of them provide services. It is still a matter under consideration.

**Senator CAROL BROWN:** I think that is it. Thank you.

**CHAIR:** Are we finished with this outcome?

**Senator MOORE:** I have a clarification question in terms of getting an update on the issues around the royal commission and the engagement with the people who are going through that process. Where does that fit in?

**Ms Bennett:** We can talk to you about the support services that we provide in terms of the broader lead agency for the royal commission.

**Senator MOORE:** That is the Attorney-General's?

**Ms Bennett:** It is the Attorney-General's.

**Senator MOORE:** The engagement with the groups out of that process and the various discussion papers is Attorney-General's. Where does support services for this group fit in?

**Ms Creech:** Here.

**Senator MOORE:** Can we get an update on the support services for people that went through the institutionalisation process and, of those, the support services for people going through the royal commission?

**Ms Creech:** Can I get you to repeat that? An update on?

**Senator MOORE:** On what support services are available to these groups.

**Ms Creech:** Yes.

**Senator MOORE:** So, this is under families and communities.

**Ms Creech:** I am just trying to find the number of providers for you. It is approximately 41 individual service providers across the country, some providing support for specialised client groups. I have a list of each of the providers.

**Senator MOORE:** Can I get that list? I think that would be easier.

**Ms Creech:** Yes.

**Senator MOORE:** What is the basis of their funding?

**Ms Creech:** In terms of how much they get?

**Senator MOORE:** And under which program and for how long they are funded.

**Ms Creech:** It sits in the adult specialists support services component which is in the families and children.

**Ms Bennett:** They have got two years until June 2017.

**Senator MOORE:** I think they are part of the two-year bunch. Is that right?

**Ms Creech:** Yes.

**Senator MOORE:** And they were extended? Did they have to retender in the last batch?

**Ms Creech:** No.

**Senator MOORE:** So, the organisations are there. There has been no change and it was self-determined change by deciding to withdraw?

**Ms Creech:** Yes.

**Senator MOORE:** They have been extended and they are part of the two-year process. Can I get a list of that?

**Ms Creech:** You can.

**Senator MOORE:** Also, the specialist support that has been provided to people who went through the forced adoption process has recently been announced, but my understanding is that is a two-year process.

**Ms Creech:** Yes.

**Senator MOORE:** Are some of those providers common? Is Relationships Australia part of the list you have in front of you?

**Mr Brown:** Yes. They will be on that list.

**Senator MOORE:** That is my understanding. So Relationships Australia is on the list of funded organisations for people through forced institutionalisation and through forced adoptions, Relationships Australia and Link Up are the successful tenderers?

**Mr Brown:** Yes.

**Senator MOORE:** Would Relationships Australia have a single contract now that covers both their work in this area of institutionalisation and also forced adoption?

**Ms Creech:** They will have one overarching contract with the department and a separate schedule under that contract for each of those activities.

**Senator MOORE:** Because the new allocation came in at about the same time it would be for the same term?

**Ms Creech:** Yes.

**Senator MOORE:** Thank you.

**CHAIR:** I think we have finished with outcome 2. We are going to move onto outcome 1, Social Security.

**Senator Fierravanti-Wells:** Can I just check, by way of clarification, are we now effectively at 11.20 today, according to the program?

**Senator MOORE:** Yes.

**Senator Fierravanti-Wells:** So, this evening we will continue on with outcome 1 and outcome 3?

**Senator MOORE:** Yes.

**Senator Fierravanti-Wells:** And outcome 5?

**Senator MOORE:** Yes.

**Senator Fierravanti-Wells:** Is it envisaged that we will come back to outcome 2 or we will just do outcome 2 tomorrow?

**Senator MOORE:** That is my understanding.

**CHAIR:** We are planning on following the order that we have in front of us, so it will depend on how long we take with each of those outcomes.

**Senator MOORE:** I would like to speak with the chair at afternoon tea so then we can have a clear indication of how we are going in terms of the time. I was going to talk with him about a proposal at that stage and then let the officers know.

**Senator Fierravanti-Wells:** Thank you.

**Senator SIEWERT:** We have just agreed that we will start off with the actuarial investment approach because it is an overarching issue. I have Budget Paper No. 2. I would like to ask for a few details on expenditure and then ask about the process. It says that there is \$20.7 million over four years to develop this detailed approach. I will come back to how it is going to be allocated shortly. I just wanted to confirm that the \$13 million being provided for the longitudinal studies is on top of that.

**Ms S Wilson:** Yes. There is \$20.7 million for the investment approach and a further \$13.1 million for the longitudinal studies which have a relationship to the measure but are studies in their own right as well.

**Senator SIEWERT:** That is why I am asking. These are ongoing?

**Ms S Wilson:** Yes.

**Senator SIEWERT:** But do you see them as playing an important part of developing up the new approach?

**Ms S Wilson:** Perhaps my colleagues can take you through the way in which they will be used. They are studies and surveys in their own right which have been very important for policy development but they will play a role in supporting the investment approach.

**Mr Innis:** There are two levels of analytical work to the investment approach. There is the actuarial analysis itself and then there is building all of our understanding of the human beings that are in the welfare system. Part of the investment in longitudinal studies helps us understand the people who we are looking at through the actuarial analysis. That will help us design better interventions for them into the future. Because the studies are longitudinal it will give us an insight into what is happening with people's lives over time.

**Senator SIEWERT:** That is what I understood, but I wanted to clarify that. So, are these ongoing surveys?

**Ms S Wilson:** Yes.

**Senator SIEWERT:** Is the \$13 million for the four surveys?

**Mr Innis:** Yes.

**Senator SIEWERT:** How much has been provided in the past for those surveys?

**Mr Pratt:** These have been running for some time.

**Senator SIEWERT:** I know.

**Mr Innis:** I can give you the current funding profile, which does not include the extra \$13 million. The current funding profile for the four surveys, in 2015-16, is \$21.5 million—and I will just go at that level if that is okay.

**Senator SIEWERT:** Yes.

**Mr Innis:** In 2016-17 it is \$21 million. In 2017-18 it is roughly \$21 million and in 2018-19 it is just a touch over \$20 million. In rough numbers it is \$20 million or so a year.

**Senator SIEWERT:** Is that for all of them?

**Mr Innis:** That is for all four.

**Senator SIEWERT:** You already have the money for those surveys?

**Mr Innis:** That is correct.

**Senator SIEWERT:** I am sorry I am following you. The \$13 million is additional money?

**Mr Innis:** Yes.

**Senator SIEWERT:** To feed them into the—

**Mr Innis:** The \$13 million will allow us to continue the current service offer from those surveys. Costs have been escalating over time for the provision of the surveys. The \$13 million is really continuity funding for the next two years.

**Senator SIEWERT:** After that?

**Mr Innis:** No.

**Senator SIEWERT:** I am not following you.

**Mr Innis:** For 2015-16 and 2016-17.

**Senator SIEWERT:** But you already have funding for them.

**Mr Innis:** We have already got funding. This is additional funding to meet the higher costs.

**Senator SIEWERT:** That is what I was—

**Mr Pratt:** We have flat funding over that period, as Mr Innis has identified. Of course costs over time go up so that extra \$13 million is to help with those costs going up.

**Senator SIEWERT:** So, additional costs were not anticipated when that money was originally allocated?

**Ms S Wilson:** It was not funded.

**Senator SIEWERT:** It was anticipated but not funded?

**Ms S Wilson:** The main cost of the survey basically relates to wages and salaries. That is a significant proportion. Those costs have been rising over the years. We have undertaken a range of things to try to keep the costs within bounds, but we are at the point where we needed additional funding to keep the surveys running and to continue to get the value that we historically—

**Senator SIEWERT:** At the capacity you need?

**Ms S Wilson:** Yes, that is correct.

**Senator MOORE:** Is that on known costs of increase?

**Ms S Wilson:** Yes.

**Senator MOORE:** So, you have done an assessment that that is how much it will cost. Do you expect that the next two years will be fully funded and you will have another look at it then?

**Mr Innis:** That is correct. There is some funding for a review to allow us to do that.

**Senator MOORE:** I know these are minor amounts. There were some very small variations in the money across the forward years for the existing surveys. They are all in the ballpark of \$21 million but I think the next year is \$21.5 million and then the last year of the known figures was under \$21 million. Is there any reason for that?

**Mr Innis:** There is a lot of contracting involved in this so it would be around the timing of contracts and how the money flows out. It is four surveys that are all quite different.

**Senator MOORE:** And all done by?

**Ms S Wilson:** Different providers.

**Senator MOORE:** No, do not go there; that is already on our records.

**Senator SIEWERT:** Thank you. That has cleared up that. Can we now go through the process for what I think will be generally called the investment approaches?

**Mr Pratt:** Yes, investment approaches.

**Senator SIEWERT:** I understand the basis of where you are coming from on it. Can you take us through the process that you will be undertaking and where the expenditure is involved in that process?

**Ms S Wilson:** Certainly. I will just say upfront that, because we are about to commence a procurement process, or we have commenced a procurement process—and my colleague, Ms Essex, can take us through the next steps—we do want to keep the discussion of the funding at a pretty high level, you would understand, for commercial reasons.

**Senator SIEWERT:** Yes, as long as it does not preclude me finding out what is actually intended.

**Ms S Wilson:** No, we can take you through the intended processes, and my colleagues Ms Essex and Mr Innis can do that.

**Ms Essex:** The primary baseline component of the investment approach is the actuarial valuation of the income support system, or the social security system. As Ms Wilson indicated, we have commenced a procurement process to procure actuarial services to undertake that work. That commenced on Monday, and we expect to receive our completed documentation from those providers mid-July.

**Senator SIEWERT:** Are they tenders?

**Ms Essex:** Yes.

**Senator SIEWERT:** Sorry, I have not seen that on the website. Are the procurement details, the tender guidelines or document, on the website?

**Ms Essex:** No, they are not, because it is a direct source from the social policy research and evaluation panel. So we have selected five —

**Senator SIEWERT:** I misunderstood. I have jumped to an assumption, sorry.

**Mr Innis:** It is a very highly specialised set of skills that we are looking for.

**Senator SIEWERT:** I understand that.

**Ms S Wilson:** Our panel has a very broad capability within it that can respond to this sort of work.

**Senator SIEWERT:** Are we able therefore to get a copy of what you have put out to the panel?

**Ms Essex:** Yes, we can provide you with the RFQ documentation.

**Senator SIEWERT:** Is it possible to do it today?

**Ms Essex:** I do not have it with me, but I will see how quickly we can get it for you.

**Senator SIEWERT:** With due respect, I do not want to wait months. I am not being rude; I know it takes a little while to answer questions on notice.

**Ms S Wilson:** It is not massive. We should be able to get hold of it for you in the course of the rest of the day.

**Senator SIEWERT:** That would be fantastic. Thank you. So that has gone out to the panel?

**Ms Essex:** To five selected providers from the panel.

**Senator SIEWERT:** In mid-July?

**Ms Essex:** Mid-July is when we will receive the submission of quotations from them. We will evaluate the quotations between 14 July and, we imagine, the end of July. That depends a little bit on complexity and what that process will involve, which is difficult to anticipate before we see the documentation. We anticipate making a decision on the successful tenderer around August.

**Senator SIEWERT:** With the idea that the start date is soon after that?

**Ms Essex:** As soon as possible after that.

**Senator SIEWERT:** I will try not to ask too many questions that I will be able to get the information from the documentation. If I do ask one, tell me to go and look there. Once I have seen that, I may have more questions on notice. What timeline are you setting for when that project will be completed?

**Ms Essex:** It is anticipated to be a four-year contract, with an initial valuation and three subsequent annual valuations.

**Senator SIEWERT:** Over the period of four years?

**Ms Essex:** Over a period of four years. The way the kind of methodology that is being procured works is that you have a baseline, and then you compare the baseline against calculations each year. So there will be an annual calculation based on data as at 30 June each year. We anticipate the first valuation being delivered late this year or early next year.

**Senator SIEWERT:** Will that be made publicly available? Is this a four-year process where the public does not get a look in?

**Mr Innis:** The valuation will be advice to government and at that time we would expect government to make a decision about whether or not it gets released and in what form. The valuation itself is in essence advice to government.

**Senator SIEWERT:** Are the things that will be included in this approach included in the RFQ?

**Ms S Wilson:** The RFQ is for the actuarial work.

**Mr Innis:** It will give you a sense of the types of analysis that we would be looking at.



**Senator SIEWERT:** That is what I mean.

**Ms Essex:** It describes the types of analysis.

**Senator SIEWERT:** I will not go there too much. I will wait and then put some questions on notice. You do that over the four years. Is the approach you are taking similar to New Zealand's? That is the one they always quote.

**Ms Essex:** It builds on the New Zealand approach, but it is not identical. The Australian Social Security system is different in significant ways from New Zealand's. The approach that New Zealand uses, while very suitable for New Zealand, is not in and of itself directly transferrable to Australia.

**Senator SIEWERT:** What process have you gone through in terms of looking at the New Zealand approach to change to what you are looking at?

**Ms Essex:** There is a range of things that we have done. I have had the opportunity of talking and consulting with colleagues from New Zealand about their methodology and the way that it works. We have had some discussions with the actuaries who did the work in New Zealand about the challenges and possibilities of the approach. The general kind of approach has been the subject of a range of academic papers.

**Senator SIEWERT:** Yes, I have read some of them.

**Ms S Wilson:** There was a feasibility study undertaken for the Department of Employment, Education and Workplace Relations under the previous government on the feasibility of doing this in Australia. So that has been one of the inputs that we have used as well.

**Senator SIEWERT:** Is that paper publicly available?

**Ms S Wilson:** We would have to take that on notice. It's not our product, so I would have to take it on notice.

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

**Ms S Wilson:** Absolutely.

**Senator SIEWERT:** I am fairly certain I have not seen that. That is not to say it is not publicly available.

**Ms S Wilson:** We will take it on notice and check it out for you.

**Senator SIEWERT:** If you could, and if you could then provide either a copy or the location I could get it, that would be appreciated.

**Mr Innis:** As a high-level summary, obviously this was a recommendation of the recent welfare report by Patrick McClure. In leading up to that point, we have been working on the notion for some time, and Ms Essex and her team have been doing a lot of background work to understand, test and then formulate how this might work in Australia. The process we are going through now involves the development of a methodology. We also have funding so that we can verify that methodology. We are stepping it through in a very careful sequenced way to make sure that, when we press the button on the big calculator, if I can call it that, we get a robust number coming through.

**Senator SIEWERT:** Can you just take me through it. You say you are testing it. You have the four-year process. As you are getting that data, is that what you mean when you say you are testing the methodology?

**Ms Essex:** Perhaps I could explain relatively simply. There are actuarial principles that underlie this kind of work. The variation in methodology is a variation in how those principles are applied in order to calculate a liability. The important thing is to check that that kind of result can be verified by a different actuarial firm. So, when we talk about validating the methodology, we are checking that the way we have calculated the total cost of the system can be verified by an independent actuary and that the methodology stands up to that kind of scrutiny.

**Senator SIEWERT:** I think I get it. You have done the methodology, and now the work you are undertaking is a process of verifying—

**Ms Essex:** No, we are about a step behind that. The step that we are currently undertaking is selecting an actuarial firm to develop the methodology that we will use.

**Senator SIEWERT:** So I was right the first time?

**Ms Essex:** Yes.

**Senator SIEWERT:** I was right the first time. The way you reacted, Mr Innis, I thought I had got it wrong.

**Mr Innis:** No.

**Senator SIEWERT:** So, you are developing the methodology and then you will get another process to verify it?

**Ms Essex:** Yes.

**Senator SIEWERT:** That is part of the \$20.4 million?

**Ms Essex:** Yes.

**Senator SIEWERT:** What else is included? I am very conscious/aware of what Ms Wilson said. What else is included in that \$20 million?

**Ms S Wilson:** It includes the actuarial analysis, some ICT capital. There is a lot of data, so we need some toys to work on it.

**Senator SIEWERT:** Kids' toys.

**Ms S Wilson:** And staffing and communications. We have our own analytical team that will be required to progress the work also internally.

**Senator SIEWERT:** After the tender has been released, I will come back and ask a bit more detail about the funding. What is the process of overseeing this? Who is involved in that, and how have the obvious large number of stakeholders that have an interest in this been included in this process?

**Ms S Wilson:** We are developing a stakeholder engagement plan. We have not finalised any of this, but our thinking is that we would have an interdepartmental committee within government, because there is a range of departments that are interested. Clearly we have been working very closely with colleagues in employment. The other social policy departments and the central agencies will have an interest. Our proposal would be to have an interdepartmental committee. We propose to use existing fora to engage with stakeholders to be efficient. We

also perceive that there could well be the need for an expert advisory group, because it is a very specialist area, and we have tended to do that with large studies and large data projects. We have not finalised all of that, but that is our thinking. We also think there might be some value in holding a couple of workshops once we have the valuations to talk through the results.

**Senator SIEWERT:** The first series?

**Ms S Wilson:** Yes. As I said, we have not finalised our thinking in this area as yet. We are, of course, consulting also with the minister about his views on this.

**Senator SIEWERT:** What is your timeframe for developing up that process?

**Mr Innis:** I would expect to be developing this up over the next couple of months. As a first step, we are creating a small internal taskforce so that we can dedicate more effort to that development. The initial focus is very much on making sure we develop a very strong actuarial basis—the methodology and the verification process in getting that right. As Ms Essex has said, it is not until November through to January that we think we will have something which is solid for us to respond to engage people with.

In the meantime, we are very keen to engage stakeholders and bring them along the path of this is what we are doing and this is how we are going to do it, et cetera. In terms of the more exciting bit of the process—which is here are the numbers, here are the people identified as being the ones who might be targets for interventions—that is much later. At this point, we are focused on getting the technicals right and building up good structures to support the stakeholder engagement at a later date. We are very happy to engage people as we go, but in terms of formal discussions we think that is probably better done a bit later.

**Ms S Wilson:** When we actually have some product to talk about with them.

**Senator SIEWERT:** Given that you engage stakeholders, hopefully it will be a two-way process. The process you are working on presumably has the capacity to take feedback and feed it into the process, particularly the actuarial approach?

**Ms S Wilson:** The actuarial approach is actually an analytical task, which is very similar to, say, how life insurance works or something like that. It is a very heavy data analytics piece of work. What it then tells you about the risk groups and those that would be amenable to intervention is when you have the richer discussion that you can have with people about what the evidence tells us about the sorts of interventions that work for these at-risk groups—what do we know, what is the current research, what more could we try? That is a little step along.

**Senator SIEWERT:** I understand what you are saying. One of the issues I have when I have read some of the research, particularly coming out of New Zealand, is that it is very strongly focused on the investment and the dollar outcome. I am also really keen to see social outcomes. How is that factored into it, 'Am I actually having a better life?'

**Mr Innis:** I have two observations about that. We are very alive to the fact that the actuarial approach is very, very powerful, but it is not the only insight we have into what the department would call its mission of improving lifetime wellbeing of people and families. In developing this up, we see it as a very important and large contribution to our work on improving lifetime wellbeing, but not our only contribution.

**Ms S Wilson:** Of course, lifetime wellbeing is not only defined by independence and reduced welfare reliance. That is one lens and a very important lens for those who can achieve employment outcomes, and we would aspire for many more to achieve that, but there are other dimensions of lifetime wellbeing, as my colleague Mr Innis has articulated, that the department sees as its responsibility. So, we are mindful of that.

**Mr Innis:** The second point is, as part of this approach, we are doing some things a little bit differently from New Zealand. We are connecting this work with our evaluation work, which looks at a broader range of issues than just the impact on the welfare bill. When we come to design interventions, we will probably look at two types of approach—an actuarial approach and a broader evaluative approach.

**Senator SIEWERT:** When you talk about an evaluative approach, what do you mean?

**Mr Innis:** Looking at the impact of interventions beyond the impact on the welfare bill.

**Ms S Wilson:** So, have other dimensions of a person's quality of life improved? Are there other outcomes that they have achieved? So, one lens through which you look at outcomes clearly is independence, self-reliance, take-up of employment, participation in education, et cetera, but that is not the sum total of outcomes that we would see as being amenable to evaluation and something that we would want to explore for interventions.

**Ms Essex:** An important consideration in an actuarial evaluation which makes it a little different from the way that we normally consider these things is that it looks at the lifetime risk of welfare dependency. When you refer to social outcomes, I understand you to mean that one of those is whether people sort of churn through the system, come off quickly and go back on. That is one of the things that is measured in calculating an actuarial approach, what is the lifetime dependence on welfare, rather than a short-term change. It does not measure the net change year from year, it measures the risk of long-term welfare dependency.

**Senator SIEWERT:** Yes, that is what I understood. Some of the articles I have read are a bit more focused on, 'Well, they are off the welfare system so it does not matter.' I am taking a gross statement here. They are off the welfare system, so that is the end, 'tick', rather than what outcomes have we actually had for that person.

**Ms S Wilson:** That is why I was stressing that that is one set of outcomes that is important, but in the department we see our mission about being there to improve lifetime wellbeing for Australian families and individuals as a broader set of ideas and outcomes.

**Senator SIEWERT:** I understand it is just starting, so I will keep pursuing it. Thank you for that detail.

**Senator MOORE:** I want to move on to family tax benefits.

**CHAIR:** I have questions also in this area.

**Senator MOORE:** Can you please provide the annual cut in each year over the forward estimates associated with the following measures. This is going to be the type of question, data collection.

**Ms S Wilson:** Okay. We want the cuts in forward estimates. Once I have given them to you, we will go back and see what we can get. The limit of FTB part B to families with a child under age six, which is a change from 18; the maintenance of FTB payment rates for two years—they will not be indexed; the reduction of FTB end-of-year supplements to the

original 2004 values of \$600 for an FTB part A child and \$300 for an FTB family—you know what their changes are there: \$726.35 per FTB part A child and \$354.05 per family for FTB; and the freeze on the eligibility thresholds for family tax benefits for three years. They are the key budget initiatives, and I just want the clear figures over the forward estimates.

**Ms Halbert:** I might not have them in the right order. Limiting FTB part B to families with a youngest child under six, \$3.5 billion to 2018-19; maintain FTB payment rates for two years, \$2.5 billion to 2018-19; maintain the income test eligibility thresholds for FTB for three years, \$922 million to 2018-19; and revising the FTB end-of-year supplements, \$1.6 billion to 2018-19.

**Senator MOORE:** Ms Halbert, I was after them year by year. Thank you for those final totals, but I want to see the cuts year by year from the proposed start.

**Ms Halbert:** Yes, I have that. I can go through them again.

**Senator MOORE:** Does the table in front of you have data on it that we cannot have? Can you just check that out? This is data, so rather than your having to read it into the *Hansard* and us write it down and then wait for the *Hansard* to arrive, it would be useful if we had a copy of the table. Do you have these figures projected over the next decade?

**Ms Halbert:** No, I do not.

**Senator MOORE:** So, the last figures you have in terms of knowledge of the impact are 2018-19?

**Ms Halbert:** I think we could read them out for you quickly.

**Senator MOORE:** So, the answer to that was, yes, there is something there that I cannot have? That is fine. We can read it all out. Which one will we start with?

**Ms S Wilson:** The order in which you asked them.

**Senator MOORE:** That is FTB part B.

**Ms S Wilson:** To under six.

**Senator MOORE:** Yes.

**Ms Halbert:** For 2015-16, \$72.9 million; 2016-17, \$237 million; 2017-18, \$1,609,300,000; and 2018-19 is the same, \$1,609,300,000.

**Senator MOORE:** That comes to a total of \$3.5 billion?

**Ms Halbert:** That is right.

**Senator MOORE:** The next one?

**Ms Halbert:** The next one was maintain FTB payment rates. For 2015-16, \$329.2 million; 2016-17, \$719.3 million; 2017-18, \$733.8 million; and the same for 2018-19, \$733.8 million.

**Senator MOORE:** That comes to a total of—

**Ms Halbert:** About \$2.5 billion.

**Senator MOORE:** The next one is reduce FTB end-of-year supplements.

**Ms Halbert:** For 2015-16, \$393.1 million; 2016-17, \$390.6 million; 2017-18, \$423.7 million; and the same for 2018-19, \$423.7 million.

**Senator MOORE:** I like that pattern at the end. That comes to \$922 million?

**Ms Halbert:** About \$1.6 billion.

**Senator MOORE:** So they swapped around in terms of the order?

**Ms Halbert:** For the supplements.

**Senator MOORE:** The eligibility threshold for family tax benefit?

**Ms Halbert:** For 2015-16, \$93.4 million; 2016-17, \$203.9 million; 2017-18, \$312.1 million; and the same again for 2018-19, \$312.1 million.

**Senator MOORE:** That comes to \$922 million?

**Ms Halbert:** About \$922 million.

**CHAIR:** Just remind me which eligibility threshold we are talking about there.

**Ms S Wilson:** The low-income free area, maintenance income test free area and the secondary earner income free area.

**Senator MOORE:** Thank you for that. We will be doing some more figures now. This is how many families—a natural follow-on from the figures. How many families will lose FTB part B each year over the forward estimates as a result of the change to family tax benefit part B eligibility?

**Ms S Wilson:** I am not sure we have that for everything.

**Ms Halbert:** Not by year, just for the whole forward estimates.

**Senator MOORE:** What do you have, Ms Halbert?

**Ms Halbert:** For the forward estimates—

**Ms S Wilson:** I should note that this, of course, is subject to passage of the legislation.

**Senator MOORE:** Yes, we are clear on that one.

**Mr Naikar:** Which measure was that?

**Senator MOORE:** How many families will lose FTB part B over the forward estimates as a result of the change to family tax benefit part B eligibility?

**Mr Naikar:** This is just for the one to limit the age to six?

**Senator MOORE:** I think that is the only one that is FTB part B. Actually, there are a few things that have been changed in the FTB part B. Go with those under age six to start with. Do you have these figures against each of the items that impact on FTB part B?

**Mr Naikar:** Yes. From 1 July 2017 we expect about 576,000 families will lose eligibility for FTB part B.

**Senator MOORE:** So, 576,000 families will lose total eligibility?

**Mr Naikar:** For FTB part B.

**Senator MOORE:** That would be as a result of the first item, which is limiting the access to it?

**Mr Naikar:** That is correct.

**Senator MOORE:** Because the others are reductions. That is 576,000 families from 1 July 2017?

**Mr Naikar:** That is right.

**Senator MOORE:** Do you have these figures beyond that period? Have you calculated the impact beyond that period should these changes stay?

**Mr Naikar:** No, I do not. Effectively these people would have exited the system from that date.

**Senator MOORE:** So, it is just from 2017. Do you know how many single parent families are in receipt of FTB part B now?

**Mr Naikar:** Yes.

**Senator MOORE:** How many are there now?

**Ms Halbert:** So, it was FTB part B?

**Senator MOORE:** FTB part B.

**Ms Halbert:** It was 560,071. No, that is for both. It was 336,204. I am sorry, 666,170.

**Senator MOORE:** So, 666,170. They are currently single parent families on FTB part B. Of these, how many single parents in receipt of FTB part B are working?

**Ms Halbert:** We have the figures for those who are on income support payments.

**Senator MOORE:** How many are on income support payments?

**Ms Halbert:** For FTB part B single on ISP, 462,322, leaving the number that are not on an income support payment, 203,848.

**Ms S Wilson:** Noting that some of those on the income support will be working as well.

**Senator MOORE:** That is right. I was just going to ask that question. What is the number who are receiving FTB part B who are not on any form of income support payment?

