



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Estimates

THURSDAY, 31 MAY 2018

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SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Thursday, 31 May 2018

Members in attendance: Senators Brockman, Carol Brown, Dodson, Keneally, Lines, McCarthy, Patrick, Pratt, Rice, Siewert, Singh, Dean Smith, Storer, Watt.

SOCIAL SERVICES PORTFOLIO

In attendance

Senator the Hon Zed Seselja, Assistant Minister for Science, Jobs and Innovation

Department of Social Services - Executive

Ms Kathryn Campbell CSC, Secretary

Ms Roxanne Kelley, Chief Operating Officer

Ms Serena Wilson PSM, Deputy Secretary, Social Security

Ms Barbara Bennett, Deputy Secretary, Families and Communities

Mr Michael Lye, Deputy Secretary, Disability and Carers

Department of Social Services - Cross Outcomes

Ms Roxanne Kelley, Chief Operating Officer

Mr Adrian Hudson, Group Manager, Corporate Services

Mrs Tracey Bell, Branch Manager, Communication Services

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

Mr Alan Grinsell-Jones, Branch Manager, Legal Services

Mr Stephen Moger, Acting Branch Manager, Government and Executive Services

Mr Peter Qui, Group Manager, Information Management and Technology

Mr Russell de Burgh, Chief Finance Officer and Acting Group Manager, Finance and Services

Mr Iain Scott, Group Manager, Strategy and Design, Community Grants Hub

Ms Christine Bruce, Acting Group Manager, Operations, Community Grants Hub

Ms Cath Halbert, Group Manager, Families and Communities Policy and Programs

Mr Paul McBride, Group Manager, Welfare and Housing Policy

Department of Social Services - Outcome 1, Social Security

Ms Serena Wilson PSM, Deputy Secretary, Social Security

Mr Shane Bennett, Group Manager, Payments Policy

Ms Emma-Kate McGuirk, Branch Manager, Work and Study Payments

Ms Kath Paton, Acting Branch Manager, Families and Pensions

Ms Anita Davis, Branch Manager, International Policy and Payment Support

Mr Adrian Hudson, Group Manager, Corporate Services

Mrs Tracey Bell, Branch Manager, Communication Services

Dr Tim Reddel, Group Manager, Policy Office

Mr Murray Kimber, Branch Manager, Policy Capability and Evaluation

Ms Jillian Moses, Branch Manager, Policy Analysis and Reporting

Mr Philip Brown, Branch Manager, Policy Strategy and Investment

Ms Annette Neuendorf, Acting Branch Manager, Data Strategy and Development

Ms Allyson Essex, Branch Manager, Payment Conditionality Design and Policy

Ms Mary McLarty, Branch Manager, Payment Structures

Mr Russell de Burgh, Chief Finance Officer and Acting Group Manager, Finance and Services

Mr Alan Grinsell-Jones, Branch Manager, Legal Services

Department of Social Services - Outcome 2, Families and Communities

Ms Barbara Bennett, Deputy Secretary, Families and Communities

Mr Shane Bennett, Group Manager, Payments Policy

Ms Kath Paton, Acting Branch Manager, Families and Pensions

Ms Cath Halbert, Group Manager, Families and Communities Policy and Programs

Mr Stewart Thomas, Branch Manager, Housing Programs and Homelessness

Ms Kathryn Mandla, Branch Manager, Children's Policy

Mr Tristan Reed, Branch Manager, Family Policy and Programs

Mr Evan Lewis, Group Manager, Settlement Services

Ms Sharon Bailey, Branch Manager, Settlement and Integration Policy

Mr Leo Kennedy, Branch Manager, Settlement and Integration Programs

Dr Roslyn Baxter, Group Manager, Families and Communities Reform

Ms Selena Patrick, Acting Branch Manager, Welfare Quarantining and Gambling

Ms Chantelle Stratford, Branch Manager, Family Safety

Ms Brooke Hartigan, Branch Manager, Redress Policy and Legislation

Ms Tracey Creech, Branch Manager, Redress Implementation

Dr Tim Reddel, Group Manager, Policy Office

Mr Murray Kimber, Branch Manager, Policy Capability and Evaluation

Mr Philip Brown, Branch Manager, Policy Strategy and Investment

Mr Adrian Hudson, Group Manager, Corporate Services

Mrs Tracey Bell, Branch Manager, Communication Services

Mr Russell de Burgh, Chief Finance Officer and Acting Group Manager, Finance and Services

Mr Alan Grinsell-Jones, Branch Manager, Legal Services

Department of Social Services – Outcome 3, Disability and Carers

Mr Michael Lye, Deputy Secretary, Disability and Carers

Ms Flora Carapellucci, Group Manager, Disability, Employment and Carers

Mr Christian Callisen, Branch Manager, Supported Employment Policy, Access and Engagement

Ms Sharon Stuart, Branch Manager, Disability and Carer Policy

Mr Peter Broadhead, Branch Manager, Disability Employment Services

Ms Helen McDevitt, Group Manager, NDIS Transition Oversight

Ms Kate Costello, Acting Branch Manager, NDIS Transition Oversight and Governance
Dr Nerida Hunter, Branch Manager, NDIS Financial Policy and Performance
Mr Andrew Whitecross, Group Manager, NDIS Market Reform
Mr Adrian Brocklehurst, Branch Manager, Quality and Safeguards Implementation
Mr Bruce Smith, Branch Manager, Quality and Safeguards Policy
Mr Chris D'Souza, Acting Branch Manager, Market Oversight
Ms Eliza Strapp, Branch Manager, Program Transition
Ms Kirralee Thomas, Acting Branch Manager, Integration and Support
Mr Graeme Head, NDIS Quality and Safeguards Commissioner Designate
Ms Miranda Bruyniks, NDIS Quality and Safeguards Complaints Commissioner
Ms Samantha Taylor, NDIS Quality and Safeguards Registrar
Mr Adrian Hudson, Group Manager, Corporate Services
Mrs Tracey Bell, Branch Manager, Communication Services
Mr Russell de Burgh, Chief Finance Officer and Acting Group Manager, Finance and Services
Mr Alan Grinsell-Jones, Branch Manager, Legal Services

National Disability Insurance Agency (NDIA)

Mr Robert De Luca, Chief Executive Officer
Ms Vicki Rundle PSM, Deputy Chief Executive Officer, Government, Communications and Stakeholder Engagement
Mr Michael Francis, Deputy Chief Executive Officer, Participants and Planning Experience
Mr Victor Walter, Deputy Chief Executive Officer, Corporate Services and Chief Financial Officer

Department of Social Services - Outcome 4, Housing

Ms Serena Wilson PSM, Deputy Secretary, Social Security
Ms Barbara Bennett, Deputy Secretary, Families and Communities
Mr Michael Lye, Deputy Secretary, Disability and Carers
Ms Cath Halbert, Group Manager, Families and Communities Policy and Programs
Mr Stewart Thomas, Branch Manager, Housing Programs and Homelessness
Mr John Riley, Branch Manager, National Rental Affordability Scheme Taskforce
Mr Adrian Hudson, Group Manager, Corporate Services
Mrs Tracey Bell, Branch Manager, Communication Services
Mr Paul McBride, Group Manager, Welfare and Housing Policy
Mr Russell de Burgh, Chief Finance Officer and Acting Group Manager, Finance and Services
Mr Alan Grinsell-Jones, Branch Manager, Legal Services

Committee met at 09:00

CHAIR (Senator Brockman): The Senate has referred to the committee the particulars of proposed expenditure for 2018-19 for the portfolios of Health, Social Services and Human Services. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee is due to report to the Senate on 26 June 2018 and has fixed 16 July 2018 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 8 June 2018. The committee's proceedings today will begin with its examination of the Social Services portfolio, commencing with whole-of-portfolio and corporate matters.

Under Standing Order 26, the committee must take all evidence in public session. This includes answers to question 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: 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 reasonable 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 the order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised.

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)

CHAIR: 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.

I remind officers that their opening statement should be brief. Officers may seek to incorporate longer opening statements into the committee *Hansard*. Minister, do you wish to make an opening statement?

Senator Seselja: Other than to say it is good to be with you, Chair, no. We're happy to take your questions.

Senator PRATT: I want to ask some questions in respect of grant redesigns, under 2.1. Are you able to provide details of the grants that are expiring in the next six months that are subject to redesign processes currently?

Ms Campbell: I'll see whether the hub people can provide that information. In the cross-portfolio section the grants hub appear. They do the management of the grant process. But the policy—and sometimes the policy goes into redesign—belongs to either an agency outside of ours or the families and communities or disability and carers outcomes, which are dealt with tomorrow. We will see what we can do today.

Senator PRATT: I will try to shuffle my questions around accordingly.

Mr Scott: The vast bulk of the grants we have expiring over the next six months will expire on 30 June this year. I think last time we were here with you we indicated that we had around 2,000 grants that would be expiring by 30 June. As at the end of the last calendar year, we had let just over 91 per cent of existing grant holders know about the future funding arrangements. We have now alerted all funded organisations about the arrangements post 30 June. In terms of the redesign, I think that when we were last with you we indicated that there were 11 programs going through redesign. For seven of those programs the redesign process has now been completed and new grant agreements are either in place or in the process of being put in place.

Senator PRATT: Can you give me a little more detail about that information? I think you said 100 per cent of future funding arrangements have now been notified. Can you tell me which streams and what they've been told?

Mr Scott: All existing funded organisations will have been told what the process is for future funding arrangements—whether the program is going to continue or whether there will be an open round. Then for all but four of the programs the new selections processes have been completed and the new agreements are either in place or being negotiated now.

Senator PRATT: I'll go through some of them with you. Under 3AP there are a range of different projects—largely, I think, domestic violence prevention. Those programs are quite diverse. What's happening with all of those?

Mr Scott: As far as I'm aware, we didn't have any redesign activities going on with the Third Action Plan.

Senator PRATT: That's fine. That's why I'm moving through them. What's the current status of Broadband for Seniors?

Mr Scott: Similarly, at least for these hearings or the previous hearings, I don't think that was under redesign either.

Senator PRATT: So you're expecting Broadband for Seniors to continue with the same amount of funding?

Mr Scott: I think you would be best to ask about that under the families and communities outcome.

Senator PRATT: The Building Capacity in Australian Parents Trial?

Mr Scott: That's not one that comes to mind either.

Senator PRATT: So that's not under redesign. Building Safe Communities for Women is ongoing as well—good. The Career Pathways Pilot for Humanitarian Entrants?

Mr Scott: I don't think that one was being redesigned either.

Senator PRATT: Child Aware Approaches?

Mr Scott: No.

Senator PRATT: Children and parents support services?

Mr Scott: I don't think so.

Senator PRATT: Children's Contact Services—no. Clearinghouses aren't either. Commonwealth Financial Counselling and Financial Capability is?

Mr Scott: If that's under the Financial Wellbeing and Capability program, then yes, that's—

Senator Seselja: Would it be easier if the department were to outline the ones that were under redesign, rather than by exception?

Senator PRATT: It's possible that some of those that aren't being redesigned might simply be discontinued or that they might not have the same amount of money attached to them. That's also the purpose of my question.

Ms Campbell: Senator, I think we'll be better equipped to answer that question tomorrow when we have the families and communities people here.

Senator PRATT: Okay. Perhaps you can just take us through it specifically then.

Senator SIEWERT: Could you provide a table for tomorrow that outlines what's been discontinued, the seven of the 11—that sounds like a store or something—that have been done, and the other four? That will be a good basis for us to ask further questions from.

Senator PRATT: That is essentially looking at each program component under output 2.1 and letting us know what the status of each program component is.

Ms Campbell: We'll have people watching at the moment and they'll start working on that.

Senator PRATT: I know it's not a small task but—

Mr Scott: We can give you very soon—because we have it here and we can table it—an update of the table that we've provided through the questions on notice for the last couple of hearings.

Senator PRATT: Great—that's been terrific.

Mr Scott: That will give you which ones have completed and which ones have been extended.

Senator PRATT: Okay. That's in the context of redesign. But I'm also interested for tomorrow's purposes in the status of all the other streams.

Ms Campbell: We'll do our best to see whether we can do a table or whether the officers will be able to provide that in evidence tomorrow.

Senator PRATT: Thank you. That's very helpful. In terms of what is being redesigned, I understand that Communities for Children is being reviewed. Is that a job for you, or is that separate?

Mr Scott: The review of policy itself will be the responsible policy area.

Senator PRATT: It is extremely complicated to work out what's yours and what's—

Ms Campbell: I always try to remember it as that these guys are doing the actual mechanism, the policy behind it sits with the outcomes, and the grants hub does the all the work in doing the assessment, the notification and the discussion. But the policy sits with the other.

Senator PRATT: Great. I'm interested in the amount of notice that organisations have had regarding their expiring contracts. You've said that the majority of those that are expiring in the next six months expire on 30 June this year. How much notice have those organisations had about their future funding arrangements?

Mr Scott: As I think we've discussed previously, we aim to give at least six months notice about the way forward for a program to all funded organisations that have expiring agreements. Then we aim for around three months to issue the new agreements. As I said, we're around 91 per cent for notification in the six months. The vast majority after that were, I think, within several weeks after that. In terms of the three months, I'd have to take it on notice because there are several programs where we are still in the process of issuing new agreements. Financial Wellbeing and Capability—the 10 activities under that—is one of them. Our performance there has been more mixed.

Ms Campbell: I think the department is aware that the six months and the three months are ideal. Sometimes we haven't met that, and we've tried to get as close as we possibly can. I know that Mr Scott has mechanisms in place to improve that, working with the policy areas to make sure that we can meet those deadlines.

Senator PRATT: Could you take on notice, please, which contract grants areas have not had at least six months notice? I'm also interested in knowing which grant areas have been simply extended rather than temporarily extended because a redesign process hasn't been completed. Are there any in that case, or not?

Mr Scott: There are four programs where extensions have been given. The Financial Wellbeing and Capability program is one. Those extensions were through to the end of this calendar year. The other three are in the disability space. The National Disability Advocacy Program was extended through until 30 June 2020, as was the National Disability Insurance Scheme appeals program.

Senator PRATT: Because it's 2020, they're not necessarily subject to a redesign; that was just a renewal of that particular—

Mr Scott: There were some aspects that were going through redesign. They will be in the table we can give you.

Senator SIEWERT: Should we ask tomorrow in disability and carers about that?

Mr Scott: Yes, in terms of the policy. I have to adjust my answer. I said four. Those three programs have been extended. The fourth activity that has redesign underway won't expire until 30 June 2019. That's the family and relationship services—

Senator PRATT: That probably gives you a good lead time, because the majority of contracts won't expire until 2020—is that what you were saying?

Mr Scott: Under family and relationship services, that's 30 June 2019. There is redesign work underway that—

Senator PRATT: When would you expect the new grant program for that to open and be granted? It's still in that sense a reasonably tight timeline. You'll need to—

Mr Scott: I'll have to take that one on notice. We have flagged in the table that the redesign is underway. I just don't have here when the redesign is expected to be completed. In fact that's probably best asked of the program area tomorrow—about progress with the redesign activity.

Ms Campbell: Our role would be the six-month notification and the three months. They're our key performance indicators. That's what we're working towards.

Senator PRATT: So you would expect to give them six months notice of whether they've been successful in a new round under the new program?

Ms Campbell: No.

Senator PRATT: Three months notice, with the opening six months before that?

Ms Campbell: Six months when the opportunity opens—

Mr Scott: Six months when a decision has been taken about how the round will proceed or whether the program will cease—we expect to run an open competitive process beginning in February 2019, for example. And then three months is for agreements in their hands—to allow them to be finalised.

Senator PRATT: You're not currently expecting in any areas to extend grants while redesigns are underway?

Mr Scott: None beyond what we've already said to you.

Senator PRATT: We just touched on financial wellbeing and capability. We know that they were expected to commence on 1 July but that the contracts have been extended till the end of this year. When do you expect the process to be finalised and new contracts to commence?

Mr Scott: That will depend on the completion of the redesign and the hub receiving the necessary authorities and approvals to proceed. That's probably best asked of the policy area in terms of completing the policy redesign.

Senator PRATT: Is there anything at this point that would suggest to you that you won't meet that best practice of opening the process by the beginning of June?

Ms Campbell: It would be the beginning of July. We are probably better to wait for tomorrow to talk to the policy officers who are dealing with this matter.

Senator PRATT: Okay.

Senator SIEWERT: What indexation will be applied to the new grants?

Ms Campbell: Again, that's probably a question for the policy area. There's not a universal rule. It's each policy and each redesign process.

Senator SIEWERT: So in the table we're about to get, to save us asking for each process, could they add whether they're being indexed and, if so, what percentage and—

Ms Campbell: We can ask for the officers to commence working on that. We'll bring what we can during the hearings.

Senator SIEWERT: Much appreciated. Where do I ask about Encouraging Lawful Behaviour of Income Support Recipients? It overarches income support.

Ms Campbell: I think it's the social security stream, which is outcome 1, which is after this cross-portfolio—

Senator SIEWERT: It doesn't just come under pensions or working-age payments. So would it be an overarching question at the beginning of that session?

