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Proof Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Estimates

(Public)

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SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Thursday, 22 October 2015

Members in attendance: Senators Cameron, Lindgren, Ludlam, McKenzie, McLucas, Moore, Peris, Polley, Seselja, Siewert, Smith, Xenophon.

SOCIAL SERVICES PORTFOLIO

In Attendance

Senator Fifield, Minister for the Arts, Minister for Communications, Minister Assisting the Prime Minister for Digital Government

Senator Fierravanti-Wells, Assistant Minister for Multicultural Affairs

Executive

Mr Finn Pratt, Secretary

Ms Felicity Hand, Deputy Secretary

Mr Michael Lye, Deputy Secretary and Chief Operating Officer

Mr Paul McBride, Acting Deputy Secretary

Dr Tim Reddel, Acting Deputy Secretary

Cross Outcomes

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

Ms Kathryn Mandla, Acting Group Manager, Policy Office

Mr Michael Maynard, Group Manager, Delivery Strategy and Operations

Ms Margaret McKinnon, Group Manager, Corporate Support

Mr Peter Qui, Group Manager and Chief Information Office, Information Management and Technology

Ms Janean Richards, Group Manager, Legal Services

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

Ms Sharon Bailey, Branch Manager, People

Ms Tracey Bell, Branch Manager, Communication and Media

Ms Ailsa Borwick, Branch Manager, Project, Risk and Deregulation

Ms Christine Bruce, Branch Manager, Program Design and Policy

Mrs Joanna Carey, Branch Manager, Portfolio Governance, Welfare and Employment Law

Mr David Dennis, Branch Manager, Policy Evidence

Ms Allyson Essex, Branch Manager, Investment Approach Taskforce

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

Mr Greg Keen Branch Manager, Program Management Transition

Mr Leo Kennedy, Branch Manager, Program Support and Selections

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

Ms Stacey Pondes, Branch Manager, Program Systems and Strategy

Mr Matthew Roper, Branch Manager, Investigations and Aged Care Law

Ms Kim Walden, Acting Branch Manager, Policy Systems

Mr Grant Witcombe, Acting Branch Manager, Program Performance

Ms Kirsty Linehan, Section Manager, Program Performance

Outcome 1

Ms Cath Halbert, Group Manager, Payments Policy

Ms Kathryn Mandla, Acting Group Manager, Policy Office

Ms Janean Richards, Group Manager, Legal Services

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

Mr Andrew Whitecross, Acting Group Manager, Social Security Policy

Mrs Joanna Carey, Branch Manager, Portfolio Governance, Welfare and Employment Law

Mr Russell de Burgh, Branch Manager, Age, Disability and Carer Payments Policy

Mr Ty Emerson, Branch Manager, Family and Student Payments Policy

Ms Allyson Essex, Branch Manager, Investment Approach Taskforce

Ms Emma Kate McGuirk, Branch Manager, Labour Market Payment Policy
Ms Mary McLarty, Branch Manager, Eligibility and Participation Policy
Mr Stewart Thomas, Branch Manager, Housing and Homelessness
Mr Luat Vuong, Acting Branch Manager, Social Security Performance and Analysis
Ms Andrea Wallace-Green, Acting Branch Manager, Rates and Means Testing Policy

Outcome 2

Dr Roslyn Baxter, Group Manager, Families
Mr Evan Lewis, Group Manager, Multicultural, Settlement Services and Communities
Ms Janean Richards, Group Manager, Legal Services
Mr Iain Scott, Group Manager, Housing, Homelessness and Assurance
Ms Laura Angus, Branch Manager, Multicultural and Communities
Mr Philip Brown, Branch Manager, Family Safety Taskforce
Ms Kristine Cala, Branch Manager, Settlement Policy
Ms Flora Carapellucci, Branch Manager, Birth, Adoption and Care
Mrs Joanna Carey, Branch Manager, Portfolio Governance, Welfare and Employment Law
Ms Tracy Creech, Branch Manager, Program Support and Selections
Mr Alan Grinsell-Jones, Branch Manager, Commercial, Child Care, Disability and Information Law
Mr Matthew Johnston, Branch Manager, Welfare Debit Card Taskforce
Mr Leo Kennedy, Branch Manager, Settlement Support Branch
Ms Lyn Murphy, Branch Manager, Program Assurance and Gambling
Mrs Lara Purdy, Branch Manager, Financial Capability and Children's Policy
Ms Eliza Strapp, Branch Manager, Financial and Specialist Support
Mr Stewart Thomas, Branch Manager, Housing and Homelessness
Ms Jane Dickenson, Director, Paid Parental Leave

Outcome 4

Ms Janean Richards, Group Manager, Legal Services
Mr Iain Scott, Group Manager, Housing, Homelessness and Assurance
Mr Damian Coburn, Branch Manager, National Rental Affordability Scheme
Mr Alan Grinsell-Jones, Branch Manager, Commercial, Child Care, Disability and Information Law
Mr Stewart Thomas, Branch Manager, Housing and Homelessness

Outcome 5

Mr James Christian, Group Manager, Disability, Employment and Carers
Mrs Helen McDevitt, Group Manager, National Disability Insurance Scheme
Ms Janean Richards, Group Manager, Legal Services
Mr Iain Scott, Group Manager, Housing, Homelessness and Assurance
Dr Russell Ayres, Branch Manager, Mental Health
Mr Peter Broadhead, Branch Manager, Disability, Employment Sector Policy
Mrs Joanna Carey, Branch Manager, Portfolio Governance, Welfare and Employment Law
Mr Mitchell Cole, Acting Branch Manager, Disability, Employment Sector Program
Mr Alan Grinsell-Jones, Branch Manager, Schools, Child Care, Disability and Information Law
Ms Lyn Murphy, Branch Manager, Program Assurance and Gambling
Mrs Louise Newey, Acting Branch Manager, Financial Policy and Performance
Mr Warren Pearson, Branch Manager, Disability, Employment Sector Reform
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, Carer Policy and Access Policy
Ms Deborah Winkler, Branch Manager, Governance and Stakeholder Relationships
Ms Joanne Llewellyn, Director, Community and Sector Engagement

National Disability Insurance Agency

Mr David Bowen, Chief Executive Officer
Mr Ian Maynard, Deputy Chief Executive Officer, Operations
Ms Janean Richards, Group Manager, Legal Services
Ms Carolyn Smith, Deputy Chief Executive Officer, Organisational Capability
Ms Louise Glanville, Deputy Chief Executive Officer
Ms Liz Cairns, General Manager, Service Delivery
Mrs Joanna Carey, Branch Manager, Portfolio Governance, Welfare and Employment Law
Mr David Fintan, Acting General Manager, Governance, Legal and Risk
Ms Roze Frost, General Manager, Technology Innovation
Mr Alan Grinsell-Jones, Branch Manager, Commercial, Child Care, Disability and Information Law
Ms Stephanie Gunn, Branch Manager, Local Area Coordination
Mr Steve Jennaway, General Manager, Enabling Services
Ms Esther Kerr-Smith, General Manager, Markets and Providers
Mr Stephen Payne, Chief Financial Officer
Ms Anne Skordis, General Manager, Scheme Transition

Committee met at 09:06

CHAIR (Senator Seselja): I declare open the meeting of the Community Affairs Legislation Committee on 22 October 2015. The Senate has referred to the committee the particulars of proposed expenditure for 2015-16 for the portfolios of health and social services, including human services. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee has fixed 11 December 2015 as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business, 30 October 2015.

The committee's proceedings today will begin with its examination of the social services portfolio and their portfolio agencies. This evening, the committee shall call the Department of Human Services and Australian Hearing. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee. The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings.

The extract read as follows—

Public interest immunity claims

That the Senate—

- (a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;
- (b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;
- (c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

(13 May 2009 J.1941)

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

Any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise.

The Senate has resolved also that an officer of the department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised. Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document.

Department of Social Services

[09:09]

CHAIR: I welcome Senator Fifield, representing the Minister for Social Services, and officers of the Department of Social Services. Minister, congratulations on your elevation.

Senator Fifield: Thank you, Chair.

CHAIR: With that, would you like to make an opening statement?

Senator Fifield: No, thank you, Chair, other than to say I thoroughly enjoyed my involvement with the committee in my previous capacity as social services minister. I am sure that I will enjoy equally being the minister representing the Minister for Social Services here.

CHAIR: Indeed. We will go to questions.

Senator MOORE: Good morning, Minister. I think I have already congratulated you, so I will not do it again. Mr Pratt, welcome, and welcome to your officers. Basically, I have a couple of short cross-portfolio questions and then some follow-up questions on grants in this first process. I imagine that it would be the same for Senator

Siewert. My first round of questions is about the ministerial responsibilities in terms of the way the department has changed and the ministerial responsibilities have changed. On 21 September on ABC's *AM*, newly appointed Minister Porter said, and I quote:

My general understanding is that social services, in terms of the portfolio responsibilities that I will have, will lose childcare, which obviously is a very large issue and something that was front and centre at the previous budget, and then coming into my responsibilities will be disability services, and of course the NDIS, and also aged care.

So that's my general understanding of what's happening. So I think it's safe to say there will be a minister.

This is a direct quote from the ABC:

Look, we went through all of this I think the first time that the Abbott ministry was announced after the election—and I quote—

that you can have the titles of ministers that are a page and a half long because they nominate every single word and topic that ends up in the portfolio. And I don't really, whether that particularly helps anyone.

I am trying to find out exactly what responsibilities and how they are shared in the new arrangement. On 21 September, had there been communication with the department about changes to portfolio responsibilities?

Mr Pratt: I do not recall the exact date, but if that was the date of the swearing in of ministers, certainly on that day we had an indication of the likely responsibilities of the department. At that stage, the status of the aged care part of the department was not yet settled.

Senator MOORE: When did that become settled, Mr Pratt? When was it clear which areas were going where?

Mr Pratt: There were discussions over the course of the next few days. Ultimately, that issue was resolved once Minister Ley was sworn as the Minister for Health with responsibility for aged care.

Senator MOORE: Can you remember or can we have it clarified when that was formalised, when the department was aware of the change?

Mr Pratt: Certainly. As I indicated, certainly these issues were under discussion at that time and had not been resolved. That is not unusual in terms of these things. There is always some clarification after the initial announcement. I had an indication of where things were heading within a couple of days of the first swearing in. That was finalised with the second swearing in.

Senator MOORE: When it was clarified, how was that done? Who made the formal declaration to you? Was it the minister? Was it the Prime Minister's office? When was the formal advice that this was the new arrangement of exactly where different portfolio areas were going to be?

Mr Pratt: Ultimately, the formal advice was when the Prime Minister did the swearing in with the Governor-General.

Senator MOORE: I am listening to your answer, Mr Pratt. I do not have a calendar in front of me, which is an oversight. From your answer, I take it that there were discussions continuing after the ministers were sworn in specifically about aged care and where it was going to go. So the advice of exactly where things were going was not on the day of the swearing in. I am really trying to find out when you were made aware of—

Mr Pratt: Senator, your question was: when was the formal declaration made? Well, that happens when the swearing in is done and the administrative orders are settled. Before that, I certainly had, in discussions with PM&C and other people, a good idea of what was coming. So we were able to prepare for that—

Senator MOORE: So on the day of the—

Mr Pratt: but not in terms of a formal direction or letter.

Senator MOORE: So on the day of the swearing in, it was clear who was doing what?

Mr Pratt: Certainly, yes, on the final swearing in, yes.

Senator MOORE: Have charter letters been sent?

Mr Pratt: Charter letters are under development currently.

Senator MOORE: They are being developed. Where do they come from, Mr Pratt? I know we have had this discussion before, but I am just reminding myself about how charter letters are developed.

Mr Pratt: Ultimately, this is an issue for Prime Minister and Cabinet.

Senator MOORE: They come from PM&C?

Mr Pratt: Yes.

Senator MOORE: And then they are sent to the minister?

Mr Pratt: Typically, the charter letter is sent from the Prime Minister to the relevant minister.

Senator MOORE: And then the department has a copy or the department knows? Does the department have a copy of the charter letter?

Mr Pratt: No, we do not have a final charter letter.

Senator MOORE: Minister, have you got yours this time?

Senator Fifield: Senator, I guess it is probably appropriate to ask me questions about my portfolio responsibilities as Minister for Communications in the communications portfolio.

Senator MOORE: Have you got your charter letter for communications?

Senator Fifield: Well, this is not communications estimates. This is community services estimates.

Senator MOORE: On that basis, Minister, could you please ask Minister Porter, in your capacity as representing minister, whether he has received a charter letter?

Senator Fifield: I will take that on notice.

Senator MOORE: And we will put it on notice for your capacity in communications. I remember, Minister, you being very direct from this side of the table about these issues, but maybe that is one of the changes when you go through.

Senator Fifield: I made sure I asked ministers about their portfolio responsibilities in the relevant estimates committee.

CHAIR: That is very wise.

Senator MOORE: Can you provide a breakdown of portfolio responsibilities of the minister and assisting ministers as they have been communicated to the department?

Mr Pratt: Well, certainly Minister Porter, as the portfolio minister, is responsible for all matters in his portfolio. The list of items against the agenda for today is a good encapsulation of that. Subject to the finalisation of Minister Porter's charter letter, that will then flow on to a division of responsibilities within the portfolio between the minister and the assistant ministers, and that will be a matter for Mr Porter.

Senator MOORE: How many assistant ministers are working in the department?

Mr Pratt: We have two assistant ministers in the social services portfolio.

Senator MOORE: And who are they?

Mr Pratt: Assistant Minister Fierravanti-Wells and Assistant Minister Tudge.

Senator MOORE: And until the charter letter has been received, we have not got clarification of exactly what their responsibilities are? It is certainly not on the website.

Mr Pratt: Well, that is true. That is subject to Minister Porter finalising it. My knowledge is that assistant ministers have a pretty good idea of what they will be responsible for.

Senator MOORE: Has the change in the corporate structure of the department been clarified from the department's point of view?

Mr Pratt: Yes. It is quite straightforward, in a sense.

Senator McLUCAS: Mr Pratt, is the Department of Human Services still a department within your department?

Mr Pratt: The Department of Human Services continues as a department of state reporting to Minister Robert. It is within the portfolio, but it does not report to my department. It is a stand-alone department.

Senator McLUCAS: Is that a difference from prior to the change of leader?

Mr Pratt: It is an extension.

Senator McLUCAS: That is how it worked prior?

Mr Pratt: That is right.

Senator MOORE: Has the department been advised of any issues or responsibilities that were once in the DSS portfolio but have remained with Minister Morrison following the reshuffle?

Mr Pratt: No.

Senator MOORE: So in flat numbers, Mr Pratt, what was the number of staff in the department under Minister Morrison at its peak?

Mr Pratt: In terms of FTEs, it would probably have been in the order of 3,700, roughly. We can give you exact numbers, if you like.

Senator MOORE: That would be useful in terms of a comparator with the organisation chart that you regularly provide to us. I would like the organisation chart and the numbers before the changes and then an organisation chart and the numbers since the changes as a comparator.

Mr Pratt: We will be happy to supply that. The organisation chart has not changed to reflect the machinery-of-government changes at this stage because legally the deputy secretaries responsible for aged care and child care are still part of the Department of Social Services until the finalisation of the section 72 determinations for the machinery-of-government changes. We anticipate that that will occur in early November. But we would be happy to, following that, supply the new organisation chart once that is finalised.

Senator MOORE: So what stimulates the MoG changes, Mr Pratt, in terms of the process? There is a decision of government to change and move ministerial responsibilities. Then you have the charter process, where it is clarified who has responsibility for what. What stimulates the process, which I know Mr Lye knows all about from doing the paperwork, for the MoG changes? What is the stimulant for that?

Mr Pratt: Well, as an intervening element of that, following the announcement and swearing in of the ministry, the administrative arrangements orders are set out. They identify which functions and which legislation belong in which department.

Senator MOORE: Has that been done?

Mr Pratt: Yes. Following that, that is the stimulus for us to commence the arrangements for transferring resources and people and so forth.

Senator MOORE: And each department handles that individually in terms of the transfer of people's records under the act?

Mr Pratt: That is right. It is always a joint exercise. We will do it with the gaining or losing of a department.

Senator MOORE: And you are expecting that by the end of November?

Mr Pratt: Ideally, we will have everything settled by early November.

Senator MOORE: Mr Pratt, is this a standard amount of time for this? Is this the standard for how long it takes?

Mr Pratt: Certainly currently we aim to have machinery-of-government changes finalised within two months of the announcement.

Senator MOORE: That is kind of a guide?

Mr Pratt: Yes. That is the expectation of us.

Senator MOORE: You have had plenty of practice over the last few years in terms of the MoG process. So that two months has been a kind of guide that you have had to make it work?

Mr Pratt: Over many years we have been very practised at machinery of government.

Senator MOORE: So at this stage you cannot tell me how many staff have been moved to other departments? You are working through that process?

Mr Pratt: Well, just to be clear, they have not yet moved. But we anticipate that it will be in the order of 1,300, potentially 1,400.

Senator MOORE: How many staff were moved from the department of education to DSS when Minister Morrison became minister?

Mr Pratt: It was roughly—again, we will clarify this on notice; in fact, my colleagues might be able to tell us directly—400.

Senator MOORE: And that group in total you are expecting will go back to education with the process?

Mr Pratt: Certainly similar numbers. It will not be identical.

Senator MOORE: Certainly from your experience, in terms of the number of machinery-of-government changes, have you experienced this number in a similar time before? I am looking back. Certainly you and Mr Lye are both very experienced in the public sector. And, Minister, you have experience. Have we had this number of MoG changes over a 12-month period before?

Mr Pratt: Certainly. In my time in the employment department, for example, when the—

Senator MOORE: Employment is always dynamic.

Mr Pratt: Yes. Over many, many years that department and the education department came together—

Senator MOORE: And came apart.

Mr Pratt: And came apart.

Senator MOORE: Have the relevant departments finalised agreements on the portion of the corporate overheads and corporate services that will be transferred as part of the MoG?

Mr Pratt: They are being worked through at the moment.

Senator MOORE: And can we, probably on notice, get the total cost to the department of the MoG changes when child care came to DSS? What was the cost of those MoG changes?

Mr Pratt: When the machinery-of-government processes are fully worked through, we will be able to give an indication of that.

Senator MOORE: And the same in terms of health. In terms of restructures within the department, how many have occurred between the change of government and now?

Mr Pratt: At the change of government, there was the creation of the Department of Social Services, which we have gone into in the past. There was a follow-up machinery-of-government change in late 2014, when child care joined the department. And now is the most recent one.

Senator MOORE: Does that include internal restructures to align with new ministers' priorities?

Mr Pratt: Yes. But that is something which happens every time there is some change, and even sometimes when there are changes of ministers.

Senator MOORE: And that would be an ongoing process when that happens?

Mr Pratt: That is right.

CHAIR: Sorry to interrupt, but we have a Channel 9 cameraman here. I want to see if there is any objection in the committee or anywhere else to filming. There being none, and subject to the usual rules in terms of behaviour, go ahead, Senator Moore.

Senator MOORE: In terms of the MoG, we will be waiting because of the fact that it is still in transition and we will get more detail on notice and put questions on notice. Chair, in terms of other people, I have a couple of questions on FOFMS and what is happening with the IT platform and grants processes and then a couple of follow-up questions on the grants, because I know it is in this area.

CHAIR: Well, proceed, and then we can go to others, if you like.

Senator MOORE: Mr Lye, I have questions about where FOFMS is at. We had a discussion last night with the health portfolio about the grants process, the status of FOFMS and the difficulty of reporting. Your department has been working on upgrading that IT process around grants. Can you give an update on where it is at at the moment?

Mr Lye: That is correct. As a result of the budget measure in relation to the redevelopment of FOFMS, we have a work program, which I think we talked about last time.

Senator MOORE: Yes, we did.

Mr Lye: About how it might be enhanced. Mr Keen might be able to help us with what that program looks like. It is being conducted in conjunction with partner agencies, such as the Department of Health and PM&C. We are talking to those organisations about what their particular requirements are for the platform.

Mr Keen: The series of releases will be provided progressively every three months. So we are looking at progressive enhancement. The first release is on track for March 2016.

Senator MOORE: It is on track. And that is going to be the first one of actually implementation?

Mr Keen: It is.

Senator MOORE: March 2016?

Mr Keen: In 2016, yes.

Senator MOORE: So in the process we are going across hopefully to pick up the wider grant area of health and PM&C. Has there been any discussion with employment and education in this field on the basis that they also have a significant grant program?

Mr Lye: There has been a whole-of-government discussion around grants. I think the first decision point was to try and consolidate the bulk of activity in two hubs—our grant platform and that of the department of industry. I think it is fair to say that education and employment have slightly different systems. In education, I am aware

they have a grant making facility which goes to big block grant education systems and so it is slightly different. Employment have a different system again. So I think the initial emphasis is on agencies that have a grant suite that is similar to our own. In fact, we have already a large number of other agencies working with us on our platform.

Senator MOORE: I would imagine it is fairly ambitious to get what you are doing now complete?

Mr Lye: Yes.

Senator MOORE: I am thinking specifically of the childcare issues or childhood education, when they have been in and out of the department. They were in DSS when the decisions were made about looking at what is happening in DSS, and now they have been moved back to education. I am thinking of ease and understanding across the process, but I accept the explanation.

Mr Lye: That is correct. But they have always had a relationship with us in terms of our IT platform, even when they were in education. So it is likely that child care's IT requirements going forward will remain distinct from education.

Senator MOORE: And closer to the platform that you are working at?

Mr Lye: Well, they are working through the childcare reforms for the IT platforms and supports there.

Senator MOORE: That is part of it, okay. And will the reports from March 2016 be public?

Mr Keen: March 2016 is the schedule for our next system release. So that release will have functionality that improves the availability and reliability of the platform as well as functional enhancements, particularly focussed on supporting activity for the hub.

Senator MOORE: And is there an expectation that you will be putting something out on the DSS website at that time letting people know what is happening? As you know, there is a great interest across the community. I know every IT change does not create excitement, but in terms of the work around this, I am just wondering when it gets closer to 2016, on the DSS website or the area around grants, would there be some basic information saying: 'This is what is happening. This is what is going on?'

Mr Lye: I do not think it will be content that we would regard as being not available to the public or, indeed, to Senate estimates.

Senator MOORE: Fine.

Mr Lye: It might not be very riveting reading for external providers. It might be more an internal facing set of changes.

Senator MOORE: We will be just waiting for that moment in terms of the process. We have talked in the community about this IT update. Some people are fairly canny about this stuff. It might not rivet everyone. It is just to say that in 2016 it is happening and every three months there will be an upgrade. It is a suggestion that has come from the community. I will not go into FOFMS.

Mr Pratt: To the extent that we are doing things that will have an impact on our providers, we will need to make sure that we are consulting with them as much as we can.

Senator MOORE: They are my questions on FOFMS. There may be some more on notice. Now I will go into the grants process.

Senator SIEWERT: I want to ask about the Nous report. Can you update us on the final costs of that process?

Dr Reddel: Yes. The approximate costs we are still working through because Nous is still working with us on helping implement some of the recommendations and the suggestions they made in their report. But it is approximately \$110,000 over the course of this financial year.

Senator SIEWERT: What about last financial year?

Dr Reddel: I would have to take that on notice.

Senator SIEWERT: So did you spend some money on Nous in the last financial year? I recall they started the work.

Dr Reddel: They have been working with us for the last 18 months around the initial grant round assisting us with a range of activities around project management, communication and helping us look at our internal governance arrangements.

Senator SIEWERT: Could you take on notice how much it has cost overall? Were they working with you when the grant process started?

Dr Reddel: I cannot recall exactly the date, but shortly thereafter. We brought them on board as some external expertise to assist us with the process.

Senator SIEWERT: So the same group that was helping you with the process that there have been a lot of complaints about is the same group that produced the report on how to do things better?

Dr Reddel: They were providing us with external advice on some of the governance arrangements and communications, yes.

Senator SIEWERT: Just so I have it right, it was the same group that did this review that was helping you through the process that there have been so many complaints about?

Dr Reddel: They were providing some input into the process. But, in the end, the department had control over the process.

Senator SIEWERT: I am just being clear. They were helping before they produced this report?

Dr Reddel: Part of their remit was to assist us with improvements as we went through the process.

Senator SIEWERT: Then you commissioned them to do the review of the process, and they were helping you to do the process in the first place?

Dr Reddel: We utilised their expertise and their knowledge of the sector and their knowledge of the process. As we put it initially and as we have discussed previously, the intent of their *Lessons learnt* review was to provide input into how we go forward and improve the process.

Senator SIEWERT: Mr Pratt, why did you take on board to do the review the same mob that was helping you do this process in the first place?

Mr Pratt: It is quite conventional to utilise agencies which have a pre-existing knowledge of what we are doing to provide further advice. It actually is good value for money to do that. If your question is: have we commissioned Nous to review their own work? Well, no, we have not. What we have done is ask them to analyse what we have done and give us advice on that.

Senator SIEWERT: But how can you separate out the process of the advice they gave you when you were implementing the grants process in the first round from the advice they gave you afterwards?

Mr Pratt: I am not sure I would describe—

Senator SIEWERT: Unless I have misinterpreted what Dr Reddel just said, they were helping you roll out the grants process—providing advice on the grants process.

Dr Reddel: They were providing advice on some of the communication activities, how we established the selections governance board that we discussed previously and some of the expert panel arrangements. So it was some of those internal arrangements.

Senator SIEWERT: Which are the ones actually criticised in the report. So they were providing advice on that internal communication, and that is raised as an issue in—

Dr Reddel: I think in their report, which we provided to the committee, they do talk through some of the governance issues. I think they concur with some of the issues raised through the Senate inquiry and other feedback we have received in terms of having made improved—

Senator SIEWERT: But they were the people that were originally helping you with that or providing advice on communications?

Dr Reddel: They were providing some help. In the end, as I have said, the decision-making was for the department in terms of how we undertook the process and how we rolled out the grants round in 2014-15.

Senator SIEWERT: Thank you. In terms of how Nous was selected in the first instance to provide that sort of advice, did you go directly to them or did you have some sort of panel?

Dr Reddel: They were part of a panel.

Senator SIEWERT: And were they then part of a panel for the review?

Dr Reddel: I will have to look into that, Senator.

Senator SIEWERT: Could you take on notice if they were selected? I must say that I am struggling to understand why the same mob that was helping you roll out the grants process was then the consultant that did the review.

Mr Pratt: Perhaps what we might do is more precisely set out what their original role was, how they were appointed to do that and then how that relates to their follow-up role and how they were appointed to do that. We will set that out for you on notice. I think the issue that you are raising comes down to potentially a difference of

point of view as to what their original role was in helping. I think, as Dr Reddel has pointed out, they were providing advice which we may or may not—I am not sure—have acted on. I can understand where you are coming from—it could look like there was some sort of conflict there, that they were reviewing their own advice or their own work—but we do not believe that is the case. And we will set that out for you on notice.

Senator MOORE: Did they have detailed contracts?

Mr Pratt: Yes. They have a contract.

Senator MOORE: It would be useful in that information to see what was in the contract.

Dr Reddel: Yes. I am happy to provide that.

Senator SIEWERT: You made a comment about what the department may or may not have implemented. I took from that implemented from their advice. What was the process, then, of taking on board their advice?

Mr Pratt: We will have to go back and look at exactly what they told us and then what we picked up. The fact that a consultant provides us advice on something does not necessarily translate into us doing exactly what they tell us. We get lots of advice from lots of people and we choose based on our assessment of the merits of that advice.

Senator SIEWERT: I understand that.

Senator MOORE: I am interested in the Senate reports, Mr Pratt.

Mr Pratt: Yes. In fact, often committees provide views on things which we diligently pick up on. Those committees then scrutinise, having done so, which is exactly a parallel to what Senator Siewert is raising.

Senator SIEWERT: Well, I would not say that because we are after the fact. Nous was providing advice as to how it was happening. I am interested in contrasting what they said to do with the issues that they have picked up on in their report and why that advice was not taken on.

Dr Reddel: Just to clarify, the intent—we will certainly go to the detail, as Mr Pratt has suggested—was very much to have them involved as an independent adviser through the process to help with the *Lessons learnt* process going forward. So it was as much about providing advice for the current round as looking ahead at how we do improvements in the process. As we have mentioned in other hearings of the committee, this was an unprecedented round of grant selections.

Senator SIEWERT: That comes out in the report, and I understand that. The problem is we ended up with, as you know, quite significant issues with it. I am interested in knowing whether those issues were identified in the first place and not dealt with and have subsequently been re-emphasised in the report they have just produced. The issue around communications that you yourself brought up is one of the key issues that the community has been raising continually and that we raised in both the Senate committee reports.

Dr Reddel: In terms of their timing, when they would have come on board, the decisions on the communication around the application process and around budget announcements would have already been made. So their advice on communications was about issues in going ahead in future grant selection processes.

Senator SIEWERT: So you had them on board providing that advice while were you still carrying out the first round. Is that what you are saying?

Dr Reddel: As I say, I would have to go back and look at exactly when they were contracted. But my recollection is they came on board as we were going through the actual selection process, so post the closure of applications.

Senator SIEWERT: As you were doing the assessment process?

Dr Reddel: Yes. As we were going through some of the final stages of the assessment process.

Senator SIEWERT: If I understood from the commitments earlier, you will take us through a step-by-step process of timelines of when they were engaged against the grant timeline—

Dr Reddel: Yes.

Senator SIEWERT: as it in fact rolled out, and then the cost of both how much you paid them for that process and how much for the report process. If I also understood what you said earlier, they are still helping you in terms of implementing the communication.

Dr Reddel: We are having discussions with them about what future role they might or might not have with us going forward.

Senator SIEWERT: I misunderstood what you said earlier. I understood you to say they were helping you with their implementation.

Dr Reddel: Well, they are helping us with looking at how we organise ourselves internally within the department in terms of connections between the role of the program office, our policy colleagues and how we engage with the network to deliver and manage the grant program.

Senator SIEWERT: So they are still employed?

Dr Reddel: Yes.

Senator MOORE: Specifically in the grants area? So their engagement is specifically for the grants process?

Dr Reddel: For the grants process.

Senator SIEWERT: Could you take us through what they are doing and how much that is costing?

Dr Reddel: Yes.

Senator SIEWERT: You made another point about their future ongoing role beyond that. Is that how I interpret that comment?

Dr Reddel: Well, on the current round—

Senator SIEWERT: Beyond what you are just describing now.

Dr Reddel: They have a current role, which is helping us with how we implement the operating model for grants. But in terms of that part of the process and what future role they might have, we are still looking at that in terms of the longer term.

Senator SIEWERT: I am really not understanding what you have said. On the one hand, you have said they are doing that. I am trying to get clear what their future role is.

Dr Reddel: Beyond that operating model role for how we operate.

Mr Pratt: So we have a current contract with them, where they are supplying a certain set of services, which are still being delivered. That contract will come to an end at some point. I do not know what that timeframe is. But we are considering whether or not we might utilise them further post that period. And so that is what is being discussed.

Senator SIEWERT: I understood what you said, but you cannot tell me when the end date of the current contract is. Could you put that in as part of the timeline, please?

Mr Pratt: Yes.

Senator SIEWERT: I will come to the specific recommendations in a moment. Is the action plan referred to in the report that they have prepared for you publicly available, or can you provide that document? That is the action plan for the implementation of the findings of this particular report.

Dr Reddel: We are still finalising the action plan. We are taking on board not only the input from Nous but also the recommendations from the Senate inquiry. We are also engaged with the sector. We have established a community services advisory group. We met with them once in August. We have another meeting of that group scheduled in early November. We are taking on board the views of that group as well in terms of finalising the action plan.

Senator SIEWERT: So have they met with Nous as well? When you say they met in August, was that—

Dr Reddel: No. They met with departmental officials.

Senator SIEWERT: So Nous is producing the action plan?

Dr Reddel: They are helping us produce the action plan. The department will produce it.

Senator SIEWERT: Sorry. That is not how I interpreted what was in 'Where to from here' in the report. It says here:

To assist these efforts now, Nous has developed an action plan for staff.

I am not misinterpreting it.

Dr Reddel: They are working with us. It is a coproduction of the action plan.

Senator SIEWERT: It says here 'has developed'. I thought I had read it correctly.

Dr Reddel: They have developed a draft action plan that we are fine-tuning, taking on board—

Senator SIEWERT: It does not say draft here.

Dr Reddel: Their report was produced in August prior to the Senate inquiry report being handed down. So we thought it very prudent to take on board the recommendations of the Senate inquiry report as well as, as I have suggested, the feedback we are receiving through our sector advisory group.

Senator MOORE: That is a very wise statement, Dr Reddel.

Senator SIEWERT: Yes, exactly.

Senator MOORE: A wise statement.

Senator SIEWERT: Although it says 'action plan' here, you had accepted that as a draft in order to develop it further. Is that correct?

Dr Reddel: A more comprehensive approach, taking on board all the issues raised through the Senate inquiry as well as through the feedback and engagement we are having with community service providers.

Senator SIEWERT: And that is through the advisory group?

Dr Reddel: Yes.

Senator SIEWERT: Thank you. When do you expect to finish that action plan?

Dr Reddel: We hope to have it finished within the next number of weeks.

Senator SIEWERT: And will that then be publicly available?

Dr Reddel: It is something we perhaps would share with the advisory group as part of the engagement with the sector. A lot of it would be about how we organise ourselves internally. But we want to talk with the advisory group and at our other engagement activities with the sector around the best way of communicating some of the changes and improvements we want to take forward.

Senator SIEWERT: Thank you. I ask that you take on notice whether you can provide that action plan when it is finalised as a public document, please?

Dr Reddel: Yes.

Senator SIEWERT: Thank you. In terms of looking at the Senate report, are you talking about both reports—the interim report, where we spoke extensively about grant guidelines—

Dr Reddel: Yes.

Senator SIEWERT: And then the second one?

Dr Reddel: And the second and final report.

Senator SIEWERT: Pre-empting the possibility that it may not be made publicly available, and given the comments you made about internal processes that you may not want to release, is it appropriate to ask if and when there will be a separate report as a response to the recommendations from the Senate report?

Dr Reddel: We are working on, as required, a response to the Senate report. That is due around the middle of December. But we are keen to work through and implement the improvements progressively as we can as quickly as possible.

Senator SIEWERT: I am really happy to know that you are working against—

Dr Reddel: We are, Senator.

Senator SIEWERT: what is normally, although it does not become normal practice, the timeline that should be adhered to. Thank you. In terms of the grants actually operationalising the process from here, I understand now that the action plan is an ongoing process. There are still applications out there at the moment. What has been the process, or what are the processes you are using in the interim, to ensure that we do not have the same process as last time?

Dr Reddel: A couple of things. As I have mentioned, one of the issues raised in the report was about engagement. We have established the community services advisory group. I am happy to provide you with membership of that.

Senator SIEWERT: I was just trying to remember. I cannot remember off the top of my head if you have told us who is on that.

Senator MOORE: Can we get the people who are on it and the terms of reference, if they have terms of reference?

Dr Reddel: Yes. I am happy to provide that.

Senator MOORE: And the process for selection. How was the selection of this particular group done?

Dr Reddel: We would be happy to.

Senator MOORE: Good.

Dr Reddel: And Ms Bruce is happy to provide some details about the establishment of the advisory group.

Senator SIEWERT: Thank you.

Ms Bruce: The community services advisory group is currently made up of 24 members. I can run through those organisations if you are interested.

Senator MOORE: Is it on the website, Ms Bruce?

Ms Bruce: No. It is not.

Senator MOORE: Is there any reason it is not on the website?

Ms Bruce: Just because it is an internal working group. No specific reason.

Senator MOORE: Just in terms of the processes we have gone through in this area—again, as I said, about the IT stuff—there has been great community interest in this process. I searched for it on the website because we were told there was one coming and we have not got it. I would think it of value to put out on the website the role and the people who are on this advisory group.

Ms Bruce: Sure. I can give you copies of the membership now.

Senator MOORE: That would be good.

Dr Reddel: We are happy to consider providing that sort of information on the website.

Senator SIEWERT: Given the timeline, I am wondering, if you have a single sheet of paper—

Ms Bruce: Yes, I do.

Senator SIEWERT: Just take the list.

Senator MOORE: That would be good.

Senator SIEWERT: Then we could just ask about the selection process.

Ms Bruce: I will just run through a summary of it for you, if that might be helpful.

Senator SIEWERT: That would be good, yes.

Ms Bruce: The community services advisory group is made up of 24-member organisations that are funded across a range of grant programs and include a mix of peak bodies and service delivery organisations. The group first met on 25 August 2015 at Tuggeranong. The next meeting, as Dr Reddel indicated, is scheduled for 4 November. The selection process really was we consulted broadly with our program colleagues in national office and with our state managers to get an indication of a broad-ranging group that could provide advice to the department on grants going forward. The general remit of the group is to utilise lessons learnt from the 2014 grant process; to reflect and contribute to the department for future grant selections; to contribute to priority setting policy planning and approaches to contestability for the department's program suite in the future; to contribute to the department's data management system for grants through the DSS data exchange; to consult and collaborate on future program design; and to work together to provide options for community sector capacity and support.

Senator SIEWERT: So you consulted internally about who should be on it. You did not consult the sector about who they thought should be on it?

Ms Bruce: No. We consulted internally.

Senator SIEWERT: And what are the requirements around confidentiality on that committee?

Ms Bruce: We have not put formal confidentiality arrangements in place, so we have not asked them to sign anything. But what Ms Bennett did, as the chair of the committee at the very first meeting, was say that we have expectations around confidentiality and that we would be sharing information for the benefit of getting improved outcomes. We are really wanting to engage the sector, as I said, through *Lessons learnt* and to improve our communication. Another key element of the community services advisory group is to provide input into the department on the best way of designing and delivering grants.

Senator SIEWERT: How widespread is it known in the sector that this group exists?

Ms Bruce: Sorry, Senator?

Senator SIEWERT: How widespread in the sector is it known that this group exists?

Ms Bruce: It is a very wide group. Obviously, the sector would talk, so I think they have a reasonable knowledge across the sector. I think from memory the group represents about 60 or 70 per cent of the organisations that are funded to deliver our services.

Senator SIEWERT: But not those that are not.

Mr Pratt: Let me run through the organisations. I will not give you all the reps right now. We will table that. So we have Anglicare Australia; Australian Community Transport Association; ACOSS; Baptist Care;

Benevolent Society; Carers Australia; Catholic Social Services; COTA; Family Relationship Services Australia; FECA; Financial Counselling Australia; Meals on Wheels Australia; Mission Australia; National Disability Services Limited; Relationships Australia; Save the Children; Secretariat of National Aboriginal and Islander Childcare, SNAIC; Settlement Council of Australia; Southern Youth Family Services Association; St Vincent de Paul; the Salvation Army; the Smith Family; Uniting Care; and Volunteering Australia. It is a very representative group.

Senator SIEWERT: Thank you. I have been told to wrap up in a minute so I will put some questions on notice. Thank you for that. In terms of the interim grants report, we talk specifically about working with the ANAO guidelines. Have you had discussions with those organisations about those guidelines and the Commonwealth grant guidelines?

Dr Reddel: Decisions on the Commonwealth grant guidelines are really a matter for the Department of Finance.

Senator SIEWERT: I am talking about your implementation of those guidelines.

Dr Reddel: I wonder if it would be useful if I ran through some of the other improvements we are taking on board, which would go to some of the issues. Would that help?

Senator SIEWERT: Yes. This is prior to the rollout of the action plan.

Dr Reddel: If that would help.

Senator SIEWERT: Yes. That would be helpful. The chair is going to get a bit toey about time. Is it something you have got written down that you could table or not?

Ms Bruce: Not that we could table.

Dr Reddel: Not really.

Senator SIEWERT: Do that quickly, then—just broadly and then table.

Dr Reddel: I will give you a snapshot. As I say, we will provide greater detail for the committee. We have been working with a roadshow across the department and wanting staff to roll that out with community service organisations on our program model—how we operate the grants system as a whole—so there is a whole understanding of the program delivery model. We also, as I mentioned, looked at how we might strengthen our engagement in codesign through mechanisms such as the advisory group. We have looked at how we organise ourselves internally better. One issue that the committee raised and the *Nous* report raised was project management. We have actually created a dedicated function to improve the planning and the forecasting of future grant processes. That will assist us internally to manage workforce demand and signal to the sector upcoming rounds and grant opportunities. We have worked with our colleagues in the department to address some of the technical issues that were raised within the grant application process in 2014. As part of that, we have also looked at a better framework to manage the resourcing profile and costs associated with future grant rounds. We have implemented a minimum application timeframe of six weeks. There will be episodes when that will be not the timeframe but that would be for a particular—

Senator SIEWERT: That is the minimum.

Dr Reddel: policy reason.

Senator MOORE: Dr Reddel, on that, the goal is six weeks all round, but you said there could be times when it could be less?

Dr Reddel: It could be less as well.

Senator SIEWERT: Oh, I thought you said minimum.

Senator MOORE: No.

Dr Reddel: Because there could be an urgency in terms of a particular funding round. As I have mentioned, we are hopeful that we will not have multiple funding rounds—26 different rounds, as we did in 2014—but, again, that is a matter for government. What we are progressing is opportunities to look at not only open rounds but also more restricted funding rounds, where you would go through a select number of providers or have even direct funding rounds. You go to a preferred provider, given their track record and their particular expertise, and fund them directly. That is as well as looking at, as I say, more competitive processes. So we are trying to get a much better proportionality. Again, that was one of the issues you raised. The *Lessons learnt* report identified a better proportionality around the effort people have to put into applications and the timeframes for making decisions et cetera.

Senator SIEWERT: Thank you.

Dr Reddel: So that is a snapshot of the improvements we have looked at.

Senator SIEWERT: I have a question about where to ask another question. Looking at the actuarial process, where should I ask?

Mr Pratt: As in investment approach?

Senator SIEWERT: Investment approach, yes.

Mr Pratt: Under outcome 1.

Senator SIEWERT: It is under outcome 1?

Mr Pratt: Yes.

Senator SIEWERT: It is a big outcome 1. Thank you.

CHAIR: I have just a few minutes of questions here. Before I ask them, I want to get a sense from other senators. Obviously, with human services tonight, it will be very important that we get there by 7.30 pm. Given we have until 10.30 am, I just want to get a sense from Labor and the Greens how many other questions you have in this area and if we are able to divide the time until 10.30 am.

Senator MOORE: I have a number of grants questions, but there are others to be put on notice, so I am happy to share the time that is remaining.

CHAIR: Senator Siewert, you would have some more in this space?

Senator SIEWERT: Given that we are doing the investment framework in outcome 1, that is the end of my portfolio questions.

CHAIR: I suggest that, given we tend to go over time, Senator Moore, after my five minutes, I will give you 15 to 20 minutes and we will see whether we can finish a little bit early and move on to the next one, if that will satisfy you. Thank you. Just briefly, I wanted to ask for an update, if I could, on the new accommodation in Tuggeranong. Is someone able to give me an update on that?

Mr Pratt: Sorry, Chair, I was just distracted with a tabling issue.

CHAIR: It is the new accommodation at Tuggeranong. I just want to get an update on the progress of that.

Mr Pratt: Yes. Certainly we can do that now.

CHAIR: Mr Lye, you are the man?

Mr Lye: With Mr Dilley.

CHAIR: Fantastic. Thank you. I see a lot of activity. Are you able to give us an update as to where the preparatory works are up to at the moment?

Mr Lye: Yes. There is a number of things happening on site at the moment. The builders have recently completed a carpark at the back of the top property, which is providing car parking for people who previously would have parked in the front where the building site has commenced work. Secondly, the groundworks have begun on the site. To put it in a technical sense, there is a dirty great hole out the front of the property where a large amount of excavation is working to put the base of the building in place. The project is at the present time on time and on budget, so we expect it to be completed by August 2017.

CHAIR: And was the road behind the building a separate contract in terms of finishing that link road, or is that part of the overall construct?

Mr Lye: That is part of the construction being done by the developer. At the present time, it has boom gates at either end of the carpark, so at the moment it is exclusively for the use of staff of the department. Upon completion, it will become a link road with car parking.

CHAIR: In terms of the disruption during construction, staff will not have to move, so the disruption is in relation to obviously being surrounded by a building site? Is that primarily it, or have I misunderstood?

Mr Lye: That is correct. Staff are staying in the current office facilities. At the moment, with a significant amount of earth being moved out of the site, there are some restrictions on the street, for safety reasons, that are limiting traffic to one lane at certain times of the day. But, other than that, staff are staying where they are until completion.

CHAIR: And does the number of carparks during construction drop off as some of that is used, or is the number of carparks staying roughly the same? I know there are some extras, as you say, when you complete that road, but do you lose a series of carparks during construction?

Mr Lye: We have lost a series of carpark on the front corner of the site where the building is being constructed. That has been obviously replaced by the parking at the rear of the building, which has been established by the developer.

CHAIR: So that is already available?

Mr Lye: That is available, correct.

CHAIR: You said the overall project is on time. Is there any updated estimate of the cost of the fitout? I know there was an initial estimate, but is that still the same? You are not anticipating that changing?

Mr Dilley: The fitout cost that the government will fund is still on budget and there is no change to that expectation.

CHAIR: Thank you for the update. I appreciate it.

Senator MOORE: I will go back to grants, gentlemen. Thank you for the information in terms of the process. What we are really looking at is the rebuilding that is happening after the process that we have all discussed for too long, really. One of the elements of the process is the audit that was recommended. I know that an audit of this process is on the audit agenda and on its calendar for the period. I asked the other night in finance and public administration about their timeframe, and they did not have a particular timeframe for this audit. They said it is something that is discussed between the audit and the department in terms of the best place. Has it been on your agenda, Mr Reddel, the best time to have an independent audit of the process?

Dr Reddel: To date we have not had any discussions with the ANAO about a possible audit. We are certainly aware that it is on their agenda. But, no, we have not had any discussions.

Senator MOORE: I was wanting to see, with all the things you have done, whether you have some kind of frame when you would expect to have an audit. It is just one more thing that is going to come into your program.

Dr Reddel: Yes. It would be important to look at how we organise that within our priorities.

Mr Pratt: And the ANAO will no doubt want to find out when is a better time to be doing so with us. That is the normal process.

Senator MOORE: It is a combined thing. They talk to the department. They confirmed that at this stage it had not started even the discussion process.

Mr Pratt: No.

Senator MOORE: I have some general questions about the funding of the grants and the footprints. Can you tell us the total annual funding amount administered by the department for discretionary grants?

Dr Reddel: I can. As of September, we are managing around 13,700 grants within DSS. The total value is approximately \$2.2 billion for this financial year, 2015-16.

Senator MOORE: And for the out years, Mr Reddel?

Dr Reddel: In terms of the total grants, we have—

Mr Pratt: While Dr Reddel is finding that information, I should—

Senator MOORE: Actually, I do apologise. I have called you mister. I did not realise it was doctor. It does not say on your label.

Mr Pratt: He is very modest.

Senator MOORE: I will try to remember from now on, Dr Reddel.

Mr Pratt: This obviously will be impacted also by the machinery of government change—

Senator MOORE: Absolutely.

Mr Pratt: and so these numbers will be indicative, subject to how that is all worked through.

Senator MOORE: These are indicative in terms of the last budget we had before this committee?

Mr Pratt: Yes.

Dr Reddel: This will including ageing and aged care. I will do it by breakdown around broad outcomes. With ageing and aged care, we have 3,616 active grants with a commitment of \$5 billion through to 2017-18. For child care, we have 7,226 active grants with a commitment of \$836 million through to 2018-19.

Senator MOORE: And they are, in fact, the two that you should be moving on?

Dr Reddel: That is correct. We are still working with them to ensure—

Senator MOORE: Absolutely. That is the budget as we know it?

Dr Reddel: Yes. Then in terms of the balance of the department, we have approximately 2,083 grants as at September and approximately \$4.9 billion in grant funding.

Senator MOORE: Four point nine?

Dr Reddel: It is \$4.9 billion.

Senator MOORE: Million?

Dr Reddel: Billion.

Senator MOORE: That is what I thought. I thought it was billion. It is just, as we know, the acoustics. And through until what years?

Dr Reddel: That will depend on the particular outcome. For example, in the family and communities outcome, that is \$2.4 billion through to 2018-19. For housing and homelessness, we have a commitment of \$400 million through to 2016-17. For disability, mental health and carers, we have a commitment of \$2.1 billion through to 2017-18.

Senator MOORE: Was that a million or a billion?

Dr Reddel: Billion. It is \$2.1 billion.

Senator MOORE: And they are all the program areas?

Dr Reddel: That is right.

Senator MOORE: Dr Reddel, in terms of the process, I look at the grant pages regularly. You may count the number of times people go on to the grant pages. I am sure that I and Senator Siewert count for a large number of the accesses. Can I find on the website how much funding is administered under each grant activity each year? I am wanting to find out for each grant. You said how many there are, and I know we have had that. Is that available?

Dr Reddel: In terms of those broad categories, there would be a number of activities beneath each of those broad programs.

Senator MOORE: Yes. That is right, yes.

Dr Reddel: So in terms of applicants, we are obliged to provide, when we go out for selection, the amount of funding that is available for a particular activity, but not under those broad categories.

Senator MOORE: I am wanting to find out about the housing area, which is still in your department. It is \$400 million in 2016-17. I want to find out exactly for each grant which organisation received it, how much they got and what their forward funding is.

Dr Reddel: In terms of reporting, we are obliged to report each grant activity, I think, two weeks after it is executed. So that will be on our website. That is available. That is part of our obligations.

Ms Bruce: From the Department of Finance.

Dr Reddel: From the Department of Finance as part of the grant guidelines.

Ms Bruce: So that information is uploaded on to the Department of Finance website regularly.

Senator MOORE: The Department of Finance website?

Ms Bruce: It is grants.gov.au

Senator MOORE: I will check that.

Dr Reddel: I should mention, in terms of reporting, that we also now have a service directory that you can—

Senator MOORE: We will go to those questions on the service directory. How is that going? We actually talked about it briefly last time. What is the update on the DSS grants service directory?

Dr Reddel: I think we now have all the grants from the 2014-15 round uploaded on to the directory. That is available. It is a useful tool for both—

Senator MOORE: Yes. So all 2014-15?

Dr Reddel: For the major grant round that we have been through.

Ms Bruce: In fact, that website is updated weekly as new grants come online.

Dr Reddel: New grants. So the grants we have had this year post that are now being uploaded as quickly as we can once the agreements and so forth are finalised.

Senator MOORE: So that is actually uploaded once you have finalised the contract?

Dr Reddel: Yes.

Senator MOORE: So that is part of the work plan in terms of what you have to do?

Dr Reddel: Yes.

Senator MOORE: And then check it goes on to the directory. Have you received feedback about the grants directory? We talked about it when you were developing it. Have you received feedback from the community about this directory?

Dr Reddel: We have not had direct feedback. We discussed it at, for example, I recall, the advisory group we had in August. We have talked about it as a tool in our engagement activities with stakeholders. I think it is something we would like to develop further and make more user friendly. It is an initial start to get that sort of information out into the public realm.

Senator MOORE: And do you keep data on how many times it is used?

Dr Reddel: We would have data on the number of hits on the website.

Senator MOORE: I will put that on notice in terms of where it is. So it is now operational?

Dr Reddel: Yes.

Senator MOORE: And you would describe it as fully operational?

Dr Reddel: I beg your pardon, Senator?

Senator MOORE: You would describe it as fully operational?

Dr Reddel: Fully operational. But we are constantly looking at how we might improve and refresh it.

Senator MOORE: What is the workload of actually maintaining it? You say you do it weekly. How many people are involved?

Dr Reddel: We have a team within the department that—

Senator MOORE: How many in that team?

Dr Reddel: That does a range of engagement and communication activities. It would be part of their normal business to provide that. I do not think it is a great workload, but it is just part of the normal—

Senator MOORE: How many in the team?

Dr Reddel: We would have to take that on notice.

Senator MOORE: Take that on notice.

Dr Reddel: Roughly—

Ms Pondes: The team is of four people, but they are not dedicated to that role. They have a bigger role.

Senator MOORE: No. It is part of a range of services.

Ms Pondes: It is at this point. As the directory is being established, the actual ongoing updating of it is minimal.

Senator MOORE: And when did it go live?

Ms Pondes: It was announced on 10 June and went live on 11 June 2015.