**Ms Halbert:** That is 203,848.

**Senator MOORE:** Taking your point, Ms Wilson, a proportion of the 462,322 could well be on part payment?

**Ms S Wilson:** Yes.

**Senator MOORE:** How many couple families are in receipt of FTB part B? I am sure that is on the same chart.

**Ms Halbert:** So, 679,349.

**Senator MOORE:** Of these, how many report the second income as currently working?

**Mr Naikar:** I am sorry, what was the question?

**Senator MOORE:** How many report the second income as currently working?

**Mr Naikar:** No, we would not have that data.

**Senator MOORE:** You do not have that data?

**Ms S Wilson:** Was your first question: how many partnered families are in receipt of FTB part B?

**Senator MOORE:** It was. Should it have been—

**Ms S Wilson:** I was just checking that we had the right answer.

**Mr Pratt:** It was not how many partnered families are on income support?

**Senator MOORE:** No. How many couple families are in receipt of FTB part B? My second one was whether you could define from your data how many had the second income earning as currently working. Do you have the data for how many couple families in receipt of FTB part B are also in receipt of income support payments?

**Ms Halbert:** Yes.

**Senator MOORE:** I thought that would be what you would have.

**Ms Halbert:** FTB part B, 190,154.

**Senator MOORE:** So, 190,154, with the same proviso as the 679,349; some of those could be on—

**Ms S Wilson:** Yes.

**Senator MOORE:** How many recipients of family tax benefit part B over the age of 64 are described as grandparent carers?

**Ms Halbert:** We do not have that figure here.

**Senator MOORE:** Can you get that on notice?

**Ms S Wilson:** Yes.

**Senator MOORE:** We are particularly interested in that, as you would know from the work on grandparent carers.

**Ms S Wilson:** Happy to take that on notice.

**Senator MOORE:** Has the department done a costing on the proposal to change FTB part B eligibility to 12 years rather than six years as proposed in last year's budget?

**Ms Halbert:** I am sorry, I missed the beginning of your question.

**Senator MOORE:** Have you done any costings on the proposal to change the FTB part B eligibility to 12 years rather than six years?

**Mr Pratt:** We will not be specific about what costings we have done, but I will confirm that we have done lots of different options.

**Senator MOORE:** Are you able to tell us what savings are associated with that costing?

**Mr Pratt:** No.

**Senator MOORE:** Minister, can you tell us how many meetings have taken place between the minister or yourself and the crossbenchers on this issue?

**Senator Fifield:** I cannot.

**Senator MOORE:** Can you find out? How many meetings have you had? You should be able to tell me that.

**Senator Fifield:** On any particular subject?

**Senator MOORE:** No. On the issue of family tax payments.

**Senator Fifield:** Obviously Minister Morrison is the lead in this policy area, so we will take that question on notice.

**Senator MOORE:** You have not had any, Minister, on this issue?

**Senator Fifield:** Not on this subject.

**Senator MOORE:** And you will ask Senator Morrison?

**Senator Fifield:** Yes.

**Senator MOORE:** Can you provide a list of all the meetings that the minister has had with the crossbench since he was appointed to this portfolio and the dates of those meetings?



**Senator Fifield:** I do not think we could necessarily undertake to do that for the simple reason—and this is speaking for my own approach—that meetings that I have with the crossbench across a range of issues are meeting where I think it is important to observe confidentiality, unless it is of course that the people we have been meeting with seek to share that that meeting has taken place and the subject matter. I am not wanting to be unhelpful here. It may not be possible to provide you with a complete list of the meetings that Minister Morrison has had with crossbenchers.

**Senator MOORE:** Will you ask the minister how much information he would be prepared to give on that issue?

**Senator Fifield:** I will take that on notice.

**Senator MOORE:** I will come back to you, Ms Halbert, and ask how many people on FTB part A are on age pension? That could be some way of linking in with that question I asked about grandparents. It would not give me the whole information.

**Ms Halbert:** Yes. I would have to take that on notice.

**Ms S Wilson:** We can do the same there.

**Senator MOORE:** So, in terms of that question, could I have that the same way, when you are looking at it on notice, of how many receiving FTB part B are over 64 and then as a subset of that, how many are on age pension, as we had with the previous data?

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

**Senator MOORE:** Can you provide the committee with any modelling of the total impact of the measures for this year and last year's budget on family types?

**Ms S Wilson:** I am not quite sure I understand the question.

**Senator MOORE:** That would be single parent families and two parent families. I am wanting to know what modelling the department has done on the impact of these measures, as an opening question, and then maybe from that we can go to exactly what kind of family types you use. I am aware that in the budget papers you give—

**Ms S Wilson:** We do not do modelling from the budget papers. We have had this discussion I think many times. The Treasury does the modelling for the budget papers. The department undertakes a range of costing and modelling as part of giving our advice to ministers to support their decision making on budget measures. It varies a great deal. We have done that sort of work for this budget as we have done for previous budgets.

**Senator MOORE:** So, information that the department knows about the impact on families cannot be shared?

**Ms S Wilson:** I would have to take on notice whether we are able to provide any of that for you.

**Senator MOORE:** What would be the problem with getting that?

**Ms S Wilson:** It is advice to ministers and the government to support their decision making. So, it is the nature of deliberative information.

**Senator MOORE:** So, under advice to government but in terms of information about the proposal there is no information I can get on what the department knows about the impact of

the change on FTB part B to single parent families who own their own home? It is that kind of information about what is the composite effect—

**Ms S Wilson:** I do not know that we would have modelled that as such. We do a range of different information for ministers, as we have always done, about impacts of proposals for different groups, but that sort of granularity about home owner versus non-home owner and data on their mortgages—what we have are models that have the payment population in them, their characteristics, the number of children and what we have about their income. To the extent that we have other variables, such as housing tenure, available from the administrative data, that can form part of the base model. We would not have information about the size of someone's mortgage or their fortnightly payments, for example.

**Senator MOORE:** There has been various information flowing around from areas about what the impact is going to be, and it will vary from family to family, as you know better than anyone. We are trying to get a snapshot of where people will be harmed and where they will not be—which is quite direct—and what amount of loss they will have under this measure, which may or may not be offset by another measure. We had a brief discussion in one of the answers yesterday in one of the areas where you were looking at the childcare and taxation impacts of a change. I am just trying to remember which one that was. You cannot look at the impact on a family by one measure alone. You have to see how various other discussions can affect the whole unit. So, do you do work of that kind?

**Ms S Wilson:** We do work of that kind insofar as they are measures within our department and portfolio. We do not do whole-of-government distributional analysis. That is the role of Treasury.

**Senator MOORE:** What information do you provide to Treasury to assist them to model the impact of the budget?

**Ms S Wilson:** They have their own very strong modelling capacity. They know the decisions that have been taken in the budget, so they do their modelling on their own account.

**Senator MOORE:** Do they give that to you?

**Ms S Wilson:** We are sometimes asked to look at output. I do not believe we were asked on this occasion. It varies a great deal. We generally see the output in the budget papers.

**Senator MOORE:** So you, as the department, do not have the Treasury analysis?

**Ms S Wilson:** Only insofar as it might have been put in advice to ministers that we have had available to us because our minister is a member of ERC.

**Senator MOORE:** And on that basis it cannot be public?

**Ms S Wilson:** That is right.

**Senator MOORE:** Did the department provide any briefings to the minister on the impact of the budget on different family types? Was that one of the things that the minister sought from you as a department?

**Mr Pratt:** Yes.

**Senator MOORE:** Where did you get the information that you provided to the minister about the impact?

**Ms S Wilson:** We would get that information from a range of sources. Often the costings will be sufficient. We do not need to do detailed modelling for each measure. The costing, because it is based on administrative data, would tell you how many people are winners or losers of a particular measure and the average impact.

**Senator MOORE:** Was anyone a winner out of the four items that we have been looking at?

**Ms S Wilson:** They are savings measures.

**Senator MOORE:** I just wanted to have it clarified, winners and losers out of different things. Out of the ones that we have they were all savings measures so they have all had an impact on people's income?

**Ms S Wilson:** There is an additional element that we have not canvassed that Ms Halbert can take you through which offsets the savings measure impact.

**Ms Halbert:** For those single parents affected by the reduction in the age for FTB part B, a new allowance of \$750 per child was to be introduced.

**Senator MOORE:** A one-off payment?

**Ms Halbert:** No, per child per annum.

**Senator MOORE:** When was that to be paid?

**Mr Naikar:** It is \$750 per child.

**Senator MOORE:** Per year?

**Mr Naikar:** Per year, yes.

**Senator MOORE:** So, a one-off payment per child per year?

**Ms Halbert:** That is right.

**Senator MOORE:** Did you do the impact of that on different families?

**Ms S Wilson:** The costing information would have told us how many families would benefit from that and what the impact for them would be.

**Senator MOORE:** So, that was for all families impacted by FTB part B changes?

**Mr Naikar:** No. It is for single parents on the maximum rate of FTB part A.

**Senator MOORE:** Single parents on the maximum rate. How many of those are there?

**Ms Halbert:** We will get that to you in a second.

**CHAIR:** Just while you are doing that, and perhaps when you come back, just remind me of the income cut-off for FTB A. Obviously it depends on how many children. What is the income cut-off to have the maximum FTB A?

**Ms Halbert:** What is the income cut-off for FTB A with one child.

**Mr Naikar:** In terms of the full FTB part A?

**CHAIR:** Yes.

**Mr Naikar:** I think it is about \$112,000. I will have to check that for you.

**CHAIR:** Is that with the maximum number of children or is that with one child?

**Mr Naikar:** I think that is for one child. It varies depending on the number of children. The tapers cut out at various points. Effectively the more children you have the higher—

**CHAIR:** Yes.

**Senator MOORE:** And you will give us the correct figure on that?

**Mr Naikar:** I will get that for you.

**Senator MOORE:** I cannot remember it exactly.

**Mr Naikar:** In terms of the \$750 per child, we anticipate, again, in 2017-18 that 86,000 families will benefit.

**Senator MOORE:** How many?

**Mr Naikar:** So, 86,000.

**CHAIR:** So, effectively, there is 86,000 families who are on the maximum FTB A?

**Mr Naikar:** On the maximum rate of FTB part A that are single with children between the ages of six and twelve.

**CHAIR:** Not necessarily single parents. Is it single income?

**Mr Naikar:** Single parents.

**Ms S Wilson:** The allowance is specifically for single parents.

**Senator MOORE:** Yes. It was really tight.

**Mr Naikar:** Just to confirm, for one child the cut-off point is \$113,053.

**Ms S Wilson:** That is the point at which you lose all entitlement.

**Mr Naikar:** For one child.

**Ms S Wilson:** So, the family tax benefit part A when you have one child.

**Senator MOORE:** And then the taper rate goes from there?

**Ms S Wilson:** No, that is the point at which you lose it. That is the cut-out.

**CHAIR:** So, that is not the maximum that we were talking about?

**Ms S Wilson:** No.

**CHAIR:** It is those who are on the maximum. So, where are the—

**Mr Naikar:** It is the lower income free area, which is set at \$50,151 for this financial year.

**CHAIR:** That is where it starts phasing right up to \$113,000?

**Mr Naikar:** That is when it starts up to \$113,000, yes.

**Senator MOORE:** Is that affected by CPI every year?

**Mr Naikar:** It is indexed, yes.

**Senator MOORE:** I have some questions around the NATSEM modelling. I am happy to start that. Do you want to go into your questions before I go to NATSEM?

**CHAIR:** I am happy to, because my questions are similar to your questions.

**Senator MOORE:** That is what I thought, so if you want to start with those.

**CHAIR:** That is fine. We will do those before the break and then we will see where we get to. I wanted to go back. Obviously we have heard about the proposed changes and there have been some changes to the family tax benefit which I think have gone through in the last couple of years, but I want to go back a little bit because there has been a process going on for a number of years in terms of scaling back family tax benefits. Are you able to give me some

numbers. So, going back in 2008-09, I think there were some cuts to the family tax benefit. What were the cuts in 2008-09?

**Ms Halbert:** We will have to take that on notice. I do not have those figures here, but we can get them.

**CHAIR:** So, you do not have figures in terms of the pauses in indexation and various things that happened over those years?

**Ms S Wilson:** Essentially there were pauses to the higher income free area over a period of years.

**Mr Naikar:** There were various extensions to that as well. It originally started at three years.

**CHAIR:** So, you do not have any detail of what happened? I think there were cuts in a number of budgets from 2008-09. We do not have any of that?

**Ms Halbert:** I think we could get some this afternoon.

**CHAIR:** Are we able to come back and go through that?

**Ms S Wilson:** Yes, we can bring that back with us. It is just that we do not have it with us at the table.

**CHAIR:** That would be quite useful. I think there was removal of indexation. I think it used to be that FTB part B was not income tested at all.

**Ms S Wilson:** An income test of \$150,000 was introduced under the previous government. It was \$150,000 per annum, a family household income test, and there was a pause to the high income free area for family tax benefit part A and the equivalent for family tax benefit part B, if I am correct. What is that called?

**Mr Naikar:** It is the primary income limit. The primary income limit was set at \$150,000, and then it was paused.

**CHAIR:** Correct me if I am wrong, but the reason there was no income test originally was that it was seen as addressing tax issues for families. There was discussion at the time about things like income splitting, and the government at the time chose not to do that, but the lack of an income test for FTB part B was a reflection that it was not actually a welfare payment, it was a tax benefit.

**Ms S Wilson:** There was a range of measures that were rolled together as part of a new tax system package that introduced family tax benefit part B for both couple and single parent families that included measures that had previously been in the tax system, like the historical home childcare allowance and dependent spouse rebate, which were originally introduced, if you like, to provide for an effective second tax free area in couple families with a single income earner. That was part of the thinking behind family tax benefit part B.

In addition, for single parents it replaced measures that were both in the tax system and in the transfer system—the sole parent rebate and guardian allowance. There was a range of components that were in the tax and transfer system previously in history that were rolled together to make family tax benefit part B.

**CHAIR:** But as you said, part of it was that issue around the differences where we have the same family income.

**Ms S Wilson:** That was part of the rationale.

**CHAIR:** Yes. Some would refer to it as a tax penalty when there is one earning \$100,000 or \$150,000 versus two earning \$50,000 each or \$75,000 each or whatever the split might be. There is obviously a disparity there. That disparity, obviously, is somewhat larger now since we saw the other changes to the income tax free threshold. Obviously a few years ago that exacerbated that difference between two income families and one income family. This might be a slightly left-field point, but the family tax benefit is listed amongst a number of other payments that we have here in outcome 1. Are there any others that are described in that way as being a tax benefit that are administered by DSS or are tax benefits generally done by Treasury or the tax office?

**Ms S Wilson:** The history of family tax benefit was that it was designed initially to be available either as a fortnightly payment for people or as an end of year lump sum or a combination of the two. That is why it required a reconciliation, and still does, with people's taxable income at the end of the tax year. Part of its original design, which has morphed a bit since it was introduced, was the notion that it straddled the transfer system and the tax system. I think it is fair to say that the majority of families choose to take it in fortnightly instalments rather than as a lump sum payment, because its primary purpose of helping with the costs of children means that they find it more beneficial to receive it in a regular way.

**CHAIR:** Of course.

**Senator MOORE:** Chair, I think Ms Halbert was just about to give us the figures of the breakdown between who gets it fortnightly and who gets it as a lump sum. I just saw that movement there.

**Ms Halbert:** I have the numbers.

**CHAIR:** Were you reading the body language?

**Senator MOORE:** As soon as that statement was made, Ms Halbert turned to her page so it just might be nice to get those figures.

**CHAIR:** You are more observant than me in this case.

**Ms Halbert:** I have the numbers of people who take it as instalments. FTB part A is 1,535,533. For FTB part B it is 1,345,519.

**Senator MOORE:** Thank you.

**CHAIR:** Just on the point you were making, Ms Wilson, you said that it straddled the two, the tax and transfer system and welfare payments. You said it is fair to say that most people are taking it on a fortnightly basis. I think it is also fair to say that, notwithstanding that part of the original rationale was partly at least around tax, as suggested by the name, it has come to be seen, of course, as much more a welfare payment. I suppose that is at the heart of a part of the debate at the moment about what its place is.

**Ms S Wilson:** I think there is an ongoing debate in social policy circles about the extent to which family assistance should provide for horizontal equity, which is what welfare payments tend not to do but tax assistance does versus vertical equity, which is much more the province of the transfer system. Australia's system has historically had a means testing focus and has generally, over the years, given more emphasis to vertical equity than horizontal equity, but there have historically been elements of the tax system that provided assistance to families

that were considered horizontal equity. Over a number of years, under successive governments, they have migrated their way from the tax system into the transfer system.

**CHAIR:** I think that is a fair summation of where it has got to, and it is an interesting debate that is going on at the moment. I would be keen to interrogate those numbers if we can come back later on, but perhaps that can be some time after the break if those numbers that I asked for earlier are available. Until we have those I do not have anything further on this.

**Senator MOORE:** I would like to start on NATSEM later, so we should do that after the break rather than start now.

**CHAIR:** It is near enough, so we will break for 15 minutes.

**Proceedings suspended from 16:25 to 16:51**

**CHAIR:** Apologies for the delay. We will recommence. Senator Moore, you were going to ask about NATSEM.

**Senator MOORE:** Ms Wilson.

**Ms S Wilson:** Before we go onto that, Senator Seselja, you had a question about previous savings to the Family Tax Benefit and I said we would try to get the information for you while we were here. I have that, if now would be an appropriate time to provide that.

**CHAIR:** I am happy to go on to that if you have the figures available.

**Ms S Wilson:** I have what the measures are and I can give you an aggregate global figure. I do not have the impact measure by measure in terms of savings. The first in July 2008 was the introduction of the \$150,000 income test on the primary earner for Family Tax Benefit Part B. That was then followed, in July 2009, by pausing indexation at the 2008-09 levels until 30 June 2012 for the Family Tax Benefit Part A higher income free area, the Family Tax Benefit Part B primary earner income limit, the Baby Bonus family income limit, and in addition in the same budget delinking Family Tax Benefit Part A maximum rates from the Male Total Average Weekly Earnings benchmark.

**CHAIR:** So, these were all in the 2008-09 budget?

**Ms S Wilson:** The first were in 2008-09, and then the second two were in the 2009-10 budget. Then in the 2011-12 budget there was a pause to the indexation of Family Tax Benefit supplements for three years. The Family Tax Benefit Part A and Part B supplements were fixed at the 2010-11 rates until July 2014. Then in the same budget there was a further pause of the indexation of the upper limits and thresholds of Family Tax Benefit Part B to remain in place and the higher income free area of Family Tax Benefit part A to remain in place until 1 July 2014.

Then in the 2013-14 budget there were changes to the portability rules for family assistance payments so that portability for certain family payments was reduced from three years to 56 weeks. In addition, FTB child eligibility for Family Tax Benefit Part A was limited to children aged zero to 15 and older teenagers aged 16 to 19 until the end of the calendar year that they turned 19 who were in full secondary study to attain their year 12 or equivalent certificate. In total the global savings associated with that range of measures was in the order of about \$21 billion.

**CHAIR:** So, \$21 billion under the previous government. That is a lot of cuts to the Family Tax Benefit. Is that \$21 billion in cuts under Labor over four years? What period are we talking about there? Obviously they are all starting at different times.

**Ms S Wilson:** I can provide that on notice. I just do not have the finish and start date for all of them. I think the period extends beyond four years perhaps to five. Is that the case?

**Mr Naikar:** It is for the period of 2008-09 and I think it is to around 2013-14, but we will take that on notice.

**CHAIR:** If we can get that number, and if you could get a breakdown for each of those measures as to how much they contributed.

**Ms S Wilson:** I can certainly do that.

**CHAIR:** Presumably with some of those there is still an ongoing. Obviously with things like the upper income limit and those sorts of things where you are cutting people out there is an ongoing saving presumably even now because all of those people who are permanently out of it are over and above a certain income level. There is going to be a saving every year. It is not going to be just limited to three or four years presumably.

**Ms S Wilson:** There is a structural effect of freezing indexation, which means it stays in the same place where it would otherwise have grown so that people fall off the tail every year.

**CHAIR:** Is that effectively how it is costed? Is that how you cost a saving for freezing indexation?

**Ms S Wilson:** You only generally cost it for the forward estimates period.

**CHAIR:** I understand that, and I get why you do that, because of the difficulty of estimating beyond the forward estimates—and I would be interested to see the year by year as to whether this would back this up or undermine it—but you would argue that the benefit would grow bigger over the time or the saving to government would—

**Ms S Wilson:** It is a cumulative savings.

**CHAIR:** Yes, and as you go forward it is likely to get larger. I would like to know for which years that \$21 billion odd in cuts under Labor amounts to, but obviously if there is any information that can be provided in addition to that where there are ongoing savings. Because when we talk about the savings now, some of the decisions that were taken are effectively money that is not being paid that otherwise would have been paid.

**Ms S Wilson:** I think we would only have the information about the estimate of savings for the forward estimates period for each year in which those savings decisions were made, the forward estimates from that year onwards. I will see what else we can do for you.

**CHAIR:** I would be interested in getting that. You have raised a number of measures, but the government, the department or Treasury would know that if in year 2015-16 you reversed one of those measures presumably what the cost of that would be.

**Ms S Wilson:** Certainly.

**CHAIR:** And therefore what the ongoing saving is in this year. I would be interested in getting any further detail in this budgetary period that we are talking about of what those counts might amount to.

**Ms S Wilson:** I will see what we can provide.



**CHAIR:** Thank you very much.

**Ms S Wilson:** There is one further thing.

**CHAIR:** More that you have not told us about?

**Ms S Wilson:** I can table in response to Senator Siewert's request the documentation on the request for quotation of the actuarial valuations of Australia's Social Security and Income Support system.

**Senator SIEWERT:** Thank you.

**Senator MOORE:** I have a couple of questions about NATSEM modelling. Has the department seen the NATSEM modelling?

**Ms S Wilson:** We have seen the output that has been made public.

**Senator MOORE:** This is the NATSEM process that was tabled. I am not sure what was public. The NATSEM modelling came out with impacts and models around different groups. I will just check. I will make a note to see whether there is anything that has not been made public. I do not know that answer so I will check that.

**CHAIR:** What is the issue?

**Mr Innis:** We have seen some of the modelling. I am not sure, like you, what was what.

**Senator MOORE:** There are two case studies that I would like to talk about. One was a couple family on a single income of \$65,000 with two school-age children and the calculation that that family could be around \$6,000 a year worse off by 2017. Did you see that model? That was one that was made public.

**Mr Innis:** I am not certain.

**Senator MOORE:** We talked about this earlier, about the fact that the department does not do modelling but they do look at things and see what the impact could be. Has the department done its own consideration of the impact on a couple family on a single income of \$65,000 with two school-age children and the impact of the budget decisions on them?

**Mr Innis:** We do a wide range of modelling. I would need to take that on notice.

**Senator MOORE:** Can you tell me or do some work on what would be the impact on a couple family with a single income of \$65,000 with two school-age children and the impact of the budget on them?

**Mr Innis:** May I take that on notice?

**Senator MOORE:** Yes.

**Mr Innis:** I would need to investigate what is involved in creating that.

**Senator MOORE:** In terms of doing such an assessment, what would be the budget measures in your portfolio that could contribute to the impact? So, if you have a couple, a single income of \$65,000 with two school-age children, which financial impacts of the portfolio could impact on that couple?

**Mr Innis:** It really depends on the circumstances of the specific family. For example, whether the children are school age or not school age.

**Senator MOORE:** School-age children.

**Mr Innis:** And whether there is any after-hours school care involved. Earlier in the proceedings Ms Halbert outlined a range of recent budget measures as well as potentially depending on the circumstances of the family childcare measures.

**Senator MOORE:** So, for a couple with an income of \$65,000 with two school-age children my understanding would be that could well be Family Tax Benefit A and, depending on the circumstances, FTB—

**Ms S Wilson:** It depends upon the ages of the children. You said a single earner family?

**Senator MOORE:** A single income of \$65,000.

**Ms S Wilson:** A single income family. The exact impact would depend upon the ages of the children and other circumstances. We would need some specificity to be able to model that.

**Mr Innis:** There is one other consideration that comes into this. Sometimes the modelling is done on the basis that the family makes no change to their own circumstances. For example, the childcare policies are designed to encourage more participation from families. So, if in the time period between now and when those changes were made the family worked more hours that would have an impact as well. There are two components. It is looking at the changes as if no-one changes their lives at all and then there is a question of what changes a family can make in response to their circumstances. You would have to make assumptions around all of those things.

**CHAIR:** Is it fair to say, when you see this kind of thing where someone releases modelling where you do not know any of the assumptions and you do not know what questions were asked, it becomes virtually impossible to judge the veracity of that sort of information? You can guess whether it is close to the mark, but without knowing the exact questions and without knowing what assumptions it would be very difficult to know how accurate it is.

**Ms S Wilson:** I think it is right to say that the output of models depends on the assumptions and methodology within each model and you cannot often make direct comparisons between models because they are all built in slightly different ways.

**CHAIR:** If you want to have your modelling tested, I suppose you need to put it all out there, including your assumptions.

**Senator MOORE:** We would really like to see all of that modelling from Treasury. That would be very useful. In terms of the process, if we were to go back—

**CHAIR:** They tend to put a fair bit of detail in their budget papers.

**Senator MOORE:** It is not in the budget papers, as you well know. With the case examples that are there the one point that you raised that I do not know is the childcare arrangements. In terms of your portfolio, but apart from childcare arrangements—and I will follow up on that—the budget impact on single income families with children would the major impacts of budget changes in your department be the family tax payments?

**Mr Innis:** I would need to know the full details of the family to be able to tell you that.

**Senator MOORE:** What more would you need to know about the changes in your budget this year and the model audience on whom they would impact? I have taken the point, and it is well made, on child care, but I do not think they will be impacted by some of the others, the

carers portal, and I am sure they will not be impacted by the Abstudy under 16 boarding supplement.

**Ms S Wilson:** There are some other changes in the budget that have an impact on families.

**Senator MOORE:** Which ones?

**Ms S Wilson:** As Mr Innis said, the age of the children. There are some measures that changed the means test for Youth Allowance where families have both Youth Allowance and Family Tax Benefit for children. The inclusion of all Family Tax Benefit for children in the family income pool for the Youth Allowance actually, if you like, liberalises the means test and the impact on Youth Allowance as family income rises. Similarly, the—

**Senator MOORE:** So, that is 18 to 24 now?

**Ms S Wilson:** Yes. It is for older children, but that is a measure that is designed to assist families that have both Family Tax Benefit for children and Youth Allowance for children, which includes school-age Family Tax Benefit Part A children. That is a measure in the budget that is liberalising the means testing.

**Senator MOORE:** Looking at the variables so that I can go back and actually look at this, we would need to drill down in terms of the question: what impacts in this year's budget changes could impact on a family of that nature? We do not have the detail on childcare.

**Ms S Wilson:** So, that is another one—

**Senator MOORE:** We do not have the detail of the age of the children, because that could impact on the issue around the Youth Allowance assessment. Is there anything else?

**Mr Innis:** Something that we would technically not be able to look at but would potentially have an impact is whether the family runs a small business, for example. There is a range of factors that come into the actual impact on a real family. Any work that we do in this space is—

**Senator MOORE:** Just for my information, why would a small business come into it if you are looking at income?

**Mr Innis:** Because the income testing regime depends on their sources of income.

**Senator MOORE:** So, it is a standard income test?

**Mr Innis:** Yes.

**Ms S Wilson:** We have also made some changes in Youth Allowance that go to abolishing the family actual means test and the assets test.

**Senator MOORE:** That is the other one.

**Ms S Wilson:** That is another budget measure which impacts particularly on families with business income or farming families. Again, it is a softening of the means test or a removal from the means test of additional features.