Ms Campbell: If you wanted to, you could ask at any time in outcome 1.

Senator PRATT: Over the forward estimates, under outcome 3, outcome 2 and outcome 4, in terms of the value in each area—

Ms Campbell: The total of the grants?

Senator PRATT: How much is currently contracted in existing grants versus how much is still available to be used under new programs, new contracts or new redesigns?

Ms Campbell: I think those questions are best asked of the policy officers. The policy officers work through this and then pass it, once it's ready to be executed, to the grants hub.

Senator PRATT: Can I ask those questions at the beginning of each outcome?

Ms Campbell: It depends on how the committee's going to work through them—whether it's going to work through outcome 2, 2.1, 2.2, 2.3—

CHAIR: We'll try to step through them as best we can but there's always a bit of backwards and forwards in—

Ms Campbell: That's right. But the officers will be here and they will now understand that you're interested in that question, Senator.

CHAIR: We'll move on to outcome 1. Before we get into outcome 1, Senator Storer wanted to seek clarification on single parent payment. Does that fall—

Ms Campbell: Parenting payment single will appear in outcome 1.

CHAIR: Working-age payments?

Ms Campbell: That's right.

CHAIR: In that case, as much as possible we'll step through the programs in order. Do you want to ask your overarching question, Senator Siewert?

Senator SIEWERT: I want to go to the budget measure encouraging lawful behaviour of income support recipients. Can you take us through how that's intended to operate and how it's going to work with states and territories?

Mr McBride: I only caught the end of your question. I think it was about how we're going to interact with states and territories.

Senator SIEWERT: No. How is it going to operate, how is it interacting with the states and territories, and which payments are included?

Mr McBride: This is warrants, fines, or both?

Senator SIEWERT: Whatever is included in this measure.

Mr McBride: There are crossovers between them. I guess the overarching theme is that we've written to all the states and territories on both measures and said we'd like to sit down with them and discuss how this will operate. It will be up to the states and territories to opt in or out. And it will be up to the states and territories, with us, to work through any unintended consequences or things that, due to varying states' positions on each of these measures in terms of how they issue fines and how they issue warrants, don't gel together. So it is a very early stage of this process.

Senator SIEWERT: You have written to the states and territories?

Mr McBride: The minister has written to them.

Senator SIEWERT: Okay: the government has written to them. Have any of the states or territories responded?

Mr McBride: The minister only wrote to them post budget, so I don't think they would have had time to respond.

Senator SIEWERT: Were the states and territories consulted before this measure was introduced in the budget?

Mr McBride: Over the course of the last few years we've had intermittent discussions with the states around lots of measures, and this has been one of the measures. It certainly would not have come as any surprise. Also, leading up to the budget announcement, I think on budget eve, we made at the bureaucratic level phone calls to all the states to let them know it was coming.

Senator SIEWERT: Was there a process where chief ministers and premiers sat down around a table at COAG and said, 'This is something we really want to do', or where you did that with whoever is the responsible minister in each of the states and territories to discuss this measure? Were there any formal discussions with any of the public servants in each of the states and territories around this measure, other than its having been discussed on and off over the last few years?

Mr McBride: There haven't been any formal processes to date at either the ministerial or bureaucratic level, but there have been—

Senator SIEWERT: Did any states specifically lobby to get the Commonwealth to do this measure?

Ms Wilson: There has been a history of that. I can recall over a number of years, on probably more than two occasions, some under the previous government when Attorney Roxon was the Attorney-General, there was some correspondence—I can't remember from which jurisdiction—seeking the Commonwealth's—

Senator SIEWERT: Would it have been Minister Porter from Western Australia?

Ms Wilson: I don't believe it was.

Senator SIEWERT: Could you check that? He's on the public record.

Ms Wilson: Certainly I'm aware that there was an advance at one stage from Western Australia but I believe there was another jurisdiction at one stage as well. The details are a bit hazy but we can check that for you. There have been intermittent approaches from states over a number of years seeking the Commonwealth's cooperation in this area.

Senator SIEWERT: Before we finish tomorrow, is it possible for you to check your records to see who has written?

Ms Campbell: We'll ask the officers back in the department and see what we can do as quickly as we can.

Senator SIEWERT: Thank you.

Ms Campbell: But my recollection, having been in the broader portfolio for some time but only in this job for the last eight or nine months, is that there have been jurisdictions who have been concerned particularly about incarceration, where people go to jail because of outstanding warrants and fines. Ways of working through that have been sought in order to avoid those sorts of adverse actions.

Senator SIEWERT: And I'm not convinced that garnishing people's income support is going to reduce the incarceration rate when they end up in difficult circumstances.

Ms Campbell: They won't end up with no income, of course, because the way that Human Services takes on these issues is to ensure that the person does have adequate income. We've been through this a few times before, I think—about how reductions from income payments are worked out.

Senator SIEWERT: But paying debts is different. I want to go into the detail.

CHAIR: Can I interrupt briefly? Senator Rice raced to get here but corporate had been released. Can Senator Rice just put a few corporate questions now? Ms Campbell, if officers have left and you need to take the questions on notice, please do.

Senator RICE: These are questions I'm asking of all departments. They are about how the department is going with the implementation of the government guidelines on the recognition of sex and gender. Could I get an update on how the department has implemented those guidelines?

Ms Campbell: I can assure you that the department is adhering to Part 19 of the *Australian government guidelines on the recognition of sex and gender*, which allows staff to identify their gender as M for male; F for female; or X for indeterminate, intersex or unspecified.

Mr Hudson: As the secretary said, staff can record—or choose not to record, of course—their gender in our personnel system. Staff can also choose to record their gender or not record their gender through the annual APS survey.

Senator RICE: That is in terms of your internal and HR records. Have you got external-facing interaction with the public?

Ms Campbell: We don't have as much. In some small pockets we do—around, for example, the redress scheme, as we're standing that up. But predominantly the Department of Human Services administers the programs that DSS is responsible for. They have their own strategies on dealing with this.

Senator RICE: But in terms of your outward-facing things, like the redress scheme, are you confident that all of your documentation, databases and forms are compliant as well?

Ms Campbell: We work very closely with the Department of Human Services. I know they have been working to ensure that this is implemented for some time. I have not asked them but I have an expectation that their forms would be compatible with the guidelines,

because they have been developing them now, so they would be taking into consideration the government policy on this matter.

Senator RICE: Perhaps you could take on notice just to ensure they are.

Ms Campbell: They will be joining us tomorrow. We'll answer that question as they start with us to make sure that their forms are—

Senator PRATT: If you're not here, I'm happy to ask them.

Senator RICE: That would be great. In terms of other measures for ensuring respect for relationships and support for transgender people, people transitioning and gender-diverse people, what training or other support programs have you run through the department?

Mr Hudson: There are a number of things we do. To start at the beginning, the enterprise agreement, for example, provides a broad definition of what 'family' includes. The definition is 'a spouse, de facto or partner of the employee, irrespective of gender'. So we start off from that perspective. We also have within the organisation what we call a pride committee. We have two SES officers who support that, and around 200 members in our organisation who both support employment and influence the sorts of policies we're involved in. We also have a number of fact sheets and learning materials which we've produced. In 2015 we first produced a series of fact sheets. There are three of them: 'LGBTI definitions', 'What's in a pronoun' and 'Let's talk about gender: A closer look at gender diversity within the workplace'. We've had those fact sheets on our staff intranet site since 2015. We also made available in March 2016 an online training package for our staff which is called 'LGBTI inclusion: Walking in rainbow shoes'.

Senator RICE: Do you track how much uptake there has been and who has undertaken that training program?

Mr Hudson: I'm sure our systems do. I don't have that data with me today but I'm sure we can track those numbers and take it on notice.

Senator RICE: Is there any mandatory training that staff have to undertake?

Mr Hudson: None of our training is mandatory per se but we certainly do encourage it. Our pride network in particular is one of the driving forces in our organisation around raising awareness and encouraging people to participate in those sorts of programs.

Senator RICE: Do you track whether any agencies within the department also have implemented the guidelines?

Ms Campbell: The agencies within the portfolio are the NDIA and the Australian Institute of Family Studies. We don't have that material with us but Mr Hudson could ask their corporate areas to make sure that that's the case. My expectation is that, because of the nature of the work in the Social Services portfolio, people are very aware of these issues and very committed, and therefore quite keen to ensure that they are adhering with not only government policy but also best practice and broader issues.

Senator RICE: If you could take on notice whether the agencies have implemented it, that would be great.

CHAIR: We're back to outcome 1.

Senator SIEWERT: We'll do fines first and then go to warrants. Which types of fines are in scope?

Mr McBride: We're at the start of the process and we'll have detailed discussion with the states. But at this stage we've signalled to the states that we're interested only in court-imposed fines.

Senator SIEWERT: The types of fines that some people are ending up in jail for aren't court imposed? Or do different jurisdictions take a different approach to fines—is that correct?

Mr McBride: Yes. That's why we have to go through the discussion with the states. Something that may not be court imposed may, if someone doesn't pay, require a court sentence before they go to jail.

Senator SIEWERT: That's where I'm going with that one

Mr McBride: Given that every state approaches this slightly differently, these are the mechanics that we have to work through with the individual states and territories to design a scheme that works for everyone.

Senator SIEWERT: Where people end up in jail for non-payment of speeding fines or something like that, if they end up incarcerated through a court process, that's in scope?

Ms Campbell: We are only just commencing our discussions with the states and territories. I don't think we could definitely say either way at this time. When we come back after those discussions we're probably going to have eight jurisdictional discussions in that space.

Senator SIEWERT: I'm obviously trying to find out the nature of the fines for which people are going to have their income support payments garnished, and whether it will genuinely stop—and I'm not saying I agree with this measure but I've heard what you've said about incarceration—people being incarcerated for fines.

Mr McBride: One of the key objectives is to stop incarceration. If the way we've initially signalled to the states doesn't accommodate that court process that leads to incarceration then we would be open to trying to accommodate that to the greatest extent possible, because one of the key objectives of this measure is to stop incarceration.

Ms Wilson: There are some other objectives as well, which go to things that impact on people's capacity to look for work. Suspension of a driver's licence, vehicle immobilisation et cetera are other potential outcomes that could be ameliorated through these mechanisms.

Senator SIEWERT: This will only apply where states and territories opt in?

Mr McBride: Yes.

Senator SIEWERT: Is there any inducements to states and territories to opt in?

Ms Wilson: As in a payment from the Commonwealth?

Senator SIEWERT: Or pressure or penalties applied if you don't. Is it genuinely a choice?

Mr McBride: Yes.

Ms Wilson: It's genuinely a choice.

Senator SIEWERT: What's the timeline for discussions?

Mr McBride: As I said before, subsequent to the budget announcement, the minister has written to each state and territory and offered our services as part of that consultation process. We will start teeing up negotiations and consultations as soon as they start responding.

Senator SIEWERT: When's it planned to come in?

Ms Essex: It's intended to start from 1 March 2019.

Senator SIEWERT: How much will be deducted? What the maximum amount that will be deducted from somebody's income support payment?

Mr McBride: Again, these are things that we'll work through. The starting position will be the approach that DHS takes to debt recovery at the moment. It's quite concessional, particularly for those at a maximum rate of payment. It's around 15 per cent. That would be our starting position in any negotiation with the states.

Senator SIEWERT: Fifteen per cent is your starting position. Could it go up from there?

Mr McBride: DHS can answer that in more detail. Fifteen per cent is the maximum for people on a maximum rate of payment.

Ms Campbell: But Human Services will be able to go into more detail on their practice.

Senator SIEWERT: So it will be the same practice that's applied to other debts?

Ms Campbell: That's the starting point. We are very conscious that these people are managing their money. The same principles that apply to debt recovery are intended to apply to this measure.

Senator SIEWERT: Will it apply to people on the cashless welfare card?

Ms Campbell: This is the before or after 50 per cent issue—or 80 per cent?

Senator SIEWERT: It's 80 per cent depending on where you're living.

Ms Campbell: Will it apply? That'll be part of the discussions with the jurisdictions that we're working through. I know we've had some discussion in the past about whether it gets taken out before the 50 or 80 per cent applies in income management or cashless debit card. Those discussions will be part of these consultations that we're working through.

Senator SIEWERT: Can you remind me of where we've ended up in the past on the cashless welfare card and other debts?

Ms Campbell: I will have to be reminded by someone else, and I don't think they're here. I accept that I should know, but unfortunately I don't have that to hand.

Senator SIEWERT: I can't remember either.

CHAIR: Where's that most correctly handled?

Ms Campbell: In the families and communities outcome, outcome 2.

Ms Wilson: We can endeavour to get an answer in the course of this session for you, Senator.

Senator SIEWERT: That would be appreciated. Should I take it from your answer just then that it may or may not be the same as what's done with debts?

Ms Campbell: Given that we're starting from the premise that we're going to apply what works, or what has been the practice, that would be the starting premise. Then we would have these discussions with the jurisdictions to work through. We have to, of course, always

balance the need to recover the debt, recover the fines and warrants, with the individual's circumstances, which is why Human Services has that approach to setting limits and working with the individuals.

Senator SIEWERT: I understand that. I thought you said earlier that it will be part of the negotiations, but if Human Services—and I will ask them—have already determined a process for how they handle debt recovery through the cashless welfare card, would it not be the same process?

Ms Campbell: I assume that that would be where we would land. We just haven't actually had those discussions yet with Human Services at the moment.

Mr McBride: It's unlikely but a state might suggest that they'd prefer a lesser amount to be taken out. Once again, these are discussions we have to have.

Senator SIEWERT: There are two things, I understand. There's the percentage and then there's—particularly for the cashless welfare card recipients and those on income management, because it's different—how it is recovered. Does it come out before at 20 per cent?

Ms Campbell: The question is really what denominator the percentage gets held against, whether it's—

Ms Wilson: I think it's before or after.

Senator SIEWERT: It potentially reduces the amount of cash that people have available. That is what I'm particularly interested in.

Ms Wilson: We understand that.

Ms Campbell: Human Services will know it operates now in detail. But we haven't had the opportunity to sit down with them to work in detail through this measure yet.

Senator SIEWERT: Is that part of the process of these negotiations with the states?

Ms Wilson: Yes. We need to understand what the states' propositions or approaches are likely to be and then work through the detail with DHS. It would be something that we'd seek to do in parallel to inform those discussions, to see what's feasible and what states and territories—and they are likely to vary from each other—are seeking.

Senator SIEWERT: As you said, we could get eight different arrangements.

Ms Wilson: We could well.

Ms Campbell: We're hoping not.

Mr McBride: It will have to be something that is workable.

Senator SIEWERT: That's why I'm asking the questions about what the different arrangements are. Will an admin fee be charged by the Commonwealth to the states?

Ms Campbell: Depending on what the model is, I think there's an expectation that the states will contribute to the administration of this activity.

Senator SIEWERT: Have you worked out what that may be?

Ms Campbell: Because we don't know what the model will look like, we don't know how much it will cost. We've looked at similar issues around housing and the like where we've

worked with the states before. But, no, we don't have a figure that we're going to go and discuss with the—

Senator SIEWERT: But there's likely to be one.

Ms Campbell: Well, someone will have to pay for it.

Senator SIEWERT: That's why I'm asking the question.

Mr McBride: We've had those discussions with the states on the Automatic Rent Deduction Scheme. While I don't have the figure in front of me, the fee was quite small and the states were more than prepared to pay it for the service that was offered.

Senator SIEWERT: Could you take on notice what that fee is, so that at least I've got an idea?

Mr McBride: Certainly.

Senator SIEWERT: Is there a threshold for when you get involved. In other words, do fines have to reach a certain point? Is it once somebody has been defaulting for while? You must have some idea of the parameters you're taking to the states.

Ms Campbell: I think it's about the objectives of the scheme, which are about trying to reduce incarceration for people with fines and warrants, and also, as Ms Wilson talked about, so that people don't lose their licences when they're fundamental to their employment. This is about helping people stay out of jail and stay in employment. We haven't got a monetary threshold; we're going to go to the states and territories and talk to them about trying to stop these adverse outcomes in people's lives.

Senator SIEWERT: Is it as soon as someone gets fined and you say, 'They might lose their licence because of this'?

Ms Campbell: No.

Mr McBride: There's an expectation that the states take reasonable measures to recover the debts themselves. The states, in our informal conversations over the last few years have always signalled that that is their intent. Their preference is to manage their own debt base and their own people. It's when that falls over that they will then refer to us. Then there'll be a process where we contact them and we encourage them to either go on to Centrepay or reconnect with their state debt agency. If that falls over, then there'll be a subsequent approach to the Commonwealth and then we'll start the deductions through this measure. So there'll be many steps, all of which will encourage to people to either sort it out with their state or do it through Centrepay before this measure comes into effect. That is our opening position but these are discussions that we'll be having with the states.

Senator SIEWERT: When my next turn comes around I'll ask you about warrants.

Senator PRATT: Can I confirm with you that it does indeed remain the government's policy to abolish the Energy Supplement for social security recipients?

Ms Campbell: Yes.

Senator PRATT: What's the planned start date for that to take effect?