Senator MOORE: Thank you very much. This is a direct question. Where services were provided for agreements for less than five years, either for the 2014 grants round or through subsequently announced funding, is the funding guaranteed for all the out years to continue the services? Is there guaranteed funding across all the contracts?

Dr Reddel: For that funding period?

Senator MOORE: Yes.

Dr Reddel: Your question is around the out years.

Senator MOORE: Yes. I mean the out years. As we know, we have a number of grants. I will have a look at the website and see whether I can get it. If I cannot get it, I will come back to you to see. We talked a lot at the last round—and I do not want to repeat it—that the intent of the first round of grants change was to have all the grants lined up and that they would all be for a similar time. We know that did not happen. We are wanting to confirm that the funding for the grants that have been allocated is guaranteed.

Dr Reddel: Yes. For that period, yes.

Mr Pratt: I will clarify. The funding has been appropriated for those programs, but of course it is subject to government decision whether it increases those or decreases them at some stage.

Senator MOORE: Sure. Absolutely. And there is a range of them, I know, that are up next year. I will ask questions within the program areas about a couple of them. The last budget actually announced transitional funding—we talked about that a lot—to cover the extension of some while the process was being refined and to look at the gap research that was being done. The amount in the budget that was announced for that period was \$55.6 million. How much of that \$55.6 million has now been expended?

Ms Bruce: Approximately \$48 million.

Senator MOORE: In terms of the services to which they have gone, is that in the directory?

Ms Bruce: It will be uploaded regularly as funding agreements are executed on grants.gov.au and then will be translated into the department's service directory.

Senator MOORE: Is it possible to get a list of the services received in that \$48 million to date of the allocated \$55.6 million? Is it possible to get a list of those grants?

Ms Bruce: I can give you a list of organisations and funding and the activity.

Senator MOORE: And the time. The standard request—the organisation, for what it was funded, when it was provided, and until when, or looking at completion dates. I am particularly interested in that group. We talked a lot about the gap analysis and the process. Did the gap analysis confirm that the funding amount was not able to meet the frontline services that had originally been provided in the grant round? Did the gap analysis actually say there needed to be more money?

Ms Bruce: I think it would be fair to say that if we had more money, we could spread the services further.

Senator MOORE: But the gap process clearly identified specific areas as gaps, and that was made widely public.

Ms Bruce: The gap analysis did identify some areas where there was no direct service to transfer clients to or where services that had previously been provided were slightly further away or that sort of scenario.

Senator MOORE: There is \$55.6 million allocated, and \$48 million has been expended. Is there capacity for further gap filling in terms of the process? I am just going to do my maths. So \$7.6 million of the \$55.6 million at this stage has not been allocated. Is that still available?

Mr Pratt: Yes. There are clearly still funds available for that. Of course, it is open to government whether or not, if there are other gaps emerging at other times, it provides us with more funding to cover those gaps.

Senator MOORE: Is the gap analysis process still in place? The gap analysis looked across the country. Were all gaps identified in that gap analysis filled?

Ms Bruce: No. Recommendations, as you would expect, were made to the minister. The minister made decisions on the department's recommendations. I think it is fair to say that the formal gap analysis has been completed, but our state and territory network, as are our policy areas, is continuing to monitor the services and any subsequent gaps being identified.

Senator MOORE: That was my next question. We share that. Is the gap analysis a document that can be published?

Ms Bruce: The gap analysis is predominantly a series of briefings to the minister.

Senator MOORE: Minister, is the gap analysis something that we could request?

Senator Fifield: We will take that on notice, thank you.

Senator SIEWERT: In terms of additional money that is being found for the cashless welfare card, I understand the bulk of that is coming from IAS. Have you been asked to provide any of that additional funding for the trial sites?

Mr Pratt: We should cover that under outcome 20 when we have the people here who are working on the healthy welfare card.

Senator SIEWERT: It relates directly to this issue, though.

Mr Pratt: Sure. My recollection is that we were separately provided with funding for that purpose.

Senator SIEWERT: Could you take on notice for this particular gap analysis process whether any money is coming from the money left over from the gap analysis for that?

Mr Pratt: Okay. So is your question for the healthy welfare card itself or is it about services which—

Senator SIEWERT: Sorry, I beg your pardon. That was not clear. For additional services that the government has promised.

Mr Pratt: We will take that on notice, yes.

Senator MOORE: The kinds of services that have been announced now—

Senator SIEWERT: The wraparound services.

Senator MOORE: Just for June at this stage.

Mr Pratt: They are, of course, very consistent with what we do throughout the grants, yes.

Senator SIEWERT: That is why I am asking in the grants, because it could be defined as a gap. That money could be allocated for that specifically.

Mr Pratt: We will take that on notice.

Senator SIEWERT: Thank you.

Senator MOORE: In response to question SQ15-000416, which is actually about this process, in relation to the 94 additional services funded as an outcome of the gap analysis, the department provided information that they provided recommendations to the minister on the geographical areas where service gaps were identified. Does that mean that the department did not provide any advice on which services to fund to fill these gaps, just the geographical areas where there was need? What was the departmental advice?

Ms Bruce: The gap analysis was really undertaken considering a wide range of factors. They included mapping the existing service coverage and the service footprint and the policy objectives of each activity. For example, the children and parenting activity had a high priority for services focussed on children aged zero to 12 and less of a focus on youth services. We looked at applications received in the 2014 selection process. Part of the consideration was what was the best response to the gap once it was identified. The service challenges were highlighted by service providers. For example, there were considerations such as distance and footprint and discussions with an organisation about how to increase their capacity to respond to a gap. We used the local knowledge of our state and territory officers and obviously the impact and consequences of the program redesign in some of the programs. Locations that may have received funding over many years no longer had the same demographic priority under the new program arrangements. For example, inner city locations might have been less of a priority than putting services into high-growth corridors, which were predominantly new families moving into new areas. So there was a really wide range of considerations. It was not one case fits all.

Dr Reddel: It might include a specific organisation.

Senator MOORE: I am sorry, Dr Reddel?

Dr Reddel: The recommendations might have included a specific organisation.

Senator MOORE: It was not just Toowoomba needs more services? I am using this as an absolute gamble with apologies. This area needs more services. You could have in some cases, say, that they need services such as provided by Anglicare?

Dr Reddel: Yes. Or it could be around more family support services.

Senator MOORE: Thank you for that explanation of the gap analysis, because we had not had that detail before. Can we get it on notice? I found that background to what was to be considered is something we have not heard before. We were of the view that it was more a geographical process. So it was all those other things.

Ms Bruce: I think the other thing that I failed to mention, which of course is the number one priority, is client transition. So client transition was our first priority.

Senator SIEWERT: Client transition?

Ms Bruce: And the solution depended on a wide range of variables. As Dr Reddel said, it is fair to say that in many instances we were able to go directly to a provider to help us fill that gap.

Dr Reddel: So it could be adding additional money to an existing provider, funding a new provider or looking at other options.

Senator MOORE: Of the 94 services that you did identify and were announced for funding by Minister Morrison on 10 June, were all of those recommended for funding by the department?

Ms Bruce: From memory, not all. But we do have a separate reporting process to parliament on that that is due at 31 March each year.

Senator MOORE: I am sorry, but I do not understand that.

Ms Bruce: The departments are required to report instances where ministers did not take the department's recommendations. And that is an annual reporting process.

Senator MOORE: And the 94 that we know got funded, some were there from departmental recommendation. Were any that were funded not part of the gap analysis report?

Ms Bruce: No.

Senator MOORE: So all of them were part of the gap analysis. Did the minister or anyone from the minister's office request that specific organisations be included or excluded from the list of organisations that were recommended for funding?

Ms Bruce: No. Not in that way. As we have talked at previous estimates, our information on gap analysis came from not only within the department but also externally. I know Minister Morrison asked members of parliament and stakeholders and providers to provide him with information. That information was often passed on to the department, which was used as part of the analysis.

Senator MOORE: And so there is no list of ministerial recommendations that came to the department?

Ms Bruce: No. All the funding was based on departmental recommendations.

Dr Reddel: As Ms Bruce has said, the minister actually asked members of parliament and senators to identify gaps in their particular local areas and bring that to his attention. From that, that was brought to our attention to look at.

Senator MOORE: And that process was announced by the minister?

Dr Reddel: Yes.

Senator SIEWERT: But some organisations were funded prior to that more formal gap analysis process. There were decisions made on ER, for example—I can think of my home state and a couple of examples—that were prior to that more formal process.

Ms Bruce: No. The ER gap analysis was the very first phase of the formal gap analysis.

Dr Reddel: That was announced on 1 April, I understand, the ER funding of about \$1.7 million. As Ms Bruce said, that was the first tranche of funding.

Senator SIEWERT: Was that your formal gap analysis, the first part of that gap analysis?

Dr Reddel: That concurred with Ms Bruce's methodology. That was used to address those issues.

Mr Pratt: That was the first stage—

Dr Reddel: Yes. The first stage.

Mr Pratt: of the analysis process.

Senator SIEWERT: The first stage, did you say?

Senator MOORE: That was 1 April or 17 April, those announcements for ER relief funding?

Dr Reddel: On 1 April this year, \$1.7 million for emergency relief.

Senator MOORE: And then there was a subsequent announcement of further organisations on the 17th?

Ms Bruce: That is right, of April.

Senator MOORE: Of April, yes. Of those, how many organisations who were originally advised that their funding application was unsuccessful have since received funding? We have asked you for the organisations that received money under that allowance. Can it be identified which of those organisations that received the money had been previously told they were unsuccessful? I know some new organisations got money as well.

Ms Bruce: We can provide that as part of that listing, yes.

Senator MOORE: And all the grants were announced publicly through the website and through other processes?

Ms Bruce: That is right.

Senator MOORE: Of the frontline services funded for the 2014 grants round and through the subsequent funding announcements, is the department aware of how many contracts went to organisations that did not have a service footprint at the location the service was to be provided prior to receiving funding? This comes back to the discussion we had throughout our whole process that on a number of occasions grants were provided to organisations that had not serviced that region earlier. That caused a great deal of discussion at the time. I know that you are aware of that. Is there any way that we can actually see from the list of successful grant recipients how many of those had no previous experience in a certain region?

Dr Reddel: We are happy to look at that in terms of what we can provide from our data sources.

Senator MOORE: It would be just to see what we can find.

Mr Pratt: Again, it may be difficult for us to determine whether or not they had experience. They may have actually supplied those services in that area but were not funded by us.

Senator MOORE: I think it is more the case, Mr Pratt, we have talked about a lot, where outside organisations compete and take on work that had been done locally. Financial counselling in Tasmania comes to mind, where—

Mr Pratt: We will interpret that as where—

Senator MOORE: We like to see what we can get.

Mr Pratt: providers have not previously supplied that service in that location, yes.

Senator MOORE: And we do understand the limitations of providers amalgamating and changing their names and all those things. But when you have a clear new player, that is what we would like to find out.

Ms Bruce: I think, as Dr Reddel has indicated, we will not necessarily be able to indicate whether they have experience.

Senator MOORE: No.

Ms Bruce: It just the location.

Senator MOORE: Whether they have received funding.

Ms Bruce: That is right.

Senator MOORE: Yes. Received funding. It is a reinforcement question. To determine how the assessment is done by the department when you have someone who does not have experience in a particular area, what is the criteria that is used to see whether they will be able to translate effectively? One particular situation is the subcontracting process in terms of the funding going to X. X has no previous process in that region. When they start work, they subcontract to Y and Z. I have a couple of examples in the later program areas about that to see how it is operating. How does the department actually assess that?

Ms Bruce: At the time, the way the department handled that was through establishing expert panels.

Senator MOORE: Yes.

Ms Bruce: I know we have talked about that in the past.

Senator MOORE: We did, yes.

Ms Bruce: That brought in the expertise of our state and territory offices and, therefore, the local knowledge on the ground. Again, it is not a case of one size fits all. It was very much if X was successful and wanted to contract to Y, there was a discussion by the expert panel about the likely success of that arrangement.

Senator MOORE: And in terms of subcontract arrangements, is there an expectation that if an organisation is going to be using subcontractors, they advise that in their application?

Ms Bruce: Yes.

Senator MOORE: So the department expects that?

Ms Bruce: Yes.

Senator MOORE: If they do not and then they do subcontract, what is the relationship—this will be the last question—then? How does the department work through that process?

Dr Reddel: That is part of the grant agreement negotiations in terms of when they will be negotiating with our grant agreement manager. We think it is best to deliver that service through a subcontracting arrangement. That would be negotiated as part of finalising that grant agreement with the host organisation.

Senator MOORE: And the host organisation signs off on their subcontracting arrangements when they do their contract?

Dr Reddel: Yes. It is part of the final grant.

Senator MOORE: Should that change, do they need to be in contact with you?

Dr Reddel: Yes.

Senator MOORE: And that is all part of the process?

Ms Bruce: It is actually quite a formal process. The terms and conditions of the funding agreement are required to flow on to the subcontractor. If there is any change in the provider arrangements or the organisation's arrangements, it requires the approval of the department.

Senator MOORE: This is the last question. I will put these on notice. I want to know how many organisations declined their offer in the end and whether the department is aware of any delays in the commencement of service because of having to set up new establishments or new service providers. Thank you.

CHAIR: Thank you very much. That brings us to morning tea. After morning tea, at quarter to 11.00, we will return with outcome 1.

Proceedings suspended from 10.30 to 10.45 am

CHAIR: We will now move on to outcome 1.

Senator MOORE: Thank you to the people from the family tax area. I have a number of quite direct questions about the possible impacts of the change package that was announced yesterday by the minister. Some of the financial stuff went through economics last night in terms of costings. My questions relate to the impact on individual groups, so we will work through them. My first question is: how many couple families will have their FTBB cut when their youngest child turns 13 under this policy proposal?

Mr McBride: It is expected around 76,000 couple families will be—

Senator MOORE: I am sorry, Mr McBride, but this room is really bad for acoustics. You really have to shout.

Mr McBride: Seventy-six thousand couple families with the youngest child aged 13 and over will lose FTBB.

Senator MOORE: Mr McBride, when you are doing the consideration of possible impact, are these figures based on the current recipients of the payment, or do you come up with some kind of average into the future? This is the known recipients of FTBB now who are in a couple family with children turning 13? This is the impact—76,000?

Mr McBride: Yes. It also does not factor in any behavioural response. So we anticipate that some of these people, because of this, would then move into the workforce. So it does not capture them. But based on current numbers and no behavioural response, that is the number.

Senator MOORE: No change in circumstance?

Mr McBride: Yes.

Senator MOORE: How many single parents will have their FTBB reduced when their youngest child turns 13?

Ms Halbert: Around 136,000 single parent families with a youngest child 13 to 16 will experience a reduction in assistance when their maximum FTBB rate reduces from \$3,139 to \$1,000.

Senator MOORE: And that is based on the rolling in process in terms of the 136,000? So kids between 13 and 16? Yes?

Ms Halbert: That is correct.

Senator SIEWERT: Can you break down that 136,000 figure? Is that straight up?

Ms Halbert: That is the whole cohort.

Senator MOORE: Is it possible to get that refined, Ms Halbert, as we know that some will have a smaller reduction in terms of the process? How many kids are turning 13? How many are turning 14 in that window?

Mr McBride: This is the group of people—the over 13s—so they will lose eligibility to a full FTBB payment, but they will get the \$1,000 softening payment. So the net impact will mean they will drop from \$3,139 to \$1,000.

Senator MOORE: Is that a technical term, the 'softening payment'?

Mr McBride: No.

Senator MOORE: It makes sense, but it is not one. How many grandparent carers will have their FTBB reduced when their youngest child turns 13?

Ms Halbert: It is expected that about 3,900 grandparents will receive the new rate of FTBB. I think that equates to the group that you are talking about.

Senator MOORE: Yes. So it is the same situation. These are the people who will drop from a certain amount to a lower amount, and that is taking into account that they will have the softening payment. It is 3,900. One of the discussions that happened last night in finance was a discussion around underlying cash impact and fiscal balance impact.

Mr McBride: Yes.

Senator MOORE: I have a couple of questions that take that into account. Mr Pratt, you may have to be on line to give me a lecture on how this works in the same way as I think I struggled through the contingency fund after the last estimates.

Mr Pratt: Yes. I recall seeing your very complimentary assessment of my explanation of that.

Senator MOORE: Absolutely.

Mr Pratt: I thank you, Senator. We are happy to give you that explanation if it would help upfront.

Senator MOORE: I have three questions and that is part of it. Actually, no, I think it is better to get the explanation upfront before we go into the questions. So the difference in terms of the impact of the underlying cash and fiscal balance?

Mr Pratt: Mr Dilley here is very well prepared for this.

Mr Dilley: The main difference to understand between the underlying cash and the fiscal balance is to do with timing. In the case of the measures we are talking about here, one of the larger items that will affect the two numbers will be the timing of the supplement payments. In a fiscal measure, the supplement payments would be recognised in the year that the family might become eligible for them. In the underlying cash measure, they might wait some weeks or maybe months until tax returns or other reconciliation steps are taken and the cash is actually paid.

Senator MOORE: Right. So it is eligibility in terms of allocation of the entitlement and then actually receiving the payment?

Mr Dilley: Correct. The fiscal measure will record the economic effect, the number, at the point in time that a family might be eligible. But the actual cash payment into someone's bank account from the government might take some weeks or even months after.

Mr Pratt: Senator, I will now complicate things by trying to give you the very crude non-expert description of it. Say for the 2016-17 financial year there is an end of year supplement which is paid in relation to that year. In fiscal terms, the liability is accrued in 2016-17, but in cash terms it is actually paid out some time in 2017-18.

Senator MOORE: And the department and Treasury keep records of both?

Mr Pratt: Yes.

Senator MOORE: So they have duplicate records for the same process?

Mr Pratt: Yes.

Senator MOORE: Good. I have three questions where I think that is going to be important. I am trying to get the information under both contexts in terms of the fiscal and the underlying cash. As a standalone measure, how much will the increase in FTBB for families with children under the age of one cost the budget over the forward estimates?

Ms Halbert: On the papers I have in front of me, we have it as a combined measure with the changes to FTBB.

Senator MOORE: I apologise, Ms Halbert. Again, I am just not hearing. It is this room.

Ms Halbert: Can you give me a couple of minutes to try to get that figure?

Senator MOORE: That is fine.

Ms Halbert: There are papers in front of me. I do not think we have that figure.

Senator MOORE: No problems at all. We can go back to that, yes, sure. The next question is: as a standalone measure, how much will the reduction in the FTBB payments for single parent and grandparent carers when their youngest child turns 13 be a saving for the budget over the forward estimates?

Ms Halbert: It falls into the same category. All my papers have it as a combined measure.

Senator MOORE: That is fine.

Ms Halbert: I should be able to get that for you shortly.

Senator MOORE: In the same carers, I am wanting the fiscal and the underlying cash for all the standalone measures. So I will just read the next question and see how it fits in. As a standalone measure, how much will the cut to FTBB for couple families save the budget over the forward estimates? That is all with FTBB. My next question relates to FTB A. Is that for a different person?

Mr Dilley: No.

Ms Halbert: Senator, would you mind if we came back to that question? As I said, the figures we have got do not split it up. We will have to go back to the department to get that split for you.

Senator MOORE: Sure. How long will that take, Ms Halbert?

Ms Halbert: I am just following up.

Senator MOORE: I understand. If we can get those answers this morning, that would be really good.

Ms Halbert: Sure.

Senator MOORE: We have other ones to go to. We will keep going through the questions and see which can be answered now and which you need to get more support for. I will read through mine and Senator Siewert can read through hers in case the same advice has to happen. How many FTBA families will benefit from the \$10 per fortnight increase to FTBA proposed in the legislation introduced yesterday?

Mr Whitecross: One point two million families will benefit from the increase in FTBA.

Senator MOORE: One point two?

Mr Whitecross: Million families for 2.2 million children.

Senator MOORE: For 2.2 million children.

Mr Whitecross: And the loss of the 22,200 young people receiving youth rates of income support will also benefit.

Senator MOORE: That is that other group that has now been made eligible.

Mr Whitecross: Yes.

Senator MOORE: Will the increase go to every family in receipt of FTBA?

Mr Whitecross: No.

Senator MOORE: So the youth allowance recipients under 18 who live at home will also get the increase. Is that the figure of 23,000 that you gave?

Mr Whitecross: The 22,200 is the combined number for youth allowance.

Senator MOORE: And DSP?

Mr Whitecross: Youth rates of disability support pension, Abstudy and special benefit.

Senator MOORE: Can we get that refined into each of those subcategories?

Mr Whitecross: Yes. So 15,600 youth allowance at home under 18.

Senator MOORE: Yes.

Mr Whitecross: And 4,930 disability support pension.

Senator MOORE: DSP, yes.

Mr Whitecross: And 1,050 Abstudy at home or in state or foster care.

Senator MOORE: Yes.

Mr Whitecross: And 605,000 recipients of special benefit at the at-home rate for under 18. So these are all people under the age of 18.

Senator MOORE: Right. Thank you for that. My questions were looking at the different categories that fell under that number. So, with those people, how many of them live in families that do not receive FTB and, as such, will not be affected by the cut?

Mr Whitecross: I am sorry, but I cannot answer that question. They will not receive FTB in relation to this child because they are receiving income support for this child. But I could not tell you whether they were receiving FTB for another child in the household. But in relation to—

Senator MOORE: That child?

Mr Whitecross: In relation to this child, they cannot attract FTBA or FTBB. But if they have got another child in the family, they could be attracting that in relation to that other child.

CHAIR: Senator Moore, I am not at all going to cut you off, but I am going to try and go back and forth a little bit during this period.

Senator MOORE: Absolutely.

CHAIR: It has been almost 20 minutes. I will give you a couple more minutes because I know you are pursuing a particular line.

Senator MOORE: I have more general policy questions. The data information I am seeking is the data that Ms Halbert will have to get.

CHAIR: Okay. That might be a good time, perhaps, to go to Senator Siewert for about 15 minutes.

Senator SIEWERT: I was having a process discussion with the chair and I missed that first figure—and I am really sorry—about the number of people that will be affected. The second figure I wrote down for single parents does not match with the first figure I wrote down. I need to double-check the overall number of people that will be affected by the FTBB cuts when the youngest child turns 13.

Ms Halbert: It is 136,000 single parents.

Senator SIEWERT: That is the one I got.

Mr McBride: And 76,000 couples.

Ms Halbert: And 76,000 couples.

Senator SIEWERT: It was 76,000 couples, thank you. I have the grandparents one. Thank you for that. There are some more figures, when you are doing the figures, that I want to get. Senator Moore asked for the number of parents affected overall and families. Can you tell us how many single parents will be affected by the changes to FTBA?

Mr Whitecross: You mean the increase?

Senator SIEWERT: The \$10 increase.

Mr Whitecross: The \$10 increase. I will have to see if I have that number. There is about 660,000 single parents on FTBA. But the ones who benefit are the ones that are receiving the above base rate, so I will have to give you that breakdown.

Senator SIEWERT: What I am also trying to get a picture of is whether you have done modelling on the impacts on couple families, single parents and grandparent carers from this range of changes. There is FTBBs impacting on single parents, the end of year supplement process and the FTBA process. Have you done modelling on the overall impacts on single parent families, couple families and grandparent carers?

Mr McBride: In the press release on the Prime Minister's announcement yesterday there were a few cameos that combined the impact of the childcare payment with these measures. We have not done extensive modelling on a cohort by cohort basis, no.

Senator SIEWERT: Can I ask why not? What people want to know is the impact.

Senator MOORE: The total impact.

Senator SIEWERT: The total impact. And that is certainly what I want to know. What is the total impact on a single parent family? You have said that the numbers that you have been doing are on no behaviour change. So you have already done that in terms of the numbers. So why have you not done modelling on what the overall impacts of these particular changes will be?

Mr McBride: Well, we do the modelling at the request of the minister's office. And what they were interested in is how the package combined with the child support package. So the cameo analysis we did that was in the press release yesterday reflected the package impact of the combined families package and the child care.

Senator SIEWERT: You have talked about how at the moment you have done the numbers on no behaviour change. So you actually do not know how particular families are going to take up the childcare component of this approach?

Mr McBride: Much like the impact on FTB, we make assumptions as to the cohort and how it is currently behaving.

Senator SIEWERT: Well, you have a pretty clear understanding of what the cohort is doing now. What I understand from your answer just then is that the government did not ask for modelling of the impact of these cuts on the different types of families they will impact on.

Mr Pratt: I will just jump in. I am not sure that is exactly what was said.

Senator SIEWERT: I asked whether the modelling had been done, and the answer I got was no.

Mr Pratt: We have done significant amounts of modelling and analysis of impacts. What I think Mr McBride was saying is that we have not necessarily done everything that you have just outlined in your question. We do lots and lots of this sort of stuff for government, of course. It is very interested in the impacts. So I think the best way to take this forward is for you to ask the questions about the specific areas you are interested in and, to the extent we have that modelling available and we can answer it, we will. To the extent we need to refer back to

home base and someone can give us that figure in the short term, we will try to get that for you. Otherwise we will take it on notice.

Senator SIEWERT: Okay. I did specifically ask whether you have done the modelling of the impact of these particular changes—just the FTB changes, not the childcare changes, because that is a bit more predictive and, as you said, it is a cameo. You have done a cameo. Have you done the modelling? I was told no.

Mr McBride: We have done a series of cameos. What we focussed on was the impact across the combined measures. You were asking whether we looked at specific impacts on specific cohorts of specific initiatives within the measure. What we have instead done is try to look at the impact of people from the combined impact of this measure and the child care.

Mr Pratt: Keep in mind, Senator, that this is a combined package. The government has made it very clear that it intends the savings that come from the family tax benefit changes to be directed to funding the significant expansion in the childcare package, which we ran through at the last estimates. So analysis is looking at the combined impact of those two things, not one in isolation. We can do the one in isolation if we have to, but it is not relevant to what is actually being proposed by government.

Senator SIEWERT: Well, it is relevant to the single parent who is relying on this money to make ends meet. Already we know that—

Mr Pratt: Senator, that is not what I said. It is not relevant to what the government is proposing in terms of giving a combined impact analysis. We certainly understand that this will have different impacts on different groups, so please do not put words in my mouth. That is not what I was saying.

Mr McBride: So what is important to that single parent—

Senator SIEWERT: The effect is the same. Single parents do not know what impact these cuts to their direct income will have because the modelling has not been done. That is a correct understanding, is it not?

Mr McBride: Well, it is not quite. What we have not done is looked at the impact on single parents of specific measures, because that can be misleading. What we have done, to the extent that we have done cameo analysis, is looked at the impact on the single parents of the combination of the measures, because we think that gives a more accurate reflection of the package.

Senator SIEWERT: Well, I understand what you are saying, but it does not go to the single parent who may not be accessing the childcare package. They want to know the money they get in their bank and how much of it is going to be cut through these cuts.

Senator MOORE: Mr McBride, the cameo that we have seen infers that everybody who will lose money under this particular change to their income will benefit from the childcare package. I understand that there is an expectation that some will, but not every person who will be subject to these policy changes will be able to get the same benefit from the childcare package. No-one could ever presume that.

Mr McBride: There is also the increase in the fortnightly rate. So there will be those who benefit—

Senator MOORE: The \$10 and \$15, yes.

Senator SIEWERT: Ten dollars.

Senator MOORE: We understand that.

Mr McBride: from the increase in the fortnightly rate. There will be those that benefit from the childcare package. There are those that will lose out by virtue of the changes to the fringe benefits tax. But because we have done that combined analysis, perhaps if you ask us about the groups you are interested in, we may be able to at least take on notice—

Senator SIEWERT: That is what I am asking. If I did not start, that is how I thought I had started. Have you modelled the impact of the changes to FTBB and A, including the increase of FTBA but the phase-out of the end of year supplement process, for single parents and for the other cohort family groups?

Mr McBride: We have done some cameo analysis for those cohorts, yes.

Senator SIEWERT: You have done cameo analysis. Have you done the modelling of just that component so people know how much they are going to lose?

CHAIR: Sorry to interject, Senator Siewert, but we are slightly at cross-purposes. We have had this issue in the past in terms of the use of the language 'modelling' versus 'analysis' versus other things. We did, I think, have a good explanation of it last night when we were discussing this. It might make it easier as we go back and forth if we talk about the same thing. I think we are talking about an analysis of changes, are we?

Mr McBride: We are.

CHAIR: Rather than economic modelling assumptions.

Senator SIEWERT: Have you done an analysis?

Mr McBride: I think we can go further towards answering your questions and perhaps your concerns. If you ask us specific questions based on the analysis we have done, we will try and answer.

Senator SIEWERT: How much—

Mr Pratt: So in answer to your question—sorry, Senator, I am not trying to be difficult—yes, we have done lots of modelling in different areas. Perhaps we will be more helpful if you would ask this question: can you tell us what the impact is of these set of circumstances in a certain area? We may have modelled that; we may not. There are so many different options that we potentially could look at. It may be something which is to hand. If so, we will tell you.

Senator SIEWERT: All right. Ignore the word 'modelling'.

Senator MOORE: Can you table the cameos you have done? Can you table all the cameos that you have done?

Mr Pratt: Well, certainly the cameos that were at yesterday's press release.

Senator MOORE: And the ones that were in yesterday's press release are the only cameos that you have done?

Mr Pratt: Well, again, Senator, we have looked at lots of different options and things like that. That is a very broad question: can we table everything we have analysed?

Senator MOORE: Well, we were trying to get an idea. And Senator Siewert will follow up, of course. You talked about how you have modelled these circumstances and they have been made available. Is all the modelling for particular purposes what was in yesterday's media?

Mr Pratt: That is not what I was saying. I think the Chair's suggestion is a good one. Why not ask a specific question and we will attempt to answer.

Senator SIEWERT: All right. I will try again.

Senator MOORE: Try again, yes.

Senator SIEWERT: Have you done an analysis of how much single parents will lose out of the FTBB changes when the youngest child turns 13 and there is the slight increase in the FTBA and the phase-out of the end of year supplement?

Mr Pratt: Which sole parents? Those with incomes in what range?

Senator SIEWERT: Well, against any of the income ranges.

Mr Pratt: Those using child care, not using child care?

Senator SIEWERT: Against any income. I know you do it in various brackets. Under each of the income ranges and for those with no additional income beyond Newstart.

Mr Pratt: Well, we probably have done some of that. I do not know.

Ms Halbert: We cannot cover all of those scenarios in the one cameo. For example, a sole parent with two children aged 13 and 15. Is that the kind of—

Senator SIEWERT: Yes.

Ms Halbert: Who is not utilising child care. The overall impact on the fortnightly rate if they have no income—it is a different scenario with different incomes—is it would be reduced by \$54 once they do not get the FTBB.

Senator SIEWERT: So \$54 a week?

Ms Halbert: A fortnight.

Senator SIEWERT: Thank you.

Ms Halbert: That is the FTB.

Senator SIEWERT: That is just FTB?

Ms Halbert: Including the increase in the FTBA rate. That is assuming no income so they are not affected.

Senator SIEWERT: So they think they are getting enough and it does not apply. That is correct, is it not? That is what you are saying there, is it not?

Ms Halbert: Yes. Sorry, what was that last question?

Senator SIEWERT: So the end of year supplement—

Mr McBride: So this is on a fortnightly basis.

Ms Halbert: This is just the fortnightly rate before the supplement.

Mr McBride: Before the supplement is taken into account.

Senator SIEWERT: Have you done it for the full package?

Ms Halbert: Well, the supplement is \$726. No, I have not got a figure for the stepdown. When there is no supplement, they would be losing the two lots of FTBA and FTBB.

Mr McBride: The impact would depend on the year in which that occurred.

Ms Halbert: That is right.

Senator SIEWERT: Sorry, I cannot hear both of you.

Mr McBride: The supplement is slowly reduced over the last three years. The impact would depend on what year you are interested in.

Senator SIEWERT: Yes. I understand that. Have you done a table where you can look at families as their income increases? Have you done a table that you could give us looking at the same family under different income scenarios?

Ms Halbert: Well, yes, but that one I gave you I do not think is a very good example because the impact does not actually change.

Mr Whitecross: It does not take in the income until you get to the point that you do not receive FTBA.

Senator SIEWERT: And then as you increase through the income ranges, have you done the analysis as through the phased process as the end of year supplement ceases?

Mr Whitecross: The only change that happens in that period is the phasing down of the supplement. Because we are talking about a single parent with teenage children, 13 to 15, they will get the same amount—

Ms Halbert: Same reduction.

Mr Whitecross: Same impact of the policy at every income range up until \$100,000, when FTBB ceases to be payable. Earn \$100,000 and a bit over that, the A ceases to be payable. So there will not be a difference in the—

Ms Halbert: No. And I do not have an example with an income range over \$100,000. I have only got up to \$85,000.

Mr Whitecross: But, basically, the impact of the measure changes when they stop being eligible for FTB because they cannot be impacted by the measure.

Senator SIEWERT: Yes. I take your point. So for the end of year supplement, that is on top of the scenarios that you have done the analysis for. The figure rate that you have got shows that the phase-out of the end of year supplement is on top of that?

Ms Halbert: Correct.

Senator SIEWERT: That is correct?

Mr Whitecross: That is right.

Senator SIEWERT: Is it possible to get a table done? Instead of me going through each scenario, can you provide that table that you are obviously reading from?

Mr McBride: We will be able to provide something. We will have to discuss it with the office, but we will be able to provide something that gives you a breakdown, I suspect.

Senator SIEWERT: Rather than the cameos that Senator Moore has already asked for, I am looking for something that is providing a bit more information other than those.

Senator MOORE: A table of the impact.

Senator SIEWERT: Yes. It sounds like you have done it.

Mr McBride: We should be able to provide you with something.

Senator SIEWERT: Thank you.

Ms Halbert: Senator Moore, can I go back to your earlier question to clarify it?

Senator MOORE: Sure.

Ms Halbert: I have not got the answer for you yet, but I want to clarify your question. You wanted the changes to FTBB split out by measure?

Senator MOORE: Yes.

Ms Halbert: We can do that. Did you also want them split out by cohort—like couples and single income families—because we cannot do that?

Senator MOORE: You cannot do that?

Ms Halbert: No.

Senator MOORE: I asked for three things taking into account both the underlying cash and fiscal balance. As a standalone measure, how much is the increase in FTBB for families with children under the age of one? I think the only new component is that particular under the age of one component. The other two quick questions are: as a standalone measure, how much will the reduction in FTBB payments for single parents and grandparent carers when their youngest child turns 13 save the budget over the forward estimates?

Ms Halbert: I just wanted to clarify that.

Senator MOORE: And then couple families. As a standalone measure, how much will the cut to FTBB for couple families save the budget over the forward estimates? They are the questions.

Ms Halbert: Thank you.

Senator MOORE: Senator Smith is trying to attract your attention, Chair.

Senator SMITH: If this is the right place, I would be interested in knowing specifically with regards to grandparent carers and the changes announced yesterday what the costs would be if the age were raised from 13 to 14, if the age were raised from 13 to 15 and if the age were raised from 13 to 16. Does that make sense?

Ms Halbert: It does make sense. We would have to take that on notice.

Senator SMITH: Of course. Most definitely, yes. For completeness, let us say 13 to 17. If that calculation could be done over the forward estimates, that would be very valuable to me.

Ms Halbert: We will get back to you.

Senator MOORE: I have some questions on the supplements, particularly on the supplement change. How much does the new measure save the budget each year over the forward estimates in terms of the reduction in supplement?

Ms Halbert: In fiscal or cash terms?

Senator MOORE: Yes.

Ms Halbert: In fiscal terms, \$4.6 million in 2015-16; \$383.7 million in 2016-17; \$1,371 million in 2017-18; and \$2,313.9 million in 2018-19, giving a four-year total of \$4,063.9 million.

Senator MOORE: That is the fiscal impact. Is there an underlying cash impact?

Ms Halbert: Yes. The same in 2015-16, which is \$4.6 million. It is \$1.7 million in 2016-17; \$372.3 million in 2017-18; \$1,331.1 billion in 2018-19; and \$2,255.7 billion in 2019-20. The total I just gave you was a four-year total, not a five-year total. The four-year total is \$1,697 million, so it does not count 2019-20.

Senator MOORE: How many families will now be left with reduced income as a result of the end of year supplements?

Ms Halbert: So all FTBA and B families.

Senator MOORE: What are those totals, Ms Halbert? Do you have those?

Ms Halbert: Yes, I do. There is 1.5 million FTBA and 1.3 million FTBB.

Senator MOORE: That is all recipients. Even if you include the \$260 increase in the base rate with the \$10 in your calculations, how much will a family on FTBA with one child have their income reduced? This is a series of questions. They are cameos.

Ms Halbert: It depends on the age of the child and how they are being impacted.

Mr McBride: And their income. So there are a lot of variables there.

Senator MOORE: There are a lot of cameos in that one. And the same with a family on FTBA with two children. That comes back to the question that Senator Siewert asked about getting a table with income and so on.

Ms Halbert: There are many different scenarios.

Senator MOORE: And how much would a family on FTBA with only three children; and FTBA with only four children? All of that will be dependent on their income.

Ms Halbert: And the age of the children.

Senator MOORE: And the age of the children. Under 12 or over 12. Have you done any consideration of a family with a child born on the day of the introduction of the measure and how much they will lose in total until that child turns 18? Have you looked into the future?

Ms Halbert: No.

Mr McBride: No.

Senator MOORE: It has not been cameoed?

Ms Halbert: No.

Senator MOORE: In terms of the department's considerations, will these changes that are coming through in this package have a greater impact—

Mr McBride: For the question you ask, the initial impact would be quite positive, because they will get the additional \$1,000 and they will get child care. So for the early years of the child, they will actually do quite well.

Senator MOORE: Sure. So in terms of a modelling exercise, then?

Mr McBride: We have not done that exercise, no.

Senator MOORE: That premise being based on them being able to benefit from the other parts of the package.

Mr McBride: Correct.

Senator MOORE: In concert with reductions in child payments?

Mr McBride: Correct.

Senator MOORE: From the department's point of view, from the calculations you have done, will this families package have a greater impact on families than the original measure to reset supplements?

Ms Halbert: It has a different impact.

Senator MOORE: A different impact. Have you looked at what the difference is, Ms Halbert, in terms of the financial impact?

Ms Halbert: Yes. We have. For some families I have the financial impact and some I do not.

Mr McBride: In all terms, though, it will be more beneficial on a fortnightly basis than the former package.

Senator MOORE: On a fortnight based on the \$10 increase?

Mr McBride: Yes. The supplements will be reduced further than the former package. But on a fortnightly basis, it is generally more positive. The fringe benefit tax reduction will be pushed out. But the end of year supplements will be more quickly reduced and further reduced than under the initial package.

Mr Pratt: And the childcare impacts will be considerably more positive.

Senator MOORE: And particularly on the supplement aspect, the supplement is not determined by anything but having a child, is it? So income and age and all those things do not determine the supplement, particularly on the supplement?

Mr McBride: It does on the margins.

Mr Whitecross: Including the means test, which means that the end of the taper rate will reduce with income. But it is not dependent on the age of the child.

Senator MOORE: My question is: about how much will a family on FTBA with only one child be worse off from a supplement point of view as opposed to—

Mr Whitecross: It is the same reduction in the supplement. It is the same increase in the \$10, because the \$10 is not increased to the maximum rate.

Senator MOORE: So that family, regardless of the age of the child, if they are FTBA eligible, will have an increase of \$10. But the supplement impact, regardless of the age of the child, will be the same. So it would be the difference between \$10 a week and the sliding impact of the reduction of the supplement?

Mr Whitecross: Yes. The increase is an increase to the maximum rate, so it will go to people who are eligible for the maximum rate or a reduced rate under the maximum rate income test.

Senator MOORE: There are variations. But otherwise in terms of quantum, if you are looking at someone on full rate and eligibility, they will get an extra \$10 to their full rate and they will be subject to the sliding supplement. So my questions about FTBA would be the difference between the increase of \$10 and the sliding rate and enhanced by each child. So you get \$10 more a week per child and you lose the supplement per child as well. So it is a mathematical swap.

Ms Halbert: But, for example, compared to the previous measure, around 385,000 families with the youngest child aged between six and 12 will retain their FTBB \$3,139 compared to the previous measure. I think that was the start of your question.

Senator MOORE: Right.

Ms Halbert: So they will be better off in terms of FTBB.

Senator MOORE: If there are people between six and 13?

Ms Halbert: That is right.

Senator MOORE: Their youngest child turning six and the youngest child—

Ms Halbert: And the same for people with children under 12 months, who will be getting additional assistance—

Senator MOORE: who did not get assistance before. Can I get those figures again, Ms Halbert? So the people who would have been affected by the previous proposal, which is to lose your payment of FTBB at six—

Ms Halbert: It is 385,000. And for the under 12 months, about 140,000 families will get that additional assistance, the FTB.

Senator MOORE: So they are the families that would benefit from this change of policy?

Ms Halbert: That would be benefitting by those elements; that is right.

Mr McBride: And the childcare package.

Senator MOORE: Have we got any progress on my previous questions, Ms Halbert?

Ms Halbert: No. Not yet.

Mr McBride: I think we will bring them to your attention when they arrive.

Ms Halbert: We will bring them to your attention. We have been watching for them. It is difficult to do, apparently, so people are working on it now.

Senator MOORE: I will pop out for a moment. I will be straight back. I just have to get something.

CHAIR: We will have a brief suspension.

Proceedings suspended from 11.25 to 11.26

CHAIR: We will recommence.

Senator MOORE: In terms of the cameos, I know, Mr Pratt, that we cannot get everything. In terms of the work we have done, particularly where you have done options, can we get as many of them as you can provide for the kinds of questions we have asked about—four children, three children and two children? Senator Siewert was asking about the impact on people who do not get augmentation from child care and people who do get augmentation from child care. We understand that it is looking at it as a full package, but one thing that is certain in this is changes to their family payment. I am wanting to get an idea of how that operates for the various different kinds of families we have. We can look at as many as you can give us.

Mr Pratt: I do understand what you are trying to get at. Certainly it is possible to model specific scenarios. My suggestion would be that we can have a go at what we have discussed this morning and see what we can give you that we have already got to hand. Alternatively—and I am not encouraging large numbers of these—if you do have specific scenarios that you want to put on notice, we could attempt to analyse those situations.

Senator MOORE: I have been asking about FTBA and FTBB. I will go through them. A family on FTBA with one child under 12 and a family with FTBA with one child over 12. So that is the basic variation you would have. This is on the basis of eligibility. So in terms of their income status, these are people who are eligible for FTBA. FTBA with two children, three children, four children and then a combination, which I think is really focussed. A family with FTBA and B with one child. A family on FTBA and B with four children. So it is that kind of basis—about the quantum income that they would be receiving. We know that the other part of the package is the childcare component. We are waiting to get details about the childcare component from the people in education and employment so that we can combine them. My focus in this committee is specifically on the family payment side. If we could get information on them, that would be useful. Taking up Senator Smith's point, one area we are particularly interested in is the grandparents area and to see what the end result will be for grandparents in various circumstances. It is a long-term interest of this committee.

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

Senator MOORE: In terms of the decision that the government has made not to proceed with the measure to freeze family tax benefit rates, what is the impact on the budget of that decision to change policy over the forward estimates?

Mr Whitecross: It is \$1.076 billion.

Senator MOORE: It is \$1.076 billion. That is over how many years?

Mr Whitecross: That is over the existing forward estimates to 2018-19.

Senator MOORE: And do you have any figures over 10 years?

Mr Whitecross: I do not have any here.

Senator MOORE: Can we get that on notice for comparison?

Mr Whitecross: I am sure we can.

Senator MOORE: What is the impact to the budget of the decision not to proceed with the measure to freeze eligibility thresholds?

Mr Whitecross: The impact of that reversal is \$525.7 million.

Senator MOORE: And that is over until 2018-19?

Mr Whitecross: Yes.

Senator MOORE: Can we get the same thing on notice for the 10-year period?

Mr Whitecross: Yes.

Senator MOORE: This is family tax B. Can you provide the number of families whose youngest child is aged one to 18 at the moment in terms of the current cohort? Is it possible to have that refined to single parent families, dual parent families and grandparent families?

Ms Halbert: The total number of families receiving part B is 1,340,962.

Senator MOORE: Can we get that refined, Ms Halbert, into the single and double parent families et cetera?

Ms Halbert: Yes. So couples is 175,888 and singles is 665,074.

Senator MOORE: And grandparents?

Ms Halbert: We do not have the grandparents breakdown, no, for the whole population.

Senator MOORE: Is it possible to get that, Ms Halbert, because they would have to put that on their claim form?

Ms Halbert: My understanding is that it is a collected fee, so it has not been routinely collected. But you could ask the Department of Human Services—

Senator MOORE: We will ask them this afternoon.

Ms Halbert: what information they have.

Senator MOORE: We know that there are special circumstances that they have to meet to get the payment as they are not the natural parent, so I would have thought that is a dataset that would be available. I will talk to human services and get back to you. Do you have information by state and electorate on the number of grandparent carers who are with children aged 13 to 18? So far, we have been asking for figures only in the national dataset. Are we able to get the impact on the number of people by state?

Ms Halbert: I do not believe so, but I am able to take that on notice.

Senator MOORE: Take that on notice. For people who are dual parent recipients of FTBB when their child turns 12, can you tell us how much the impact would be of just the reduction of the FTBB in a year?

Mr McBride: Year to 13?

Senator MOORE: In a year just before. What would be the financial impact of losing the FTBB on a dual parent family receiving FTBB?

Mr McBride: That will not happen until the child turns 13.

Senator MOORE: Right. Change 12 to 13. They have aged very quickly, Mr McBride.

Ms Halbert: The annual rate of FTBB is \$3,139.

Senator MOORE: Is it 900 or 100, Ms Halbert?

Ms Halbert: It is \$3,139.

Senator MOORE: That is purely on the FTBB with no other component of the package. And that would be accumulated over a period until the child turns 18 by five more—

Mr Whitecross: Senator, just to clarify, that is the maximum rate of FTBB.

Senator MOORE: Yes. That is the maximum lost, yes.

Mr Whitecross: What actual rate of FTBB a couple got would depend on how the income was split between the two of them.

Senator MOORE: I put that subject to the general process of the payment.

Mr Whitecross: They could have a zero FTBB.

Senator MOORE: Yes.

Mr Whitecross: Single parents automatically get the maximum rate, but with couples it depends on their income. So they could be getting zero or they could be getting the full rate or somewhere in between.

Senator MOORE: That is where those cameos come in in terms of the impact. Single parents and grandparent families would be eligible for the full amount. That would be as you said—\$3,139 in a year. Is that right, Ms Halbert? That would be the calculation?

Mr McBride: They would be entitled to \$1,000.

Senator MOORE: And then that is offset by the \$1,000, which would come up to a net impact of \$2,139. If you are putting that into the future years until the child turns 18, affected by variation in threshold, it would be five times that or thereabouts for the other figures. I know it is a government decision and it was announced only last week, but what was the consultation process in terms of changes in this way? Have organisations like Families Australia, single parents associations and grandparents associations been involved in discussions with the department about various changes? I do not mean the particular one, allowing that it is a decision of government, but the consultation process generally that the department has with these specialist groups.

Mr Pratt: Generally, sometimes, yes.

Senator MOORE: Has the department had any response from community members to this date, even so early, whereby people are contacting the department with questions and concerns?

Mr McBride: Not that I am aware of.

Senator MOORE: Not that you are aware of. Do you normally get people calling the department directly or is that something that more goes through the political process?

Mr Pratt: It does happen occasionally. It is not that often. It is more likely the Department of Human Services will receive the first contacts.

Senator MOORE: I will be checking with them this afternoon.

Mr Pratt: Or ministers offices field quite a lot of calls.

Senator MOORE: Basically, Chair, the questions and the information that I am needing on that fiscal impact is the major focus of my questions. I am just waiting for those answers.

CHAIR: Okay. Senator Lindgren and I do not have any particular questions in this area. Did you want to move on to another area?

Senator MOORE: Ms Halbert, can you give me any idea, because I am really working—

Ms Halbert: I am told it is going to take a couple of hours, but I fully expect to have it before we finish this outcome. We will be able to come back to it.

Senator MOORE: Apart from the fact that I am disappointed that the whole focus of this morning's exercise was looking on these budget changes for which the department should have been fully prepared, and I do not think these questions were untowardly difficult or complex, I am wondering why this answer would take a couple of hours. It is not particularly, Ms Halbert, that questions should be directed to you.

Ms Halbert: I am not the person who is able to provide you with the answer, and that is what I have been told from our budget area.

Mr McBride: The morning's discussion has highlighted that there are so many moving parts and variables, to come prepared to answer everything would be an almost impossible task. But we are working through it as quickly as we can.

Senator MOORE: Basically, the questions I have asked are: what will be the financial impact of the core changes to the FTBB for families with children under the age of one; FTBB payments for single parents and

grandparent carers; and FTBB for couple families. Help me as to why they are such complex questions and why they require a couple more hours of preparation.

Ms Halbert: Understood. It is just that the figures I have got here are, for example, a combination of the FTBB changes. I am not able to split them out for you.

Mr McBride: The process going back in the department is disaggregating those. Once we have those disaggregated numbers, we will be happy to supply them.

Senator MOORE: So what were the aggregated figures again?

Ms Halbert: So the changes to FTBB will achieve underlying fiscal savings of \$1.4 billion over four years. That includes increasing the rate for children aged under one, introducing the rate of \$1,000 for single parents and couple grandparents and removing eligibility for FTBB for couple families other than grandparents with a child aged 13 and over.

Senator MOORE: Help me, Mr Pratt. Why would we have the total for these changes, which would have to be the aggregate of those specific questions I have asked? Why, when the total and the impact of the underlying cash impact and fiscal process are available, is it so hard to get the individual components of that question?

Mr Pratt: I guess, Senator, the people who do this sort of thing are highly expert. We do not have huge numbers of them, so we pick and choose where our resources are utilised. Of course, given that the government has been making it very clear that this is a combined package with the childcare changes, effort has gone into modelling the various impacts on different groups covering both what happens in FTB and what happens with child care. So that is where our effort has gone naturally. So many different scenarios are possible when you look at individual cases. What is the family relationship status, be it single or a couple? Then you have another variable in terms of their incomes and another variable in terms of the number of children. There are variables around things like whether or not they are getting child care. It is impossible for us to anticipate what sort of questions are going to be asked. That is why, perhaps in future estimates in areas like this, it might be an idea to give us some advance notice of the sorts of areas or specific questions and we will attempt to see if we can actually cost those things. Essentially, we came up with some data that we have got here at the table. You might pose some things which we can calculate on the spot, and we will do that if we can. Or we will go back to the department. People are observing us. They will be able to quickly work out whether they can do something in a hurry. If not, we will supply it on notice. So that is just the reality.

Senator MOORE: But I am at a loss, and I very rarely am at a complete loss in these processes, Mr Pratt, because we know how the system operates with the Senate estimates—that is, the week after the minister makes such a significant announcement. I come in here and ask how much the savings are in the budget for three core components of that change. I am at a loss as to why it would not have been an automatic understanding that we would be asking that. We are asking how much will be saved in the budgets over the forward estimates by three component elements of the FTB changes. They are the automatic components of who will be affected—single parents, couples and grandparents.

Mr Pratt: We have not interpreted your question quite along those lines. Perhaps we can help further.

Mr Dilley: One of the factors here also in providing the answers at the cohort level, if I understood the question, is that we will need to work with our colleagues in education, probably tax or Treasury and possibly health because of the interactions and different permutations for those families, different income cohorts, different family sizes and different family structures. So whilst we have done the modelling like that at a global level across government to provide forward estimate numbers and the save, to disaggregate that down accurately in the sort of timeframe that we are talking about now and provide reliable cameos I think is the difficulty we are experiencing in meeting what you asked for.

Senator MOORE: But the problem is I have asked for the standalone measure. The reduction in FTBB is a standalone measure. In terms of the overall package, that is definitely where you have to augment the information with what is a childcare component with possibly health and other areas. I totally understand that. I would have thought that changing the way FTBB is being paid to particular groups is a quantum figure. I will not say it is relatively easy, because I have never worked at having to provide this data, but I would have thought, 'Okay, if we change FTBB eligibility at the age of 13 for this group, this is how much it is going to save between now and the out years.' Frankly, I am struggling as to why that is such a difficult piece of information to obtain.