**Senator MOORE:** For special areas?

**Ms S Wilson:** Yes. If you had both Youth Allowance and Family Tax Benefit for children it would have an impact.

**Senator MOORE:** So, what I might do is look at the proposals that I have in terms of the two case studies that were publicised around the NATSEM modelling, taking into account the

issues that you have just raised in terms of variables that could impact on it and then see whether we could submit that to you again to see if you could have a look at that.

**Ms S Wilson:** We could take that on notice.

**Senator MOORE:** I will have a look at those things and see what information I can find. I will also find out the public nature. I have not got all the modelling. I have only that which has been provided publicly and I want to know what else there is so I can pass that on to you. Coming back to standard data, what percentage of FTB Part A recipient families have one or two parents who are in the workforce?

**Ms S Wilson:** We can tell you income support and not income support. I would have to take on notice parents who are in the workforce.

**Senator MOORE:** That was similar to before. Can I also have on notice what percentage of FTB families have a parent in the workforce? Can I have that on notice as well?

**Ms S Wilson:** Yes.

**Senator MOORE:** I do not think you would have that based on your previous answer. Can the department confirm that a low income family who receives FTB payments who moves into work receiving income that precludes them from continuing to receive income support payments will generally continue to receive FTB payments?

**Ms S Wilson:** It obviously depends upon the income.

**Senator MOORE:** I should change that to 'could generally' as opposed to 'will'. So, it depends on the income from their work earnings?

**Ms S Wilson:** Of course.

**Senator MOORE:** But there is nothing to stop someone receiving FTB—

**Ms S Wilson:** So long as they meet the means test thresholds and cut-outs, working of itself does not preclude Family Tax Benefit receipt. In fact, Family Tax Benefit and its precursors were designed to follow people from income support into work as a work incentive.

**Senator MOORE:** In fact, some of the earlier data you gave me proved that in terms of the partial payments and the process.

**Ms S Wilson:** That is correct.

**Senator MOORE:** Thank you.

**CHAIR:** Senator Siewert.

**Senator SIEWERT:** On families?

**CHAIR:** If you have any questions.

**Senator SIEWERT:** I do not have any more on families. It has been pretty comprehensive. I will tell you where I am particularly keen to go. Obviously pensions is a really big issue that we need to deal with and the waiting period. Will we go to pensions?

**CHAIR:** I think Senator Smith might have some, so I will come back to him. You want to go to pensions?

**Senator SIEWERT:** Yes.

**CHAIR:** What were the others?

**Senator SIEWERT:** I have waiting periods in this process and a few other random questions. They are the two big areas. I have detailed questions about pensions and some modelling there, pension concessions and changes to defined benefit schemes. Will we kick off on pensions?

**CHAIR:** Go ahead.

**Senator SIEWERT:** Presumably you have done a lot of modelling around the proposed changes to the pensions?

**Mr Pratt:** Yes.

**Senator MOORE:** Why was the question not answered that you do not do modelling—

**Mr Pratt:** There is a distinction between the modelling that Treasury does for the budget papers. We do not do modelling for the budget papers, but for things which are within the department's responsibility in advising our ministers we do modelling for them.

**Senator SIEWERT:** So, you have? Are you able to table it?

**Mr Pratt:** No.

**Senator SIEWERT:** I am trying to understand how people on part pensions are generating their income through the combination of assets, the interest on their assets and drawing down their assets. Does that make sense?

**Mr Pratt:** Yes.

**Senator SIEWERT:** I am looking at the comments that the government has made and the minister has made about people having to draw down their assets. Can you talk us through your understanding of how that happens and the level of confidence that you have that the people that are coming off the pension are going to be able to manage?

**Mr McBride:** There are two ways to approach this. Under the asset test changes obviously there are people who will be better off. I am assuming that you are not interested in that group but the group that will—

**Senator SIEWERT:** I will go through those. Can we just do this one and then I want to go back to that. I understand there are people that are going to be better off, which is good. I am obviously looking at those that are going to be adversely affected and get an understanding of that.

**Mr McBride:** Of that group, because the free area, the area under which your pension payment is not affected has been expanded, for the group that is better off—there is a group under that curve, if you will, that is better off—the taper rate, the rate at which your pension is reduced, is steeper than it is now. We have what we call a tipping point where you move from those who have a better deal under the asset test changes to worse. Then of that group that is worse off we have done quite detailed analysis by asset ranges as to how much they would have to draw down on their assets to compensate themselves for the loss of the pension. That is the drawdown on their assets. There is also a question of the income that they earn on that asset. That is a slightly more difficult question. As I am sure you know, we deem certain levels of income and for those people with, say, account based income streams; they will get an income stream, some of which we disregard for income testing purposes because it is a return of their capital.

The amount we deem you to have or assess you to have is less than the income you might necessarily get. Then we have the deeming rates that suggest that you will be assessed based on an earning rate of, say, 3.5 per cent for high levels of assets. Now, you may earn a lot more than that, and 3.5 per cent is quite low for people of high assets. Arguably you could say if they earn a benchmark return published by the Australian Stock Exchange for the top 200 companies that is 12 or 13 per cent.

**Senator SIEWERT:** Yes. I want to come back to that.

**Mr McBride:** So, measuring income is a discussion. We have done some work on that and I am happy to talk you through that. The easier and more exact explanation we can give is on the amount of money that would have to be drawn down from your super earnings to compensate you for the loss of pension.

**Senator SIEWERT:** Can we go there first?

**Mr McBride:** We can, indeed. There was the increase in the free area that I spoke about for all age pensioners. That was increased even further for non-homeowners.

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

**Mr McBride:** So, you have four categories. You have pensioner couple homeowners, couple non-homeowners, single homeowners and single non-homeowners. The tipping point where they go from winners to losers is different for all of those and the drawdown rates are slightly different. We can go through that in whatever detail you want. Prior to the minister's announcement on 7 May there were tables that the minister released to the *Daily Telegraph*.

**Senator SIEWERT:** What was that?

**Mr McBride:** On the day of the announcement of this measure, there were tables in the *Daily Telegraph* which give you a fairly good sense of the required drawdown for the various measures.

**Senator MOORE:** Are they pretty accurate?

**Mr McBride:** Yes.

**Mr Pratt:** Extremely accurate.

**Senator SIEWERT:** You cannot always guarantee if any paper is accurate.

**Ms S Wilson:** Across the group as a whole, the maximum drawdown that would be required across those most affected would be 1.84 per cent of their assets to make up for the loss of the part rate pension they had received prior or will be receiving prior to the implementation of the measure, noting that it is being implemented in 2017. We can break that down by the single homeowner, single non-homeowner, couple homeowner and couple non-homeowner.

**Mr Pratt:** That is way under two per cent drawdown in a year to maintain that.

**Ms S Wilson:** The same level of income.

**Mr Pratt:** Their former income level.

**Senator SIEWERT:** So, 1.84 is the percentage. Are you saying that is the maximum?

**Ms S Wilson:** That is the maximum amount of drawdown that would be required to make up for the loss of part pension that those adversely affected by the measure would experience.

**Senator SIEWERT:** Can you give me that for the four groups?

**Mr McBride:** Yes.

**Senator SIEWERT:** So, 1.84 per cent is for which group?

**Mr McBride:** Single homeowners. The maximum rate for a couple homeowner is 1.76 per cent.

**Senator SIEWERT:** Is that for couples?

**Mr Pratt:** It is 1.76 per cent drawdown.

**Senator SIEWERT:** Yes, for couple homeowners?

**Ms S Wilson:** For couple homeowners.

**Mr McBride:** For a couple non-homeowners it is 1.23 per cent.

**Senator SIEWERT:** And for single?

**Mr McBride:** For a single non-homeowner it is 1.1 per cent.

**Senator SIEWERT:** 1.1 per cent?

**Mr McBride:** Yes.

**Senator SIEWERT:** If you are drawing down on your assets, where is the point where you also have a combination of income from your assets?

**Mr McBride:** This does not look at the income growth of your asset. It just says from your asset base you would have to draw down this amount. It may well be that the income that your asset earns exceeds that.

**Senator SIEWERT:** So, that is without your income?

**Mr McBride:** Yes. On that level of assets you would have to draw down that amount to compensate your—

**Mr Pratt:** Perhaps if we turn this around the other way. Under the current arrangements the worst affected here are possibly getting a part pension of \$11,000 or \$12,000.

**Mr Whitecross:** The worst affected will be on the minimum amount, which is \$50 or something of that nature a fortnight.

**Senator SIEWERT:** So, you are saying the worst affected, the 1.84 per cent, will be getting the minimum amount of part pension? Is that what I just understood, Mr Whitecross?

**Mr Whitecross:** Yes.

**Mr Pratt:** They are getting a small part pension to make up for the part pension they no longer receive and they need to draw down a small amount each year from their asset?

**Senator SIEWERT:** Yes. That is if they are not able to increase their income.

**Ms S Wilson:** And we would assume, as the published data tells us, that their assets are earning some income. Depending on the asset class it will vary, and as Mr McBride said, from shares and managed investments I think the index for the last 12 months indicates growth of about 12.7 per cent on average.

**Senator SIEWERT:** So, you are making an assumption in terms of the amount that would have to be drawn down?

**Ms S Wilson:** We have made a calculation to make up for the loss of the pension at the maximum. For those most adversely impacted, what is the draw down from the value of their assets, so the capital amount of their assets that would be required to make up for that loss of pension. The maximum for anyone adversely affected under this measure would be 1.84 per cent of their total assets.

**Senator SIEWERT:** That is just based on an asset value and not the type of assets?

**Ms S Wilson:** That is based on a total asset value, noting of course that it is assets in addition to their family home where they are a homeowner.

**Senator SIEWERT:** I understand that. So, there will obviously be some people that can draw down their assets beyond their family home easier than others, depending on the class of asset?

**Ms S Wilson:** Yes. There are many different classes of assets that people hold. Some of them provide an income stream to them. Some of them they earn interest on. Some of them they get growth in the capital value plus dividends, depending on the class of asset that is held.

**Mr McBride:** Given the impact of this measure it tends to be on those with higher asset holdings. That group of people tends to have a more diverse portfolio of assets so more liquid assets and easier to drawn down should they wish. A small pensioner may only have money in the bank, but once you get to \$700,000 or \$800,000 of assets you tend to have a more diverse and sophisticated portfolio.

**Senator SIEWERT:** Yes. Is that an assumption?

**Ms S Wilson:** No. That is based on our data.

**Senator SIEWERT:** Which data set? Is it a data set that we can access?

**Mr McBride:** It is administrative data.

**Senator SIEWERT:** Administrative data from the DHS?

**Ms S Wilson:** From the customers. The customers tell DHS what assets they hold and they have to report their value and movements in their value, so based on that data we can tell the range of assets that people have.

**Senator SIEWERT:** I acknowledge that you have said that you cannot give us the modelling, but can you give us a table with those classes of assets?

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

**Senator SIEWERT:** Do you have a table that you could access by the end of the night that you could table? This is a fast moving issue. The legislation has just been tabled in the House of Representatives.

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

**Mr Whitecross:** In coming back to something I said before, the people at the highest draw down amount are not on the minimum amount, which is what I said before. At the point that they require the highest draw down to make up the actual amount of pension they are receiving it is between \$8,000 and \$14,000, depending on whether they are a single pensioner or a couple pensioner.

**Senator SIEWERT:** That is how much they have to make up?



**Mr Whitecross:** Yes.

**Senator SIEWERT:** So, between \$8,000—

**Mr Whitecross:** It is \$8,190 if you are a single non-homeowner and it is \$14,467 if you are a couple homeowner.

**Senator SIEWERT:** \$14,467?

**Mr Whitecross:** Yes.

**Senator SIEWERT:** That is if you are a couple homeowner?

**Mr Whitecross:** That is combined.

**Senator SIEWERT:** You have to make up that much?

**Mr Whitecross:** Yes.

**Senator SIEWERT:** So, a couple homeowner. That is the highest people have to make up?

**Mr Whitecross:** Yes. At that point you have \$823,000 of assets.

**Senator SIEWERT:** I will come back to that. So, that is over the 12 months?

**Mr Whitecross:** Yes.

**Senator SIEWERT:** They are at the highest end of the assets. Can you give us—

**Mr Pratt:** Just to be clear, they are the worst affected.

**Senator SIEWERT:** Yes, I understand that. That is the 1.84 per cent and the 1.76 per cent.

**Mr Pratt:** Those with the highest assets might be someone at \$1.15 million currently who is getting a very small part pension who loses that, but it is a very small amount.

**Senator SIEWERT:** For the other two, the single non-homeowner and the single homeowner, can you give us how much they have to make up in dollars?

**Mr McBride:** What was that for?

**Senator SIEWERT:** The other two classes.

**Mr Whitecross:** Single homeowners was \$10,042.

**Senator SIEWERT:** I thought single homeowners was \$8,190.

**Mr Whitecross:** That was the single non-homeowner. The \$8,190 was the single non-homeowner with \$747,000 of assets. A single homeowner was \$10,042. That is for someone with \$547,000 of assets and a home.

**Senator SIEWERT:** And the coupled homeowner?

**Mr Whitecross:** The coupled non-homeowner was the other one. The maximum reduction was \$12,615 combined.

**Senator SIEWERT:** That is across the two?

**Mr Whitecross:** Yes. That was when the couple had \$1,023,000 of assets.

**Senator SIEWERT:** I will go back to the list of the classes of assets. Are you taking that on notice or are you going to try to find that? You said that the assets at the higher end of the assets are the more liquid ones. Are you able to provide a table of what those assets are with the types of classes?

**Ms S Wilson:** I can give a total for the total pensioner population. I do not think that I have got anything more granular. Do you have something to hand?

**Mr McBride:** Yes. This gives you asset holdings by the four groups. We are happy to table that.

**Senator SIEWERT:** That would be good. Thank you.

**Mr McBride:** It will leave me without a copy to talk to.

**Senator SIEWERT:** We will photocopy it and give it back. Maybe we will come back to that. Are the calculations that you have just given me for those people that would be trying to make up their income just on drawing down their assets?

**Mr McBride:** The table we are about to give you shows the diversity of asset holdings of that affected group. What we talked you through before is the extent that they will have to draw down on those assets to compensate for their loss.

**Senator SIEWERT:** Yes. So, are we then obviously looking at how people are able to react depending on the type of assets? That is what I am more so interested in finding out. Your answer to me there is that the higher the assets they hold the more likely they are to be—

**Mr McBride:** A diverse range of assets.

**Senator SIEWERT:** I understand the single non-homeowner has a higher threshold, and they are only 1.1 per cent affected. I do not think you told me the asset base for that, did you?

**Mr Whitecross:** I am sorry. I can do that for you now. Single non-homeowner was at \$747,000.

**Senator SIEWERT:** I beg your pardon; you did. Have you done work on what the combination therefore is between draw-down and income? Have you just done the work on what the cost or impact is if you draw down on the assets?

**Mr McBride:** We have started to do some work on the level of income that may be at the disposal of these people. As I said before, that is difficult because part of it is discretionary.

**Senator SIEWERT:** I understand that, yes.

**Mr McBride:** So, if a company earns \$1,000 they might distribute it in dividends or they might reinvest it, which means your stock goes up, which you could draw on by selling the dividends and still be equally well off. The rate of return varies, so we have used averages. It is quite a complex question to answer. Certainly, looking at how much they are deemed or assessed to earn probably lowballs the amount of income at their disposal, but depending on whether you want to look at average rates of return for asset classes or the amount people can actually draw down, the income varies quite wildly.

**Senator SIEWERT:** I understand what you are saying. You said you have only just started doing work on that. Was that not in the modelling that was done for this measure?

**Mr Pratt:** I think it is important to understand that what we have talked about here is the most conservative position.

**Ms S Wilson:** It assumes that people are drawing down. It take no account of any increase in the underlying value of those assets and return on those assets depending on their class.

The 1.84 per cent maximum is just making a straight calculation of what the forgone pension reflects as a proportion of the capital value of the assets at the point of the implementation.

**Senator SIEWERT:** I understand that. I am trying to work out how that interacts with any income they may be generating. I understand that some people, for example, are holding some liquid assets in rather low interest bearing accounts and things like that. I am not meaning to verbal you, but it sounds like you are only doing some work on that now.

**Ms S Wilson:** Over the course of a number years we have looked at the asset holdings of pensioners and their composition. It is work that we generally do as part of our ongoing analysis. What we know from the data that is reported to DHS is that pensioners higher up the assets holding have more diverse assets and they are the classes of assets that tend to provide higher returns in general.

When we say we are only just starting, we are not only just starting to look at these issues. We have been looking at these issues for some time. In terms of the specifics of this proposal in respect of different lenses through which you can look at the income available to pensioners, we have been compiling it more recently in the sort of form that Mr McBride was talking about.

**Mr Whitecross:** In relation to the idea that people could effectively have quite substantial asset holdings in interest bearing accounts with a financial institution, that would be quite unusual. I am sure there are people in that situation.

**Senator SIEWERT:** I can tell you people have been emailing me telling me that.

**Mr Whitecross:** Indeed, we have our own set of correspondence. That tends to be the example that people state, but when you actually look at the information that we have—and it includes some of the information that was in the thing that Mr McBride tabled—in practice it is much more likely that people have a diversified range of assets, not assets in a single class. That would normally not be a very well advised strategy, to have a very large amount of money in a single interest bearing deposit.

We have 2.4 million age pensioners, so there are bound to be some people in that situation, but that would not necessarily be the most normal situation or the most advisable situation. Part of the service offer we make to age pensioners is to give them advice through Centrelink's financial information service about what might be things to think about when they are developing a way of structuring their investments to reflect their concern about safety and security of their money, and also to get a reasonable return.

**Ms S Wilson:** The people adversely impacted by this measure have holdings in forms that have the capacity to provide more income and more return from them than we have captured in the information that we have provided in terms of the 1.84 per cent draw-down. That is the worst case scenario. It assumes that they are not supplementing their pension through other forms of earnings or returns on their investment. It is just assuming they are doing a straight draw-down, when we know in fact that those classes of investment provide returns in excess of 1.84 per cent.

**Senator SIEWERT:** Would you not know about that?

**Mr Pratt:** In terms of your comment that we are still doing work in other areas—what we have done is we have focused on the absolute worst case situation. With all of the ones that

you are talking about, if the affected people are actually earning extra income and so forth, they are actually going to be in a better position.

**Senator SIEWERT:** I understand that.

**Mr Pratt:** Yes, so our priority has been to look at the absolute worst case.

**Senator SIEWERT:** With the data that you hold and with people reporting their income—is what they have to do?

**Ms S Wilson:** They have to report their assets and their income has to be reported. Not all of it is assessable. A range of things provide concessional treatment of income. For example, in respect of earnings, there is the work bonus that means up to \$6,500 per annum or thereabouts can be disregarded from a pensioner's income if they are deriving earnings. There is also the provision in an income—

**Senator SIEWERT:** Do you know how many access that work bonus?

**Ms S Wilson:** Perhaps whilst Mr Whitecross is looking for that I shall continue with a couple more examples.

**Senator SIEWERT:** Yes.

**Ms S Wilson:** We also have pensioners who hold their assets in an income stream. Part of the income stream is not assessed for the purposes of the pension means test, because it is taken to be providing a return on their capital. That is another concessional treatment of the income that is available to them that does not impact on their pension. What Mr Pratt was saying is that people would generally be in much better circumstances than is captured by the 1.84 per cent because they are deriving income on their investments or they are deriving earnings or they are getting returns which are not all fully captured in the means test. They are fully captured in that analysis.

**Mr McBride:** As a consequence, the income we assess them against to determine their pension eligibility is less than the income they have at their disposal to spend on goods and services.

**Senator SIEWERT:** Are you saying that people that are likely to be affected are actually probably better off than they look on the books on which you are doing the numbers?

**Mr Pratt:** On the worst case circumstances that we have modelled, yes.

**Senator SIEWERT:** In terms of this table, which I have not had much of a chance to have a look at because I have been asking questions—it is very handy—is this based on actual data that the Department of Human Services holds on all pensioners?

**Mr McBride:** Yes.

**Senator SIEWERT:** All people that receive pensions?

**Mr McBride:** Yes. It averages it. For example, the blue bar down the bottom is deemable assets. They are quite liquid assets that pensioners can draw on quite readily.

**Senator SIEWERT:** So, income stream assets are the purple bar. That makes a fair proportion of the highest asset holders. Income stream assets are actually a substantive part of their incomes?

**Mr McBride:** For those with higher asset holdings, yes.

**Ms S Wilson:** This is one way to reflect on it. For those with higher assets holdings, a significant proportion of them hold a significant proportion of their assets in an income stream product. That would be a fair thing to say.

**Senator SIEWERT:** I am not an economist.

**Ms S Wilson:** Nor am I.

**Senator SIEWERT:** You have seen these figures before and I have not. If I understand correctly from what you have just said, some of those income stream assets would not be counted in assessable income for the pension?

**Mr McBride:** When you have an income stream product you put money in to build up that product. When you get money from that, an annual payment or a fortnightly payment, it would be unfair to treat as income what is effectively a return of your contribution. We disregard some of the money you get when working out how much income should be assessed in determining your pension eligibility.

**Ms S Wilson:** It is a concessional treatment.

**Senator SIEWERT:** Tell me where to go and look if it is easier for me to find a list, but what are all of the things that would potentially not be included—the concession, the work bonus. Is there a list easily accessible that I just need to go and look at?

**Mr McBride:** Yes. Deemable assets are assets where we do not say how much income you have earned, we say based on your asset holding and we deem you to earn a certain level of income. That is another category.

**Senator SIEWERT:** Yes, so is there a—

**Ms S Wilson:** I am not sure that we have an easy list in one place, but we could provide one to you on notice if that would be helpful.

**Senator SIEWERT:** Could you provide one on notice?

**Ms S Wilson:** Yes.

**Senator SIEWERT:** So that I have a clear picture.

**Ms S Wilson:** Of course.

**Mr McBride:** If you consider deemable assets, the work bonus and return of capital through income streams, so deductible amounts, then they would be the big three that would get concessional treatment.

**Ms S Wilson:** They are the three main ones.

**Mr McBride:** So, the income we assess you against would be less than the income you have at your disposal.

**Senator SIEWERT:** So, there is deemable, income stream and work bonus.

**Ms S Wilson:** They are the three that, if you like, provide a relatively generous or concessional treatment.

**Senator SIEWERT:** Is the work bonus the one that came in a couple of years ago?

**Ms S Wilson:** It was part of the 2009 pension changes, yes.

**Senator SIEWERT:** Time moves fast.

**Mr Whitecross:** Just to supplement that answer, they are the three examples where we are talking about liquid assets. Of course, you get capital growth in other kinds of assets like real estate, which is not assessed as income, but that is generally not regarded as a liquid asset, whereas the other classes that we talked about are liquid classes.

**Senator SIEWERT:** I understand that. The point with real estate is that it is harder to generate immediate income, unless you are getting rent.

**Mr Whitecross:** Your rent will be counted as income in the income test. I am just saying that you are actually getting a return from the capital growth. It is just that the return from the capital growth is not in liquid and it is not assessed in our income test. I should also say, when we are talking about income testing, we are talking about people's income not reducing their pension, because the people we are talking about are asset tested and so their pension is being reduced on their asset. When we are talking about how we are assessing their income, what we were just talking about is what we know about the income available to them, but that assessable income is not reducing their entitlements if they are an asset tested pensioner, which these people are.

**Ms S Wilson:** It might be helpful to explain that we do not double test. We look at whichever gives the lower pension of the income test versus the assets test as probably the simplest way to explain it, and apply only that one which gives the lowest pension outcome. We do not apply both tests simultaneously.

**Mr McBride:** As a bit of a generalisation, those people with lower asset holdings are normally tested on the income test and higher tested asset holdings are tested under the assets test.

**Senator SIEWERT:** I had a bit of trouble hearing you.

**Mr Pratt:** If you have low assets you tend to be tested more for income. If you have significant assets, like the people we are talking about, it is generally the asset test which actually determines your pension, not an income test. We thought we might just give you a couple of examples of deenable assets.

**Mr McBride:** Bank accounts, shares and term deposits. The deenable assets, which is the blue column, are perhaps the more liquid of the assets that people have at their disposal.

**Senator SIEWERT:** That is the dark blue, yes.

**Mr Whitecross:** Managed investments, shares and bank deposits are the three main classes.

**Senator MOORE:** Where is income streams?

**Mr Whitecross:** Income stream is basically a superannuation investment. Under the rules of superannuation, when you reach the retirement phase and you start drawing down there are rules which say that you have to draw down a certain amount each year. Generally speaking, income streams are account based products and you can draw as much as you like out, but you have a minimum amount that you have to draw out. The asset classes that are invested in vary depending on the terms of the actual arrangement. It is a tax-free environment.

**Senator MOORE:** Is it mainly superannuation?

**Mr Whitecross:** It is basically superannuation.

**Senator MOORE:** There is nothing else?

**Mr Whitecross:** Yes.

**Senator MOORE:** I was trying to think of other things.

**Mr Whitecross:** No, it is superannuation.

**Senator MOORE:** Why do we not call that superannuation?

**Mr Whitecross:** You could have superannuation money—or the proceeds of superannuation—which you had used to purchase some of the other things. But income streams is the bit which is still inside the superannuation system, if you like.

**Mr McBride:** Just to complicate things slightly further, they are now deemable, but only for new assets. So, those people that had income stream products previously were grandfathered under their former treatment. New income stream products are now a deemable asset, so they will form the dark blue column over time. I am not sure that helped.

**Mr Whitecross:** Senator Siewert, you asked whether I had any information about the work bonus. In the 12 months to 30 June there were about 156,000 age pensioners who had worked at some time in the year. In the last fortnight of 2014, about 103,500 had their assessable income reduced as a result of the work bonus.

**Ms S Wilson:** So, that means they accessed the work bonus to get a higher rate of pension?

**Senator SIEWERT:** Yes. So, 103,500 are—

**Mr Whitecross:** That is a point in time number, or 156,000 if you look at it over a 12-month period.

**Senator SIEWERT:** The point being here, though, is that the people that are affected that have an income stream are going to have either to draw down their assets or increase their income to make up the difference through these assets and asset classes.

**Mr McBride:** If they want to make up the difference.

**Ms S Wilson:** If they are not already getting enough return on their assets to provide them an income such that the loss of the part rate of pension makes little difference to them.

**Mr McBride:** To put you back on the equal footing as you were before, you would have to draw down.

**Senator SIEWERT:** You would have to draw down or increase your income generation from your assets.

**Mr McBride:** Yes.

**Mr Whitecross:** That is right.

**Senator SIEWERT:** I have more. The generation of that discussion did actually answer some of my other ones, but I do have more. I am sure that you probably have some of the same letters. In fact, I am sure the minister does, because we are all being copied into letters that are being sent to the minister. Are we able to give you some examples, which as I said you probably have—and they are quite complicated—that you could take on notice to say whether the assumptions are right?

**Ms S Wilson:** On notice we can look at those examples.

**Senator SIEWERT:** Yes.

**Ms S Wilson:** It is hard to tell without first looking at them whether we have sufficient information to verify what is being said or not. We can absolutely undertake to have a look at the examples for you. There has been some press reporting which has not been completely accurate in a number of cases. They have overstated the impact of the reduction in pension and neglected to mention the value of the assets held in some of the cases. I just want to caveat that we will do so with best endeavours, but without seeing them it is hard to know whether we would have all of the information.

**Senator SIEWERT:** Quite frankly, I think it is a bit of a waste of time me just giving it to you now and asking whether it is right or wrong. People are taking this really seriously and doing very complicated spreadsheets.