Ms Campbell: We don't have an updated start date.

Senator PRATT: So no-one knows from what date the government plans to axe the energy supplement for pensioners, carers and people on Newstart?

Ms Campbell: We don't have an updated start date.

Senator PRATT: The question was asked at estimates in February and there's still not a planned start date.

Ms Campbell: We are unaware of the planned start date.

Senator PRATT: Clearly the government hasn't told you. What's the projected save of this measure over the forward estimates and over the medium term to 2018-19? If you could break it down by year and payment type, that would be great.

Mr Bennett: Based on a 20 September 2017 commencement date, the measure was estimated to save \$993 million.

Senator PRATT: Is that start date still in the forward estimates?

Mr Bennett: That is still the start date.

Senator PRATT: Unless you're going to take money from people—

Ms Wilson: That is what the forward estimates reflect.

Senator PRATT: How much money have you given out in supplements from now backwards to 20 September?

Mr Bennett: I'd have to take that on notice.

Senator PRATT: How much of the saving that's in the forward estimates is already not real? How much has been paid out over that time, and how many new recipients of the pension and Newstart have come into the system since the start date for the measure? Are you able to tell us now?

Mr Bennett: Can you give me a date that you're talking from?

Senator PRATT: Since 20 September 2017, how many new recipients of the pension and Newstart have come into the system?

Ms Campbell: We would have new and we would have those who have left the system as well.

Mr Bennett: I would have to take that on notice.

Senator PRATT: What is the overall expenditure for the energy supplement since 20 September 2017?

Ms Campbell: Of course the policy had grandfathered people who were previously on it, so to do just the total expenditure—you want total expenditure for people who were going to keep it and people who were proposed to not have it?

Ms Wilson: It's not a single appropriation.

Ms Campbell: This is one of the challenges we've always had with the energy supplement, because it's not a standalone appropriation; it's attached to the principal payment type. To get a lot of this information you would have to query each and every individual recipient. That's one of the challenges we have. That's why we use estimates.

Senator PRATT: But you're going to have to correct at some point the mistake in the forward estimates.

Ms Campbell: We will have to update the estimates at some stage.

Senator PRATT: And how will you calculate that?

Ms Wilson: We'd have to do a new costing, which is quite a detailed process.

Ms Campbell: We'd do a new costing that would mirror the costing that was originally done, to reflect the new figures.

Ms Wilson: That would require a particular start date.

Ms Campbell: And we don't have that at this time.

Senator SIEWERT: So you don't do that until the measure is passed?

Ms Campbell: Until we know what the start date's going to be.

Ms Wilson: And then it would generally roll into what's called an estimates variation. There are a range of things that happen to an estimate for a payment across the forward estimates in the course of a year. Measures get implemented, populations change et cetera. It would be one of those factors that got reflected in the estimates variation.

Senator PRATT: In general terms, how many people as at 20 September 2017 were receiving this payment?

Ms Campbell: They're the people who would have stayed on the payment because they were grandfathered? Is that the question?

Senator PRATT: Yes—grandfathered but due to have it cease at some point.

Ms Campbell: The policy had been that the new people coming on wouldn't receive it and those who were on the payment at that stage would continue while they remained on payment. So, were they to leave payment, then it would—well, they wouldn't be receiving payments and they wouldn't be receiving the Energy Supplement. But it was new entrants to payments from 20 September.

Mr Bennett: I'm not quite sure if this answers the question. I think it does. I'm going to go back to QON 1700547, which said that between 20 September 2016 and 29 September 2017—I say 29 September because, as we've discussed, the way this works is that data is an issue; that's the date available for data used for this answer—714,076 income recipients had started receiving Energy Supplement for payments associated.

Ms Campbell: That's approximately over a year period that there were 714,000.

Senator SIEWERT: The previous year that came on—

Ms Campbell: But that is sort of indicative.

Senator PRATT: Indicative for what has come on.

Ms Campbell: No, that's how many came on in a full year. Many of those would have come on and come off. How many stay on is another calculation. You can't just assume that they came on because they may have got a job and got off.

Ms Wilson: We know, for example, that two-thirds of new claimants and new grants of Newstart Allowance and Youth Allowance equivalent go off in the first 12 months. So there are different rates of turnover for different payments.

Ms Campbell: Age Pension not so much.

Senator PRATT: Thank you. So in terms of the projected save of this estimate—of this measure—over the forward estimates, I'm hoping that you're able to break it down by year and by payment type out to 2028-29 and, if possible, by electorate.

Ms Campbell: So 2028-29—generally when a measure is put forward it's done for the first four years. We don't track it going forward. So we wouldn't have that many numbers. We would only have the original estimate that was in the measure, which would be for the four years that have already—one of those years that's passed already. So we can see what we can find there. But we won't be able to have those numbers because, as Ms Wilson just talked about, the estimate adjustments go in, and once a measure's in it just becomes part of the pool of recipients and we manage the entire pool.

Ms Wilson: And we don't generally do the costings by electorate. So I don't believe we would have that available for you, I'm afraid.

Ms Campbell: We'll just see what we can get in the payment space.

Senator PRATT: If you can do that by payment type, then, that would be great.

Ms Campbell: We don't have that here.

Senator PRATT: It's my understanding that there's an estimate of the number of social security recipients that will be affected by the ending of the Energy Supplement over the forward estimates. Is that about two million people from 2021?

Mr Bennett: I'll go back again to a previous response—and the reference was 1700546—that said that up to 30 June 2021 it was 2,063,000.

Senator PRATT: Taking indexation into account for each year of the forward estimates, what would the impact of this saving be on a recipient of each payment type per fortnight? How much will a pensioner receive less per fortnight and a single Newstart recipient receive per fortnight over the course of a year?

Ms Campbell: I think we can give you the dollar amount per fortnight of the Energy Supplement for each payment. Does it change depending on assets and income?

Mr Bennett: It's actually adjusted per payment. One of the reasons why the calculation is actually quite complex is that it is a different amount.

Ms Campbell: Do we have the amounts?

Senator PRATT: The issue is that you've got the individual amount, but I'm interested in what indexation is likely to do to it so that I can see the figure for a whole year.

Ms Wilson: We can confirm, but we don't think the payment is indexed. So it'd be per pay—

Senator PRATT: So we could just times it by—

Ms Campbell: By 26. I'm just looking to see whether we can get the actual dollar amount of payment. If we don't have it—

Ms Wilson: I'm sure I can find something. I can give you—

Mr Bennett: What is the question?

Ms Wilson: The question is what is the amount per payment.

Senator PRATT: Per fortnight, yes.

Ms Wilson: Indexation ceased in December 2014. The amount per fortnight for all payments for people over Age Pension age, for a single person, is \$14.10 per fortnight. For a partnered person it's \$10.60 per fortnight. For someone on Parenting Payment (Single) it's \$12

per fortnight. These are March 2018 values. For Youth Allowance and ABSTUDY living alone under 22 for a person who is single with no children it is \$3.90 per fortnight up to \$7 per fortnight. For a single with children it's \$9.20 per fortnight. For a partnered person it's between \$7 per fortnight and \$7.70 per fortnight. For other allowances and ABSTUDY study living alone 22 and over, single no children, it's \$8.80 per fortnight. For a single with children or aged 60 and over after nine months' duration of payment it's \$9.50 per fortnight. For a partnered person it's \$7.90 per fortnight. For someone who's studying a masters or doctorate who's receiving ABSTUDY and is living alone, it's approximately \$75 per quarter or \$300 per annum.

Senator PRATT: Okay. So, in terms of the per annum figures, you gave me a rate for I think Newstart, was it, of \$14.10. Is that right?

Ms Wilson: Per fortnight, yes.

Senator PRATT: So that's an annual reduction in the Newstart recipient's income of \$366.60 a year approximately. Is that right?

Ms Wilson: What was the question again, Senator?

Senator PRATT: If I wanted an annualised figure for a Newstart recipient in terms of their loss of income from social security, am I right to just times that by 26, noting that—

Ms Campbell: The people—the intended policy was that new people receiving payment wouldn't receive this. So it's not a loss—they just never had it.

Senator PRATT: No, they are—if they had otherwise been eligible for it, they would have had \$366.60.

Ms Wilson: For a single allowee—

CHAIR: Had otherwise been eligible for it? That sounds a bit hypothetical to me.

Senator PRATT: Well, you've got one stream of people who get it and one stream of people who don't. What's the difference between them? It's \$366.60.

Ms Wilson: I think your question was about a single allowee. So it's \$8.80 per fortnight for that case.

Senator PRATT: Okay. And \$14.10 was who?

Ms Wilson: For a person over Age Pension age who is single.

Senator PRATT: Who received the \$14.10? That was the couple?

Ms Wilson: All payments over Age Pension age. So an age pensioner—if someone was on DSP and over Age Pension age or if they were on a special benefit and they were over the Age Pension age they would get that \$14.10 per fortnight rate.

Senator PRATT: So if I want to accurately calculate an annualised figure for the Energy Supplement over a year, is it legitimate to times that by 26?

Ms Wilson: If you're making an assumption that a person is on the payment for the full course of the year then that rate multiplied by 26 would give you an annualised figure.

Senator PRATT: Thank you. In terms of the removal of the Energy Supplement, can we return to the rate of Newstart please. You did tell it to me.

Ms Wilson: If you're a single person on an allowance and aged 22 and over, it's \$8.80 per fortnight.

Senator PRATT: So \$8.80 times 26 is \$228.80 per year that the rate of—the income of someone on Newstart is reduced by. Is that correct?

Ms Campbell: They wouldn't be paid the Energy Supplement to that amount.

Senator PRATT: Yes. And the value of that is \$228.80?

Senator Seselja: If they stayed on Newstart for the entire year.

Ms Campbell: And we've already heard that two-thirds of those recipients don't stay on Newstart for the entire year.

Senator Seselja: Which is the hope and the policy.

Senator PRATT: I understand that you are trying very hard not to say—

CHAIR: It's the whole goal, isn't it?

Senator PRATT: You're trying very hard not to acknowledge the fact that effectively the rate of someone on Newstart goes down by \$228.80 a year.

Ms Campbell: If they stay on Newstart for the entire year.

Senator Seselja: And it's not the rate of someone who was on Newstart—it's—

Senator WATT: No, it's the new Newstart recipients.

Senator Seselja: That's not how it was described by Senator Pratt.

Senator WATT: Yes, but for people who become unemployed and start receiving Newstart, if this change goes through, they will receive less than what they would receive but for this change?

Senator PRATT: Yes. In effect, the removal—

Senator WATT: Is that right?

Senator PRATT: Once this is implemented, the rate of Newstart effectively goes down by \$228.80.

CHAIR: I'm not sure that Senator Pratt should be answering Senator Watt's questions.

Senator WATT: Ms Campbell, is that correct?

Ms Campbell: The Newstart payment is not affected. The Energy Supplement—the proposal was for the Energy Supplement not to be available for new applicants.

Senator WATT: Correct. So new recipients of Newstart will receive less in total than current Newstart recipients?

Ms Campbell: Because they will not receive the Energy Supplement.

Senator WATT: That's right.

Senator PRATT: Thank you. Finally, in this bracket, how many people have begun receiving and continue to receive an income support payment since 20 September 2016 through to 1 April 2018? Can you take that on notice please and provide that figure broken down by payment type?

Ms Campbell: We'll take it on notice. Whether or not we're going to be able to provide it by payment type we'll take on notice as well. We'll see what we can do.

Senator PRATT: And state if possible.

Ms Campbell: So that's on 1 April 2018.

Senator SIEWERT: In terms of warrants—we've covered the issues around fines. Can we then go to warrants. This presumably is also going through a process of negotiation with the states and territories.

Mr McBride: Yes, Senator.

Senator SIEWERT: Is it being discussed at the same time as you discuss the fines or is it a separate process?

Mr McBride: I think it will start collectively, but there might be—different people impose fines from those who impose warrants, so there may have to be a series of sub working groups and things like that. But we'll certainly start with the states and territories looking at it together and then work out a practical way forward from there.

Senator SIEWERT: How would this operate or what's your starting point for negotiations with the states about how this particular measure would operate?

Mr McBride: The states would refer to us people who have outstanding warrants. We would write to them and request that they clear warrants. For new income support recipients or those who change payment, we would ask them whether they have any outstanding warrants at the application stage. If they did, they would have to clear those warrants before they would be entitled to payment.

Senator SIEWERT: So would there be—do you plan on setting up some sort of register of people who have warrants?

Mr McBride: The states capture that already through CrimTrac and other processes. We're just working out whether we can use those existing processes or whether we need separate reporting processes. They're the things we'll start working through with the states.

Senator SIEWERT: I don't know much about criminal justice, so if I'm asking an ignorant question then tell me to go and read up about how these things operate. There's already a process that the Commonwealth has access to from the states in terms of CrimTrac. Is that correct?

Mr McBride: Yes. At a superficial level there is that process there where we cross-jurisdictionally share information. If you want to get into much more detail than that, address that to the Attorney-General's Department. That would be a starting point. Whether that works given timeliness and comparability and everything else is something we'd have to work through with the states. If that didn't work then a separate reporting arrangement would have to be established.

Ms Wilson: I think we understand from some of those informal discussions that different jurisdictions have different approaches. Some of them have really good real-time data. For others it's not as easily captured in real time. So we've got to understand what CrimTrac holds and what the utility of that is versus any other datasets that states themselves hold because they operate in different ways. I think it's important to understand that we're talking about outstanding warrants for serious criminal offences. We'll have to work through the detail of what that means in each jurisdiction.

Senator SIEWERT: That's what I was going to ask about—what the in-scope offences are. Would it be the standard definition of a serious criminal offence?

Ms Wilson: That's where we'd be starting.

Senator SIEWERT: Thank you. And would it be the states referring a person or, once they're up on CrimTrac, there's a coordination between the databases?

Ms Campbell: I think that's part of the discussions with the states and with whoever in the Commonwealth is going to be the interface with CrimTrac as well.

Senator SIEWERT: So you don't know whether it'll just be simply that a name goes up and it's cross-checked against the database for Centrelink?

Ms Wilson: I think that's part of the—

Mr McBride: It's unlikely to operate at that level. I think there'd have to be, you'd anticipate, a confirmation process with the states that they want us to pursue these people. Once again, as Ms Wilson mentioned, some states are better at real-time updating of that system than others. So it may work for some states and may not work for others. Once again, these are the things that we'll have to work through.

Senator SIEWERT: Okay. In terms of then the states where it's not real-time update of CrimTrac—

Mr McBride: Then there'd have to be a different reporting arrangement.

Senator SIEWERT: There would have to be a reporting—so there's a chance that there may be different systems operating here as well in terms of the way the process of referral would work?

Ms Campbell: I think our Federal Police colleagues will probably have better insights into this. Is it AUSTRAC that looks after CrimTrac? I'm unaware of who is responsible for that. But this is part of our discussions with the jurisdictions.

Senator SIEWERT: So those discussions will involve the Federal Police as well? Is that my—

Ms Campbell: It depends on who—the Federal Police has a jurisdiction in the ACT, so the ACT—

Senator SIEWERT: So they will necessarily be involved?

Ms Campbell: I think we wrote to the Attorney-General. The Attorney-General in each jurisdiction will no doubt have an insight into how their systems work. So that would be what we'd expect. We'll continue—we're in the very early stages of this process and I think next time we will have more detail about where we've gotten to with the negotiations.

Senator SIEWERT: Okay. So the timeline for this is also the beginning of March next year—is that correct?

Mr McBride: Yes.

Senator SIEWERT: Okay. I'll continue to follow this up. I do have a question around self-sufficiency for migrants. Where do I ask that?

Ms Campbell: Is it for refugees?

Senator SIEWERT: No, newly arrived residents.

Ms Campbell: The waiting period?

Senator SIEWERT: Yes.

Ms Campbell: That's across outcome 1.

Senator SIEWERT: It's across outcome 1 as well?

Ms Campbell: Yes, because it impacts on a number of payments.

Senator SIEWERT: That's why I was asking where you ask it. I want to ask about the change from three years to four years. What were the considerations? The proposal to increase the waiting period from three years is still before the Senate. Before that legislation was even dealt with, the decision was made to increase it to four years. What consultation was undertaken with any of the stakeholder groups to increase it from three to four?

Ms Campbell: My understanding was that this was a decision of the government after the MYEFO measure where there had been increases and that was because of the expectation that people migrating to Australia would have adequate resources to cater for themselves. They would be coming for a job, so they would not need the social security arrangements unless there were some extreme circumstances. There were provisions to ensure that people who had changes to their circumstances would be able to access those payments. So, as to the extension to the fourth year, the decision was taken at budget time and I don't believe there was any further external consultation during that period. There had been feedback, of course, provided to government after the first period. That was why the government was very keen to outline that there were provisions for people who had significant changes to circumstances such as domestic violence or breakdown of relationship. What are the other circumstances? So for people whose circumstances had changed there was still an ability to access those payments.

Ms Wilson: Becoming ill.

Ms Campbell: Yes, becoming ill and therefore not employed in the job that was envisaged when they migrated to Australia.