Mr Dilley: There are interactions even in that example back into the tax system and other payment types that would have to be taken into account at that individual level. I think that is probably why we are being cautious about providing numbers that may not answer the question reliably.

Senator MOORE: And it is not a question of this family with this particular circumstance, which I take is the cameo stuff. It is simply the measure of changing the FTBB. You have told me why I cannot have it now.

Mr Pratt: To try to assist, could you please ask your questions again and we will try to make sure that the relevant people are listening to this as we speak.

Senator MOORE: Thank you, Mr Pratt. One element surrounds the change for children under the age of one measure. My question is: as a standalone measure, how much will the increase in FTBB for families with children under the age of one cost the budget over the forward estimates? That is taking into account the underlying cash and also the fiscal balance impact. My second question is: as a standalone measure, how much will the reduction in FTBB payments for single parents and grandparent carers when their youngest child turns 13 save the budget over the forward estimates? As a standard measure, how much will the cut to FTBB for couple families save the budget over the forward estimates? That is also with the underlying cash and the fiscal balance impact. They are the three questions. Allowing for what I know is a complex area, those questions, to me, do not seem that difficult. I know we have had that discussion, but it seems to be something. On that basis and for those—I have never said this before—listening in terms of the process, if we can get an idea of when I can get that information, that would be very useful.

Mr Pratt: Okay. We will do our best.

CHAIR: I have some questions which may be similar. We will see how we go as to whether we can get them, because we are keen to get an understanding. I understand that questions have been taken on notice in terms of scenarios and various things and that will come back. My questions are of a slightly more general nature. Are we in a position to answer some of them? Obviously you need to know the specifics. It is in terms of how many families will get more assistance and less assistance. Do we have those kind of figures?

Ms Halbert: Yes.

CHAIR: I might have a go at them. So as a result of the changes that have been announced in the last day or so, how many families are now projected to receive extra assistance in their day-to-day FTBA?

Ms Halbert: I think we gave those figures previously. It is 1.2 million families with 2.2 million children.

CHAIR: Did you answer this before? I apologise if I missed it. What percentage of FTBA families and children will now receive more fortnightly assistance than before?

Ms Halbert: I do not have a percentage. It is the majority of FTBA.

Mr Whitecross: It is roughly 80 per cent.

CHAIR: What percentage of FTB families do not have a debt and still receive the full amount of the supplement currently?

Ms Halbert: I believe that about 80 per cent of families do not incur a debt.

CHAIR: And what was the main purpose of the FTBA end of year supplement?

Ms Halbert: To help families manage any debt that might arise from underestimating their income.

CHAIR: So effectively, if I understand it—I would like to get across the detail as well—there is a little more in fortnightly payments, and then the big saving is in that end of year payment, which for most families is no longer covering the debt. It is effectively a bonus end of year payment, which no doubt people are very grateful for but it is not for most people covering debts that they may have accumulated as a result of underestimating their income or other such matters. Is that right?

Ms Halbert: That is correct.

CHAIR: We are moving to, I think, the single touch payroll system. As I understand it, the supplements will be phased out over a number of years.

Ms Halbert: That is correct.

CHAIR: It is not immediate. Are we hopeful that by the end of that process we will have a situation where virtually no-one should have a debt? Is that the policy end and where we would hope to end up in a few years?

Mr Whitecross: I think our expectation is that single touch payroll will give more accurate real-time information about people's earnings from employment and that will assist in improving the quality of people's assessments. I guess it also opens up new possibilities for us to explore about how to get further improvements over time in the accuracy of payments through changes in the assessment processes as well.

CHAIR: So the more accurate the payments, the less likely you are to have a debt at the end of the financial year. Is that right?

Mr Whitecross: That is right. The big reason why debts occur is because it is difficult for families to predict in advance what their income for the year is going to be. As a result, changes in circumstances or just the normal inability of people to forecast the future means that they may end up with having received more assistance in the fortnight than over the year than they were entitled to at the end of the year.

CHAIR: No problem. Finally from me, how does the phasing out of the supplements fit with what was recommended by McClure? Was that in line with that?

Mr Pratt: Certainly, Chair, the idea of reducing the number of supplements and finding ways in which to assist people more through the main payments rather than through add-on payments is very consistent with McClure.

Mr McBride: And giving people a better sense in real-time of what their earnings and entitlements are.

CHAIR: Thank you. That is all from me. Where did you want to go, Senator Moore?

Senator MOORE: Will single parents with children between 16 and 19 receive the reduced rate?

Ms Halbert: Single parents with children aged 13 to 16 will receive the reduced rate.

Senator MOORE: And what about 16 to 19?

Mr Whitecross: From 17 and over will not.

Ms Halbert: No.

Senator MOORE: They will receive nothing?

Ms Halbert: They will not receive FTBB.

Mr Whitecross: They will not receive the FTBB.

Ms Halbert: But they will get the increase in FTBA.

Senator MOORE: And if their child is one of the people who has been specifically mentioned as a person with DSP?

Ms Halbert: They will receive it in there.

Senator MOORE: They will receive that, so that will be different. Can the department tell us how many briefings have been provided to the cross bench on these issues?

Mr Pratt: None.

Senator MOORE: In terms of the cameos, when could we receive some more information from the department on different cameos?

Mr Pratt: Well, I think Mr McBride has undertaken that we will take that on notice and see what the minister is prepared to respond on.

Senator MOORE: In terms of getting the information that I have requested, this committee will be going on this mainstream area until seven o'clock. Is there an expectation that it will be before then?

Mr Pratt: Well, we will attempt to do one of two things. One is, if we can, to give you the answers to those three questions before the end of this outcome or, if not, by the time we finish today, if we can. Alternatively, if we work out that it is going to actually be very difficult for us to do it, we will tell you that and we will do it on notice.

Senator MOORE: Let us know in terms of the process. If something is going to take longer, let us know so that we can plan around that.

Mr Pratt: Yes.

Senator MOORE: I was just thinking when Senator Seselja was asking his questions that, from reading the package that came out yesterday—I have not got across everything—the only three increases are the children under one, which is a new process altogether, the increase in family tax benefit A, the \$10 increase, and then the extension of the program to the young people with DSP and the other categories there. Are they the increases in the process?

Mr McBride: It depends on your benchmark. If you are comparing it to the package it replaces, you will also have the FTB cut out in assistance.

Senator MOORE: Yes. I am comparing it to what is. Senator Siewert's points earlier were about particularly the people we have spoken to. They look at what they have now coming into their fortnightly bank account and they look at how that will change. Is that accurate—that they are the three positive changes?

Mr McBride: Yes.

Senator MOORE: And then also access to the whole package, which includes childcare options and so on, which is part of the overall package. But we have not seen that in this particular committee. The other changes are the reduction in the supplement process, which we have just discussed in terms of how it works and the history of it, and the reduction in the eligibility for FTBB for children over 13. That is it. I am finished.

Senator SIEWERT: I have just been at the launch of the Aboriginal health implementation plan so I apologise that I was not here. If I ask a question, which I suspect I might, that Senator Moore has already asked, tell me to read *Hansard*. Some of mine I am going to stick because I suspect they have been asked. I did want to ask about the process of the supplement and some of the IT around the process of how the supplement is going to work. I will not traverse it. It sounds like you have traversed the history of the supplement, which is where I want to go to with the IT. My understanding of the way it is going to work is that it is going to be now much more interactive. So the argument is that we will not have the same problems that we had in the past.

Mr Pratt: In general terms, that is right.

Senator SIEWERT: That is a correct understanding, is it?

Mr Pratt: Yes. So the employer will pass on on a fortnightly basis, when they can, the latest payments to the employees and to the tax system. That will connect into the Centrelink system and it will be able to inform the payments around family payments.

Senator SIEWERT: That is how I understood what is going to happen. My further understanding is that that is going to rely on the one touch—

Mr Pratt: Single touch process.

Senator SIEWERT: Single touch process that is currently being developed.

Mr Pratt: That is right.

Senator SIEWERT: I know that there is a phase-in process or there is a phasing out process. My understanding is the single touch process at the ATO has been delayed. Has that been taken into account?

Mr Pratt: I do not know that it has been delayed. I know that it is intended to happen at a certain time.

Mr Whitecross: The tax office has been consulting about the details of implementation.

Senator SIEWERT: Sorry, I missed the beginning, Mr Whitecross.

Mr Whitecross: The tax office has been consulting over the details of implementation. The government has not made a final decision on the way it will be implemented because they are still processing the input from business around that consultation.

Senator SIEWERT: A number of questions came out of that answer. So you are still undertaking consultation with business about the actual single touch process?

Mr Whitecross: Well, I think they have completed the consultations. But they undertook consultations. They have got to come back to government for a final decision on that.

Senator SIEWERT: So we actually do not know how the single touch process is going to work. I realise that you are not the ATO, so I am trying to be careful with what I am asking.

Mr Pratt: The fine details of exactly how it will interact with employers are yet to be settled based around those consultations. That is always the case with these big systems. But in terms of having the facility there to inform us at the year when it is coming into place, that is a given.

Senator SIEWERT: So at the moment in terms of the year it comes into place, your understanding is the ATO is confident that they will have their system in place by then?

Mr Pratt: That is my understanding.

Senator SIEWERT: And what about Centrelink? We have spent hours in this very room talking about Centrelink?

Mr Pratt: I do not want to speak on behalf of my DHS colleagues, but I understand they are confident that their connection will also support this at that time. Keep in mind that they already have connections with the ATO in like areas.

Senator SIEWERT: Yes. I understand that. The current system in DHS, which we will talk about tonight, is under a lot of pressure already.

Mr Pratt: Certainly. But a lot of the work they are doing to upgrade their current system will actually make it easier to do this with tax.

Senator SIEWERT: Thank you. What happens if the system is not online by the time that this measure is due to be implemented?

Mr Pratt: Well, that is a bit of a hypothetical.

Senator SIEWERT: Well, have you done contingency planning?

Mr Pratt: Not at this stage I do not think we have done contingency planning.

Mr McBride: We have not, Senator, but part of the reason why the supplement is phased down over those three years is to allow people to adjust to the phase out of the supplement.

Senator SIEWERT: I understand that. It is more whether the IT system is going to be ready in time for the final phase-out.

Mr Pratt: Yes. We are confident that it will be ready. It is quite a few years out. That is why it has been designed this way to come in at the time that the new system is available.

Senator SIEWERT: Thank you. So in terms of this new process, how many people may end up being overpaid under this new process?

Mr Whitecross: Overpaid?

Senator SIEWERT: Or underpaid.

Mr Whitecross: Well, what we discussed earlier is that about 20 per cent-odd of people receive more in fortnightly entitlements during the year than they are entitled to. That is at 2012-13, which is the latest year we have got information. Then they would receive the supplements, which offset some of that overpayment.

Senator SIEWERT: But into the future, how is that process going to work?

Mr Whitecross: Well, we are not able to predict how things will happen exactly in the future. As Mr McBride said, we are phasing out the supplements over time, so it is likely that there would be some changes to customers' behaviour around estimating their income, for example, as the supplements phase out. It is also likely that we will continue to work with DHS to develop new administrative procedures and new data linkages with the ATO and possibly new policy settings which would work together to change and hopefully mitigate the risk of people having overpayments. The ultimate goal is that people have predictable fortnightly entitlements and their risk of debt is eliminated, apart from circumstances in which we have incorrect information about their entitlements, which is the same that would happen with an income support payment.

Ms Halbert: I will clarify. I led Mr Whitecross to give the wrong figure on the number of people who incur debt. It is actually only eight per cent of people. About 79 per cent of people get a top-up at the end of the year and about 10 per cent or 12 per cent have no change.

Senator SIEWERT: I was going to come to that, because the last figure I had was 10 per cent.

Mr Whitecross: That is after receiving the supplement.

Senator SIEWERT: So eight per cent are overpaid?

Mr Whitecross: After receipt of the supplement, yes.

Senator SIEWERT: After the receipt of the supplement?

Mr McBride: Of that eight per cent, some would have that debt expunged when they do a reconciliation with their tax return. So then there would be a further subset that would have a debt after the reconciliation process and then the offset with your tax return.

Senator SIEWERT: Tell me if you have taken this on notice already or answered it already. Since the new process of the supplement came in a while ago, that has dealt better with the debt issue, has it not?

Mr Pratt: Yes.

Senator SIEWERT: We will go back to the single touch payroll system. Does the reason you are using that process with this mean that the idea of the debt will be significantly reduced?

Mr Pratt: The original justification for having the supplement, which is to assist with minimising overpayments, is no longer necessary.

Senator SIEWERT: Okay. However, have you—I will not use the word 'modelling'—done any analysis of whether there will be some people who are still caught up with it? It will not eliminate it?

Mr Pratt: It is impossible to do that definitively. I think I heard the minister on this yesterday. Inevitably, there will be some people who still have overpayments, and we will have to find ways to get those repaid through their tax returns, through garnishing future payments and that sort of thing. That is inevitable.

Mr McBride: Of the subset that have a debt after reconciliation, it becomes a smaller subset after the tax return. There is another subset that just pay their debt straightaway.

Senator SIEWERT: You have got three?

Mr McBride: Yes. So the people we are dealing with are only those people who still have a debt after reconciliation and their tax return debt, and other group actually pay off the debt.

Senator SIEWERT: And what percentages are they?

Mr McBride: I do not have that here.

Senator SIEWERT: Could you take that on notice?

Senator MOORE: Do you have any data on the volumes of those debts in terms of what an average debt is?

Mr Pratt: We can take that on notice.

Senator MOORE: That would be useful, thanks.

Senator SIEWERT: That would be great. The volume and the percentage.

Mr Pratt: We will take that on notice.

Senator SIEWERT: Thank you. Between the questions that you have taken on notice and the questions that Senator Moore has asked, I am done.

Senator MOORE: I have some questions on pensions on the social security side and working age payments. There are very few. I did not think I would get to them.

CHAIR: Let us just work through the various bits. I am in your hands, Senator Moore. Where would you like to go in terms of outcome 1?

Senator MOORE: Pensions assets test. I have got only a couple.

Mr Whitecross: Senator Moore, just before we move on, you asked earlier about the number of single parents who will benefit from the \$10 per fortnight increase. It is 516,000, which is 43 per cent of the 1.2 million I referred to.

Senator MOORE: They were too many numbers in one sentence. Can I get them again?

Mr Whitecross: So 516,000 single parents will benefit from the \$10 increase.

Senator MOORE: From FTBA?

Mr Whitecross: Yes.

Senator SIEWERT: They are the same number, then, that will lose the supplement?

Mr Whitecross: No. The number of people who will lose the supplement is different because the \$10 increase only goes to people receiving more than the base rate of FTB.

Senator MOORE: And for all kids no matter what age.

Mr Whitecross: Give me the age, sorry?

Senator MOORE: And for all kids no matter what age?

Mr Whitecross: Well—

Senator MOORE: Whereas the people who will lose it are the ones who are—

Senator SIEWERT: No. I meant the end of year supplement.

Mr Whitecross: No. In relation to FTBA, that is a per child supplement. Three million children attract FTBA. The ones who get the increase are ones receiving the maximum rate or the broker maximum rate but not people receiving the base rate. That is where we got the 2.2 million children, or 1.2 million families.

Senator SIEWERT: Let us go on to pensions.

Senator MOORE: Thank you to the families people. We are going to pensions. I had a question on notice SQ15-000767 which suggested that, of the 166,000 social security pensioners who expected to receive a higher pension under the assets test changes, approximately 34 per cent will switch from being assessed under the assets test to being assessed under the income test. Approximately 30 per cent will switch from being assessed under the assets test to being paid at the full rate. Approximately 36 per cent will continue to have their payments assessed under the assets test. Can you please outline the average amount each of these groups will be better off as a result of the changes in 2017?

Mr Whitecross: I will have to take that on notice. I am sorry, but I do not have the average increases divided up for those three groups. I think what we indicated was that on average, across the three groups, they would be about \$30 a fortnight better off. But I have not got the—

Senator MOORE: So it would be about that?

Mr Whitecross: split between them.

Senator MOORE: Generally it is about \$30. That was the discussion. But you will be able to give us some more refining of that on notice?

Mr Whitecross: Yes. Sorry, I have got—

Senator MOORE: That was extraordinarily quick. I wish we had every other one that quickly.

Mr Whitecross: I have very efficient staff. So there was a Senate question 2559.

Senator MOORE: That was in the Senate?

Mr Whitecross: It is a Senate question on notice 2559 dated 28 August 2015.

Senator MOORE: Yes.

Mr Whitecross: For the ones switching from the assets test to income test, the average increase is \$24 a fortnight. For the ones switching from assets test to full pension, it is \$34 a fortnight. For the ones switching from getting a higher rate but still under the assets test, it is also \$34 a fortnight.

Senator MOORE: Can I get that first one again?

Mr Whitecross: It is \$24.

Senator MOORE: So the \$30 average was not too far wrong, was it?

Mr Whitecross: Well, I think it was right, actually.

Senator MOORE: I think so when you look at those details. That is very good. What is the lowest amount that a pensioner will be better off and what is the highest amount? Given from those figures, is it too simplistic to say \$24 or \$34?

Mr Whitecross: Well, they are averages. I think there will be a range, which could be as low as a dollar, I suppose, but I do not know what the highest amount is.

Senator MOORE: Can you take that on notice?

Mr Whitecross: I will take that on notice. Somebody might tell me in the meantime. Otherwise I will take it on notice.

Senator MOORE: Good. I have one of those questions about states and electorates and about part pensioners and things, but I will put them on notice because they are turgid.

Senator SIEWERT: I will ask about the assets test and retired farmers that are still on holdings. Have you had some farmers in contact around concerns about the level of the assets threshold for the size of the block they can hold?

Mr Whitecross: The general rule in the assets test rule on curtilage around a home is that you can get an exemption for up to two hectares around a home on a single title if it is used for personal use. I am trying to remember the exact term. Basically, it is for personal use, not commercial use. If you have been living on the property for 20 years, you can get a more concessional treatment of the whole block that is on that title provided you are doing your best to get a commercial return from the farm.

Senator SIEWERT: So if I am living on essentially a hobby farm and it is bigger than two hectares, anything beyond two hectares counts against my assets test?

Mr Whitecross: That is right.

Senator SIEWERT: Is that correct, even if I am not using it commercially?

Mr Whitecross: Yes, that is right. Whether you are using it commercially or not, the amount beyond the two hectares would be assessable as an asset.

Senator SIEWERT: If I have rehabilitated it with native bushland, it is the same?

Mr Whitecross: It does not matter what you are using it for, it will be assessed as an asset unless you qualify for that exemption that I referred to earlier.

Senator SIEWERT: If I have been living there for 20 years?

Mr Whitecross: And I am doing my best to get a commercial return from the property.

Senator SIEWERT: So what does doing my best to get a commercial return mean? Who judges that?

Mr Whitecross: The Department of Human Services. It is a finding of fact.

Senator SIEWERT: Become an agricultural expert or something?

Mr Whitecross: Well, it is a finding of fact. Generally speaking, if you are working the farm, you will get that exemption.

Senator SIEWERT: Presumably, they will then come off the income—

Mr Whitecross: But if you are holding it as a—

Senator SIEWERT: Then you are means tested.

Mr Whitecross: If you are holding it as a lifestyle asset or rehabilitated, that which occurs as a commercial return—

Senator SIEWERT: A contribution to the natural environment. So the exemption does not include if I am—

Mr Whitecross: No. The exemption only applies to having held it continuously for 20 years or lived on it.

Senator SIEWERT: Yes.

Mr Whitecross: And it being a commercial operation so that you would potentially have income assessable under the income test.

Senator SIEWERT: Can I ask when those particular rules came in? How long has that particular process been in place?

Mr Whitecross: I will have to take that on notice because I do not think I know that off the top of my head.

Senator SIEWERT: Has it been in for a significant period of time?

Mr Whitecross: I believe it was introduced some time in the last 20 years, but I do not know exactly when. Certainly well after the assets test was introduced, but I do not know exactly when.

Senator SIEWERT: If you could take that on notice, that would be appreciated. How is the two hectares established?

Mr Whitecross: Well, that was a government decision.

Senator SIEWERT: How is it worked out? How was it determined it is two and not five and not 10?

Mr Whitecross: Well, it was a government decision that the exemption applied to two.

Senator SIEWERT: So there was no advice—

Mr Whitecross: Well—

Senator SIEWERT: or analysis done?

Mr Whitecross: I could not tell you what advice was provided to government at the time, even if I knew, probably.

Senator SIEWERT: No. I am not asking for the advice. I am trying to find out—

Mr Pratt: We will actually investigate. I would be interested to know as well. I expect, though, it would have been based around some analysis of typical block sizes for people living in circumstances like that.

Senator SIEWERT: That is why I want to know. Was it established that that is the fair size to hold for lifestyle?

Mr Pratt: We will have another go.

Mr Dilley: By happenstance where I live, two hectares is around five acres. I think it is a consistent measure in the tax system around capital gains and so on. So it is probably for consistency reasons that that is there.

Senator SIEWERT: Okay. That is why I was trying to understand.

Mr Pratt: Anything else we can find out, we will.

Senator SIEWERT: If you could, that would be much appreciated. Is it possible to tell me how many exemptions have been approved if you hold more than the two hectares and you are making every effort? Is that you I ask or DHS?

Mr Whitecross: We will be able to provide that answer. I do not know now, but I will be able to provide that, I think.

Senator SIEWERT: Thank you.

Mr Whitecross: We will see.

ACTING CHAIR (Senator Siewert): You will undertake your best endeavours, thank you. That is all I had on pensions. There is still more to go, I understand. Well, I have certainly got more on this particular outcome. But where do we want to go now, folks?

Senator MOORE: The other area Senator Peris has some questions on is about the working age payment.

ACTING CHAIR: Let us start on that. We are breaking for lunch at 12.30, so let us start on that.

Senator PERIS: Can you please describe the participation requirements for young job seekers and what they are required to do during their four-week income support waiting period?

Ms Halbert: That is a question for employment, but I think I can tell you the activities that they are undertaking. They are required to develop a CV and look for a certain number of jobs. Again, it is a question for employment.

Senator PERIS: You just said develop a CV. They have to do that themselves, or do they get assistance to do that?

Ms Halbert: They can get assistance from the job services provider. Again, it is a question for employment. As I said, they need to look for a certain number of jobs and perhaps attend other job readying activities.

Senator PERIS: Does that include training of any sort?

Ms Halbert: I do not believe so in that period.

Senator PERIS: Are they required to attend any appointments with their job services provider during this time?

Ms Halbert: Again, that is a question to direct to employment. They will have initial contact with the job services provider. As they are undertaking those activities, they are questions better directed to employment.

Senator MOORE: Ms Halbert, we are happy to go to employment as well. The reason that Senator Peris is asking the questions here is to link with the payment and the process. So we are happy if you just say employment. It is just to tick through and ensure that we have the concepts clear.

Senator PERIS: That is right. I will go through.

Mr Pratt: We will answer what we can. There will be some areas where we suggest next door.

Ms Halbert: The detail is better directed to employment.

Senator PERIS: The next question is: is the job searcher required to make contact by phone?

Ms Halbert: Again, that is a question for DHS and employment. I think that was touched on at the last hearing.

Senator PERIS: Can you answer this question: if the job seeker is not seeking any income support payments, how are they expected to afford a bus ticket or petrol to attend any appointments to meet these requirements? Do they get any assistance in that area?

Ms Halbert: I think you should direct that to employment. Certainly if they are not getting the income support payment, I am not sure what assistance they get from the job search provider.

Senator PERIS: Again, if a job seeker is expected to pay for a phone call, Internet usage, any participation requirements, is that—

Mr Pratt: Again, that is one for next door.

Senator PERIS: What penalties will be imposed if the job seeker does not meet obligations? Is there a possibility of the wait period longer than extended?

Ms Halbert: If they do not complete their activities within the four weeks, they would be subject to a further waiting period.

Senator PERIS: Say if they did what they had to do over two weeks and then two weeks lapsed, could they then make up another two weeks to make up four weeks, or it is scrapped and they have to start again?

Ms Halbert: Again, I think it is better directed to employment. The idea is that you would complete your activities within the four-week period. If you do not complete them within the four-week period, you would be serving another waiting period.

Senator PERIS: During the last estimates, the department indicated that there was no evidence the one-month period would help young people into work. Is that still the case?

Ms Halbert: At the last hearing, I explained that we did not have a precise example of exactly the same waiting period in other countries. There is the New Zealand model, which is not limited just to young people,

whereby people serve a waiting period. But there are differences with ours. There is a more similar example in the Netherlands, where young people under 27 serve a four-week waiting period. That has not been evaluated properly at this stage. But there was some evidence from, I think, around maybe 10 municipalities that there had been a similar impact on young people not moving on to income support. In New Zealand, about 37 per cent of people who served the waiting period did not end up taking up income support. In the Netherlands example, albeit a small subset of the overall waiting period, there seemed to be a similar impact of around 48 per cent of people not then going on to income support.

ACTING CHAIR: There is a critical point there. What kind of waiting period did they use in New Zealand?

Ms Halbert: I am sorry, Senator?

ACTING CHAIR: Here we are talking about five weeks. What was the waiting period, for the figures you are quoting, in New Zealand?

Ms Halbert: In New Zealand?

ACTING CHAIR: Yes.

Ms Halbert: In New Zealand, the person has up to 20 days.

ACTING CHAIR: Ms Halbert, we know that is actually a really incorrect use of those figures.

Ms Halbert: If you allow me to finish, I was going to say they have 20 days to complete their prebenefit activities, which is not incorrect. I noted at the last hearing that it is not exactly the same as our waiting period. Nor is the one in the Netherlands. But, in the Netherlands, it is a four-week waiting period. That is the length of time regardless of when you complete your activities.

ACTING CHAIR: Can we just go back. You quoted New Zealand. Can you also quote the figure that the people have been waiting, because it is not 20 days?

Ms Halbert: No. I have not got that figure.

ACTING CHAIR: Thank you.

Senator PERIS: This is the first time you have mentioned the Netherlands. Can you explain this model, please?

Ms Halbert: I can explain it in the broad. They have a compulsory four-week job search period with no payment. This is just for people under 27. They are allocated a case worker during that time.

Senator PERIS: So each person has their own case worker? Is that like a case worker?

Ms Halbert: Yes.

Senator PERIS: That is correct?

Ms Halbert: And, as I said, in a very small sample, it was found that 48 per cent of people did not return after the four weeks. At the end of the four weeks, though—and it is a difference, but this did not affect that figure—their claim for welfare benefit is reactivated and then they are paid for the period.

Senator PERIS: So is this the only evidence that the department is relying on to support this new measure?

Ms Halbert: These were the examples that were most similar. And the evidence around whether or not people went on to income support is expected to be comparable, but we do not have the exact model.

Senator PERIS: So does the department think that this measure is likely to improve affected people's chances of getting work?

Mr Pratt: That is asking for an opinion on a policy, which we will decline to answer.

Senator PERIS: Can the department indicate how many people it thinks will be affected by the one-month wait period each year?

Ms Halbert: Around 75,000 people are expected to serve the waiting period in a year. So 65,000 people will serve one waiting period and around 10,000 would serve two. Around 83,000 people will be exempt from the waiting period.

Senator PERIS: So if an individual goes through all that process and they are keen, is there a guarantee that they will get a job after it so their time is not wasted being committed to this?

Ms Halbert: No. There is no guarantee that they will get a job. Again, that is a question for employment.

Senator PERIS: Are you able to provide the number of young people who will have their income support reduced because of changes to the eligibility age of Newstart? Are you able to provide the number of recipients of the Newstart age allowance from 22, 23 and 24 by state?

Ms Halbert: I am not sure if I can do it by state. I do not believe I can do it by state. But around 70,000 job seekers aged 22 to 24 years at any given time are expected to be affected by it. And 23,000 current job seekers will be grandfathered and will remain on Newstart.

Senator PERIS: Is that something that you are able to take on notice and break down?

Mr Pratt: We should be able to do the state break-up for you, certainly.

Senator PERIS: And perhaps by electorate?

Mr Pratt: We have already got a question on notice on that. We will see whether we can or not. I am not sure that we can.

Ms Halbert: I do not know that we can.

Mr Pratt: We will take that on notice.

Senator PERIS: Thank you.

Senator LINDGREN: Are there any groups of people who will not have to do the four-week waiting period? Are there any groups—for example, disabled groups, mothers or people leaving care? I am not quite sure. If you can inform me of that, that would be great, thank you.

Ms Halbert: Sure. As I noted, around 83,000 people will not serve the waiting period. That includes job seekers who are placed in stream B or C of job active; people accessing disability employment services; parents with 35 per cent or more care of a child; young people in or leaving state care; and job seekers—they are actually a subset of this group—with a temporary activity test exemption of at least 15 days.

Senator LINDGREN: Could you fill me in on stream B and C and what that means for those groups particularly?

Ms Halbert: Again, it is a question for employment. They are young people who have been assessed as having barriers to employment.

Senator LINDGREN: Thank you. When you talk about barriers, are there any hardship provisions with this four-week waiting period?

Ms Halbert: Not above and beyond assessing someone's barriers to employment. I note that there was a question at the last hearing about someone assessed as being in stream A who subsequently should have been assessed in stream B or C. I was not altogether sure whether there could be a retrospective decision to change their stream. It turned out it could not be. But the government then introduced an amendment in its bill in the introduction before last to ensure that if a young person should have been assessed as being in B or C, that can be a retrospective decision.

Senator LINDGREN: So how does someone prove that they need to access the hardship provision?

Ms Halbert: Again, it is a question for employment. They are assessed by DHS against a set of criteria, the job seeker classification net.

Senator LINDGREN: I will ask them when they come. What about domestic violence people who have to leave their homes urgently?

Ms Halbert: They will most likely be exempt because they will be exempt from the activity test in their time of crisis. That will give them an exemption. I will add that there are extra groups that are not subject to the waiting period at all, which are people transferring from another income support, apart from youth allowance, and people who have served a four-week waiting period in the previous six months; they are not subject to it again. Nor are special benefit claimants aged 15 years.

Senator LINDGREN: Could you explain the no-show, no-pay rule for me, please?

Ms Halbert: No. That is a question directed to employment.

Senator LINDGREN: Well, that is it. Thank you.

ACTING CHAIR: Thank you. That is good timing, because we are just after half past twelve. We will suspend for lunch. We are still on outcome 1.

Proceedings suspended from 12.31 to 1.31 pm

CHAIR: We will recommence. We are continuing with outcome 1, social security. We are going to move on to working age payments.

Senator MOORE: I have a follow-up. We finished our straight questions on the workforce payments, but I want to follow up on the particular issue of the ER, emergency relief, money that was linked to these payments

around workforce participation of young people. My understanding is that the same amount still is there and it is still linked to the program. Is that correct?

Ms Halbert: It is still \$8.1 million. That is right. You can ask more about the ER in the families outcome.

Senator MOORE: As it was a package, I just wanted to make sure.

Ms Halbert: Yes, it is still linked.

Senator SIEWERT: I have a series of questions. I want to go back to the bigger-picture issue around the actuarial approach. Where are we up to with the investment approach and the actuarial approach?

Ms Essex: I am pleased to say that a provider has been selected and is on board and commenced on 14 September. That provider is PwC, Pricewaterhousecoopers. They have commenced work. We expect to receive a draft method from them on 31 October, and we are on track for that. We have some of their staff embedded with my staff, and we meet regularly and have phone hook-ups weekly with them. Things are progressing apace.

Senator SIEWERT: Last time we had a discussion about the consultation process that you were going to be undertaking throughout the process. Where are you up to with getting that underway?

Ms Essex: Before we can have meaningful consultation, we have to have a model and evaluation that we can talk about and be able to talk about the kinds of groups that would be amenable to additional supports to assist them to go into work. We are not at the stage where we are able to do that yet. We expect to have information around that in January. What we are doing is beginning to have those conversations with stakeholders, and in fact I am due to meet with some on 25 November to start those conversations.

Senator SIEWERT: About what? At what point are you starting to engage the conversation?

Ms Essex: Perhaps I could take a step back and talk about how the actuarial valuation and the analysis informs further work. The actuarial analysis means that we analyse both historical social security information and our current cohort of people who receive payments, and we determine what the pathways are through the system and into the system and out of the system. That means also understanding the likelihood of people outside of the social security system entering and the persistence, if you like, of people leaving; so how long after someone leaves income support payment is their risk of re-entering about the same as that of the general population.

It looks at the risk of particular outcomes—it does not say, 'Person X will have a particular outcome,' it says that of the people with these sorts of characteristics, a proportion is likely to have this outcome and a proportion is likely to have another outcome. In order to then provide advice to government about what sorts of—New Zealand uses the word 'interventions', but 'policy responses' might be appropriate—you need to have a fairly good understanding of who those groups are. I believe Mr Ennis mentioned at last estimates that we intend to have conversations with providers, professionals and academics about what sorts of approaches might be appropriate.

Senator SIEWERT: That is what I wanted to understand. Are PricewaterhouseCoopers not engaging providers earlier to look at the groups that possibly might come under the issues you have just raised—people who come in and out et cetera?

Ms Essex: That comes from the analysis.

Senator SIEWERT: So you are just going to do that purely on that?

Mr Pratt: I think the answer is that that is the only way to do it, and so they have to do the analysis.

Mr McBride: We do have regular conversations with stakeholders, and they focus on a lot of the key interest groups that you would be thinking about. We have an open dialogue on a range of issues, but the investment approach will get a greater granularity on those.

Senator SIEWERT: I want to come to the investment approach in a minute. Is the analysis that will be used completely different from the New Zealand approach?

Ms Essex: It is different in the following ways: the original New Zealand approach, although it has been broadened recently in other portfolio areas in New Zealand, looked at payments within the Ministry of Social Development portfolio. That was a small number of payments; there are about 350,000 people from New Zealand in that analysis. The Department of Social Services has a broader number of payments; we have a different system of government, so we can look at the whole of the Commonwealth system. We have a larger population and we have deeper data in some ways. We have much stronger administrative data, so we are able to do quite sophisticated analysis.

Senator SIEWERT: I wanted to ask about that, too, because I understand that in New Zealand they have more access to some of the ATO data; that the ATO can release more data than they can here—that is, with their taxation system.

Ms Essex: That is a statement that is made reasonably often. What that does not take into account is that the income testing-means testing regime in Australia means that we have quite detailed information about people's taxable income and earnings within the administrative system of social security. I am not an expert in the New Zealand system so I cannot tell you how it compares, but we can access all the data that New Zealand accessed for their model, and some more.

Senator SIEWERT: Thank you. That is what I wanted to get my head around—whether we are comparing apples and apples. It sounds like we are looking at what they are doing and what we are doing.

Ms Essex: We have looked at both what they have done in terms of the technical competence of their model—which is technically very good—and also at some of the criticisms that have been made of the New Zealand approach and how we might design and implement the Australian approach to take account of the lessons learned from New Zealand.

Senator SIEWERT: The draft model comes out in October. What is the time line after that? What happens then?

Ms Essex: There is a range of deliverables in the contract with PwC. Remembering that this is a four-year contract, we are talking at the moment about the baseline valuation, and there will be an annual valuation each year after that. The timing for the subsequent valuations will be a little bit different because, as you can appreciate, the time line for the baseline evaluation has been relatively short. The baseline evaluation will be based on data as at 30 June 2015, and we expect to have the final valuation from PwC in January—late in January; they are not required to deliver it until the last day of January. Before that process, there will be a very interactive process with the government, the department and the interdepartmental committee that has oversight of this project to ensure that the assumptions that are made are reasonable and robust, and that the valuation makes sense, for want of a better term. Then that information will be provided to government at the end of January.

Senator SIEWERT: Regarding the information that will be provided, will that be on what the cohorts are doing and which cohorts are going to be the focus? In New Zealand they have picked sole parents and youth at risk, or young people.

Ms Essex: They implemented their youth model before their first valuation, I understand, but, yes, they are similar cohorts.

Senator SIEWERT: Is the intent that at the end of January that advice will go with that, or will it purely be what has come out of crunching the numbers?

Ms Essex: I cannot predict what the advice to government would be without knowing what the analysis is.

Senator SIEWERT: No, I do not mean it that way.

Ms Essex: We anticipate that we would be in a position to say to government, 'This is what the analysis said, and these are some options that government might want to consider.'

Senator SIEWERT: I was not asking you to pre-empt the analysis. I was trying to find out whether you will be at a point to say, 'Based on this, these are some recommendations we are putting to you.'

Ms Essex: We would expect to be in a position to provide advice on options to government once the valuation is received.

Senator SIEWERT: At the end of January?

Ms Essex: Yes.

Senator SIEWERT: So, at the end of January it will go up as a package?

Ms Essex: Again, I cannot pre-empt the timing. What I am saying to you is when we have the valuation we expect, at this point, to be in a position to provide advice on options to government.

Senator SIEWERT: Can I go back to this process of when you are going to be talking to the community, because in the last discussion we had about this I was quite encouraged by the way you were talking about engaging with the community. At what point will the community be engaged in this process? Will it be after the draft at the end of October?

Ms Essex: As Mr McBride indicated, we, as a department, engage with our stakeholders regularly, and talking about the investment approach has been part of that engagement over, even, the past few weeks. We will continue to do that. We have a stakeholder engagement plan and we are working with PwC on how to provide information and receive information from a whole range of stakeholders. As you can appreciate, our focus in this very early phase has been on data extraction and data modelling and getting that right. But there will continue to be

engagement with community groups, peak bodies and academics over the course, I should imagine, of the next four years—at least.

Senator SIEWERT: Specifically about this process and engagement with this process, will you be talking to them between the end of October and before the first set of advice goes up to the minister at the end of January?

Ms Essex: Yes, that is the intention.

Senator SIEWERT: Is the engagement plan a public document?

Ms Essex: I would need to check. Off the top of my head, I cannot recall, but I will take that on notice. If we are able to give it to you, we will. I am just not sure whether it is still in draft or not.

Senator SIEWERT: Thank you. After the end of January, the minister will consider the recommendations. What is the process after that? Where do we start designing the investment approach?

Mr Pratt: Ultimately, there will be government decisions on that, potentially in the next budget or the one after it. It depends on what the analysis throws up and what we, following consultation and work with many stakeholders, then propose to government. It is a little uncertain at this stage, but I think it is highly likely that the next stage will be through the budget.

Senator SIEWERT: So the money has only been allocated for the four-year actuarial process and anything else has to be looking at the future and what investments may focus on, like in New Zealand. They have gone across government departments; it is quite massive what they are doing. I am trying to get to what happens with this. Are you envisaging trials of particular target groups?

Ms Essex: Perhaps I can assist you. The first thing is that part of this four-year contract with PwC is knowledge transfer to bring the actuarial analysis into the department. There are a number of deliverables that require PwC to transfer knowledge and expertise, and that is similar to what happened in New Zealand. The second thing is what responses might be appropriate to what the analysis shows—and, as Mr Pratt has indicated, a matter for government—and there will need to be decisions in relation to further funding.

There are things that, in the normal course of events, we would continue to evaluate and look at to see if they had merit. Some options might be trials—we talked about a try-test-and-learn approach at last estimates. How the cohort for a particular response is identified will come out of that analysis. It may be that those groups are large for some particular responses. It may be that those groups are smaller, located in a particular area or have certain characteristics, because a particular kind of response is likely to be effective with one group and not the other. What this approach allows us to do is to have a much more defined and targeted understanding of what is going to work for whom and what will be ineffective. Part of the goal is to not subject people to programs or interventions that are ineffective, but instead to invest those funds in things that are more effective and more likely to have a return on investment.

Senator SIEWERT: I understand where you are going with it and why you are doing it. What I am trying to work out is the time frame and the funding over the four years.

Ms Essex: Funding for 'responses' or 'supports'—the New Zealand term is 'interventions'—is not part of the current funding.

Senator SIEWERT: So that would have to come through the budget?

Mr Pratt: That is right. It would be a combination, no doubt, of redirecting existing resources and potentially other resources.

Senator SIEWERT: Yes, okay—but that is done through the budget. So the money that has been allocated for the moment is not even for any trials or potential interventions; it is just for continuing the actuarial approach?

Ms Essex: That is right.

Senator SIEWERT: And there will be ongoing money allocated for the bigger investment framework down the track?

Mr Pratt: Without wanting to pre-empt government decisions or potentially new money—

Senator SIEWERT: No, I was not trying to trap you into anything. The idea is that it feeds into other budget decision-making down the track?

Mr Pratt: That is right.

Senator SIEWERT: Thank you. I will come back and ask more later. I have finished that particular line of questioning.

Senator MOORE: I have a question about carer payments under program 1.9. Minister Porter has raised concerns in the media about the growth in the rate of payment of carer payments. I want to know whether the department has been asked to do any work looking at this area and whether there has been any particular focus by the minister looking at the growth in carer payments.

Mr Pratt: Yes, we have been assessing expenditure under the carer payments for some time. It is based on our advice that the minister is able to identify the unusually high growth in carer payments compared to other payments.

Senator MOORE: I know it is part of the standard work program to review programs, but is there any plan to engage with stakeholders on this issue? You would understand that the media statement has caused some reaction—fear—in the carers networks. This is a group of people who, as you would know, are often vulnerable to feeling as though they are under attack. Has there been any thought about having any interaction with the stakeholders to engage them in looking at how the process works?

Mr Pratt: At a general level, without going into specifics, there have already been interactions with different stakeholders who have an interest in this area, both ministerially and bureaucratically.

Ms Halbert: It is not directly related to the issue you have raised, but we are currently engaged with carer stakeholders in a reference group in relation to an improved assessment process for carer payment and carer allowance. We have had just one meeting so far.

Senator MOORE: There is the ongoing issue about the way it is assessed. It is not your issue; it is an issue for Human Services. As I worked there, I know the complexity, the form and the process. Do you link into all of that?

Ms Halbert: There is policy behind some of that complexity, so that is what we are looking at.

Senator MOORE: Good.

Mr Pratt: I have one final thing on that. I seem to recall that we had quite a good budget measure announced in the budget around carer support services and the national gateway, which we are working on.

Senator MOORE: I will be talking about that portal and how that is all going to work under whatever the appropriate program is. It is program 5.1, I hope.

CHAIR: Senator Siewert, for my benefit and for the benefit of others, in terms of areas left in outcome 1, what are we looking at?

Senator SIEWERT: I want to ask about the latest stats that were just released on working age payments. I have a series of questions there that I will try to get through pretty quickly. I want to ask some questions about the cashless debit card. I will not repeat what I asked. Is this where I ask about that?

CHAIR: Probably outcome 2.

Senator SIEWERT: Okay. I will do it in outcome 2.

CHAIR: But we do not repeat what we do in other committees; I would just make that point.

Senator SIEWERT: No, I was about to say I will not repeat what I did in the chamber.

CHAIR: I think it is important that we do not repeat the work of other committees.

Senator SIEWERT: The questions I will ask here are not repeating what we did in the inquiry.

CHAIR: That is good news. I am very pleased to hear it.

Mr Pratt: Chair, can I also mention, before we finish the outcome, that we expect to provide some answers to Senator Moore on her questions.

CHAIR: Are we expecting that that could prompt more questions?

Senator MOORE: No.

CHAIR: Not immediately?

Senator MOORE: It depends on what the answer is. Certainly, it was a data collection question, so if we have data—

Mr Pratt: Subject to our refining a few things, we will be able to give you some numbers.

Senator MOORE: I do not anticipate opening the whole discussion again.

Senator SIEWERT: Can I go to the figures in the latest series of stats that the department released, I think, yesterday and the day before. I am after the stats on long-term job seekers, which, according to this document, have increased by 40.7 per cent from nearly a quarter of one million to nearly 350,000 people. The short-term job

seekers have increased by 17.7 per cent. I particularly want to go to the issue around the long-term job seekers. You make a point in the document about the impact of the changes in terms of some of the participation requirements. Can you just take us through that process quickly.

Mr Whitecross: Sorry; just to make sure I am answering the right question, which bit are you referring to?

Senator SIEWERT: It says that long-term job seekers have increased 40.7 per cent. It says:

... a new employment services model 'jobactive' was introduced. 'jobactive' replaced Job Services Australia and has a stronger focus on job search and finding and keeping employment.

It says that job seeker numbers will increase as more participants have a job search requirement under the new model. Can you just explain to me what you mean by that, given we are talking about an increase in long-term job seekers increase, not short term job seekers.

Mr Whitecross: That relates to the service model for jobactive, which is part of the Employment portfolio. They would be the best people to explain what they are doing now compared to before. But it relates to a stronger emphasis on job search in the numbers, so people are more likely to be categorised as a job seeker.

Senator SIEWERT: Even long-term job seekers?

Mr McBride: To the extent that their obligations changed when we moved from the former model to the new model. Certainly there was a drop-off at the end and then a sharp spike when the new model came in, and a lot of it was a transition from the old system to the new. You would expect to see that moderate now as the new system beds down. But people who did not identify as having job search requirements under the old one are now identifying, and that is causing a—

Senator SIEWERT: If you are on Newstart—

Mr McBride: Once we get too much into the requirements, it really is a question for Employment. But you can ask.

Senator SIEWERT: But you are the ones that are putting out the figures and are responsible for the policy.

Mr Whitecross: Not everybody who would be on a payment like Newstart would be a job seeker, because there are a lot of reasons why their requirements would not involve explicitly looking for a job. There could be other things. They may be exempt from requirements or they may be required to do things other than look for a job and still qualify for Newstart, because Newstart is a kind of omnibus payment for working-age people who are unemployed or underemployed.

Senator SIEWERT: I see what you are saying. But we do not know then, out of that, what the percentage of people were that took on those new requirements. I am trying to disaggregate the percentage where we have got a real increase in long-term job seekers compared to those that change category. I am not saying they are not real job seekers, but I am trying to disaggregate how many more people we have got that are long-term unemployed.

Mr McBride: I think at this stage we are waiting for the numbers to moderate, because, as I said, when jobactive first came in the numbers did spike a bit and now they are moderating. I think once they moderate—and we are continuing to discuss with Employment how the new model is bedding in—then we will have a better insight into these numbers. But we just do not have that level of analysis.

Senator SIEWERT: The unfortunate thing is: Employment is happening next door at exactly the same time as we are having this discussion and, try as I might, I have not been able to get into two places at once. We will try and fix that next time.

Mr Whitecross: If we look on page 3 of the report—just to give you a sense of what we are talking about—the total number of people on these two payments, Newstart allowance and youth allowance (other), is 849,000. But the number of those who are classified as job seekers is only 526,000. The number of those who have been classified as job seekers has increased from 399,000 to 526,000. I do not know if that helps to give you a sense of the numbers that we are talking about.

Senator SIEWERT: Sorry, can you go through that one again. I think I am on the wrong page.

Mr Whitecross: This is on page 3, the statistical highlights.

Senator SIEWERT: Yes.

Mr Whitecross: At the top of the page, it has the total number of people on Newstart and youth allowance, 849,000. A little further down the number of job seekers is 526,000. Obviously not all the people on Newstart are classified as job seekers. The number classified as job seekers has gone up 31.9 per cent.

Senator SIEWERT: I am interested in all job seekers, but I am specifically trying to find out those who are long term. I am not trying to be pedantic here.

Mr Whitecross: I understand. A bit further down it has the increase in the number of the long term but—

Senator SIEWERT: Yes, it does but—

Mr Whitecross: you are trying to find out the number on Newstart and youth allowance long term. The number on Newstart long term is 538,773—that is on page 5. The number on youth allowance long term is 56,812—that is on page 6. That is around 600,000, compared to the number of long-term job seekers, which is 347,000.

Senator SIEWERT: I still do not think we are getting there.

Ms Halbert: Are you asking how much of the increase in long-term unemployed was due to the change of model—

Senator SIEWERT: Exactly.

Ms Halbert: You would have to ask Employment that.

Senator SIEWERT: That is what I am trying to get. Then we can get an accurate measure, taking out that factor, of much we are seeing long-term job seekers staying on. I need to ask Employment. We used to not have to go through this particular lot of data here; we used to do it next door.

Ms Halbert: This report is ours, DSS, but the change of model to jobactive is Employment.

Senator SIEWERT: Who tracks the very issue that I am trying to follow-up? In other words, what is happening with long-term job seekers? Until we have this change in the data, the trend has been that we are seeing—

Mr Pratt: Ultimately, if it is job seekers, it will be Employment. We look after the numbers of people getting the payments, but they work with the subset who are job seekers.

Senator SIEWERT: Who does the policy tracking of the number of people who are stuck on Newstart and not able to find work, if we are getting a long-term trend?

Ms Halbert: In terms of them remaining on payment, that sits with us.

Mr Pratt: We do, of course, work very closely with our Employment colleagues to jointly try to understand what the data are telling us.

Senator SIEWERT: Where do I ask what the data is telling us and what you are doing about it?

Ms Halbert: In relation to jobactive, you would need to ask Employment.

Senator SIEWERT: Okay. If it is related to policy around, for example, the data showing us that there are more older people staying on Newstart for longer—

Mr Pratt: That would be us.

Senator SIEWERT: Hence me asking this question. Have you looked at what is happening there, taking out this bump, or can't you do it and we have to wait?

Mr Pratt: Going back to Mr McBride's answer a few minutes ago: yes, we are looking at this, but we will not know until we have seen the wash-through of the change in models.

Senator SIEWERT: So we can have this conversation in February and you will have another set of data?

Mr Pratt: Hopefully we will have an improved understanding of what is happening.

Senator SIEWERT: What I am trying to get to is: we cannot actually analyse it because of that fact?

Mr Pratt: Yes. We do need to think about things like economic impacts as well, because we need to try and discount those.

Senator SIEWERT: Yes, and that is what I am trying to find out, as to economic impacts: what are the things that are affecting long-term joblessness or people being stuck on—

Mr Pratt: I imagine future discussions will also require you to be getting stuff from Employment as well.

Senator SIEWERT: Yes. It is not your fault, but it would be really handy if we scheduled estimates so that we could get that information. There is no point asking any more questions here because I think you would tell me to go next door. I have some questions I will put on notice.

CHAIR: Senator Siewert, Senator McKenzie will be dropping by in a minute and her time is quite limited. So, if you do not mind, I will interrupt you when Senator McKenzie drops in.

Senator SIEWERT: Yes, that is okay. There is another set of questions I will put on notice; they are too detailed, sorry.

Mr Pratt: Chair, if we may, we are now able to respond to Senator Moore's questions.

CHAIR: Well, Senator McKenzie has arrived.

Senator McKENZIE: Thank you very much, Senator Moore. Hi, Mr Whitecross; long time no see. I just wanted to ask some questions about some work that the department has been doing on access to higher education for regional and remote students. Can someone talk me through the work you have been doing in this area?

Mr Whitecross: We have had in place an interdepartmental committee looking at access to education for regional and remote students which was established in September 2014. It is a joint IDC, chaired between the Department of Education and Training and the Department of Social Services. It has been looking at building an evidence base to determine what impacts regional and remote students' access to and participation in higher education, to establish what issues can be addressed to improve access to and participation in higher education for this group, and to develop evidence based policy to address these issues. Apart from the departments of social services and education, there are representatives from the departments of infrastructure and regional development, human services, Prime Minister and cabinet, Treasury and finance. We prepared some interim advice which went to the then ministers, Scott Morrison and Christopher Pyne, in April 2015. In line with that advice, the government did announce some changes in the 2015-16 budget in relation to means testing arrangements for youth payments—mainly youth allowance but also equivalent ABSTUDY living allowances—and those changes are currently before parliament but they related to removing the Family Assets Test and the Family Actual Means Test for families with dependent children receiving those payments, and to create more consistency with the way we assess families' need for assistance in the Family Tax Benefit system so that we did not get sudden changes in assistance—or were less likely to get sudden changes in assistance with people moving from Family Tax Benefit to youth allowance. We also have introduced some changes to reduce the rate at which youth allowance reduces under the parental income test where the family also has Family Tax Benefit children to give a more equitable result in those cases. That is particularly where they have children under the age of 16.

Another change that we made around the same time is in relation to extending availability of Abstudy boarding supplements to qualifying hostels that are accommodating Abstudy students. Following submission of the interim advice we have been participating in some regional forums that have been conducted by members of parliament who were consulting with their communities around these issues, and we have been attending to provide information about existing rules and to listen to that feedback so we can input into our own deliberations. That phase has now concluded and we are currently in the process of developing final advice for Ministers Porter and Birmingham in relation to these issues that we expect to provide by the end of November.