**Ms S Wilson:** I will absolutely undertake to look at them.

**Mr McBride:** We will be able to compare that with our analysis. It might be difficult to pinpoint where they went wrong, but we can certainly try and give you what we think the proper outcome will be.

**Senator SIEWERT:** Could I go through some of the numbers of people that will be affected and when they will be affected?

**Mr McBride:** Yes.

**Senator SIEWERT:** Maybe just for the record here, I know it has been in the media, the percentage of age pensioners and pensioners that are going to go down and those that are actually going to go up.

**Mr McBride:** Certainly. So, 88 per cent will not be affected. Perhaps in reverse, four per cent will benefit and eight per cent will be adversely affected.

**ACTING CHAIR (Senator Siewert):** Is the four per cent an increase?

**Mr McBride:** Yes.

**ACTING CHAIR:** Is that across all—

**Mr McBride:** That is across Social Security and Veterans' Affairs.

**Senator MOORE:** In any way negative, it can be a lot.

**Mr McBride:** Yes.

**ACTING CHAIR:** With the most being 1.84 per cent?

**Mr McBride:** Yes, for those asset levels that we listed before.

**ACTING CHAIR:** Now to be difficult, in terms of numbers?

**Mr McBride:** The four per cent is 171,500 pensioners that will benefit, and 327,300—

**Senator MOORE:** Will be affected.

**ACTING CHAIR:** Will be affected somehow. Is that immediately?

**Mr McBride:** No. It does not commence until 1 January 2017.

**ACTING CHAIR:** Sorry, I meant immediately at the point—

**Ms S Wilson:** At the point of inception.

**Mr McBride:** At that point. From that date there are new tests and new free areas, but the steeper rate will apply to their asset holdings at that date.



**Senator SIEWERT:** Will the thresholds be indexed?

**Mr McBride:** From then.

**Mr Whitecross:** Yes.

**Senator SIEWERT:** With what indexation process?

**Mr McBride:** CPI.

**Mr Whitecross:** It is an annual indexation to CPI on 1 July.

**Senator SIEWERT:** Is that normal?

**Ms S Wilson:** Yes.

**Senator SIEWERT:** Has it always been CPI?

**Mr Whitecross:** That has been the longstanding practice, yes.

**Senator SIEWERT:** Are there no plans to change?

**Mr Whitecross:** No.

**Senator SIEWERT:** What are the forecast numbers that will never come on to the pension now?

**Mr Whitecross:** The numbers affected that Mr McBride read out before are a composite of people who do not go on to pension and based on estimates of projections of what we think the customer numbers would have been compared to what the customer numbers will be. In practice, that is always a mixture of new customers who are going to qualify on 1 January 2017 but now will not qualify because of the change, and people who were in payment before who will now get cancelled, for example. They are not necessarily—

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

**Mr Whitecross:** I am not able to disaggregate between those two groups, people who would not come on and people who would drop off.

**Mr Pratt:** Or get less.

**Senator SIEWERT:** How many are going to drop off? What percentage drops off?

**Ms S Wilson:** I think the number is 91,300 current part rate pensioners will lose access to the pension at the point of implementation.

**Senator SIEWERT:** They are therefore affected. Is that of the 327,300? So, 91,300 will in fact lose it altogether?

**Mr Whitecross:** Yes.

**Senator SIEWERT:** Are you not able to tell anybody how many are current pension holders and how many are projected into the future?

**Mr Whitecross:** Effectively, what we are doing is we are projecting forward what the number of pensioners is going to be after the change. In the year after the change it will be 91,000 lower, but that will include some people who would otherwise have qualified in that year and also people who were previously qualified but now will be cancelled.

**Ms S Wilson:** I do not think we have it broken down any further than that.

**Senator SIEWERT:** Have you not got forward year estimates?

**Mr Pratt:** We will take it on notice to see if we can give you a rough approximation of those who are on who would come off and those who would otherwise have qualified but will not.

**Senator MOORE:** In the first year.

**Mr Whitecross:** We are talking about in a specific year. People's entitlements change over time. They may not be qualified in 2017, but they may become eligible in a subsequent year as their asset balances change.

**Senator SIEWERT:** What about projections into the future about the number of people that will not be accessing the pension?

**Senator MOORE:** I think the savings are calculated into the forward years.

**Ms S Wilson:** The savings are calculated in the forward estimates. We do not have reliable data to—

**Mr Whitecross:** That is the question that Mr Pratt just agreed to take on notice.

**Mr McBride:** That was for 2017. This is whether we can then do that same analysis for the forward estimates.

**Senator MOORE:** Yes, and see on what basis you have calculated the savings.

**Mr Whitecross:** It is kind of the same question so we will look at it in the same context.

**Senator SIEWERT:** Yes, it is kind of the same question; you are right. If you could take that on notice that would be appreciated. With those figures that you are looking at, do you only look at the forward estimates; you do not look beyond the forward estimates?

**Ms S Wilson:** For the purposes of the budget, we provide costings for the forward estimates period. Things like the *Intergenerational report* try to take a much longer view of what the expenditures will be. From time to time we try and do something beyond the forward estimates, but it is generally not something that we publish because of the difficulty of getting the parameters beyond the forward estimates that you can use to factor into it.

**Mr Whitecross:** I think one of the key things is over a relatively short period like the forward estimates you can assume the current pattern of asset holdings. I think when you start to think about longer periods you have to take account of the fact that you have the superannuation system maturing and general ongoing growth in the economy as well, which feeds into the wealth of retirees. The exact resources available to retirees when you start to look 10, 20 or 30 years out is a much more complicated modelling task. That is the sort of thing that they—

**Senator SIEWERT:** We might need a retirement income review.

**Mr Whitecross:** They might attempt to do that in the intergenerational report, for example. It is not something that we have done in the context of this measure.

**ACTING CHAIR:** One of the reasons I am asking that is we keep being told that the pension is not sustainable into the future, and so this is a measure that is being brought in. Surely we have an idea about what impact it is having into the future beyond forward estimates?

**Mr McBride:** You would expect that, given the ageing population, you will have more people coming on to the age pension and because of the maturation of the super system they

will be coming on to the age pension with greater asset holdings. Over time you will have greater numbers with greater assets.

**Ms S Wilson:** I think it is fair to say that it is a structural change, the savings associated with which will grow more in the out years. To be precise about the impact that will have is more challenging.

**Mr Pratt:** However, if you look at Budget Paper No. 2, page 169, the estimate is that there will be a saving in 2017-18 of \$975 million, and in 2018-19, \$1.02 billion. That will continue but growing slightly each year. It is on an ongoing basis.

**Mr Whitecross:** The impact of that on the cost of the age pension is equivalent to 0.05 per cent of GDP in 2018-19. That is against, say, the IGR, which said that in 2014-15 the pension cost around 2.9 per cent of GDP. It is a reduction of 0.05.

**Senator SIEWERT:** So, within the boundaries of what you have just said, you have done up to the forward estimates. You are going to look at giving me some more data, but you have not done the costs added to 2027 or the number of people that may or may not be affected out to there?

**Mr Whitecross:** As I said, I think as you get into longer term projections, to do a realistic costing you have to start to factor in changes in asset holdings. That is more the kind of thing that Treasury does in the IGR type of modelling.

**Ms S Wilson:** It is based on what we know about the current population of pensioners. It is safe to say that we can look at the trends of the past few years and we can feel more confidence about looking at a four-year period. When you go further out you would require data that we do not hold. We would need to know what is thought to be the growth in the economy, the change in the assets classes, the change in industry sectors and those sorts of things to be able to do that projected further out. That is not really our bailiwick. That is more a Treasury thing.

**Senator SIEWERT:** Have you had those conversations with Treasury?

**Ms S Wilson:** We certainly talk with our colleagues in Treasury about these settings and their sustainability and policy in the area.

**Senator SIEWERT:** Can you give me the information I just asked about in terms of projections? You have basically spoken to them but have not then done the modelling out to 2030?

**Ms S Wilson:** Not that I am aware of.

**Mr McBride:** We can take it on notice.

**Senator SIEWERT:** That would be good.

**Senator MOORE:** I have some specific questions. I have tried to glean some of the answers from what you already have.

**Senator SIEWERT:** I will have a break while I look at all that to make sure I have covered all my questions.

**Senator MOORE:** These are not the same questions that Senator Siewert asked, but they are in data collection as well. I am wanting to know how many part pensioners will become full rate pensioners as a result of the measure, which would be some of that four per cent that

will be increased. The year the measure is introduced, it says over the forward estimates and every year over which this has been modelled. My understanding is the last round of answers you have given about over the forward estimates and every year over which they have just been modelled will be the answer; that it is difficult.

**Ms S Wilson:** I have data that says for those that will benefit from the measure about 50,000 part rate pensioners will qualify for a full pension.

**Senator MOORE:** About 50,000 in the first year?

**Mr Whitecross:** It is pretty much 50,000 each year.

**Senator MOORE:** Have you done modelling? I have been listening carefully to what you have been saying.

**Mr Whitecross:** This is based on our costing. From the costing, which is a microsimulation—we take each individual customer's record, we apply the new rules and this is what it says—50,000 of the people who are currently part rate would then be full rate. That is if you applied the new rules.

**Senator MOORE:** Will that grow as people are assessed?

**Mr Whitecross:** On 1 January, everybody would be subject to the new assessment so it is not really a growing thing. It will only grow in the sense that the population as a whole grows with the Australian population.

**Senator MOORE:** So, that 50,000 who become full rate in 2017 will be the ones who will change? Will they just keep going?

**Mr Pratt:** A number of those will—

**Senator MOORE:** Die.

**Mr Pratt:** The full rate pensioners will grow over time.

**Ms S Wilson:** As the population grows.

**Mr Pratt:** In fact, slightly faster than the population grows because our population is ageing at a more rapid rate.

**Mr McBride:** People will come on to the age pension that would otherwise have been part pensioners. They will be full pensioners by virtue of these changes.

**Ms S Wilson:** And because of the size of the population.

**Senator MOORE:** Entering into the age entitlement. You have to reach a certain age to qualify for the pension.

**Mr Whitecross:** Yes.

**Senator MOORE:** So, they would have been part pensioners if they were coming on now, but they will be full pensioners when this changes.

**Ms S Wilson:** Yes. So, there are people who become full pensioners at the point of implementation and then every year thereafter there are people who would otherwise have come on as part rate pensioners who will come on as full rate pensioners.

**Senator MOORE:** Right, if the change had not happened yet. Do you have any idea how much it would cost? How much better off will these people be? How much will they be increasing?

**Ms S Wilson:** The average will—

**Senator MOORE:** They will have various levels of part pension, but with this change they will become full pension. On average, how much will the scope be better off?

**Ms S Wilson:** Of those who benefit—

**Senator MOORE:** Would that be a subset of the \$974.9 million?

**Ms S Wilson:** Are you asking how much as individuals they will benefit on average or are you asking what part of the—

**Mr Pratt:** Can I perhaps give an answer for what we do know? Of the 171,500 who will benefit, on average they will be about \$30 a fortnight better off.

**Senator MOORE:** On average.

**Ms S Wilson:** That is the 171,500 who will benefit. So, 50,000 people would go from part to full, but then there are people whose part rates will increase as well.

**ACTING CHAIR:** By \$30 a week?

**Ms S Wilson:** That is \$30 a fortnight.

**Mr Pratt:** On average.

**Senator MOORE:** If 50,000 are going to go from part to full, the next question is: how many part pensioners will remain part pensioners but with a larger pension?

**Ms S Wilson:** It will be about 120,000, if you take into account the total who benefit of the 171,500.

**Senator MOORE:** Yes. In terms of every year over the forward estimates, is it the same kind of standard rate?

**Mr Whitecross:** Same thing.

**Senator MOORE:** Are you planning on the basis that it would stay about the same?

**Mr Whitecross:** Yes.

**Senator MOORE:** We will not be able to know how much these people are better off on average because it has been caught up in the previous answer.

**Mr Whitecross:** That is right. We just have a number for the whole group.

**Senator MOORE:** How many part pensioners will be left with a reduced pension? So, part of the eight per cent who are affected, some will lose it all but there will be some who will be affected and have a lower pension.

**Ms S Wilson:** There will be 236,000 pensioners who will have an average pension reduction of \$130 a fortnight. They are the pensioners with higher levels of assets. As I indicated before, in addition there would be 91,300 pensioners who will—

**Senator MOORE:** I am sorry, Ms Wilson, I managed to cough rudely through the whole second part of that answer.

**Ms S Wilson:** To go back to it, there are around 236,000 pensioners with a high level of assets who will have an average reduction of \$130 a fortnight. In addition, as we have given evidence, there are 91,300 pensioners with very high levels of assets who will have their pension cancelled. That equates to an average loss of about \$190 a fortnight from which they have to do the scenario, the 1.84 per cent maximum drawdown, to make up that difference.

**Senator MOORE:** So, on average the people who will go from part pension to having nothing because they would have been on part pension alone will lose about \$190 a fortnight?

**Mr Pratt:** On average.

**ACTING CHAIR:** What would be the maximum amount?

**Mr Whitecross:** The numbers I gave before were annual numbers, but it was the 14,000 and the 8,000.

**ACTING CHAIR:** What will I divide that by?

**Mr McBride:** By 26.

**Senator MOORE:** How many pensioners who currently have their pensions determined under the income test will become assets test pensioners as a result of this measure?

**Ms S Wilson:** I would think no-one. Generally, it is people with lower levels of assets who get assessed under the income test and people with a higher level of assets get assessed under the assets test.

**Senator MOORE:** So, it would be assessed under both and whichever gets a lesser pension is how it comes?

**Ms S Wilson:** That is right.

**Mr Whitecross:** I do not have that number. There would be some. Ms Wilson is correct; it would not be the normal situation, but there would be some because of their particular mix of income and assets.

**Senator MOORE:** Because there are so many variations in the way it is done, yes.

**Mr Whitecross:** Yes. So, it could happen, but the way we did the costing, as I said, was a microsimulation. We just put them through the rate calculator with the new parameters and got out the rate that they would now be paid. I have not actually got a count of how many have switched between tests. There would be some who switched from the asset test to the income test as a result of this measure.

**Senator MOORE:** That was the next question, funnily enough. Is there any way that figure can be obtained or would it be a guesstimate in both cases?

**Mr Whitecross:** I think we would have to look and see.

**Senator MOORE:** Can you take that on notice?

**Ms S Wilson:** We can take that on notice. We will have a look at it.

**Senator MOORE:** That is something that a couple of people have asked.

**Ms S Wilson:** We will see what we can do.

**Senator MOORE:** Do you have the projected save for this measure over the decade after its introduction? If not, what is the longest available projection into the future? You did have some of that.

**Ms S Wilson:** We have not got any—

**Mr McBride:** That was a question we took on notice.

**Senator MOORE:** I have written 'notice' beside it.

**Mr Pratt:** If you were to look at a typical decade, it is at least \$1 billion a year, growing slightly each year over that decade. My recollection is that it might be up around \$1.3 billion or \$1.4 billion many years into the future.

**Mr Whitecross:** You are suggesting, roughly speaking, that it is \$1 billion a year times 10 for 10 years of effect. That is pretty much right. The only things that would change would be things like growth factors on the pension population.

**Senator MOORE:** Or other changes, Mr Whitecross. If everything stayed the same.

**Ms S Wilson:** All other things being equal.

**Senator MOORE:** Can you provide the average assessable assets for families over 64 in each income decile?

**Mr Whitecross:** In each income decile. We will not have complete data to do that, because the age pension population is only a proportion of the total population. We do not have any asset information for people who are not getting a pension.

**Senator MOORE:** It is average assessable assets for families over 64. It does not say they would be on a pension.

**Mr Whitecross:** No.

**Ms S Wilson:** We would not hold it for non-pensioners, obviously. We can look at what we have—

**Senator MOORE:** So, average assessable assets for people who are on a pension. Over 64, would many not be on a pension?

**Mr Whitecross:** I am not sure whether we have done that. I guess we would have to take it on notice to see if we have done it.

**Ms S Wilson:** We will take it on notice and see what we can do.

**Mr Whitecross:** We will only be able to do something for—

**Senator MOORE:** I will get some refinement of that as well.

**Ms S Wilson:** If it could be asked in respect of the age pension population then we can see what we can do.

**Senator MOORE:** This is about the farm changes. Under the current rules, farm assets over two hectares are excluded from the pension assets test in certain circumstances. How will farm properties be treated under the new arrangement?

**Mr Whitecross:** There is no change to the treatment of assets under this, only to how we calculate your pension as a result. The assets are treated the same as they are treated now.

**Senator MOORE:** So, the same things are assessed but it is just how they are assessed; is that right?

**Mr Whitecross:** That is right.

**Senator MOORE:** What impact will this measure have on income for the aged care sector? Has any modelling been done on what that impact will be in terms of the link between the pension and the aged care sector?

**Mr Whitecross:** The costing did include consideration of that. Whether I have the information here is another question. I think the impact was relatively modest, but I do not think I have that here.

**Senator MOORE:** Can you take that one on notice?

**Mr Whitecross:** I could provide that to you.

**Ms S Wilson:** We will take that on notice. We have certainly looked at it as part of the costing, and as Mr Whitecross has indicated, it was not a significant impact. We will get you that information on notice.

**Senator MOORE:** The modelling done for ISA by consultancy firm Rice Warner estimates that 25 to 29-year-olds retiring in 2055 will be up to \$11,645 a year worse off if they are single females currently earning around \$58,000 a year. Have you done any modelling for people of this age? This would be people who are looking forward to the future. If not, is it possible for modelling on that to be done?

**Mr Whitecross:** Unfortunately, we have not been able to look at the Rice Warner stuff. I believe from my emails that they actually did provide it today. We have not had an opportunity yet to look at it. I am not able to look at the kind of analysis they have done.

**Senator MOORE:** So, this particular issue, in terms of Rice Warner's work, are you aware of it?

**Mr Whitecross:** I am aware of the news reports of it. We approached them when we saw the news reports to seek to obtain that. It has now been made available. I think it might be a submission to the tax review. We will look at that. My understanding of the modelling is that it is hypothetical modelling based on a set of whether this person was in this situation and they got this income and whatever—

**Senator MOORE:** Yes, which is how that question reads. They have taken a potential process.

**Mr Whitecross:** To the extent to which those scenarios are representative will be something I guess we will have to consider when we get a chance to unpack the—

**Senator MOORE:** I will come back to you on that in terms of notice and so on in terms of the question. There is also a process that was reported in the *Australian Financial Review* again that assuming a rate of return of three per cent a couple with \$1.1 million of assets would receive an annual income of \$33,000, whereas a couple with \$200,000 of savings in the bank and access to the full government age pension would receive \$40,900 a year. As you know, that case has been circulated. It may be one to which Ms Wilson referred to earlier. Is that correct?

**Mr Whitecross:** Without going to the specifics of that calculation, and I guess we could look at the specifics of it and decide—this is similar territory to the territory that Senator Siewert was referring to before—there are a couple of key difficulties with those kinds of calculations. We have seen a number of these from different people. One is that they tend to assume that the individual with the very high asset balance is investing their money at the deeming rate. As Mr McBride said earlier, that is not normally how people—

**Senator MOORE:** Not what your evidence shows.



**Mr Whitecross:** People with \$1 million do not, generally speaking, have it in an at call bank account earning three per cent. It is not a very realistic estimate of their likely income. That was the evidence we went through before. I think more importantly the suggestion that someone with no money relying on a maximum rate age pension is better off than someone with \$1 million in the bank does not pass the smell test.

The reality is that people who saved \$1 million for their retirement have got money that they can draw down each year to help fund their consumption needs over the course of their retirement. Once they draw down on those, which they can do in quite a modest way, they will find that in addition to the interest they are getting on their asset they actually have a much higher standard of living than a maximum rate age pensioner would have.

**Ms S Wilson:** People with more money at their disposal consume in a way that is quite different than someone who is on a maximum rate age pension and has no other resources available to them.

**Senator MOORE:** There was a another scenario put forward today by the Association of Superannuation Funds of Australia, which I can give you on notice. The core issue is the argument that a few people have been raising, that is, what is to stop people from deliberately selling off their assets, or spending them all, to preserve their pension and annual income? It is slightly different from what you have been talking about.

**Mr Whitecross:** I am old enough to have been around this argument for many decades and for as long as I have been around people have been saying that pensioners are going to sell all their money or give it all away or spend it all in order to get a maximum rate pension. There are a couple of realities to this. One is an analytical reality, which is if they did that they would be worse off, apart from in terms of their standard of living they would enjoy, apart from whatever benefit they got out of spending the money; they will then have less money and they would have a lower standard of living than if they kept the money and drew it down in a considered way to help fund their recurrent consumption needs. That is the first thing.

Secondly, when we look at the objective data about what customers actually do—and the minister talked about this at his Press Club address a month or two ago—the reality is that two-thirds of retirees are either not reducing their asset balances over a period of five years or actually increasing their asset balances over a period of five years. When we look more generally at age pension data, the evidence is that pensioners are not profligate or imprudent with their money, they are actually very careful with their money. If anything, they may sometimes be a little bit too careful with their money to their own cost. As a result, they may not necessarily be enjoying the standard of living they could be enjoying if they made more use of it.

**Senator MOORE:** What is the other third, Mr Whitecross? When two-thirds are acting in that way, what is the other third?

**Mr Whitecross:** Their balances are lower for the other third.

**Ms S Wilson:** They have been drawing on it.

**Mr Whitecross:** Which is what we would actually expect them all to be doing. We would actually expect them all to be drawing down their savings over time to help support their standard of living in retirement.

**Senator MOORE:** Is there anything in the policy directive towards getting more to draw down?

**Mr Whitecross:** I think the logic of the assets test is that people with higher levels of savings should be able to make use of those savings, and in many cases that accumulation was subsidised through superannuation tax concessions. That they would use those savings to help fund their retirement by drawing down on them in a prudent way to help fund their consumption needs. The asset test has always had that philosophy in mind, that people who have savings can use those savings to help fund their retirement needs, while at the same time people with more modest savings will need a higher level of support from the government and are more likely to qualify for a maximum rate pension.

**Mr McBride:** To go back to your former question, when the asset test changes happened last time, if you believe the scenario that people will get rid of assets to access their pension you would have seen people clustering around those tipping points or those cut-out points. There was no evidence to suggest people did change their behaviour to access the age pension.

**Senator MOORE:** So, it is not an intent of this policy to have people selling down or spending their assets?

**Mr McBride:** I guess the underlying intent is that people will draw down on their assets through their retirement years to subsidise their lifestyle. Certainly not to drastically give them away in order to access the age pension. Evidence would suggest that they will not do that.

**Ms S Wilson:** I guess in terms of giving them away, rather than spending them—

**Senator MOORE:** Is there any limiting on that?

**Ms S Wilson:** There are already deprivation rules in the age pension.

**Senator MOORE:** It would be a very long time.

**Ms S Wilson:** They are very longstanding; that is right.

**Mr Whitecross:** We do not actually have a view. We do not seek to tell pensioners what to do with their money. Our job with the age pension is to decide who needs assistance from the government to ensure that they can basically have an acceptable standard of living in retirement and can meet their basic needs. What the income and the asset tests are trying to do is to identify where people have resources of their own that they could use to support themselves, which means that they do not need as much assistance from the government.

At the end of the day what standard of living retirees choose for themselves within the resources they have got available is a matter for them. Some may choose a lower standard of living and to leave more to their children in inheritances. Others might choose to spend more of their money and enjoy a high standard of living. We are not really trying to achieve a specific end in relation to that. We are just trying to decide how much pension people need to supplement their private resources.

**Senator MOORE:** Minister, is it not the government's intent to actually get pensioners to sell off assets and live off their assets?

**Senator Fifield:** It is not the government's intent to, as the officers were saying, force people or seek to encourage people to dispose of their assets en masse. It is entirely

appropriate that people who have reasonable assets draw down on those over the course of their retirement. As Mr Whitecross highlighted, the purpose of the pension, the purpose of government policy, is to make sure that there is a level of support for people who do not have significant means. It is ultimately a safety net and it is important that is targeted at those who need the support the most.

**CHAIR:** I think that is an opportune point to pause. We will suspend now and recommence at 7.30.

**Proceedings suspended from 18.29 to 19.30**

**Senator MOORE:** I have a couple of last questions on pensions. They are to do with meetings while the development of this measure was in process. How many meetings did the minister have with National Seniors in the development of this measure? That is for you, minister.

**Senator Fifield:** I do not know how many meetings Minister Morrison had.

**Senator MOORE:** Can you take that on notice?

**Senator Fifield:** That is something we will have to refer to Minister Morrison. In relation to meetings that ministers have, it might be one thing for a minister to indicate that they have had meetings with particular stakeholders, but I certainly do not think we could necessarily go down to the number and days of meetings. But we will take it on notice and see as soon as possible.

**Senator MOORE:** I have two other organisations in the same area: the Council of the Ageing, and pensioner groups. The same question: how many meetings did the minister have with those groups in the development of the measure?

**Senator Fifield:** Of course, contact with groups can take all sorts of forms.

**Senator MOORE:** Absolutely.

**Senator Fifield:** There can be chats on the phone; there can be meetings at the side of other events; there can be meetings on other subjects. We will take that on board.

**Senator MOORE:** The same question to Mr Pratt, in terms of the department meeting with National Seniors, Council of the Ageing and pensioners groups in development of the measure.

**Mr Pratt:** We will take that on notice. Certainly some: for example, I meet regularly with the CEO of COTA.

**Senator MOORE:** Was any polling done on the measure prior to the announcement of it?

**Mr Pratt:** From a departmental point of view, we did not do any focus groups or anything like that.

**Senator MOORE:** The department did not? And did not pay for any?

**Mr Pratt:** No.

**Senator MOORE:** Were any focus groups convened at which this measure was discussed before it was announced?

**Mr Pratt:** Not to my knowledge.

**Senator MOORE:** Minister, this is a question for you, I would think. At any time prior to the announcement of this measure, was a promise given by the minister that a review into retirement incomes would be undertaken by this government?

**Senator Fifield:** I would have to consult with Minister Morrison. But I have no knowledge of any.

**Senator MOORE:** When you are consulting with the minister, can we find out to whom that undertaking was given, if one was given? I am going to run through quickly some questions on pensioner concessions. I would imagine it is the same people. Do Commonwealth Seniors Health Card holders receive exactly the same concessions as holders of the Pensioner Concession Card?

**Ms Halbert:** Holders of Commonwealth Seniors Health Cards receive the same concessional rate on pharmaceutical benefits, the lower extended Medicare safety net threshold, and bulk-billed doctors appointments at the discretion of the doctor, as for pensioners.

**Senator MOORE:** Are they the only concessions that the Commonwealth offers?

**Ms Halbert:** Pensioner Concession Card holders can get free hearing assessments and hearing rehabilitation, and discounts on certain services provided by Australia Post. The same concessions go to the card-holders' dependents.

**Senator MOORE:** And the Seniors Health Card gets the same as those?

**Ms Halbert:** No, they do not.

**Senator MOORE:** So that is one area. They are the ones you know of from the Commonwealth—Aussie Post, hearing things and—

**Ms Halbert:** the concessions extended to the card-holders' dependents.

**Senator MOORE:** At the state level, do you know what concessions are provided to the holders of the Pensioner Concession Card?