Senator SIEWERT: Can I confirm that it applies to all the same payments that the current proposal applies to?

Ms Wilson: Yes, Senator.

Senator SIEWERT: All of those new areas are also included?

Ms Wilson: Yes.

Senator SIEWERT: In terms of the savings from this measure that you provide in the BP2, are they on top of or in addition to the three years or with the added fourth? I don't know if I have asked that.

Ms Wilson: The estimated saving at MYEFO for the forward estimates to 2021 was \$1.3 billion. The further extension to four years announced in the 2018-19 budget will save an additional \$202.5 million over five years. That is my understanding.

Mr Bennett: Correct—to 2021-22.

Senator SIEWERT: So that takes up—with the new measure for the four years the total save is just over \$1.5 billion. Is that a correct understanding then?

Mr Bennett: They are two separate measures, but you add the saves together, yes.

Senator SIEWERT: But effectively what you're doing, if I understand correctly, in going from three to four—and I say that very loosely just what you are doing because it has an impact on people.

Mr Bennett: As we describe it, Senator, we use the figure of the combined save of 1.5.

Senator SIEWERT: And as I understand it the plan is to amend the existing bill to take it to four years. Is that a correct understanding?

Mr Bennett: I actually don't think that—I've not seen an announcement of the government decision on that. That obviously is an option—you could amend the current bill.

Senator SIEWERT: Sorry, in that case I'll rephrase the question. What is the intention?

Mr Bennett: That will be a decision for government. But, as has been described, the architecture of the current bill is exactly the same as the four-year measure. So an option available to government would be to amend that bill to go from three to four years.

Senator SIEWERT: So you have brought this measure in without—this has been put into the budget without then having worked out how this component would be implemented following the MYEFO increase?

Ms Wilson: We are not privy to the exact approach that will be taken in respect of legislating for this, whether it will be an amendment to the current bill or not. But, as Mr Bennett said, that is an option available to the government.

Senator SIEWERT: Thank you. Do you know when a decision will be made on what option will be chosen in terms of implementing this measure?

Ms Campbell: No, we don't have a time frame.

Senator SIEWERT: I'm not going to traverse all of the arguments. We've had those in the discussion on the bill.

Senator PRATT: I just need to clarify something from what I asked before. In terms of those who won't receive the Energy Supplement—in terms of new people who come onto payments but because of the change in policy that hasn't actually changed yet will come onto the Energy Supplement out to 30 June 2022, you gave me a figure for 2021. I'm also interested in a figure out to 2022. I'm assuming that you must have an estimate because it will have had to be rolled forward in the forward estimates.

Ms Wilson: I think that, as the evidence we've given indicates, we don't update until we have a new implementation date.

Senator PRATT: So what assumption is in the forward estimates?

Ms Wilson: The assumption—

Senator PRATT: The old implementation date?

Ms Wilson: Yes, that's correct. What's in the forward estimates reflects what was announced some time ago in respect of the closure of the Energy Supplement. Until there's a new implementation date there isn't a re-costing done which then would get reflected in a new amount rolled into the payment estimates in the forward estimates.

Senator WATT: What you've told us previously when we've asked about this was that it was expected that there would be two million people until June 2021 who would otherwise

receive the Energy Supplement but would lose it if this policy goes forward. There's been no modelling whatsoever, now that we are into another financial year, to work out—

Ms Wilson: Not at this stage.

Senator WATT: Is it as simple as that, if it is two million over the old forward estimates—over the old four years—it works out to roughly half a million a year?

Ms Wilson: No, it's not that simple. I wish it were. You have to take account of what might be new forecasts for the recipient numbers in each payment, and they do vary. They get updated, as well as the forward expenditure getting updated, several times this year. So we haven't done that work—

Senator WATT: Have you previously provided us with a year-by-year breakdown of that two million figure?

Mr Bennett: Not to my knowledge.

Ms Wilson: I don't believe so. I'd have to check that for you.

Senator WATT: I suppose I'm just thinking that, if the number is decreasing as we get to the out years, it might be reasonable to expect that 2021-22 also decreases. If it's increasing it might be reasonable to expect that it's increasing.

Ms Wilson: It depends what the estimates going forward tell us what's happening with population growth, with the economy and with levels of unemployment and receipt of payments with other demographic factors like birth of children et cetera. All those play into the payment estimates and forecasts. So they do get updated, as I said, several times a year to look at what's happened in the last period and what we now think it looks like going forward. That's an update of both recipient numbers and the related expenditures.

Senator WATT: With the old costing work that you did, when we've asked about this previously, is it as simple as applying the same assumptions into another new—into another year?

Ms Campbell: First of all we'd need to know what policy was and then—

Senator WATT: You don't know?

Ms Campbell: We know what the policy is from—I'm sorry, Senator. I thought you were asking a question about a new start date.

Senator PRATT: There must be an assumption in the forward estimates to take us through to 2022 unless—in terms of the number of people, there has to be an assumption that you've used in it because otherwise your assumption has to be to reverse the policy. So—

Ms Campbell: We usually—as Ms Wilson said, we work out population numbers for Newstart and that involves the economy, people on unemployment and all of that sort of stuff. We build on the previous years. If the economy is kind of doing the same thing, it would be about the same number of people.

Senator PRATT: Okay, so what is the assumption for that year?

Ms Campbell: On how many—have we got the actual number in the last year? We don't actually have that with us, but the way the estimates are built is to look at the previous year and then apply the things that are going to change in the next year. So if the estimates say that the people coming onto a payment don't get the Energy Supplement—so there are 100 people,

for example—and the same economic conditions were there then you would have 100 people in the next year that wouldn't get it.

Senator PRATT: Yes, so, if there were two million people to 2021, how many is it to take us out to 2022?

Ms Campbell: I'm just trying to work out whether the two million is a net number of people who've gone onto payment. Then we know that a lot of them come off payment, particularly the working-age payment. We're just trying to see whether we've got that.

Senator WATT: In order to come up with the savings for 2021-22 it must be possible to retrofit that to work out the number of people who would be affected in that year.

CHAIR: But I think the officials have already said that that's going to be a re-costing exercise. Effectively you're asking for the re-costing exercise.

Senator PRATT: But the re-costing exercise has to have been done, because it's based on an assumption in the forward estimates.

Ms Campbell: We haven't done a re-cost.

Senator PRATT: Okay. What is the assumption in the forward estimates? It must have a value or figure of people.

Ms Campbell: This is the difficulty of the Energy Supplement. Normally with a payment it's in a standalone appropriation. But, because it's right across all the different types of payment, it gets paid out of those different appropriations. So there's not a way of saying that that's the Energy Supplement bit. We look at, for example, Newstart and say, 'What's the Newstart population doing'—

Ms Wilson: And what are the average rates—

Ms Campbell: What are the average payments and the like. Because the forward estimates up to a certain point would have included no new participants getting Energy Supplement then that would just be extrapolated to the next year.

Senator PRATT: Okay. Can you give us the extrapolation across those payments?

Ms Wilson: We'd have to take that on notice, Senator—

Senator PRATT: Yes, you can—by all means.

Ms Wilson: and test what we can do.

Senator PRATT: But we want the figure out to 2022.

Ms Campbell: Can I just understand this. Are you looking for the number of new people coming onto payment that we—

Senator WATT: What we're looking for is the updated figure. We've previously been told it would affect two million people until June 2021. We're looking for the updated figure to June 2022, being the end of the forward estimates.

Ms Campbell: With the current assumptions on pace?

Senator WATT: Yes.

Ms Campbell: We will take that on notice.

Senator WATT: I might just point out—you did get the letter that I sent?

Ms Campbell: I did get the letter.

Senator WATT: Which flagged that I was going to be looking for updated figures on the impact of the measure to 2022?

Ms Campbell: I received that letter yesterday. As we've explained, we haven't done this costing and it is not normal practice to do it, because there hasn't been a decision made on next steps.

Senator WATT: Can we just go back to one other point I don't think we've covered entirely. I think while I was out of the room Senator Pratt probably asked you what the planned start date for the abolition of the Energy Supplement was. Do you mind reminding me of what you said to her?

Ms Campbell: That we do not have that information.

Senator WATT: Okay. So, again, you have banked—what's the total savings that's expected from this measure?

Mr Bennett: The original measure savings was—and I believe that when I gave this figure just recently I used the figure 993. But, looking at the measure table, it's 933 million.

Senator WATT: That is \$933 million over the forward estimates?

Ms Wilson: Over the four years.

Senator WATT: Okay. So, again, in order to make those calculations, there must be an assumption around the date that the measure starts.

Ms Wilson: That was the original costings.

Senator WATT: What did that assume for a start date?

Ms Wilson: That assumed the original start date of—

Mr Bennett: 20 September 2017.

Senator WATT: 20 September 2017?

Ms Wilson: That's correct.

Senator WATT: Have you already provided an answer to Senator Pratt on how many new recipients of the pension and Newstart have come into the system since 20 September 2017?

Ms Campbell: I think we took that on notice. We talked about how many generally come on in a year and we also talked about how for working-age payments two-thirds of those people come on and go off during that period because of employment or study changes and the like. But I think we took that on notice.

Ms Wilson: We did.

Senator WATT: There is just one other thing that builds on a question from Senator Pratt. I think she asked you how many people had begun receiving and continue to receive an income support payment since 20 September 2016.

Ms Campbell: I think we were able to give a year figure for September 2016 to September 2017.

Mr Bennett: Between 20 September 2016 and 29 September 2017, 714,076 income recipients started receiving Energy Supplement.

Ms Campbell: But we weren't able at that time to give a figure for whether they were still on at the end of the year.

Senator WATT: Just refresh my memory: apart from it being the start, the significance of 20 September 2016 is? Is that when the legislation was first introduced, or the announcement was made?

Mr Bennett: It's the reference date for the commencement.

Ms Wilson: It's the reference date for the savings, isn't it—the grandfathering?

Mr Bennett: Yes.

Ms Wilson: So, if anyone came onto payment past that date of 20 September 2016, the policy for the original measure was that they would receive the payment until the implementation date for the closure of the payment. But people who had been receiving it prior to September 2016 will continue to receive the energy supplement for as long as they are receiving the primary income support payment to which it's attached.

Senator WATT: Has there been any change to that grandfathering date?

Ms Wilson: No.

Ms Campbell: We have no direction.

Senator WATT: So anyone who is receiving one of these benefits prior to 20 September 2016 will continue to receive the energy supplement as long as they remain on that benefit?

Ms Campbell: That's the policy.

Senator WATT: And anyone who began to receive one of these benefits post 20 September 2016 will continue to receive the energy supplement, as they may well be now, until the implementation date?

Ms Campbell: My understanding of the policy was that they would continue to receive it until 20 September 2017. I'm not sure whether it's until implementation or a certain date.

Ms Wilson: Until implementation.

Senator WATT: And what exactly does that mean? The legislation is passed and there is royal assent—

Ms Wilson: Yes, and there is a new implementation date.

Senator WATT: So anyone who has received one of these benefits after 20 September 2016 and is currently receiving energy supplement, will lose that energy supplement if and when we hit that implementation date?

Ms Campbell: That's the policy, Senator.

Senator WATT: Okay. Then, once we hit the implementation date, anyone who receives a benefit after that point won't get it?

Ms Campbell: No, Senator.

Senator WATT: Depending on what the Senate does. So there has been no policy change around the grandfathering?

Ms Wilson: No, Senator.

Senator WATT: Just to clarify, on the requests for an update on the number of people affected to 2022, I think you might have taken a similar question on notice previously. The date I have here is 26 July 2017. I don't know if that was the date you were asked or the date

you answered—probably the date you answered. We're basically looking for an update on that question on notice.

Ms Campbell: We'll take that on notice.

Senator WATT: Just on the point about Newstart and the impact on Newstart, one position that has been put to me on this is that returning Newstart recipients to where they would have been had the energy supplement not been introduced at the time of the carbon price in fact makes them worse off because Newstart is normally increased twice each year in line with inflation. Are you aware of some research that has been done by David Plunkett at the ANU on this matter?

Ms Campbell: We're aware of that specific research, but can I just understand this: is it saying that indexation hasn't occurred on Newstart?

Senator WATT: No, I don't think it is saying that. If you can bear with me, I'll read what has been put to me:

Returning Newstart recipients to where they would have been had the energy supplement not been introduced at the time of the carbon price in fact makes them worse off. Newstart is normally increased twice each year in line with inflation, but, when the carbon tax came in, inflation jumped. Rather than increase the allowance in line with that jump, the government withheld 0.7 percentage points because that was the amount it believed was due to the carbon tax, which was to be compensated for separately by the clean energy supplement. Removing the clean energy supplement without putting back 0.7 points that were lost leaves new entrants to Newstart worse off than if their benefits had never been fiddled with. Estimates prepared for the ANU by social security analyst David Plunkett suggests that new entrants to Newstart will be \$3.60 a week worse off than had the whole thing never happened'.

What's your response to that?

Ms Campbell: I think we'd have to take that on notice, and we'd also have to consult with our colleagues in the Treasury about some of the assumptions around what inflation did and didn't include in that space. So we can take that on notice.

Senator WATT: Okay. But we have clarified, though, that what a Newstart recipient receives in total between their Newstart payments and their energy supplement would decrease if—they would end up with less in their pocket if the energy supplement is removed?

Ms Wilson: They would not receive the energy supplement—so, yes.

Senator WATT: And so they'd end up with less in their pocket. Thank you.

CHAIR: We will go to outcome 1.10: Working-Age Payments.

Senator STORER: As per page 172 of Budget Paper No. 2, the budget outlined 2021-22 savings of \$202.5 million will be achieved by increasing the waiting period for newly arrived migrants to access certain welfare benefits from three to four years from 1 July 2018. Can the department clarify how many people are estimated to be affected by changing that waiting period from two years, which it currently is, to four years?

Mr Bennett: Taking into account the measure that you are referring to and the relationship it has to the MYEFO measure, when fully implemented to 2023 approximately 66,000 families will be serving a NARWP for family tax benefit part A and 47,000 people will be serving at NARWP for other payments. We have previously provided evidence that, because of the way that these things work, you can't add those two figures together. Someone

could be on payment plus family tax benefit. It just gives an indication of the waiting periods that will apply to those payments.

Senator STORER: So these are the amounts—66,000 families in family tax benefit A?

Ms Wilson: Yes, 66,000 families will be serving the waiting period for family tax benefit part A and 47,000 people will be serving the waiting period for other payments. As Mr Bennett said, they're not mutually exclusive categories, so you don't add the two together.

Ms Campbell: I think it's also fair to say that those people may not have even been eligible for family tax benefit depending on their earnings and the like. So due to the fact that they're serving a newly arriving resident's waiting period, they may not have actually been getting the payments anyway because they may not have been eligible under other conditions.

Senator STORER: Has the department undertaken research on the extent to which increasing its waiting period to four years is likely to increase hardship for these migrants?

Ms Wilson: There are exemptions available for people who have a significant change in circumstances and are in hardship, as there are currently for people who face the two-year newly arrived residents waiting period, which means that they can access special benefit and, if accessing special benefit and they have dependent children also, family tax benefit for those children. So, for example, if someone came on a partner visa and the relationship broke down, they could be eligible for special benefit. If someone became ill and therefore lost their job that they had come to take up and they were unable to work, they could be eligible for special benefit if they were in hardship and they'd experienced a significant change in circumstances. The other thing I think that's pretty important to understand is that, as with the current waiting periods for newly arrived residents, of course, humanitarian entrants and refugees are not subject to these waiting periods.

Mr Bennett: If it would help you, because we've previously had a Senate inquiry on the bill dealing with the original MYEFO measure, the department's submission included a number of cameos associated with different scenarios. I also provided supplementary evidence as part of that. That might assist in articulating a number of scenarios and the supports that would be available to people who find themselves in substantial change of circumstances.

Ms Wilson: I'm sorry, I should correct myself. People who become a lone parent after becoming an Australian resident and the main principle carer would also be exempt from the newly arrived resident's waiting period for parenting payment, Newstart if their youngest child is older than the eligibility for parenting payment, and youth allowance if they are in the age group where they're a parent but would receive youth allowance. So it wouldn't be special benefit in those cases; it would be one of those payments.

Mr Bennett: And FTB.

Ms Wilson: And family tax benefit for dependent children.

Mr Bennett: And the other thing, if I could add a comment to assist, is that, when the exemptions apply to certain types of payments, the related supplementary payments and allowances also, subject to eligibility, would be available to that person. By that I mean things like—if someone were to receive special benefit they could also be eligible for things like rent assistance et cetera.

Senator STORER: But does the department accept that the hardship that would be occurring would be likely to reduce the likelihood of those people finding jobs—effectively there is increased hardship by having a longer period?

Ms Campbell: Generally when migrants come to Australia they come with a job. This is not for refugees—this is for people who are migrating in order to be employed, which is why the government has put in place those changes to ensure that, if they do encounter hardship, there are provisions for them to access support.

Senator STORER: Does the department agree that there is strong evidence and modelling that there is a range of economic benefits that migrants bring to Australia, and particularly to South Australia, with increase in productivity and filling of critical vacancies for businesses not in a labour market? Therefore, do you appreciate that this particular aspect of the budget might act as a disincentive to migration?