Senator McKENZIE: Thank you, Mr Whitecross. How many rural and regional young people are on independent youth allowance, and how much does that cost?

Mr Whitecross: We have that number but I do not have it with me, I am sorry.

Senator McKENZIE: I will look forward to getting that. In terms of the interim advice, what did that actually find in terms of access to higher education for rural and regional young people?

Mr Whitecross: That did find that the rate of participation in higher education by rural and regional students is lower than it is for metropolitan students.

Senator McKENZIE: Also, given the feedback that the department heard at the regional forums it has been attending, would it be fair to say that the predominant barrier to that access is financial—that is, the costs of relocating?

Mr Whitecross: I think there are a couple of barriers that stood out. One was the cost of living away from home because the student could not access suitable higher education opportunities in their local area. That is certainly a significant cost. There were other kinds of barriers which were to do with transactional issues around accessing it: the need to travel to other areas to enrol; finding suitable accommodation; separation from family supports; and less knowledge and awareness within the family or the community about what is involved in making that transition to higher education and therefore a need for additional support through the transition into higher education. There were those kinds of concerns as well.

I think the location of suitable study choices is sometimes a particular challenge, so there may be some study choices locally but not the study choices that young people have necessarily wanted to pursue.

Senator McKENZIE: Thank you. When is the final report due?

Mr Whitecross: We are aiming for a final report by the end of November.

Senator McKENZIE: Can you just confirm what the original purpose of youth allowance was.

Mr Whitecross: Youth allowance is an omnibus payment. It is to support young people.

Senator McKENZIE: What was the original purpose in setting up youth allowance?

Mr Whitecross: It is to support young people either to continue in education or looking for work or taking up Australian apprenticeships in order to make the transition from dependence on their parents through to their eventual independence and participation in the workforce as independent members of the community.

Senator McKENZIE: Thank you. I look forward to the final report.

Senator MOORE: Do we have those stats back?

Mr McBride: Yes. You asked for three items. How would you like them presented? We can go item by item—

Senator MOORE: Item by item.

Mr McBride: The under one increase, on a four-year total—from 2015-16 through to 2018-19—is a cost of \$385.1 million. We will give you the year-by-year breakdown, if you want.

Senator MOORE: Yes, please.

Mr McBride: It is nothing in 2015-16. In 2016-17 it is \$126 million. In 2017-18 it is \$128.3 million. In 2018-19 it is \$130.8 million. That is fiscal. I will give you that same measure in cash now. The four-year total is \$374.6 million. Once again, it is nothing in 2015-16. In 2016-17 it is \$116.1 million. In 2017-18 it is \$127.8 million. In 2018-19 it is \$130.7 million.

Senator MOORE: Thank you. The next one was—

Mr McBride: Single parents and grandparents—

Senator MOORE: Yes, and FTB.

Mr McBride: This is the measure that removes access to the full rate of FTB that provides what I think I called a softening payment. The collective interaction of those two is a saving—once again, we are back to fiscal—of \$689.6 million over four years. The breakdown is nothing in 2015-16, \$225.5 million in 2016-17, \$230.1 million in 2017-18 and \$234 million in 2018-19.

Senator MOORE: That is fiscal. What about in cash?

Mr McBride: In cash it is \$673.2 million saved. It is nothing in 2015-16, in 2016-17 it is \$210.4 million, in 2017-18 it is \$229 million and in 2018-19 it is \$233.8 million. The final measure is for coupled families with children 13 and over and single parents with children over 16. It is a saving of \$1,066.4 million over four years. It is nothing in 2015-16. In 2016-17 it is \$348.7 million. In 2017-18 it is \$355.8 million. In 2018-19 it is \$361.9 million.

Senator SIEWERT: Sorry, which measure is this?

Mr McBride: The measure impacts on coupled families with children over 13 and single parents with children over 16. The four-year total in cash for that measure is \$991.8 million. It is nothing in 2015-16. In 2016-17 it is \$279.9 million. In 2017-18 it is \$351.1 million. In 2018-19 it is \$360.8 million. That total, for fiscal in terms of the DSS impact, is \$1,370.9 million; for cash, it is \$1290.3 million. That is slightly different than the whole-of-government total for both those measures, and that is one of the reasons why this has taken so long to disaggregate. The whole-of-government total for fiscal imbalance is \$1,361.8 million, and the whole-of-government total for cash is \$1,281.8 million.

Senator MOORE: You said that for DSS alone it is \$1,370.9 and \$1290.3 for cash, and that for whole-of-government it is \$1,361.8 million and for cash \$1,281.8 million, which is less. I would have thought that DSS was one component of the whole-of-government and so the DSS should be less than the whole of government?

Mr McBride: The whole-of-government figures include a saving in 2015-16, for both cash and fiscal, of \$9.5 million.

Senator MOORE: So there is a saving line in the whole-of-government—

Mr Whitecross: At a whole-of-government level, there is a cost in implementation.

Senator MOORE: Just on the first cut, you would think that DSS would be a smaller component than the whole of the government. So the cost of the proposal is not costed against DSS; it is costed against whole of government?

Mr Whitecross: DSS are the main costs because they implement it.

Senator MOORE: So what we are missing in those figures between \$1,370.9 million and \$1,361.8 million is the cost element in 2015-16, is that right?

Mr Pratt: No, it is more than that.

Senator MOORE: Do we know what else is in that? Thank you very much for this data. I do appreciate it.

Mr Pratt: We do not know exactly what they are, but there will be tax and health impacts blended in there as well. So going back to Mr McBride's point, this is why it was not immediately obvious for us what our DSS only element is.

Senator MOORE: Thank you for this data. I will put any supplementary questions on notice.

Mr Whitecross: Chair, I also have some answers to questions that were raised earlier, if you want them now.

CHAIR: Please.

Mr Whitecross: Senator Moore asked about the maximum gains you could get from the increase in the asset free areas. There are different maximum gains depending on your circumstance. For a single homeowner, the maximum gain is \$59.25 a fortnight; for a single non-homeowner, it is \$130.50 a fortnight; for a partnered homeowner, it is \$57.37 each; for a partnered non-homeowner, it is \$93 each. They are the maximum gains. As I think I said before, the minimum gain could be less than \$1, but the average is \$30.

Senator Siewert asked a question about asset test curtilage rules and the rules around exempt assets. The rule regarding land adjacent to a principal home was introduced in 1985, which was when the asset test was introduced. The two-hectare mark, as I think was speculated on earlier, aligns with the exemption under the capital gains tax rules. So I guess it is just a consistency there that two hectares is a reasonable limit to put on what could be regarded as land for private and domestic purposes and, therefore, reasonably exempt from the asset test. On the effective use of land, I said that the 20-year rule is for people over age pension age to get an exemption on all the land on the one title with their home and that there was an effective use of land test. The effective use of land is not necessarily a commercial operation, but they have to be working the land to its potential or to have arranged for somebody else to work the land to its potential, or the land may not be worked because it has limited potential to generate an income. In some of the circumstances that you described, Senator Siewert, it may be decided that the land is not capable of generating an income, and therefore it would still be subject to the exemption.

Senator SIEWERT: Thank you for that clarification. Can I ask for further clarification. You may need to take this on notice. If I had some land, it was not cleared and I put it into what in WA we call Land for Wildlife—other states might call it something different—or, in other words, if I had put a covenant over it, would that count as an exemption?

Mr Whitecross: I think we would have to look at the specifics of the case.

Senator SIEWERT: There is not one specific case.

Mr Whitecross: Yes. I think the issue is that the land has limited potential to generate an income. I think there would be a point at which, if you were voluntarily not pursuing the opportunity to generate an income, that might not meet the criteria, but I would have to look at that in more detail.

Senator SIEWERT: That would be appreciated, if you could. Thank you.

Senator MOORE: I have a clarification question about the answer that you gave me on single parents whose youngest child turns 13. You gave me the full coverage for single parents in the answer. Is it possible to get figures about single parents whose child is over 16? I realise you will have to take that away.

Mr McBride: I will have to take it on notice, but we should be able to do that.

Senator MOORE: It would be really useful to separate those two groups—kids over 13 and over 16. I acknowledge I did not ask that earlier.

Mr McBride: We can do that.

CHAIR: We are past time for outcome 1, so unless someone would like to insist we remain I suggest we move on to outcome 2.

Senator MOORE: I will put the rest of mine on notice.

[14:27]

CHAIR: Okay. We will now move on to outcome 2.

Senator POLLEY: I would like to touch on the National Framework for Protecting Australia's Children. At the last estimates it was indicated that the department was working to a time line of getting the third action plan developed and agreed later this year. It was flagged that there was a broad agreement with states and territories for a September-October time line. Are you still aiming to have that action plan agreed to by the end of this month?

Dr Baxter: Yes. The third action plan is still due for release later in 2015. We have been continuing to work with the state and territory governments and the non-government organisations in compiling the plan, and it is on track for release later in the year.

Senator POLLEY: But we were told at the last estimates it would be September-October. We are halfway through October. So will it be released this month?

Dr Baxter: We do expect that the release is imminent, but we do not yet have a release date.

Senator POLLEY: Last night I was told there was going to be an announcement soon. That was last night, and then they made the announcement this morning. So I am just trying to gauge what the definition is—whether it is 'soon' or whether it is 'pending'.

Mr Pratt: Does 'imminent' mean that it is coming out 15 minutes from now?

Dr Baxter: An important part of the release of the plan is to have sign-off from all of the states and territories. So at the moment we are expecting that the release is imminent, but we cannot give a firm time frame on when it will be released.

Senator POLLEY: What is the timeline for delivery of the national report into the views of children and young people in out-of-home care? I understand that it was to be delivered this year. Have you got a time frame for that?

Dr Baxter: Yes. I can let you know that the report's recommendations are being considered by the government at the moment, and DSS is taking the lead on consulting across government with the relevant organisations, and also with state and territory governments. Those findings have also been considered in the third action plan and a government response to the report should be released shortly.

Senator POLLEY: Can you provide any update on the work to explore options for the community mentoring for children and young people who are soon to be transitioning out of the out-of-home care?

Mr Baxter: I am not aware of which program it is that you are referring to. Could you provide some more clarifying detail please?

Senator POLLEY: At the last estimates it was outlined that there would be some research and exploration done as to actions to assist those young people who are transitioning out of the out-of-home care.

Mr Baxter: Yes. A significant stream of work under the National Framework for Protecting Australia's Children is to consider options for children leaving care. This is something that the Commonwealth, states and territories, and also the non-government sector, have been looking at very closely. We expect that when the action plan is released, it will have a strategy that specifically addresses children leaving care, and from the Commonwealth side, we are exploring the possibility of having a trial of different interventions that may work for those young people leaving care—looking at the different kinds of models that might work for them like intensive case management and extra education support. I cannot talk to the detail of that because it is wrapped up in this plan that we are still waiting to release, but we do expect that to be a significant stream of work under the plan.

Senator POLLEY: Is it possible that there will be some projects to be rolled out as case studies? Is there something planned there? Are sites or states being more forthcoming in wanting to assist?

Mr Baxter: This is certainly something that all of the states and territories have expressed a real interest in in our negotiations under the plan. From the Commonwealth point of view, it is something that we expect a proportion of the National Initiatives funding, underneath the plan, to be directed towards, and we imagine that a component of that would be projects in particular sites. There may be a national element to it, and we also expect that there may be a proportion that—I mentioned before the possibility of an intensive case management trial.

Senator POLLEY: Can you provide an update on the work that was undertaken for the second action plan on a national response to the sexualisation of children, particularly any outcomes from the issues paper that was under development last year?

Mr Baxter: You are talking about the second action plan under the National Framework for Protecting Australia's Children?

Senator POLLEY: That is right.

Mr Baxter: I think we will have to take an update on that question on notice, if that is okay. We have received the report, but we do not have here the update on where it is up to. I am happy to take that on notice and provide you with some information about the report.

Senator POLLEY: I have given speeches about the sexualisation of children in the Senate on a number of occasions, and there is, obviously, concern in the community. Can you give me any information as to the framework that you are working towards in relation to that particular part of the report?

Mr Baxter: I cannot speak particularly to the report on the sexualisation of children. I can say that this issue is something that has been discussed by jurisdictions, the Commonwealth and the non-government sector under the national framework. There are several elements of work that are being progressed under the framework that would touch upon this. We are very interested, for example, in strategies towards child safe organisations, and some of that is about ensuring that children are safe from any forms of abuse within those organisations. That obviously includes any concerns of a sexual nature. There is an ongoing stream of work under the national framework that relates to data collection around children and, obviously, concerns relating to all kinds of abuse, including sexual abuse, are collected as part of that.

Senator POLLEY: Are you also looking into the use of media and advertising around the issue as well? Is that under consideration? Has that been part of the discussions? That is where some attention, I think, needs to be focussed on.

Dr Baxter: I am not aware of any specific initiatives under the national framework that relate to media and the sexualisation of children. Certainly the way young people interact with the media and help to form their attitudes about relationships, healthy relationships, and that includes sexual relationships, is being considered under some of the research and the initiatives under the family violence stream—we know that that is a very live issue there—but not under the national framework.

Senator POLLEY: What about social media and the impact that that has?

Dr Baxter: Again, the work that I am aware of in relation to young people and their attitudes about relationships, themselves and their bodies that relates to social media is the work that is being progressed under the National Plan to Reduce Violence against Women and Their Children, and that includes work on The Line social media campaign, which relates to young people having a better understanding of what constitutes an appropriate line for them and what constitutes healthy relationships, healthy sexual relationships, and also the work that has been progressed through the Our Watch organisation. So we know there is a body of work there that is being done around young people, children, and their understandings of their body and relationships.

Senator POLLEY: Are you aware of the campaign that has been run over a number of years—in fact I think it was probably about three years ago now—where there was a public campaign against a certain retail outlet that was using clothing in a way that was not conducive to young children and was considered to be sexualisation of them as young children, from babies through to five-year-olds? I was hoping that that too would be included in this framework.

Dr Baxter: In the National Framework for Protecting Australia's Children? At the moment, it is not. As I say, there are a broad range of issues that are considered under the framework, and issues that relate to the safety and wellbeing of children very regularly feature in those discussions and those negotiations. But I am not aware of the issue of that particular campaign—which I do know about—being discussed under the framework.

Senator POLLEY: Perhaps you can take it on notice and, if there is further information about the digitalisation of photos, particularly when it comes to advertising, if there is anything more that you can add to this, I would appreciate it.

Dr Baxter: Yes. I am happy to provide an update.

Senator POLLEY: Under the first action plan, a carers online service was developed and hosted by the Family Relationships Online site. The relevant sections of the Family Relationships Online site now just link to the DSS website. Has the carers online resource been moved or removed completely?

Dr Baxter: Again, I am sorry, I am not aware of that particular initiative under the first action plan. But I can take on notice to find out what has happened with that online resource and to give you an update.

Senator POLLEY: Would that be able to be given at a later time today?

Dr Baxter: We can certainly seek to get an update on that and see if we can find some information for you sooner.

Senator POLLEY: And it would be helpful if we had an update as to whether it is being reviewed or whether there is a view being contemplated as well and, further to that, if there are any other information or resources for out-of-home care carers as well. If you can give us a general update, that would be most useful for us.

Dr Baxter: Can I just clarify? You are after an update about the particular project you referred to and you are also after an update about resources for formal out-of-home carers in states and territories more generally?

Senator POLLEY: Absolutely. That would be helpful.

Dr Baxter: We can undertake to get that back to you, if we can, in this session.

Senator POLLEY: The 2013-14 national framework annual report has been provided to COAG, hasn't it?

Ms Carapellucci: The national framework annual report for 2013-14 is currently being finalised. It is in the approval stages at the moment.

Senator POLLEY: What is the time line for submitting to that annual report, and when is it expected to be finalised?

Ms Carapellucci: We anticipate that it will go to ministers in the coming weeks.

Senator POLLEY: So when will it be publicly available on the website?

Ms Carapellucci: We anticipate by the end of this year. Again, it will be subject to approval from Commonwealth, state and territory ministers.

Senator POLLEY: So you are fairly confident it will be by December?

Ms Carapellucci: Yes.

Senator POLLEY: Thank you very much. That is all I have on that section.

CHAIR: I will come to you in a minute, Senator Siewert. I will now go to Senator Smith.

Senator SMITH: I just want to inquire briefly about the numbers of grandparent carers. Could you let me know what is the current number of grandparent carers?

Ms Carapellucci: We do not have the figures, but we can take on notice what we can provide. We have commissioned the Australian Institute of Family Studies to undertake a survey of grandparent carers. That is in the preparatory stages at the moment. The purpose of that survey is to provide more information on the circumstances of those carers, and it is also helping to report on the national standards for out-of-home care.

Dr Baxter: I understand that a significant issue in trying to estimate the number of grandparent carers is that not all of them are formally registered or even in receipt of formal carer payments, so it does make it a bit tricky. We will take it on notice and get what we can for you.

Senator SMITH: How many are in receipt of formal payments?

Dr Baxter: I can get that for you; we do not have that here today.

Senator SMITH: If you could. I would be interested in knowing the current number. Could you go back five years so that I can see what increase there has been in the numbers over those last five years. Can you also tell me what work the department has done in calculating what might be the future increase in those numbers over the next five years. Is that clear?

Dr Baxter: Yes. We can certainly take on board identifying for you the trend data with carers who are receiving formal payments. As I said, it is complicated because there are a number of reasons why grandparent carers, in some instances, do not wish to apply for a care payment. So it can mask some of those numbers. I am not aware of any work we have been specifically doing in the department to project future trends around grandparent carers. We will double-check that, but I am not aware that we have undertaken any future projection of trends in relation to grandparent carers. We can get you what we can for the last five years.

Senator SMITH: If you do not have the future projections, put that in your response as well. On a related issue, I am curious to know, Secretary, where the government's response is at to this committee's inquiry into grandparents raising grandchildren.

Dr Baxter: On 29 October the final report was tabled in parliament. The government is currently considering those recommendations and is in the process of finalising the Commonwealth response. Again, we would expect to have a response shortly.

Senator SMITH: So 29 October 2014, which is almost 12 months ago?

Dr Baxter: That is right.

Senator SMITH: To what extent has that report informed the department's work around the early childhood framework that Senator Polley referred to—indeed, yesterday's announcements in regard to family payments?

Dr Baxter: I cannot answer the impact that that report has had in relation to the formulation of the family payments policy. That would have been a matter for the previous outcome. I can certainly say that we have very closely considered the report in the development of the third action plan. Also the ongoing discussions and negotiations between jurisdictions have looked at issues for grandparent carers, both formal and informal. We would expect that, in the strategies you are seeing come forward in the plan, including in relation to children who

are leaving care and also in relation to the safety of children in care, that report has been closely considered, and issues that have emerged from it will be taken up in the plan.

Senator SMITH: Do you have any idea when we can expect to see the response?

Dr Baxter: No, I am sorry, I cannot give you a time frame. We would expect it to be reasonably soon.

Senator SMITH: We have had 'very soon' in the last 24 hours; we have had 'reasonably soon' in the last 30 seconds, but it is—

Dr Baxter: I am sorry; I do not have a date.

Mr Pratt: I think 'imminent' is before 'reasonably soon', Rosyln.

Senator SIEWERT: Yes, if you could provide a definition to table, that would be really useful!

Senator SMITH: I think we need a time frame: imminent, soon, very soon.

Senator SIEWERT: Exactly, definitions of what goes after what.

CHAIR: One of the great frustrations of life is that we cannot always be as precise as we would like to be.

Senator SMITH: I have a general issue, if I may. This probably better sits in whole of corporate, but if you indulge me for one moment, Secretary, perhaps you could provide some information on notice about how long it has taken the department to respond to the last six reports of this committee.

Mr Pratt: We will do so on notice. And our response is imminent.

Senator SMITH: I am very confident you understand this point, but it is important to put it on the record. Senate committees expend a lot of time, and indeed a lot of taxpayers' money, traversing the country, speaking about issues that are very important to people. Sometimes deliberately, sometimes inadvertently, expectations get raised around those reports, so it is unfortunate if executive government does not respond as quickly to those Senate committee reports. And at this committee, Community Affairs, it is fair to say that—before my time but in the last 3½ years—we have touched on a number of issues that do not normally get heard inside government, including the issue of grandparents caring for grandchildren. I am talking not about those like my parents, who pick up my nephew and niece from school on Monday, Wednesday and Friday, but about those that have the full-time, 24/7, care of their grandchildren, many of whom are single women of pension age, living in very modest circumstances.

Mr Pratt: Understood, and we will provide that information for you. Going back to your question around how we use the material that comes from reports of that sort, can I assure you that the learnings and the material we get from those things are considered in our cross-departmental policy fora, which look at bringing together the people in the social security and payment side of things who look after the carer payment, the people in the families policy area, and the people who are interested in carers more generally and support services for carers. You should rest assured that the department looks at this in a holistic fashion.

Senator SMITH: I am hoping there is a strong correlation between the length of time it takes to report back to a committee report and the number of recommendations that are agreed to. Time will tell!

Senator SIEWERT: Yes. Good luck with that one!

Mr Pratt: Possibly. I have not done that analysis.

Senator Fierravanti-Wells: Senator Siewert has an opinion on that one!

Senator MOORE: Chair, can I put a question to the secretary, before we move on?

CHAIR: Sure.

Senator MOORE: Secretary, I wrote down the figures assiduously to your payments area answers. Is it possible to get those figures in a print-out form?

Mr Pratt: Yes.

Senator MOORE: I have written them down. It is just that when I looked at them—

Senator SIEWERT: We disagreed on one figure.

Senator MOORE: we disagreed on one figure, and it would be very useful to get that.

Mr Pratt: Certainly. Again, the only caveat would be that the evidence we gave around what was covered and not covered needs to be considered alongside those numbers.

Senator MOORE: The data was very useful. I did ask about single parents with kids between 16 and 19, and I asked that earlier. I just wanted to put that up, but I knew that needed some more work.

Mr Pratt: Yes.

Senator MOORE: It is just that, when we compared all those figures, there was just one we did not agree on.

Senator SIEWERT: I want to go back to the third action plan. I am particularly interested in all the questions Senator Polley asked. This committee delivered its *Out of home care* report not that long ago and made a large number of recommendations that particularly related to the third action plan. In terms of what has happened to grandparent carers in that plan, I, like Senator Smith, am very interested to know how many of those recommendations will be taken on board in the third action plan. I then want to ask about the overall response.

Dr Baxter: Once again, the report's recommendations are being carefully considered by the government, and that does include within the context of the development of the third action plan under the national framework. In the discussions that we have been having with state and territory jurisdictions and with the non-government sector, we have gone carefully through the recommendations of the out-of-home care inquiry. Again, we expect that you will see some of those picked up in the content of the plan, which I cannot talk about until it is released shortly, but I am close to the strategies under the plan. One of the strategies that jurisdictions have agreed is around children leaving care and the appropriate supports for children leaving care, and also looking at how you ready those children who are in care. So you could expect that, in the third action plan, you will see a significant stream of activity directed towards that and also a number of projects that are focusing on it.

Senator SIEWERT: I am extremely pleased to hear that. We made a number of recommendations on a large number of things, including support for carers and the issues around foster carers and the accreditation of foster carers—I will not go through the whole list—particularly focused on Aboriginal and Torres Strait Islander children. I do not think it is unfair to say that we have a crisis in Australia around the number of Aboriginal and Torres Strait Islander kids who are going into outer-home care. We paid particular attention to that in the report.

Dr Baxter: We have looked very closely at all of those recommendations, particularly the ones that relate to Aboriginal and Torres Strait Islander children. Again, I do not think it is giving the game away too much to say that, under the third action plan, there is a significant separate stream of activity being envisaged around Aboriginal and Torres Strait Islander children. That incorporates projects specifically addressing the needs that have been identified—many of which were touched upon in the out-of-home care inquiry. It also goes to looking at how we measure and report on outcomes for Aboriginal and Torres Strait Islander children. So projects, measurement and reporting for that cohort are a significant part of what will be coming forward in the third action plan when it is released.

Senator SIEWERT: I will not pursue that particular area, because I realise that you are bound by the process. I do want to ask two more specific questions. One is in terms of the overall government response to the report. I realise that you have been paying a lot of attention to the third action plan, but can we expect a response to the whole of the report at some stage not long after that?

Dr Baxter: As with the report that we have just discussed, we are closely considering it. We are working with stakeholders within DSS and in other agencies where appropriate to look at the response to that, and we would expect to have a government response soon. I am not sure where 'soon' falls on the continuum. Obviously this report has landed later than some of the other ones we have been discussing. So it would be fair to say that we are earlier on in that process of deliberation and consideration. So I think 'soon' sits a little later than 'shortly'.

Senator SIEWERT: I do have another question. It is a bit out of left field. I was listening to *Law Report* the other day and they were talking about the new pilot program in Victoria, the Family Drug Treatment Court. It specifically relates to children who are at risk of going into out-of-home care or have already gone into out-of-home care. Is that on your radar and are you in any way involved in looking at that approach?

Dr Baxter: I am not aware of specific work we have been doing to analyse that approach. I do know that issues for children who are experiencing multiple complicating factors in their lives, including issues with parents who have drug and alcohol issues or where there might be family violence intersecting—is an area that we are very interested in under the third action plan. There are four or five areas where there has been particular focus and interest, and that is one of them. As far as I am aware, there is no work going on specifically to look at that approach, but I will investigate it afterwards.

Senator SIEWERT: It did sound quite innovative and one of the few that I have heard where a bit of positive news is coming out of in terms of the approach that is being taken. If you could take on board to see if you are looking at, that would be great.

Dr Baxter: I will.

Senator SIEWERT: I have more questions in this outcome but not on out-of-home care.

CHAIR: I have some questions related to what came out of that report in terms of kids in out-of-home care and looking at some of the issues around permanency. I just want to get a sense of where it all sits. In terms of the

Commonwealth's role when it comes to out-of-home care, not unlike adoption and other issues, the Commonwealth does not have a direct role, does it; it plays more of a coordination and leadership role with states and territories who have primary responsibility for kids in the care?

Dr Baxter: Yes, that is right. I am sure you would understand that this is an interesting space for the Commonwealth to be in. We are very interested in issues for children in out-of-home care, and we do monitor the situation are permanency planning for children in care. But statutory responsibility for those children, including matters of permanency planning, do reside with the states and territories.

We know that there is legislation available in all of the jurisdictions to seek longer term care orders and we monitor that work quite closely. We have been responsible, through the third action plan, for helping to drive the national standards for children in out-of-home care, which was a significant achievement of an earlier action plan under the national framework. Under that piece of work, one of the areas that is looked is the move towards earlier permanency planning for children, so I think we will continue to monitor how that is going under that plan.

There have also been conversations within the group of state and territory jurisdictions and the non-government sector who work on the framework to try and understand how different approaches across different states lead to different outcomes for people in care. So, for example, some jurisdictions extending their statutory responsibility to children is one of the areas that the group has been very interested in speaking to each other about and looking at where there might be learnings. We have a watching brief on it, we play a leadership role, we are interested in it in the national standards and it is something that the plan as a whole will continue to monitor progress work in.

CHAIR: I will go to that leadership role in a minute. Can I get a sense of it looks like in the department? Are we talking about just a few staff who are devoted to this? I am sorry, but I do not have an organisational chart in front of me. Is there a specific section that is fully devoted to this? Is there a branch? How does it work?

Dr Baxter: To the development of the third action plan?

CHAIR: Yes.

Dr Baxter: The work on this does tend to ebb and flow a little. Obviously, during the intensive development of this action plan there has been a larger team working on it. In general, Ms Carapellucci's branch would deal with the matters you have been touching upon here—responses to the out-of-home care inquiry and the ongoing management of the National Framework for Protecting Australia's Children. We did have staff from another branch helping to develop the third action plan because there was a lot of intensive work involved in the Commonwealth leadership role, bringing the states and territories together around this. Ensuring we can reach an accord between us, the states and territories and the non-government sector about the areas we want to pursue is a time-consuming and resource-consuming endeavour; obviously a very significant one, but it does take a lot of resources. I cannot tell you the exact numbers right now who have been working on the plan, because it has been in a state of flux, but in general the issues that you have been raising are ones that Ms Carapellucci's branch would deal with.

CHAIR: When you talk about leadership, are you talking about leadership generally about the third action plan? Does that include on specific measures? Is there government policy as to a particular direction here? Obviously we are talking about higher standards for carers. Are there any other aspects where the Commonwealth has a specific policy that it is pursuing in this space, or is it a coordination role and just bringing the states together to make sure that they are working closely together to get better outcomes? I guess I am asking, is it a vague goal of doing better things for kids in out-of-home care, or are there specific goals that the Commonwealth is pursuing? I know there is a lot of detail of the plan, but I am particularly interested in the issue of adoption, which Senator Lindgren and I touched on in our additional comments. I want to go to that in the second. I know there is a bit in that question.

Dr Baxter: That is fine. The national framework itself, which the Commonwealth is committed to, does have some firm outcomes that it is seeking to embed. Those are all there in the national framework and we are committed to working to progress those. Under the national framework the three groups in that tripartite arrangement, the Commonwealth, the states and territories and the non-government sector, commit to not only trying to progress those outcomes but to tracking them. Our annual reports provide some detail on how we are going on that, and that is supported by the work of the AIHW.

In relation to the range of policy areas that touch upon matters under the plan, Ms Carapellucci's branch has responsibility for those. We have a number of policy interests. We are interested in grandparent carers and ensuring that there are appropriate supports in place for them and that we can keep a watching brief on what their interests are. We recognise that out-of-home care is really the responsibility of the states and territories but that we do have some levers in this space, including the transition to independent living allowance, which the

Commonwealth administrators. So we continue to have an interest in it. We do not have a statement about what those goals are beyond those that are laid down in the third action plan, but from time to time, including in the response to the out-of-home care inquiry, the government will formulate a position on particular recommendations.

CHAIR: I know that the states are funding it and I really do not want to go to the evidence of the committee that is looking at. But one specific thing that occurs to me as you speak. Even though the Commonwealth does not specifically fund these services, but state and territories fund the services—I am talking now, for instance, in residential care—often you talk about the non-government sector being a partner, so often there are non-government providers. We heard some evidence during that committee about some residential care that did not appear to be up to scratch. Does the Commonwealth take any role? In some cases you would be funding some of those groups but not necessarily specifically for those services. Is that a level of detail that is just left to the states and territories?

Dr Baxter: In terms of the provision of funding directly for out-of-home care under the child protection system, that is the responsibility of the state and territory governments. As the Commonwealth, if we ever became aware of allegations of concern or matters of concern in relation to organisations that we were funding in another area, we would progress those through our internal administrative processes for ensuring that they are dealt with, but in general we do not keep a watching brief on those institutions, particularly not where the majority of care is delivered in home through foster care. Both of those, residential care and foster care, are the statutory responsibility of the states and territories. It would not be something where we would be interested in muddying the waters. We think it is very important and clear that there are those lines of responsibility for those significant institutions.

CHAIR: On a separate but related issue, where does Intercountry Adoption Australia sit in the scheme of things?

Dr Baxter: Do you mean in a structural sense?

CHAIR: Yes, in a structural sense. It was only in May, I think, that it was announced—

Mr Pratt: Chair, we have the executive director of the ICA with us.

CHAIR: So it is quite related. I figured it would be, but I wanted to find out exactly where. Ms Carapellucci, could you talk me through a little about how Intercountry Adoption Australia is going?

Ms Carapellucci: Certainly. At the last estimates I provided some preliminary data from Intercountry Adoption Australia. I can certainly provide an update on that and also go a bit more into some of the issues. The key part of the service is a website and a 1800 information line that is staffed by qualified social workers. They receive calls from a range of different stakeholders about a range of issues around intercountry adoption and adoption generally. The service was launched on 17 May this year. Since then the total number of email inquiries has been 269 and the total number of phone calls has been 522. On a monthly basis, leaving aside May because that was only part of the month, in June the weekly average was 30 phone calls and 21 emails; in July, 19 phone calls and nine emails; in August, 29 phone calls and 13 emails; and in September, a weekly average of 34 phone calls and 16 emails.

The sorts of issues that are raised with the line vary quite substantially. The top five subject areas are firstly, a number of callers seeking general information about the intercountry adoption process. The next issue is around international issues such as visa requirements and issues around particular countries. Callers also ask about the eligibility criteria for intercountry adoption. We have a number of calls around different types of adoption, particularly relative adoption, and also people asking about waiting times. Generally, depending on the nature of the call, people will either have the information provided to them on the spot or, if it is a more complex issue, the person will either get an email response or a phone call back. Where necessary, they will be referred to other agencies where they need more detailed information. We have special arrangements with the Department of Immigration and Border Protection, the Attorney-General's Department and the Department of Foreign Affairs and Trade so that people are referred to a dedicated team or area within those departments that can deal with their issues.

CHAIR: How much are you bridging the gap with the states? How much do you bring the states into this process? They would still have a role to some degree even with intercountry adoptions, wouldn't they?

Ms Carapellucci: Yes, they certainly do. Our service is very much an information service. It has not changed the legislative and administrative responsibility for intercountry adoption, which still rests with the states and territories, but we do liaise very closely with the states and territories, particularly with the Attorney-General's Department as well, which is the Australian central authority under the Hague convention on intercountry

adoption. They convene regular meetings of state and territory central authorities. Since the service has been established, DSS has also participated in those meetings.

CHAIR: Of the \$33.7 million over five years that was announced, is all of that for the phone line? If not all of it, what proportion is for managing that phone service?

Ms Carapellucci: If it is just the people on the phone, the phone service is four staff. In the set-up stage we had two supervisory staff, but now there is only one supervisory person for those people who are on the phone. Of course there is other work around preparing the information on the website and keeping that up to date, our ongoing liaison with other departments and agencies, other communication activities and other policy advice to government. There is a range of work. The funding that was provided in the budget is spread across that range of work.

CHAIR: Does that include the negotiations with other countries in terms of expanding intercountry adoptions? Where does Intercountry Adoption Australia fit in with that? Is that still primarily run by DFAT and there is no role for Intercountry Adoption Australia, or does it have some role in that expansion?

Ms Carapellucci: The management of Australia's existing country programs and the development of new country programs is primarily the responsibility of the Attorney-General's department, but DSS also works very closely with AGD on that work. We have accompanied the Attorney-General's Department on delegation visits to a number of countries, for example, so a range of agencies have policy input into providing advice to government on those country programs.

CHAIR: Thank you for that. I appreciate it very much.

Senator POLLEY: I would like to turn to multicultural policy. In the estimates back in June it was revealed that the government did not yet have a finalised policy on multiculturalism as it stands and is still using the policy from the Gillard government. I just wanted an update as to whether or not the government has developed its own policy as yet. Have any consultations taken place? If so, who with and when?

Ms Angus: I recall that the previous time we had a conversation about this. There has been continuing work on the development of a multicultural policy. There has been some consultation with the Australian Multicultural Council and also across the Commonwealth agencies for views. We are currently working through a draft, which is being considered at this point.

Senator POLLEY: Senator Fierravanti-Wells, can you give us an update on when that policy is going to be released?

Senator Fierravanti-Wells: It is under consideration. Suffice it to say that across governments there has been support for multiculturalism and a multicultural Australia.

Senator Fierravanti-Wells: It is under consideration. Suffice to say that, across governments, there has been support for multiculturalism and multicultural Australia. So, certainly we are looking at a statement. Suffice to say that this is an area where there is common ground, so I would not take too much objection, given the fact that we still have those principles that have been there. If you follow through the principles of multiculturalism across different governments, you will inevitably find that there is a lot of commonality. We are in the process of considering that, but you can rest assured that the principles which are highlighted in previous statements will certainly be at the forefront in any future statement.

Senator POLLEY: I do note on the record your commitment, Senator, but it would be nice if we had a time line. We have been through that, whether it is going to be soon—

Senator Fierravanti-Wells: I appreciate that. We also had the meeting of the Australian Multicultural Council. I think you saw the fact that it has been reconstituted. Therefore, we are in the process. As you can appreciate from my perspective, I spend a lot of time out and about with our multicultural communities and, indeed, now that I am Assistant Minister for Multicultural Affairs, I wear three hats. So, rest assured, if there were double efforts, they have now been tripled.

Senator POLLEY: Would you be able to table a copy of the minutes of that meeting?

Senator Fierravanti-Wells: I will ask Ms Angus or Mr Lewis to take that one.

Mr Lewis: We could probably give you the broad themes. We could probably look at that in our discussion with the Assistant Minister Fierravanti-Wells about that.

Senator Fierravanti-Wells: Senator Polley, we will take it on notice and we will give you an outline of that. I am not sure that we normally let out minutes of these sorts of meetings, but I am sure we would be able to assist you with an outline

Senator POLLEY: I do think they have been tabled before. In doing that, could you give us the forward meeting dates, if they have been made, over the next 18 months. That would be really helpful.

Senator Fierravanti-Wells: Sure.

Senator POLLEY: With regard to the roundtable of translating and interpreting that the assistant minister, yourself, held on 28 November 2014, can you provide the minutes of that meeting for us, please?

Mr Lewis: Ms Cala will join us. While she is getting settled, I understand there was a communique from the Australian Multicultural Council that outlined the key outcomes from that meeting that you just asked about. We will check.

Senator Fierravanti-Wells: We will take it on notice.

Senator POLLEY: Have there been any additional roundtable meetings and, if so, when and where were they held? Have there been any other planned meetings that you can give us forward dates on? That would be very helpful.

Senator Fierravanti-Wells: We will take that on notice.

Senator POLLEY: If there are any recommendations or findings out of those in particular, that would be most helpful. When it comes to the settlement policy, will the procurement contracts with Humanitarian Settlement Services due next year be extended? If they are going to be extended, to what date, please?

Ms Cala: Those contracts are currently valid until April 2017. At this stage, we have not come to a view about extension.

Senator POLLEY: Can you provide some background as to the workings of that and the services? Could you give as a general update as to how things are travelling with that? That would be helpful.

Ms Cala: Certainly. Humanitarian Settlement Services is a program that provides for the initial settlement of humanitarian entrants, typically in their first six to 12 months after arrival in Australia. We have 16 contracted service providers in 23 regions around the country who undertake that work on our behalf and, among other things, they connect new arrivals with mainstream services and provide them with orientation services, case management plans and so on that are individualised to families and individuals as their needs require. There is a formal exit process at the end of that through which competencies of new arrivals need to be assessed in order for us to be satisfied that they can exit the program.

Senator POLLEY: There was an evaluation done of the process by Ernst & Young last year. Is that report and its recommendations going to be made public? Can you give me a date for when that will be, if it is going to be made public, which I hope it will be. If it is not going to be made public, could either you or the assistant minister explain why it is not going to be made public.

Ms Cala: The report has been finalised by Ernst & Young. It is still under consideration. It certainly was the intention that it would be published, but at this stage it is still under consideration.

Senator POLLEY: When was it finalised?

Ms Cala: I would have to check. I think Ernst & Young finished their report in roughly March or April. But I would probably need to confirm that for you, formally, Senator.

Senator POLLEY: If you could confirm that, because that is a considerable amount of time for the government to consider the report. It would be helpful if you could give us that date. Is the government reviewing the multicultural assessment and equality framework? Is there any review planned or going on currently?

Mr Lewis: Senator, can you be more specific about the multicultural assistance.

Senator POLLEY: It is just a general question as to whether there is any review going on about the multicultural access and equity framework.

Mr Lewis: Yes, we can do that. Ms Angus can comment on it.

Ms Angus: Yes, there is work ongoing in the access and equity space towards progressing a framework and reporting. As you know, there is a requirement to report. That report will be next year. That is a publicly tabled report.

Senator POLLEY: Could you give me the date for when that is likely to happen?

Ms Angus: I don't think we have a date. I understand it is early next year.

Senator POLLEY: So there will be a date for the completion of the report and then there will be a date—

Ms Angus: In the sense that that report is collated across government so that it has input from the relevant portfolio agencies. There is a significant number of them and it takes some time to pull it together, collate it and

then obviously coordinate that to a final product. At this point, I think the commitment was to table something early next year.

[15:17]

Senator POLLEY: I have some questions moving on to the child support report.

Mr Pratt: Chair, while we are jumping stream, we have had material to table for Senator Moore, with your permission.

CHAIR: Please. I will get someone from the secretariat to accept it. Before we move on from multiculturalism, Minister, can I commend you on the work you have been doing with so many different groups around the country. I think it has been very well received—just the amount of time that I know you have spent with so many diverse communities. There has been a lot of very positive feedback. So you should not believe that the Labor Party view of the world is widespread. I certainly think you deserve a lot of credit for the hard work you are putting in in that area. I am just putting that on the record.

Senator Fierravanti-Wells: Thank you.

Senator MOORE: Chair, can I put on the record as well that never has the Labor Party questioned the work that has been done by Senator Fierravanti-Wells. To say that the Labor Party view of the world would be any different to that would, I think, be totally inappropriate.

CHAIR: I probably should have said Senator Polley, because I think she was giving it a little bit of a touch-up. I will not address the entire Labor Party.

Senator POLLEY: Chair, I am not going to waste the committee's time, but I think that Senator Fierravanti-Wells knows my intention in relation to this and other issues. If we could move on—

CHAIR: I am very happy to. I just think sometimes some positive words for a minister can be nice. I will continue with you for a few minutes, Senator Polley, before I come to Senator Lindgren

Mr Lewis: Senator, just before we move on, we have a date in response to a question asked earlier.

Ms Angus: The multicultural councils met twice this year and they will meet again, early in December on the 2nd.

Senator POLLEY: Thank you very much. I appreciate that.

Senator Fierravanti-Wells: The Refugee Resettlement Advisory Council has also met. I think after each one of those meetings that we have had there have always been some public comments made. So, with both the meeting and generally, particularly the refugee one in light of the current issues, public statements are normally made after it.

Senator POLLEY: Thank you very much.

Mr Pratt: Senator Polley, with the childcare support policy, the experts were here under the last outcome; it is not in outcome 2.

Senator POLLEY: I have been misled then. I will put those on notice. Thank you very much.

Senator LINDGREN: Could you please tell the committee about sports grants and who is responsible for sports grants.

Mr Pratt: The Department of Health.

Senator LINDGREN: Would you have any information at all about how sporting groups could curb domestic violence in this country?

Mr Pratt: We may have some information on the domestic violence and women's safety connection.

Mr Brown: The Sports Grant Bank was something that the department funded Our Watch to administer and deliver. They undertook a selection process looking at national sporting codes, and they chose four sporting codes for funding. I think it was about July or August this year.

Senator LINDGREN: What is the progress of this initiative? And what processes were undertaken to determine which groups received funding?

Mr Brown: In terms of your latter question, the process was very much one of organisations having to apply for funding. So it was like a tender process that they undertook. The department was not involved in that. They undertook it on our behalf. The major sporting codes had to apply for that funding. Those kinds of processes are in place. Sorry, the first part of the question was?

Senator LINDGREN: What has been the progress of the initiative?

Mr Brown: I would need to take that on notice and provide you with an update. It is relatively early on in terms of the cycle, but the four sporting codes, which, from memory, are the National Rugby League, the AFL, Netball and Hockey,—

Dr Baxter: I have got them here. It is the Australian Football League, the National Rugby League, Netball Australia and the Australian Rugby Union. Our Watch, who manage the Sports Grant Bank, granted \$250,000 to each of those codes to fund violence prevention activities.

Senator LINDGREN: Do you look after 1800RESPECT?

Dr Baxter: Yes, we do.

Senator LINDGREN: Can you tell me about the services they provide.

Dr Baxter: As you would know, 1800RESPECT is the national domestic and family violence and sexual assault telephone and also an online counselling service. We have previously funded that service under the national plan for 3½ years through to June 2017. You would be aware that on 24 September the government announced an additional \$5 million in funding over three years to further support that service to make sure that women who are contacting it can get support. We know that that service has experienced increasing and somewhat unpredictable levels of demand on its service and that additional funding is to ensure the service can recruit extra staff to meet the expected increase in demand and also to have a look at the business model to help deal with that significant volume of calls and make sure they are being dealt with in the most appropriate way.

Senator LINDGREN: You said \$5 million. My notes say \$4 million. So it is definitely \$5 million?

Dr Baxter: There was \$4 million earlier in the year. As well as the initial \$38.3 million that I talked about, they also received a separate \$1 million to expand the innovative Daisy application and then in May of this year they received \$4 million as well. So there has been an ongoing recognition for some time that demand has increased on the service and in May the \$4 million was to increase their capacity to respond to the number of calls. Then, again, as part of the Women's Safety Package on 24 September, we were seeing further peaks in demand and that \$5 million was to both respond to that and look at a model where we might be able to manage further demand into the future.

Senator LINDGREN: Which groups will you target for your particular campaign? Who are you aiming these programs at? Is it a particular group—Aboriginal and Torres Strait Islanders, for example? If not, what are you doing for Aboriginal and Torres Strait Islanders in terms of domestic violence?

Mr Brown: Senator, are you talking specifically about 1800 RESPECT?

Senator LINDGREN: Any campaign around domestic violence that fits under the sports grants.

Dr Baxter: There is certainly a significant stream of work under the National Plan more generally and also under each of our national flagship activities that consider the needs of Aboriginal and Torres Strait Islander women. I know that Amros have been recently funded—I am sorry I just need to find the specifics—to look at the particular needs of both Indigenous women and CALD women. That was a significant amount of money to deliver research on the experiences and needs of Indigenous women, culturally and linguistically diverse women and women with disability. Aboriginal and Torres Strait Islander women have also been included in each of the rounds of community consultations that have supported the implementation of various action plans under the National Plan. There has also been specific work for the initiatives. So, for example, with 1800 RESPECT, I know there was a piece of work to look at the relevance of that service for them and to ensure that it can meet their needs.

Mr Brown: That work is underway. They are exploring different models of ensuring that 1800 RESPECT line can respond to the particular circumstances of both CALD women and Aboriginal and Torres Strait Islander women. We are also funding them to do some work on women with disability to ensure that they have access to the online services that 1800 RESPECT provides.

I think your question was general as well. On the issue of tailoring particular activities to Indigenous and CALD women, we have had a range of discussions with Lifeline and their DV-alert program. We have been developing particular strategies. As you know, the DV-alert is a training program for frontline workers who might encounter domestic violence or family violence in their day-to-day work. They have been developing particular modules but also ensuring that there is a range of different supports for staff in various organisations to respond to different cultural groups.

Senator LINDGREN: Did you have two different consultations? Did you have a community consultation as well as a service providers consultation? Is that what you are saying?

Mr Brown: I guess we are pointing to a range of consultations and initiatives as part of the wider National Plan under each stream. For example, with 1800 RESPECT, the providers are doing particular sets of work to respond better to people who attempt to access their service online. Lifeline with their DV-alert training have been consulting as well as getting in people with expertise to work with particular cultural groups to identify signs of family violence—how to better skill workers to respond appropriately when they encounter that in their day-to-day work.

Senator LINDGREN: As part of your community consultation, who from the community did you invite? Was it a range of elders, for example—women or men who have suffered domestic violence? I am not saying it is just about women. Who was actually invited to these community consultations? Would you happen to know?

Mr Brown: I would like to answer in general terms, because the question has been general to this point. Each of these initiatives has had a particular consultation or development strand associated with them. In the case of Lifeline or the 1800 RESPECT providers, they have undertaken that work; we have not undertaken that work.

Senator LINDGREN: So they were service providers that you funded?

Mr Brown: We have provided suggestions or participated where we could but they have made sure that they have attempted to identify key people within the community, for example, or people with particular expertise in this subject area—if that is the expression.

Senator LINDGREN: I would assume that when you have community consultations someone from these service providers would brief up. Did they give you any recommendations as to maybe how to improve services or how things are going in terms of 1800RESPECT or any other programs that are out there?

Mr Brown: I would probably say, in relation to 1800RESPECT, that some of that work is still in train, and part of the funding agreement—the negotiations we have for funding—would be that they provide us with advice and clear recommendations at times as well, so that we can assess those and continue to seek to improve service provision.

Senator LINDGREN: You may have already answered this slightly: with the additional funding, how many additional calls with 1800RESPECT do you expect to take?

Mr Brown: In terms of the \$4 million that we talked about earlier, I think we answered this question in the last hearing.

Senator LINDGREN: I was not there; sorry.

Mr Brown: I think it went up to 55,000 calls a year, so it is an additional 15,000 calls. It was hoped that it would—

Senator LINDGREN: Fifty-five thousand a year—

Mr Brown: It was to attempt to fund them to meet the demand for about 55,000 calls a year. In doing so, clearly they have been working through a process to recruit more staff to do that, so that is what they have been doing in the last little while.

Senator LINDGREN: Lastly, what is your status on call waiting times?

Dr Baxter: I have the figures in front of me. On the figures that Mr Brown was just running through, my understanding is that the \$4 million was to provide an additional 40,000 call sessions over two years. That was an additional 20,000 a year, rather than the 15,000 and 20,000. As Mr Brown said, that was because the contracted volume at that stage was for 35,000 contacts, so that did take us to the 55,000. While the demand for 1800RESPECT continues to grow, we know that over the last few months the data from May to August has shown some improvement. We know that there has been some discussion in this hearing previously about call wait times and the demand. The data for the period from May to August this year suggests that an increased number of inbound calls are being answered and that the average waiting times are decreasing for people who are calling through to that service. Between May and August, there was an increase of approximately 160 calls being able to be answered per month and a decrease in the waiting time from in excess of 20 minutes to under 10 minutes—to around nine minutes.

Senator LINDGREN: Thank you very much.

Senator MOORE: I have questions on women, gambling and volunteer grants.

Senator SIEWERT: I have some more questions on the cashless debit card that will be building on but will not be repeating previous questions. Can I ask, in terms of the questions that I was following up during the inquiry and also in the Senate, whether there is an update on some of those questions that could not be answered previously. For example, has your financial provider been determined?

Dr Baxter: Yes, I can provide you with an update on that. The question was about the selection of the provider. I can advise you that on 12 October the government announced on AusTender that it had procured the services of Indue Ltd. That is the current BasicsCard provider, and that procurement was to build a cashless debit card platform to support the trial.

Senator SIEWERT: What does 'building' mean?

Dr Baxter: That is for the IT build, the system build to support the trial.

Senator SIEWERT: So what does that mean, 'building a—

Dr Baxter: There are essentially a couple of elements to getting the trial up. One of them is the initial build of the IT system. I certainly would not pretend to be a technical expert, but it is ensuring that the back-end system can be built that supports transitioning people's money onto the cashless debit card, that that is a system that is able to speak to the DHS system and have the appropriate information transferred. Then there is another—

Senator SIEWERT: Okay, before you go onto that one, I just want to be sure: Indue are building the IT platform—is that what you said?

Dr Baxter: The contract that has been announced at the moment is for the build phase of the cashless debit card—that is, to build the IT platform and to ensure that IT platform is one that can speak to the relevant parts of DHS.

Senator SIEWERT: Okay; thank you. I just wanted to get the words right. What is the next bit?

Dr Baxter: Then there will be a second phase that is essentially a service contract, and it is currently being negotiated. It will cover the customer support services that will enable the trial to take place as well. It will include things like general customer service queries, how people will be transitioned onto the card, the support that they will be given, some of the questions that we have discussed previously about what will be the particular detail of the implementation process, down to things like how lost and stolen cards will be dealt with—all of those service issues in rolling out the trial and the card to people in community. So that second piece is still being negotiated.

Senator SIEWERT: And with whom is that being negotiated?

Dr Baxter: Indue has been selected to provide the trial, and the contact negotiation is currently underway.

Senator SIEWERT: So they are providing both. They will be doing the service. They are not a bank.

Dr Baxter: They are a financial services provider, so they do not have bank shopfronts.

Senator SIEWERT: So where do I go when I want to replace my card?

Dr Baxter: The detail of that will be worked through in the service phase negotiation with Indue, but we are envisaging there will be a number of ways that people will be able to contact Indue. There will be toll-free numbers that they will be able to call; they will be able to speak to them online. During the set-up phase of the trial in community, there will be Indue staff on the ground in community working with people to help them transition onto the card and providing information should they require it.

Senator SIEWERT: Where do I go when I am in Maningrida visiting family and I lose my card?