**Ms Halbert:** That is a matter for the states of course, but we do have information. It differs in each state.

**Senator MOORE:** Are we able to get information from that sheet?

**Mr Pratt:** The risk with this is—

**Senator MOORE:** that it may not be absolutely accurate.

**Mr Pratt:** That is right.

**Senator MOORE:** If there is a proviso that that is to the best of your knowledge, can that be given to us?

**Mr Pratt:** Perhaps what we could do is give you some general indications of the sorts of things where there are concessions in the states and territories, as we know it currently. Electricity and gas, water—

**Senator MOORE:** Rates and transport.

**Mr Pratt:** Some transport. I am just looking for rates.

**Senator MOORE:** Some of the local governments provide rates. I am not quite sure which do and which do not, but that is one of the areas that they do provide.

**Mr Pratt:** So it is in that range of items which people can get concessions on.

**Ms Halbert:** In most states a lot of concessions are offered to seniors, rather than the Commonwealth card that they hold.

**Senator MOORE:** So the card itself is not—

**Mr Pratt:** For some concessions, that is right.

**Senator MOORE:** What discussions have taken place with the states about maintaining concessions for people moved off the pension, prior to the Treasurer's speech on budget night?

**Mr Pratt:** We are not aware of any.

**Senator MOORE:** Have any discussions about concessions taken place since the budget?

**Mr Pratt:** I would have to take that on notice.

**Senator MOORE:** On that basis, Mr Pratt, did Treasury get any information from you on the issue of concessions before the Treasurer made his speech on budget night?

**Mr Pratt:** Certainly the information about the arrangements for concession card holders and all of that was considered substantially in the budget process.

**Senator MOORE:** How can the Treasurer guarantee that pensioners who lose their pension will keep the same concessions as they currently get? On what basis could that statement to be made?

**Mr Pratt:** I think you would have to direct that to Treasury.

**Senator MOORE:** On the information that you have about the variation in pensioner entitlements, is there any factual statement that pensioners will receive exactly the same benefits?

**Mr Pratt:** I would not seek to enter into speculation around what the Treasurer may or may not have said. Certainly, the policy is that people who have lost access to the pension as a result of this policy will have access indefinitely to the Commonwealth Seniors Health Card.

**Senator SIEWERT:** What about those people that we were discussing before, who will never go on to it?

**Ms S Wilson:** It is only people who are impacted at the point of implementation.

**Senator SIEWERT:** In 2017?

**Ms S Wilson:** That is correct.

**Senator SIEWERT:** So they have lost it—not those that would not get it, that normally would have got it?

**Ms S Wilson:** You cannot know that.

**Senator SIEWERT:** I take your point, because you have projected that—

**Senator MOORE:** You cannot know whether someone will get a pensioner health card if they are not—

**Ms S Wilson:** You cannot know that—

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

**Mr Whitecross:** While circumstances vary, and therefore you cannot be categorical, as a general proposition people who would have been eligible for a pension under the current rules, looking forward into 2017, would meet the qualifications for a Commonwealth Seniors Health Card, because their taxable income is likely to be below the limit for the Commonwealth Seniors Health Card. So as a general rule, people who missed out on a pension under the new rules would still qualify for a Commonwealth Seniors Health Card. The specific undertaking in relation to people who lost their pension in the transition is that they will definitely get one without having to be put through that income assessment.

**Senator SIEWERT:** Point taken. Thank you.

**Senator MOORE:** I have only a couple of questions on defined benefit schemes and are the last questions I have in this area. This is about the changes to defined pension benefit schemes. Do we have any information about how many defined benefit schemes are in existence? And are any of these taking new entrants?

**Mr Whitecross:** The number of people in the schemes or the actual number of schemes?

**Senator MOORE:** That is the next question. Do we know exactly how many defined benefit schemes there are? Are they taking new entrants and do we know how many people there are in each of the schemes?

**Mr Whitecross:** I do not have that information here. We could take that on notice.

**Senator MOORE:** You do have that information?

**Mr Whitecross:** I do not know whether we actually have a count of how many defined benefit schemes there are in Australia. Most people would be in a smaller number of larger schemes, but there could be any number of very small schemes which might have only one or two members. We would have to investigate whether that information is available.

**Senator MOORE:** You can take that on notice.

**Ms S Wilson:** That is really information that we as a department would generally not hold but that colleagues in the Treasury might. We only hold it insofar as people are accessing an age pension as well as superannuation.

**Senator MOORE:** Why would you not hold a list of how many defined benefit schemes in terms of assessing pension and developing policy? You accept the definition from Treasury; is that right?

**Ms S Wilson:** We look at each scheme, but it would not necessarily be the case that everyone in those schemes is applying for or is eligible for a pension. So it is only at the point of their claim for pension that we know about the sort of scheme that they are in, if you see what I mean.

**Senator MOORE:** I do see that, but I still cannot see why you would not know what schemes there are.

**Ms S Wilson:** Because there could well be schemes with a smaller number of beneficiaries who are beneficiaries who would never come anywhere near the pension system.

**Senator MOORE:** But if you are assessing them, you have to know whether they are a member of a defined benefit scheme.

**Ms S Wilson:** Yes. If they claim, we will be assessing them, but—

**Senator MOORE:** Wouldn't you need to know what the defined benefit schemes are if you are building up your knowledge about whether, if there is a claimant, they are part of one? I know we are going round in circles. I really do not understand the argument.

**Mr Whitecross:** When they present, we can look at the facts of their case. We can determine whether what they have is a defined benefit income stream.

**Ms S Wilson:** What sort of scheme.

**Senator MOORE:** You are telling me that you do not know all the defined benefit—

**Mr Whitecross:** We do not keep a list of them. We look at them as and when they come through the door.

**Ms S Wilson:** We look at them case by case.

**Senator MOORE:** You do not keep a record of all the schemes, you do not know whether they are taking new entrants and you do not know how many people are currently in receipt of defined benefits?

**Mr Whitecross:** We know how many pensioners have a defined benefit income stream. That is 140,000.

**Senator MOORE:** Do you know which schemes those pensioners belong to?

**Mr Whitecross:** We would know which schemes those pensioners belong to.

**Senator MOORE:** Can I have a list of all the known pension schemes of which pensioners are involved?

**Mr McBride:** We will have to take it on notice.

**Senator MOORE:** That is fine. And the proviso on that would be that you cannot guarantee they are all the defined pension schemes?

**Ms S Wilson:** Absolutely.

**Mr Whitecross:** That is right.

**Senator MOORE:** So you do not know how many people are in each of the schemes but Treasury may?

**Mr Whitecross:** We have an idea of which scheme people who are impacted by the change are in—who provides that, whether it is the federal government, the state government or a private organisation. But in terms of the list—

**Senator MOORE:** You cannot give me a breakdown of defined benefit schemes by occupation?

**Mr Whitecross:** Not right now I can't.

**Senator MOORE:** I hope not! Can you provide a breakdown of those defined benefit schemes, by occupation, of which you know pensioners are a member?

**Mr Whitecross:** There may be some information available which, from the nature of the scheme, might allow us to tell. Just to give an example, the New South Wales government ran a defined benefit scheme for public servants. Obviously, public servants are in a wide variety of occupations. So we would know that they were in that particular scheme, but we would not necessarily know what occupation—

**Senator MOORE:** Their occupation would not be public servant; their occupation would be driver, gardener, clerk or social worker?

**Mr McBride:** It is a question of whether they would report that.

**Senator MOORE:** I do not know; that is why I am asking you.

**Mr McBride:** We would have to check.

**Mr Whitecross:** Generally speaking, it would not—

**Senator MOORE:** Why don't I just keep going and I will put it on notice, then we will see what we can get? How is that?

**Mr Whitecross:** Sure.

**Senator MOORE:** Can you tell me how much, on average, you expect people to lose from this budget change and what was the assumption built into your save?

**Mr Whitecross:** The average reduction in pension is \$2,150 a year.

**Senator MOORE:** What is the assumption on that?

**Mr Whitecross:** It is not an assumption. We know what the deductible amounts are now, so we just applied the new deductible amount rule to the pension population and came up with a new assessment.

**Senator MOORE:** Do you know what the average household income for recipients of a defined benefit pension scheme is and who would also receive a part pension?

**Mr Whitecross:** We may have that information.

**Ms S Wilson:** We may need to take that one on notice.

**Senator MOORE:** Can the department provide the estimated number of defined benefit pension recipients who will be affected by income bracket?

**Mr Whitecross:** The total number expected to be affected is 47,700.

**Senator MOORE:** Do you have that by income bracket?

**Mr McBride:** Is that the income they get from the scheme or the income that is assessed after it is reduced by the deductible amount?

**Senator MOORE:** I would think it would be the income they would get from the scheme.

**Mr Whitecross:** Of the affected people—do you want us to run through it?

**Senator MOORE:** Yes.

**Mr Whitecross:** With regard to the income they get from the scheme, 2,517 have a defined benefit income stream of less than \$5,000; 4,295, \$5,000 to \$10,000; 4,888, \$10,000 to \$15,000; 5,198, \$15,000 to \$20,000; 5,810, \$20,000 to \$25,000; 5,585, \$25,000 to \$30,000; 4,271, \$30,000 to \$35,000; 3,776, \$35,000 to \$40,000; 3,507, \$40,000 to \$45,000; 2,795, \$45,000 to \$50,000; 1,651, \$50,000 to \$55,000; 1,227, \$55,000 to \$60,000; 662, \$60,000 to \$65,000; 415, \$65,000 to \$70,000; 170, \$70,000 to \$75,000; and 95, \$75,000 to \$80,000. And then there are about 120 above that.

**Senator MOORE:** Would that be \$80,000 to \$90,000 or higher?

**Mr Whitecross:** \$80,000 and above.

**Senator MOORE:** It could be up to \$100,000?



**Mr Whitecross:** Over \$100,000, yes.

**Mr McBride:** There are currently people with defined deductible amount above and beyond the 10 per cent, so those are the ones impacted.

**Senator MOORE:** Impacted, yes. How many of these include more than 10 per cent of their income from a defined benefit scheme?

**Mr McBride:** All of that group.

**Senator MOORE:** They would be impacted?

**Mr Whitecross:** Is the question—

**Senator MOORE:** Is it fair to say that they will be left worse off as a result of this measure?

**Mr Whitecross:** Yes. It is a savings measure.

**Senator MOORE:** On average, how much will these people lose as a result of this measure?

**Mr Whitecross:** That was the number I gave you before—\$2,150.

**Senator MOORE:** That is the average they will lose, regardless of whether you are in the 2,517 on less than \$5,000?

**Mr Whitecross:** It is the average across the whole group.

**Mr McBride:** The amount would go up—

**Senator MOORE:** As you go up. Can you tell me how much the 2,517 are likely to lose, who have less than \$5,000?

**Mr Whitecross:** For less than \$5,000, the average reduction is \$158.

**Senator MOORE:** So it is quite a wide spread—\$158, and the average is \$2,150.

**Mr Whitecross:** That is under \$5,000 of assessable income, not just defined benefit income—

**Senator MOORE:** That is very small.

**Mr Whitecross:** But it would include that group.

**Senator MOORE:** I will submit that list of questions on notice as well, and we will see what information we can get.

**Senator SIEWERT:** I have another example that I will ask you to look at. Senator Moore touched on this a little. There has been a lot of media comment on the impact of the pension changes on people spending large amounts of money to get rid of their money to bring them back under the threshold. There is another one here talking about how the government is investing in high income earners the most, and that middle income earners are going to be the significant losers in the process. Have you been looking at these particular examples to look at whether the assumptions are right or wrong?

**Ms S Wilson:** For some of the cases that have been cited in the media we have looked at what has been claimed about the loss to pension. In a number of cases we have found that the claims have cited a higher loss than would be possible under the new policy. They have not been accurate assessments of what the impact on individuals or households have been. We

have looked at the examples, and to the extent that we have the information available to us to make the calculation, we have done that.

**Mr Whitecross:** In relation to spending money, that was the issue I touched on before the break. It is possible for people to spend some of their money and reduce their asset holdings, and if they did that they could qualify for a higher level of pension; but they would also have less resources to fund their standard of living, so they would have a lower standard of living. That is a decision that is open to them. The commentary has tended to suggest that that would be an obvious thing to do, but that is not really the case. They would actually be denying themselves resources which they could be using to support themselves in their retirement, and as a result they would have a lower standard of living.

As I also said before the break, while this is quite a common commentary around pension changes, the evidence does not actually support the idea that many people follow through on those kinds of things. While they are often raised as hypotheticals, the evidence is that pensioners are prudent and careful with their money and do not generally do things which will make them worse off.

**Mr McBride:** We gave you the major impacts before, and they were at quite substantial levels of assets—\$823,000. Those people who never would have got a pension, because their assets are beyond the cut-outs already, will be unaffected. So in response to the argument that rich people are better off, they are not better off—they are unaffected, because they never would have got the pension in the first place. But because we are increasing the free area, low-asset-holding people are demonstrably better off. Most of the impacts of the tighter asset test are on high asset holders. Near the cut-out point, a lot of those people would have only been getting small pensions anyway because they were already impacted on the asset test. So the impact will not be profound there but it will exclude them from the pension.

**Ms S Wilson:** The other thing to say is if, for example, somebody decided that they were going to use up \$30,000 of their liquid assets in order to get below the new threshold they would be both denying themselves any return on that money over the period and it could take them, for a very small pension entitlement, something like over 20 years—maybe 25 years—before they have out of the pension the equivalent of what they have reduced their liquid assets by. It is not really a particularly rational thing to do. As Mr Whitecross said, we do not have a lot of evidence of that sort of dissipation in the system. We did not see a behavioural effect when the assets test table was liberalised in 2007, which would have been demonstrated by people clustering around thresholds or adjusting to new parameters. So we do not think that we have evidence of people doing that. As Mr Whitecross, or Mr McBride, previously said, the contrary is that for up to 60 per cent of people in the aged pension with assets, their assets are staying the same or growing over the last five years of their receipt of the age pensions. So it does not quite stack up on the basis of the evidence that we have.

**Senator SIEWERT:** I am aware of time. I have a couple of other questions I will put on notice, but they are more detailed.

**Mr Pratt:** Chair, I want to check if we are just about finished with outcome 1.

**Senator MOORE:** And finished with pensions.

**Mr Pratt:** So we still have other stuff in outcome 1?

**Senator SIEWERT:** As if I would not be talking about the waiting period.

**Mr Pratt:** Of course. How could I forget! Chair, if I might with your indulgence, a colleague over there, Michalina Stawyskyj, has just left the table after 26 years. This is her very last estimates. After a distinguished career in the War Memorial, Department of Prime Minister and Cabinet, the Australian Public Service Commission, DEEWR, FaHCSIA and DSS, in which time she won a public service medal and achieved marvellous things in international agreements, I just want to record the fact that we wish her all the best in her retirement.

**CHAIR:** Well said.

**Senator Fifield:** I add my congratulations, as well, and wish her well in freedom.

**CHAIR:** I join with the minister and the secretary in congratulating you and wishing you well in your retirement. I am sure you will not miss estimates. But enjoy—

**Mr Pratt:** Tuning in every time.

**Senator SIEWERT:** I want to move onto the waiting period process. I want to ask about numbers and the process now with this new approach. I asked in employment about the process that will be undertaken. Young people would be on a waiting period but they would be under Centrelink as was proposed with the previous assessment. So they register—

**Ms Halbert:** They register as an unemployed with mental illness looking for work.

**Senator SIEWERT:** Yes. But with nonpayment.

**Ms Halbert:** That is correct. If they are subject to the four-week waiting period.

**Ms S Wilson:** If they are in stream A, as job seekers they would register. It would depend on the assessment of what stream they are in. If they were in stream A, they would then have a range of activities that they would be required to undertake in that first period.

**Senator SIEWERT:** Yes. I will come back to the activities in a minute. They will register with Department of Human Services. Now that the personal contact interview is no longer held, do they still have that first contact with DHS?

**Ms Halbert:** They have to register with DHS as wanting to claim income support eventually. Yes, that is correct.

**Senator SIEWERT:** In terms of this streaming, how is that process undertaken? Has the process changed now that the personal contact interview is no longer held?

**Ms Halbert:** It is really a question for Employment as to the streaming. I do not think it has changed in any substantial way. You will still be assessed on your barriers to obtaining a job et cetera.

**Mr Emerson:** That is right. There is still an assessment against the JSCI—the job seeker classification index. But, as Ms Halbert said, that is a policy that is the responsibility of the Department of Employment.

**Senator SIEWERT:** But you understand it will be the same process as it used to be.

**Ms Halbert:** Much the same, but you would need to get detail from Employment if there are any subtle changes.

**Ms S Wilson:** But the JSCI is a longstanding instrument, as you would be aware, Senator, that has been used and is recalibrated.

**Senator SIEWERT:** But it is now changing to A, B and C instead of 1, 2, 3, 4.

**Ms S Wilson:** The streams are, but the instrument is a longstanding instrument.

**Senator SIEWERT:** How many people do you expect are going to be part of this scheme?

**Ms Halbert:** It is not exactly the number of people, but we expect around 85,000 four-week waiting periods will be served in any given year. But a person could serve more than one waiting period.

**Senator SIEWERT:** If they are non-compliant.

**Ms Halbert:** Or if they come onto payment and they go off payment and work for several months et cetera. I can go through the reasons why a person would not serve the waiting period, if that would be helpful.

**Senator SIEWERT:** Yes. I know the exemptions are there.

**Ms Halbert:** Also, if someone has served a four-week waiting period in the last six months, they will not serve another four-week waiting period.

**Senator SIEWERT:** That would be very useful. If they have served one in the last six months, they do not have to serve it again.

**Ms Halbert:** That is correct.

**Senator SIEWERT:** If they did a 26-week placement, though, they would have to then serve another waiting period.

**Ms Halbert:** If they were in stream A and not in any of the other exemption categories.

**Senator SIEWERT:** What other things do you do?

**Ms Halbert:** There are three reasons why you would not be subject to the waiting period. One is if you are transferring from another income support payment, such as a person who has been on carer payment who is no longer caring or a sole parent who had lost care of their child, or if you are in one of the exemption categories, which is, as we said, job seekers placed in streams B and C, disability employment service participants, parents with 35 per cent or more care of a child, young people leaving or in state care and job seekers with a temporary activity test exemption. They would be exempt from the waiting period for the duration of the exemption. Then there are those that I just mentioned, those who have already served the four-week waiting period in the last six months.

**Senator SIEWERT:** I understand that there is an emergency relief allocation to this measure.

**Mr Pratt:** Yes.

**Senator SIEWERT:** How much is that?

**Mr Pratt:** It is worth \$8.1 million over the forward estimates.

**Senator SIEWERT:** Per year?

**Ms S Wilson:** Over the forward estimates.

**Senator SIEWERT:** So \$2 million per year.

**Mr Pratt:** It is more than that. The measure is really over three years, so it would be a bit more than that.

**Senator SIEWERT:** Over what period of time is the 85,000 four-week waiting periods?

**Ms Halbert:** Each year.

**Senator SIEWERT:** So we have got \$2.8 or whatever million ER for 85,000.

**Ms Halbert:** Yes. Of course, the total population subject to the measure is much reduced from the previous measure, obviously. The age is different, and it is only a four-week rather than a six-month waiting period.

**Senator SIEWERT:** What has happened to the other money that was allocated to ER?

**Mr Pratt:** It was never appropriated to us because the legislation did not go through the Senate.

**Senator SIEWERT:** That has been reallocated?

**Mr Pratt:** It does not exist.

**Senator SIEWERT:** So that amount of money has been lost to ER?

**Mr Pratt:** It was never provided to ER.

**Senator SIEWERT:** Let us not have an argument over semantics! I understand what you were saying. How is that going to be allocated?

**Mr Pratt:** This is something we should really have picked up under outcome 2. But it will just be allocated through the emergency relief providers who are signed up.

**Senator SIEWERT:** So the process that we talked about last year for the monthly figure amount: is that intended to be the same process? We did have substantive discussion around \$229 million.

**Ms S Wilson:** That was a very substantial amount of money. At that stage the department was considering a more bespoke procurement approach for it because of the scale of the money involved. This is a more modest amount proportional to the measure, so we are in somewhat different circumstances.

**Senator SIEWERT:** So where do we end up?

**Mr Pratt:** Basically it would be extra money which will be provided to the emergency relief providers that we have recently engaged through the grants process.

**Senator SIEWERT:** Presumably there will be a process to work out how much, because there are higher areas of unemployment?

**Ms S Wilson:** That is right. There is a formula that drives ER allocations.

**Senator SIEWERT:** So you would use that same—?

**Mr Pratt:** It will be informed by where we think the 85,000 will be around the country.

**Senator SIEWERT:** What are the activities they have to undertake?

**Ms Halbert:** They meet with their jobactive provider, agree a jobs plan, develop an up-to-date resume, create a job seeker profile on the JobSearch website and provide evidence of satisfactory job searches.

**Senator SIEWERT:** How did you come up with the one month, or the four weeks, from six months?

**Ms S Wilson:** It was a government decision.

**Senator SIEWERT:** Did you provide advice?

**Mr Pratt:** Yes. We did provide advice. Again, without going into the nature of that advice, you will recall last year there was quite a bit of discussion around what New Zealand does in this area. We have talked a lot with the New Zealanders about how they have done things over many years.

**Senator SIEWERT:** But we are not doing the same things as New Zealand yet. We have that process we talked about at length earlier, but that is not in place yet.

**Mr Pratt:** No. But I am talking about what the New Zealanders refer to as their one-month waiting period for people going onto unemployment allowances and the efforts they go to with people to try and assist them to get a job rather than go onto unemployment allowances.

**Ms S Wilson:** That sort of up-front activation approach has been used by the New Zealanders before they implemented the investment approach. It is a longstanding way that they manage their unemployment beneficiary claimants.

**Senator SIEWERT:** How do they support their young people? Does it apply to the same cohort?

**Mr Pratt:** There are similarities—

**Ms S Wilson:** Yes. There are similarities.

**Mr Pratt:** but not exactly the same.

**Senator SIEWERT:** What is the difference?

**Ms S Wilson:** They apply it to essentially everybody—the four-week activation. Some people finish their activation activities in a much faster period and then they can be paid.

**Senator SIEWERT:** That is not going to happen here, though, is it?

**Ms S Wilson:** There are some differences, clearly. They find—I am trying to remember the exact proportion; we gave evidence on this previously—and there has been some analysis, that, as a consequence of their approach to the up-front activation, there is a fairly high proportion, I think it is 40 per cent or in the order of that, who do not come onto payment.

**Senator SIEWERT:** But you are talking about a different cohort by the sounds of things.

**Mr Pratt:** They apply it at a much larger scale than we are proposing to.

**Senator SIEWERT:** And perhaps to people who have had work history?

**Ms S Wilson:** Some of those would have as well.

**Senator SIEWERT:** Some will; not all will—

**Ms S Wilson:** Yes.

**Senator SIEWERT:** because it is applying from 18.

**Ms S Wilson:** Up to 25.

**Senator SIEWERT:** Up to 25.

**Ms S Wilson:** So some will.

**Mr Pratt:** Anyway, I am not suggesting that we are replicating what the New Zealanders have done. It is just that it has been informed by their experiences.

**Senator SIEWERT:** And that is how you chose?

**Mr Pratt:** It was a government decision.

**Senator SIEWERT:** Did you provide advice to government on the New Zealand approach where, if people meet their activation requirements, they can go on to support?

**Mr Pratt:** I will not go into the details, but I will say that we provided lots of advice around the New Zealand experience.

**Senator SIEWERT:** Minister, if you were using New Zealand as an example, where people who have completed their activation requirements can go onto income support, why did you not put that in place here?

**Senator Fifield:** Why didn't we consider putting in place—

**Senator SIEWERT:** Why didn't you consider enabling people who had completed their activation requirements to access income support sooner?

**Senator Fifield:** I do not think we are modelling ourselves, necessarily, on New Zealand. But we are aware that New Zealand has this one-month approach. In relation to why it came down from what was previously proposed to this, it would be fair to say that this is a government that listens to colleagues and the community.

**Senator SIEWERT:** At least it came down from six months. That is not to be taken as me thinking that one month is a good idea.

**Senator Fifield:** Also there are significant numbers of people who will meet one of the exemption categories.

**Senator SIEWERT:** There are 85,000 young people who will not.

**Ms C Smith:** No.

**Mr Pratt:** That is not true.

**Ms S Wilson:** That is the number of waiting periods that will be served in a year. As Ms Halbert said, you may have a person who would serve two in one year.

**Senator SIEWERT:** So they would have two months off income support?

**Mr Pratt:** But it also means that they would have had at least six months employment.

**Senator SIEWERT:** It still means they are living on nothing for two months.

**Mr Pratt:** But, in a positive sense, they also have managed to find employment for at least six months during that period by definition.

**Senator SIEWERT:** It does not mean they can live on nothing for a month. In that calculation of 85,000 waiting places, how many are you calculating will have to do two?

**Ms Halbert:** I think we should take that on notice.

**Ms S Wilson:** I am not sure that we have that available to us—no, sorry.

**Senator SIEWERT:** How can you calculate 85,000 waiting places—

**Ms Halbert:** We have calculated those places—

**Ms S Wilson:** We just do not have that available at the table. We can take it on notice and supply it to you.

**Senator SIEWERT:** Can you get it to me tonight?

**Ms S Wilson:** No, I cannot undertake to do that, but we will get it to you as soon as we can. We can probably do it in the morning.

**Senator SIEWERT:** You can tell me that it is 85,000, so I do not see why you would not know how many people are affected.

**Ms Halbert:** It is a slightly complicated calculation. It is a rolling number of people throughout the year. We can get you the number, and we can probably get it by the morning.

**Senator SIEWERT:** Thank you. I will be at the NDIS hearing, but I will make sure I come and get it. In terms of the expenditure of the \$8.1 million, have you already done the mapping exercise about where you expect the bulk of that to be allocated?

**Mr Pratt:** I do not know. I would have to take that on notice. The outcome 2 people would know that.

**Senator SIEWERT:** Okay, thank you. That is all I have. Thank you for your time.

**Senator SMITH:** I just want to make sure I have understood this clearly. The policy is to impose a four-week waiting period on those who are in stream A. To be in stream A you have to be in a labour market region that has good employment opportunities. Is that correct?

**Ms Halbert:** No. You are a job-ready young person.

**Senator SMITH:** You are job ready?

**Ms Halbert:** That is correct.

**Senator SMITH:** What characteristics would someone have if they were job ready?

**Ms Halbert:** They are assessed as not having any barriers to obtaining employment, basically.

**Senator SMITH:** Right. That sounds like a very reasonable position. I want to go the issue around exemptions and put to you a couple of real life scenarios. It would not happen to me, but if someone was an expectant mother, for example, would they be exempt?

**Ms Halbert:** They are exempt from the activity test for a period. If they are in that period—I believe it is for the last six weeks of pregnancy—they would not be subject to the waiting period.

**Senator SMITH:** Would someone with a disability be exempt?

**Ms Halbert:** If someone is registered with Disability Employment Services they would be exempt from the waiting period as well.

**Senator SMITH:** Would someone coming out of state care be exempt?

**Ms Halbert:** They would be exempt.

**Senator SMITH:** Would someone leaving jail be exempt?

**Ms Halbert:** If they are a person who—as a significant number would be—has barriers to employment and has been streamed into B or C stream, they would be exempt from the waiting period.

**Senator SMITH:** Explain to me how the hardship provisions would work, and what the criteria or thresholds are for those.

**Ms Halbert:** There is no hardship provision specific to this measure.

**Senator SMITH:** More generally then.



**Ms Halbert:** In relation to the one-week waiting period, which is being extended to all working-age payments except widow allowance, if you have evidence of sudden and reasonable expenditure that has put you into financial hardship then you can be exempted from that waiting period.