Ms Campbell: I think it's the government's view that it would not act as a disincentive to migration.

Mr Bennett: There is evidence from the OECD that reflects that access to social security systems is not necessarily high on the factors that people consider. There is also a Productivity Commission report from 2016 that shows that non-humanitarian permanent migrants had effectively lower take-up rates of income support than the general population. That in part may also be contributed to by the current visa application process for people who are—these are family and skilled migrants. It is very clear that there is an existing waiting period, so people are aware of the expectations as they go through the visa process.

Senator STORER: Can I ask you questions about migration visa points allocation?

Ms Campbell: I don't know that we'll be able to assist you with that. I think that might be more suited to Home Affairs.

Senator STORER: Can I ask questions about Newstart allowance?

Ms Campbell: Yes, we have the people at the table who can answer that.

Senator STORER: Given that business, such as the Business Council of Australia and other leaders, have established that the current rate of Newstart can act as a barrier to employment not to mention that the current rate imposes extreme hardships on everyday living, what steps has the department taken to raise the base rate of Newstart?

Ms Campbell: Rates of payments are decisions for government. The government has indicated—first of all, most Australians who are in receipt of Newstart are also in receipt of another payment. So, when people talk about the Newstart payment, they don't take into consideration things like family tax benefit, rent assistance and other supplements that have been paid to those people. So it's not always accurate to say that people are living on X dollars a day, as we've seen in the media, because generally there are other payments. Mr McBride might be able to continue in that vein.

Mr McBride: That is correct. In addition to the energy supplement, about 80 per cent of recipients receive another payment. Some of those payments are substantial. For some people family tax benefit can be approximately equal to or in some cases even exceed the value of the primary payment itself—the Newstart itself. So there are significant supplementary payments that are available to most people on Newstart. That comes in addition to things that

are, once again, often overlooked, like employment programs, free education—all of these things are assistance to people—and child-care assistance to people who are on unemployment benefits.

Senator STORER: Has there been work done by the department regarding aligning the Newstart to rises in the consumer price index?

Mr McBride: That happens automatically twice a year.

Ms Wilson: It is indexed twice a year by CPI.

Senator STORER: And then to wage growth as well?

Mr McBride: In our system we have pension payments and allowance payments. Allowance payments are only indexed to CPI. Pension payments are indexed to CPI, the pension and beneficiary living cost index, which is a CPI equivalent but with a different bundle of goods for those pensions reflecting the goods that those pensioners consume. Then it is also benchmarked to wages. But, once again, it would be a government decision to change those indexation arrangements to apply to allowances. No government has made that decision.

Ms Wilson: It has been the case since 1997 that the indexation for allowances has been CPI, whereas for pensions it is as Mr McBride identified.

Senator STORER: Has there been any consideration by the department regarding an independent mechanism to regularly review and adjust Newstart similar to what happens at the Fair Work Commission?

Ms Campbell: Senator, these are decisions for government.

Senator STORER: So there is no review program undertaken by the department?

Mr McBride: I think ours is a system that, because of the amount of money involved, gets reviewed regularly and these things are suggested from time to time. But, given it is such a substantial portion of the budget, to take that decision away from government would be—

Ms Campbell: These are government decisions.

Senator STORER: I would like to discuss the Working Credit scheme and the reasons why the Working Credit scheme currently distinguishes between those on Newstart, who may earn up to \$52 a week before their allowance is reduced, and those on youth allowance, where it is \$71.50. Why would there be a differentiation?

Ms Wilson: It's essentially historical and relates to the differential rates of assistance in part and a consideration that many students need to work to supplement their student payments while studying. Therefore, at the time the Working Credit was established the income bank, which is what operates for youth allowance for students—they were set at those rates. So it is an historical decision.

Ms Campbell: And it's about the expectations of what the work patterns are going to be. Newstart is designed as a gap payment while people are in and out of employment and encouraging them to be in full-time employment. With the student payments there's an expectation that people are going to study for a period of time—a year, two years or three years, depending on the course—and that they will continue to work part-time as well as be engaged in study for the other time.

Senator STORER: So that would explain also the discrepancy between the amount of Working Credit for Newstart, on \$1,000, and youth allowance, on \$3,500?

Ms Wilson: As I mentioned, it is historical. The rates for youth allowance other are lower than the rates for Newstart. So it is a feature of the way that youth allowance has been designed separately from the way that Newstart allowance has been designed.

Senator STORER: Wouldn't it be fairer that both of the credits—there wouldn't be a discrepancy between the two payments?

Ms Campbell: But then I understand, Senator, that there is a discrepancy between the base payments—there is a difference between the base payments for Newstart and youth allowance. Is it youth allowance other that we are talking about?

Ms Wilson: Yes.

Ms Campbell: So there are differences. I think youth allowance other is less than Newstart.

Mr McBride: Yes.

Ms Campbell: So they have capacity to earn more money and keep it. Again, Newstart has a higher amount and has less ability to bank it. It is one of the elements of the social welfare scheme that has sort of grown over many years and there are often different ways that different cohorts of people are managed. One of the challenges of providing advice on it and administering it is that it has grown up over many years, so different people will find different elements are not necessarily consistent.

Senator STORER: Are the working credit limits indexed to CPI as well? Do they increase or are they set?

Ms Wilson: I don't think they are. I'll just check that for you. Perhaps one of my colleagues can lift that up if you want to continue. We can come back to that for you.

CHAIR: They've certainly changed over time, haven't they?

Ms Wilson: The working credit for allowances has not changed in a considerable time—that's my recollection of it. The free area has changed, but not the working credit.

CHAIR: Okay.

Senator STORER: Am I able to ask questions on parenting payment single?

Ms Campbell: Yes, Senator.

Senator STORER: Is the department aware of an ACOSS property report in 2016 that indicated that 40 per cent of children raised in a sole parent family will live in poverty?

Ms Campbell: I think we are aware of all of the ACOSS press releases and reports.

Senator STORER: And that has been a four per cent increase since 2002?

Ms Campbell: That is the data and analysis that ACOSS have in that report, yes.

Ms Wilson: The poverty measures that tend to be used and I believe were used in respect of this report are based on 50 per cent of median wages. There are a range of issues about income-related poverty measures, which means that they are a fairly blunt instrument. Counterintuitively, when national incomes rise and growth is occurring, poverty tends to increase. So it's not necessarily—a single measure like a relative income measure of poverty

isn't necessarily a good indicator of hardship or disadvantage. You need to look at the persistence of the experience and you need to understand what the constraints of expenditure and patterns of consumption are. There is no single measure of poverty that any government of any colour has ever accepted, including a relative income measure of poverty like the ones used in those reports.

Mr McBride: Under that measure, if I might add, if you earn 49 per cent of the median wage you are in poverty. If you earn 51 per cent you are not. So it is an indication of where people are on the income scale rather than an accurate measure of poverty. As we mentioned before, many of these people get supplementary payments like family tax benefit and rent assistance. Often the modelling of those poverty measures does not accurately take those into account.

Ms Wilson: I guess the other thing that it's important to be aware of in Australia historically is that our median wages have been much higher than other OECD countries. So a relative income measure of poverty might report that there are more people in Australia in poverty than there are in Mexico, but that would not be a generally held belief and it is because of the nature of the measure.

Senator STORER: Similarly, the Australian National University Centre for Social Research and Methods found that—are you aware of their findings—since the policy changes in 2005, a family with no private income and two children over the age of eight is \$5,750 a year worse off or about 17.2 per cent worse off than—

CHAIR: It's very difficult to ask officials to comment on individual studies. They don't know the methodology—they don't know the underlying methodology. So I think it's a little unfair to ask them about individual—

Senator STORER: Can I turn to the differences between—moving from parenting payment single to Newstart allowance when the youngest child reaches eight? There is a significant difference in the amount—for example, with parenting payment single, a mother with three children can learn \$237.80 per fortnight until the payment is reduced after that point. But on Newstart I think it is only \$104. So, effectively, if you're on parenting payment single and you move to Newstart allowance, isn't it the fact that there is a lesser amount that you can earn and retain—\$237.80 goes to \$104? Doesn't it actually harm people that are actually in the workforce then if their youngest child becomes older and then effectively they're docked because of that?

Ms Campbell: The assessment is that, when the youngest child is eight, that allows the parent to engage in full-time employment. That is the intent—to get people back into the workforce in order to have a high quality of life, ensure that they have savings for their retirement earnings and ensure that their skills have not degraded while they have been outside of the workforce. The government's intent is to ensure that these parents have the best chance to be fully engaged in the workforce. To that end, there are programs and support mechanisms to get people from the time their youngest child turns six to encourage them to get back into the workforce. Then, with the payments as they stand, Newstart is about being in and out of work, so there's an expectation that people will be looking for that full-time employment. So that's why those parameters are set as such. With parenting payment single there is an expectation that people may stay on that longer in order to fulfil their caring

responsibilities. That's why those different parameters are in play about earnings being retained.

Senator STORER: You said that the assessment was made about children turning eight—that there is an expectation.

Ms Wilson: There was a policy change that occurred in 2006, which was that an expectation that, once a youngest child is settled in primary school, a parent is available for work. There is a two-year transition, if you like, from the youngest age of six to the youngest age of eight where a parent can remain on parenting payment single, after which they are eligible for Newstart allowance unless they are eligible for another payment. Clearly the expectation, once you are on Newstart allowance, is that you would increase work effort and be seeking to make yourself self-sufficient. The reason that these policies were introduced has its origins in the first McClure report in the late 1990s and early 2000s, which included analysis for government that showed that leaving parents, particularly lone parents, to their own devices and not providing encouragement, support and expectations of employment meant there were very long durations of the people on income support receiving parenting payments. The international evidence, including evidence in Australia, is that children growing up in jobless houses have much worse outcomes than children whose parents are in employment. So the origins of that policy change in 2006 were based on both Australian and international evidence about the impact of parental joblessness on children and their life outcomes.

CHAIR: Thank you. We will take a short suspension.

Proceedings suspended from 11:00 to 11:19

CHAIR: We're resuming on outcome 1. The goal is, as much as possible, to step through the programs in order. We'll start with program 1.1, Family Tax Benefit.

Ms Campbell: Chair, I have a clarification to make from this morning. It's about the notification at the six-month mark. Some of our officers back in the department have helped us to correct what we said. This is the grants expiring on 30 June this year. We had notified nearly 90 per cent of providers with expiring grants within 5½ months, not six months, prior to expiry. By 16 January we had notified nearly 90 per cent. The 91 per cent figure mentioned earlier related to the proportion of providers we had notified by additional estimates in February. That's why there was a slight confusion.

Senator PRATT: Thank you. That's very helpful.

Senator PRATT: I'm looking for a post-budget update on the number of families and children that are impacted by the proposed change in the FTB Part A taper rate in each year of the forward estimates.

Ms Campbell: Which change announced?

Senator PRATT: In the 2017-18 MYEFO the government announced a policy to change the taper rate for FTB Part A to introduce a simplified single taper rate of 30c in the dollar for families above the limit.

Ms Campbell: We think it was in the budget, but we will give you that information. You are asking for the number of families and children—

Senator PRATT: And the cost impact.

Ms Wilson: It was a 2017-18 budget measure to provide more consistent income treatment for Family Tax Benefit Part A. The savings over five years were identified as \$415.4 million.

Senator PRATT: Do you have that broken down over the forward estimates?

Ms Wilson: I don't think I have it year on year.

Senator PRATT: Could you take that on notice? Is that \$415 million cumulative over the forward estimates?

Ms Wilson: Yes, it's over the whole period, over the five years it was—

Senator PRATT: You'll take on notice each year—

Ms Wilson: We can give you a year-on-year breakdown. I just don't have it with me.

Senator PRATT: I would like to see the number of families and children impacted as well.

Ms Wilson: There are 24,900 families who will lose access to Family Tax Benefit Part A. These families have an average adjusted taxable income of \$125,490 per annum. In addition to those families that lose it, 71,800 families would have a reduction in Family Tax Benefit Part A, and those families have an average adjusted taxable income of \$107,622 per annum. I don't think I have the number of children. We can take that on notice.

Senator PRATT: That would be great—within those families. That shows me the number of families that lose access to FTB Part A and those that have it cut. That's over the forward estimates?

Ms Wilson: That's over the period, yes.

Senator PRATT: Are you able to break that down for each year over the forward estimates?

Ms Wilson: I'd have to take that on notice. I don't have those breakdowns.

Senator PRATT: On notice, can you model that out beyond the forward estimates?

Ms Campbell: Our normal practice, and the practice of governments of both sides, has been that for a measure we do the modelling but then it just goes into the normal update of estimates. So we don't normally model outside of the four-year period.

Senator PRATT: We did ask at the last estimates whether the department could break it down by electorate or postcode.

Ms Wilson: We don't normally do a costing by electorates and postcodes. We can generally provide data on the population of recipients by postcodes, states and electorates, but our costings don't usually lend themselves to that breakdown. So I don't believe we have it available at that level of detail.

Senator PRATT: But if you have your population of recipients, surely you must be able to work it out and approximate.

Ms Campbell: It would require significant effort. There are several million families on Family Tax Benefit, and working out what their incomes were—you'd have to do those sorts of analyses.

Senator PRATT: The point is we that will otherwise have to go away and do it ourselves but it might not be as accurate.

Ms Campbell: But it would take a significant diversion of resources to do that sort of work as well.

Mr McBride: We do this modelling at the time, Senator. Those cohorts will have changed, so we would have to go back, if we were even able to, and work out who was receiving it at the time and then do that more detailed modelling.

Ms Wilson: It's not just press a button, unfortunately. It's quite complex coding.

Senator PRATT: I do understand that.

Ms Campbell: And the systems are being updated but they are still very tricky at the moment to get this information out of.

Senator PRATT: What's the average Australian family income, not just for the FTB cohort but overall?

Ms Campbell: For all, the median adjusted taxable income in 2018-19—I only have this by age cohorts. For a youngest child under five years it is \$44,596.83. Sorry, this is the FTB population. I don't believe that I have it for the whole population.

Mr McBride: I think the ABS—

Senator PRATT: I understand. I need to ask the ABS. You can understand why it's important in terms of in which income cohort the benefits start to kick in for families relative to the rest of the population.

Ms Wilson: I think it's generally publicly available data. It's just that we hadn't prepared that information for the hearing.

Senator PRATT: I'd like if possible for you to take on notice a request to provide information by state and postcode, but I'll put that in writing.

Ms Campbell: This is for the original costing? We won't be able to provide that, Senator. That's not part of our costing process.

Senator PRATT: In relation to Family Tax Benefit A and B, can you break down the savings from the changes by each payment type for each year to the forwards?

Ms Campbell: Which—

Senator PRATT: The measure is the Social Services Legislation Amendment (Maintaining Income Thresholds) Bill, which seeks to extend the indexation pause on the FTB higher income thresholds until 2021. It seeks to freeze PPL and DAPP thresholds and maintain end-of-year FTB supplements at current levels. I'm looking for a breakdown of the savings from the changes in this bill by each payment type into the forward estimates. As I understand it, without the freeze that's in those bills, most of those payments would increase annually by CPI. This is for each of those payments.

Mr Bennett: I'm going to have to take that one on notice. You've asked for the save across the forwards for each of the particular measures. I've got a figure for the total measure.

Senator PRATT: Can you give us that and take on notice the six different payments?

Mr Bennett: For the total measure—there is a difference in timing to do with FTB associated with the way the payments occur. So I'm going to give you both a cash and a fiscal

figure. Cash is broken down by year and the fiscal is across the forward. This is based on the measure description in the 2017-18 MYEFO. This is whole of government. At the time, in 2017-18, it was \$1 million. Then for 2018-19 there was a save of \$41.2 million. In 2019-20 the save was \$80.9 million. And then in 2020-21 the save was \$200 million. That would be fiscal. That would come to \$321.9 million over the forward estimates.

Senator PRATT: A saving of 321.9 over the forward estimates?

Mr Bennett: Over the four years.

Senator PRATT: Can you take on notice breaking that down for each of those payments: FTB A and B—FTB Part A higher income-free area and Part B primary earner income limit—and the PPL and the DAPP? I would also like to see the number of families and children that are impacted each year to achieve that saving. The figures of course must be based on the number of families that otherwise would have got those payments.

Mr Bennett: It is. I can give you some of that information now. For pausing FTB end-of-year supplements in 2018-19, an estimated 1.2 million FTB Part A families and 1.2 million FTB Part B families will be affected by the indexation pause on the FTB supplements.

Senator PRATT: For the first year, or at the end?

Mr Bennett: This is for 2018-19. That's the affected cohort for that year.

Senator PRATT: Do you have those numbers for the number of families over the forwards?

Mr Bennett: Not with me, Senator.

Senator PRATT: Could you take that on notice? That's very useful—the 1.2 million for the following financial year on FTB A and B.

Mr Bennett: With regard to extending the thresholds and income limits, maintaining the existing thresholds and limits for FTB Part A families, there are expected to be an affected 119,400 families, and for FTB B 9,300 families. Those affected for the PLP and for dad and partner pay are approximately 680 and 530 respectively.