Dr Baxter: Regardless of your location, it is very much the same as for other standard banking products when you lose your card and there is not an ANZ bank in some of these communities, or a NAB; you would have access to a very similar suite of service support. So you would be able to contact them through a telephone support line, through online support, and you would be able to request a very similar suite of services that you would get from a mainstream provider. So you advise them that a card has been lost or stolen; there will be a line where you will be able to make balance checking inquiries. The exact detail of how that will work is still being worked through as part of that service contract phase, but there will be a very similar suite of activities to a mainstream bank.

Senator SIEWERT: It is not quite the same. If I lose my card, I go into the bank; I can get lots of cash out to get by on without my card, and I can survive without my card. They cannot, so it is not the same. I am sorry; it is not the same. So I ask again: what happens?

Dr Baxter: Specifically what happens when you have a lost or stolen card?

Senator SIEWERT: When you have a lost card on the weekend—

CHAIR interjecting—

Senator SIEWERT: Sorry, I have already traversed that, and we did go to it in the Senate. You have said that they are going to be on the ground, but my point remains: they are not a bank. This mob are not a bank, they do not have a physical presence anywhere else. Other banks do.

Dr Baxter: Yes, that is right. They do not have a physical shopfront presence. They are a back-end financial institution provider.

Mr Johnston: The term is 'authorised deposit-taking institution'. Indue Ltd is an authorised deposit-taking institution, which means it is regulated by the banking legislation under Commonwealth law. So it is a bank, but, as you pointed out, Senator, it does not have that retail presence. However, it does do wholesale banking products; it does work with some of your major banks in Australia, like Westpac and others. It does provide those same banking services that you expect from your ordinary regular mainstream banks that people use.

Senator SIEWERT: I expect a shopfront when I bank.

Dr Baxter: The other piece that is still subject to negotiation as part of the service contract is whether there may be any kind of presence subcontracted in communities for the duration of the trial period. We do not know that yet. That is still open for discussion as part of the service, but in other situations I understand they do have scenarios where they subcontract to Australia Post or various shopfronts where they need to have a presence on site. We do not have the detail of that yet, but that is certainly an arrangement we know they have had in the past.

Senator SIEWERT: How much have you contracted for the phase 1 of the contract, building the platform?

Dr Baxter: The contract that was announced on AusTender for the IT build is for a total value of \$2,580,050 GST inclusive.

Senator SIEWERT: That is for the first one, the development of the platform?

Dr Baxter: For the IT build, yes.

Senator SIEWERT: And what is the time line for finishing it?

Dr Baxter: The build is scheduled to be completed on time for the first trial to begin in early February 2016.

Senator SIEWERT: And the second phase?

Dr Baxter: That also will need to be completed before early February 2016.

Senator SIEWERT: How much is the second contract for?

Dr Baxter: Because that process is still subject to those commercial negotiations we are not able to talk about the amount for that contract.

Senator SIEWERT: In terms of the issue that we do not know whether there is going to be shopfronts or another bank used et cetera, how are you negotiating? Is that part of the ongoing negotiations?

Dr Baxter: That is part of the ongoing commercial negotiations with the bank. We can say that the considerations you have raised before and that we have talked about in a number of these forums and in the questions we have had in the past are a very live part of that negotiation. We do know that there are certain minimum things we would be wanting to see in our discussions with Indue, but exactly how those issues will be dealt with is part of the negotiation process. For example, we would want to ensure that there is an appropriate process for Indue to be making information and support available for people on the ground in the week of and following the rollout of a card in a community. But the exact nature of what that will look like as still being negotiated. Whether that will be X number of bodies on the ground for X time or support from a shop front, the detail of that is being negotiated. But the fact that we would want to see a very clear and supportive process for people on the ground is something that we are negotiating—similarly, the exact process for how people will be supported. There would be a requirement that there is a telephone support line, but the detail of how that looks and what would be included and what the script might be are things that would still be worked through as part of the process.

Senator SIEWERT: For the telephone support line, is it Indue that will be providing the app? Is that part of the negotiation of the IT support, or this customer support?

Dr Baxter: The functionality for the app will be part of the IT build, and the detail then of how that app looks and interacts with people and making sure that the minimum standards are appropriate will be part of the service contract.

Senator SIEWERT: I will have to pursue how much it is going to cost later. Does the full contract include telephone support to the same degree of support that DHS gets at the moment? At last estimates it was nearly 2,000,000 phone calls.

Dr Baxter: We are certainly aware of the numbers of contacts we would be expecting based on information we have through our work with DHS, and yes we would be expecting to see that the arrangements negotiated through that service contract process are able to withstand the call volumes we would expect.

Senator SIEWERT: And at the times?

Dr Baxter: And at the times. We recognise that there will be a need for a very long time coverage as well as more intensive questioning, perhaps during business hours. Those are the things we would be covering during the service negotiation phase, but again the exact detail of how that will be agreed will be part of that contract.

Senator SIEWERT: You are still working that out?

Dr Baxter: Yes.

Senator SIEWERT: We had a discussion about merchant fees, and I will not traverse it again, but has there been any progress made on negotiations for Ceduna with providers in Ceduna and outside? Sorry—you said you were not negotiating with providers outside, so inside Ceduna.

Dr Baxter: I can tell you that, particularly for Ceduna—which is obviously the place where we are working to implement the card trial at the moment—there have been initial discussions with some merchants on the ground in order to understand the footprint of the services that merchants offer and also the fees they might charge. There have also been discussions with the chamber of commerce in Ceduna, which is very supportive of the trial and is going to help us to work with merchants as we roll the trial out there. We have an implementation plan, and a significant strand of that plan will involve the work with merchants. I am sorry, did you say you had a particular question about merchant fees?

Senator SIEWERT: Yes. The issue we traversed—and I will not traverse the whole of the arguments again—was that, as I understand it, banking fees are included in the cost—

Dr Baxter: Yes.

Senator SIEWERT: The government is covering those costs—and we traversed that—but they are not covering merchant fees. What we got to during the debate was that there was discussion with merchants about reducing merchant fees.

Dr Baxter: Our understanding is that there is only a handful of merchants in Ceduna with a minimum spend charge.

Senator SIEWERT: That is a separate question. There are merchant fees for using a debit card and there are EFTPOS fees.

Dr Baxter: The surcharge, yes.

Senator SIEWERT: I beg your pardon, sorry. I meant the EFTPOS surcharge.

Dr Baxter: I will talk about both charges. There are the minimum spend charges and then there is a surcharge for using the card. We know that there are only a handful that have the minimum spend charge—we are talking around six; we think that is the number at the moment. There are even fewer that have a surcharge for using EFTPOS. We have begun the process of working with them, and with the chamber of commerce on board we would expect them to be receptive to our requests to have those fees waived during the trial period. If not, we would seek to ensure that there was good information for people who are on the trial about what the implications of the use of their card might be in Ceduna. We would have to explore how we can do that, but we would want to make sure that, if there are some people who simply will not waive those fees, card users have information about the implications.

Senator SIEWERT: That is in the town. What about in the region?

Dr Baxter: You are asking if there are six providers in the region? I understand that is for the area that is looking to be covered by the trial.

Senator SIEWERT: The whole area?

Dr Baxter: Yes, those figures I have are for the trial area.

Senator SIEWERT: And is the position outside, where there are no negotiations with merchants, still the same?

Dr Baxter: I am sorry, I did not understand the question.

Senator SIEWERT: What was established during the debate was that there were no negotiations with merchants outside of the trial about reducing fees and minimum charges, et cetera. Is that still the case?

Dr Baxter: Yes, it is only in the trial area.

Senator SIEWERT: The regulation impact statement which, at the time of the debate in the chamber, had not been made publicly available—where are we up to with that?

Dr Baxter: I will refer that to Mr Johnston, because he is closer to the tabling and filing of documents.

Mr Johnston: The RIS that was done was a short form preliminary RIS, so there was no requirement—

Senator SIEWERT: Short form?

Mr Johnston: It was a short form RIS. That is a terminology that the Office for Best Practice Regulation utilises; it is not my term. It was an initial short form RIS. Those do not have the requirement of being published online. It is intended that a more fulsome RIS, which covers more detail, be developed.

Senator SIEWERT: What is the time line for that?

Mr Johnston: As quickly as we can do that, noting—of course—that we are still negotiating with Indue around a lot of the elements that could potentially have a regulatory impact.

Dr Baxter: The long-form RIS does require quite a level of detail, so it will need to dovetail with those negotiations, but we would certainly anticipate having it in place before the trial commencement in February.

Senator SIEWERT: You anticipate it? I presume that means it will be. Does that mean it will be?

Dr Baxter: Yes, it will be.

Senator SIEWERT: And the short form—I understood what you just said about not publishing online; is there any reason why you could not provide it to this committee?

Mr Johnston: No, there is no reason.

Senator SIEWERT: Could you please then provide it to this committee?

Mr Johnston: We will take it on notice to provide it to the committee, yes.

Senator SIEWERT: Is it possible to get it before we rise tonight? With all due respect, if you take it on notice it means I will not get it for another three months. If you table it tonight—or between now and tonight—

Dr Baxter: Can we come back to you on that? That is something that we can have a check and we will come back on whether we can get it back to you this afternoon.

Senator SIEWERT: Fair enough. Thank you. I want to ask about some of the figures to do with the cashless debit card but not to do with Ceduna. In the figures that were used in Halls Creek around the justification for this particular trial, there was a mistake made with quoting some numbers.

Dr Baxter: Yes. That is right.

Senator SIEWERT: How did that happen and have they been publicly corrected?

Dr Baxter: You are referring to the figures that were provided by the assistant minister?

Senator SIEWERT: Yes.

Dr Baxter: I understand that they were figures that he was provided with in error. I would have to take on notice the pathway for him correcting that. I understand he has since quoted the accurate figures in other media interviews that he has given, but I just do not have it to hand, I am sorry, exactly what those are. But I can let you know.

Senator SIEWERT: If you could let me know, that would be great. Was it the department that provided the figures?

Dr Baxter: I think that is one that we will have to come back to you on—exactly where those figures came from. I understand they were part of some joint information that had been provided, and the exact genesis of the figures I will have to come back to you on, I am sorry.

Senator SIEWERT: Could you update us as to where negotiations are up to in the East Kimberley?

Dr Baxter: Negotiations are ongoing in the East Kimberley around the range of issues that we have discussed with you before. That includes matters of how the card will work and operate in the East Kimberley, issues to do with merchants, concerns and questions that people have in relation to the local community body and how that will operate and also the community service package. I am not able to give you a date of when those consultations will be concluded, but we understand that the community continues have a real interest in the trial, and those negotiations are proceeding.

Senator SIEWERT: In terms of Indue, the negotiations for the contracts you are negotiating—are they just for Ceduna? I presume the IT platform will be able to be used wherever. Is that correct?

Dr Baxter: Yes.

Senator SIEWERT: So it is the second phase of that process—the service contract. Is that just for Ceduna at the moment or anticipating other trial areas?

Dr Baxter: No. At the moment, the conversations that we are having with Ceduna go to the parameters of the trial and the legislation. I think the legislation says that we could go up to 10,000 people in two to three locations. We are in a situation with them of having discussions with them about the service footprint. Obviously we have Ceduna in scope at the moment and we know that that trial is commencing. The basis on which we are commencing is trying to have a conversation with them about what the figures might look like for other communities, including if it were a remote, regional or any other kind of community. We are progressing on the basis that we have one community locked in and that we may have other communities with these particular features.

Senator SIEWERT: And you would go back and negotiate subsequent additional funding?

Dr Baxter: That is right, and it may be that we are given a suite of options that, if the community has these sorts of features, then the costs are likely to be this and the service offer is able to look like this. If it is a more remote community, you may need to put extra services in, for example, so it might have this kind of service footprint to it and it might cost you this amount of money. We expect it to be partly clarified and partly to be given some options around community type.

Senator SIEWERT: On the community body, again, I will not traverse the issues that we traversed last time; what I am interested in knowing now is: have there been further developments there since that discussion and, if not, what is the time line for resolving those issues?

Dr Baxter: Talking only about Ceduna as it is the only place where we have an announced trial at the moment, we have people regularly in the Ceduna community, and the composition and features of the community body are of real interest to the leadership group and the broader groups that we are working with there. I understand that, at the moment, there are some very intensive discussions underway about that, how that might look and what kinds of features that might have. I cannot outline now where those discussions are going and what that might look like, but I can tell you that it is something that is being discussed at a reasonable level of detail on the community side—their interests and the things they would like to see during this phase of the consultation that we are having there. Clearly, we would have those locked in before the trial commences, if the community body is to commence in tandem with the trial, although that is not a requirement under the legislation. The trial can commence without a community body in place, but Ceduna has expressed a preference to have that up and running in time for the trial.

Senator SIEWERT: In the regulatory process, when do you anticipate the regulatory instruments to be coming?

Dr Baxter: In relation to the allocation of the community, there are a number of them. It may be that they are not all registered at the same time—

Senator SIEWERT: That is what I was presuming would happen, actually.

Dr Baxter: I cannot give you a date, but I can tell you that it is something we expect to happen sooner rather than later. We know there has been an interest from this committee and from others in receiving some information before that process happens, and some of that, as you have identified, includes things that form part of that service negotiation contract. So you want to have answers to some of those issues that you have raised about how this might look in Ceduna. We are very keen to have that registered as soon as possible, but we also want to make sure we have fulsome enough information to give the senators and people who will be looking at that instrument to ensure they are satisfied that they can appropriately consider whether the instrument should be allowed.

Mr Pratt: Before we finish on the healthy welfare card, we have a response to Senator Siewert's question this morning about the wraparound services in Ceduna and the source of funding. It did not come from the service gap money.

Senator SIEWERT: Can you tell me where it did come from?

Dr Baxter: It came from that program funding that already exists and the usual processes for allocating funding under those programs. I cannot go into the programs or the amounts because they are still subject to some discussions we are having with the potential providers, but they did not come from the service gap funding.

Senator SIEWERT: It opens up a whole new area of questioning, though, about when the decisions were made to take it from those particular areas. I will come back to it.

Senator MOORE: I have a couple of questions about gambling and also about women.

Mr Pratt: If we begin with women, then we can provide a change of evidence givers.

Senator MOORE: I will not go into a discussion in depth about the evaluation of the plan because we just do not have time, but I indicate that that will probably happen at the next estimates. Regarding the \$4 million under the Building Safe Communities for Women and their Children initiative, I want to know whether that is the money that is allocated under the minister's announcement of \$100 million, where, amidst the dot points, he said there would be measures put in place including funding for personal duress alarms and watches that enable women threatened with violence to press a button and looking at innovative responses. Is that allocation of \$4 million what is referred to in that statement? Is it separate?

Dr Baxter: I can confirm that the women's safety package is all separate money from that that has been announced previously. The Building Safe Communities for Women and their Children grant of \$4 million stands separately.

Senator MOORE: Has that just opened? It says: 'The total funding at \$4 million is available from 1 October to 30 June.'

Mr Brown: In the selection process, it was advertised nationally in late July. It closed at the end of August, I think. There has been the usual grants process within the department of assessment and those kinds of things, and an expert panel arrangement. That process is very close to finalisation as we speak.

Senator MOORE: In terms of the process, it was supposed to be from 1 October. Given that it has not started by 1 October, does that have any impact on the funding?

Mr Brown: There will not be any impact on the funding and it will be settled very quickly. The funding will commence as soon as possible, but the totality of the funding will remain the same.

Senator MOORE: Is that the same for ministerial approval, or is it before that? Where is it on the process of approval?

Dr Baxter: We have just completed the assessment process is part of our program processes here in the department. We are currently wrapping that process up and looking at taking it to the final stages.

Senator MOORE: By Christmas?

Dr Baxter: We anticipate it will be by November. We are hoping it will be announced in November.

Senator MOORE: Next week?

Dr Baxter: Early November, possibly.

Senator MOORE: I had better not keep asking or it might get later. In terms of that process, that will be announced soon?

Dr Baxter: Yes.

Senator MOORE: I want to get some information about the current status of the Office for Women's response around FGM. There was a grant provided to multicultural women to do some work around this issue and come up with a process. What is the current status with the FGM response?

Dr Baxter: Did you say you were after information from the Office for Women in PM&C?

Senator MOORE: No, I am after information from your area because you own the grant about FGM. It came up with a national education tool for FGM.

Dr Baxter: We will have to take that on notice. Sorry, we do not have the material with us.

Senator MOORE: DSS also commissioned another report, *Hearing her voice: report from the kitchen table conversations with culturally and linguistically diverse women on violence against women and their children*. Has that been made public?

Dr Baxter: Yes.

Mr Brown: Again, that is a report that we would expect to be made public during November. It is close to finalisation as we speak. As you know, there was a range of kitchen tables throughout the early part of this year and a conference. That report is close to finalisation.

Senator MOORE: November. Okay. The full intent is that it be a public report?

Mr Brown: Yes. Actually, I think I have mixed up the two reports. There was a report made public in July, which was a report on the kitchen tables. Sorry, there was subsequent work related to that. It went on the internet in July.

Senator MOORE: That is the first one. But my understanding is that—

Mr Brown: The second one will be made public in November.

Senator MOORE: Okay. I have read the first one—and, even there, there was an expectation of a second one.

Mr Brown: Absolutely.

Senator MOORE: I have many questions on gambling. If I start that now, it will take a lot of time, so I will put them on notice. Minister Morrison announced a review of online gambling. Can you confirm for me who is doing that review?

Mr Scott: I think you are referring to the review of illegal offshore wagering announced in September.

Senator MOORE: Yes, that is the one.

Mr Scott: It is being led by the former Premier of New South Wales, Barry O'Farrell.

Senator MOORE: I know Mr O'Farrell is leading it, but who is doing it? Is there a secretariat? Is the department doing it? Is it internal? What is the budget for it?

Mr Scott: Mr O'Farrell is the lead reviewer. There is a secretariat within the Department of Social Services which I am responsible for and Ms Murphy is leading. We will also be procuring some subject matter expertise to support some of the more technical aspects of the review. We also have a secondee from the Department of Communications, who have portfolio responsible for the Interactive Gambling Act. So we are obviously working very closely with the Department of Communications.

Senator MOORE: How big a team is it?

Ms Murphy: The team is currently 2.89 FTEs. We are currently bringing on other contractors but we have not yet finalised that process.

Senator MOORE: Has there been a special allocation of funding to work on this program or will the full budget be coming out later? Have you been given a figure to work to? Do you expect significant technical expertise in this area?

Mr Scott: The secretariat work will be funded internally from our existing budgets, including a gambling allocation. We also have a small administered allocation for gambling—half a million dollars—which we will be drawing on for this work.

Senator MOORE: And Mr O'Farrell's salary?

Ms Murphy: Mr O'Farrell is currently under contract for \$52,500.

Senator MOORE: And that is just for a period of time?

Ms Murphy: Yes.

Senator MOORE: Is it still the expectation to meet a reporting date of 18 December?

Ms Murphy: Sorry, can I just say that we have a cap of \$70,000 for the review for Mr O'Farrell, but the first part of the contract is \$52,500.

Senator MOORE: That \$70,000 is a cap for his position personally?

Ms Murphy: Yes, that's right.

Senator MOORE: Is it still the intent to meet a reporting date of 18 December?

Mr Scott: Yes, that's correct. It is a tight deadline but it is still what we are working towards.

Senator MOORE: This space is very vexed. I am interested in the link between DSS and the Department of Communications. Does DSS have ownership of this review?

Mr Scott: Yes.

Senator MOORE: And the Communications input is because of the legislation?

Mr Scott: Yes.

Senator MOORE: Mr Scott, you are well aware of the issues being raised in the financial counselling area about a whole range of issues in this space, and I know that they have made that public. My reading of the terms of reference indicates that they are quite tight around the technology and the illegal nature of overseas gambling. Term of reference No. 4 is about the efficacy of approaches to protect the consumer. Can you give me some idea about who the stakeholders in that space are? The rest of it is—you cannot quite say 'clear' when you are talking about the whole internet space—quite technical in how it works and the legality. But this last one touches on so many other issues.

Mr Scott: Yes. I will give you an initial response and I will get Ms Murphy to go into a little more detail. Yes, you are quite right: term of reference No. 4 is broader; it is designed to pick up a broader range of consumer protection mechanisms. Mr O'Farrell has already started discussions with the range of stakeholders. We are still

finalising a detailed consultation strategy, but at this point our intent is to engage with Financial Counselling Australia. In fact, we are looking at having them support us in bringing in a number of people affected by problem gambling.

Senator MOORE: For personal experience?

Mr Scott: Yes, to get that aspect injected into the review.

Senator MOORE: I know there was a great outcry for that engagement when it was first announced.

Mr Scott: Particularly under that aspect of the terms of reference, we would expect to be picking up a broader range of views on issues to do with illegal offshore wagering and its impact on consumers and also problem gambling more broadly. Our intent would be to make sure that the material insight we pick up from that would also feed back into our continued development of other aspects of the government's problem-gambling election commitments, including things like precommitment and self-exclusion.

ACTING CHAIR (Senator Lindgren): Senator Moore, it is just on ten past four. Do you mind if we go to Senator Siewert?

Senator MOORE: There does not seem to be a great deal of options. So that would be fine.

Senator SIEWERT: I just want to pursue something in response to the answer to that question. Mine will only take a minute or two, Senator Moore. I just want to quickly pursue that issue around where the funding is coming from and how much of the \$1 million is coming from DSS?

Dr Baxter: Sorry, Senator, I missed the start of your question.

Senator SIEWERT: I am pursuing the amount of money that is coming out of DSS as part of the overall package that is going for those wraparound services.

Dr Baxter: I am sorry, we cannot talk at the moment about the quantum of money that is DSS money versus PM&C money as we are still in negotiations with potential providers in community.

Senator SIEWERT: Okay. I am not going to get any further there. What funding source—where is the money coming from in DSS?

Dr Baxter: I am just clarifying the DSS bits for Ceduna versus the PM&C bits. There are two parts that belong to DSS funding. One of them is the financial wellbeing and capability area and that would be to fund people to provide support with budgeting advice and helping people set up specific accounts to aid their budgeting, and that would be under the financial wellbeing capability rounds. The other piece is the personal—I am struggling with the title of it, sorry—

Mr Johnston: The program is called 'A better life', and it is under funding through the mental health outcome, and it is usually under funding that is associated with the Personal Helpers and Mentors Program.

Senator SIEWERT: What do you mean by 'usually'?

Mr Johnston: So there is the mental health outcome under the program structures, and under that is one of the activities that is colloquially called PHaMs.

Senator SIEWERT: So it is PHaMs?

Mr Pratt: Senator, I am interpreting this as—the funding has come from the mainstream program funding for these programs, and it is used for those purposes, to support the trial. We cannot tell you at the moment just how much that is going to be, because of these negotiations which are under way and the interaction with the PM&C Indigenous programs. But I am pretty confident that those things are likely to be finalised in the near future—I am not sure where on the hierarchy it will be. Perhaps we can then give you that detail, once we have confirmed the arrangements with the providers.

Senator SIEWERT: It is money coming out of those programs in the next round of funding for those programs is that correct?

Mr Pratt: It is from the programs themselves, as opposed to the money that was set aside specifically for the gap funding, I assume.

Dr Baxter: Yes, that is right. It is existing program; it is not funding that exists necessarily in one of the rounds, but it is money that sits within that program bucket.

Senator SIEWERT: How is it just sitting there, not having been allocated previously?

Dr Baxter: I would need to—

Senator SIEWERT: Where did it come from?

Dr Baxter: In each of those programs there are available funding for emerging needs that have been identified, and there has been a process of looking at where those needs might be.

Mr Pratt: We do not always fully allocate everything in the bucket, because we know that during the period of the contracts other things will emerge at different times.

Dr Reddel: Other priorities will emerge across the year. So it is quite normal practice to target that at particular times for priority areas.

ACTING CHAIR: We have time for one more question. Senator Moore, would you like one more question?

Senator MOORE: Senator McLucas will be following up on the PHaMs issue.

Senator McLUCAS: Thank you for telling me that.

ACTING CHAIR: Or we could break early. It is only one minute.

Dr Baxter: Can I also let you know that we have some answers to questions we undertook to get—sorry, no, it was Senator Polley, and she is not here. We mentioned we would try to get them before the end of the session.

Senator MOORE: That would be great. I have one question to clarify and I think I have this right. I had a question about an open grant that is happening for financial counselling capability and resilience hubs in the NT. When I saw that I thought it would appropriate for tomorrow's hearing as opposed to today, because it is peculiar to Indigenous communities and I just wanted to double check that.

Dr Baxter: No, that does sit within the families groups, so Mrs Purdy will be able to talk to that round. Did you have a particular question?

Senator MOORE: I know that the financial counselling group has been talking with the department and the minister about their concerns about this grant because of the geographic size that has been determined in this grant and also because of the numbers of services that have to occur. I know these discussions are continuing; I am just double-checking that the department is aware of the concerns raised by the industry about this particular grant process.

Mrs Purdy: I am aware of those concerns. We have seen and responded to questions that came in through our email helpline as part of the grants process. We also have a financial wellbeing and capability reference group that has been helping us with this specific project over the last couple of months.

Senator MOORE: Good.

Mrs Purdy: And I have spoken to people from the financial counselling sector about those particular issues.

Senator MOORE: When does this grant round close?

Mrs Purdy: I believe it has closed.

Senator MOORE: Yes, I believe it has closed. I just wanted to double-check.

Mrs Purdy: The open funding closed on 29 September so we are currently in the assessment phase.

Senator MOORE: So the negotiations about their concerns will continue?

Mrs Purdy: That is correct.

Senator MOORE: Thank you.

ACTING CHAIR: We will take a break and resume at four thirty.

Dr Baxter: I did just have one other follow-up that we undertook to get back to you on before the end of the session—in relation to the RIS process. The RIS that has been completed to date is a cabinet document, so it would not be appropriate to provide it to the committee. But once the contract negotiations are finalised we will be in a better position to do that fuller regulatory impact and provide a final RIS then.

ACTING CHAIR: Thank you.

Senator Fierravanti-Wells: I take it we have finished families?

Senator MOORE: Yes.

ACTING CHAIR: So we are on to disability and carers next.

Proceedings suspended from 16:16 to 16:30

CHAIR: We will recommence. Before we go to questions, I understand you have some additional information, Mr Pratt.

Mr Pratt: To finish up on that last outcome, we will read the answers into the record for Senator Polley.

Ms Carapellucci: Senator Polley asked a question regarding the error on one site. I believe the reference was to the carer information that was on Family Relationships Online, which was launched in 2006 to coincide with new services being funded under the 2006 family law reforms. Relationships online provides the families of individuals with access to information about family relationship issues, ranging from building better relationships to dispute resolution. It is platform for organisations that are funded under the Families and Children Activity to promote their services to gain local and national exposure. While it was outside the general scope of relationships online, in 2011 the site became host to information on foster kinship and grandparent out-of-home carers. A substantial amount of content was housed on the site for this purpose. In practice, however, it was found that the information quickly became out of date, and reviewing and keeping the information up to date was beyond the resources that were available to the site. In order to avoid these issues of information accuracy, in mid-2014, the carers' content was removed—noting that the reference page for non-parent carers on the DSS website is more user-friendly and also updated regularly.

Senator Polley also asked about other payments and supports available to grandparent carers. I will run through these very quickly, and we can provide more information if required. There are a number of social security payments that are available to carers of a child who are not the child's parent, such as grandparents. They can access Family Tax Benefit, Child Care Benefit, the Child Care Rebate; Jobs, Education And Training Child Care Fee Assistance; Grandparent Child Care Benefit, Double Orphan Pension and the Assistance For Isolated Children Scheme. Centrelink also have a grandparent advisor network to support grandparents who care full-time for their grandchildren. Grandparent carers can speak to a grandparent advisor at Centrelink directly by calling a free-call 1800 number. Children and those in a parenting or caring role, including grandparent and kinship carers, are also supported through the children and parenting support component of the Families and Children Activity. Under this component, the Australian government funds a range of prevention and early intervention services, including peer support groups, parenting education services, web-based resources and support services, playgroups, and school-readiness programs. The government also funds a range of mental health and suicide prevention services and programs, which are available for grandparent-headed families and children to access. These include counselling and support services, online and telephone counselling, clinical mental health, and suicide prevention services.

CHAIR: Thank you very much for that update.

Senator McLUCAS: I want to go to the NDIS bilateral agreements to start with, please. When was the department first advised that the bilateral agreements had been agreed by the Prime Minister?

Mrs McDevitt: Senator, as you know, the bilateral agreements with Victoria and New South Wales were signed by the Prime Minister on 16 September this year. I do not have the exact date, but it was shortly before that, because the minister had written to the Prime Minister recommending that he propose and agree the agreements with New South Wales and Victoria:

Senator McLUCAS: Just remind me: what was the date of the leadership change? I am not trying to be smart.

Senator Fifield: And I am not trying to be in any way anything other than helpful, but I cannot bring the particular date immediately to mind.

Senator McLUCAS: But it was all around that time, wasn't it?

Senator Fifield: From memory, the signing with Victoria and New South Wales was on the Wednesday or the Thursday.

Senator McLUCAS: It was 16 September.

Senator Fifield: So two or three days later.

Senator McLUCAS: I wonder if you could find that for me, Mrs McDevitt—the date that the department was first advised that that had been agreed by the Prime Minister.

Mrs McDevitt: Certainly. I will follow that up.

Senator McLUCAS: And they were announced and signed on the 16th. That was the day of the announcement.

Mrs McDevitt: Correct.

Senator McLUCAS: Describe for me the process by which the signing was managed. Were the agreements signed by the Prime Minister ahead of the state premiers, or was it the other way round? How did that all work?

Mrs McDevitt: I was in the room—on the sidelines, I have to say—and the Prime Minister and the premiers and ministers were seated a little bit like we are here, along the table.

Senator McLUCAS: So it was all—

Mrs McDevitt: Officials had documents at the ready, and they were passed along, because they were trying to do the signing fairly quickly.

Senator McLUCAS: So they were in the room together.

Mrs McDevitt: So it was more or less simultaneously. They were in the room together.

Senator McLUCAS: That is great. I am trying to understand whether it was the previous Prime Minister who agreed to the bilateral agreements or the current Prime Minister.

Mr Pratt: It is Prime Minister Turnbull who would have signed them.

Mrs McDevitt: Yes, it was Prime Minister Turnbull.

Senator McLUCAS: It was Prime Minister Turnbull? That was quick. So that paperwork was in train and then just had to be revamped, I suppose.

Mrs McDevitt: None of the paperwork was revamped.

Senator McLUCAS: Did you have to do a search and replace on it?

Mrs McDevitt: From officials' point of view, we had been negotiating for a very long time.

Senator McLUCAS: I understand that.

Mrs McDevitt: We got to a point where, once officials were agreed with the bilateral agreements, we would then provide them to the minister. As you know, we had been working to try to do that as best we could by the end of August, but we had not got it done by the end of August. So the timing was a little bit coincidental, I think, from our point of view, because we had been concluding those agreements at the time.

Senator McLUCAS: So the letter from your minister to the Prime Minister was addressed to Prime Minister Turnbull—or did that letter have to be redrafted and resent?

Mr Pratt: Senator, we will help you as much as we can on this, but ultimately that is probably more of a question for PM&C. I do not recall, but I suspect that, if the letter had gone to Prime Minister Abbott, the new Prime Minister would have actioned it, not requiring a replacement letter. But I do not know whether that is the case or not. PM&C would have to advise.

Senator McLUCAS: What issues are not included in the bilateral agreements? I am thinking of things like housing. What issues were being discussed but then did not end up in the bilateral agreements? I am particularly interested in housing.

Mrs McDevitt: For the Victorian and New South Wales agreements, if you have had a chance to look at the agreements, there are quite a few schedules to the upfront part of the agreement. In the course of negotiations we did manage to have agreements on almost everything. You may notice that the Victorian bilateral agreement has a completed workforce schedule, whereas in New South Wales it was agreed that we would have that schedule completed by December this year. That is one difference.

Both of the agreements do have a schedule on housing. It is only a couple of pages long, but it broadly sets out what we have agreed in terms of the sorts of things the NDIS would support, for specialist disability accommodation, and some of the guiding principles—noting that the detailed policy work is still happening and that there is a commitment to progress that work in coming months.

Senator McLUCAS: In terms of specialist housing for people with disability, what is the negotiating start point from the Commonwealth's position?

Mrs McDevitt: That the NDIS, through provision in participants' packages, would be able to contribute towards the cost of specialist disability accommodation for those participants, and that, as per the Productivity Commission estimates, those people with very high needs do, more or less, require an integrated accommodation-and-care support package. That has been the starting point. Where the negotiations and policy work have gone is to look at how that might apply. The questions that officials have been looking at include working out who would be eligible in terms of the participants, recognising that there is existing accommodation that would need to be supported, but there is capacity, obviously, to try and increase supply of specialist disability accommodation. They have been also looking at questions like: what is a reasonable contribution to expect from residents? They are the policy issues. If I can point you to schedule J in both the New South Wales and Victorian agreements, they go through some of that at a broad level, saying, 'These are the broad parameters, and ministers need to sign off on the detailed policy guidance that would then guide the NDIA, the agency, in terms of working with participants, figuring out how to access package funding towards accommodation and, most importantly, a pricing framework around that.'

Senator McLUCAS: Is there a capital component that will be provided through a package? When you say 'a contribution', I am trying to understand what a contribution is.

Mrs McDevitt: That is correct. I might just go to what is publicly available, because it is schedule J in these agreements that talks about: that the NDIS will support specialist disability housing; that, as to the funding principles, there will be a mix of funding streams; that it will be based on the efficient life-cycle cost of accommodation; that it has provided for both existing and new supply. It goes on to then talk about, as an example, the types of formula that might be used to determine what that capital component is.

Senator McLUCAS: In those bilateral agreements, have we identified the number of people who might require that sort of support?

Mrs McDevitt: Not at this point in time. We are still working on the calculations that the Productivity Commission did. The work ahead, as well as agreeing on the policy framework to set prices, would be determining eligibility for both participants and types of accommodation. So the broad estimates are still based on the productivity estimates. As to the user cost of capital component: the Productivity Commission estimated around 6.8 per cent of total scheme participants, which was around 27,880 participants.

Senator McLUCAS: Who would require capital—

Mrs McDevitt: Yes. We use the term 'specialist disability accommodation' because we are talking about participants who, as part of their NDIS packages, would receive funding to contribute towards their specialist disability accommodation costs.

Senator McLUCAS: My recollection is that there was an amount of money, Mr Bowen might recall, that was identified for housing but then that money has moved back into the department. Can you remind me about that?

Mr Bowen: The funds that Mrs McDevitt is referring to are part of scheme package costs and they have a characteristic of attaching to a person who would qualify for the specialist disability housing, but the funding does not need to be individualised in the sense that it can become capital and can be used to procure a supply of housing for that cohort of people.

Senator McLUCAS: Is the principal of separating tenancy and provision of support being continued with? I am looking at both the department and the agency now.

Mrs McDevitt: It is obviously one of the issues we looked at, because in terms of deciding who requires this kind of support and how much that capital cost should entail—and certainly discussions have gone to whether we need to separately identify what the capital cost is as opposed to the support costs. In the same way when we talk about what is a reasonable resident contribution, in a lot of cases now residents might pay one amount that covers board and accommodation, but for the purposes of how the agency will set prices and determine resident contributions et cetera I think at an officials level we have looked at the fact that you need to be to calculate the capital component and then the support costs.

Senator McLUCAS: I suppose I am going more to the provider of the two types of services—are you requiring those two providers to be different?

Mr Bowen: From the agency's point of view, we would see them as two separate contracts but it could be a single provider.

Mrs McDevitt: It could be the same provider.

Senator McLUCAS: What is the expected time frame to finalise the outstanding bilateral agreements? We would probably do them state-by-state if that is okay.

Mrs McDevitt: Sure. I will start with the ones that we have got: the ACT, as you know, is both trial and transition—so they will be at full scheme—New South Wales and Victoria are now signed up, and we do not have an agreement with Western Australia to move to full scheme so we do not have a time frame there. As far as the other jurisdictions go—Tasmania, South Australia, Queensland and Northern Territory—we have been in negotiations for a very long time with all of those jurisdictions and we are aiming to continue to work with them. Obviously the time frame was not set as a fixed time frame, but the COAG did ask that we endeavour to have them done by the end of August. That time frame has passed but we are continuing to work on a very regular basis with those states. You might be aware that the Tasmanian government, and I think it was in the heads of agreement, had wanted to have an agreement in place by the end of September but there have been delays in negotiating what are viable, affordable and doable transition agreements. Often when we get to the final stages of negotiations we have to do a lot of modelling around various options. As you would be aware, with all the jurisdictions who have signed up to full scheme in the heads of agreement they said that they wanted to reach full

scheme within either two or three years. So in Tasmania, they are looking at a three-year transition period and in South Australia a two-year transition period.

Senator McLUCAS: Is Tasmania three years and South Australia two?

Mrs McDevitt: Yes.

Senator McLUCAS: Queensland?

Mrs McDevitt: Three.

Senator McLUCAS: Northern Territory?

Mrs McDevitt: NT was three years. We are aiming in the coming months to settle things with Tasmania and with South Australia. We are negotiating with Queensland. The focus of the Northern Territory, as they raised at COAG in April this year, has been on looking at a potential second trial site. They have said to us that they were very keen to look at a second trial site to much better understand how NDIS could be delivered in remote locations. I do have to say with the Northern Territory that has been a focus and it has been slow moving from a Northern Territory point of view. With Queensland, Tasmania and South Australia it has been very active engagement. Be aware that the government recently announced jointly with the Queensland Premier an early transition site in Queensland, noting that Queensland was the only jurisdiction which had not undertaken a trial. So I think they were very keen to get some early experience.

Senator McLUCAS: I am very pleased about that. I take it from what you have said that negotiations with the Northern Territory are not progressing as quickly as you would like and the likelihood of getting something signed this year is low?

Mr Pratt: We would not want to pre-empt the negotiations but I think the first part of your assessment is correct. We would like to do it quicker.

Senator McLUCAS: I think you are telling me that you are hopeful Tasmania will be signed by the end of September.

Mrs McDevitt: No.

Ms Winkler: No, we are in October.

Senator McLUCAS: Sorry, it is October.

Mrs McDevitt: It is towards the end of October now. We are hoping with Tasmania, South Australia and Queensland that we can finalise agreements this year.

Senator McLUCAS: Is there a date after which it will mean there will be delays?

Mrs McDevitt: There is not a fixed date, but certainly in the negotiations we engage the agencies involved and we certainly talk to the agencies. There certainly will come a time and it does depend on the nature of the transition and the phasing, whether it is a slow ramp up or a quick ramp up and what sorts of clients are negotiating.

Senator McLUCAS: But there has to be a time when we sign a bilateral agreement and, if the full scheme is starting to roll out from 1 July next year, there will be a date when, if we are not signed, we will have to think of another way to solve this problem. I am sure there is a date in your mind.

Mrs McDevitt: There may well be pressures, if we do not have agreements signed, for the agency as well as the state to be ready to commence and a significant implementation from July becomes more challenging. That is something we are monitoring as we go. The point I was trying to make is that it really depends upon the final transition approach that we negotiate. In some cases it might be a slow, small ramp up; in other cases it might be quite significant. In many cases, states are in a situation where, to meet their contributions for the NDIS they are very keen to have their existing state specialist disability clients come in because that is freeing up their funding to go to the NDIA. Obviously we try to accommodate both a balance of existing state clients, Commonwealth clients and new people into the scheme and that is why the negotiations are quite intense and detailed in that regard. But you are right, there will be a point, if we have not been able to conclude agreements, but that is not a fixed point in time. They are things that we talk to the agency about in terms of their ability to commence on a certain date.

Senator McLUCAS: Mr Bowen, I do not want to put you on the spot but do you have a date in your mind when, if you do not have an agreement which shows the way forward, it makes it extremely difficult, that you would not be able to start by 1 July next year.

Mr Bowen: We have some minimum time frames for employment of staff, setting up offices and sourcing other services and supports. Picking up Mrs McDevitt's point, that very much depends upon which jurisdiction it

is and what sort of scale it is. For instance, in South Australia and in Tasmania, where we have state wide trials and we already have some infrastructure in place, we have staff in place, it is much easier for us to rent there than compared, say, to Queensland where we would need all of that potentially to move to a new location. If, however, the proposition was to start first with some local coordination, that is something we could put on the ground much quicker and get that running while we build up agency capability. It is a combination of how much is happening, where it is happening, how much exists in infrastructure which we can leverage.

Senator McLUCAS: Has any state or territory official provided advice to the department on when it will no longer be possible to meet the agreed timetable for full rollout?

Mrs McDevitt: No.

Senator McLUCAS: Is it still the department's advice that all agreements will be signed in time for them to meet the timetable?

Mr Pratt: Our position is that we are working as hard as we can to do that. But it does take two to tango and so we have to have a partner to sign up with. So it is impossible for us to commit in that way.

Senator McLUCAS: I would like to talk about South Australia and the question about who should pay for the increased numbers of participants in the South Australian launch site. Where are the negotiations there up to?

Mrs McDevitt: We are in very constructive negotiations with South Australia at the moment. We are trying to work through a range of options that will enable South Australia to move from transition to full scheme. The nature of those negotiations is confidential at the moment.

Senator McLUCAS: Where is the evaluation up to for Western Australia?

Mrs McDevitt: The comparative evaluation of the trial sites in Western Australia is certainly well underway. The interim report is due in December—so that is where that is up to. It has been delayed I think by a month or two, compared to the initial time frame, but the first report is due in December.

Senator McLUCAS: What steps happen after that?

Mrs McDevitt: The final report is due in August 2016—next year. It will continue.

Senator SIEWERT: I will continue on this particular issue in WA. There was some concern in WA that there may be a move to sign up to a My Way version before the finalisation of the evaluation process. Has that process been considered, and can we knock that one on the head?

Mr Pratt: There has been no government decision to do anything along those lines.

Senator SIEWERT: So you can assure the people of Western Australia that in fact there will not be a decision made until the final evaluation of the two is undertaken?

Mr Pratt: I cannot pre-empt future government decisions but, certainly, at this stage there has been no decision.

Senator SIEWERT: There is no intent at the moment?

Mr Pratt: That is right.

Senator SIEWERT: Thank you. I want to go to an issue which we have been pursuing that came up through our inquiry into violence and abuse against people with disabilities, and that is the use of restraints—chemical or physical restraints. It has prompted me to want to ask about following up on the framework a little more. This is the National Framework for Reducing and Eliminating the Use of Restrictive Practices in the Disability Service Sector. I am just wondering where we are up to with the implementation of that framework? I also have questions for the NDIA about it—so, for the department and the NDIA.

Mr Christian: We are just looking for the brief on that—it will just take a second. Sorry, Senator, could you repeat the question for me?

Senator SIEWERT: I would like to know where we are up to with implementation of the framework, particularly the interaction with various jurisdictions. I understand that all jurisdictions in the NDIA, depending what it is funding, are being encouraged to implement a data-monitoring plan and to integrate with existing service delivery and management systems. Basically, I want to know where we are up to from the framework point of view.

Mr Christian: In my answer I will not cover the background, but I will say that this is a piece of work that now transitions into the work that is being done on the NDIS quality and safeguards work.

Senator SIEWERT: I was going to ask about that. It goes into ILC. No, sorry—I will come to the quality and safeguards for ILC in a second. I beg your pardon.

Mr Christian: It is being picked up in the work that is being done and in the quite extensive consultation that is taking place around the quality and safeguards work for the NDIS and the agency.

Senator SIEWERT: When you say, 'It is being picked up', does that mean that it will cease to exist as a national framework, or will it just come under the auspices of that process?

Mr Christian: It is my understanding that a decision is yet to be made on that. But the development of the national reporting model for the framework as it relates to disability services operating under the national disability agreement will, of course, merge into what becomes NDIS—the full scheme. So it will be part of the NDIS safeguards work.

Mr Bowen: If I could add from the agency's point of view: we are very strongly of the opinion that there is no place for restraint, segregation or isolation of people with disability to deal with behavioural impairments, and that part of the approach of the NDIS in engaging with providers is to look at new ways of providing support to people. With the trials now well over two years underway we have already demonstrated some ability to do that. I thought it might be useful for you to hear from Ms Cairns about some success we have had with a particular program in Barwon to that effect.

Ms Cairns: The Barwon pilot or project that Mr Bowen referred to is working with a small but significantly impacted group of participants largely around behaviours of concern. Traditionally the response has been to have a lot of supervision and confined or contained living arrangements. As Mr Bowen indicated, that is not a model that the agency wants to take forward into the future. The Barwon site have used their own internal expertise but also engaged with the market. Pleasingly, we have seen some new entrants come in to work with the trial site and participants in this cohort, focusing on delivery of contemporary best practice around building capability with the staff of the providers and the informal networks.

We have seen some very positive outcomes. We had one young man who previously was living in a very isolated environment, albeit in the community, with a lot of staff support. He is now in employment. We have reduced the funded support package for another young woman by \$175,000, and she is living in a much better outcome. It is really about the insurance principles of the scheme, but also engaging heavily with what is contemporary best practice.

Senator SIEWERT: Will what you are doing in Barwon underpin the new quality and safeguards approach?

Ms Cairns: Yes.

Senator SIEWERT: You are transitioning to the safeguards process. Who is undertaking the discussion now with the various jurisdictions? Does it revert to the agency?

Mrs McDevitt: The NDIS part of DSS is responsible for progressing work on a new national quality and safeguards framework for the NDIS. We were involved this year jointly with the states in a broad consultation process on that. We have had no decisions of government yet, but that consultation process has been completed. We are looking to report on that, and the report on the consultations will be provided to ministers at their forthcoming meeting. During transition, the states and territories and the Commonwealth will continue with their existing quality and safeguards systems until we have a new system to replace that.

Senator SIEWERT: So they continue with their existing systems?

Mrs McDevitt: That is correct.

Senator SIEWERT: When you have a process to replace that, will that be regardless of where the process of rollout is up to, or whether there has been an agreement signed?

Mrs McDevitt: If I can point you again to the New South Wales and Victorian agreements: you will see there is a schedule in both of those agreements on quality and safeguards, which confirm the agreement that jurisdictions will continue with their existing systems. That is spelt out and will be further detailed in the operational plans. Those bilateral agreements refer to that schedule being reviewed by June, next year, so that we are working towards, as officials, having advice for government so they might take decisions on this, early, in 2016. Plus, in those bilateral agreements, we would review that schedule by the end of June 2016, so it would be updated as necessary.

Any new system would take some time to implement, depending on what decisions are made. We are aiming towards having an agreed framework and having governments agree on roles and responsibilities by the middle of next year. Then, we need to work towards implementing those government decisions.

Senator SIEWERT: I may have misled you, in terms of agreeing to continue their existing systems.

Mrs McDevitt: Existing arrangements are replacing jurisdictions, both for states and territories, and the Commonwealth will continue, during transition, until the point a new system is in place to replace it. There is not

a set deadline. We do not know how long it will take, but the aim is to have the new system in place for the full scheme. We will look at that. The Commonwealth and states and territories will review that but the agreement, at the moment, with New South Wales and Victoria—and it will be the same agreement that we will be seeking from all other jurisdictions—is that we all remain responsible for our current arrangements and our legislative frameworks, the things we have in place, until we have something to replace that.

Senator SIEWERT: Different states have different approaches. We were in Queensland, the other day. They have a process where they get permission—I do not have my book with me for the term, but Senator McLucas will know and so will Senator Moore, the term they use for the restrictive practice, to enable the restrictive practice to be used. It has gone completely from my head. There is a process where you can apply to use a restraint. You have to put the justification in, but it enables for behaviours of concern. That is inconsistent with the approach we have just been talking about, for NDIS, for the agency, where there is a much lower—restraints are not accepted; restrictive practices are not accepted. How is that going to be worked through?

Mrs McDevitt: As a broad comment, I think you are right. Across a whole lot of the existing safeguards there are a whole lot of different arrangements, depending on what state or territory you are in. Thus, implementing a nationally consistent framework for a national scheme, which is the NDIS, will require a lot of work and negotiation between governments. All of these things are in the mix. Certainly, the consultations have given good advice, for governments, in terms of what stakeholders are looking for, in terms of a nationally consistent arrangement to underpin the NDIS. But it will be some years before we have a new system.

Ms Skordis: The situation you referred to, in Queensland, Victoria have a similar system. They have had it established longer than Queensland, where use of restrictive practice must be registered. There is a state database and it is managed internally. There are state senior clinicians who work with that. The agency works with those senior clinicians, where it is appropriate. In instances, such as Ms Cairns referred to, where we can put in place alternatives, we will always endeavour to do that and, as part of our negotiations with states and territories, identify the key clinicians or office of senior practitioner within each state that we should be working with, where there is a need for agreement around how things are applied and under what circumstances. We have that, as part of our negotiations, identified the key people, and we have established those liaisons.

Senator SIEWERT: That has ended my questioning specifically on that issue. I understand the ATO and the issues particularly around people self-managing are on your agenda to look at. Has this issue been raised with you about concerns for people that are self-managing funds and their interaction and declarations to the ATO?

Mr Bowen: I might have to take this on notice. I am working on memory, which is always a bad thing, but I have a recollection that this came up quite early in the piece and that a payment into someone's account to self-manage their NDIS is exempted by a ruling as being income for taxation purposes. It is also exempted as being income for the purpose of any income support benefits, but I am not sure at this stage of those rulings.

Mr Fintan: I am not aware of anything having been looked at. Yes, there is a specific provision that has been included in the legislation to mean that NDIS amounts cannot be used effectively to settle a debt, but other than that I am not aware of any.

Senator SIEWERT: So no-one has raised these issues with you?

Mr Bowen: I will take it on notice. It was definitely raised at the design stage of the scheme, and I am reasonably confident that we had a solution to that particular problem. But it has not been raised recently with the agency at all.

Senator SIEWERT: I have a series of concerns that have been raised with me by a provider. In light of time, I will put them in on notice so that we can actually get them answered, instead of having to make you dredge up your memory. I am not being rude there, sorry. I realise there is a lot on. I will put these on notice because I have some specific questions, and if they can be easily resolved that would be fantastic.

Senator McLUCAS: We will have a conversation, and then we will work out what questions I can put on notice. I have been through the annual report. I am trying to ascertain the number of people who are accessing Commonwealth funded community based mental health services by the name of the program. You have in a number of places in the report—and it is a bit hard to follow—the number of people whose lives are affected by mental illness accessing support services, but what I am trying to do is disaggregate the number of people who are, say, using PHaMs from those who are using different programs. There is drought relief—I want to take that group out so that I can identify the number of people who would be in scope for the NDIS but not necessarily in tier 3.

Mr Christian: We can provide the breakdown. We will have to have some qualifications—

Senator McLUCAS: What are the programs we are talking about? It is PHaMs, of course—

Mr Christian: Community mental health, Family Mental Health Support Services, enhanced social and community support measures under the drought assistance program, individual placement and support trials, PHaMs, and Mental Health Respite: Carer Support services. We can provide a breakdown. We will give you advanced warning that some qualifications on the data will be needed, because some individuals will be using more than one service type.

Senator McLUCAS: And if someone who needs a PHaMs program is also in a drought you cannot disaggregate that. I understand that. That is fine. Can you break that down also by state, please?

Mr Christian: I believe we will be able to.

Senator McLUCAS: And by electorate as well?

Mr Pratt: We will have a look at that, but we have taken a few questions today about whether or not we can do it by electorate, and it will depend on the answer to that. There is some pessimism about our capacity to go down that far.

Mr Christian: One of the reasons for that is that a service outlet might not be in a particular electorate that a service participant is accessing, as an example.

Senator McLUCAS: Until what date has PHaMs been funded?

Mr Christian: Current PHaMs services are funded through to 30 June 2016.

Senator McLUCAS: In my very short period of time, I want to talk about BSWAT, please. Can the department provide us an update as to where things are at in the negotiation of a new assessment tool?

Mr Christian: Would you be specifically referring to the proceedings in the Fair Work Commission?

Senator McLUCAS: I understand that the department was working to design a new wage assessment tool. There is stuff happening in the Fair Work Commission, but what else is happening around designing a new tool for use by ADEs?

Mr Pearson: We are participating in the Fair Work Commission conciliation conference. There are parties there who are parties to the award—although that is not the language these days. Unions are represented. Employees are also represented, as well as National Disability Services, which represents Australian disability enterprises. There are also advocates there who are interested parties. The Commonwealth is there as an interested party as well. But we are active in our participation in supporting the development of the new tool. It is being driven, though, very clearly, by the conciliation group.