**Senator SMITH:** Again, this would not happen to me, but what if I was escaping domestic violence, for example?

**Mr Emerson:** Yes, that would be one of the exemption criteria for the one-week waiting period.

**Senator SMITH:** At a macro level, how much is the government expecting to save from this new initiative?

**Ms Halbert:** It is about \$173 million over the forward estimates.

**Ms S Wilson:** From the four-week period.

**Ms Halbert:** Yes.

**Senator SMITH:** Can you tell me what we are doing by way of investing in other services to support those under 25.

**Ms Halbert:** Are you referring to the measures for vulnerable young people?

**Senator SMITH:** Yes, exactly—those with mental illness, for example.

**Ms Halbert:** There are some measures that are in the employment portfolio, but I will just go to the DSS measures.

**Senator SMITH:** Of course.

**Ms Halbert:** For young people with a mental illness, there will be a trial of the individual placement and support model, to assist young people with mental illness to participate in the workforce. The trial will target vulnerable young people up to the age of 25 with mental illness who are at risk of disengaging from education or employment and are at risk of long-term welfare dependency. There will also be a one-year trial of an individually tailored support model for up to 200 young job seekers with mental illness in Disability Employment Services. This trial will target new DES participants who have recently finished school, to coordinate job readiness and in-work support with health and community support services.

There are also some measures to assist young refugees and other vulnerable young migrants. Partnerships for employment will support young refugees and vulnerable migrants to improve their work readiness, gain work experience and fill existing job vacancies. Strong connections to education will assist that same group of young people to remain engaged with education through addressing and building self-confidence and social connections. Sports engagement for youth will, through participation in sporting activities delivered by community groups and sporting organisations, help young people to build social connections and confidence beyond their own community—for the same cohort of young people. Increased vocational opportunities involve design of an innovative partnership-based model and piloting of new arrangements to create pathways for young refugees and vulnerable young migrants to strengthen and obtain vocational skills.

**Ms S Wilson:** In total, the investment is \$105.7 million over the forward estimates for the DSS measures.

**Senator SMITH:** So the measure is saving \$173 million, and then DSS is investing \$105 million in support for those that are vulnerable under 25.

**Ms S Wilson:** I beg your pardon; that is both the DSS and employment measures.

**Senator SMITH:** I am keen to understand how many of those people that do come onto Newstart actually leave within the four-week period? Do you have that figure?

**Ms Halbert:** I think we will have to take that on notice. We would have done some work on that, but we do not have that figure here.

**Senator SMITH:** I would be interested also if you could demonstrate a trend, perhaps over the last five years.

**Ms Halbert:** We can do durations on payment et cetera.

**Senator SMITH:** Thank you.

**CHAIR:** We will now move onto outcome 3.

**Senator POLLEY:** It is good to be back. My understanding is that we will go through the program as we want and jump around a little.

**Senator Fifield:** Free and easy.

**CHAIR:** That is how we roll here, Mitch—sorry, Minister.

**Senator POLLEY:** I want to congratulate you, Minister, on the change of name from ACSIHAG to DACS—I think that is a good start for the evening. We will try and keep the ball rolling in that direction.

**Senator Fifield:** It was a much hated acronym. I could never remember what it stood for, so the program had to change.

**Senator POLLEY:** Can the committee be informed of what the essential changes are and what is different now.

**Mr Pratt:** Without wanting to interrupt the free-and-easy approach, I understood there might be an interest in trying to deal with the agency first.

**CHAIR:** There was.

### **Aged Care Quality Agency**

[20:22]

**Senator POLLEY:** How will the changes happening in the complaints system impact on the quality agency? Would you give an update.

**Mr Ryan:** The changes to the complaints scheme, as I understand them, refer to arrangements between the department and the Aged Care Commissioner. We would expect to work very closely under the new arrangements and to continue a protocol whereby we share information especially about homes of risk and share fundamental findings about performance of homes. So we anticipate a continuation of the protocol and the partnership. I guess the transition matters could be addressed by the department.

**Senator POLLEY:** Have you had some input into the transitioning process?

**Mr Ryan:** No. We will work with the complaints scheme wherever it is located within the portfolio. That alignment is elsewhere within the portfolio but, we will work with the complaints scheme wherever it is positioned within the portfolio.

**Senator POLLEY:** My understanding is that some work has been undertaken to expand the concept of quality in aged care. Can you advise us as to how that review is going?

**Ms C Smith:** Are you referring to the quality measure in the budget?

**Senator POLLEY:** Yes.

**Ms C Smith:** That measure has three key components. One of those is that we will be looking to establish a single quality framework across all of aged care. You might be aware we have some arrangements for residential care, some for home care and some for elsewhere in the aged-care program. Some of those arrangements have been in place for a number of years, so this is having a look at quality across the spectrum. There is also a desire to establish a contestable arrangement for quality assurance in residential aged care, and then, as a first step, we will be expanding cost recovery for the Aged Care Quality Agency.

**Senator POLLEY:** In terms of the expansion, has there been any interaction with consumers? If there has, how has that occurred?

**Ms C Smith:** Do you mean the expansion of the quality framework?

**Senator POLLEY:** Yes.

**Ms C Smith:** The budget was only handed down a few weeks ago and we are in the early stage of planning implementation of all those budget measures, but we will work closely on those budget measures with all the key stakeholder groups. You would be aware we have had an ongoing relationship with the National Aged Care Alliance on the implementation of all the aged care changes in the last couple of years, and we would intend to work very closely with them, and that would include consumer groups, provider groups, health professionals et cetera.

**Senator POLLEY:** Would we be able to ask the commissioner to outline how the agency is going to deal with consumers? Is that possible?

**Mr Ryan:** At present, every year the agency would interview approximately 55,000 residents as part of our accreditation work. When assessors go on site to a home, one of the first things they do is to interview residents and their families, getting not just the quantum of the voice of consumers. The act is clear that it is a minimum of 10 per cent, but normally we interview somewhere closer to 15 per cent of residents and/or their families. That resident input is absolutely crucial to help focus the views of assessors on site for the things that they might follow up with the home's management.

**Senator POLLEY:** On question on notice 101, it would appear that the engagement with consumers is predominantly just one way—they get their information through the website—so what feedback have you received from consumers?

**Mr Ryan:** As part of those interviews?

**Senator POLLEY:** Yes.

**Mr Ryan:** They provide, as you might imagine, a broad range of views. Predominately, we hear reports that residents are satisfied with the quality of care that they receive. There are certainly instances where residents or their families point out areas of concern, and whilst accreditation is not a complaints scheme—as you know we do have a complaints scheme—the views of those residents are instrumental in guiding the focus of the assessors when they are on site.

**Senator POLLEY:** Can you explain to us how you select those residents? If it is 15 per cent, how do you make a judgement about who you interview?

**Mr Ryan:** When we are doing an announced audit or a reaccreditation audit—they are the larger audits every three years—there is a mandatory requirement to give notice that we are coming on site. That gives people time, especially if they are family members who might be full-time workers, to make themselves available if they wish to be interviewed. Sometimes we will ask to interview people at random, but often residents and/or their families do indicate that they wish to see us. From time to time, they might indicate that they wish to talk with us independent of the visit, and we look for ways to accommodate all of those requests.

**Senator POLLEY:** Have you got a view as to how the quality and the agenda for ensuring that quality can be improved, in terms of getting the feedback from residents and their families?

**Mr Ryan:** Clearly, the government's intention is to explore quality above and beyond compliance. At the moment, residential aged-care facilities, by and large, overwhelmingly meet the standards, but the question of quality of course is central in this budget and in the work of our agency as well as the department. Working with consumers and consumer representative groups, as well as individual consumers, continues to drive that work. Quality is the fundamental question that we will be looking at in the next 12 months.

**Senator POLLEY:** Can you give us an example of where the agency and the commissioner have already worked together?

**Mr Ryan:** This is the Aged Care Commissioner?

**Senator POLLEY:** Yes.

**Mr Ryan:** We work closely with the commissioner. She is a member of our advisory council. I would meet with her and talk with her many times a month, normally. She has, up until this stage, undertaken reviews of some of our processes—so she acts, in a sense, as an external auditor. She has made recommendations around how we work with the complaints scheme. She is a trusted and highly valued voice in us improving our systems on an ongoing basis.

**Senator POLLEY:** In terms of this whole process, how involved are you with the quality council?

**Mr Ryan:** You mean the Aged Care Quality Advisory Council?

**Senator POLLEY:** Yes.

**Mr Ryan:** Under the act, the Australian Aged Care Quality Agency Act, the council is established under the purposes of that act. The council has met twice—in fact, in Parliament House on Monday of this week. They have provided key and detailed advice around draft strategic plans, operational plans and the mandate around community. So they are our key stakeholder engagement. They are our primary reference group in seeking advice about the scope and the focus of the agency.

**Senator POLLEY:** In terms of the stock take, do you have any involvement with the stock take and analysis of the Commonwealth funded aged care workforce activities report?

**Mr Ryan:** Not myself, but perhaps my departmental colleagues may have a view on it.

**Senator POLLEY:** Maybe Ms Smith?

**Ms C Smith:** That is a process that is occurring across all Commonwealth funded aged care workforce programs. We would anticipate a report on that will be available midyear. It is really looking at understanding effectiveness and reach of those workforce programs that are funded across government.

**Senator POLLEY:** You say 'midyear', and we are in June. Is it likely to be this month?

**Ms C Smith:** Later this month or early next month. That is the sort of time frame we are working to.

**Senator POLLEY:** But it has been completed?

**Ms C Smith:** It is still being finalised.

**Senator POLLEY:** Yes, but the audit itself has been completed, so you are just finishing off and doing the review of it?

**Ms C Smith:** The work is being finalised. There is a process of gathering information and gathering input, and then it has to be distilled into a report that is ready to go to the minister, in due course.

**Senator POLLEY:** In reference to Associate Professor Capolingua, can the agency make any comments in relation to her appointment?

**Mr Ryan:** I am not able to comment on that, so I would have to refer that to the department.

**Senator POLLEY:** Mr Pratt, would you like to make any comment, on that, at this stage? Or will we let the agency go and we will come back to it?

**Mr Pratt:** I suggest we try to finish off the agency and let the agency go; then we can come back to it.

**Senator POLLEY:** I do not know if anyone else has any questions, but anything else we will put on notice.

**CHAIR:** It does not look like it.

**Senator POLLEY:** Will we deal with the associate professor now?

**Mr Pratt:** We would be happy to.

**Senator POLLEY:** Would you like to give us an update on the appointment?

**Senator Fifield:** You will recall there was a press release announcing the appointment of members of the advisory council of the quality agency. You would also, no doubt, be aware that there were some matters in the public domain in relation to the chairmanship of a West Australian government body by the professor. In light of that I asked the secretary to have a look as to whether there were any matters flowing from that that would have any relevance to the appointment of the professor. I am not for a moment suggesting one way or the other as to if there were but, nevertheless, I thought it was appropriate due diligence, and the professor was happy while that was occurring to not attend meetings of the advisory council.

**Senator POLLEY:** Has that review now been completed, and has she taken up her role?

**Senator Fifield:** I have not received that yet.

**Mr Pratt:** The process is still underway.

**Senator POLLEY:** The review is still taking place? The timing of her announcement seemed interesting to me, being the same day as the review into Healthway was made public.

**Senator Fifield:** When I became aware of matters in the public domain, as I said, I asked the secretary to examine as to whether there were any implications in relation to this particular position. As I say, in doing so I am not offering a view on that matter. It is merely the exercise of due diligence.

**Senator POLLEY:** Then perhaps Mr Pratt or you, Minister, can outline to the committee exactly what sort of investigation or checks are carried out before people are appointed to such boards.

**Senator Fifield:** I will ask officers of the department to respond. Obviously there is paperwork there which contains a range of questions, but I will leave it to officers to go into detail as to what exactly is contained in that paperwork.

**Senator POLLEY:** That would be good, because my understanding was that there was information on the public record prior to 23 February in relation to the associate professor.

**Mr Pratt:** I want to be very careful about any commentary here, because the investigation is still underway. We have looked at a number of things and there are others which we are considering, so I really need to be careful not to get into the actual circumstances here until we have finished that process. In general terms, the due diligence which is done on respective candidates for appointment has not changed over some time—over many years, in fact. It is based primarily—not entirely, but primarily—around undertakings from those candidates who are being considered where they inform us of their circumstances, their background, whether or not there are any issues that need to be considered by either the department or the minister or the government, depending on who is making the appointment. Of course, agencies look into things themselves. I am not actually convinced—and this is why I do not want to get into the individual details—that, when this process was being undertaken, there was anything on the public record in that sense. I am not going to go into that until we have completed the investigation, but that gives you an idea of how it works, and has done for a long time.

**Senator POLLEY:** I appreciate that, but I thought it was fairly standard that you would do that. I thought it would be prudent for the committee to be informed. So you would normally rely on the honesty of candidates, when their names have been put forward or they are putting themselves forward, that they are fully frank as to whether there is anything of concern or if there were any inquiries into them on a professional basis?

**Mr Pratt:** I will not make any comment on the current case but—

**Senator POLLEY:** But generally speaking?

**Mr Pratt:** in general terms, yes, that is an important part of the process.

**Senator POLLEY:** What has been the hold-up in terms of this investigation? It is some months on. Is it likely to be wrapping up shortly? Are there other issues that we ought to be aware of?

**Mr Pratt:** Not at this stage. Perhaps when the investigation is finalised we might be able to take you through some elements of it.

**Senator POLLEY:** In that case, if you are not able to elaborate any further, it is probably a good idea if we move on. Back to where I was going to start—and I will not go over the

good start again: can you explain to the committee the priorities now and the main priorities for the DACS Fund. I think that would be helpful for us, considering that, as far as the community is concerned, dementia and its effects on older Australians is very important. We would really appreciate it if you could give us an outline of what your main priorities will be for DACS.

**Senator Fifield:** DACS, as you rightly point out, is in a sense the continuation of ACSIHAG. We are fortunate in in the portfolio, in ACSIHAG and now DACS, to have the opportunity to trial and pilot some innovative ways of better supporting older Australians. But there are some core and ongoing programs which will be funded by DACS, and I will ask Ms Smith to take us through those two elements.

**Ms C Smith:** We had the Aged Care Service Improvement and Healthy Ageing Grants fund in place for a number of years. That was created a few years ago when the then health portfolio went through a process of creating flexible funds. Dementia has always been a high priority of that fund. One of the things that will be achieved with the creation of the Dementia and Aged Care Services Fund is highlighting that dementia remains a fundamental priority of that fund. The DACS Fund will continue to provide those programs that promote high-quality and more appropriate care for people with dementia.

Funding will also be provided to support specific measures for Indigenous Australians, and that remains a priority of the new fund, as it was under the old fund. It will also give real priority to ensuring people from diverse backgrounds receive appropriate care. So, it is a refocusing of the fund to really highlight those specific priorities. As the minister said, it will have the capacity to fund both those ongoing programs, particularly in the dementia area, but also a pool of discretionary funding that we can use on a yearly basis to fund priority areas in those areas of diversity, dementia and support for Indigenous Australians.

**Senator POLLEY:** I am finding it a bit hard to get my head around the concept of dementia being a priority when in fact \$20.1 million has been cut to dementia services. We often use the word 'refocusing', but the reality is that there has been another cut to dementia—which is without a doubt an extremely important issue facing our community, and not always just older people—and support of those people who have this illness. I do not understand. Maybe you can explain to me how it is still a high priority when another \$20 million has been cut?

**Senator Fifield:** I do not think it would be fair to characterise—

**Senator POLLEY:** I am sure you do not want to see it that way, but it is still \$20 million.

**Senator FIFIELD:** No, I do not think it would be fair to characterise this as a reduction in support for people with dementia. The DACS Fund has a broader purpose than just dementia, and it is important to recognise that this is a \$350 million fund over four years. The saving here is \$20 million over four years. In the current budgetary environment, to maintain a fund of this nature to the value of \$365 million over four years is significant. I do not think for a second that we should leave the impression that the DAC's fund is the primary mechanism through which people with dementia are supported. One of the primary ways people with dementia are supported is through the residential and homecare system itself. There is also other funding relating to dementia. There is a stocktake of that occurring as well. I just think it is important to provide that context.

**Senator POLLEY:** I do understand why you would want to do that and why you want to focus that, but the reality is that you have already cut the severe behaviours supplement to dementia for those caring for those with dementia. This is a further cut of \$20 million which was always there for care of those with dementia. So how are you going—

**Senator Fifield:** No.

**Senator POLLEY:** Could I just finish, please? How are you going to support those people when you have cut \$20 million? What other mechanisms are you putting in place to ensure the money that was allocated and that was previously there to assist with dementia care?

**Senator Fifield:** It is simply not the case that there is \$20 million that is no longer there which would have been going to support people with dementia. That is not the case. There is \$20 million which has been saved from a fund that would have been \$385 million and is now \$365 million, which has a broad range of purposes, part of which touches on dementia. I think the fact that the fund has been renamed and now has 'dementia' in its title actually indicates that there will be a greater focus on and on support for people with dementia.

**Ms C Smith:** If I could just add to the minister's remarks: ACSIHAG was a fund that supported both the core programs for dementia plus it had some funding that was available for a range of discretionary activities in a range of areas. So the \$20 million that has been saved over four years will occur out of the discretionary bucket. It will just be a slightly smaller discretionary bucket than was previously available, whereas the priority that has been accorded to dementia will continue and has now been sharpened by including it in the name of the fund.

**Senator POLLEY:** In terms of that \$20 million, did that come from palliative care or did that come out of the LGBTI programs or was it from CALD programs? Where has that \$20 million been taken from?

**Ms C Smith:** It has not been taken from any currently-funded activities. There was a bucket of money that was available every year to allocate for discretionary activities and there has been a small save taken from that. So there will be slightly less—

**Senator POLLEY:** Twenty million dollars is small?

**Mr Pratt :** Out of nearly \$400 million—yes.

**Ms C Smith:** Twenty million dollars out of \$400 million over four years.

**Senator Fifield:** It is \$5 million or so a year.

**Ms C Smith:** It is \$5 million a year.

**Senator POLLEY:** Can we talk about Your Brain Matters, which was initiated by Alzheimer's Australia? Why isn't that funded through DSS?

**Ms C Smith:** That was funded by the Department of Health.

**Senator POLLEY:** It was, but would it not be more suited with DSS?

**Ms C Smith:** I think that, if you talk to Alzheimer's Australia, you will find that they were very pleased that the Department of Health funded that initiative, because it was a real recognition that dementia was a chronic disease and that prevention of dementia was part of



the chronic disease prevention agenda. They were quite thrilled that health funded that initiative.

**Senator POLLEY:** I would have thought that the \$20 million that has just been cut would have been useful to use in that program. I think Alzheimer's Australia would have appreciated an extra \$20 million. Can we then move on to where the government's review of dementia services is and when we will see the report? It would probably be a good idea if you could just outline to us the drivers of this review.

**Ms Moody:** The review of the dementia programs was one of the recommendations of last year's first Ministerial Dementia Forum. You might remember that we had just under 80 stakeholders come together in September last year to work through issues associated with how dementia—

**Senator POLLEY:** That is where we got the flying squads from.

**Ms Moody:** Correct—severe behaviour response teams.

**Senator POLLEY:** I think most people refer to them as the flying squads. That is where it was discussed and that was the catalyst for the government changing.

**Senator Fifield:** You have clearly watched too many episodes of *The Sweeney*.

**Senator POLLEY:** No. I talk about flying squads all the time—and people love my action! Sorry, Ms Moody.

**Ms Moody:** Stakeholders there recognised that the government was making a significant commitment to a range of dementia programs but that those programs had grown up over time, and how they related to each other and worked together needed to be examined to make sure that we have the right set of programs and the right relationships between them.

**Senator POLLEY:** How far through the review process are we and when are we going to see the report?

**Ms Moody:** We contracted a consultant, KPMG, to undertake some analysis of the programs, and they have also been working through a consultation process—consultations with stakeholders, providers of those services—in order to gather what people are seeing on the ground and how they feel. There have been a series of consultations across the country. Stakeholders were asked if they wanted to put submissions in to the analysis, and that closed at the end of May. The submission of the final report from the consultant is due at the end of June, beginning of July, so middle of the year.

**Senator POLLEY:** So it has been nine months already?

**Ms Moody:** The forum suggested in September that this occur. We engaged KPMG in March—

**Senator POLLEY:** So six months later.

**Ms Moody:** and have been working with the consultant since then.

**Senator POLLEY:** Last year my understanding was that this was done in conjunction with the health department. Are any other dementia programs being funded by Health ?

**Ms C Smith:** The health department were at the forum last year and we work closely with them on dementia activities. In terms of specific funding that is provided by the Department of Health, I think you would have to direct your questions to them.

**Senator POLLEY:** Were they involved in this review? Did they have input into the review of dementia?

**Ms C Smith:** We have worked with them on the review, as we do on a range of dementia issues.

**Ms Moody:** The other expenditure by the Department of Health was through the NHMRC on the \$200 million increase in research related to dementia. That was another Health investment.

**Senator POLLEY:** Can you outline how, through the department, the government is going to better support people with dementia. I think today, or just recently, applications opened for the flying squads.

**Ms C Smith:** You are correct, Senator. Today we have opened the grants process for the severe behaviour response teams.

**Senator POLLEY:** \$442 million?

**Ms C Smith:** \$54.5 million.

**Senator POLLEY:** Of that, yes.

**Ms C Smith:** Applicants will have I think six weeks to put in their submissions, and then we will go through a process of evaluating those and making decisions. In terms of the dementia strategy, as Ms Moody said, there is a significant investment by the department in dementia programs. It is a very important area of activity. We want to make sure that we are getting optimal outcomes from those programs given that they have been in place for a number of years and some of them have grown up without full integration with other programs. We are working very closely with stakeholders to ensure that in moving forward we are targeting our dementia investment in the most effective way possible.

**Senator POLLEY:** I think you said that Health and DSS work collaboratively on these sorts of issues. Am I correct that they would then have had some significant input into the review?

**Ms C Smith:** The review is of programs funded by DSS but we certainly regard Health as an important partner on dementia. We work closely with them on a range of issues to do with dementia.

**Senator POLLEY:** A lot of those programs are initiated through the Department of Health.

**Ms C Smith:** These are programs that are primarily Department of Social Security's programs. We have responsibility for dementia because dementia is one of the national health priorities. It is obviously an area of some interest to them as well and that is why we continue to work closely with them.

**Senator POLLEY:** How much of the \$54.5 million is allocated to DACS? What is the allocation over the coming forwards?

**Ms C Smith:** The \$54.5 million is for the severe behaviour response team.

**Senator POLLEY:** How is that going to be allocated? How are these squads going to operate? We still do not have any clear outline of how they are going to operate.

**Ms Moody:** Within the documentation—and we can get copies of it—that we provided as part of opening the tender process this morning there are some details of how we believe it will operate. It is certainly not all inclusive. For instance, it includes the fact that in order to be seen by the severe behaviour response team this will be funnelled through the dementia behaviour management program. People will be seen by DBMAS first and if they are considered to be of the nature of exhibiting the severe behaviours then there can be a referral to severe behaviour response team. There are other details about how exactly—

**Senator POLLEY:** You have somebody who is clearly showing signs of behaviour issues—and we have used this analogy before—and they are in Launceston. They have been assessed and there is obviously an issue, how is the flying squad going to assist them? What is the process for them flying into Launceston?

**Ms Moody:** Part of what we have done in the tender process is that we did not want to prescribe a view about how this should work to the people who are actually experts in the field. We have put some guidance about what we believe that is, but we want prospective tenderers to come forward with views about how to make that work.

**Senator POLLEY:** You would surely have a view about how they should work. Or are you expecting someone to put in for a grant and they are going to say to you this is how we think it is going to operate, and you will then make an assessment on that?

**Ms Moody:** We have some parameters about that but we do not want to prescribe the detail of that. We want the people who believe that they have the ability to provide this service to give us their view about how they might do that, within the parameters that we have provided.

**Senator POLLEY:** Can you table the parameters for the committee's benefit?

**Ms Moody:** We can table, and it is certainly available on our website today, the documentation that is provided to prospective tenderers so that they can think about whether they want to tender for it and, if so, what we would be requiring of them in order to bring a bid forward.

**Ms C Smith:** We think it is really important that we do not take a one-size-fits-all approach and that we actually have sufficient flexibility for innovative service delivery models to come forward, because what is going to work in Launceston will probably be different from what will work in metropolitan Sydney or Melbourne. So, as part of the implementation of this measure, we have consulted with the sector and with experts. We have put out a framework, and now we are actually looking for responses that provide the sector's idea—the ideas of experts—about how they can design a service delivery model that will work in different settings, rather than us prescribing that they all have to be the same type of model throughout the country, because we just do not think, based on the feedback that we have had, particularly from rural and remote areas, that the sorts of approaches you would use in metropolitan parts of the country are going to work.

**Senator POLLEY:** You must be reading my mind! Could you outline to me then how you perceive it is going to operate. Are we going to have flying squads in each of the states? Where are these flying squads going to be situated? Are we going to have a team in Tasmania and a team in each of the states and territories? How are we going to ensure that those people in rural and regional Australia actually have the same access to this quality care?

**Ms Moody:** Again, we have certainly said in the documentation that we see one national provider, possibly, but we would also consider state based responses which will allow for a range of different models. With a national provider, though, you would not envisage having all the people in one place; they would just have the ability to provide the range of services across the country. So we have not specified how that needs to occur; indeed, we have asked for their views about that. Clearly, the ability to get quickly to any location will have to be aided by technology in some situations, particularly if immediate advice and assistance is required. So how people use face-to-face and technological solutions to get the best advice and care for people as quickly as possible is part of what we are looking for people to come back to us with.

**Ms C Smith:** We have seen some of those innovative models in programs such as the DBMAS, the Dementia Behaviour Management Advisory Service, where some of our providers are using videoconferencing, for example, to enable really timely response to services in more remote locations. Service delivery models are very much evolving, and there are some really good ideas out there amongst service providers about how they can reach clients in different parts of the country.

**Senator POLLEY:** You can understand then why people in the community, and particularly families that have loved ones with dementia, are concerned about whether and how they are going to get access, because quite clearly it is much easier to get around metropolitan Sydney and Melbourne but to have flying squads coming in to Launceston or Hobart or Wynyard is a lot more challenging.

**Ms C Smith:** I can understand the concern of people in the community. I think it is important to remember that the severe behaviour response teams are only part of the solution. As I said earlier, we already fund a lot of dementia programs, including dementia behaviour management advisory services. So the SBRTs are supposed to be the top tier for the very severe behaviours.

**Senator POLLEY:** Did you ever consider, or did the government consider, with the advice from the department, just expanding DBMAS? Wouldn't that have been a better way of going?

**Ms C Smith:** The intention is that severe behaviour response teams will be established, and that over the next 12 months we will look at how to integrate DBMASs and SBRTs together. But we had existing contracts in place with DBMASs for the next 12 months. We needed and wanted to establish the SBRTs in the interim. But the aim is to look at how the two programs work together into the medium term.

**CHAIR:** We are going to have to just pause there. We are going to take a break for a cup of tea.

**Proceedings suspended from 21:04 to 21:18**

**CHAIR:** We will recommence. I have some questions on consumer directed care in home care packages.

*Senator Polley interjecting—*

**CHAIR:** Sorry, I thought you were done with the flying squads. If you want to finish the flying squads, we can move on to that.

**Senator POLLEY:** Thank you very much. It has been quite some time, almost a year—probably 20 days off a year—since the announcement was made to cut the severe behaviour supplement. Am I correct in saying that the new flying squads will not land—will not be operational—until September?