Senator PRATT: In the current year, how many families and children receive FTB Part A?

Mr Bennett: Currently for FTB part A there are 1,428,159.

Senator PRATT: How many of those families are single-parent families?

Ms Wilson: There are 663,319.

Senator PRATT: Just to confirm, the figures you gave before were last year's forward estimates?

Ms Wilson: I'm not sure which figures you're referring to, Senator. Are you talking about the numbers of people impacted by the pause—

Senator PRATT: I'll have to seek clarification. Someone's asked me a question about it and I'm unclear. I thought I understood the answer that was given, so I'll just stick with that. In the current year, how many families received FTB Part B supplement?

Ms Wilson: It would be the families receiving FTB Part B. There were 1,136,921 families receiving FTB Part B as at March 2018. I haven't got a separate figure for the supplement, but they would all get the supplement if—

Ms Campbell: They're eligible for the supplement unless they have a debt that that supplement is used to retire.

Senator PRATT: How many children do these families have in total and on average?

Ms Wilson: I don't have an average. I can break them down into the different number of children groups for you, if that would be useful?

Senator PRATT: Yes.

Ms Campbell: We could tell you by the number of children per family.

Senator PRATT: We could work the average out ourselves.

Ms Campbell: Why don't we go through the number of children, whether there's one child, two children, three, four, five and greater than five in Family Tax Benefit A partnered and single.

Ms Wilson: For families as at March 2018 receiving Family Tax Benefit Part B there were 250,324 partnered families with one child; 290,052 partnered families with two children; 149,688 families with three children; 52,338 families with four children; 14,883 families with five children; and 7,555 families with more than five—we don't break that down, because the numbers are getting quite small. Among single-parent families receiving Family Tax Benefit Part A at March 2018 there were 327,948 families with one child; 215,574 families with two children; 81,915 families with three children; 26,420 families with four children; 7,826 families with five children; and 3,636 families with more than five children. That's the FTB A population.

Senator PRATT: That answers my question in relation to single-parent families as well.

Ms Wilson: Do you want the same numbers for Family Tax Benefit Part B? There are some overlaps; these are not mutually exclusive numbers.

Senator PRATT: Yes, I do.

Ms Wilson: This is as at March 2018. For Family Tax Benefit Part B recipient families, among partnered families there were 194,284 families with one child; 186,310 families with two children; 74,640 families with three children; 22,141 families with four children; 5,621 families with five children; and 2,124 families with more than five children. For single-parent families there were, as at March, 323,685 families with one child; 211,116 families with two children; 79,962 families with three children; 25,827 families with four children; 7,655 families with five children; and 3,556 families with more than five children.

Senator PRATT: That was very helpful, thank you. Going back to the question about the impact of this bill, what I'm looking for is the impact of the maintaining income thresholds bill out to 2122. You've provided fiscal figures out to 2021. We're interested in the additional year. Is that something you are able to do?

Ms Campbell: Again, this is one of the issues where we cost out to four years. Then they become part of the normal mix of the population and we don't cost it separately. So I don't think we'd have that data, because that's not our practice.

Ms Wilson: Isn't indexation due to resume in July 2021?

Mr Bennett: Under the bill, the commencement dates will vary depending on the measure that we have discussed. One of the things associated with these measures is that a lot of the

pausing effectively is a continuation of past measures et cetera, some of which dated back to 2009. I will quickly run through it so you'll have an understanding of the timing of the measures. For the FTB Part A higher income-free, that will be for the period between 1 July 2020 and 1 July 2021. The same period will apply for FTB Part B primary earner income limits. For the FTB Part A end-of-year supplement, that will be for the period from 1 July 2018 to 1 July 2021. For the FTB Part B end-of-year supplements it will be for the period from 1 July 2018 to 1 July 2021. Paid parental leave is for 1 July 2020 to 1 July 2021. Dad and partner pay is from 1 July 2020 to 1 July 2021.

Senator PRATT: So you don't have figures for 2021?

Ms Wilson: That's because the bill provides for indexation to be paused until that time, with indexation, unless there is another decision made, to resume from 1 July 2021.

Senator PRATT: That makes sense. So the indexation freeze ceases, in that bill, at the end of 2021?

Ms Wilson: At the end of 2020-21, not the end of the calendar year 2021.

Senator PRATT: I've got some breakdowns, if possible, to go on notice, but I can put those in writing.

CHAIR: We'll move to outcome 1.6, income support for seniors.

Senator SIEWERT: I want to go to the 'finances for a longer life' provisions. In terms of the pension work bonus, was any consideration given to extending these provisions to people on disability support pension?

Ms Campbell: I don't think so, because generally people on DSP have quite limited capacity to work. This was about extending to people who are coming up to retirement age—67 and onwards—the capacity to continue to work. That was the goal of the measures.

Senator SIEWERT: I do understand the point about capacity to work. But the government is very focused on getting people with disability into work, hence my question. You're very strongly trying to get people with disability into work.

Ms Campbell: Yes.

Senator SIEWERT: But you didn't consider extending—

Ms Campbell: That was a government decision. Budget measures—

Senator SIEWERT: I understand that it was a government decision. But government didn't consider that measure, particularly given that people with disability have significant rates of poverty?

CHAIR: It's not for the officials to answer as to what government considered and what government didn't consider.

Ms Campbell: We did not provide such advice.

Senator SIEWERT: And you weren't asked for it?

Ms Campbell: No.

Mr McBride: To put it in context, of those on disability support pension, not many—I was looking for numbers but I don't think I have them here—work beyond the free area. Most of those who have gainful employment are accommodated within the free area, so their income is effectively disregarded in terms of entitlement to pay.

Ms Campbell: And there are people with disability who are not on disability support pension, because they are engaged in the workforce.

Senator SIEWERT: I understand that. There are also people with disability on Newstart. I will be asking about that in that section. I realise I'm slightly crossing over. But this measure's here in seniors.

Ms Wilson: There's a bit of history about when the pension work bonus was introduced. It was part of the 2009 pension reform package. It was considered at that time what the provisions should be to encourage people beyond age pension age to keep working. There was a tightening of the means-testing arrangements in the income test at that time. There were already small measures around the free area, but there was a fair bit of discussion in the reference group that supported the pension review then. There was a desire for those people who didn't have assets, in particular, to enable them to have incentives and rewards for continuing to work beyond age pension age to top up their incomes. That was the origin of the design of this measure. It was exclusively at that time, in 2008-09, considered in the context of age pensioners. I guess that's been an ongoing view of it since then.

Senator SIEWERT: In those reviews, what have been the findings that have led to this outcome?

Ms Wilson: The original design has its origins in the pension review that Jeff Harmer led for the then Department of FaHCSIA. It was in response to concerns that those people who, other than their principal place of residence, didn't have other assets might need support to top up their income to where they wished to and where they had the capacity to have employment to add to their pension during their retired years. In particular, there were discussions about people who did intermittent work. That's where this work bonus design came from. The stereotypes that were used were the Santas, the exam invigilators, the seasonal—

Senator SIEWERT: Yes, I remember. It's all coming back.

Ms Wilson: That was the sort of discussion and debate around the design of this measure at the time. When it was first introduced there were some views that it wasn't sufficiently flexible. It was refined about a year later, from memory, so that you could accrue a full year's worth of this bonus. That is the original design of it. This measure, since it hasn't been increased or updated since 2009 when it was introduced, has increased it by \$50 a fortnight to \$300 a fortnight so that people can now accrue up to \$7,800 per annum from employment before they start to have their pension reduced. It has also been extended to the self-employed.

Senator SIEWERT: The allocation is \$227.4 million, which is a very precise figure. How many people do you anticipate taking advantage of or being supported through this measure?

Mr McBride: Overall, 88,750 social security pensioners and 1,000 allowance recipients will receive an increased payment.

Ms Wilson: The allowance recipients are because they're partnered with a pensioner. The income test for a pensioner–allowee couple doesn't work in the same way as for an allowance couple. It impacts on both their payments. So there's a small increase for the allowance partner in a couple where there's a pensioner who's working and getting the work bonus.

Mr McBride: That's the people who will get an increase. In addition to that, 1,150 people will get a payment for the first time.

Senator SIEWERT: Is that based on those who are claiming it now?

Ms Wilson: There's no behavioural assumption costed in. We're not allowed to do that. It's based on what we know about people working now and receiving payment now and what we know more broadly about the population in these age ranges who are working. We've had to do a bit of what we know about the current recipient population and what we know about people of ages with incomes who might become eligible and their patterns of earnings. It was quite a complex costing to do, as a consequence. The other thing we should mention is that there are 3,000 Veterans' Affairs pensioners who benefit as well.

Senator SIEWERT: Going back to the figures, how many of those are self-employed retirees? Can you break that down?

Ms Wilson: Yes, we can. We think the extension self-employment will benefit around 21,250 social security pensioners and 200 allowance recipients each fortnight.

Senator SIEWERT: That's of the overall total?

Ms Wilson: That's correct. Around 700 people among the self-employed will also become eligible for a social security pension for the first time.

Senator SIEWERT: That's out of that 1,050?

Ms Wilson: Yes. And around 1,650 self-employed Veterans' Affairs pensioners will benefit as well. These are the new beneficiaries because of the extension to the self-employed.

Senator SIEWERT: So in other words self-employed retirees are the biggest beneficiaries, basically, from this payment from the new cohort?

Mr McBride: In terms of dollar impact, of course they didn't get it before and they'll now be entitled to the whole \$300. For that group of people it has the most dramatic impact.

Senator SIEWERT: I missed the figure for the 3,000 veterans—

Ms Wilson: It is 1,660 self-employed Veterans' Affairs pensioners who will benefit.

Senator SIEWERT: I'll move on to the pension means test rules to encourage the development and take-up of lifetime retirement products. Can you explain how that measure is going to work? I'm not a whiz on these sorts of products.

Mr McBride: At the moment, 98 per cent of people have their superannuation savings in account-based pensions. These are pensions that they manage themselves. There's a concern, for some, that we need more sophisticated arrangements for people, and there's a concern about longevity risk—if you run out of money and you have to rely on the age pension. If lots of people put money in a pool then that will even out the risk of running out of money, because some people will die earlier and some people will last longer, so it smooths out the income. So by putting some of your superannuation savings in a pool, you get a longer expectancy of income. As I said, account-based pensions make up about 98 per cent, so it's a very small part of our superannuation system at the moment. But Treasury went through a process last year leading to a change in the regs that actively starts encouraging and pre-positioning the super funds to have more of these products. So we had to make sure that our means test settings that were born of an earlier time were appropriate to facilitate this ideal expansion into pooling of longevity risk.

Senator SIEWERT: The estimate of \$20.2 million is to enable the means test to be changed to facilitate that?

Mr McBride: To better accommodate it.

Senator SIEWERT: For a person who does not understand the financial details—or doesn't have a fine grasp of them—

Ms Wilson: You're not alone, Senator.

Senator SIEWERT: how will the means test change to enable this to happen?

Mr McBride: The income and asset tests?

Senator SIEWERT: Yes.

Mr McBride: What we've always done is that when you're paid money out of your superannuation fund, part of that is a return of capital. You put money in. Not everything you get back is income., part of it is the return of your own money. How we manage that has always been a bit complex.

Senator SIEWERT: It is complicated.

Mr McBride: What we will now do is assess 60 per cent of that money. Implicit in that is that some of that money coming back to you is part of your capital so we will only assess 60 per cent for these pools.

Senator SIEWERT: Of what is going into the pools?

Mr McBride: Of what's coming out of the pool to you, we only assess 60 per cent of it, and similarly with assets. Assets you draw down over time and how you do that has been quite complex in the past. What we've now said is, 'We value your asset at the date of purchase and then we will assess 60 per cent of that until you reach life expectancy and then we will drop it down to 30. So it is a very simple where people can project out, know what they are going to do. It reflects the fact that they have put a lot of their own capital into their superannuation and it gives concessions to accommodate that.

Senator SIEWERT: And that's where the \$20 million expenditure is going?

Mr McBride: Yes.

Senator SIEWERT: Is it to simplify that system?

Mr McBride: Yes.

Ms Campbell: It's not going to simplify the system; it is the adjustment to what would have happened previously. Previously, there would have been a different set of parameters and that would have allowed people to get less pension.

Mr McBride: Overall, yes.

Ms Campbell: Now they will get slightly more pension, which is the \$20.2 million over a big group of people so it's not very much.

Senator WATT: My next bracket of questions are about income support for seniors. Just before I go into that, though, I don't know whether Senator Pratt asked this question, but she obviously asked you a number of questions about family tax benefit including the MYEFO measure around taper rates for family tax benefit part A, the new measure to extend the indexation pause on the FTB higher income thresholds and freezing a range of other thresholds. Did she ask already for the number of FTB recipients who will be worse off as a result of those two measures combined?

Ms Campbell: We went through the number of families impacted by those measures.

Senator WATT: So have we got a figure for each of them?

Ms Campbell: By each measure but, of course, there'll be overlay.

Senator WATT: That's what I was thinking.

Ms Campbell: I don't believe we have that with us, I'm sorry.

Senator WATT: So Senator Pratt obtained figures for each measure, the number of families who would be worse off?

Ms Campbell: The number of families impacted for at least one measure, I think we gave to the Senator Pratt, but I don't think we did it for both, did we? I'm not sure.

Senator WATT: Sorry, I wasn't here for this.

Mr Bennett: Effectively, because there are different elements to the measure, we went through and spoke to the affected cohorts by element rather than by doing a total.

Senator WATT: So to get a total, it's simply a matter of adding those figures you have already given?

Mr Bennett: No, because there is potential for one cohort, a person to be subject to—

Ms Wilson: They're not mutually exclusive.

Senator WATT: I understand.

Ms Wilson: So we have to probably see whether we can derive a total number affected across all the measures, which won't be the sum of the people affected and families affected by each individual measure.

Senator WATT: Could you take that on notice to see what work can be done on that?

Ms Campbell: So we'll take on notice and see how it plays out. We'll also look at the evidence we gave to Senator Pratt to see whether we answered the question you're asking. I'm not sure.

Senator WATT: The other question I had was, apart from the raw numbers, the proportion of FTB recipients who will be adversely affected as a result of these two measures.

Ms Campbell: We did talk about the average earnings of the families which were impacted, and so we provided that advice to Senator Pratt as well.

Senator WATT: I would still be interested in getting—

Ms Campbell: So is this a percentage of the total cohort?

Senator WATT: It is the total cohort who received FTB. What percentage of that total cohort will be adversely affected by one or both of these measures?

Ms Campbell: We'll take that on notice.

CHAIR: We are on 1.6.

Senator WATT: Yes, just on 1.6. The first set of questions I have relates to the pension assets test. A number of these questions are simply going to be seeking updated figures on questions we have asked previously. In relation to the changes to the pensions asset test that came into effect on 1 January 2017, in the February estimate session this year the department advised that this measure had saved the budget more than was originally projected. Do you have an update on how much that measure has saved the budget since implementation?

Ms Campbell: I don't think we've updated that figure.

Senator WATT: Could you take that one on notice, please?

Ms Campbell: It's the usual practice of governments when they start a new measure to estimate the four-year impact. After that four-year impact it's not usual practice to track what happened with that measure, because it's so difficult when there's a whole lot of other impacts on pensioner numbers and that, such as earnings from assets and residential status, changes of partnerships. It's not the normal practice to get a measure and follow it all the way through for the rest of the time.

Senator WATT: If you're able to do this in February—calculate the amount that had been saved since implementation—it must be possible to update that?

Ms Campbell: I'm just trying to remember the context in which—

Mr McBride: On the day it's implemented you can see the shift in the payment.

Senator WATT: Yes. So, from the date of implementation.

Mr McBride: On the date of implementation, we used to have X number—

Senator WATT: Which was 1 January 2017.

Mr McBride: Now you have X minus Y number. But then—

Ms Wilson: So we can say what happened on that date. That's easy, and we've done that.

Mr McBride: But from then you have lots of other factors. Asset prices come up and down, people come onto the payment, people drop off the payment. So, isolating the amount of the save that is attributable to individual measures as time goes on is something we don't do and it's extremely difficult to do because you have to effectively track—

Senator WATT: I have no doubt that it's complex, as most things in this portfolio are. But I suppose I just come back to the fact that we were able to obtain those figures in February.

Ms Campbell: We'll look at the context in which we got those figures.

Mr McBride: The figures we gave in February—when the budget measure was announced we assumed what we would save, and the figures we gave you in February were the actual save at the implementation date.

Ms Wilson: The actual impact.

Ms Campbell: On 1 Jan 2017.

Ms Wilson: That's correct. What we don't know—and it's very difficult to do, as my colleague was explaining—with the whole change of movements in asset prices is what number of people, if the asset test taper hadn't changed, would have applied for and been eligible for the pension who now have not applied, because their assets are above the thresholds. That's not what we're able to do. So, what we gave you, as my colleagues have indicated, was an update on what was the original costing estimate at the budget when it was determined what happened when it was actually implemented, because there had been growth in assets, so there were more people impacted than the original costing proposed.