There has been a subcommittee, if you like. It is a working party that represents the various stakeholders. That has met a number of times, and, yes, we have trialled some modifications to the Supported Wage System. The modifications that we have trialled go to the use of historical data. SWS is a snapshot; it is when an assessor is in a workplace and essentially assesses somebody's productivity against a benchmark. We have been looking at how you might be able to draw in data that has been captured in the period leading up. Some people are of the view that productivity judged in a snapshot is not as accurate as somebody's ongoing performance. So we have had a process, and we have come to a conclusion in that process. I should not go into too much detail, because there is some confidentiality about that, but we did meet last week on the 15th and we—that working party—reported back to the fuller group.

It was a very productive day in the Fair Work Commission. The parties issued a statement—or Deputy President Booth issued a statement on behalf of the parties—and there were some principles espoused in that. It is available publicly. I can table it, should you choose. What we have agreed is that we will continue to develop options, including modelling, to endeavour to meet the principles that are set forth. So we are very actively involved. We are supporting it. We have some funding that has been allocated to the development of a new tool, but the Fair Work Commission is the forum in which we are doing that.

Senator McLUCAS: Do you have a date for finalisation, or will it be as soon as you can?

Mr Pearson: As soon as we can. I would expect that it would be well into next year.

Senator McLUCAS: Is it true that there is currently no exemption from the DDA for those ADEs that are still using the BSWAT tool?

Mr Pearson: Yes, but it is a slightly complicated answer.

Mr Pratt: It is yes and no, in fact.

Senator McLUCAS: Great!

Mr Pearson: Yes, but we are in the process of pursuing an exemption. The department applied on behalf of ADEs and the department for a 12-month exemption. That was granted—

Senator McLUCAS: That is the original one?

Mr Pearson: The original exemption. It expired on 29 April. In advance of that, the department applied to the Human Rights Commission for a further 12 months. Originally, the department's application was for a three-year exemption; we were granted a one-year exemption. The transition data off BSWAT indicated that, in fact, we would need a longer period. We collect our data quarterly and report it to the Human Rights Commission, as we are required to under the exemption, and that indicated that we would need a further period for employers to transition staff off the BSWAT wage tool. So we applied for an exemption and an interim exemption. The exemption was for a 12-month period from the end of April. We also applied for an interim exemption until the point at which the Human Rights Commission could make a ruling on our primary exemption.

Subsequently, there was an appeal lodged in the Administrative Appeals Tribunal in relation to the interim exemption, and it was remitted to the Human Rights Commission to remake that decision. They are in a consultation period at the moment; consultation closes on 5 November. Following that, we expect the Human Rights Commission to make the decision. So it is a 'yes' and a 'no'. At the moment, we are not, but we expect the interim exemption will be remade by the Human Rights Commission in November. It would, we expect, cover the period from the expiration of the first exemption.

Senator McLUCAS: Are you saying it is retrospective?

Mr Pearson: It would not be retrospectively applied. It would be remade on that date.

Senator McLUCAS: I understand.

Senator MOORE: Chair, in the limited time I have, I want to ask a question about the progress of the carer support national gateway project.

Mr Pratt: Sorry, I think we have one last bit of complication to toss into the pot.

Senator MOORE: I will put all my questions on carers on notice, Chair. It is too hard to start now because it is a complex area with the ADEs, so you just finish it off.

Mr Pearson: The secretary has reminded me that, as well as the Human Rights Commission, the Fair Work Commission process is dealing with the same matters but from a slightly different perspective. The parties in the Fair Work Commission agreed by consent to remove BSWAT from the award. So BSWAT, as an approved wage tool for a supported employees wage, will be removed from the end of October. ADEs have the ability to continue to pay until the end of February, if they are approved by the Fair Work Commission. We have amended our application in the Human Rights Commission so that, rather than a 12-month exemption, it will be an exemption from April just past through to the end of February next year.

Senator McLUCAS: Mr Bowen, I ask about hearing services and the NDIS. How is it being rolled out in our launch sites?

Mr Bowen: I might look to the department for assistance on this. Hearing services are in-kind support during the trial. The issue going forward is to set up an access determination that ensures continued access for those children and young people who get access through Australian Hearing but not set it by reference to an age limit, which it currently is, and also not use the current decibel level indicator because, quite frankly, that would open the NDIS up to people like me who have some hearing loss associated with ageing and really should not benefit from this scheme. We believe that there is a solution that would provide support to children and young people in education and in transition to employment who need hearing services, and that would mesh the NDIS nicely with the existing service provision.

Mr Christian: From DSS's perspective—working with the agency, the Department of Health, and hearing services Australia—we are actively engaged because we are managing a lot of programs transitioning into the NDIS, but any detailed questions on hearing services should be addressed the Department of Health.

Senator McLUCAS: Health or Australian Hearing, or both?

Mr Christian: Both.

Mr Pearson: The Department of Health own the policy. Australian Hearing are, effectively, a service provider.

Senator McLUCAS: How much of the Sector Development Fund has now been expended?

Mrs McDevitt: The total value of the Sector Development Fund is around \$145.8 million. For the current financial year, 2015-16, we have a balance of about \$11 million. In terms of what has been spent to date, as at the end of August there were 26 projects that were completed. That was a value of \$8.8 million, and 13 projects are currently underway to a value of \$44.5 million. The balance of the funds remains.

Senator McLUCAS: It might be helpful, Ms McDevitt, if you can provide on notice a list of all projects that have been funded—the quantum of funding and what their purpose was.

Mrs McDevitt: Yes, certainly. I have that here but I will not read it out now.

Senator McLUCAS: Is there any underspend in that fund?

Mr Pratt: Against the \$145 million, basically, the balance of funds is about \$74 million. So we are pretty much on track.

Senator McLUCAS: Is that \$74 million in this current—

Mr Pratt: No, overall with the Sector Development Fund.

Senator McLUCAS: What was the role of the NDIA in decisions about allocating those funds? How did that happen between the agency and the department?

Mr Pratt: It was in the most recent budget, was it?

Mrs McDevitt: The fund has moved from the agency to the department.

Senator McLUCAS: Yes, but I am now trying to work out how you consult and take advice from the agency about what projects are funded.

Mrs McDevitt: A number of the contracts that the agency had were novated to the department, and the agency itself is a project manager for some projects and may well do that in the future as well. So they are now the responsibility of the department, as we are now contract manager for the projects.

Mr Pratt: At a general level, of course, we consult extensively with the agency on things where we have a shared interests, and this is clearly such an area.

Mrs McDevitt: Senator, you may be aware that the Disability Reform Council has agreed on an Integrated Market, Sector and Workforce Strategy, which has now been published. Working with our colleagues in states and territories, we would expect that a lot of the Sector Development Fund would be used to support implementation of that strategy. We consult with states and territories and the agency in the development of all of those strategies and priorities et cetera, so that we have both a jurisdictional and a national perspective on where the needs are and who is doing what, so that we can target those funds accordingly.

Senator McLUCAS: Could I also get on notice complete specific expenditure for 2014-15 for disability service improvement and sector support moneys, please. What is the process that is used to allocate those funds?

Mrs McDevitt: Sorry, which funds?

Senator McLUCAS: Disability service improvement and sector support.

Mrs McDevitt: I am not sure—is that a separate fund?

Senator McLUCAS: It is a subset, I think, of the Sector Development Fund. But maybe my brief has a different descriptor of it. I will leave that, Ms McDevitt, if it is not clear.

Mrs McDevitt: How about I take that one on notice?

Senator McLUCAS: Mrs McDevitt, don't worry. I will find out what we are talking about and then ask the question again.

Mr Pratt: We are having an internal dispute as to whether we have \$74 million left in the Sector Development Fund or \$86 million, but either way we are around the halfway mark.

Senator McLUCAS: You could provide that once you have resolved the dispute.

Mr Pratt: Yes, we will confirm that.

CHAIR: That can perhaps be clarified later in the hearing. We have come to the conclusion of this outcome.
[17:31]

CHAIR: We will now move on to outcome 4—housing.

Senator McLUCAS: Can I first of all thank the department for the answers to questions on notice, which were all on time. Thank you very much. I will first go to the National Partnership Agreement on Homelessness. Have all the project plans now been provided to the Commonwealth for each of the states and territories?

Mr Scott: We have now received, and the minister has approved, project plans for all jurisdictions bar Queensland. But we have received the formal request from Queensland to approve the project plan. We would expect that that will be done in the course of the next week or so.

Senator McLUCAS: That is the strategic overview and part 2?

Mr Scott: Yes. We have received part 1 and part 2 for all jurisdictions now and we are just finalising Queensland's part 1 and part 2.

Senator McLUCAS: So they are not done in a staged way? It is almost done altogether.

Mr Scott: When we put in place the new two-year agreement, we set it up so that they could be done in a staged way, particularly for those jurisdictions who wish to go through a more fundamental change in terms of their service mix and footprint. But most of the jurisdictions, I think, have done them concurrently. They have done stage 1 and stage 2 together.

Senator McLUCAS: I have a table, which I think is from former Minister Morrison's press release of 6 July. It has the estimated amount that the NPAH would allocate to each state and territory. Can you provide me a table with the current actual amount?

Mr Scott: Yes, we can do that on notice.

Senator McLUCAS: You can provide that?

Mr Scott: I can run through them now, but—

Senator McLUCAS: You could probably find them, but on notice would be more efficient.

Mr Scott: Yes.

Senator McLUCAS: Thank you. We talked at the last estimates about the changed focus of the National Partnership Agreement on Homelessness, where the then Minister Morrison said he wanted to target domestic violence and youth homelessness. Even though I have read the *Hansard* a couple more times, I am still finding it a little hard to work out what has actually changed. It goes to part 1 and part 2, I think—sort of.

Mr Scott: Sorry, I am just conscious that I am probably about to give you a similar explanation to that in *Hansard* which did not work for you. In terms of part 1 and part 2—and I will get Mr Thomas to come in and clarify if I am not as spot-on as I should be—part 1 was, in essence, a strategic overview primarily to give jurisdictions the ability to identify the broad areas in which the funding would be targeted. Part 2 of the project plan was then to get down into the individual service provider area and nature of the services to be provided. That did not really go to the domestic violence and youth homelessness prioritisation. That was just a mechanism to give the states the capacity to give us the broad overview up-front and then, subsequently, if they were doing procurement processes and what have you, to then lodge the more detailed project plan in a couple months time. So those were due, I think, on 1 September.

Mr Thomas: It was the 1st—part 1 and part 2.

Mr Scott: In terms of prioritisation, the Commonwealth, in offering the funds for the 2015-17 NPAH, had identified that homelessness arising from domestic and family violence and youth homelessness were two priority areas. We identified that at least 50 per cent of Commonwealth funds should be directed towards those priorities. On the basis that you assume each jurisdiction matched, dollar for dollar, the Commonwealth's offer—which was also a requirement of the NPAH in order to meet the prioritisation obligation of 25 per cent of the total funding of that jurisdiction—the Commonwealth funds plus the state's funds were then channelled to those priority area services.

Senator McLUCAS: In terms of what happened in changing the services being delivered in every state and territory in the country, what changed?

Mr Scott: I can confirm for you—and this is based on the yet-to-be-signed-off Queensland project plan, but it does incorporate the information that Queensland has given us in their project plan—just over 50 per cent of total NPAH funding is going to fund services that are delivering homelessness services either to domestic and family violence or youth homelessness.

Senator McLUCAS: Let me ask the question a different way: did that changed priority from Minister Morrison result in any services being closed? Did it result in any new services that had to be established because of the 50 per cent rule?

Mr Scott: It is important to note here that states and territories have the obligation and responsibility for determining what service are funded and where they are funded.

Senator McLUCAS: But Mr Morrison did put a condition on this money—and was pretty bolshie about it, shall I say.

Mr Scott: I agree that he did put the condition on the funding. We have not been advised of services that have been defunded. Nor have we received any correspondence about any such event. I will get Mr Thomas to discuss whether we have actually identified whether they have been provided information about the new services that

have been established arising from the prioritisation. One of the interesting things that it is useful for you to know about trying to make the comparisons between the current NPAH and the previous NPAH is: we have identified that for a number of activities previously captured under the NPAH at least some jurisdictions have moved some of those services outside the NPAH framework. We are aware that some homelessness services in New South Wales are continuing to be funded and operated through New South Wales government funding, but they have not included it in NPAH.

Senator McLUCAS: Why would they do that?

Mr Scott: That was a decision that they took.

Senator McLUCAS: It is not resultant on the condition that Minister Morrison made on that payment?

Mr Scott: No, not that it was reported to us. I just flagged that because it does go to doing some of the comparisons. There was also some funding that some jurisdictions have allocated to homelessness arising from domestic violence that has not been included in the NPAH. For instance, Tasmania have done the domestic violence package down there and there was a few million dollars allocated to accommodation-related measures, but they also chose not to report it under NPAH, which is their right. I just thought it would be useful for you to know that. As we have gone through the process of the project plans with each jurisdiction we have talked with them about the changes in the composition and what is going on, so we have been apprised of that sort of information.

Mr Thomas: The only thing that I would add to that is that both part 1 and part 2 of the project plans will be published on the Council on Federal Financial Relations website.

Senator McLUCAS: They are not there yet, though?

Mr Thomas: No, we are still waiting on the Queensland one to be finalised.

Senator McLUCAS: And you will do it all in one hit?

Mr Thomas: Yes, we will do it all together. Something that was also introduced as part of this agreement was some enhanced reporting arrangements, so we are better placed to be able to identify those services that are providing services against particularly the priority outputs—domestic violence and homeless youth. That has also enabled us to better quantify the amount of funding that is being directed towards those services.

Senator McLUCAS: So the documents that you publish will include the names of funded organisations?

Mr Thomas: Yes.

Senator McLUCAS: That is a first—is that right?

Mr Thomas: No, the current project plans are on the website, and they include the names of the services. What is not included is the amount of funding, of course.

Senator McLUCAS: That is fair enough. Moving on, can I please get an update on the role of the department in the Reform of the Federation White Paper, including time lines of what you know is happening?

Mr Scott: Absolutely. You would be aware that the Reform of the Federation Taskforce is run out of the Department of the Prime Minister and Cabinet, so our area in particular is working with the Department of the Prime Minister and Cabinet on the housing assistance and homelessness element of reform of the Federation. The COAG leaders retreat had a first discussion of the reform of the Federation issues in July. Coming out of that, New South Wales and Queensland were charged with further developing a paper for COAG to go into more detail on one specific option, which was to work around reducing duplication between Commonwealth and state housing agreements and rent assistance. We have been working with the Department of the Prime Minister and Cabinet and Queensland and New South Wales on the development and progress of that paper. It is due for further discussion at the next COAG meeting which I do not think has been confirmed, but I understand will be in late November-early December. That will feed into green paper considerations, but we have not got any more clarity on the potential timing of the green paper. You would also be aware that a draft of the green paper was released; I believe that was also in July.

Mr Scott: That was a discussion paper; it was in June.

Senator McLUCAS: That is probably as much as you can tell me. Going to NRAS, the flood of complaints to my office has stopped. We are now just having a trickle. Can you give me an update on the auditing process, for want of a better word, that you went through, and how far you are up to? Is that all complete?

Mr Scott: Sorry, the auditing process? Are you talking about the payment—

Senator McLUCAS: When you went back and looked at all of the incentives and checked for compliance. Is that complete now?

Mr Scott: We are virtually complete for the 2013-14 payment process. The NRAS year is different the financial year, which throws me out a little bit.

Senator McLUCAS: I find that, too.

Mr Scott: I think we have about 30 statements of compliance that are still yet to reach compliance, and we are continuing to work with the approved participant. But that is 30 out of more than 21,500. So 21,500 have been completed and finalised. The outstanding ones will continue and we just have to wrap up the non-compliance issues with the participants. I am heartened to hear that the flow of concerned contacts you are getting has diminished. We are much better placed in the 2014-15 payment process, so we are expecting to receive about 29,000 statements of compliance for that payment year.

Senator McLUCAS: That is the 2014-15 year?

Mr Scott: Yes.

Senator McLUCAS: What is the actual number?

Mr Scott: The actual number that we are expecting to receive or that we—

Senator McLUCAS: No. Finish your sentence and I will come back to that.

Mr Scott: To date we have been advised that there are 27,501 statements of compliance that are ready to be assessed. Thus far we have done 11,676. I am pleased to report that we have had a much better level of compliance with the 2014-15 process. We have assessed and passed 10,353 statements of compliance. We have identified compliance issues with 1,323, which is about 11 per cent.

Senator McLUCAS: Going back to the 2013-14 year, where you still have 30 that are outstanding for non-compliance issues, what is the nature of the non-compliance issues?

Mr Coburn: Most of these are issues around overcharging rent, mainly in terms of either increasing rents at the wrong time, which is a rule that has actually been removed from the legislation for 2014-15 onwards, or charging over the 80 per cent cap. The reason it is taking this long to settle them is to enable the approved participants to provide us with evidence or arguments as to why we should not pay them a reduced or nil incentive. Also, in a couple of cases there are, for example, issues to do with market rent valuations that do not meet the requirements.

Senator McLUCAS: This is a contested space. Some people have a different view about what the market rent is.

Mr Coburn: For the purpose of the legislation the market rent is what is determined to be the case at certain points in the life of a dwelling. Some participants have the view that they should be able to come back and vary it according to a later view of what the rent should have been, but the legislation does not support that kind of approach.

Senator McLUCAS: What is your advice to me when people ring me up and say that you have not finalised the paperwork and they cannot do their tax return?

Mr Coburn: Probably the best advice for SME investors would be to go to the DSS NRAS website and download an investor consent form to give to the approved participant so that we can give the investor the full chapter and verse on where their payment is up to.

Senator McLUCAS: And just a final update on numbers—

Mr Coburn: While you are looking, the website is dss.gov.au/nras.

Senator McLUCAS: Yes, thanks. At 30 April 2015 the total number of incentives that were active was 26,469. Mr Scott, you are telling me now that it is 27,501—no, you are not?

Mr Scott: No.

Senator McLUCAS: Could you just update that QON No. 758 for me?

Mr Scott: Sorry, which one was that?

Senator McLUCAS: It was No. 758, from June estimates.

Mr Scott: Okay. The number I gave you was the number of statements of compliance that we had been advised were ready for our assessment, which will be different to the number of dwellings that have been put into the scheme.

Senator McLUCAS: Yes—a different question. That is correct.

Mr Scott: But I am more than happy to give you an update.

Senator McLUCAS: That is good. Mr Pratt, this might be a question for you: the Senate Economics Committee's report into affordable housing was tabled on 8 May. When are we expecting a government response to that report?

Mr Scott: Would you like me to answer that?

Mr Pratt: Fire away!

Mr Scott: Yes, Senator, we are conscious that we are beyond the three-month mark for responding to the Senate committee's—

Senator McLUCAS: Now I feel like a schoolteacher again!

Mr Scott: No! It is actually something that we are very conscious of. It is something that the government is continuing to look at. It was a very significant piece of work—if I recall correctly it was 15 months of your time and there were 40 very wide-ranging recommendations. We have been working with an IDC of departments that have interests across the recommendations. I think that part of the challenge for us is doing an appropriate response, particularly while there is a number of other processes on foot. We want to make sure that when we come back to the committee that we come back with a well-thought-through and substantive response.

More recently, with the change in ministry and the creation of the Cities and the Built Environment ministry, we are now engaging with the Department of the Environment, because it is important that we bring those elements in, look at where that work is heading and how it relates to the recommendations. You might also be aware that on Friday the Treasurer also indicated that the Council on Federal Financial Relations had commissioned some further work to be done on the supply of affordable housing, with a particular focus on social housing. So there is a range of things that the government has initiated and that we do want to make sure is factored in. Plus, we have those processes on foot that you would be well aware of around reform of the federation, and the House of Representatives inquiry into home ownership.

At this point I am unable to give you even a broad timing of imminent, soon or shortly. But it is something that we are working with Minister Porter on.

Senator McLUCAS: When did you establish the IDC? Not a date, but was it a fair while ago?

Mr Scott: Yes, it would have been very soon after the report was tabled.

Senator McLUCAS: And which departments sit on that IDC?

Mr Thomas: There is us, of course, and Treasury, infrastructure and, as Mr Scott said, we now have environment. There are responses that involve the Department of Finance—

Mr Scott: And Prime Minister and Cabinet.

Mr Thomas: Prime Minister and Cabinet—

Senator McLUCAS: And now the cities bit?

Mr Scott: Yes, so the Department of the Environment has—

Senator McLUCAS: Of course, that is the bit—

Mr Scott: Yes—

Senator McLUCAS: The cities are in the environment.

Mr Scott: Yes. So those are the main players and we have been meeting with them since May.

Senator McLUCAS: To go back to your comment earlier, Mr Scott, that recently you met with Treasury around affordable housing—is that a policy development piece of work?

Mr Scott: I am sorry—

Senator McLUCAS: I just did not quite hear what you said.

Mr Scott: The Treasurer met with the Council on Federal Financial Relations last Friday. One of the pieces of work that had already been initiated through that council was work that was being led by the Victorian government on housing supply. There was a report back from that working group at the council meeting and, as an outcome of that report-back, there was some further work—and it is in the communique, which I am happy to get for you.

Senator McLUCAS: Thank you.

Mr Scott: There was some further work to progress the broader housing supply work, and it was also agreed that work would be undertaken on affordable housing, with a particular focus on the supply and availability of

social housing. So, at the moment, Treasury is working through how that work will progress. We have already met with Treasury, and it is fair to say we will be working with them on those particular issues.

Senator McLUCAS: Who is leading that work—Treasury or DSS?

Mr Scott: At this point, because it is the Council on Federal Financial Relations, Treasury will have responsibility. As to how the work will be progressed at the Commonwealth level, we are expecting that the Commonwealth will lead the work. It is still to be sorted out between us and Treasury.

Senator McLUCAS: That sort of leads to NAHA, with provision of social housing. It is a bit hard when the minister is changing so regularly; you cannot quite work out which—and I am not trying to be snippy there.

Mr Scott: That is all right.

Senator FIERRAVANTI-WELLS: You did have a number of housing ministers over a period of time.

Senator McLUCAS: I was not trying to be rude, but when you look at what Minister Morrison has said—I do not know what the new minister is thinking about, as to where the NAHA might go, but Minister Morrison made some fairly strong comments around the accountability and reporting. He suggested that maybe we were wasting \$10 billion a year, which I thought was a bit out there.

Mr Pratt: I would probably characterise it as former minister Morrison thinking that the combined contributions of the states and Commonwealth could perhaps be done even better.

Senator McLUCAS: That leads me beautifully to my question, which is: what did Minister Morrison ask the department to do to achieve that goal?

Mr Pratt: Quite a lot of work!

Mr Scott: Thanks, Secretary! I think there are a couple of aspects to this. One is that this is caught up as part of the reform of the federation, so the scope of work that is currently being led by New South Wales and Queensland, in terms of the duplication of Commonwealth-state housing agreements and rent assistance. The primary agreement in scope there is the NAHA. In essence, I think that what that option is looking at is: does the NAHA cease and Commonwealth rent assistance get extended into public housing such that—

Senator McLUCAS: That was the recommendation from the Commission of Audit.

Mr Scott: It was a recommendation of the Commission of Audit.

Senator McLUCAS: So you have been asked to do that work?

Mr Scott: We have been involved with Queensland and New South Wales and Prime Minister and Cabinet in modelling what that looks like: the implications and the financial impact. Minister Morrison also, in his Institute of Public Affairs speech—I think that might be one of the things that you were referring to—had identified that he thought that there was the potential for the Commonwealth and states to use the nearly \$11 billion more effectively. One aspect of that was whether there was scope to improve outcomes by having a more performance-based agreement in place between the Commonwealth and states that incentivised improvements in housing supply. So that is also an area that we are looking at.

Mr Pratt: To try to summarise that, we are doing lots of work in the space. I would not like to verbal Minister Morrison, but in one of his speeches he flagged the sorts of issues that needed to be considered, without indicating that anything had been decided in these areas: land release planning, regulation reform, infrastructure provision, seniors downsizing, transaction taxes, management and financing of social housing and ways to increase that, and the interface between CRA and wraparound services to transition people from homelessness to independent housing. So we are considering all of those things with our colleague agencies and also with colleagues in the states. As you can see, there are a range of cross-government, cross-jurisdiction processes which are touching in this space: the white paper on reform of the Federation, as Mr Scott mentioned; the tax white paper; and the inquiry into foreign ownership. There is a lot happening in this space, so it will probably take a little bit of time for us to sort out exactly what our position going forward will be.

Senator McLUCAS: In the modelling you did on CRA being available to public housing, what figure did you come to? I have done a figure too. I would like to know what yours is.

Mr Scott: While Mr Thomas hunts around for the—

Mr Pratt: I will give a rough guesstimate. It is about \$1.3 billion, but that is very rough.

Mr Scott: We have modelled it in relatively aggregate terms, based on the information that we at the Commonwealth level had available to us. We have used two different approaches, and it comes out between \$1.2 billion and \$1.3 billion.

Senator McLUCAS: What level of CRA do you apply?

Mr Thomas: There are two methodologies. One is to look at the number of public housing dwellings and then multiply that out by an estimate of the proportion of income types by their CRA eligibility. That is one methodology.

Senator McLUCAS: That is the point I am getting to. What—

Mr Thomas: The maximum—

Senator McLUCAS: You use the maximum?

Mr Thomas: That is right, yes.

Mr Pratt: Anyway, you can tell where we are doing some work, but this is of course all going to feed into advice to government in due course.

Mr Scott: The other thing is—

Senator McLUCAS: Are you saying you are pushing the limit a bit, Mr Pratt?

Mr Scott: That is where we do need to work with the states, because we have relatively aggregated information about the characteristics of the population in public housing, but there are assumptions in there. States and territories have much better data on who is in public housing and therefore what the nature of their eligibility for CRA would be, to do a more solidly based estimate.

Senator McLUCAS: When it comes to the supply of land, I am just a bit intrigued as to how you could use the NAHA to incentivise greater supply. Have you thought that through yet?

Mr Scott: Not in any great detail, and this is, I think, probably one of the more important and more challenging aspects of what would happen if we were to look at how to use a NAHA type agreement to incentivise housing supply, because obviously it would be a challenge to come up with some form of benchmark to then measure performance against and then appropriately reward. Our thinking has been more around housing supply, so commencements or approvals rather than at the input level—on the basis that that would give the states the flexibility to identify what particular mechanisms they would be best placed to reform to achieve the outcome.

Senator McLUCAS: But it would be based on achieving a certain goal, but you have got to identify what that goal is before you can identify what the payment might be.

Mr Scott: It would be very important to make sure that we are targeting the right measure to get the right outcome. I am speaking a little beyond our portfolio responsibilities now, because that really gets more into Treasury and Prime Minister and Cabinet. We are working with them. We have a very constructive relationship with Treasury and Prime Minister and Cabinet in the housing space.

Senator McLUCAS: And the same would go to planning laws? The NAHA is an agreement between states and Commonwealth, and planning rules are by and large held by local government.

Mr Scott: That is right.

Senator McLUCAS: I am trying to work out how you would incentivise Queensland to tell my council to do something.

Mr Scott: Very cleverly. If you have ideas, Senator, we are happy to hear them.

Senator McLUCAS: I would love to be able to help. Previously officers have told me that NAHA is an agreement in perpetuity, but this sounds like a big change to the underpinning agreement. Can you talk me through how these sorts of changes would work in an agreement that is in perpetuity? It is the only agreement I know that is in perpetuity.

Mr Pratt: I think all the national agreements effectively are ongoing. They have review dates and they get indexed and things of that sort. But they are not time limited like a national partnership agreement is. There are two aspects to this. One would be the Commonwealth and the states and territories would seek to agree a change to an agreement—

Senator McLUCAS: And a redraft.

Mr Pratt: It would also require a change to legislation in the Commonwealth.

Senator McLUCAS: So it would require a legislation change.

Mr Scott: The Federal Financial Relations Act, I would imagine.

Senator McLUCAS: And the time frame that you have been given to do this work: I see in a transcript that I have—a different one to you, Mr Pratt—where Minister Morrison was being interviewed by a Mr Mitchell and he says:

I would like to see that change for the next time that agreement comes around in two years' time.

What is the 'two years' time' bit?

Mr Pratt: I imagine that would be in relation to the partnership on homelessness, as opposed to the NAHA. We do not have a hard and fast time frame, given the other processes that are operating in parallel. A number of those things need to land at the same time. The general instruction is: get cracking as soon as possible.

Senator McLUCAS: But there is no trigger in the NAHA that says, 'we sit down and renegotiate at this point'.

Mr Pratt: No, there might be a review point but I do not know what that is. We might take that on notice.

Senator McLUCAS: Thank you. That would be good. Mr Pratt, may I observe that this is a very different conversation than the one we had at the end of last year around housing policy, where we talked a lot and at length about the Williams case having such an impact on the ability of the Commonwealth to, frankly, even talk about housing. Am I right to observe that and, if I am—

Mr Pratt: They are very different topics. The big issue around the Pape and Williams cases related to the Commonwealth's capacity to fund certain housing-related programs which were potentially affected by those decisions. Certainly anything that relates to agreements with the states, whether partnerships or national agreement, is constitutionally very sound because the Constitution provides for the Commonwealth to basically pay the states to do lots of things.

Senator McLUCAS: So those housing-related programs that were Commonwealth-only programs, you are saying were caught up in Williams?

Mr Pratt: Commonwealth funded programs which arguably may have been negatively affected by the Pape and Williams decisions. You will recall we are rather sensitive about how we talk about these issues. I am thinking my chief counsel's blood pressure is going up in the other room where she is observing this, wondering what I am going to say. Her blood pressure has gone up so much she has now come into the room!

Senator McLUCAS: Because I usually have to share my time I had planned my inquiries—

CHAIR: Do not feel you have to fill the space, Senator McLucas.

Senator McLUCAS: I could dream something else up.

Senator Fierravanti-Wells: It is Senator McLucas's last estimates—

Senator McLUCAS: It is not my last estimates yet, Minister. I am going to be here for a long time.

Senator Fierravanti-Wells: Of course, yes. I was about to say something very nice, but I will wait until the last one.

Mr Pratt: Chair, if I can seek your indulgence on exactly the same issue that the minister just raised, I think once we conclude this hearing this will be the last DSS part of estimates that we will enjoy with Senator McLucas, and I thought it would be worth acknowledging Senator McLucas's great contributions in this committee on both sides of the table over many years and mentioning how much we have appreciated those opportunities. On behalf of the Department of Social Services we would like to wish you all the best, Senator.

Senator McLUCAS: As I said before, Secretary, I am not going anywhere for a long time, but, yes, at the end of next week I will not be the shadow minister for housing and homelessness. Your staff have been terrific and I have loved all that work. Thank you.

CHAIR: Thank you for those fine words, Mr Pratt.

Senator LUDLAM: Senator McLucas may have already handled these questions in some detail. I am seeking some guidance from you as to whether under the shiny new Turnbull government we could expect any change in housing policy or implementation or resourcing or funding or anything at all.

Mr Pratt: It is probably a little bit early to be definitive on that point, but we have explored with Senator McLucas a range of things which former Minister Morrison has got us working on in this space. There is plenty going on. Without binding the government, it is my expectation that we might see more things over the course of the next year or so.

Senator LUDLAM: An announcement of more things, heard here in estimates.

Mr Pratt: There is a gentle anticipation.

Senator LUDLAM: I do not want to tie you down to stuff if you are not in a position to make further commitments—I understand that. I want to go to a couple of examples, and, again, if Senator McLucas traversed this already I will just go to the transcript. There appears to be a new focus on cities. There is a minister who has cities as part of his portfolio now, which did not exist before, and there appears to be a greater degree of open-

mindedness about funding urban transport. Administratively speaking what will your relationship be with the new cities portfolio and some of the ideas that are emerging out of there?

Mr Pratt: Administratively, there is no formal relationship. In our discussion earlier, we touched on the fact that we now have that portfolio on one of our IDCs looking at housing policy and affordable housing.

Senator LUDLAM: Not being as familiar with public sector acronyms as you—

Mr Pratt: My apologies. That is an interdepartmental committee. It is a committee that involves us, Treasury, Prime Minister and Cabinet, Finance, and Infrastructure.

Senator LUDLAM: Has that committee met since the change of Prime Minister?

Mr Pratt: We have been dealing with it recently, I think.

Mr Thomas: Yes, it has. That group has got together to consider the Senate inquiry report. It has been looking at that.

Senator LUDLAM: That is nice to know. It was not wasted.

Mr Scott: DSS will also have a secondee to the cities task force. We are in the process of working through that with the Department of the Environment as well. Our deputy secretary, Felicity Hand, also sits on the deputy secretary steering committee.

Senator LUDLAM: Forgive me for not knowing this in advance, but do ministers attend those meetings or are they entirely at a departmental level?

Mr Pratt: Those are departmental meetings, but ministers do get together as well.

Senator LUDLAM: They do get together? Is that over a cuppa? Is it in an informal setting or as part of that formal process that you just described?

Mr Pratt: It is certainly not as a part of the bureaucratic processes, but I am aware of meetings between relevant ministers on these issues. Whether there is a cup of tea involved or not I am not sure.

Senator Fierravanti-Wells: Or even biscuits!

Senator LUDLAM: You could not possibly disclose that to an estimates committee! If you were going to summarise for us any change of approach that we might see from the new leadership team, how would you characterise it? Senator Fierravanti-Wells, feel free to jump in if that is seen as a political question.

Mr Pratt: I might try to answer a slightly different question.

Senator LUDLAM: I see what you did there!

Mr Pratt: Again, we touched on this in previous evidence. There are a large range of things underway which are in parallel and will be coming to a confluence at some stage over the next year or so. There is the review of Federation, the tax white paper and the inquiry into foreign ownership, amongst others. Combined with the work that we are doing with our colleague agencies under the auspices of some of those programs with the states and territories, I would say that there is a much greater focus on housing now.

Senator LUDLAM: Than before?

Mr Pratt: Yes.

Senator LUDLAM: That is something. That is something good. Are you aware of anyone working on a proposition to restore the \$44 million that was ripped out of the homelessness capital budget in the budget before last? Have you been asked to prepare a brief? Are there submissions being prepared? Is there anything at all you can tell us about that?

Mr Pratt: There is nothing I can help you with on that.

Senator LUDLAM: Why is that? Is that because nothing is happening or are you unable to tell me about what is happening?

Mr Pratt: That gets into very specific territory about what we are working on for government. Until government takes decisions in those areas, it is not appropriate for us to talk about those things. So I am really not able to confirm one way or the other.

Senator LUDLAM: Senator Fierravanti-Wells, can I ask you to take that one on notice. I know you are here in a representative capacity—

Senator Fierravanti-Wells: Sure. We will take that on notice.

Senator LUDLAM: Did you hear what I was asking for?

Senator Fierravanti-Wells: Yes.

Mr Pratt: Whether or not there might be an increase to the capital budget or the—

Senator LUDLAM: Anything at all, any good news, that can come out of tonight's estimates committee for people who are presently experiencing homelessness I would really appreciate. It might be the capital budget being restored. It might be something else.

Senator Fierravanti-Wells: We will take it on notice.

Senator LUDLAM: Thank you.

CHAIR: That concludes our time with DSS. Thank you, Mr Pratt and all your officials, and thank you, Minister, for your time.

Proceedings suspended from 18:19 to 19:33

Australian Hearing

CHAIR: We will recommence. I now welcome Senator Payne, representing the Minister for Human Services, officers of the Department of Human Services and officers of Australian Hearing. Minister, can I congratulate you on your elevation to Minister for Defence. With that, would you like to make an opening statement?

Senator Payne: No, thank you.

Senator CAMERON: Minister, could I also add my congratulations for your elevation to cabinet. Well done. Welcome, Australian Hearing. Where is your annual report?

Mr Davidson: It is in preparation.

Senator CAMERON: Are you aware that part of the reason these estimates are convened is to have a look at your annual report?

Mr Davidson: I am not aware of that, but I do know that, as I understand, it will be tabled with accordance with the legislation. I think it is due on 31 October.

Senator CAMERON: In future, if estimates are convened prior to the tabling time for the report, can I ask that you make an effort to try to get your report so it can be looked at by the estimates committee.

Mr Davidson: Certainly.

Senator CAMERON: Ms Campbell, could I also say the same thing for the department.

Ms Campbell: I note the comment and I will relay those to the minister.

Senator CAMERON: Ms Campbell, has your report been finalised?

Ms Campbell: The report is in the process of being finalised.

Senator CAMERON: Have you forwarded the report to the minister? I am happy for you to take it on notice.

Ms Campbell: We can take that on notice.

Senator CAMERON: Can you tell me when the report was finalised from the department, when it was sent to the minister?

Ms Campbell: We will take that on notice.

Senator CAMERON: Australian Hearing, I note the scoping study has been finalised. Have you been consulted about the scoping study?

Mr Davidson: Not any further since the last Senate estimates.

Senator CAMERON: Were you involved in the additional consultations that took place in Perth, Melbourne and, I think, Sydney?

Mr Davidson: We were not involved in the consultations but we were involved in the implementation program that was run regarding the implementation of the NDIS and its impact.

Senator CAMERON: Are you still operating within budget?

Mr Davidson: I am happy to say that we are operating above budget.

Senator CAMERON: So you are still no cost to government?

Mr Davidson: Absolutely not.

Senator CAMERON: Are you aware of the ACCC investigation into the audiology industry?

Mr Davidson: Yes, I am aware of it. It is on their website. We have seen it in various publications but we have had no direct contact with the ACCC.

Senator CAMERON: Does that investigation call for submissions?

Mr Davidson: As I understand it, and I have had a look at it, the investigation is called a survey but in fact it is one question asking for any complaints that may be out there from people who have received audiological services in Australia.

Senator CAMERON: You would know a fair bit about that, wouldn't you?

Mr Davidson: As we said last time, the strike rate for failure or for complaint is exceptionally low.

Senator CAMERON: But I am saying that you would know what is happening generally in the industry?

Mr Davidson: We tend to think we do, yes.

Senator CAMERON: There have been newspaper reports that Australian Hearing are part of the rip-off in that industry. What are your comments on that?

Mr Davidson: I would like to see the evidence to that because we do not believe that to be true.

Senator CAMERON: In fact, some people see Australian Hearing as a safe haven from some of the market based approaches.

Mr Davidson: I do not know; we have never heard that comment. But I think a lot of consumers would see any government agency as a safe haven.

Senator CAMERON: Minister, I understand the scoping study has been completed. I made a bid to question the finance minister, Senator Cormann, yesterday on that issue. He referred some issues back to DHS. When I ask questions here, I am normally get referred back to Finance.

Senator Payne: I am almost positive I will send you to Minister Cormann.

Senator CAMERON: Minister, has the DHS minister received a copy of the scoping study?

Senator Payne: I will leave that to either Ms Deininger or Mr Hutson to answer that. To be perfectly honest, if you were to ask me whether documents had been specifically received in the course of the previous two years, I would be taking advice at this point.

Senator CAMERON: That is okay. I understand that.

Mr Hutson: Yes.

Senator Payne: Yes all around. Yes we did receive a copy of that—Mr Hutson has prompted my memory.

Senator CAMERON: So maybe I can talk through Mr Hutson because I know that you and I will not have been on DHS in the last few weeks.

Senator Payne: I am very focused. I am right here right now.

Senator CAMERON: Some questions, I will have no option but to ask you. Mr Hutson, has the minister been briefed on the outcome of the scoping study?

Senator Payne: To assist the committee, you might want to provide some clarity about whether you mean the current minister or the former minister.

Senator CAMERON: I was talking about the current minister.

Senator Payne: I was certainly briefed.

Senator CAMERON: I will say 'former minister'.

Senator Payne: All right. There we go.

Senator CAMERON: Has the current minister been briefed?

Mr Hutson: If by 'been briefed' you mean briefed by the writers of the scoping study, PricewaterhouseCoopers and Freehills, then the answer is no.

Ms Campbell: The department has briefed the minister.

Senator CAMERON: When was the scoping study received?

Mr Hutson: When you say 'received', received by whom?

Senator CAMERON: Received by the department.

Mr Hutson: The former minister received the draft document, I think, on 22 December and then the final document would have early in 2015.

Ms Campbell: We do not have a date, but we will try to get that while we are still providing evidence.

Senator CAMERON: Thank you. Has the department briefed anyone else other than the minister on these issues?

Mr Hutson: No.

Senator CAMERON: Minister or former minister! Minister, would you know whether the current minister will release or table the scoping study?

Senator Payne: Ms Campbell.

Ms Campbell: Whilst we have a copy, the primary author of the scoping study is the Finance portfolio and really a matter for the Minister for Finance.

Senator CAMERON: Has the department considered how a privatised Australian Hearing would interact with the rollout of the NDIS?

Mr Hutson: Formally, no.

Senator CAMERON: Informally?

Mr Hutson: I really do not know enough about the rollout of the NDIS, which is a responsibility of the Department of Social Services. Our role is primarily as adviser to the minister in terms of the ownership and legislation that surround Australian Hearing.

Senator Payne: May I remind you, and, in fact, myself, that in May of this year the finance minister did make a public statement in relation to the government carrying out further consultations with the hearing community about the findings of the scoping study into Australian Hearing before making any decisions on those future ownership options. One of those factors, in making that announcement on 8 May, was the relationship with the NDIS.

Senator CAMERON: What then was the outcome of those consultations?

Mr Hutson: Those consultations were also managed primarily the Department of Finance and I understand they are going through the conclusions of those consultations.

Senator CAMERON: They were managed by the Department of Finance but you were a participant.

Mr Hutson: We attended as observers.

Senator CAMERON: That is fine. That does not mean you cannot answers about it, does it?

Mr Hutson: Certainly.

Senator Payne: I understand Minister Cormann indicated that the consultation process would report back in the second half of 2015 calendar year.

Senator CAMERON: Why the delay? Why in the second half of 2015?

Senator Payne: I think that Minister Cormann—and certainly me previously, and I am sure Minister Robert will maintain this position—believe that it is very important that the work of Australian Hearing and the processes surrounding the rollout of the NDIS be closely examined in terms of their relationships, their potential activity and the future of hearing services in that context. I know that the Department of Health as well as the Department of Human Services as well as the Department of Finance have taken very seriously the engagement between those two processes—that is, the scoping study into Australian Hearing and now the rollout of the NDIS. I think it is actually a very responsible for position to government to take—there was obviously a need for further information and the finance minister has gone ahead and sought that.

Senator CAMERON: Thank you. Who attended the consultations?

Ms Deininger: As Mr Hutson mentioned, the department had a staff member at a number of the information sessions as an observer. So that was our departmental—

Senator CAMERON: Did you observe who attended?

Mr Whitecross: A range of organisations attended; I do not have the names to hand, but we can take that on notice. As Mr Hutson mentioned, the Department of Finance and the Department of Social Services were the leads in relation to those consultations.

Senator CAMERON: Were the consultants involved?

Ms Deininger: I believe that the presentation in relation to the scoping study was undertaken by a Department of Finance official.

Senator CAMERON: What private sector audiologists were there?

Ms Deininger: I do not know. We would have to take that on notice.

Senator CAMERON: Do you have a list of who was there?

Ms Deininger: Not with me. I do not know if the department has a list. As I mentioned, we were not the lead in terms of organising those sessions.

Senator CAMERON: I understand that, but you were there to observe—

Ms Deininger: I was not personally there; a staff member from the Department of Human Services—

Senator CAMERON: Is that staff member here?

Ms Deininger: No.

Senator CAMERON: Did the staff member provide a report?

Ms Deininger: The Department of Finance, and others who presented on that day, have provided information on the web, which is available publicly, about the sessions and what was discussed.

Senator CAMERON: And the names of the participants?

Ms Deininger: I will have to take that on notice. I am not sure.

Senator CAMERON: Can you provide me the names of the participants?

Ms Deininger: I will take that on notice.

Ms Campbell: We will take that on notice, but it probably would not have been the primary task of our staff member in observing. They would have been interested in the policy issues that were raised as they related to the ownership, and they probably would not have been able to identify who the individuals in the audience were.

Senator CAMERON: Thank you. So when you got the report from your officer, it would say, 'I am not sure who this was; I do not know who this was, but they raised this issue'? You are kidding me.

Ms Campbell: I think that what we were looking for, and the officers at the table can assist, was to determine the essence of the policy issues that were being raised. The consultations were about the interaction with the rollout of the NDIS with the role of Hearing Services. So I think we would have been focused on the policy issues of that.

Senator CAMERON: Can you provide me then any file notes, emails or correspondence in relation to these consultations?

Ms Campbell: We will take that on notice.

Senator CAMERON: Has the minister, the minister's office, the department or any of its officers conducted separate discussions with private sector hearing aid providers?

Ms Campbell: The department has not conducted any discussions to that effect.

Senator Payne: Not that I am aware of.

Senator CAMERON: So you do not know whether there has been or not?

Senator Payne: Not that I have been advised of, no.

Senator CAMERON: Could you take it on notice then and—

Senator Payne: If the department says that it is not the case, then I would have no reason for it to be otherwise.

Senator CAMERON: The department said that they had not, I am asking about the minister.

Ms Campbell: We will take that on notice. This is a confusing period of time, but yes, I understand.

Senator CAMERON: Has the minister, the minister's office, the department or any of its officers conducted separate discussions with Cochlear?

Ms Campbell: I do not think that the department has. We will take on notice for the ministers and ministers' offices.

Senator CAMERON: Thank you. Mr Davidson, have you had any discussions with Cochlear in terms of the privatisation?

Mr Davidson: No.

Senator CAMERON: Has the department been contacted by the ACCC in relation to their investigation into the audiology industry?

Mr Hutson: No, Senator.

Senator CAMERON: Has the department done any work in relation to the potential sell-off of the National Acoustic Laboratories?

Mr Hutson: The scoping study addresses those issues, so the whole thing is—if you like—in one space.

Senator CAMERON: Sorry, I missed that last bit.

Mr Hutson: The question is in respect of the scoping study. The scoping study covers the privatisation possibilities of Australian Hearing, which includes the National Acoustic Laboratories.

Senator CAMERON: Are you aware of the commercial benefits to private companies of the sale of Australian Hearing's database, and how much that would be worth?

Mr Hutson: No, we have done no work on that.

Senator CAMERON: Has the department looked at how it would deal with any current clients—I am not sure whether you call them clients or patients or customers, we all have these different things—or any citizens that use Australian Hearing? Has there been any discussion between Australian Hearing and the department in relation to how you would cover those people in the future if it were privatised?

Mr Davidson: No, Senator.

Senator CAMERON: Has the department considered that?

Ms Campbell: No, Senator. It is too early for those considerations.

Senator CAMERON: Too early?

Ms Campbell: The government has decided to do further consultations around this matter. That is the stage we are at at this point.

Senator CAMERON: The timetable for a decision and a report back is for the second half of 2015. That is not far away, is it?

Ms Campbell: That is the timing for a report back.

Senator CAMERON: So are you doing any work in preparation for the report back?

Ms Campbell: We are talking with the Department of Finance, but we do not have a final report back yet.

Senator CAMERON: What type of work are you doing?

Ms Campbell: I think we are just doing normal liaison with them to see where they are up to, and awaiting the report which will be provided to the ministers.

Senator CAMERON: So you are as much in the dark as everyone else.

Ms Campbell: We constantly work with our colleagues to ensure that we are aware of their processes.

Senator CAMERON: I would not say that is a 'yes', but I get the message. Mr Davidson, if the potential cost of hearing aids program goes through the NDIS, that would mean that the capacity for bulk purchases that Australian Hearing undertakes now would be gone, would it not?

Mr Davidson: I do not think I can answer that until we know the actual package that NDIS and the program are putting together. There are as yet a number of questions that remain to be answered, such as who would qualify and how they would qualify in the process of claiming. So, again, until the government makes a decision regarding what is in and what is out of NDIS and how it is to be funded, I really do not think I can give you an accurate answer to that.

Senator CAMERON: When was the announcement made about the scoping study?

Mr Davidson: The scoping study announcement was—

Senator CAMERON: Can anyone help with that, to refresh my memory?

Mr Davidson: It was May 2014.

Senator CAMERON: May 2014. So this has been a long period of uncertainty for you.

Mr Davidson: It has been a long period. It has been an interesting period.

Senator CAMERON: I do not care whether it was interesting. I am asking if it provides uncertainty.

Mr Davidson: There is no uncertainty as far as we are concerned. It is business as usual. We just proceed to do the very best we can.

Senator CAMERON: How can you say there is no uncertainty, if you do not know whether you are going to stay in government hands?

Mr Davidson: Maybe it is because I am an optimist. I do not think of it as uncertainty; I just think there is opportunity.

Senator CAMERON: I do not know how to respond to that. Have you been a public servant?

Senator Payne: It is too hard for you to deal with a glass half full, isn't it?

Senator CAMERON: Yes.

Senator Payne: You just cannot manage that!

Senator CAMERON: No.

Senator Payne: This is one of the best things I have ever seen at estimates.

Senator CAMERON: The problem is: when you are dealing with a glass half full, you have to have a basis for it, you see.

Senator Payne: Let me pour it for you.

Senator CAMERON: So, Mr Davidson, what is the basis of this optimism?

Mr Davidson: I would put it down to the fact—

Senator Payne: I think maybe he grew up where it rains a lot.

Mr Davidson: There is no such place.

Senator CAMERON: It is all the same, Minister—it is grey wherever you look, 14 degrees in the middle of summer.

Mr Davidson: I think the optimism for me that Australian Hearing as an organisation has prevailed for 68 years and I would hope and certainly intend, if I am still involved, that it will prevail for many more years to come and continue to be successful. So maybe it is my eternal optimism that takes me there.

Senator CAMERON: It is interesting that this optimism is based on not knowing a thing about what is going to happen, but be that as it may. The loss of paediatric expertise is a potential, if you privatise, isn't it?

Mr Davidson: Again, Senator, depending on the government's decision and the process, that may or may not be the case. We are not the only organisation in Australia that currently has paediatric expertise. It rests with a lot of the early intervention centres and the First Voice group, as well as hospitals, ENTs and various other paediatric services.

Senator CAMERON: So no-one has spoken to you about—it is about 18 months or longer—

Mr Davidson: Close to that.

Senator CAMERON: about any practical implications of privatisation?

Mr Davidson: No, until we know the shape and form of any government decision, only then can we sit down and do some effective planning.

CHAIR: Senator Cameron, I do apologise for interrupting—just before you proceed. As a courtesy to the committee, we have a representative of the ABC here who would like to take footage. I am checking that there is no objection from the committee. As there is none, please proceed.

Senator CAMERON: You subsidise the unprofitable centres in the remote areas, don't you?

Mr Davidson: We do not have any remote centres. We actually operate on what you could call a fly-in fly-out basis.

Senator CAMERON: But you do service them?

Mr Davidson: We do service some 230 communities.

Senator CAMERON: And that is not a profitable operation, is it?

Mr Davidson: We actually recover the costs from government, so it is break even.

Senator CAMERON: Obviously, if the government pays you, that is break even. Have you given any consideration as to how that would be handled? You must have thought about operating as a privatised entity—have you?

Mr Davidson: Again, discussions like that were conducted in the early stages of the scoping study.

Senator CAMERON: With whom?

Mr Davidson: with PricewaterhouseCoopers—PwC. We explained the current process that we have adopted and we have had no further scenario planning about what ifs.

Senator CAMERON: Are you aware that the Royal Institute for Deaf and Blind Children has argued that a single service provider should be the nominated provider of hearing services under the NDIS for deaf and hearing-impaired children?

Mr Davidson: I have not seen that statement from them.

Senator CAMERON: They would nominate Australian Hearing as the provider of services. Are you aware of that?

Mr Davidson: No, but I take that as a vote of confidence.

Senator CAMERON: I think that is right. Would you support that view?

Mr Davidson: Again, until we know the outcome of the scoping study and the shape and form of it, I am not in a position to form a view about that.

Senator CAMERON: The NDIS pathway needs to be adjusted to ensure that infants and older children diagnosed with hearing loss are seen promptly and not left in a planning process in the NDIS before accessing the service they need. Any delay could have an adverse impact on the child's outcome. What is Australian Hearing's view on that?