**Ms Moody:** We are expecting it to be in that sort of time frame, yes.

**Senator POLLEY:** Will that be early September or late September, or have you not actually confirmed a starting date?

**Ms C Smith:** I do not think I want to chance my arm at predicting a specific starting date. The intention is September, and we will obviously be working to do it as quickly as possible.

**Senator POLLEY:** How are these flying squads going to be assessed in terms of the outcomes? What is the process of assessing their benefit and the outcomes of their work going to be?

**Ms Moody:** Sorry, was that the assessment of the tender or the assessment of this as a sort of program?

**Senator POLLEY:** Of whether this program is actually going to work. The government made a decision to cut the behaviour supplement. That was their decision. We now have the flying squads. What assessment will there be, and what is the time frame of making that assessment, as to whether or not they are going to be effective?

**Ms Moody:** Ms Smith mentioned earlier that this is phase 1: to get severe behaviour response teams out on the ground and work through how they would work. The second phase of that involves bringing them together with the DBMASs and going through a process to, in essence, examine all of that and put that back out, because the DBMAS contracts have a year to run. As part of that process of working through what that phase 2 would look like, we will work with the sector and with stakeholders to work through how this is working and how we might improve those services in that second iteration as well. At the same time, we will, of course, have the review of the other dementia programs, where we are looking to leverage them as well.

I think the answer to this is not one particular strategy or another; it is actually a combination of services and strategies that are available to people. I think the minister said earlier that the bulk of the assistance we provide through the aged-care system to people with dementia is through residential care or through home care, and indeed HACC, or the Commonwealth Home Support Program, so there is actually a great deal of assistance that flows to people with dementia. These programs are of a specialist nature, and they target a range of specialist parts of the sector—in this case, severe behaviours. But they only represent one small part of the overall assistance for people with dementia.

**Senator POLLEY:** If it is discovered during the next 12 months—from September going on—and if it becomes so obvious within the sector that they are not of any real value, that they are not addressing the severe behaviour issues in a timely manner, will the decision be made to disband them?

**Senator Fifield:** I think we are looking to make the severe behaviour response teams work and to adjust them if necessary. As Ms Smith has also indicated, we are looking to combine the severe behaviour response teams and DBMAS over time. I think everyone agrees that DBMAS has been a good initiative. We also want to make sure that we deliver this

arrangement within the funding envelope. We could relitigate the dementia and severe behaviours supplement, but we are probably all keen to avoid that, I would think.

**Senator POLLEY:** Well, yes, and I do take your barb on that. But just so that we all, both sides, acknowledge it, and I certainly do: you have to keep your eye on the ball. With this new arrangement, I would like to think that the department and the government actually have an overview and that they are ready to assess whether or not it is going to be successful, because the outcome for those individuals is the main game. That is what we are all here for: to make sure that the best support is there for those with dementia. I think that is of paramount importance.

Before I get moved on, I just want to go back to an answer to a question that we had put on notice, question No. 253, where it was indicated that there was an allocation of \$338.4 million for ACSIHAG—and I was trying not to use that terminology again—over the forward years, but you are talking about \$368 million now. Can you tell me how that is allocated across the forward estimates, please?

**Ms C Smith:** That question on notice was on ACSIHAG funding in 2014-15 and then it outlines the funding available in future years. Obviously since the answer to this question on notice was provided, we have had a couple of things happen. One is the money for the Severe Behaviour Response Teams has been included in ACSIHAG. There was also the small save of \$20 million taken in the budget.

**Ms O'Neill:** Post budget the allocation for the Dementia and Aged Care Services fund is \$79.7 million in 2015-16. In 2016-17 it is \$89.7 million and in 2017-18 it is \$73.8 million. In addition, there are the Severe Behaviour Response Teams that come under the same program and they are \$54.5 million over those years.

**Senator POLLEY:** Sorry? There is \$54.5 million over that same time period?

**Ms O'Neill:** Yes.

**Senator POLLEY:** There is a lot of money going into that, so we just have to hope these flying squads are not put on autopilot. I have another issue, and I am not sure if it comes under 3.6 or not. One of the budget measures was to cease the Wound Management Scoping Study. Can you explain to me what that is, and am I in fact asking this question in the right outcome—although we are doing things generally so hopefully you can explain to me.

**CHAIR:** Is this a new area? Is this separate from the flying squads?

**Senator POLLEY:** I am just going to tie this up and then I have finished with 3.6.

**CHAIR:** But are you pursuing a new area?

**Senator POLLEY:** It is 3.6 –

**CHAIR:** I understand that but you said you just needed to tie up on flying squads, which is why I gave you the call. Have you finished with flying squads?

**Senator POLLEY:** Yes, and—

**CHAIR:** We might come back to that. I think Senator Smith had a follow-up on dementia but I also had some questions.

**Senator SMITH:** I wanted to go over the case with regard to the Dementia and Severe Behaviours Supplement in terms of poor policy design, cost blow-out—

**Senator POLLEY:** Yes, I think the minister made that political point, and he took his eye off the ball when he came into government but—

**CHAIR:** Senator Polley, you have had a really long go—

**Senator POLLEY:** He opened the door.

**Senator Fifield:** I think he was happy to leave the door as it was but Senator Polley was not. But you are right, Senator Smith, that the design of the Dementia and Severe Behaviours Supplement of the previous government was flawed. That design saw significant cost blow-outs. On a 'no policy change' basis you would have seen expenditure of \$1.5 billion over 10 years rather than 2,000 individuals triggering provider eligibility as was predicted by the previous government and it ended up being something of the order of 30,000. So obviously that program needed to be concluded. But I think it is important to recognise that it was only in place for a year and it was not working as I think even the previous government thought it might. But such is the function of the design that they had.

**CHAIR:** Thank you for that, Minister. I have a couple of areas and one is consumer directed care, in-home care. There have been some media reports over the last month or so that seem to indicate that people on home care packages may soon have their funding cut—

**Senator POLLEY:** Sorry—are we going to be able to come back and finish 3.6? You have gone now up to 3.3.

**CHAIR:** I think we discussed at the start that we were going to go between some of these different dot points.

**Senator POLLEY:** As long as we go back. That is all right.

**CHAIR:** So there have been these media reports, Minister, or Secretary. Is the government reducing the amount of funding in people's home care packages?

**Senator Fifield:** No, we are not. We are not reducing the funding in the home care program. We are not reducing the funding in individuals' packages. We are not reducing the number of home care packages. Indeed, in our first budget we increased funding by 2.4 per cent for aged care. It is probably helpful to go back a little bit in time. Something that was positive that the previous government did was put in place consumer directed care. Home care packages issued from, I think, 2013, were issued on the basis of consumer directed care, which essentially means that individuals on home care packages for the first time would have transparency as to their budgets in their home care package.

Home care packages are allocated to providers through the annual ACAR rounds. Those packages attach to the providers, not to the consumers. Previously consumers had very little visibility as to the value of their package or what was in their package. What you have with consumer directed care is the capacity for the individual, through a monthly statement, to see what are the various elements of their package, how much is being spent on each element, what the administration fees are and to have the opportunity to negotiate with their provider. Packages issued from about 2013 have been on that basis.

The previous government gave three years notice that all home care packages needed to convert to CDC by 1 July. The reason why a three-year notice period was given was that the average length of time that people are on a home care package is a bit over two years, and that gave the opportunity to regularise arrangements. What has happened historically is that you

might have someone who was assessed for a level 4 package who would go looking for a provider who had a package, firstly, and then secondly they would want to try and find a provider who had a package at the level for which they were assessed. You might have been assessed as needing a level 4 package and you could only find a provider who had a level 2 package. What some providers did is they would take money from someone else's package and top up the person who was assessed as a 4 but only had a 2, to try and top up their level of support.

The three-year notice period was intended to give providers the opportunity to organically, naturally, unpick those arrangements so that, as someone who has been cross-subsidised came off home care, there was the opportunity to regularise arrangements with whoever next came onto home care. Most providers have done that—they have done the right thing—but there are some providers who have not taken that opportunity. That is what is leading to some confusion—where a provider might say to an individual, 'You're having your level of service reduced,' leaving the impression that somehow government is reducing the level of service, whereas it is becoming increasingly apparent that there are cases where a provider has not done what they should have done over that three-year transition period.

I said at the outset that CDC was a good thing that the previous government put in place. I am not reflecting on the previous government all, because they did the right thing by giving three years notice to make that transition. In order to address this situation, which is through no fault of the consumer, we have put in place a mechanism where, if someone has a concern that there may be a care gap as a result of the failure of a provider to do the right thing, then we will have a CDC team at the department who an individual can make contact with, and there are a few different things that they can do. One is, firstly, to check that someone is really accessing the full value of their package, that the provider has given them the opportunity to negotiate that, to check if there might be better ways for that package to be deployed in support of the individual and also have a look and see if the fees are unreasonable. I have heard of some cases where fees from providers are unreasonable. That is something we would want to look at. We would look at it to make sure that the provider has done the right thing by the individual. Also, importantly, where someone may have been assessed as needing a 4 but they are on a 2, then there is the opportunity to look at giving a package of an appropriate level to that provider. It is a long answer, but I think it is important to clarify that situation.

**CHAIR:** Thank you. I think it covers a number of the questions I was going to ask. You talked about what you can do for some of those individuals who may have been short-changed or who feel they have been short-changed or are concerned. What about the providers who have been telling people they are going to lose funding or services, implying that it is the government? Is there anything that can be done in relation to those providers who may not have particularly done the right thing?

**Senator Fifield:** You are right; it is important, firstly, to make clear that there has been no reduction in government funding of home care packages. What providers should do—and, as I said, good providers have done this—is sit down with people who are recipients of home care support and explain to them the change, explain to them what consumer-directed care is, explain to them what their options are within the package, and explain to them that there is the capacity to negotiate what the elements are in someone's package. It is very important for providers to sit down and talk to the people they are supporting.



**CHAIR:** And the changes announced in the 2015 budget around home care: how is that going to interact with this policy setting?

**Senator Fifield:** We announced in the budget that from February 2017 we were going to fundamentally change the home care system by no longer having packages attached to providers but having them attached instead to individuals, so that individuals who have been assessed as eligible for home care packages would no longer have to run around trying to find a provider who had been successful in an ACAR round getting home care packages. Also, no longer would they have to find a provider who happened to have a package at the level for which they had been assessed. I think that is a good thing. It aligns home care in aged care much more with the NDIS sort of model. It also means it is easier when an individual wants to change providers for whatever reason. At the moment, if someone wants to change their provider, if they are not happy with the service or they want to move interstate, they have to resign, in effect, from their provider, resign from their package, and then go through the exercise again, trying to find a provider with a package at the same level.

So, that will be better. It will put the individual much more at the centre and in charge. It is also good news for providers, because it will mean that we will no longer have ACAR rounds for home care. I am not a big fan of ACAR at the best of times. I do not think providers are particularly fans of it; I do not think consumers are fans of it. So, in relation to home care, we will have one more ACAR round. After that, there will be no more ACAR rounds for home care, which will actually represent a saving for providers, because they do expend significant funds in preparing and submitting ACAR applications. That is a good thing.

**CHAIR:** I have a couple of questions around what I think is a related issue, the CHSP fees policy. I understand that there is some consultation going on over the fees policy. What does that look like? Who have we been consulting with?

**Senator Fifield:** Again, the initiation of the Commonwealth Home Support Program was something that occurred under the previous government—a good thing, a good proposition. The Commonwealth Home Support Program brings together four programs: the Home and Community Care program, the day therapies program, and two other programs, programs that often provide similar sorts of supports. Together they will form the Commonwealth Home Support Program, from 1 July. The Commonwealth Home Support Program is essentially the entry-level or lower-level support for aged care. So, you have the Commonwealth Home Support Program, and then you have the home care, which is a high level of support, and then residential care, for people who need more intensive support.

I should add the caveat that HACC in Western Australia and Victoria will not be forming part of the Commonwealth Home Support Program on 1 July, because there are still negotiations going on with those jurisdictions. HACC around Australia was previously run by the states but were joint Commonwealth-state funded. We are still working through it with WA and Victoria. Each jurisdiction had different fee arrangements. Not only did each jurisdiction have different fee arrangements but also there are regional variations in relation to fees. So, you could have someone paying \$9 for a meal in Victoria, you could have someone paying \$5.50 on the south coast of New South Wales and you could have someone paying a dollar or two, or not even that much, in Queensland. So, the government put out, through the department, a discussion paper, a consultation paper, on fees policy, to try to get a more consistent fee arrangement around the country. Part of the purpose of that discussion paper

was to draw out community responses: what is fair, what is reasonable, what is not? And the discussion paper has certainly been successful in that regard.

There have been I guess three areas of particular sensitivity that we have received feedback on. One is meals, one is social support and another is community transport. I think one of the reasons for sensitivity there is that those programs are often delivered by volunteers, and some organisations have said that they have a level of discomfort about charging volunteer services out, in effect—even though the volunteers obviously would not be getting those dollars. There is a bit of sensitivity there. So, we will, I think, have a fees policy that is quite different, certainly in those three areas, to what was in the discussion paper. I am also mindful of the fact that in the budget we announced that in July 2018 we will seek to bring the Commonwealth Home Support Program and the home care program together. There is a bit of clunkiness, I guess, within those two programs and at the interface between those two programs, so we want to see whether we can come up with a consolidated program that provides a continuum of support for home care services.

There is a lot of work that needs to happen in that area—issues such as that you have approved providers for home care but you do not have approved providers in the same sense for community care or the Commonwealth Home Support Program. So, there is a whole range of issues like that to work through. But given that we are going to have a fundamental change in home care and community home support in the middle of 2018, I am giving consideration to what change it is reasonable to make at this point in time in relation to fees policy—the extent to which we want to have change now and then change in the middle of 2018. That is also something that will be in my consideration over the period immediately in front of me as we detail what we are ultimately going to do in relation to fees and the Commonwealth Home Support Program. So, to some extent that discussion paper has been overtaken by the budget announcement in relation to July 2018.

**CHAIR:** And the final decision on the fees policy: when can we expect that?

**Senator Fifield:** Very, very shortly. I will say that it has been a good exercise in facilitating feedback from community organisations, consumers and also colleagues on all sides in relation to the draft fees policy.

**CHAIR:** I have a question on another area, and hopefully it will be just a quick answer. It is ACT-specific, about the number of aged care beds that are being funded in the current funding round. Can someone give me a number on that?

**Ms Moody:** In the previous, 2014, ACAR?

**CHAIR:** The most up to date on what the state of play is at the moment.

**Ms Moody:** The last ACAR that we had which issued places was in 2014, and that was announced in December 2014. Within that, in the ACT, there were 211 new residential places in the ACT and 68 home care places in the ACT.

**CHAIR:** Perhaps you could just remind me: with the residential places, obviously the land needs to be made available and the provider needs to be able to—does the funding then follow when it is ready to go? Just remind me of the order of exactly—

**Ms Moody:** It depends. Some providers, for instance, might already have excess capacity, and therefore the places can come online very quickly. In other cases they may have the land and may even have planning permission but they have not yet built it, so that will take a little

bit of time. In other cases it takes more time to come on. On average, across the country, a place takes just over four years to be operational, but it really depends on what the provider was applying for, because in fact it may have been that they have reconfigured their space so that they have more capacity, in which case it is very quick.

**CHAIR:** Finally, and perhaps you could take this on notice, you said four years on average to come online, so, is it the same in the ACT, or less, or longer?

**Ms Moody:** I would have to take that on notice.

**CHAIR:** If we could get a comparison between the ACT and other jurisdictions, that would be good, because often it was about land coming online in the ACT. It should not be, but unfortunately it is. So, thank you.

**Senator SIEWERT:** I have a couple of questions, and I will put the rest on notice. I had one constituent who is moving onto the new system of home care who had been told that she has to have a minimum charge of \$68 a week for care. Is that correct?

**Ms Moody:** That is not a government regulation of what a minimum charge would be. That would be perhaps a policy of the provider.

**Ms C Smith:** But we would be very happy to look at the specific case.

**Senator SIEWERT:** Can I give that to you? I think there is a great deal of confusion still going on.

**Ms C Smith:** I think some consumers are getting quite confused messages from their providers, so, yes, I would be very happy to look at the specifics.

**Senator SIEWERT:** Okay, because she is obviously dealing with some changes to the costs and then being told she has to have a particular minimum cost. I will get my office to send that through. And I have one other question, and I do have quite a lot that I will put on notice. Is there where we deal with the Commonwealth Respite and Carelink Centres?

**Ms Moody:** I think that would now be in the disability program.

**Senator SIEWERT:** Disabilities, yes, I thought so, so I will leave that one until then. And the others I will put on notice.

**Senator POLLEY:** In relation to the CDCs, you said there would be a team available for consumers. How will they access that? And how are you communicating that to consumers?

**Senator Fifield:** Today there is a fact sheet for consumers and a fact sheet for providers, which is being issued and which has details of where to go. It is a CDC transition hotline on 1800 138225, or [CDCTransitions@dss.gov.au](mailto:CDCTransitions@dss.gov.au).

**Senator POLLEY:** Would you be able to table those flyers for the committee? Is that possible, or should we just download them ourselves?

**Senator Fifield:** I will just check that we have got the final iteration here.

**Ms Moody:** We can get you that, Senator. There are also areas where consumers will make contact if they have concerns, such as My Aged Care, the advocacy providers Home Care Today, as well as the Aged Care Complaints Scheme. They will all have that information. If a consumer contacts any of those places where they might choose to go to talk about their issues, they will be able to direct them to the right place as well.

**Senator POLLEY:** If I can move over to the issues around workforce. Can the department give us an update on the stocktake and analysis of the Commonwealth funded aged care workforce actives report. I think it was indicated that it has not yet been completed. Is that right?

**Ms C Smith:** I think I addressed that earlier in the hearing. That process is close to being finalised but we are still working through the final details.

**Senator POLLEY:** In the budget, there was a 15 per cent cut from the Aged Care Workforce Fund. If I am correct, it was recorded in the Australian Ageing Agenda as saying that this cut was independent of the government's current stocktake. Has the budget pre-empted the report? Would that be a correct assessment?

**Senator Fifield:** Sorry. I was just talking to my staff member, Senator.

**Senator POLLEY:** The 15 per cent cut from the Aged Care Workforce Fund has been referred to in the Australian Ageing Agenda as having been made independently of the government's current stocktake. Has this decision, which was taken through the budget process, pre-empted this report? It has not been finalised.

**Senator Fifield:** What I said in relation to the DACs program also goes for the workforce development fund. Yes, there is a saving of \$40 million over four years. To have a dedicated fund of \$220 million over four years in this area is, I think, something that is significant and good. All current contracts in this area are obviously being honoured and met. I cannot really add anything other than that.

**Senator POLLEY:** Minister, you would be acutely aware, as we are on this committee, of how important the workforce in the aged care sector is. I was just wondering about those in the government who are making these decisions about cutting funding. Why isn't there a greater concern about the workforce? You know and I know that we need to attract a massive number of good people into the sector, so why continually cut this fund?

**Senator Fifield:** I think \$220 million over four years does demonstrate a significant commitment. I do not think that there is any sort of magic or empirically verifiable ideal dollar amount for a workforce development fund. Whether it is \$200 million, \$220 million or \$260 million, I do not think there is an objectively identifiable ideal amount. But what I do know is that \$220 million is a significant amount of money over four years and that the work of the stocktake will help inform the priorities of the fund.

**Senator POLLEY:** I just do not see this as significant a commitment as was there previously. Was there any consultation—

**Senator Fifield:** Can I take it, therefore—

**Senator POLLEY:** Can I just finish my question? With regard to this decision, has the government had any consultations at all with those relevant unions regarding the workforce issues?

**Senator Fifield:** I will ask officers at the table to go through any consultations that have happened through the stocktake. But before I do so, I might just inquire whether, Senator, you are making the commitment that a Labor government would add \$40 million to the \$220 million?

**Senator POLLEY:** We ask the questions, as you used to remind us when you were in opposition.

**Senator Fifield:** I guess the only way I can take it is that a Labor government would add \$40 million.

**Senator POLLEY:** We give the workforce a priority.

**Senator Fifield:** I was going to invite Ms Smith to talk about consultations.

**Senator POLLEY:** That would be good. Thank you.

**Ms C Smith:** We have had a workforce advisory group that has been supporting us in terms of the workforce stocktake, and we have a range of representatives on that group, including Lee Thomas from the Australian Nursing and Midwifery Federation. So, yes, we absolutely have had a wide range of input, including union input.

**Senator POLLEY:** Regarding the decision, in terms of that review, it is a pre-emption of that report that the money was cut from it. Quite clearly, I think there is not the same sort of priority or vision or a strategy for increasing the workforce or trying to develop a career pathway. There has been nothing demonstrated thus far, unless you can fill us in.

**Senator Fifield:** A pre-emption would be, I would think, not honouring contracts that we have, and contracts that we have are being honoured. The workforce stocktake is designed to inform priorities, and it will help inform priorities for \$220 million over four years, which is a significant amount to have in a fund such as this in a challenging fiscal environment.

**Senator POLLEY:** As the relevant minister, what consultation have you had with those unions working in the sector, like the HSU, United Voice, ASU? What consultation, since you have been minister, have you had with the unions representing the workforce in the aged care sector?

**Senator Fifield:** I have been in numbers of forums, including NACA, where unions are represented, and unions are not shy in putting their views forward in relation to workforce issues.

**Senator POLLEY:** We are running out of time. I would be really interested to know what strategies and what plans you have in terms of recruiting and skilling up the workforce in the aged care sector.

**Senator Fifield:** We have a stocktake, which is occurring, which will help inform our priorities. Something I do not think you want is ministers unilaterally declaring what a strategy for workforce will be in a particular sector. It is also important to recognise that this is not something for government to impose from on high. This is something that the sector should work with government on. I think it is important not only that the sector helps identify those things that it can do and that it should do but also that together we identify those areas where government can be of assistance.

**Senator POLLEY:** I agree, and I look forward to the next round of estimates. Hopefully, then we can find out more detail about the operational and the commencement date for the flying squads. Also, Minister, you may invite those unions that are involved to assist you in your deliberations for a forward plan for developing the aged care workforce and perhaps you can report to us about the consultation that you have had.

**CHAIR:** Thank you, Senator Polley.

**Senator McLUCAS:** Can I ask a question about aged care while the people from disability are coming in, a question Senator Polley was going to ask about wound management, the \$300,000 that was in the Department of Health that was transferred across to—

**Ms C Smith:** That wound management scoping study was the responsibility of the aged care part of the Department of Health and Ageing. So it transferred with aged care to the Department of Social Services.

**Senator McLUCAS:** Yes, but I understand it has ceased.

**Ms C Smith:** The government has decided not to proceed with that scoping study.

**Senator McLUCAS:** Why not?

**Ms C Smith:** It is a decision of the government.

**Senator McLUCAS:** Minister, what was the reason for removing the \$300,000?

**Senator Fifield:** Wound management is undertaken by medical professionals and aged-care providers. The government was not convinced of the need to continue with this particular study.

**Senator McLUCAS:** That is on the record, thank you.

**Senator POLLEY:** Can I just say thank you very much.

[22:01]

**CHAIR:** We now move to outcome 5, Disability and carers. I am in senators' hands but would it be more useful to have the NDIA and officials at the table at the same time so we can ask questions across? We might invite representatives of the NDIA to the table.

**Senator McLUCAS:** I want to go to the funding profile for the NDIS over the forward estimates—it is page 151 in the PBS. Could I get a comparative table that compares the funding for the out years with the funding that was originally allocated in the 2013 budget. I know the years will not match up but is it possible to draw up a table which compares table 2.5.2 with the equivalent table that would have appeared in the 2013 budget?

**Dr Hartland:** Yes, of course, it would be. It would not tell you the full story about the funding of the NDIS. It might actually be more relevant to have a table that sets out total government appropriations for the NDIS from a number of sources because this is a slice of the NDIA's administration and there have been some movements in the way that funds appeared across the PBS since the two budgets. So it might be more relevant to do a table that sets out the total funding in those years from two sources.

**Senator McLUCAS:** Which includes sources as well.

**Dr Hartland:** Yes.

**Senator Fifield:** So we can do more than you are asking.

**Senator McLUCAS:** That is fantastic, thank you, Dr Hartland. Can I go to the Sector Development Fund transfer. What was the original purpose of that fund?

**Dr Hartland:** The Sector Development Fund was a fund created to help the sector workforce and our participants prepare for the NDIS and to assist their transition into the new scheme.

**Senator McLUCAS:** Okay. And the purpose of those moneys remains the same?

**Dr Hartland:** That is right.

**Senator McLUCAS:** That is good. So what is the rationale behind the transfer of the fund from the NDIA to the department?

**Senator Fifield:** I think, Senator, the view of government was that the Department of Social Services was more experienced in managing programs and funds of this nature and that the NDIS agency has a focus on, obviously, rolling out the scheme. So it was really just seeking to deploy the skills and experience that we have in to DSS in relation to a fund of this nature.

**Senator McLUCAS:** Did you have a view, Minister, that the NDIA was not using those funds appropriately?

**Senator Fifield:** No, I just formed a view that it would be good to make use of the skills and experience that we have in DSS. It is not a reflection on the agency.

**Senator McLUCAS:** What is the quantum of those funds, Dr Hartland?

**Dr Hartland:** In addition to the reasons the minister has articulated, when the fund was originally placed with the agency, there was a view that it was better done close to the actual operationalisation—

**Senator McLUCAS:** That is right.

**Dr Hartland:** but the experience of the scheme has been that the issue with preparing providers has really been with existing funders and their relationship with providers, and so it is a better conduit to have the department, which is better able to work with the states and coordinate activity, working with it. The department has stepped into the workforce area, and it was always thought the department was better placed to look at workforce issues than the agency. So it has also reflected the focus on workforce in the Sector Development Fund.

**Senator McLUCAS:** So, what is expected to change in the way that the fund is administered but also in what is delivered by those activities?

**Mr Palmer:** Senator—

**Senator McLUCAS:** We missed you last night, Mr Palmer.

**Mr Palmer:** And I missed the housing outcomes as well, Senator!

**Senator McLUCAS:** I worry about you, Mr Palmer!

**Mr Palmer:** The projects that have already been commissioned from the agency I expect will come to the department to continue to be managed where that is possible, which I think would be almost all of them but that is something we are still just checking through. They will be novated to the department to manage the agreements that were entered into by the agency. In terms of future grant selection rounds, we anticipate that these rounds will be managed by the department into the future.

**Senator McLUCAS:** What was the quantum of those funds originally, how much was expended whilst the funds sat within the agency and how much has been transferred to the department?

**Mr Palmer:** The funds for the five years from 2012-13 through to 2016-17 are \$143.9 million. The amount transferred to the department is listed in the portfolio budget statement

and totals \$114 million. If you want, I can get you the page number in the portfolio budget statement.

**Senator McLUCAS:** Please.

**Mr Palmer:** That is listed on page 151 in the portfolio budget statement.

**Senator McLUCAS:** That is the 2014-15 through to 2016-17—

**Mr Palmer:** That is correct.

**Senator McLUCAS:** What I need to know is that the quantum of funds that has been allocated back to the department—sorry, I will ask the question differently. The \$26.756 million and the \$30 million add up to \$56 million. What I need to be assured of is that all of the originally allocated funds—the \$143.9 million—will be allocated to sector development. Mr Bowen, I do not know if you have a comment there. I am just trying to audit the transfer.