Senator WATT: If we're asking you for that figure now, that will be a different figure to the one you—

Ms Wilson: No, we can't do it beyond that, because we've got the implementation date but we can't do anything after that.

Senator WATT: Are you saying that the figure doesn't actually change?

Ms Campbell: What we're saying is that there are a lot of other changes and it's too difficult to isolate those changes that are just due to that change measure.

Senator WATT: I'm clearly missing something here. Why was it possible to do that in February and not now?

Ms Wilson: It's the actual effect.

Ms Campbell: I think what we gave you in February is what actually happened on 1 January 2017 compared to what we thought would happen when the budget was first announced.

Senator WATT: So, it's effectively a one-off?

Ms Campbell: It's a one-off. We said it was going to be X and the save was going to be X and then it was X plus, and we knew that on that one day because we isolated that impact of that one measure.

Senator WATT: Coming back to what I asked, if I ask that question again in six months the figure won't change.

Ms Campbell: No, we'll give you the same figure, because it was 1 January 2017.

Ms Wilson: That's correct.

Senator WATT: So, that's the current figure?

Ms Wilson: That's correct.

Senator WATT: Okay. Are there any revised figures on how much it's expected that measure will save the budget over the forward estimates?

Ms Campbell: No. Once the measure goes in, that's what it is. We had that one-off where we can actually tell what happened on that day and any adjustments are parameter adjustments, estimates variations, which are wrapped up in all budget updates.

Senator WATT: I see these as two different questions. How much has the measure saved up until this date as opposed to over the next four years, but you are saying it's the same figure.

Ms Campbell: No, we're saying that there was an estimate that was done at the time of the announcement. The estimate was—

Senator WATT: And that was a four-year estimate?

Ms Campbell: Yes, that was a four-year estimate. We were able, on the first day that it was implemented, to give the actuals because we were able to look at that figure. We now no longer will track what that measure saves, because it will be rolled into the rest of the age pension portfolio.

Senator WATT: We've now got a new year added into the forward estimates—being, I think, 2021-22. Whatever figure you gave us back in February would have been for the forward estimates to 2020-21. Surely that will be a different figure to the same over a different four-year period?

Ms Campbell: It will be, and that's part of the age pension estimate. So the age pension estimate would have been something before this measure occurred. The measure would have been applied out for as many years as—

Senator WATT: For a certain set of four years.

Ms Campbell: For the four years. But then, when you roll over that fifth year, you take that fourth year and apply the parameters—the economic parameters, the population number parameters—so you don't actually break it up into that measure anymore. You just take that fourth year and roll it into the fifth year. So we no longer track an individual measure once it gets out after the fourth year.

Senator WATT: Can I just get you to take it on notice and see if anything can be done. I hear what you're saying: you don't think it can.

Ms Campbell: That hasn't been the government's practice. I think there's been some talk about it being a four-year estimates, and then they get rolled into the normal estimate assumptions around all of these different payments.

Senator WATT: Okay. I'll come back to that if I feel like having another crack. You also indicated at estimates earlier this year that about 370,000 people were adversely affected by this change to the assets test. Is that figure still correct?

Ms Campbell: I don't think we said 'adversely affected'.

Senator WATT: You probably said 'impacted'.

Ms Campbell: We would have said 'impacted'.

Senator WATT: I do look forward to our estimates discussions and the different language that we use. Yesterday Medicare wasn't being cut; we were being bending curves. Today we're impacting, not adversely affecting.

Ms Campbell: I'm not sure what the number of people impacted was, but I'm sure Mr McBride will have that information.

Senator WATT: Quite seriously, the problem is that you would correctly argue that there are some people who have been positively impacted.

Ms Campbell: That's right.

Senator WATT: It will surprise you to know that I'm focused on the people who have been negatively impacted!

Ms Campbell: I'm sure Mr McBride can tell us about those impacts—where there was a negative impact and where there was a positive impact.

Mr McBride: And they are the same as what we advised you at last estimates, but I'm happy to go through it again.

Senator WATT: It's 370,000 impacted in an adverse manner, or a negative manner?

Mr McBride: And in addition, there were people that benefited.

Senator WATT: Sure.

Ms Campbell: How many people benefited, Mr McBride?

Mr McBride: I'm just looking for that.

Ms Campbell: I think it's 165,200 people. Additional assistance was provided.

Ms Wilson: Yes, that's correct.

Ms Campbell: And at implementation the numbers that we had already discussed.

Senator WATT: The figure is still correct: 370,000.

Mr McBride: That's the figure at that date.

Ms Campbell: At 1 January 2017.

Mr McBride: That we are able to update for all the reasons that the secretary explained.

Senator WATT: Let's accept for a moment it's not possible to update that figure. If, hypothetically, it was possible to do that, is it likely that the number would change? Or is it a static number that never changes?

Ms Campbell: It's likely the number will change because people will come off payment, for a variety of reasons.

Senator WATT: Yes. So our best estimate would still be 370,000?

Ms Wilson: At the point of implementation, yes.

Senator WATT: Could you please break down that 370,000 figure by state and electorate or postcode? Obviously feel free to take that on notice.

Ms Campbell: We'll take it on notice. I'm not sure we're going to be able to, but we'll take it on notice.

Mr McBride: Had we done it at the time, then we would be able to share that, but if not, then you'd have to—

Ms Campbell: The data would have moved.

Senator WATT: Sorry, could you say that again, Mr McBride?

Mr McBride: If we did it at the time that we were doing this measure and we have it, then we will be able to share it. But it would be very difficult to remodel.

Ms Wilson: You can't retrofit it back to the past.

Senator WATT: Understood. Over the forward estimates, how many people are there who would have been eligible for the age pension but will no longer be eligible because of the changes to the assets test? We've talked about the number who are impacted in an adverse manner. I'm now interested in people who would not be eligible at all.

Mr McBride: That was a subset—

Senator WATT: I presume it would be a subset of the 370,000?

Mr McBride: Yes. At the implementation date, 92,300 part pensioners lost access to their pension.

Senator WATT: So 92,300 part pensioners lost access at the date of implementation, 1 January 2017?

Mr McBride: And 277,000 had a part pension reduced.

Senator WATT: If we add them together, that's how we get to the 370,000, is it?

Mr McBride: Correct.

Senator WATT: Is this something that only impacted on part pensioners?

Ms Campbell: Generally, yes, because they would have had assets already.

Senator WATT: Generally or definitely? Were there any full pensioners who were impacted?

Ms Campbell: The measure was not aimed at full pensioners. But we don't know people's circumstances. If, on 31 December, they had sold their family home and it had been valued at \$2 million, then they would be impacted. That's why it's not the case generally. But we would have to go into all 370,000 cases to make sure that that wasn't—

Mr McBride: Generally it would only be those who are on the margins of where the free area ended and we started tapering off.

Senator WATT: Since this measure was introduced, how many people have lost the pension entirely? Is it the same figure?

Mr McBride: All we can do is tell you the impact on day one.

Ms Wilson: For the reasons that we discussed before, because we don't know who might have applied and who hasn't because their assets are in excess of eligibility for the pension.

Senator WATT: It's a problem, isn't it? I'm sure those figures are right as at the date of implementation but depending on the length—if we're talking about over the next two years, four years, 10 years—there will be people who would otherwise have been eligible who aren't. But you've got no way at all of calculating what that would be?

Ms Campbell: Because there are many changes and many personal circumstances where they change, people may partner with someone with assets, which will make them ineligible, which therefore can't be attributed to this measure. People may inherit money, which would mean that they are not eligible. It's hard to work out all those parameters.

Mr McBride: We anticipate it's those people who are coming onto the age pension. As to whether they would have been on or would have been off, it all becomes—

Senator WATT: I understand. So, since the measure was introduced, or as at 1 January 2017, there are 92,300 part pensioners who have lost their eligibility for the pension—

Ms Campbell: For their part pension.

Senator WATT: Sorry, their part pension. There were another 277,000 part pensioners who saw a reduction in their pension—

Ms Campbell: Yes.

Senator WATT: making it a total of 370,000 pensioners who were worse off in some way, because they either got less pension or none at all?

Mr McBride: Yes; and 165,200 who—

Ms Campbell: Had an increase.

Senator WATT: Yes; understood. Again, there are no assumptions built into the calculations for the budget papers that assist us to come up with a more up-to-date figure?

Ms Campbell: In Budget Paper No. 1, there will be material estimates variations against each payment. Those estimates variations across the social services frame take into consideration every other element that changes, which makes it so difficult for us to pinpoint just what's in this space.

Senator WATT: That's it on that one. We've still got questions on program 1.6, though.

CHAIR: Senator Singh, go ahead.

Senator SINGH: I just want to ask you, Assistant Minister, because you're representing the social services minister: can you confirm that it remains the policy of the Turnbull government to increase the pension eligibility age to 70, commencing in 2025?

Senator Seselja: Yes.

Senator SINGH: When can we expect to see legislation before the parliament?

Senator Seselja: You'd be aware that that measure is due to start phasing in in 2025; so obviously before 2025.

Senator SINGH: Right! Considering the government wants to legislate income tax cuts that take effect in 2025 in this term of parliament, can we also, therefore, expect to see the legislation to increase the pension age to 70 in this term of parliament, at the same time?

Senator Seselja: I've got nothing more to add to my earlier answer.

Senator SINGH: So you don't know?

Senator Seselja: As I said, it'll happen before 2025.

Senator SINGH: Can you be a bit more specific?

Senator Seselja: I can't be more specific at this stage, no.

Senator SINGH: So at any time between 2019 and 2025, the Australian people are left without information as to when the government will introduce legislation to increase the pension age to 70, which affects their lives in a fairly detrimental way?

CHAIR: The question has been asked and answered, Senator Singh.

Senator Seselja: Is that in the same way as your legislation to increase the pension age from 65 to 67?

Senator SINGH: Minister Seselja, I'm asking the questions here.

Senator Seselja: And I'm free to answer them as I see fit. In terms of the timing, that's obviously going to be a decision for government. I don't think it's been put on the legislative agenda at this point.

Senator SINGH: Will the government take this policy to the next election?

Senator Seselja: I guess you'll find out before the next election.

Senator WATT: So you might abandon it?

Senator Seselja: I'm not saying that. I'm just saying that we spell out election policies in the lead-up to an election.

Senator SINGH: It's currently government policy, though, isn't it?

Senator Seselja: I confirmed that.

Senator SINGH: So it's current government policy but you cannot confirm if it will remain government policy at the next election?

Senator Seselja: I've got nothing more to add other than it's government policy.

Senator SINGH: The question was: will it be government policy at the next election?

Senator Seselja: I'll take it on notice.

Senator SINGH: So you don't know? It's either 'yes', 'no' or 'I don't know'—A, B or C.

CHAIR: The minister's taken it on notice. Let's move on, Senator Singh.

Senator SINGH: It's remarkable: a government minister can't articulate whether or not this will remain government policy at the next election, which could be months away. Bizarre! Anyway, let's move on. Can you provide an update to the savings to the budget of this measure, the increase in the pension age? I understand the saving was \$3.6 billion between 2025 and 2029. Can you just confirm that, firstly?

Ms Campbell: I can confirm that that is the figure, and it has not been updated.

Senator SINGH: Can I have a year-by-year breakdown from 2025 to 2029?

Ms Campbell: I don't know that we would have that, because it is in the distant future. Estimates are generally updated in the four-year period. I don't think we've got that. No, we don't have that.

Senator SINGH: Are you able to provide it?

Ms Campbell: We can take it on notice and see whether we've got it in the department. We don't have it with us.

Senator SINGH: As I understand from previous Senate estimates, around 375,000 people are expected to be affected by the proposed change between 2025 and 2029. Is there an updated figure on that?

Ms Campbell: I'll ask the officers at the table but I don't think there is an updated figure. No, we haven't got an update.

Senator SINGH: No?

Ms Campbell: We don't have an updated figure.

Senator SINGH: Is that something you can take on notice?

Ms Campbell: We'll take it on notice.

Senator SINGH: And, again, can you break it down year-by-year?

Ms Campbell: We'll take it on notice for what we've got but I don't expect we'll have that broken down by years. Is that the same thing you were asking previously?

Senator SINGH: Yes.

Ms Campbell: We'll take it on notice but my expectation is that we will not have it by years.

Senator SINGH: From previous estimates, we've got some data showing that the department expects around 25,000 Australians will move on to Newstart or the DSP, because of the proposed change to increase the pension age to 70 by 2025. According to the department 12,934 people will go on the DSP and 12,825 on Newstart. Do you have those figures in each of the years for 2025 to 2029?

Ms Campbell: I think we have done some work with some parallels we were able to draw when the pension age increased from 65 to 67. We have now got some experience of what's happened with people as the pension age is now 65½. We have been able to look at some of the evidence, so that may inform what we can do around those figures.

Mr Bennett: Senator, I'll come back to your question based on that type of work you were asking for us to reflect to you, the differences that were occurring. Some of the work that

we've done has reflected, for example, that for 2025-26 effectively the mix is changing based on experience, so that it would be that 8,500 people would receive DSP and 16,600 would receive Newstart.

Ms Wilson: That's based on what we understand about what's been happening in the early stages of the transition to 67. We've found that in 2017-18 we estimate that there will be 18,500 people impacted with the measure to increase the pension age to 67. Looking at the mix between payments of that group, we've been able to refine what the projections are in respect of the first year and subsequent to the proposed increase to age 70.

Senator SINGH: You just gave me the figures for 2025 to 2026, didn't you?

Ms Wilson: Yes.

Senator SINGH: Do you have them for the subsequent years?

Ms Campbell: I don't know that we do, because we're using those original figures that we had and are just applying them out—

Senator SINGH: You're coming up with this \$3.6 billion saving from 2025 to 2029. So—

Ms Campbell: The numbers that we identified were broadly the same numbers that we had originally in that measure. What we're saying now is, because of the experience of seeing the age pension going from 65 to 65½, our assumptions around what the split would be between DSP and Newstart needs refreshing, because we're seeing a different pattern to what we expected. They're the numbers that we just provided. I think we're thinking broadly the same numbers, it's just the make-up of what payments they would actually be on, which will ultimately lead to slight differences in the saving.

Senator SINGH: You are saying that the outlying years beyond 2026 would be similar numbers—8,500 on DSP and 16,600 on Newstart?

Ms Campbell: I think we're still doing that analysis. The age pension age went up at the start of July last year, so we've only got about 10 months worth of data that's showing us what's actually happening. We're probably waiting to see at least a full year of data to see what happens there. Do we go up another half year on 1 July 2018?

Ms Wilson: Every two years we go up six months.

Ms Campbell: It would be good for us to have a solid look at the two years before we get to age 66, which will be 1 July next year, to see how behaviours are. Again, with all these assumptions we've got economic parameters, we've got population and we've got different things happening in different jurisdictions in their assets and the like. We're just trying to work out whether this is a trend that we need to apply into the future.

Senator SINGH: I understand that. I understand all the various parameters you raise. But, obviously, you were able to come up with the saving figure, or least Treasury was—

Ms Campbell: We were.

Senator SINGH: of \$3.6 billion, so you must have based that some on modelling.

Ms Campbell: The numbers that we've talked about, about the number of people that we expect not to go on to aged pension at those stages, and then taking off from that the number that are expected to go on to other payment types. The numbers overall haven't changed. For

the numbers on the payment type, it's within which payment we're saying that we think there's a difference now, because of our experience.

Senator SINGH: You've given me one year; please provide on notice, once you've got that updated work, the subsequent years. But I'm also interested in whether you can provide some kind of state or electorate breakdown. I obviously come from Tasmania, a state with one of the fastest-ageing populations, so I would imagine, per head of capita, Tasmania would be more affected because it has a higher ageing population than some other states. So it would be interesting to see the figures by state.

Ms Campbell: And it's so difficult because that would also depend on what the asset holdings of those individuals would be. So you'd have to assume then that the asset holdings of people in Tasmania are exactly the same and that the asset and income profile are exactly the same as the rest of the country, and I'm not sure that would be an appropriate assumption. That's why there are so many factors that come into play during that issue. We'll take it on notice, but I do not expect we will be able to provide that information by jurisdiction, nor by electorate, so it's unlikely that we'll be able to help you there.

Senator SINGH: But you'll take it on notice. Okay. So what assumptions were used to calculate the number of people expected to move onto Newstart or the DSP?

Ms Wilson: Perhaps I should explain that it's not necessarily people moving onto the payment; it may be that they're staying on longer, so they would otherwise have moved as they would have prior to the—

Senator SINGH: Well, you know what I mean.

Ms Wilson: So they're receiving those payments instead of the age pension.

Senator SINGH: What was the modelling or the assumption used to calculate that?

Ms Wilson: I'd have to take that on notice because I think it was done by Treasury.

Ms Campbell: We'll need to talk with our colleagues in Treasury. This is outside the forward estimates as well; we usually work with our colleagues in Treasury when they're outside the forward estimates.

Senator SINGH: What was the unemployment rate for impacted workers assumed to be?

Ms Campbell: Can we take that on notice?

Senator SINGH: Yes.

Ms Campbell: We're going to need to take on notice the assumptions; we don't have them.