Mr Davidson: It is our position, quite clearly, that any delay would have an adverse effect on a child's development, as clearly borne out by the LOCHI study that has been conducted over many years now, and so that has to be considered in any change to current arrangements.

Senator CAMERON: Has your board had any discussions on this and determined that it would nominate as being a single provider?

Mr Davidson: We have not had that discussion as yet.

Senator CAMERON: Don't you think you should start thinking about these things, like plan Bs?

Mr Davidson: I will talk with my board about it, yes.

Senator CAMERON: Are you aware if the NDIS has any benchmark to gauge any changes in standards and outcomes?

Mr Davidson: Not as yet. As I said, the detail on the implementation and rollout of the NDIS is not with us yet.

Senator CAMERON: Existing service locations for community service obligation groups are marked, and there is a benchmark to gauge any change to service access. Are you aware if that is going to be the position under the NDIS? Has anyone spoken to you about that?

Mr Davidson: Not as yet.

Senator CAMERON: I have other questions for Australian Hearing, but I might put them on notice. Secretary, have any of the issues I have just raised in terms of plan Bs—is there any consideration happening, or are you simply waiting until a cabinet decision is made on this issue?

Ms Campbell: Some of the questions you have just asked went to the structure of the NDIS and how that would be configured. They really are matters for the Department of Social Services, which is working with the NDIA to roll out that system and that process. How they interact with Australian Hearing, and other providers of course, are things that are being worked through as the rollouts go on. We do not have any firm advice at this stage; once we have more detail on how the NDIS will operate, then we will be able to, with Australian Hearing, work out how those will engage.

Senator CAMERON: So there has been no discussion with Australian Hearing about what are the implications for service providers? There has been no forward planning?

Ms Campbell: We do not have the details of how those things will operate yet because the rollouts and the trials of the NDIS are still continuing. Once we have firmer details, then we will be able to engage with Australian Hearing.

Senator CAMERON: So there is no research and development work taking place as to what could be the issues or looking at what could happen? Nothing like that?

Ms Campbell: The NDIS are still continuing to work out their rollout, but the Office of Hearing Services in the Department of Health is the entity within government responsible for how the hearing policy will engage with the NDIS. We work with our colleagues, but there is not a lot of value in speculating about what might happen because we will just waste time.

Senator CAMERON: Is the department confident about the delivery capacity and the work that is being done by Australian Hearing?

Ms Campbell: At this time, with the current requirements?

Senator CAMERON: Yes.

Ms Campbell: We provide advice to ministers about the requirements and the corporate planning that the Australian Hearing board undertake. They provide that advice directly to the Minister for Human Services, and we provide advice to the minister and help him in his meeting of those responsibilities.

Senator CAMERON: Has the department consulted with parents of deaf children or any of the other support groups for deaf children?

Unidentified speaker: No, not directly.

Ms Campbell: We do not consult directly because it is not our job to do the policy around hearing. Our responsibility is to provide advice to the Minister for Human Services on the operations of Australian Hearing. Australian Hearing depends on the policy provided by the Office of Hearing Services, and at the moment we are looking at the NDIS interaction.

Senator CAMERON: Thanks. Mr Davidson, has the demand for speech processor upgrades continued to rise?

Ms Mavrias: No, the demand has now plateaued.

Senator CAMERON: Can you meet that demand?

Ms Mavrias: Yes, currently we are meeting demand under the current funding we have.

Senator CAMERON: Have the clinical criteria for access to the upgrade been revised?

Ms Mavrias: No, the criteria are as they were. They are due to be reviewed on an annual basis, and that will be in March 2016.

Senator CAMERON: Have you considered the projected demand for next year?

Ms Mavrias: Yes, one of the processes that we will be looking at is trying to get a gauge of what technology might be released as well as continuing to monitor the current numbers to ensure that the policy is in line with the allocation.

Senator CAMERON: Who did you consult with to determine the new allocation policy?

Ms Mavrias: In terms of forecasting, we have the client numbers and, obviously, we work also with the manufacturers to know what is coming in terms of technology changes. But in terms of policy, the Office of Hearing Services manages that, and so we provide information that they might require in order to determine if a change is required.

Senator CAMERON: What was the Australian Hearing budget for the processor upgrade program in 2014-15 and what is it now in 2015-16?

Ms Mavrias: I do not have that exact number with me, so can I take that on notice please?

Senator CAMERON: Yes. If you do not have it, you will have to take it on notice. What about the eligibility criteria for 2015-16? Have they changed?

Ms Mavrias: No, the criteria are as they were once they were updated in 2014-15.

Senator CAMERON: Will the 495 people that were denied access to an upgrade be given a chance to get an upgrade next year?

Ms Mavrias: In terms of the people that did not meet the current criteria, should they meet the criteria, they can obviously make an application, or, should the criteria be changed, then yes, they would be reconsidered under those criteria.

Senator CAMERON: Ms Campbell, do you have any idea when this uncertainty will be finished? Because there is about 18 months to 19 months now of uncertainty for people.

Ms Campbell: The Minister for Finance has indicated that he expects to have a report back from the consultations on the NDIS and the interaction with Australian Hearing later this year.

Senator CAMERON: Have you given any consideration as to implications for employment for people in Australian Hearing?

Ms Campbell: Again, until we know what the government's decisions are on the future of Australian Hearing, there is not a lot of point in doing planning in that regard.

Senator CAMERON: Are you aware that the deaf support groups are saying that the privatisation of Australian Hearing would be damaging to deaf children?

Ms Campbell: I have seen that reporting.

Senator CAMERON: Have you done any analysis of that report?

Ms Campbell: The decision making around the hearing issues sits with the department—

Senator CAMERON: I am not asking about the decision making. I am asking: given that report, have you prepared any advice to the minister arising from that report? I am not asking you what the advice was—

Ms Campbell: No, we have not.

Senator CAMERON: Why not?

Ms Campbell: Ministers are aware of that reporting. That is one of the reasons why further consultations have taken place on the scoping study. There is going to be a report at the end of this year on those consultations.

Senator CAMERON: Is the minister aware of the Choice report on hearing aid buying guides?

Senator Payne: I do not know if the minister is specifically aware of that report.

Senator CAMERON: Were you aware of it when you were the shadow?

Senator Payne: I was not the shadow; I was the minister.

Senator CAMERON: Sorry!

Senator Payne: You are the shadow.

Senator CAMERON: Yes.

Senator Payne: No, I was not.

Senator CAMERON: I was totally aware of that.

Senator Payne: I will take on notice whether Minister Robert is aware.

Senator CAMERON: Thank you.

Senator Payne: I do not believe I was, no.

Senator CAMERON: Is Australian Hearing still meeting all of its KPIs?

Mr Davidson: Yes, we are.

Senator CAMERON: So you are still a successful operation?

Mr Davidson: We believe so.

Senator CAMERON: Profitable?

Mr Davidson: Yes.

Senator CAMERON: Providing an important service to hearing impaired people in the country?

Mr Davidson: Yes.

Senator CAMERON: Have you been advised of any good reason to privatise Australian Hearing?

Mr Davidson: Again, that is a matter for government.

[20:09]

CHAIR: We are now going to move to corporate matters and we will pursue this until roughly nine o'clock.

Senator SIEWERT: Can I ask questions on unanswered calls here?

Mr Campbell: If we are going to do corporate first, it would be useful to do running of the department rather than customer facing. If we could do the customer-facing questions under outcome 1 and any questions about corporate matters under this—

Senator SIEWERT: So part of IT is customer facing.

Mr Campbell: If you want to talk about the desktops that people do their word processing on, it would be a good time to talk about it here. If you want to talk about it as it relates to service to customers, maybe later in outcome 1.

Senator SIEWERT: Or providers. I want to ask some questions about where we are up to with IT in the aged care system.

Mr Campbell: Maybe in outcome 1 would be useful.

Senator SIEWERT: I actually think all my questions are about outcome 1.

CHAIR: So nothing in whole-of-government corporate?

Senator SIEWERT: No. Most of my questions are on operations.

CHAIR: Back to you, Senator Cameron.

Senator CAMERON: The outsourcing of payment systems.

Mr Campbell: The Medicare payment system, Senator?

Senator CAMERON: Yes. There were some documents released—document 38, on freedom of information. Do you have that?

Mr Campbell: Yes. I was worried about it this morning.

Senator CAMERON: It said you have had approaches from companies interested in providing other related services in relation to the privatisation of the Medicare payment system.

Mr Campbell: These approaches were to the Department of Health. The Department of Health conducted this market testing. The Department of Health released the FOI. So many of these questions are best directed to the Department of Health.

Senator CAMERON: They have implications for you.

Mr Campbell: They do.

Senator CAMERON: You have been involved in this, have you not?

Mr Campbell: We did not run this process.

Senator CAMERON: That is not what I am asking.

Mr Campbell: We are not the decision makers and when I say 'involved', we were consulted but the returns did not come to us.

Senator CAMERON: I want to talk to you about the consultations. The *Canberra Times* is saying 'Business plots a Medicare takeover'. Are you aware of that?

Mr Campbell: I have read that article.

Senator CAMERON: The documents that have been released say, 'We are mainly interested in innovative approaches to calculating the correct entitlements in making payments. That said, we have had approaches from companies that are also interested in providing other related services such as registers, call centres and other processing.' How many employees of DHS are involved in the Medicare payment system?

Mr Campbell: We do not have the exact numbers but it most certainly is not the 20,000 that has been reported in the *Canberra Times*. The department has a full-time equivalent of only 30,000. So to suggest that this small area would be two-thirds of it would be somewhat ridiculous.

Senator CAMERON: I am not asking you that. I am not asking for a commentary on a newspaper. I am asking a specific question: how many employees? I am not the newspaper. I am simply asking you: how many people?

Mr Campbell: We have been working through that today in an attempt to answer this question with accuracy. We do not have an exact number because we have staff doing many functions as we have integrated the Department of Human Services with Centrelink, Medicare and the Child Support Program. We think it is in the order of 1,500 to 1,700-ish but we are still continuing this work because we saw this article this morning and we have endeavoured to get that. We can take it on notice and work on that.

Senator CAMERON: I am happy for you to. Thanks for the broad estimate and I am sure you will come back to us. Can you come back to us with the final figure?

Ms Campbell: We will work through that.

Senator CAMERON: Where are the bulk of these workers employed?

Ms Campbell: We have staff whose only duty is to do Medicare services and, as we have integrated, sometimes it is part of their duties. We have 400 locations throughout Australia—and I am looking for the number of customer-facing locations. Mr Tidswell will join me and be able to provide that detail. Sometimes it is a half job in those spaces; sometimes they are full jobs. We have processing areas in a number of locations throughout Australia. Mr Sandison might have some more detail on that.

Mr Sandison: Depending on the element of work that is related to Medicare, it depends on the locations. As Ms Campbell was saying, the processing side of the department are spread across a range of locations and are in portions of staff or small teams—in multiple locations. Call centre activities are a bit more concentrated but still not in full call centres. They are often teams of people in some of our office locations. Then we have some program staff who are primarily in Canberra but also elsewhere who will be involved in Medicare payment processes.

Senator CAMERON: I am none the wiser. Tell me where some of these people are.

Ms Campbell: They are everywhere.

Mr Sandison: In the CBD of Melbourne, Parramatta—

Senator CAMERON: I am still none the wiser. Define everywhere.

Ms Campbell: We can give you a list of all the locations where we have customer-facing offices.

Senator CAMERON: That would be handy.

Ms Campbell: We also have small call centres in some other locations.

Senator CAMERON: This is Medicare?

Mr Sandison: Yes.

Ms Campbell: But it is not all of what you would think of as the old Medicare—because that function continues to do activities other than the processing work that was being discussed here.

Senator CAMERON: Given this analysis that has been undertaken by the Department of Health, what discussions have you had with the Department of Health in relation to the implications for these 1,500 to 1,700 jobs?

Ms Campbell: No decisions have been taken on this yet.

Senator CAMERON: That is not what I have asked you.

Ms Campbell: We have spoken to the Department of Health about where they are up to in this process where the decisions are imminent. We are always in our department looking at ways to redeploy and move staff around, because, as you know, we get new work frequently and we have peaks where people start on new work, the new work is finalised and then there is not work ongoing in that space. We work diligently to redeploy staff within the department. We were successful with CRS in redeploying some 1,200 staff to different roles. Because of our staff turnover, we are able to redeploy people into different roles within the department.

Senator CAMERON: Is there active consideration about redeployment of these Medicare staff as a result of the government privatising the Medicare payment system?

Ms Campbell: The government has not taken a decision on this process yet.

Senator CAMERON: That is right, but you have indicated to me that you are looking at redeployment.

Ms Campbell: I am sorry if you interpreted what I said that way. What I was saying was that we are constantly redeploying staff around the department.

Senator CAMERON: Why did you tell me that? That is not what I asked you. I thought if you were saying that you were saying, 'Well, if the privatisation takes place and Medicare goes to an American company or a Chinese company and is done overseas, these workers' jobs are safe.' Is that the proposition you are putting to me?

Ms Campbell: I was saying that, as a large department, we are constantly looking at different peaks in staffing. For example—

Senator CAMERON: Why did you tell me that in the context of this Medicare privatisation proposal?

Ms Campbell: I must have misheard your question. I thought you were asking me about staff redeployment.

Senator CAMERON: But everything I am talking about is in the context of these businesses that are plotting a Medicare takeover, as described in *The Canberra Times*.

Ms Campbell: Can you clarify what your question to me is, and I might be able to answer it better.

Senator CAMERON: In relation to the 1,500 to 1,700 jobs, have you actively considered, if this business plot to take Medicare over is successful, what is going to happen to these staff?

Ms Campbell: When the government announced the market testing of this function, we, the department, considered what were some of the options if it was outsourced or that activity did occur.

Senator CAMERON: What are some of those options that you have considered?

Ms Campbell: With a department as large as ours, we are often redeploying staff when one function finishes and goes to another. We considered that, if this did occur, we would look to redeploy staff into the other parts of the department as vacancies arose.

Senator CAMERON: If it was privatised, and, as you say, as vacancies arose, what are the implications then that some may not get redeployed immediately—they may lose their job and have some re-employment, as distinct from redeployment?

Ms Campbell: As I said earlier, when we were confronted with a situation not dissimilar to the possibility of having to redeploy staff with the Commonwealth Rehabilitation Service, over a year period we were able to redeploy the staff into other areas within the department. We have a turnover of approximately 150 staff a month.

Senator CAMERON: But we are talking about 1,700. Have you looked at carrying the staff until redeployment could take place?

Ms Campbell: These are hypothetical discussions, because the government has not made a decision.

Senator CAMERON: No, you have said that you looked at a number of options.

Ms Campbell: We did.

Senator CAMERON: I am asking you: what are those options that you looked at? These are the jobs of up to 1,700 Australian citizens.

Ms Campbell: And they are employees of the department. Our priority has always been to redeploy employees of the department into other vacancies.

Senator CAMERON: That is your priority. What other options did you look at? Did you look at redundancies?

Ms Campbell: We did not think there would be a need, if that were to occur.

Senator CAMERON: I am trying to read between the lines here and I do not want to do that. Are you basically giving us a guarantee that if Medicare is privatised the workers have got nothing to worry about with their jobs?

Ms Campbell: These are decisions for government. You asked what we, the department, were doing in planning for this. We were looking at some of the options, depending on what our staff profile is at the time.

Senator CAMERON: So you cannot guarantee these workers a job?

Ms Campbell: If we have a turnover of 150 staff a month, in 10 months that is 1,500 staff.

Senator CAMERON: But you indicated that it is not your choice?

Ms Campbell: These are, of course, decisions for government, and we would provide advice to government.

Senator CAMERON: Has the new minister had any discussions with you about the implications of this business plot, if it is successful, to take over Medicare?

Ms Campbell: I have briefed the Minister for Human Services on the market testing of the Medicare payments system.

Senator CAMERON: When was that done?

Ms Campbell: Sometime in the last month; we can have a look at the exact dates.

Senator CAMERON: Was Minister Payne briefed when she was the minister?

Ms Campbell: I will have to look for the actual dates and the like.

Mr Sandison: Yes; there was a briefing done, because this was from the previous budget. The initiative was announced and talked about in 2014 and a briefing was done in association with that then.

Senator CAMERON: Has DHS had any meetings with consultants or any of these private companies who might be bidding for this work?

Mr Sandison: No. Our involvement was to support the Department of Health and they ran the process.

Senator CAMERON: But the Department of Health are policy deliverers in this area.

Mr Sandison: Correct.

Senator CAMERON: DHS delivers the practical outcome of that policy.

Mr Sandison: Correct.

Senator CAMERON: So you are the experts on the policy delivery, as distinct from the policy development.

Mr Sandison: We are the experts about the payments system that we have—

Senator CAMERON: Which is policy delivery.

Mr Sandison: but the decision of the government was to look at options, and the market testing was a consideration of options about how to deliver the payments of Medicare.

Senator CAMERON: So what other options have you looked at?

Ms Campbell: We have not done this work; the Department of Health has done this work.

Senator CAMERON: But it affects this department more than the Department of Health. The Department of Health either say, 'We will pay for it through DHS,' or, 'We will pay these businesses that are plotting the Medicare takeover.' It has more implications for your department than it has for Health, hasn't it?

Ms Campbell: I think the health department would see the successful delivery of Medicare payments as a critical function of their requirements. It is not uncommon for other parts of government to have the delivery of their programs run either by themselves or by an outside party. The government decided in this budget in 2014 to consider this, and the health department had primary carriage of it. One of the reasons for this was the mature nature of the ICT systems—the fact that they had not been upgraded for many years—and that, to continue to have an agile, flexible and stable system, we would need to invest in the ICT. We indicated to Health that was something that was coming—that there would be a need to review the Health ICT systems—and the government chose to do the market testing on the Medicare payment system.

Senator CAMERON: With the possibility that there could be 1,700 jobs gone. What is the value of the Medicare contract?

Ms Campbell: Do you mean how much money we are provided with for carrying out that function?

Senator CAMERON: Yes.

Ms Campbell: We have to take that on notice.

Senator CAMERON: Is it a contract between you and the health department?

Ms Campbell: No, we are directly appropriated for that work.

Senator CAMERON: There would be agreements between—

Ms Campbell: There are agreements on performance standards—

Senator CAMERON: Performance agreements?

Ms Campbell: and we have relationships with—

Senator CAMERON: Has the Department of Health raised any concerns about your performance?

Ms Campbell: I think the Department of Health is concerned about how quickly we can make changes, given the age and the complexity of the ICT systems.

Senator CAMERON: So this really comes down to an investment in the ICT system?

Ms Campbell: That was one of the main drivers for this activity.

Senator CAMERON: The main drivers of this review.

Ms Campbell: Yes.

Senator CAMERON: Basically, the Medicare payments could be contracted out—privatised to international companies—because the government will not invest in information technology?

Senator Payne: You cannot expect Ms Campbell to comment on that, Senator Cameron.

Senator CAMERON: Well, would you like to comment on that, Minister?

Senator Payne: No, it is a matter for the Department of Health, but I am happy to refer it to the Department of Health's minister.

Senator CAMERON: Have you given any advice to the Department of Health about the cost of renewing the ICT system?

Ms Campbell: We have commenced that work, but we do not have a final number. We were very keen to understand where the market testing came through before we spent a lot of time working up a proposal to replace the Medicare system.

Senator CAMERON: Is it the chicken or the egg? That is the problem, because if you do not do that work, can you make a competitive bid for the work?

Ms Campbell: We were not proposing to make a competitive bid for the work.

Senator CAMERON: If the government determines to put a contract out for privatisation, you are not in a position to make a bid?

Ms Campbell: One of the reasons for considering the market testing is that some providers in the market may already have ICT systems which are modern ICT systems that can provide these services.

Senator CAMERON: What kinds of companies are they, do you know?

Ms Campbell: I do not have a list of the companies, but if you think about how private health insurers work, there are private health insurers who would have ICT systems which I expect would be more modern than ours.

Senator CAMERON: Who else?

Ms Campbell: I am not running this market testing. I am not privy to that detail.

Senator CAMERON: You are an expert in this field; you have to know what is happening elsewhere. You must know who have the capabilities, surely.

Ms Campbell: I think there would be many entities that would be interested in this work, and they have provided that advice to the Department of Health.

Senator CAMERON: So private health insurers?

Ms Campbell: That is one example of people who have modern payment systems.

Senator CAMERON: Banks?

Ms Campbell: Banks have modern payment systems.

Senator CAMERON: Insurance companies?

Ms Campbell: There are many entities who have modern payment systems.

Senator CAMERON: Could this payment system be integrated into the new WPIT system?

Ms Campbell: We have not considered that at this time.

Senator CAMERON: Why not?

Ms Campbell: Because government had taken a decision to market test. We do not have any final outcome on that yet.

Senator CAMERON: So the government is market testing with these plotters, as the newspapers are saying, to take over Medicare, and you are not taking any steps to look at whether you could integrate this payment system into this new multibillion dollar system that we have heard so much about—the WPIT system.

Ms Campbell: We have not done that work.

Senator CAMERON: Are you considering doing that work?

Ms Campbell: The government is market testing the Medicare payment system, and we are waiting to see the outcome of that.

Senator CAMERON: How does the government then know your capabilities?

Ms Campbell: We have advised government that we have problems with the existing payment system because it is old and it is not agile, and that we cannot quickly make changes and respond to government.

Senator CAMERON: We are being told that the WPIT system is going to be a flexible system, is going to be based on modules that can be replaced, is going to be extremely good and is going to change the world for DHS. Why can't that be market tested as well, and you could do the analysis?

Ms Campbell: Why can't WPIT be market tested?

Senator CAMERON: Why can't DHS be part of the market testing, and you could put a proposal in based on your new IT?

Ms Campbell: We also have to be realistic about workload and the sequencing of work we do. For example, the WPIT and welfare system is quite complex and less likely to have market players who could provide support; versus Medicare payments are more straight forward payment transactions, and there may be a market to provide that service.

Senator CAMERON: So only the private market has been looked at, and your capacity to provide the services have not.

Ms Campbell: I am not running the market testing, but we have not provided an input into the market testing about our capability, because we had already told government that we had problems with the system.

Senator CAMERON: So you are not in the game here, are you?

Ms Campbell: The government did market testing. They are looking at the market. That will inform their decision making. We will continue to provide advice to government.

Senator CAMERON: Minister, could you advise me why questions on notice in relation to the Medicare rebate scam remain unanswered and overdue?

Senator Payne: I will see if I have some advice here about that.

Ms Campbell: No, I do not think we have it. I am just looking for our experts on questions on notice.

Senator Payne: I do not have the details with me. But I am very happy to follow that up and to come back to you.

Senator CAMERON: I want to move to Medicare fraud. We have 396 reports of potential identity theft, how many actual people do these reports refer to—is it 396 or is it more?

Mr Sandison: Is your question about how many they refer to?

Senator CAMERON: Yes, the answer to my questions said that there are 396 reports of potential identity theft. How many are actual people? It should be 369.

Mr Sandison: Yes 369 is correct, not 396. We advised in our answers that we do not have a confirmed position because the investigations or reviews into those cases have not been completed. I take it that your question is: have we confirmed whether or not it was a customer of Medicare or somebody else?

Senator CAMERON: No. I am asking: there is a figure of 369, is that figure individual citizens?

Mr Withnell: That is correct.

Senator CAMERON: So it is 369 citizens. Has there been an estimate made of the potential loss to these citizens?

Mr Withnell: Not of that particular cohort that I am aware of.

Senator CAMERON: When did you become aware there was 369 people whose identity may have been stolen?

Mr Withnell: That 369 was over a period of time. A small number of them go back to 2014 and most of them in the first half of 2015.

Senator CAMERON: When you say the first half, what does that mean? That is a six month—

Mr Withnell: Progressively over that time.

Senator CAMERON: How progressive? Front-end loaded to that six month, back-end loaded, evenly spread—can you give me some detail?

Mr Withnell: I do not have that broken down, but my look at the list would say that it is pretty evenly spread across that six months?

Senator CAMERON: Do you have any idea how much money may have been stolen from these citizen's accounts?

Mr Withnell: It would not have been stolen from the citizen's accounts, if there was money taken it would have been from the government, as payments. Until we have finished the investigations into each of those matters, we cannot determine a final figure.

Senator CAMERON: Have you got a figure that is not final?

Mr Withnell: I think it would be a figure that would be too general. The estimate would have a variation that would be significant to the degree that it would make it reasonably meaningless.

Senator CAMERON: So we have 369 citizens with potential identity theft from early this year?

Mr Sandison: The answer was over the course of two years, and Mr Withnell said—

Senator CAMERON: Over the course of two years?

Mr Sandison: Your question was over a period of two years, and we provided that number.

Senator CAMERON: Is that 369 over two years?

Mr Sandison: Yes. Then Mr Withnell said that there was a particular period of six months of this year and you asked for clarification on that amount, which he said was potentially distributed evenly over the six months.

Senator CAMERON: If the identity is stolen, you say it is government money and you cannot tell me how much government money because it is too hard—why is it too hard?

Senator Payne: 'At this point', I think Mr Withnell said.

Senator CAMERON: But this is over a two-year period then—why is it too hard?

Mr Withnell: As I said, there was a small number in 2014 and the bulk in the first half of this year. Until we have actually analysed and investigated each of the cases, it is difficult to know which payments went where. Some of them may have gone nowhere.

Senator CAMERON: And some of them might have lost their identity—is that correct?

Mr Withnell: It is a possibility.

Senator CAMERON: It is a possibility that 369 Australians have had their identity stolen.

Senator Payne: Or compromised.

Mr Withnell: Or compromised, I think.

Senator CAMERON: Or stolen.

Mr Withnell: It is possible.

Senator CAMERON: It is possible. How much is the department losing each year to Medicare rebates where identities are stolen and rebates go to fake accounts?

Mr Sandison: We do not have a specific figure. We have said in one of our answers to your questions that I think the number was approximately \$30,000 had been identified in recoveries where we had identified where there was an actual review or investigation completed and where recovery action had been initiated.

Senator CAMERON: How many reviews have been done?

Mr Sandison: I think our figure was 41. Again, they were in the time periods that you asked about, with 38 of them being completed and three referrals to the CDPP.

Senator CAMERON: So there is still over 300 to be reviewed?

Ms Campbell: I think they are two separate elements that we are talking about. Mr Withnell was talking about the investigations underway with the 369. We are very focused on getting that information and the investigations completed as quickly as we can, but I do not think we have categorised in the past what we speculated or thought the frauds were due to. We have just done Medicare fraud.

CHAIR: Can I get some clarification. In terms of these numbers, how many customers are there and how many Medicare transactions are there a year?

Ms Campbell: There are some 23 million customers.

Mr Sandison: There are 23½ million customers; approximately 15 million active customers; 373 million transactions or claims are paid each year; the Medicare online is approximately 0.1 of one per cent of the activity Medicare gets; and the value is over \$20 billion a year, approximately, of payments that have been made.

CHAIR: I think that gives a little bit of context. Thank you. Just on timing, Senator Cameron, we are due to break at nine o'clock and I know that there are two senators waiting to ask some questions in this area, so I will have you wrap up in the next couple of minutes.

Senator CAMERON: I have lots more—

CHAIR: I know you do. I am not saying that you will not be able to come back, but you have been going for an hour or more and others have questions.

Senator CAMERON: I appreciate that. Is the department aware if any of your clients—or customers or citizens—have lost any money outside of the Medicare system because their identity has been stolen?

Mr Sandison: No.

Senator CAMERON: You do not know?

Mr Sandison: I am not aware.

Senator CAMERON: Has there been processes put in place to try and assess if these customers have lost their—

Mr Sandison: Our role is to look after the relationship to the Medicare system in the payments, to look at whether or not Commonwealth money has been taken, as Mr Withnell said, and to make sure that the right payments are made to the individuals—

Senator CAMERON: But do you have a duty of care to those citizens using the Medicare system?

Mr Withnell: As part of our recovery processes we use a group called iDcare, who work with individuals to recover—

Senator CAMERON: We might come back to that Mr Withnell. Could you answer my question: does the department have a duty of care to the citizens who use the Medicare payment system under DHS?

Senator Payne: In relation to Medicare, absolutely—in relation to Medicare.

Senator CAMERON: Does that duty of care then stop when there has been identities stolen from citizens in the Medicare system operated by DHS? Do you say that you have no accountability or no responsibility if, as a result of that identity being stolen, they lose money because their identity has been freed? Is that an issue?

Ms Campbell: I think Mr Withnell was about to step you through what actions we take in this regard.

Senator CAMERON: I am interested in that specific issue about how far your duty of care goes, because the response was that you are only interested, basically, in lost Commonwealth money. This goes further than lost

Commonwealth money—this is citizens' identities being stolen and there could be further problems and losses to the citizens.

CHAIR: Ms Campbell, I will allow you to answer the question as you see fit and Mr Withnell, and then I will move to Senator Lindgren and then Senator Siewert.

Ms Campbell: Thank you, Chair. Senator, Mr Withnell looks after serious fraud and noncompliance in the department, which I think is the space you are asking this question from. Mr Sandison looks after the integrity of the Medicare payments system. So I think it would be useful if Mr Withnell took you through those next steps.

Mr Withnell: We have a service recovery arrangement in all of the programs where the situation occurs that people have had their identity with us stolen. If that then moves on to other areas—for example, banks or other accounts that they may have—we generally use a group called iDcare, who are specialists in assisting people to recover their identity across that range of agencies and entities. We can re-establish identities within our system but we have limitations on being able to re-establish identities in other systems that we do not control—and iDcare are able to do that.

CHAIR: Thank you. We will move on. We can always come back to this if you would like to, Senator Cameron. Senator Lindgren.

Senator LINDGREN: My questions pertain to fraud and noncompliance. How many fraud tip-offs did the department receive and what was the total value of the debt that these tip-offs helped to identify?

Mr Withnell: In 2014-15 we received 103,803 tip-offs.

Senator LINDGREN: That seems to be a lot. How many debts were raised against those 103,000 people?

Mr Withnell: There is a complication with the figures here that we have discussed previously in this committee and provided on notice: because the tip-off often confirms information that we already have and an activity underway, the direct attribution of the outcome does not necessarily go to the tip-off. So the figure I am about to give you relates just to activity that is derived from the tip-off—there is no other activity underway. In terms of just the tip-offs, the amount of debt raised in 2014-15 was \$14.7 million. There were 87 matters referred to the CDPP resulting from tip-offs.

Senator LINDGREN: How many matters did the department refer to the Commonwealth Director of Public Prosecutions?

Mr Withnell: In 2014-15 we referred 1,366 matters to the Commonwealth Director of Public Prosecutions.

Senator LINDGREN: How much did DHS compliance and fraud control programs save taxpayers?

Mr Withnell: In 2014-15 it was just over \$900 million.

Senator LINDGREN: Could you please give me an update on the Welfare Fraud Taskforce.

Ms Golightly: The Welfare Fraud Taskforce started on 1 July as per the budget measure, with the appointment of Assistant Commissioner Ray Johnson, who has been seconded from the Australian Federal Police to run the task force. Assistant Commissioner Johnson can update you further.

Senator LINDGREN: Assistant Commissioner Johnson, what is the funding for the task force, what is the task force doing and how many staff are attached to it?

Mr Johnson: The Welfare Fraud Taskforce started on 1 July, which is the time at which I was appointed. Since then, time has been spent on setting up the task force, getting the systems and processes in place and progressing some operational work. The task force is one element of eight of the original measure. The budget allocated to the department to run the task force was \$47 million over the forward estimates. The first year is about \$9 million. The staff for the first year is 80 full-time equivalent. Obviously, as the recruiting goes forward, that tends to be more than 80 as we get closer to the end of the financial year and then 100-odd into the future years. Most of those staff are operational—compliance staff, investigators within the department to do the operational front-end—and we pay for a small office to do the coordination and the planning, and, as a result of agreement from the secretary and the commissioner, we have an increase in secondments from the AFP for particular purposes.

Senator LINDGREN: Is the whole task force actually operational or are you still in stages?

Mr Johnson: We certainly do not have full staffing allocated. We are well on the way though.

Senator LINDGREN: Have there been any operational outcomes as a result of the task force activities?

Mr Johnson: There has been some operational work ongoing. Perhaps it might be useful to explain the underpinning logic of the task force. One of the purposes of the task force was to use data that the department had

at hand which indicated clusters of noncompliance in particular geographical areas. A lot of the work we have been doing is trying to refine our methodology.

Ms Campbell: These are quite early days and, in future hearings, we may have more information that we can provide on the outcomes of the task force.

Senator LINDGREN: You just talked about geographical areas and you said some of them are high risk. What determines them as high-risk geographical areas? Have you profiled those areas?

Ms Golightly: We do a lot of risk profiling across all of our payments and programs, and so there are quite a large number of factors that go into looking at what might be higher areas of risk than others. We have noticed that there are some clusters, but perhaps Commissioner Johnson could talk about some of those risk factors. They vary between the payments, so maybe he could explain that.

Mr Johnson: In the stages that we are using now to look at our profiling for locations—what you would call heat mapping—we are looking at risks in areas like Newstart, disability support, single parenting payment and income declaration, so whether somebody has an undeclared income and has not informed the department. They are the sets at this point; there are others. It is a technology that is beyond me, to be honest, in terms of how the department pulls together some of the profiling, the risk analysis.

Senator LINDGREN: Does any one of those three that you mentioned really stand out?

Mr Johnson: Primarily, at this point, because they are all about the same, we are using them in comparison with each other, if that makes sense.

Ms Golightly: I think, perhaps, another way of helping understand the risk profiling is that for a lot of our payments there is a common eligibility criteria, which is usually an income threshold of some sort, and beyond that you are not eligible. Quite often a risk factor that comes up is the correct or incorrect declaration of the income that is being earned. At the moment, we are seeing that, probably, as being very much a high-risk area, and it is not surprising, given that that is a common eligibility criterion across all of our payments.

Senator LINDGREN: Is there any particular way, or number of ways, in which people avoid detection? Do you have any scenarios that you might be able to tell us about? I am a bit interested in how they are avoiders.

Ms Golightly: I am not sure we would like to give away what we look for.

Senator LINDGREN: You do not have to give me significant details, but do you have a small example of the types of things that people do?

Ms Golightly: If I perhaps take the example I was just talking about a little bit further: people have to report their income to us, DHS and, of course, the ATO. So we do a lot of data matching with the ATO and we find quite a few discrepancies.

Senator LINDGREN: Is the ATO the only other agency that you work with—are there other arrangements?

Ms Golightly: That was just one example of the risk of income, but we do work with other agencies, yes.

Senator LINDGREN: Could you name just a few?

Mr Withnell: We match data with over 40 different agencies in different cycles. We work closely, particularly in relation to fraud matters, with the Crime Commission, the AFP, AUSTRAC and state police. In relation to data matching, we work with both government and non-government entities—for example, banks on occasion, the ATO and the department of immigration. They are a few of them at this point.

Senator LINDGREN: Would you say the majority of avoiders were detected as a result of people tipping off or investigations that DHS and other agencies might do?

Mr Withnell: They are largely from the data matching and cross-profiling that we do. As I mentioned earlier, we do get results from the tip-offs as well.

Ms Golightly: They are often important in that they can sometimes add to the information that we have.

Senator SIEWERT: I will continue on from there. Of the 87 cases that were referred from the tip-offs, how many resulted in prosecution?

Mr Withnell: Sorry, Senator, I missed the first bit.

Senator SIEWERT: Of the 87 that I understand were from the tip-off process and that were referred, how many resulted in prosecution?

Mr Withnell: I do not have that broken down, but I do know that on average our acceptance rate by the CDPP—that is, they take it forward to prosecution—usually runs at around 95 per cent.

Senator SIEWERT: To prosecution?

Mr Withnell: Of the matters we refer, they take forward.

Senator SIEWERT: Of the broader number that you referred to, the 1,366, again, how many of those were—

Mr Withnell: That is the 95 per cent figure for that group. I do not have it broken down for the tip-offs.

Senator SIEWERT: Ninety-five per cent is in fact for that figure, not for the tip-offs.

Mr Withnell: That is right.

Senator SIEWERT: That raised \$900 million?

Mr Withnell: No, that is a component of it. The prosecutions accounted for \$42 million.

Senator SIEWERT: Where did the other come from?

Mr Withnell: The other comes from other investigations that do not progress to prosecutions or our compliance activity.

Senator SIEWERT: What percentage of that \$900 million is out-and-out fraud and what percentage is from honest mistakes?

Mr Withnell: With the \$42 million for the ones we prosecute, those people are convicted of fraud related offences.

Senator SIEWERT: I presumed that. But that \$900 million is vastly different to the \$42 million. That is why I am asking.

Mr Withnell: That is right. The bulk of the money is from the compliance activity, which is people failing to declare income for short periods of time and gaining an overpayment for weeks or months. The prosecutions in relation to fraud tend to be where people are quite deliberately deceiving the system.

Senator SIEWERT: In other words, the bulk of the \$900 million is from the compliance activity.

Mr Withnell: That is right.

Senator SIEWERT: How much of that is because of the complicated process and how much is because people are deliberately not doing it?

Mr Withnell: I think there is a continuum that you would get in that group that would run from those people who do find it complex and simply get it wrong or their circumstances do not match the policy outcomes through to people we might consider casual avoiders. They might every so often not tell us the things they are required to tell us through to probably a group that are a bit more wilful in terms of avoiding their responsibility. So there is quite a continuum there. They are obviously not separate groups. But in terms of breaking that down even further, it is very difficult to do that.

Senator SIEWERT: Where does the task force come in in terms of that spectrum of compliance?

Ms Golightly: The task force would be looking at where, as I mentioned before, we see under the myriad of risk factors a particular cluster of issues that we might want to look into, which might be non-compliance or the more serious end fraud. Until we do the investigation, we don't know.

Senator SIEWERT: Where is that line between the non-compliance and the fraud where you identify the clusters?

Mr Withnell: Perhaps if I add two more categories to that continuum, it might help. I think as you get past the more wilful avoidance, if you like, you get into much more purposeful criminal behaviour and potentially organised criminal behaviour.

Senator SIEWERT: That is where I wanted to get to, which is where that line is. So you are going to where people are using multiple identities and all of that.

Mr Withnell: Deliberately deceiving.

Ms Golightly: With an organised nature.

Mr Johnson: Just in terms of how that might play out in fact, the data would tell us there is certainly what appeared to be connections between individuals in a particular location. So the theory is that there is some sort of organisation to it or some sort of culture of it. It is only upon investigation that you will ultimately work out which is which. And, in the end, if you find that it is non-compliance and they are therefore cultural or individual cases, you will deal with them that way. If you find that your chances are higher of finding organised criminality then you target it as that way.

Senator SIEWERT: That is where the geographical process you talked about comes in.

Mr Johnson: Yes.

Senator SIEWERT: If I understand you correctly, there have not been any prosecutions yet as a result of your work.

Ms Golightly: It is very early.

Senator SIEWERT: I understand that. In terms of the number that you gave us of people prosecuted, is 1,366 the total for this last financial year?

Mr Withnell: For 2014-15 for welfare payments.

Senator SIEWERT: So the bulk of that 95 per cent then go through to successful prosecution?

Mr Withnell: Correct.

Senator SIEWERT: Of that, how many would have been prosecuted for identity fraud?

Mr Withnell: It is a difficult number to breakdown, because often they are prosecuted for a number of different things. So I do not have a figure that I could give you that says it is X, because some matters would actually range across a number of different offences.

Senator SIEWERT: So someone engaging in identity fraud could also be doing all sorts of other things—

Mr Withnell: Like creating false documents, which is a separate offence.

Senator SIEWERT: You cannot tell us how many people are using identity fraud to gain access to payments?

Mr Withnell: In the social security system, the numbers are generally somewhat low. On average, we look at maybe between 200 to 300 a year. That is a broad estimate, I know, but it does vary from year to year and that is taking into account a broad definition of potential identity crime as well.

Senator SIEWERT: Of those who were convicted of fraud, how many were for non-medical eligibility for DSP?

Mr Withnell: Again, I would need to take that on notice to see if we can get a figure for that, because again it is not always just that one criterion. I will see how well we can break that down.

Senator SIEWERT: It would be appreciated if you could. Thank you.

Senator CAMERON: Will Commissioner Johnson be here after the break?

Mr Johnson: I can be, Senator.

CHAIR: We have been doing whole-of-department. We are due to move to outcome 1. Are people ready to move on to outcome 1, or would they prefer—

Senator CAMERON: I have a lot of questions for whole-of-department.

Senator SIEWERT: I understand Senator Cameron has a number of questions for cross-portfolio. I actually thought my fraud ones were outcome 1, so I apologise that I did not say that before. I still get confused, no matter how long I do this.

Ms Campbell: So do we, Senator.

Senator SIEWERT: I do have some for outcome 1. Chair, if you want to split up time so that Senator Cameron and the rest of us get a go, could we jump between the two, because that might solve our difficulties.

CHAIR: I am happy to facilitate as best I can. There is a little bit of crossover.

Senator CAMERON: I am happy with that.

CHAIR: Yes, if the department is happy—

Ms Campbell: Yes, Senator. We will do our best to answer the questions.

CHAIR: All right. We will proceed on that basis.

Proceedings suspended from 21:04 to 21:22

Senator SIEWERT: I want a follow up a line of questioning we were asking before and check on the number of unanswered calls. The last answer that came to the committee following our last round of estimates, in answer to a question by Senator Cameron, was to the end of May. Do we now have the figures for the wait times until the end of June?

Mr Tidswell: For unanswered calls—the blocked calls—the figures for 2014-15 are about 22 million. That is for the entire 2014-15 year.

Senator SIEWERT: At the end of May, according to my calculations, it was 22 million. You are saying 22 million until the end of June. So it is 22 million unanswered calls.

Mr Tidswell: That is correct.

Senator SIEWERT: And that compares with 26 million last year—that is the figure they were using, isn't it?

Mr Tidswell: In the previous year, 2013-14, I think we had about 13 million blocked calls. We have a lot of figures in that analysis. These are the calls that are blocked.

Senator SIEWERT: When you say 'blocked', they are the ones that get the busy tone. We have had this discussion.

Mr Tidswell: That is right.

Senator SIEWERT: So we have 22 million to the end of June.

Mr Tidswell: That was our result for the 2014-15 financial year.

Senator SIEWERT: That is a significant jump on 13 million in the previous year.

Mr Tidswell: There is always a trade-off. I think we have talked about this in previous estimates, about trying to manage the workload and demand and the challenge between demand and supply. In previous years we have had far, far higher numbers—well over 30 million.

Ms Campbell: It can also be the case that someone sets their mobile phone to redial when they get the blocked signal. They redial and that counts as another blocked call.

Mr Tidswell: Some people have an application that they can get on their smart phone, which will just keep pinging and pinging and pinging. People use it to try and get concert tickets and win prizes and all those sorts of things. We are getting people calling upwards of 800 or a thousand times at that time, trying to use it. We are battling new technology as people are trying to do that at peak demand times.

Senator SIEWERT: But they are still try to get through to you. Whether they are trying to redial or not, you still have a problem.

Mr Tidswell: But it is blocked call attempts, rather than blocked calls. What we are seeing is more and more call attempts as people try to get through.

Senator SIEWERT: In that answer, which was HS 54, there were reports from each of the centres about what the average call time was. What I found more useful, in fact, was the average speed of answer against the program line. I notice that the average for some of the lines, like participation, can get right down to seven to eight minutes, whereas social security and welfare never gets below a wait of 14 minutes.

Mr Tidswell: 'Social security and welfare' is the amalgam of all those lines together. That is the average of all those telephone queues put together. What we have provided there is the main business lines, which gives you that picture. With the participation solution teams, as we have talked about previously, we put more staff on those lines because they are the payment-affecting lines. They are the ones where people may not have complied with the employment obligations and there might be a penalty attached. They have to make contact with us. That is one of the things we do. We do that, as we have told you previously, also with the BasicsCard, income management and other lines where people have urgent payment inquiries. We try to gear it to those callers who have more urgent inquiries. Our average at the moment, for September, for participation solution team is six minutes and 43 seconds, and our total for social security and welfare, September 2015, is 10 minutes and 34 seconds. That is the amalgam of all those main business lines that we deal with.

Senator SIEWERT: Are there any other actions you are taking to address that 22 million unanswered calls?

Mr Tidswell: We are trying to redirect more of that work and activity to the digital service offer. In the last financial year we had more digital transactions than the combined transactions of face to face and telephony, so we are improving in that area. We are also shifting more work around and moving some processing work from the call channel to the face-to-face channel. We also increasingly blend our workforce so they do more work in terms of taking calls at the busy time at the start of the work, then do processing in the latter part of the week.

Senator SIEWERT: I am sorry; I did not quite understand the first bit of your answer, where you said you were mixing—

Mr Tidswell: Our wait times in our face-to-face service centres have never been better. We are moving parcels of work that used to be done in our smart centres and spreading more work around. That is our bigger goal: to shift the work around to where we have staff available to do it. Some things change, and we get fewer transactions in some areas. Last financial year, we had many fewer transactions in some areas, so we moved some of that work around to try and smooth out the total demand.

Senator SIEWERT: In terms of the numbers of calls going through to the income management lines, have you a total now for the financial year?

Ms Campbell: The last financial year?

Senator SIEWERT: Yes—2014-15.

Mr Tidswell: For the various income management lines, for 2014-15, on the income management—the BasicsCard—inquiry line, we answered 1,227,038 calls, at an average speed of answer of eight minutes and 59 seconds.

Senator SIEWERT: And for the other?

Mr Tidswell: For the income management BasicsCard after-hours phone line, we answered 827,449 at an average speed of answer of two minutes and 13 seconds. That was for 2014-15.

Senator SIEWERT: And an average wait time of two minutes.

Mr Tidswell: At the moment, for September of this year, we are doing very well; we have an average speed of answer for the BasicsCard after-hours line of 48 seconds and for the income management BasicsCard inquiry line of 25 seconds.

Senator SIEWERT: In the first quarter of this year, how many calls have you had on that line?

Mr Tidswell: I do not have that with me. We have figures for the month just gone, but I have not got the previous year, unfortunately. We can get you that on notice.

Senator SIEWERT: Could you tell me the figure for September?

Mr Tidswell: The September figures for income management BasicsCard inquiries are: we took 148,930 calls at an average speed of answer of 25 seconds. For the income management BasicsCard after-hours phone line for September 2015 we took 74,671 calls at an average speed of answer of 48 seconds.

Senator SIEWERT: While we are on that, can you remind me in what ways people can find out their balance on the BasicsCard?

Mr Tidswell: I did ask for some advice on that today because I thought you might ask that question, because we used to talk about this quite a lot, and people can do it through the mobile app, through Centrelink express—

Senator SIEWERT: They do have a mobile app now, don't they?

Mr Tidswell: Yes, through Centrelink express—there is the mobile app we have there. So they can check their balances. They can go online. We have kiosks at a number of key sites. We also obviously operate the phone lines. Then we also have the ability for people to go into service centres. So in regions where income management is still a fairly dominant part of our operation, there are still quite a lot of people coming in.

Senator SIEWERT: But, despite all those areas where you can access that information, you are still getting a lot of calls.

Mr Tidswell: In the last financial year, as to that major inquiry line, with the 1,227,000-odd, we took, I think, across the main business lines, about 43 million calls last year. My stats are not as good as the secretary's, but a million is still a sizeable amount. Is it about five per cent?

Ms Campbell: It is still quite a significant proportion. We do also strive to inform customers of the other ways of using these things that are more convenient for them, particularly for those with smartphones. Our staff are always encouraging them to do so. When they come in and maybe ask for their balance, if a staff member sees that they have a smart phone, they do say, 'You know you can do this yourself and look it up.' Sometimes they might just want to ring someone and often want to ask other questions as well, and this is a way of doing that.

Senator SIEWERT: I am interested in the number of calls you are still getting over the income management. We have a cashless welfare card coming soon. It says, 'We're going to make it easier to find these things.' You already have the app; you have the kiosks; you have service centres. So we are still going to have, potentially, a lot of people ringing up. From experience here, it shows that a lot of people are still ringing up to find that information.

Mr Tidswell: With any of the programs that we run, there are a lot of things that people have to do in that sense. So it is part of—

Senator SIEWERT: It is the point that I am making. In terms of blocked calls, are there any to report on these lines?

Mr Tidswell: I do not know if I have it broken down by those smaller payment lines. Because we try to manage it in the best possible way, to get a right staffing for the capability—because if we are basically answering calls at an average speed of answering 25 seconds, you almost have people waiting for calls at those points in time. We try to avoid some of that blocking in that area. So I do not know if we have that breakdown about the spread. The real pressure on us comes on the main business line, particularly the families business line. That is

where, I would imagine, the majority of the blocked calls would be. That is seasonal. It is structured around family tax benefit, reconciliation, et cetera.

Senator SIEWERT: I was looking at that when we went to look—by the way, thank you for showing us around the centre. But I noticed that, in the answer to your question on notice, you can see that peak time. That is all I have for the time being. I do have more for later.

Senator CAMERON: I will go back to Medicare identity fraud. Secretary, how many Medicare customers have been informed by the department that their identity has been stolen and their rebates diverted?

Ms Campbell: I will ask Mr Withnell to answer that question.

Mr Withnell: With the 369 that we spoke about earlier, a number of those people rang us to advise us that they thought there may be a problem. We contacted the others.

Senator CAMERON: How many rang you?

Mr Withnell: I do not have that figure. We could take that on notice and find out.

Senator CAMERON: When did you notify the 369 that there was a problem?

Mr Withnell: As I said, some of them rang us to ask if there was a problem, and we discussed it with them then. It has been a progressive thing over the time period that I spoke about earlier.

Senator CAMERON: What is the longest period that someone may have been the subject of identity theft and that you have not notified them? What is the longest period that you have identified?

Mr Withnell: I would have to take that on notice. I do not have that figure here with me.

Ms Golightly: We have a number of controls in place, too. If someone is worried about their account and has asked us to look at it, we would monitor that account very carefully to see how it is being used. So it is not that that customer would be exposed. That also goes to the point of your question.

Senator CAMERON: Does it? What about the customers who do not know and you know?

Ms Golightly: If we think that there might be an issue—and this is part of the investigation; this is why we investigate things—we would check various sources. One of the sources may well be the customer.

Senator CAMERON: Yes, you can check, but the customer may not know.

Ms Golightly: We have a number of sources to have a look at. That is what the review is.

Senator CAMERON: Okay, let me try and get back to this again. What is the longest period that you have identified that a citizen may have had identity fraud perpetrated on them? What is the longest period it has taken you to advise that citizen?

Ms Golightly: As Mr Withnell said, we would have to take that on notice because it goes to the spread of the reviews that we are doing.

Senator CAMERON: On notice, okay. Have you informed the Office of the Australian Information Commissioner of every case of Medicare rebate fraud where someone's details have been stolen, changed and rebates redirected into different accounts?

Ms Golightly: I think because the investigations are still underway we do not have a confirmed case—is that correct?

Mr Withnell: That is my understanding.

Senator CAMERON: So you are getting no confirmed cases? That is not right.

Ms Golightly: Of the 369—

Mr Sandison: No, the 369 cases are not confirmed. That was in our answer. So, no, we have not identified them to the commissioner, because they have not been confirmed cases. We have had an engagement with the commissioner: the commissioner engaged with the department, and has received advice back from the department, that as and when cases are finalised and we identify that identity fraud may have taken place, then we would advise the commissioner.

Senator CAMERON: Was that engagement after I wrote to the commissioner, or beforehand?

Mr Sandison: I do not have the exact date of the letter.

Ms Campbell: So we engage with the commissioner quite regularly and talk about issues where there might be allegations. I do not know whether we have got the exact date when this was first raised. We will take that on notice.

Senator CAMERON: Okay, so you are going to provide that to me on notice.

Ms Campbell: Yes.

Senator CAMERON: Do you have a rough idea, and I will not hold you to it, as to when you started engaging with the commissioner in relation to the 369?

Ms Campbell: We will take that on notice.

Senator CAMERON: Have you announced to the public that a major breach of privacy of a large number of people's banking and medical records has occurred?

Ms Campbell: These are alleged instances. We are still working through the investigation. We will work through that and then talk to those individuals.

Senator CAMERON: So are you saying that there is no confirmation of identity theft?

Ms Golightly: In relation to the 369, that related to a specific question of yours about Medicare online. I think Mr Withnell, in earlier evidence, talked about identity fraud more generally in the welfare payment system. When I was talking a minute ago, I was talking about the 369.