**Mr Pratt:** Senator, is your question whether all of the unspent money been moved to DSS?

**Senator McLUCAS:** Yes.

**Senator Fifield:** Yes.

**Mr Bowen:** Of the amount that has been spent, the majority was in fact allocated in the 2012-13 year, before the agency existed. Some of it was subject to allocation to states as part of bilateral agreements. Ten million-odd went to the Practical Design Fund. That was not under the management or the control of the agency; it was in the former FaHCSIA department. It is worth noting that.

I will just make a general comment: the agency is supportive of the reappropriation of this fund to the department. We think that the issues around sector development, market sector and workforce require a whole-of-government approach, and that is very much the policy responsibility of the department, not the delivery responsibility of the agency, and it vests well there.

**Senator McLUCAS:** All right. We will just keep monitoring it, because when it was with the agency they had the board to monitor the expenditure, and now it is with the department it comes down to Senate estimates to do that job. So we will be monitoring that.

I have a little question on page 165 of the PBS. It goes to the repurposing of \$1.3 million. I know that is not a lot in the scheme of things, but what was the rationale for that change?

**Mr Pratt:** The PBS—page 165?

**Senator McLUCAS:** Sorry, it is in Budget Paper No. 2:

The Government will also re-purpose \$1.3 million ... from 2014-15 to the Department of Human Services ...

**Dr Hartland:** These were some adjustments that were made to fund a shortfall that resulted from the decision to fund the My Way trial.

**Senator McLUCAS:** What was it repurposed from?

**Dr Hartland:** It was repurposed from the Sector Development Fund to funds to support My Way, basically.

**Senator McLUCAS:** What was the shortfall?



**Dr Hartland:** The shortfall was that the My Way trial was miscosted.

**Senator McLUCAS:** By \$1.3 million?

**Dr Hartland:** That is right.

**Senator McLUCAS:** What is the quantum of the total costing for My Way?

**Dr Hartland:** Technically, the shortfall was a shortfall in the Commonwealth programs that were contributing to My Way. They were miscosted. Ms Moses just wanted me to clarify that. Sorry, we are just searching for the total funding for My Way. The funding for My Way flows through the Treasury portfolio and not DSS. We are just—

**Senator McLUCAS:** Dr Hartland, I know it is a very small matter in the scheme of things. I wonder if you could just provide an answer to that on notice.

**Mr Hartland:** I apologise. We should have actually had that but we just cannot find it.

**Senator McLUCAS:** That is fine.

**Ms Moses:** The data is a little bit old, but it is around \$80 million from 2014-15 and 2015-16. If you could just provide an explanation of what that 1.3 is.

**Mr Hartland:** Yes, sure.

**Senator SIEWERT:** My understanding is it is 2.6 for My Way. If I read this right, it is 2.6 to support the delivery of a My Way trial in Western Australia and 1.3 for the Department of Human Services.

**Senator McLUCAS:** Rather than have the conversation now, as it is very tight for time, could we just get a couple of paragraphs of explanation of that paragraph in the Budget Paper No. 2.

**Mr Pratt:** Yes, we will take it on notice and explain that paragraph.

**Senator McLUCAS:** I want to go to the question of Western Australia around the evaluation. When is that evaluation due?

**Mr Hartland:** Towards the middle of next year.

**Senator McLUCAS:** How will that evaluation cover the two trial methodologies?

**Mr Hartland:** An independent consultant has been employed by the Disability Services Commission in WA. They are currently in a data gathering phase. They are looking at the different methodologies and program logics of the two trials. Then they will start gathering data on the outcomes for customers. Like any evaluation, they look to a number of sources of information. They will be interviewing people involved in the trials—customers and service providers.

**Senator McLUCAS:** Does the Commonwealth government have a role in being part of monitoring of a consultant employed by the WA government.

**Mr Hartland:** Yes, there is a joint steering committee that overlooks both trials. It is chaired by central agencies from the Commonwealth and WA. DSS is represented by Ms Hand at deputy secretary level. The evaluation is regularly listed on that committee and the evaluators come and report to the committee.

**Senator McLUCAS:** So that will not report until the middle of next year. Do you expect that there would be any changes to any funding arrangements or service delivery models prior to the receipt of that evaluation?

**Mr Hartland:** The department is implementing an agreement between governments to support the NDIA and the My Way trial. There has been no decision apart from the original decision to support those trials.

**Mr Pratt:** If your question is whether there is going to be a change to the funding arrangements for either the My Way trial or the NDIS trial in Western Australia, the answer would be no. But, in terms of operations in Western Australia between the two elements of the trial, it is quite conceivable that the agency might modify its practices based on local experience—and I assume the same might be the case for the My Way introduction.

**Senator McLUCAS:** We know we are learning as we are going, and that is not a bad thing; it is a good thing. But is there consideration of considerable change from the model that was originally envisaged by the agreement with WA? When I say agreement, I know that there is no bilateral signed yet, is there?

**Mr Hartland:** No. There are bilateral documents supporting the trials. There is no bilateral in relation to transition.

**Mr Pratt:** We expect it to operate as intended and to be subject to the evaluations, or report, next year.

**Senator McLUCAS:** I am just trying to be comforted that there are no plans for change until the end of the evaluation, which is the middle of next year.

**Senator Fifield:** The purpose of the evaluation and the trial is to help inform both governments. As you know, there is no capacity obviously for the Commonwealth to act in a unilateral fashion in relation to the future of the NDIS in Western Australia. How the NDIS progresses in Western Australia clearly will be the subject of bilateral negotiations, which will be informed, in part, by the trial of the evaluation.

**Senator McLUCAS:** I just want to finish some questions around preparation for full rollout. Can we be assured that all bilateral transition plans for full-scheme rollout will be in place from 1 July, as was planned?

**Dr Hartland:** The last COAG Council talked about progress with the NDIS and indicated that it would be expecting them to be in place by August.

**Senator McLUCAS:** So they are delayed by a month?

**Dr Hartland:** They have allowed extra time, effectively. We are still hopeful that we will get some agreements in place earlier, but I think we could not say that we would be having all states agree by 1 July.

**Mr Pratt:** That was a COAG decision.

**Senator McLUCAS:** Have there been consideration of options for a different rollout schedule?

**Mr Pratt:** We are negotiating with the states and territories on attempting to maintain the existing rollout schedule. That is the basis for transition negotiations.

**Senator McLUCAS:** But we have got Western Sydney that is coming online earlier than we thought—

**Mr Pratt:** That has come forward. There is a question as to what we might do in Queensland with something early. Those sorts of things are under consideration, but it is basically within the framework of the original transition schedule.

**Senator McLUCAS:** How will the community know? What is the time frame for those deliberations to be made and then publicised?

**Senator Fifield:** I guess the bilateral negotiations are happening now. COAG has said that they should be concluded by August. As Dr Hartland has said, they will not necessarily all be concluded on the same days—some may be concluded ahead of others—but, once they are concluded, then the public will be in a position to know what the proposed phasing is.

**Senator McLUCAS:** Thank you.

**CHAIR:** Senator Siewert.

**Senator SIEWERT:** I want to go to that question that I touched on earlier about Commonwealth respite and Carelink centres. I understand that access to those services has now changed to going via NDIS and My Aged Care. Is that correct?

**Ms K Wilson:** Can you just repeat the question?

**Senator SIEWERT:** I understand that, in relation to the services that were formally delivered through the Carelink approach, the website is not operating anymore and it goes through those two services. Is that correct?

**Ms K Wilson:** No. What happened in the budget was that we moved I guess the appropriation for the Commonwealth respite and Carelink centres from the aged care outcome to the disability and carer outcome, but on the ground the CRCCs are still operating as they have always done.

**Senator SIEWERT:** So there has been no change?

**Ms K Wilson:** Not to the way the CRCCs are operating at the moment.

**Senator SIEWERT:** And they are just providing advice as to where to go to seek care and respite. Is that correct?

**Ms K Wilson:** They have a number of functions. One function they have is a brokerage service where a carer or someone else in the community can ring them up seeking emergency respite and the Carelink service will find an emergency respite place for them in that region. They also sometimes run a booking service for residential aged care and also for planned respite.

**Senator SIEWERT:** I think this is where the confusion is coming in for the person who contacted me and between me understanding what the problem is. So Carelink can run a booking service for some of the services in their region. Is that correct?

**Ms K Wilson:** That is right.

**Senator SIEWERT:** So if somebody who has contacted my office has had a change in their circumstances and has been told that they can now only access emergency services through the particular centre they contacted, that would be a change with the particular service itself?

**Ms K Wilson:** It could be. None of the guidelines for CRCC function, so it may be something to do with that service or it may be a misunderstanding about whether they can still use the CRCCs now that My Aged Care is being rolled out.

**Senator SIEWERT:** But their eligibility will not have changed?

**Ms K Wilson:** No.

**Senator SIEWERT:** Thank you. I will get back to the person and if there are any other questions, I will get back to you.

**Senator SMITH:** My questions go to what was in the budget to support Australian disability enterprises.

**Mr Pearson:** There was \$17 million announced in the budget, and this will assist Australian disability enterprises to access professional services and advice to help them build their organisational capacity in order to meet anticipated increased wage costs over time, and also to position them for successful transition to the NDIS. The measure includes a limited number of business development initiatives focusing on improving ADE sustainability from 1 July 2015 until June 2019. The sorts of services that will be provided are business planning, business restructuring, business process redesign, new product development, acquisitions—activities that will ensure the viability of ADEs into the future.

**Senator SMITH:** Minister, can you give us an update in regard to where the BSWAT payment scheme legislation is at?

**Senator Fifield:** There are three things I have been given to do to provide a more certain environment for disability enterprises. You are obviously aware of the issue in relation to the Business Services Wage Assessment Tool, that there were two individuals for whom the Federal Court found that the way the BSWAT tool had been applied to them had been indirectly discriminatory. While that only related to those to individuals, there nevertheless emerged a lack of confidence in the BSWAT tool.

There are three things we have sought to do to help create a more certain environment. The first was to seek a temporary exemption from the application of the Disability Discrimination Act to the BSWAT in order to make sure that ADEs who had used the BSWAT did not have concerns that they were operating contrary to the law. That was given for a year. It recently expired. The department made application for both an interim exemption and a further year exemption. The interim exemption was granted while the Human Rights Commission sought to consider the further extension. So that was intended to give certainty to deal with the present.

We have also announced in excess of \$170 million to deal with the future. That money is intended to help support the creation of a new wage assessment tool that has broader confidence around it and also to help with some of the transition costs that there might be with the new wage assessment tool. So there is something to deal with the present and something to deal with the future, and the Business Services Wage Assessment Tool Payment Scheme was intended to deal with the past. That was introduced into parliament in I think early 2014. The purpose of the payment scheme is to provide an option to people who feel that they may have had an economic loss without conceding anything in relation to the BSWAT but in recognition that there was an opportunity for us to seek to provide greater certainty.

The BSWAT Payment Scheme legislation has not passed the parliament. It was at the committee stage earlier this year and was not successful. We resurrected the bill recently in the Senate and it is listed to be debated again. I am hoping, Senator Smith, that enough colleagues in the Senate will combine to support the establishment of that scheme. It fell short on the last occasion by a vote. I am hopeful that we can secure the votes to have the passage of that.

You would no doubt be aware that there is a representative action that Maurice Blackburn is currently pursuing. Our BSWAT Payment Scheme seeks to provide choice to people. They can take part in the Maurice Blackburn representative action or they can take part in the BSWAT Payment Scheme. The BSWAT Payment Scheme is a guaranteed amount of money. The government will pay for legal advice and also for independent financial advice for participants in that scheme. In fact, we would not allow them to be participants in the scheme unless they have obtained both independent legal advice and independent financial advice, which the Commonwealth would pay for.

Those who are against the BSWAT Payment Scheme say that the BSWAT Payment Scheme is seeking to deny people choice. Actually, it is the contrary. It is seeking to give an option that is not currently there. There is a legal action—and obviously we never know where legal action will end up—or a payment scheme that would ensure payment for individuals.

**Senator SMITH:** Choice and certainty.

**Senator Fifield:** That is right.

**Senator SMITH:** I am supporting the legislation. I am sure the chair is—

**Senator Fifield:** I am pleased to hear that.

**Senator SMITH:** So who is not supporting the legislation in the Senate?

**Senator SIEWERT:** Come on! We have got 25 minutes. We are going to be debating this in the next two weeks.

**Senator SMITH:** Obviously a sore point.

**Senator McLUCAS:** You can read the *Hansard*.

**Senator SIEWERT:** Yes, it is a sore point because we have got 25 minutes to go when we have all traversed these arguments and we will be doing it again very shortly.

**CHAIR:** Senator Siewert, there is no point of order. He is entitled to ask the question. Whether you like the question or not—

**Senator McLUCAS:** It is a waste of time.

**CHAIR:** No—

**Senator SIEWERT:** Exactly.

**CHAIR:** I do not think you should be talking about time wasting.

**Senator SMITH:** That would be the pot calling the kettle black.

**CHAIR:** There have been virtually no questions from government senators, so I think you should allow Senator Smith to ask questions in the way he sees fit. We have not critiqued your questions.

**Senator SMITH:** Minister, I think the question has been answered for you. What then is available to people in the absence of the new legislative scheme?

**Senator Fifield:** What is available is uncertainty—uncertainty for ADE providers, uncertainty for employees or people who had been supported employees of disability enterprises who used the BSWATs and uncertainty for their families. What we are seeking to provide through the BSWAT payment scheme is certainty, a guaranteed outcome.

**Senator SMITH:** Can someone at the table detail, for us, where we are up to in the development of the new wage tool?

**Mr Christian:** The first thing I will say about the Fair Work Commission matter is that the department is not a party to the proceedings. We are an observer—the government is an observer—and we are a very active observer in that proceeding. Where we are up to, at the moment, is that there was an agreement between the parties to trial a modified version of one of the existing tools—not BSWAT but another tool—and that trial has been conducted, I think, in four ADEs—three ADEs—and the findings of that trial have been presented back to the parties, and they are still deliberating on the pros and cons.

**Senator SMITH:** So the outcome of all three trials has been reported back.

**Mr Christian:** Back to the parties, of the application, in the commission. There have been various developments in the proceedings around conciliation conferences, including discussions about agreement to remove the BSWAT tool altogether from the award. That is still a negotiation that is taking place, so I do not want to prejudice the outcome of that. But I would say that it is looking promising, from the aspects of the parties involved. That would, equally, feed into the department's application or concurrently feed into the department's application for an extension of the exemption, from the Human Rights Commission, on the application of the Disability Discrimination Act to the ADEs, for them to transition off the BSWAT tool. I will just check to see whether my colleague has anything to add to that.

**Mr Pearson:** No; that is correct.

**Senator SMITH:** In the consultations, are you able to give us—without prejudicing where you are up to—a sense of who it is you are consulting with, around the new tool?

**Mr Pearson:** It is part of the conciliation conference that the deputy president is conducting in the Fair Work Commission. The industrial parties are United Voice and the Health Services Union, and there are a number of advocates but they are not parties to the award. The ADEs themselves are represented by NDS, and some ADEs are present at the table in their own right. We sit there as an interested party, and there are a number of other interested parties. The trial was conducted with a working group. It was a subcommittee, if you will, of the conciliation, the larger conference, and there were representatives there of advocates, the unions, ADEs and ourselves. We are supporting that process.

**Senator SMITH:** Going back to my first question, which was about what we are doing to improve the viability of ADEs into the future, do all the parties appreciate how critical viability issues are to the development of a new wage tool?

**Mr Pearson:** I need to be careful because I think parties would have a view in the conciliation, and I might leave—

**Senator SMITH:** Don't say anything to jeopardise—

**Senator McLUCAS:** I just want to finish off the questions around Western Australia. Could I get a table that provides a comparison between the two different trial methodologies or the trial sites against the different way that local area coordinators are compared to the My Way coordinator; how they operate differently, if they do; what is the process for identification of participants and support provided to develop individual plans; what the support for families and carers in the two different trial sites might look like; the difference between developing community linkages—when I say 'difference', we do not know if there is much difference, but that is what we are trying to find out; and support for disability service providers in the two systems. It is probably best if I give that to you to provide on notice.

**Mr Bowen:** I could indicate that we had a question from the joint standing committee that traverses most of the matters that you have raised in your question. We have provided that answer through to the joint standing committee and will happily provide it in response to your question as well.

**Senator McLUCAS:** Thank you, Mr Bowen. That would be great. There is one other element that I would like to add to that list as well. There is the satisfaction survey that is being used and reported in the actuarial report. Is that applied to the My Way clients as well as the NDIS clients?

**Mr Bowen:** That is a survey of the NDIA clients across Australia.

**Senator McLUCAS:** Have we asked Western Australia if they would be happy to have that undertaken with the My Way clients?

**Ms Glanville:** We have not specifically asked that. That is perhaps something that could be raised as part of the joint steering committee for the trials in Western Australia. Dr Hartland may be able to take that up as part of the next meeting.

**Dr Hartland:** Yes, of course we could raise that with our WA colleagues. We anticipate that satisfaction measured in one way or another way would be part of the evaluation. Usually evaluations go to a measure that is close to that type of approach. I am sure that the DSC from WA do not use the same process as the NDIA, but I would be surprised if they did not have some form of monitoring about how their clients feel about the service. We are happy to raise it and see if they will undertake to do the survey or provide us with details about how they do measure satisfaction in the system.

**Senator McLUCAS:** I will leave that with you and we will come back to it next time. Also, Mr Bowen, does the table you provided to the joint standing committee also go to the question around the differences in funding allocated to each element of that?

**Mr Bowen:** It does not go to that point, but the work of the scheme will look at the differences between the two trial sites in terms of the profile of the participants so that, when the comparison is made in terms of a whole range of measures, including a cost measure, it is a comparison that takes into account the natural cohort differences rather than just a straight comparison for what are quite different areas that have a quite different profile—people with disability, the level of needs and the level of supports that are provided. That is a lot of work.

**Senator McLUCAS:** So you are saying it is a bit hard to identify—

**Mr Bowen:** You cannot compare the Midlands area of Perth with the south-west. They are very different areas demographically and, indeed, the profile of people with disabilities is quite different. I will give just one example of that. A very large percentage of the Western

Australian psychiatric hospitals are located in the Midlands area. Those sorts of elements change the profile. What the actuaries do is say, 'Let's equalise for that so that we can get a fair comparison.'

**Senator McLUCAS:** Thank you.

**Senator SMITH:** That is a very accurate statement.

**Mr Bowen:** You obviously know the area!

**Senator SMITH:** I do. I represent it!

**Senator Fifield:** All of it.

**Senator McLUCAS:** How much from the DisabilityCare Australia Fund has been allocated with a state by state breakdown to this point in time?

**Mr Pratt:** None of it.

**Dr Hartland:** None of it has been expended. Budget Paper No. 3, I believe, has an indication of anticipated expenditure by state, but this would be dependent on finalising an NPA—a national partnership agreement—with the states and finalising transition agreements with the states. If you look at page 44 of Budget Paper No. 3, you will find details of the amounts anticipated to be spent by state and therefore the amounts held by the states.

**Senator McLUCAS:** Has there been any consideration of any state's or territory's request for some flexibility around accessing the disability care funding—

**Dr Hartland:** At the last COAG meeting, the Commonwealth indicated that it was prepared to consider proposals by the states and territories. After that meeting, to give effect to that decision, we asked states for detailed proposals. A number have come back and we are currently in the process of analysing them. We will brief ministers and the government when we have a view about them.

**Senator McLUCAS:** Could you tell us who has indicated that they would like some flexibility?

**Dr Hartland:** Yes, we can. Certainly everybody who wrote back to us indicated that they saw the benefit to their budget of additional flexibility. We have had responses from New South Wales, Western Australia, Queensland, South Australia, Tasmania and the Northern Territory. I assume that there are letters in the mail from Victoria and the ACT.

**Senator McLUCAS:** That names them all. Are they all talking about bringing forward access to that fund?

**Dr Hartland:** The effect of their proposals would be to bring forward provisions from the fund.

**Senator McLUCAS:** What discussions have we had with Queensland and the Northern Territory on potential trial sites?

**Dr Hartland:** We meet with both regularly and we have talked about trial sites with them. We are in the situation, with both of them, of waiting for some details that might allow us to consider what the cost of that might be. So far, both of them have raised the desire for a trial. Queensland has written and outlined the advantages that we might like to consider when considering a trial and how it might work. At the moment, the proposals from both governments are quite high level and do not go to specific numbers or regions. We are



waiting for more details about what they might propose and the regions or areas that they think would be good for a trial so that we can assess both the costs and whether those are the right regions.

**Senator McLUCAS:** Both are talking about regions rather than populations?

**Dr Hartland:** Yes, both are talking about regions.

**Senator McLUCAS:** What preparation is underway on the workforce strategy for the NDIS?

**Dr Hartland:** We have completed a consultancy on the workforce and officials have provided to the Disability Reform Council an Integrated NDIS Market, Sector and Workforce Strategy that has been approved by the council. Mr Palmer might be able to take the ball now.

**Mr Palmer:** The Disability Reform Council has broadly agreed to the Integrated NDIS Market, Sector and Workforce Strategy. I expect that will be made public in the next month or two on the website. The council has also asked officials to work on an action plan underneath that strategy to give effect to the strategy, which we are working on quite furiously at the moment.

**Senator McLUCAS:** When is that expected to be completed?

**Mr Palmer:** The reform council asked for the action plan to be completed by 30 June.

**Senator McLUCAS:** So you are furiously working.

**Mr Palmer:** Yes.

**Senator McLUCAS:** And you expect that will happen?

**Mr Palmer:** We seem to be on track at the moment, Senator.

**Senator McLUCAS:** What work is being progressed to ensure that NDIS will link with disability employment services and with ADEs?

**Senator Fifield:** The disability employment service contracts, as you probably are aware, expire in March 2018. We have kicked off a round of consultations about what might be a better model and for delivering the DES. As I touched on the other night, we spend about \$1 billion a year on 150,000 participants. Only one-third are placed in work. We probably all agree there is the capacity to and the need to do better. The expiry of those contracts at that time is fortuitous because it gives us the opportunity to see whether we can more closely align the supports with NDIS supports for those people who are participants in both systems. One of the things we will be looking at, for instance, is whether some part of the DES money should be attached to an individual for them to deploy as they think best to support their preparation and readiness for going into work. That is one of many things being looked at. When we are looking at DES it is important to recognise that the bulk of people who are DES participants will not be NDIS participants. So we need something that works for both cohorts. I am very keen, I know the agency is keen and the department is keen, when somebody is having their planning conversation with the NDIS, for those who have the capacity, that employment should be a key part of that. That is some of the thinking that is going on at the moment but I might ask Mr Bowen to talk about, in the interim, what the NDIS's thinking and work is on how to link the NDIS with DES as it currently stands.

**Mr Bowen:** Thank you, Minister. We absolutely support the move to make sure the two systems are aligned and that we get flexible service delivery. What might be instructive is to

note that we have been running a pilot in Tasmania for the young adults, which has been a cooperative between the agency, the department and local DES providers and, indeed, the Tasmanian government. I will ask Ms Sordid to give you a very quick outline of how that is going.

**Ms Skordis:** That has been very positive about understanding an approach which considers an individual, particularly at the age of leaving school, and how we can transfer the best quality information from the education system and support making a decision about which pathway is most appropriate for a person so that they do not have to knock on several different doors and as a collaboration people come together and can guide that process. We are looking at supporting that process even further with additional assessment tools and systems that will really help to direct individuals to the appropriate pathway and to determine the appropriate level of support.

**Senator McLUCAS:** Is that part of the first plan or is it when people come back with their second plan?

**Ms Skordis:** It is done depending on the age of the person at the point at which they engage with us.

**Senator Fifield:** Sorry, Senator McLucas, I should quickly mention to you budget measures not directly related but relevant—that is, Transition to Work Programs, state-funded programs, school to work programs. Previously, you could not be a participant in that and DES at the same time. In the budget we announced that we will allow concurrency for six months. It will not cost a lot and many people have said that they think that that intensive support will help improve outcomes. We will also allow people who are [indistinct] in ADEs to take part in DES at the same time, again, something which for some reason previously could not happen. I think everyone thinks those are two sensible things.

**Senator McLUCAS:** My final questions go to disability housing pilots in trial sites. How much was originally allocated for housing? We did talk about this last time. What was the figure that was originally allocated for disability housing?

**Senator Fifield:** I think the Productivity Commission in its work had an aggregated figure of about \$500 million, which—

**Senator McLUCAS:** No, I mean when we first set up DisabilityCare.

**Dr Hartland:** Costings for the NDIS?

**Senator McLUCAS:** Yes.

**Dr Hartland:** There was not a specific item for housing, but the costings, in effect, provided funding for participants who needed a housing option. When you aggregate that, as the minister was saying, that is equivalent to the \$550 million that the PC had identified as needing to be incorporated into the funding available to the scheme.

**Senator McLUCAS:** I thought originally that there was some money that was earmarked for housing that was originally in the NDIA and that was then, last year, moved into the department.

**Senator Fifield:** No.

**Dr Hartland:** No, there has been no transfer of funds in relation to housing. I cannot recall anything that would even kind of appear on the surface to be—

**Senator McLUCAS:** There was a figure of about \$70 million.

**Dr Hartland:** \$70 million?

**Senator McLUCAS:** I will not go there.

**Dr Hartland:** It is simply not ringing a bell in any form.

**Senator McLUCAS:** Okay. You would know! How much money has been allocated for housing in trial sites?

**Dr Hartland:** It is a little hard to tell. Effectively, the NDIA is funding people in supported accommodation. But the funding at the moment is often an in-kind contribution from the states and territories. Where it is not, it is a sort of global amount in people's plans. That has not been stripped back to specifically account for the housing component of it. This is one reason why housing policy is going slower than we might have hoped, because we actually have to do some policy work on exactly how to fund and maintain specialist disability housing in the scheme. So we are currently doing the work to find out, on the books, what is actually being funded for housing in the scheme. There is also some work going on in the agency as to how much might be available in trial sites to specifically identify and, also, how much might be available in the full scheme that will not be required to support existing housing.

**Senator McLUCAS:** I might put a detailed question on notice about housing. I just have a couple of questions I want to go to—

**CHAIR:** They will have to be superquick because we are at 11 o'clock.

**Senator McLUCAS:** The Australian Cross Disability Alliance and—in the papers it says 'and NDS'. Are they two separate structures, providing advice to government? Has that been established yet?

**Mr Christian:** The Australian Cross Disability Alliance is an alliance that has been funded, subject to a tender process that was run last year. There were five peak bodies in the alliance tender.

**Senator McLUCAS:** Okay. I know what it is now.

**Mr Christian:** They were notified in December they were successful and that funding agreements had been recently executed. There were requirements on the alliance to develop an activity work plan, as well as some operating protocols, and we are working through with the five peak disability organisations to finalise those two plans.

**Senator McLUCAS:** So this does not replace the People with Disability and Carers Council?

**Mr Christian:** Are you talking about the—

**Senator McLUCAS:** I read this as replacing the People with Disability and Carers Council. But it is not. Minister, you did indicate you were going to have a replacement entity for the People with Disability and Carers Council? It had the word 'industry' in that entity. Is that still going to happen?

**CHAIR:** Senator McLucas, last question.

**Senator Fifield:** Yes, but we are looking carefully to make sure that we do not duplicate existing advisory bodies and that what we do establish is well focused.

**Senator McLUCAS:** What body would it be duplicated—

**CHAIR:** I said that was the last question, Senator McLucas. We are finished. Minister, thank you very much for your time. Mr Pratt, thank you particularly. Some of those detailed questions that we dealt with earlier were very well handled. So thank you. Please pass on our thanks. Thanks to the secretariat and Hansard.

**Committee adjourned at 23:01**