Senator CAMERON: So are there other cases outside those 369?

Mr Sandison: One of the things we need to clarify is that the point made earlier about the 41 cases that we looked at, and 38 that have been concluded and we were doing recovery action for, is that in all of those cases were those individuals using their own cards to go in and make a fraudulent claim against the Medicare system. When we actually engage to look into what might be happening with a Medicare claim, we also have to take into account it could be the individual, there are instances where potentially it might be a family member and there are instances where it might not be.

Senator CAMERON: But with the 369, you know that there was a high incidence and there was a pattern developing, wasn't there?

Mr Sandison: There was a growth trend of what was going on, certainly. But, Senator, we have also had instances where somebody has said they believed their card might have been misused, but then they find out it was a family member and they withdraw their complaint or their comment.

Senator CAMERON: Sure. So how many of the 369 are in that boat?

Mr Sandison: With 369, we would have to wait and see for the outcome of each one. And the reason for the length of time is because we have to go through, without realising which way that might go. You cannot actually upset the investigation by going in on all of them specifically straightaway to the individual. You have got to work out whether there are other links.

Senator CAMERON: You are probably aware I have written to the Office of the Australian Information Commissioner. I understand the Information Commissioner was not aware of these issues. Is that your understanding?

Mr Sandison: That might be the case. I think we would—

Senator CAMERON: 'Might be'? Is it the case or not the case, or don't you know?

Mr Sandison: I have not had direct engagement on this, no.

Ms Campbell: Senator, were you saying that the commissioner himself was unaware or the office was unaware?

Senator CAMERON: Both.

Ms Campbell: We can take on notice when we were advised and look at the date at which you wrote—

Senator CAMERON: And can you provide details of all correspondence between the department, and file notes and the like between the Office of the Australian Information Commissioner and DHS in relation to these fraud issues?

Ms Campbell: Yes.

Senator CAMERON: Okay. When was DHS first informed of this kind of identity fraud?

Mr Withnell: I think identity fraud happens in the social security system and the Medicare system intermittently. It is something—

Senator CAMERON: I am talking about the 369. I really do not want you going wandering off. I am going to keep you to this. You are on the 369. This is a major potential breach of people's identity, so I do not want any games being played here. I want you to try and answer the questions that I am asking, please.

Mr Withnell: And that question, Senator?

Senator CAMERON: When was DHS first informed of the identity fraud in relation to these 369?

Mr Withnell: I do not have the first date, but we can get that for you on notice.

Senator CAMERON: So you did not expect that question?

Ms Golightly: I also need to point out it is allegations. It is not proven yet. We are still investigating the matters.

Senator CAMERON: So it all could be pie in the sky. Is that what you are saying?

Ms Golightly: It might not be. I—

Senator CAMERON: It might not be. That is right. When did DHS executives first meet regarding this issue?

Mr Sandison: We had a range of discussions within my group. Probably the primary ones would have been back in February-March.

Senator CAMERON: February-March this year?

Mr Sandison: Correct, and this is to do with the online element, where we were looking at the claiming through the claiming Medicare benefits online.

Senator CAMERON: When did you first notify the former minister of fraud involving identity theft and rebate diversion?

Ms Campbell: I think it is worth noting that that may not necessarily be fraud or identity theft—the increase we saw in the claiming.

Mr Sandison: It was the claiming rates, the activity.

Ms Campbell: It could have been fraud but it may not have been identity—

Senator CAMERON: You are not sure. These things happened in February. We are up to October. You are still not sure.

Ms Campbell: It might be worth Mr Sandison taking you through what we saw in February and what actions we took in February.

Senator CAMERON: You can do that on notice.

Ms Campbell: Okay.

Senator CAMERON: I have got specific questions I want to ask and, if I have got time, I will come back to that. You had your first meetings in February-March. When did you notify the minister?

Mr Sandison: I would have to check the date. We engaged with advice within the department and then provided advice to the minister as we saw issues emerge because of the claiming levels. I would say we had the first discussions around that growth in the trend in the claiming. There were discussions—and there are about all of our health compliance related activities—that are ongoing.

Senator CAMERON: You are now describing it, in Public Service speak, as a growth in the trend. In the first notification I got from DHS, it was described as 'high incidence'.

Mr Sandison: I have said the growth in the trend in the claiming that was going on—

Senator CAMERON: So it was high incidence, was it?

Mr Sandison: Of claiming. I can tell you the numbers if you would like.

Senator CAMERON: Yes.

Mr Sandison: In January this year, there were 26,700 claims. In February, there were 31,000. In March, there were 40,000. These are total claims in the online channel. Then, in April, there were 36½ thousand. In May—

Senator CAMERON: What has this got to do with the fraud?

Mr Sandison: You asked about the numbers of the claiming, which we then—

Senator CAMERON: No. I am interested in the numbers and the timing of the high incidence of fraud. I can get all that stuff on notice, and I have got limited time. I am interested in the fraud. I want to know when you first notified the minister. When did you become aware of the high incidence of fraud?

Ms Campbell: We had a high incidence of claiming and then we looked at that to determine whether we thought there was fraudulent activity, given there had been an increase in the claiming.

Senator CAMERON: So these thousands came back to hundreds. Is that right?

Mr Sandison: The activity of claiming was in the same period where we started identifying some anomalies in how the claims being made. We had some reports in some of our offices of people coming in and making

claims using their cards, and that is when we also would have seen growth in some of those 369—the numbers of people coming in and saying their cards may have been used inappropriately.

Senator CAMERON: Have the Victorian police notified DHS that there was a problem with identity theft and rebate diversion?

Mr Withnell: We have spoken with Victoria Police, but they have not made us aware of any of that sort of material.

Senator CAMERON: You say you 'have spoken'; did you instigate the discussion?

Mr Withnell: Yes.

Senator CAMERON: Why?

Mr Withnell: I think there was something in the media that suggested that what was seen in New South Wales with the medical centre thefts may also have been occurring in Victoria, so we spoke with the Victorian police to see if they were aware of any.

Senator CAMERON: When was that?

Mr Withnell: I would have to take that on notice. My recollection is, I think, around August, but I will need to check.

Senator CAMERON: And the New South Wales police?

Mr Withnell: The New South Wales police advised us in September—I think it was on 10 September that they advised us—and since that time we have had a number of meetings with them and have joined their strike force board which is looking at the medical record thefts.

Senator CAMERON: So it is the New South Wales police's strike force board, is it?

Mr Withnell: Correct.

Senator CAMERON: That is interesting. What is the geographic spread of the 369 cases?

Mr Withnell: I think we are getting into details there of a New South Wales police investigation, and that may—

Senator CAMERON: No, I am asking you to tell the Senate: what are the demographics, the spread, of these claims?

Mr Withnell: Which claims, Senator?

Senator CAMERON: The reported cases of fraud. The claims that there is identity theft.

Senator Payne: Senator Cameron, Mr Withnell is being appropriately cautious, if I may say so. The department, as I am advised, has been assisting the authorities with an investigation in this regard. The department is very careful to maintain appropriate levels of confidentiality and integrity around that information to ensure that an investigation is not compromised, and—

Senator CAMERON: I am asking for macro level information.

Senator Payne: I do not actually believe that asking for an indication of geographic spread is a macro level piece of information. If an investigation is being carried out by law enforcement authorities, pertinent to that will be a range of things which may include geographic location.

Senator CAMERON: Quite frankly, Minister, neither you nor Mr Withnell can use that as an argument not to provide evidence to this Senate estimates committee.

Senator Payne: It is not a question of being able or not to use it as an argument, Senator. It is the case that the department, as part of the government, will not be a party to compromising a police investigation.

Senator CAMERON: So you are claiming public interest immunity?

Senator Payne: I will take advice on that, Senator, but I am saying that it would be very constructive of you to participate in this conversation in a way that does not compromise a police investigation.

Senator CAMERON: Don't lecture me, Minister. Mr Withnell, are you claiming public interest immunity on this?

CHAIR: It is not up to Mr Withnell to claim public interest immunity, as you know.

Senator CAMERON: Yes, an officer can claim public interest immunity.

CHAIR: No, that is not how it operates. It will be done by a minister if it is to be claimed.

Senator Payne: And I said I will take advice.

Senator CAMERON: No, it can be done by the secretary as well.

CHAIR: And Minister Payne has indicated that she will take advice on that.

Senator Payne: We will take questions on notice in relation to the specifics—

Senator CAMERON: I do not know why you are covering up on such an issue. I do not know why the cover-up is on this.

Senator Payne: I think that you should be, if I may suggest, at least respectful of the adversative processes that need to be undertaken. I do not think that is an unreasonable suggestion at all.

Senator CAMERON: Don't lecture me, Minister. This was under your watch.

Senator Payne: I am quite aware of that.

Senator CAMERON: This was under your watch, so I am not going to be lectured by you.

Senator Payne: I am quite aware of that.

Senator CAMERON: Mr Withnell, the change to the online claim limit was made in response to a high incidence of fraud. What discussions and meetings were held and what notes were written—

Senator Payne: That is not correct, Senator.

Senator CAMERON: in relation to that decision?

Senator Payne: That is not correct, Senator.

Ms Campbell: Mr Sandison will answer that question, but I think we have an issue there about fraud and allegations of fraud.

Mr Sandison: We saw the level of activity—which is partly why I was giving you those other figures, Senator—of claiming in the online channels, and we had some engagement from people talking about the possibility of their cards being misused. But we also had strong feedback that individuals were using their own cards to make false claims, and that is when we started watching the data more carefully in particular areas. We made decisions to control what appeared to be inappropriate activity that was primarily driven by individuals using their own cards, from what we could see from the data, and made changes to the claiming limits.

Senator CAMERON: I received correspondence—my office did, because my office was being asked by citizens what was going on. They were worried about their identity. We wrote and asked the local Centrelink office. There was a delay in getting back and there was an apology for the delay, but what was said was that the online claim limit was reduced to \$150 per 30 days approximately three months ago due to a high incidence of fraud and as a mitigation strategy to reduce this incidence. We need to affirm there are no limits with the app—so if a customer uses the apps, there is no limit. What I was advised—this was on 17 August—was that there was a high incidence of fraud and that mitigation strategies were being put in place. Who is wrong?

Ms Campbell: I think that letter was in error, because it should have said 'alleged fraud' rather than 'fraud'. We look at our systems, particularly when a local office is responding and it may not be aware of some of the broader compliance aspects. The compliance initiatives are quite specific, and that is why Mr Withnell's team ensures that we are not making claims about fraud where maybe it is a customer who is confused, or who does not understand the system or have the expertise to determine whether it is fraud.

Senator CAMERON: How many people are working in the Medicare serious noncompliance unit?

Ms Campbell: We have made some changes recently with the machinery of government arrangements—or this is about to occur—where the provider compliance will go to the Department of Health and the citizen/client/customer compliance will remain with the Department of Human Services.

Senator CAMERON: During the period of these alleged high incidences of fraud, how many people were working in the Medicare serious noncompliance unit in DHS?

Mr Sandison: I will have to take that on notice, specifically as to the serious fraud noncompliance—

Senator CAMERON: Do you have a rough idea?

Mr Sandison: If I gave a number I would be correcting the record immediately, I think. I will take it on notice and get back to you.

Senator CAMERON: Were the numbers reduced in that serious noncompliance unit?

Mr Sandison: There were changes in the unit about how we managed the workload and how we managed the control of the information.

Senator CAMERON: Have they been reduced from 30 to six?

Mr Sandison: I do not think that would be the case, but I will check what the numbers are.

Senator CAMERON: Was correspondence received from the head of that unit, requesting more resources to deal with serious fraud and allegations of fraud?

Mr Sandison: There were discussions with the acting head of that unit about the nature of the resource base for the team and the capacity of the team to deal with some of the work, and we made some changes to it.

Senator CAMERON: So can you provide me with all file notes and correspondence in relation to those discussions, and any file notes and any correspondence in relation to the reduction of the numbers in the health compliance unit?

Mr Sandison: I will take that on notice.

Senator CAMERON: Is the head of that unit still employed by DHS?

Mr Sandison: He is still employed by DHS. Are you talking about the serious fraud noncompliance team?

Senator CAMERON: The Medicare serious noncompliance unit.

Mr Sandison: There is a different person who is heading up the unit now.

Senator CAMERON: A different person?

Mr Sandison: There was a person who was acting temporarily in the job, and they are no longer acting in that job.

Senator CAMERON: Were they made redundant?

Mr Sandison: No.

Senator CAMERON: Were there any redundancies in that area?

Mr Sandison: No, not that I am aware of.

Senator CAMERON: Can you check for me?

Mr Sandison: I can check, certainly.

Senator CAMERON: You are saying that there are no redundancies. Has there been any voluntary redundancies offered?

Mr Sandison: In the serious fraud and non-compliance unit?

Senator CAMERON: Yes.

Mr Sandison: No, there has not.

Senator CAMERON: Were there any redeployed out of that unit?

Mr Sandison: We had some changes in staffing with skill sets and moving people in that unit.

Senator CAMERON: Tell me about it. How many have been redeployed?

Mr Sandison: I do not have the numbers.

Senator CAMERON: Could that be from 30 down to six?

Mr Sandison: I would have to check. Again, I cannot give you a number or I would be correcting it immediately, I am sure.

Senator CAMERON: Why were the cuts to the compliance unit made?

Mr Sandison: I have not said there were cuts.

Senator CAMERON: Why were the redeployments made?

Mr Sandison: No. I said, if we move staff around, we might have brought new people in, which we did at times to boost resources. That is not the same as saying that they were redeployed out or reduced. I will have to check whether there was a change; a reduction in the numbers.

Senator CAMERON: Were any changes made in the anticipation of the introduction of a Medicare co-payment?

Mr Sandison: No.

Senator CAMERON: I am finished on that part.

Senator XENOPHON: I just want to, very quickly, touch on a couple of specific child-support matters that have come to my attention and then discuss the general concerns. I know that these matters are before the family courts, so obviously, Ms Campbell, I will not mention any names or attempt to identify them other than to refer to the states where they are from. I want to look at a case in WA that I raised in the last estimates, and ask questions

on noticed about the June question on notice HS37. In summary, the agency had assessed the father's child-support arrears to be \$17,800. Despite knowing the arrears number was wrong, the registrar initiated enforcement proceedings. To avert the proceedings, the father offered in writing to pay \$6,619; what he believed to be a worst case number. The offer was rejected. As the matter got closer to the court, the agency sought an adjournment. The judge heard the matter and refused to make an enforcement order until the proper assessment of child-support debts had been carried out. Are you aware of the matter that I am referring to, in broad terms?

Ms Campbell: I am not, but I am hoping that Mr Learmonth or my other colleagues at the table will be aware of the matter.

Senator XENOPHON: Perhaps, if I can just recap to save time; the arrears notice was \$17,800. The father offered in writing to pay \$6,619. It went to a proper assessment on an order of the judge. As a result of the assessment of the child-support debt the registrar's assessment was that he pay approximately \$5,900. Does that ring any bells? Who should I direct the questions to?

Ms Campbell: It is a litigation question. We are just trying to work out whether it will be a policy answering question or a litigation question.

Senator XENOPHON: It is going to be a bit of both.

Ms Campbell: We will have Mr Learmonth and Mr Thiveos to answer the policy ones, and Ms Musolino to answer the litigation ones.

Senator XENOPHON: Do you want me to recap again? I am happy to.

Ms Campbell: I think we have identified which case we are talking about.

Senator XENOPHON: For obvious reasons we are careful. An assessment and a quick summary; the agency assessment was \$17,800, the father offered to pay, in writing, \$6,619. The judge heard the matter because the proceedings were issued by the agency. The registrar's assessment was that he pay about \$5,900. Are we on the same page? It relates to the June question on notice HS37.

As I understand, the father had to incur his own costs. He had to go through a court process when he had offered an amount over the amount that was assessed by the registrar. Are there any cost consequences in respect to that? In civil courts if you make an offer and you get less than that offer there are cost consequences. Are there any consequences, as a matter of course, in child-support matters?

Ms Musolino: To be clear in this matter: the total debt amount was \$17,481.30, and that was made up of \$13,236.16 in child support arrears and \$4,245.14 in late payment penalties. The customers were in settlement discussions with the department through its external lawyers.

Senator XENOPHON: Wasn't there a registrar's assessment of \$5,900 after the farmer made an offer in writing to pay \$6,619?

Ms Musolino: That is not the information I have. I could take it on notice, but the information I have is that that was the debt amount.

Senator XENOPHON: That was the debt amount. Then there was a proper assessment carried out and the registrar's assessment was that he pay approximately \$5,900.

Ms Campbell: Your question relates to the cost issue and the policy—

Senator XENOPHON: I guess the policy issue is that it seems to be one of these unfortunate cases where the father goes through this process, the offer that he made based on the registrar's assessment—from the information that I have been provided, there is a lot of expense that was incurred. The mother had to engage lawyers at her own cost to deal with the departure application raised by the father in response to the registrar's application, so she is obviously in a worse-off position with costs incurred. I am trying to work out what the legal fees are to date in respect of a matter that, had the offer been accepted earlier on, would have saved a lot of cost and anguish for both the father and the mother.

Ms Campbell: Unfortunately, I do not think we have got the same information at the table that you have. We are not able to answer the specific case. We could take it on notice, of course. I am trying to see if we have a general principle or a policy position on some cases.

Ms Musolino: There was an offer of settlement and the department refused that offer because it was an offer for less than the full maintenance arrears.

Senator XENOPHON: Right. I am going back to my old ambulance chaser days as a plaintiff lawyer—

Senator Payne: You said it, not us!

Senator XENOPHON: It's an honourable profession! But what puts the fear of god or something else in lawyers is that the insurance company files an offer. They offer your client \$50,000. If you go to trial and you get one cent less than the \$50,000 offered, you get all sorts of adverse costs orders. I am not suggesting it needs to be as hard and fast as it is in other jurisdictions, but is there any discipline for parties to behave reasonably, particularly with an agency that does have the resources of expert counsel and proper protocols? I am not suggesting that you adopt nearly as an inflexible an approach as is the case of civil jurisdictions of courts in personal injuries cases—or in commercial cases, for that matter—but how do you appropriately assess an offer that is made by a party and avoid what appear to be very significant legal costs? The answer I got back in June question on notice HS37 was that, as at 23 June 2015, the external lawyers had estimated the total cost to be \$6,710 GST inclusive. That seems to be in excess and that was back then. I would like to know how much more has been incurred.

Ms Campbell: I am not sure we are going to be able to provide a good answer.

Senator XENOPHON: That is okay. I will go to another Western Australian case.

Ms Campbell: We will take that one on notice.

Senator SMITH: I have thematic questions around non-agency payments, but you might want to prosecute your argument first.

Senator XENOPHON: This is another specific one. This is another Western Australian child support matter. I am not picking on Western Australia and do not think the agency is picking on Western Australia; they just both happen to be from Western Australia. It appeared in *The Canberra Times* this week. Are you familiar with the case I am referring to?

Ms Campbell: Yes. I have read *The Canberra Times* articles.

Senator XENOPHON: I was copied in on the father's 9 October 2015 email to you. I think you are familiar with that. Obviously we do not identify the parties. My officer has spoken to the father about that. I know it is late, but I want to go to parts of the judgement in this case. The judge says: 'There is no doubt the father is the author of his own misfortune. His inability to say no to his children when they requested financial assistance from him, together with his dysfunctional relationship with the mother, produced the result that, although he provided more financial assistance to the children than he was otherwise required to do under his child support obligations, in the eyes of the child support registrar and the mother he failed to meet his child support obligations.' The judge says he made that decision not to pay the agency directly and brought these enforcement proceedings on himself. He goes on to say: 'There's no doubt that the father has paid either directly to or on behalf of the children more than he otherwise would have been required to pay had he restricted himself to his child support liability. There is also no doubt that the financial assistance that he has given to the children has significantly assisted the children's quality of life.' Given the principal objective of the Child Support Assessment Act is about the welfare of children and making sure they are provided for properly, what does the department do in cases where the father has materially morally met the principal objective, albeit without complying with the letter of the law? What do you do in those unusual cases where there is clear evidence that the father has been generous, has done the right thing and has not complied with the letter of the law but there is evidence to indicate that he has?

Mr Learmonth: The short answer is there is ample flexibility and provision within the scheme to take account of these payments. This is not just a process matter that says that if he did not pay it through the child support agency then it will not be counted. The reality is that, where a child support liability is determined, we have a legal obligation to pursue it. In fulfilment of a child support obligation a paying parent can make, as I think you referred to, non-agency payments—in other words, payments made direct to a supported child or to a third party on behalf of that child. They are standard provisions within our arrangement. They are ideally, best and usually done with the consent of the receiving parent.

Senator XENOPHON: I understand that.

Mr Learmonth: If I may. They are ideally made in that fashion and that is usually the way it is done with payment of school fees and so forth. There is provision for non-agency payments to be accepted even absent agreement with the receiving parent—as in this example, where communication is less than effective between the parties. The paying parent can come to the department and say, 'I have made these non-agency payments and I would like them to be held against my child support liability.' The department will form a view on that. They will make a judgement. They will consult. Some or all of that non-agency payment may be held against the debt.

In this case, where a person has chosen not to avail themselves of that flexibility and opportunity and has simply asserted that the payments they have made ought to be held in satisfaction on their own judgement of the child support liability, we have no option but to pursue that. This is not just about process; it is about the policy

integrity of the scheme and the notion that payments ought to be made to support the reasonable costs of child rearing. If I may, you quoted the judgement. The judge also went on to say, 'The court notes that, although the father has made significant financial contributions to the children, they have been for luxury or non-essential items, leaving the mother to justify, we feel, that she was left to pay for those essential items without the child support she was entitled to.' Therein lies the issue of maintenance of the policy integrity of the scheme. It is not merely a process matter.

Senator XENOPHON: I understand. In terms of resolution of the matter—and I understand what you are saying about policy integrity—I tabled question on notice in the Senate 2579 asking for the external legal costs associated with this matter. Can you tell me what they are? I have a figure between 40—

Mr Learmonth: I cannot; but, again, litigation is always the last resort here. We have cases where there is a child support obligation and we are legally obliged to pursue it. We have many ways in which we can try to satisfy that—ideally through an arrangement with the paying parent through garnishing wages or other assets. We have ways of doing this. Ultimately, if we cannot get satisfaction through any other means, litigation is probably the last resort. When someone chooses not to engage or to avail themselves of the flexibilities within the system, it tends to be the last resort.

Senator XENOPHON: I want to suggest something to you from a broader policy position. I understand, from the information I have, that the father also deposited some of the funds in the mother's account. Sometimes you get parties who might be intransigent or, to use that famous word, recalcitrant. But I wonder whether what appears to have cost tens of thousands of dollars in legal costs could have been avoided, in large part, by having a mediation?

Mr Learmonth: Again, you can lead someone to water but you cannot make them drink.

Senator XENOPHON: You can lead them to mediation, though.

Mr Learmonth: Ultimately, you can deal with these things if someone, as a payer, says, 'I have made payments for the children. I have made payments into a bank account. It has not been through you, but I have made these payments.' If they come to us with that information, we will deal with it. We will make a judgement, a determination, about it and we will hold appropriate amounts against their child support liability. This has not been done.

Senator XENOPHON: The issue is this: what I am trying to understand, given my ambulance-chaser background, is the whole issue of mediation. With properly conducted mediation, a good mediator—and they usually are pretty good mediators because they have had experience in litigation—can sit parties down and say, 'You're being stupid. You're being unreasonable. You need to resolve this.' It is much cheaper than a trial. It would have cost maybe \$10,000 or \$15,000, rather than \$50,000, \$60,000 or \$70,000. Can you take on notice on what basis you decide something should go to a full trial rather than trying to head it off at the pass with mediation. I am just trying to be pragmatic.

Mr Learmonth: The short answer is: where there is no other reasonable course of action.

Senator XENOPHON: That is a bit of a circuitous answer. Is there a policy to have mediations as a matter of course in such matters? If this person in question is as recalcitrant as I think he may have been—from what I am reading between the lines—but was very generous to his daughters, I wonder whether it would have saved a whole lot of taxpayers' money if he had been hauled before a mediation? That is the only point I am making. I am happy for you to take that on notice, because my time is limited and I want to ask further questions. So please take that on notice—I just want to understand why there should not be mediations, or a mechanism for mediations, as a matter of course. I think that could save a lot of taxpayers' money and a lot of anguish all parties involved.

I want to go back to the question of whether there is an interim step between departmental action with respect to child support matters and litigation I guess it is a policy matter. I discussed that with you in your previous incarnation, Minister. I want to raise one more cost issue in relation to the original \$630,000 case I raised with you in February. I subsequently attended a mediation where the matter was resolved. It was a good outcome that it was finally resolved. In answer to question on notice HS 719 you provided me with a cost breakdown of the first tranche of litigation. The department paid the father's and mother's costs. The father's costs for one lawyer and one junior counsel were \$71,459. The mother's costs for one lawyer were \$13,018. The CSA's costs, presumably for one lawyer and one junior counsel, were \$369,235. So the costs to the department were five times that of the other party. I am trying to understand the rationale for that, Ms Campbell. The department stated:

...it was necessary for the department to obtain extensive legal advice and for the department's external lawyers to prepare and make detailed submissions to the Court.

The father's lawyer and barrister team would have done the same thing. I do not understand the massive cost differential.

Ms Campbell: Can we take that on notice? I do not have that information here, and I must admit I have not looked at this case for some time. I think we would be able to get you a better answer if we took that on notice.

Senator XENOPHON: I will put some of these questions on notice, and then you will be done with me. I will ask the minister this question, though: from a policy point of view, will the government consider mandating mediation in such matters in order to avoid the cost of litigation? Is that something that may be on the agenda? Given the Prime Minister has talked about the need to be agile, I wonder whether agility and mediation might go hand in hand here.

Senator Payne: I do not think agility and mandating go hand in hand, to be honest with you.

Senator XENOPHON: Yes, but agility in terms of saving taxpayers' money.

Senator Payne: Of course, we are always interested in saving taxpayer money. I do think—and I would hope, as an ambulance chaser or not, you would agree—that there always needs to be discretion in the pursuit of legal matters, but I will undertake to follow that up. We obviously are constrained by the requirements of being a model litigant and a number of other aspects in relation to the government as a protagonist in the process, but let me get some advice.

Senator XENOPHON: Okay. I will put these questions on notice, and then I am gone.

CHAIR: Make them quick please.

Senator XENOPHON: First, can you please provide me with initial litigation estimate provided to the department by the AGS in the \$630,000 matter referred to? Second, noting that the matter settled—and I am grateful for the fact that that was facilitated—can you please provide to this committee a copy of the AGS invoices, obviously de-identified, associated with that tranche of litigation? In the alternative, would you consider having these costs investigated and providing the finding of the investigation to the committee, because it is such a massive difference between what the parties paid in legal fees at commercial rates and what the department paid?

Ms Campbell: We will take those questions on notice.

Senator XENOPHON: I am done.

CHAIR: Very briefly, Senator Smith had a follow-up on this.

Senator SMITH: I am 99.9 per cent confident that the case that I was going to talk about is the same case that Senator Xenophon reflected on, but I was sort of keen to go to the issue of non-agency payments, and explore that a little bit more, but Mr Learmonth has sort of given me enough, for the moment, on that. I will just come back independently to the minister's office to sort of tease out some of those issues. I was interested, Mr Learmonth, because it appears to me that there is much greater opportunity for a parent to use those non-agency payments. I thought it was a much stricter application of whether or not someone's maintenance payments could actually be recognised. If I have heard your evidence correctly, if you go through the right process you can have those non-agency payments recognised.

Mr Learmonth: They can be considered and recognised, yes.

Senator SMITH: Thank you very much.

Ms Campbell: Of course, it is helpful to tell us.

Senator SMITH: I understand that. There is some depth to this particular case that is not necessarily there at first blush.

Senator SIEWERT: I wanted to go very quickly to the issue of nominees. I understand that the issue about nominees being notified has now been resolved.

Ms Campbell: Sorry? Say that again.

Senator SIEWERT: The issue of around nominees being notified about—

Ms Campbell: Being notified of activities, yes.

Senator SIEWERT: I understand that that has now been resolved. Is that correct?

Ms Campbell: That is my understanding, but I am looking for someone to—

Senator SIEWERT: I wanted to confirm that, but there is another issue. I understand that on the app you cannot do that.

Ms Campbell: I will just see whether we can find someone to come to the table to do this. So this is if you are using the app as a nominee?

Senator SIEWERT: Yes. I wanted to clarify that the issue has been resolved beyond the app.

Ms Beath: The general issues you referred to with nominees have been resolved. I need to take on notice what exactly nominees can do on the app, because they can do some things but not everything.

Senator SIEWERT: Could you take that on notice and whether there is a way that you can address that?

Ms Beath: Yes.

Senator SIEWERT: Thank you very much. I want to go to the issue around aged-care payment, and I did have a quick chat to DSS about it yesterday. I know that we have had a number of discussions about this. I am still told that there is still a considerable lag in the process and that providers still are not getting paid on time.

Ms Golightly: I am not aware of any issues in that respect. The providers get an advance every month. The rules are that they have to put in their previous claims and then that will trigger an advance for the next month. There have not been any problems in that space for some time. But if you have particulars, we are always more than happy to look into particular cases if someone has a concern.

Senator SIEWERT: I have this letter here, I am going to check with the people who I have been talking to and make sure I can hand it over, because we keep having this, 'No it's not.'—

Ms Golightly: Yes we do.

Senator SIEWERT: I have this now and I will check to make sure I can hand it over, and then I would ask you to take it on notice.

Ms Golightly: Absolutely.

Ms Campbell: We have set up processes where if people have a concern like this then they can call a case officer and try to clarify it very quickly. They do not have to wait for a hearing or anything like that to happen, because we know that there was some teething issues with the system and we think we have most of it now, but we are very keen to hear if people have an issue.

Senator SIEWERT: As I said, I have an example here and I will go away and check that I can hand it over.

Senator CAMERON: I will just go very quickly to the issue of Strikeforce Board. The minister announced Strikeforce Board and he said that there are operators right now available ready to help people reclaim their identity. You have been telling me there is no identity fraud, that it is alleged—did you not brief the minister properly?

Ms Golightly: I do not have that quote in front of me, but I think the minister would have been referring to something we have already mentioned earlier, that in terms of any identity fraud we do have processes in place. When I mentioned that we did not have any proven, that was in relation to the 369 specific cases to do with Medicare online claiming.

Senator CAMERON: In relation to these operators that were available right now, that night I went on to the DHS website to look and see if there was a phone number that you could ring. I have been on it regularly since and there is no mention of it, I cannot find any number to ring and I cannot find any mention of Strikeforce Board—what is going on?

Mr Withnell: Strikeforce Board, as mentioned earlier, is a New South Wales police operation, which we are part of because there may be links to some of the matters that we have discussed earlier.

Senator CAMERON: Now you know the demographics, it is New South Wales?

Mr Withnell: That was in the media, Senator.

Senator CAMERON: You could have told me that. If it was in the media, why could you not just tell me?

Ms Golightly: I think we did mention that it was a strike force set up with the New South Wales police.

Mr Withnell: We mentioned it was New South Wales police. The issue of people having their identity in the system re-established as part of our normal services recovery arrangements—

Senator CAMERON: If people think their identity has been stolen ring, who do they ring? Are these operators still there?

Mr Sandison: I think the issue is that we have our call lines for Medicare public and Medicare providers. For the public call lines, the staff are trained to look after a multitude of different issues. If people have issues around their cards—whether it is identity fraud or perceived issues with the cards or lost cards—then the operators are trained in terms of going through a process to reissue cards or to respond to the issues of the individual.

Senator CAMERON: Were there no specific operators to provide people with help to reclaim their identity?

Ms Golightly: I think Mr Sandison has just mentioned about the processes in relation to Medicare, but anybody who has a concern—

Senator CAMERON: I am not asking about anybody, I am asking about the minister's statement that there are operators right now available ready to help people reclaim their identity. There were no operators specifically trained in this issue to help people reclaim their identity, were there?

Ms Golightly: Mr Sandison has just mentioned that our operators are trained to handle inquiries.

Senator CAMERON: Can you then provide me details of all specific training that was given to operators, as the minister called them, to help people reclaim their identity? I wonder what specific training was given. I want details of all internal memorandums that went on this issue, details of the training, times when it was done, how many people had been trained and where they were based to deal with this. I now want to move to the issue of Centrepay.

Secretary, the ASIC report on consumer leases found that Centrelink clients have been targeted and that they are paying effective interest rates of up to 884 per cent. One Centrepay client paid \$3,042 for a \$345 clothes dryer. Are such leases consistent with the purposes of welfare payments?

Mr Learmonth: We are aware of the ASIC report. We are aware of some of the examples it contains. We have been moving, this financial year, from 1 July, as I am sure you are aware, to bring into play the changes to Centrepay that Minister Payne as the former minister determined, earlier this year, to exclude non-regulated—

Senator CAMERON: I have little time. I do not need this. I would like you to answer my question. My question is: are those leases consistent with the purposes of welfare payments? I know what the minister has done. It is not enough. It will not fix the problem, so I am asking you: are the leases consistent with the purposes of welfare payments?

Mr Learmonth: That is a policy matter. More broadly, in terms of Centrelink, they are, at the moment, consistent with the operations of Centrepay as a payment facilitator. The regulation of these products is a matter for ASIC and others. The small amount credit contract review, which is currently going on under the auspices of the Assistant Treasurer, is considering as part of the terms of reference whether or not the regulatory arrangements for small amount credit contract should also apply to—

Senator CAMERON: Please answer my questions. This has nothing to do with the question I am asking.

CHAIR: Senator Cameron, you should be fair to the witness. He is entitled to answer the question in the way he sees fit. It is not up to you—

Senator CAMERON: No—

CHAIR: He is. It is not up to you to tell him how to answer his question.

Senator CAMERON: He is not a minister in question time.

CHAIR: He is entitled to answer the question how he sees fit. Once he has finished, you can ask further questions.

Senator CAMERON: Please try to keep to the point, Mr Learmonth.

Mr Learmonth: As I said, the payments for consumer leases that fall within the purview of Centrepay policy are what we are talking about. The current Centrepay policy is to allow payments—this is a payment facilitation arrangement. That is what Centrepay is. It is not a regulatory arrangement for financial products in the marketplace; it is a payment-facilitation arrangement. Under the terms of the existing Centrepay policy, payments for regulated consumer leases are able to be made.

Senator CAMERON: Are Centrelink clients paying a high cost for a low-value good if they are paying 884 per cent effective interest?

Mr Learmonth: I am aware of the findings of the ASIC report. These are decisions that private individuals have made and they have the jurisdiction over their own money to do so. There are other options to them and we assist people in understanding what some of those options are but, at the end of the day, they have sovereignty over their money and these are the decisions that they make.

Senator CAMERON: What if they are paying 248 per cent? At what stage does it become too high?

Mr Learmonth: I am sure that is a matter that will be considered by the review of small amount credit contracts because, as I am sure you know, the small amount credit—

Senator CAMERON: I am asking you about Centrelink policy.

Mr Learmonth: Senator, I have explained that Centrelink policy is to allow payment in respect of leases which are regulated. You are asking about the way in which leases are regulated; that is a matter for ASIC and the Treasury.

Senator CAMERON: No, I am not asking you about regulation. Do not tell me what I am doing. I am asking you exactly whether these are consistent with the purposes of welfare payments and whether—

Mr Learmonth: Senator, there are two things being conflated. The purpose of Centrepay is to provide a payment facilitation. In terms of welfare, this is a payment over which the customer has sovereignty. They can make choices as to how they spend their money.

Senator CAMERON: The ASIC report clearly demonstrates that the citizens that are caught up in this scam that is being facilitated by Centrepay are being treated inconsistently with what the department says are Centrepay policy and terms. So can you tell me how an 884 per cent interest rate is consistent with the purpose of welfare payments, has significant potential for high-cost but low-value goods or services, has unfavourable clauses and exposes customers to unacceptable risk of financial stress or exploitation? Those are your Centrepay policy terms. How does the ASIC report meet what you determine are the policy and terms, and why have they exposed it and you have not?

Mr Learmonth: I do not think it added to the sum of knowledge in respect of these leases insofar as we understood that they in some cases involved quite—

Senator CAMERON: Could you repeat that? I have not added—

Mr Learmonth: No, the ASIC report—I am sorry—did not add to the sum total of knowledge about these things insofar as we know we understand that some of these lease arrangements involve high interest rates. The interest rate is not regulated under Centrepay. Again it is a payment facilitation arrangement. Regulation belongs with ASIC.

Senator CAMERON: You know these things; you know that customers are getting ripped off unmercifully. How does that deal with the issue that you say the policy and terms are that these companies should not expose customers to unacceptable risks of financial stress or exploitation? Those are your terms and conditions. How does that fit, and if it does not fit why aren't you doing something about it?

Mr Learmonth: Again, Centrepay is a payment facilitation arrangement. Customers have sovereignty over the welfare payments; they make these decisions. We assist them insofar as giving them information about alternatives to purchase whatever they want to purchase. The regulations—

Senator CAMERON: Mr Learmonth, let's come back to your Centrepay policy terms and conditions. I want you to talk about your Centrepay policy terms and conditions. I do not want to talk about ASIC. I do not want to talk about what is happening with any nonsense that is going on about down the line there might be something fixed. Why are you exposing customers to unacceptable risk of financial stress or exploitation?

CHAIR: Senator Cameron, before Mr Learmonth answers, could I remind you to allow the witness to answer. You may not like his answers, but he is entitled to answer and he is entitled to put context around his answer. It is not up to you to dictate to him how he answers. So if you could allow him to finish his answers and then you can ask further questions.

Senator CAMERON: Mr Learmonth.

Mr Learmonth: Again, current Centrepay policy allows Centrepay to support payments for regulated leases.

Senator CAMERON: Okay. So these things that you know about—you said you do not need ASIC to tell you; you know about it: do those terms like I have just indicated expose customers to unacceptable risk of financial stress or exploitation? Do they?

Mr Learmonth: Senator, you are asking me to make a broad generalisation about a class of product –

Senator CAMERON: No, I am asking you about the ASIC report and what the ASIC report said in terms of interest rates up to 884 per cent, and I am asking you: do you agree that this exposes customers to unacceptable risk of financial stress or exploitation?

Mr Learmonth: We are well aware that some of the effective interest rates with this particular financial product are very high, and that is the reason that these products have been referred to the small amount credit contract review. It is an explicit part of the terms of reference of that review to determine whether or not consumer leases should be brought within the same regulatory framework as payday lenders' small amount credit contracts, which do indeed have caps on effective interest rates and caps on charges.

Senator CAMERON: I know what the chair has said and I appreciate that you can answer however you like, but you should not treat the answers with contempt. I am asking you a specific question: whether Centrepay, in the process of Centrepay, is exposing customers to unacceptable risk of financial stress or exploitation, in direct contravention of your Centrepay policy and terms.

Mr Learmonth: Again, the existing Centrepay policy and terms allow these payments to be made where they are regulated leases. We are conscious of the impact of some of these products, and again it is for that reason that they are now being considered by the small amount credit contract review. If there is a regulatory answer there, that will undoubtedly emerge.

Senator CAMERON: There is an easy answer. Why can't you apply your current Centrepay policy and terms? That would fix this problem.

Mr Learmonth: Centrepay is not a financial regulator.

Senator CAMERON: Why do you have this? Is it just window dressing?

Mr Learmonth: It is a payment facilitation. Most of Centrepay has nothing to do with this.

Senator CAMERON: I understand, and the payment facilitation—

Mr Learmonth: It is about housing, it is about utilities and it is about state revenue offices. This is not the majority of what Centrepay is about. It is a facilitation arrangement.

Senator CAMERON: So it is not a big problem—is that what you are telling me?

Mr Learmonth: No. That is exactly not what I am telling you.

Senator CAMERON: Well, why are you framing it like that?

Senator Payne: You cannot put words in the mouth of the officer, Senator. You know that.

Senator CAMERON: I have simply asked Mr Learmonth, 'Are you saying it is not a big problem?' because that response would lead me to believe he does not see it as a big problem.

Mr Learmonth: No, I am not saying that.

Senator Payne: He is rejecting that.

Ms Campbell: We see that there is an issue. The government sees that and has referred it to this review. That is the action that is being taken.

Senator CAMERON: Why don't you apply your Centrepay policy and terms right now and make sure that customers are not exposed to unacceptable risk of financial stress or exploitation? Why don't you apply the current terms? You do not need to wait for anything.

Ms Campbell: Then you would have us take on a regulatory role.

Senator CAMERON: No, I would have you apply your terms and conditions.

Ms Campbell: We have referred it to the review that is underway at the moment.

Senator CAMERON: Minister, can you explain the discrepancy between the answer to question on notice 2119 and the advice received by the minister in executive minute B14821?

Senator Payne: I will take that on notice. No, I cannot right now, because I do not have those materials in front of me.

Senator CAMERON: I am not sure about the protocols here, given that you are not now the minister. Are you volunteering to answer that, or will that be a question to the current minister?

Senator Payne: It will have to be an answer prepared by the department, and a question to the current minister.

Senator CAMERON: The current minister, in relation to your responses?

Senator Payne: I imagine.

Senator CAMERON: Okay, thanks.

Senator Payne: But I will seek further advice from the Clerk on that if I need to.

Senator CAMERON: How many consumer leasing companies are there now in Centrepay?

Mr Learmonth: As part of the transition to the new terms and conditions, we did a substantial data-gathering exercise with all of the Centrepay contract providers who provide household goods and asked them to tell us about their arrangements: whether or not they had regulated or unregulated leases, their customers and so on. From that data collection, we established that there are 198 companies that do only regulated leases. There are 42

who do unregulated leases, or who did at the time, and eight who do both regulated and unregulated leases. As part of that collection, there were a further 21 who were removed from Centrepay arrangements because they were inactive.

Senator CAMERON: What is the value of Centrepay customers' payments to these companies?

Mr Learmonth: To household goods companies?

Senator CAMERON: The 198 companies.

Mr Learmonth: Leasing of household goods—and this is a changing figure, so it will be approximate—is a little under \$350 million per year.

Senator CAMERON: \$350 million a year?

Mr Learmonth: Yes, that is out of a base of \$2.7 billion in deductions.

Senator CAMERON: That is fine. You are, again, trying to diminish—

Mr Learmonth: No, I am just giving you context.

Senator CAMERON: I do not need that context. I understand that \$350 million is a lot of money and the context you are trying to give me is to downplay it. How many Centrepay customers are paying to these 198 companies?

Mr Learmonth: A rounded approximate is: of the 198 deregulated leases there are about 123,000 customers.

Senator CAMERON: About 123,000—dear, oh dear! How many companies are no longer having deductions made since the changes that were announced by Minister Payne?

Mr Learmonth: For household goods, as part of that data collection, there are 21 that were removed from the list.

Senator CAMERON: How many customers?

Mr Learmonth: I suspect most of them were inactive. The ones who currently do unregulated leases—those 42—are in a transition period, at the moment. I suspect some will transition and become providers of regulated leases, and others may choose not to and drop off and they are still in the transition.

Senator CAMERON: How many Centrelink customers?

Mr Learmonth: Of the 42 that do unregulated leases, and if you take together the 42 who do unregulated and the eight companies who do both regulated and unregulated, there are about 18,000 customers.

Senator CAMERON: And the amount of money paid to those consumer leasing companies is \$350 million a year.

Mr Learmonth: In deductions, yes.

Senator CAMERON: Why could you tell the minister, on 18 September, how many consumer leases were being done, because the minister had indicated she was not aware of how many—

Mr Learmonth: We did not, actually, have the data before we did this transition. If you recall, I said to you as part of the transition we wrote out to all of the household goods leasing companies and asked them for a range of data about their products and their customers that we did not previously have, and it is from that we have been able to determine these figures.

Senator CAMERON: The previous minister, Minister Payne, agreed in an executive minute to promote and—in her handwriting—advise and inform alternatives to consumer leases. What has been the increased cost, since that note by the minister, to DHS on promoting alternative options?

Mr Learmonth: I will have to take that on notice, I am sorry.

Senator CAMERON: Does every Centrelink front-line service have information regarding low- and no-interest loans available?

Mr Box: There is a range of information we will make available to people on the front line. There are screen savers, which make sure people are aware of the services of Centrepay so they can talk to customers at Centrepay. The NILS no-interest loans offer is part of the education for service officers. The new service reasons, which we have been rolling out, will be part of the future communication.

Senator CAMERON: If somebody walks in there is nothing there that they can see about low-interest and no-interest loans.

Ms Campbell: We are trying to move away from paper—if you are talking about a brochure; is that what you are thinking?

Senator CAMERON: You are moving away from paper—

Ms Campbell: We have had to—

Senator CAMERON: What I am saying is that when people come into Centrelink offices are they aware? Is there any information there? The minister had said to 'advise and inform'. Isn't part of advising and informing that people come in to the offices to get help—is there any practical information of a visible nature that clients see?

Ms Campbell: The staff advise customers, when they are doing the interactions, about some of the options that are available.

Senator CAMERON: So the staff do it but there is nothing there to try and promote this alternative.

Ms Campbell: You are thinking posters—

Senator CAMERON: Yes, posters, electronic—

Ms Campbell: We have a website where we promote this activity.

Senator CAMERON: You have a website. That is your answer to everything, isn't it? DHS, the website—

Ms Campbell: We had a number of efficiency dividends which required us to find savings by eliminating paper and printing.

Senator CAMERON: So efficiency dividends are your problem. Have you looked at how much it would cost just to promote this?

Mr Box: As the secretary said, the website has information. We find that one of the best ways of communicating with customers about the Centrepay offer is the interaction—the interaction of dealing with the customer then and there. We find that very effective.

Senator CAMERON: That is fine. What training has been provided to telephony and face-to-face staff regarding offering low- and no-interest loan information to Centrelink clients who are looking at buying consumer items with loans?

Ms Campbell: We provide a lot of training. We would probably have to take on notice the specifics, but we provide training every week.

Senator CAMERON: Can you detail what training is generally done on this and what training has been done since the executive minute from the former minister saying you should advise and inform of alternatives to consumer leases? What has generally been done and what was done after Minister Payne said, 'Advise and inform us'?

Ms Campbell: We will take that on notice.

Senator CAMERON: Has DHS provided any information to Centrepay users about the dangers of commercial consumer loans?

Ms Campbell: The dangers?

Senator CAMERON: The dangers.

Mr Box: Connected to the conversation about promotion of alternatives, there is the ASIC MoneySmart website—

Senator CAMERON: I am not interested in ASIC's MoneySmart website. I am asking what you are doing.

Mr Box: That is available through our website and part of the conversation with customers about alternatives—

Ms Campbell: We generally do call on our colleagues who have expertise in these types of areas across government, and sometimes outside of government, to provide that expert advice to customers. We think they are far better equipped than we are to provide that advice in this context, because they are specialists.

Senator CAMERON: So you think they are.

Ms Campbell: I know they are.

Senator CAMERON: That is the assertion you make—

Ms Campbell: I made a mistake, Senator. I apologise.

Senator CAMERON: You are going to provide me with details of the training—

Ms Campbell: We will take that on notice.

Senator CAMERON: Has DHS provided information to Centrepay users who are paying companies that are now excluded from Centrepay that they could be excluded, and what is the reason for this? That might be the 17,000, or something, that you were talking about.

Mr Learmonth: Yes, we have. We have written to all of them.

Senator CAMERON: Can you provide me with copies—not the individual correspondence but what you have done? What was the correspondence? What are the initiatives that you have taken? Can you confirm that the Thorn Group paid around \$800,000 to DHS in admin fees for 2014-15?

Mr Learmonth: We will take that on notice.

Ms Campbell: We will take that on notice.

Senator CAMERON: You do not know?

Mr Learmonth: No.

Senator CAMERON: Are you aware that the Thorn Group had to repay over \$1 million to Centrelink clients that they had overcharged?

Mr Learmonth: Yes.

Senator CAMERON: What have you done about that?

Mr Learmonth: We have been in contact with the company. They have consulted with us about their plans. We are aware of what they intend to do in terms of contacting every client so affected and to ensure that there is repayment to all of the clients so affected.

Senator CAMERON: So there is no sanction on this? There is no sanction against a company that overcharges \$1 million to Centrelink clients?

Mr Learmonth: This is still a matter which is underway. It is not concluded.

Senator CAMERON: Is there a possibility there could be sanctions?

Mr Learmonth: It is still a matter underway. It is not concluded.

Senator CAMERON: Is that a way of telling me there are no sanctions?

Mr Learmonth: No. It is a way of saying we have not yet formed a view. We cannot yet for a view if the matter is not finished. I am also conscious that the company in question is a listed company.

Senator CAMERON: Can you provide me with all correspondence between DHS and Thorn Group on this issue?

Mr Learmonth: We will take that on notice.

Senator CAMERON: Can you provide me with all emails and all internal file notes in relation to this issue? I want to know what you have done.

Mr Learmonth: We will take that on notice.

Senator CAMERON: Welfare groups have forcefully put the case to DHS to put in place one nominated contact point so that there could be an early warning system of unsavoury practices. Are you aware of that?

Mr Learmonth: I am not, personally.

Senator CAMERON: Is anyone aware of that?

Mr Box: As I understand it, you just said it was forcefully put to us about central contract point?

Senator CAMERON: Yes. The Consumer Law Centre and the National Welfare Rights Network have indicated to me that they forcefully put the case to DHS to put in place one nominated contact point where they can easily identify and raise significant systemic problems. Has that been done?

Mr Box: I would have to take that on notice. We work very hard to have a central contact point. Regarding the two bodies you mentioned and the fact that they have put it forcefully, I would have to take on notice how that was done. It has not been put forcefully to me, but we do work very hard at having a central contract point. That is one of the conversations I have with the team all the time. I can take that on notice and get you more detail.

Senator CAMERON: Have any of the stakeholders been involved in or participated in the working group referred to in the minister's release of 22 May 2015 that would promote the disclosure of effective interest rates?

Ms Campbell: What was the question?

Senator CAMERON: The question is: have any of the stakeholder participants that were interested in the working group that the minister identified in a media release on 22 May 2015—that is, the working group that would promote the disclosure of effective interest rates—been involved?

Mr Learmonth: Not yet, but we expect them to be very shortly. We expect to issue a discussion paper shortly—

Senator CAMERON: What has been the delay?

Mr Learmonth: and engage with the Consumer Action Law Centre, the Indigenous Consumer Assistance Network, Financial Counselling Australia, the Financial Rights Legal Centre and the National Welfare Rights Network on that.

Senator CAMERON: How many times has the working group met?

Mr Learmonth: The working group proper I think has met once to finalise terms of reference and so on. The focus has been on the transition around 1 July through to September—the initial period of getting changed terms and conditions, doing business assurance and so on.

Senator CAMERON: Since 22 May, the working group has met once?

Mr Learmonth: Correct.

Senator CAMERON: What a joke. The minister noted that this needs to be organised, in her note. Who has been invited to the working group? What has it produced? Have they sought a briefing from ASIC?

Mr Learmonth: ASIC is part of the working group. The working group has the Department of Human Services, the Department of Social Security and ASIC, with the Department of the Prime Minister and Cabinet and Treasury as observers. They have met. There has been some discussion about the terms of reference and approach. That has been settled. There is a discussion document which we expect to release shortly. On the back of that will be consultation with that broad list of stakeholders, along with others.

Senator CAMERON: This will not be an odorous task. Could you provide the minutes and the details of those meetings, including who attended, and any internal notes or papers that you have on this issue?

Ms Campbell: We will take it on notice.

Mr Learmonth: We will take on notice.

Senator CAMERON: There was the minister's response to the DHS recommendation that no substantive changes were required at that time, in a briefing note to the minister. The minister wrote—that is, the former minister—that there may still be changes made. Has DHS done work, especially since the ASIC report, to bring forward consultation and options for further changes to consumer leasing arrangements?

Ms Campbell: We are briefing the Minister for Human Services. We continue to do that and continue to develop options for his consideration.

CHAIR: We will have to leave it there. Thank you very much. I remind senators that written questions on notice should be provided to the secretariat by close of business Friday, 30 October 2015. Thank you, Minister; thank you, Ms Campbell and officials. I thank the secretariat, Hansard and Broadcasting.

Committee adjourned at 22:59