Senator SINGH: All right, take that on notice. Also, how does that compare to the current employment rate for that cohort, what proportion of people were assumed to be on the DSP and how was that estimate arrived at?

Ms Campbell: We'll take on notice the assumptions for the year 2025-26.

Senator WATT: Moving onto the enhanced residency requirements for pensioners, I think Senator Siewert might have asked a few questions about this earlier.

Ms Wilson: She asked about the newly arrived residents waiting period.

Senator WATT: Yes, it was that one. This is the proposal to increase the time a person needs to reside in Australia before claiming the age pension or the DSP from 10 years to 15

years. Again, I'm mainly after updated figures here. Can you please provide a post-budget update on the number of people that will be impacted and the cost of the proposed change in each year of the forward estimates.

Mr Bennett: If I could clarify, are you talking about the measure as contained in the Social Services Legislation Amendment (Payment Integrity) Bill?

Senator WATT: I am.

Mr Bennett: Thank you. I do not have updated information with me other than what's currently in the bill.

Senator WATT: That number will have changed, though, won't it? It's one that needs to be or can be updated.

Mr Bennett: The costing would have been done at the time that the bill occurred. If there are amendments to the bill associated with different commencement dates, that's the time that we'd normally do a costing update.

Ms Wilson: We haven't got a new commencement date is what I think my colleague is saying; and until and unless we've got one we don't update the costing.

Senator WATT: What assumption is there about an implementation date for this one?

Ms Wilson: At the time of the budget measure being announce, it was expected that it would start on 1 July 2018.

Senator WATT: What was the figure we got from you previously for the number of people affected?

Ms Wilson: The number of people affected—I'm not sure I have that.

Mr Bennett: I think we should be able to get that. On average, about 2,300 people per year.

Senator WATT: Whatever figure you gave us previously would have been up until the end of the previous forward estimates. We are now about to head into a new financial year with a new budget. To get an updated figure, should we simply add another 2,300?

Mr Bennett: I reflected that it was on average per year, so that gives you an understanding of what the expected effect is after the commencement.

Ms Campbell: We think it's about 2,300 per year.

Senator WATT: Yes. I don't know this—I'll go back and look—but on the presumption that the figure you gave us previously was up until the end of June 2020-21, roughly speaking, if we wanted to get a figure up until 30 June 2022, we would add 2,300, bearing in mind it's only an average?

Mr Bennett: Unfortunately, this was a costing done before my time, so I'm not across the detail enough to say that that's a reasonable extension, but I understand where you're coming from.

Senator WATT: Can you take that on notice? There are obviously quite a few things we've had taken on notice today. I accept that there are going to be some that will be quite complicated and will take quite a bit of work. But if there are any that we can get back over the course of the day, that would be much appreciated.

Ms Campbell: There are some we're not going to be able to do.

Senator WATT: I understand that.

Ms Campbell: Hopefully, someone is watching this now and over lunch will be able to give us some advice.

Senator WATT: That's what I'm hoping, too.

Ms Campbell: This one is straightforward.

Senator WATT: Just to be clear, I'm after the updated number of people that will be impacted and the cost of the proposed change in each year of the forward estimates. You might have that one there, mightn't you?

Ms Campbell: We should have that in the budget paper, shouldn't we? We'll find the relevant budget paper, have a look and get back to you.

Ms Wilson: I can give it to you for each year of the forward estimates, I believe. For 2017-18, there was a cost of \$3.5 million.

Senator WATT: As in, it was not a saving?

Ms Wilson: It was not a saving, but an implementation cost. In 2018-19, there was a \$13.7 million saving; for 2019-20, it was a \$42.6 million saving; and for 2020-21, it was a \$66.3 million saving.

Senator WATT: Do we have a figure for 2021-22?

Ms Wilson: I don't.

Senator WATT: Wouldn't that be in the budget papers?

Ms Campbell: No, because the measure, once it's announced, is not tracked; it just rolls into the other estimates variations for payments because measures are only announced for the four years.

Senator WATT: So there's essentially a big bucket sitting there in the budget of the various measures that have not yet been enacted.

Ms Wilson: There are tolerances for slippage—

Ms Campbell: Delays.

Ms Wilson: but there is not a re-costing exercise. There are sort of adjustments made, but they are not pinned down to individual measures. Is that a fair way of reflecting it?

Senator WATT: Let's accept for the moment that it's not possible to break them down by measure. I'm just trying to establish if there is a bucket of funding. There must be something for 2021-22 in the budget papers that reflects these measures.

Ms Campbell: I think that would be a question best asked of the Department of Finance because they hold the overall estimates. What we do in the Department of Social Services we can talk about, but we can't talk about that.

Senator WATT: So you're saying there's nothing within your budget papers?

Ms Campbell: No, but before each budget update we do an estimates variation on what's changed in our payments, and we do have some space for slippage of measures which may not yet be enacted.

Senator WATT: For the range of budget measures we have been talking about that are not yet enacted, if I wanted to find out the total cost of those, or the total expected savings

from those measures in 2021-22, is that something that you could answer if you did some work on it?

Ms Campbell: We could take that on notice, Senator.

Senator WATT: But you think it's probably Finance?

Ms Campbell: No. I thought you were talking about all measures that hadn't been enacted. If you are only talking about Social Services measures, we would take that on notice.

Senator WATT: Yes.

Ms Campbell: We'll take that on notice.

Senator WATT: Okay. To the extent it's possible to break them down by measure, could you please take that on notice as well?

Ms Campbell: We will take it on notice.

Senator WATT: Sticking with this measure, the enhanced residency requirements, you've taken on notice an updated number of people that will be impacted. Could you also please break that down by payment type, given that this is something that applies to—

Ms Campbell: Only to the age pension.

Senator WATT: I thought it might be the DSP as well.

Ms Wilson: And DSP, yes.

Senator WATT: Yes, so between those two. Those figures you gave me, Ms Wilson, for the cost per year—is it possible to break them down by payment type?

Ms Wilson: We should be able to for the original measure. I'll take that on notice.

Ms Campbell: Except we've probably got implementation costs as well, so they'd be net of the implementation costs. We have to give Human Services money to implement it, so we have to break that out.

Ms Wilson: We should be able to do that on notice.

Senator WATT: Thank you. Are you able to provide any information about the geographic or age demographic impact of this change—age, gender, state, postcode?

Ms Wilson: State and postcode—we don't normally do costings that go to that level of detail, because of the underlying systems from which we draw the data. Gender—I don't know.

Ms Campbell: I think it's unlikely we could do that.

Ms Wilson: I think it's unlikely we would have that.

Senator WATT: So you do know that it's roughly 2,300 people per year but you don't really know what percentage are women, what percentage are over 55?

Ms Wilson: We could make some assumptions or estimates based on what we know of the current age pension population, but whether that would hold I'm not sure. I don't know how difficult it would be.

Senator WATT: Why don't you do those sorts of estimates and see where we get to?

Ms Campbell: I think it's worth reiterating that estimates, by their very nature, are estimates and so therefore the precision to draw down—we had that one with 1 January 2017

where we were actually able to compare the actual to what the estimates were. Very rarely do we do the estimates-actual—

Senator WATT: I understand that and I understand you will need put qualifications—'approximately', 'estimated', 'more than', 'less than', 'up to'.

Ms Campbell: We'll see what we've got, but I think it's pretty unlikely we're going to have it.

Senator WATT: Given we're talking about extending a residency period, it's likely to be older people, isn't it?

Ms Wilson: It requires people to have more residence. It depends what their pattern has been of moving between Australia and other countries, because some people will have had long periods working overseas or what have you.

Senator WATT: Okay. See what you can do. In doing so, is it possible to provide that information over the medium term—say to about 2028-29?

Ms Campbell: We generally only do estimates for four-year periods.

Senator WATT: In answering the question, it would be good if you could give some statement as to whether it would be expected that similar patterns would continue.

Ms Campbell: By assumption, with four-year estimates generally there is an expectation that those patterns will continue into the future. It's only when we're expecting something to change into the future that we do more than four years.

Senator WATT: Maybe when you come back with your answer you could make that point—that it would be reasonable to expect—

Ms Campbell: And that's how estimates are generally—

Senator WATT: What's the current average time that a person has resided in Australia for DSP and age pension claims?

Ms Wilson: I would have to take that on notice.

Senator WATT: I assume we're talking there about migrants rather than the entire population. That's who it applies to?

Ms Campbell: Well, sometimes Australians go and live overseas as well, if they've got a heritage in another country, so we don't categorise it like that.

Ms Wilson: Someone may have left as a child or a young person to move overseas with family and not come back until later in adult life, and so it's not—

Ms Campbell: That simple.

Ms Wilson: Yes.

Senator WATT: Okay. Please take the average age on notice. We've got one more topic for 1.6. Senator Singh?

Senator SINGH: How many people accessed the Pension Loans Scheme in 2016-17?

Ms Wilson: There are 650.

Mr McBride: 650 or 660.

Ms Wilson: There are 650 current participants in the Pension Loans Scheme.

Senator SINGH: Just 650?

Ms Wilson: Yes.

Senator SINGH: And how much did the Pension Loans Scheme cost in the 2016-17 budget?

Ms Wilson: I will just have a look to see if we've got that. Is it separately identified?

Senator SINGH: It's quite a low number, isn't it?

Mr McBride: Yes. What essentially we're doing is advancing them a pension but booking a debt. So, in fiscal terms, it doesn't make much difference at all. In cash terms, cash goes out; it doesn't come in. But I don't think we have it costed for 2016-17.

Ms Wilson: No, I don't believe so.

Senator SINGH: You don't have a cash budget figure.

Ms Campbell: We're going to take it on notice, Senator.

CHAIR: Given the numbers involved, it's pretty small.

Ms Campbell: Yes, it's very small.

Senator SINGH: What's the borrowing limit under the scheme?

Ms Wilson: Currently, they can only get up to basically the difference between what their part rate of pension is and what a maximum rate of pension would be, so long as there's sufficient value in the principle residence to secure that amount at the current interest rate of 5.25 per cent.

Ms Campbell: So, if they were getting part-pension of, say, half of the full pension, they could borrow up to the full pension.

Ms Wilson: That's correct.

Mr McBride: There are two tests. There is that test, but there's also a limit as to how much you can borrow against the house. So we look at your age—

Senator SINGH: So it's a proportion of the value of the house and your age.

Mr McBride: Yes. We want to make sure that we don't have people overextended, so there's a loan-value ratio that changes based on people's age.

Ms Wilson: And their rates of pension, presumably.

Mr McBride: Yes.

Senator SINGH: Is that written in some sort of formula?

Mr McBride: It's in the legislation at the moment, and there is a formula, yes.

Senator SINGH: Can that be provided on notice?

Mr McBride: Yes, of course.

Ms Wilson: Yes, we can provide it on notice.

Senator SINGH: What is the average amount borrowed under the Pension Loans Scheme by these 650 people?

Ms Campbell: I don't think we'll have that data with us, but we'll take it on notice.

Mr McBride: The stock of debt? Is that what you're talking about?

Senator SINGH: Just the average.

Mr McBride: Because people don't actually borrow; they get a recurrent payment. So, if you're a part-rate pensioner and you're only entitled to half the full pension rate, at the moment, you can get that other half as a recurrent payment. So, every fortnight, you get an extra \$450, and that leads to a debt.

Senator SINGH: So it is a loan.

Mr McBride: You asked how much they borrow. They get recurrent payments. It's not a normal loan type arrangement.

Ms Wilson: It's not like a principal and interest lump sum.

Mr McBride: So what they have is a debt by virtue of these recurrent payments.

Senator SINGH: Of half as much of—

Mr McBride: Of whatever.

Senator Seselja: Whatever the difference is.

Mr McBride: It's only available at the moment to part-rate pensioners. Some part-rate pensions earn almost an entire pension, and some earn very little, and they can—

Senator SINGH: So people can't access lump sums?

Mr McBride: No.

Ms Wilson: No, no. It's a fortnightly payment which basically is a top-up to income and is designed for people who would like to access their equity in their home to top up their income to enhance their living standards.

Senator SINGH: I'm trying to understand how much a couple, say, can access.

Mr McBride: Under the current scheme or the proposed scheme?

Ms Campbell: The current rate of age pension as a member of a couple is about \$622.80.

Senator SINGH: This is the loan scheme?

Ms Campbell: No, this is the maximum rate of pension.

Senator SINGH: But I'm asking about the loan scheme.

Ms Campbell: And that's part of the loan scheme.

Senator Seselja: It's currently up to 100 per cent.

Senator SINGH: Each of them can get 100 per cent increasing to 150 per cent?

Ms Campbell: They can get 100 per cent of the member of a couple rate. Say that's \$622.80 a fortnight and say, under their assets or an income test, they were entitled to \$200, that means they'd be getting \$422.80 as a loan, but it depends on every single case because it depends on what they're entitled to.

Mr McBride: Under the new scheme, that changes, so everyone who is age pension age can effectively get double the age pension on a fortnightly basis.

Senator Seselja: 150 per cent.

Ms Campbell: 150 per cent. And that's anyone of age-pension age, under the new scheme.

Senator SINGH: Which is from what date?

Senator Seselja: It's from 1 July 2019.

Senator SINGH: They don't have to be a recipient of the aged pension.

Ms Wilson: You can be a self-funded retiree, for example, who isn't eligible for the age pension, but if you want to access some funds to top up your living standards because you need to do that, you could get up to 150 per cent of the maximum rate of age pension secured against that residence. Currently, you have to be a part-rate pensioner to be eligible.

Senator SINGH: Where's this 5.25 drawn from?

Ms Wilson: It's determined by the minister. I guess it's slightly lower than, say, the market rate for a reverse mortgage, in part reflecting the fact that it's not a lump sum, that it's—

Senator SINGH: I'm not sure it is, actually, slightly lower than—

Ms Wilson: Reverse mortgages are currently between 6.2 and 6.5 per cent.

Senator SINGH: I think it depends, anyway.

Ms Wilson: I beg your pardon?

Senator SINGH: I think it depends on which bank you go to.

Ms Wilson: We certainly looked at the evidence, in relation to this measure, and that is what we found at the time for reverse mortgages.

Senator SINGH: You're saying it's legislated, but how—

CHAIR: Sorry, Senator, I just want to clarify that. Is it the bond rate minus—

Ms Wilson: No.

Senator SINGH: How is this interest rate set? You said it's legislative.

Ms Campbell: It's set by the minister.

Senator SINGH: But how did the minister go about setting that rate?

Mr McBride: Historically, they've taken into account the market rate and the reverse mortgage rate and struck somewhere in between.

Senator SINGH: Why is the interest rate set higher than the deeming rate the government applies to pensioners?

Ms Wilson: It's a loan. It has a different conceptual basis. You're managing a risk. It is lower than the prevailing reverse mortgage rates, which people can access if they want to get a lump sum. It reflects, I guess, a slightly lower risk, because of the fortnightly amounts and the lower amounts generally available to people than would be available through a reverse mortgage product.

Senator SINGH: That doesn't really answer my question. Why is it lower than the deeming rate? The deeming rate, by the way, is at 1.75—

Senator Seselja: Because they're not directly comparable.

CHAIR: Higher, I think you're saying.

Senator SINGH: Sorry, why is it higher? Yes.

Mr McBride: The two deeming rates reflect what we expect people to get a return on in the market.

Ms Campbell: On their assets.

Mr McBride: On their assets. We have a lower deeming rate to reflect that you should, even if you have lots of assets, keep a relatively small proportion of people, of those assets, in

quite liquid form, something you can easily get access to. That doesn't have a high rate of return, so we have a lower deeming rate. The higher deeming rate looks at what you would be expected to get with a more substantial body of assets, and you look at share prices and other movements. That deeming is meant to reflect what you investing in the market should be able to get.

What an interest rate does is look at a loan we are providing to people that comes with some risk—we think a lower risk than a reverse mortgage—and so you—

Senator Seselja: It's also gross of borrowing costs, so they're not directly comparable.

CHAIR: I'd like my mortgage rate to be the deeming rate. Can you organise that, Minister?

Senator Seselja: That's right! The rate of 5.25 per cent is not a net thing. That's what's being offered there. But there's a cost for that finance that's imbedded in that 5.25, so they're just not easily comparable. I think they're very different concepts.

Senator SINGH: One of the centrepiece measures of the government's More Choices for A Longer Life Package was a much publicised expansion of the Pension Loans Scheme to 'give everyone of age-pension age the chance to access the scheme'. You said that 2016-17 was 650 people. How many more people does the department expect to access the scheme?

Ms Campbell: Mr McBride can give us the assumption on usage.

Mr McBride: We expect it to grow to about 6,000 pensioners over the next four years.

Senator SINGH: You're not really on track to meet that.

Mr McBride: We've made a substantial change—

Senator Seselja: It's a very different cohort.

Ms Campbell: It's a different scheme, so the scheme is changing quite considerably.

Mr McBride: It's now available.

Senator SINGH: Yes, okay.

Ms Wilson: And that's as against 40,000 reverse mortgages across Australia, so it's not a popular area. It's not a huge market.

Senator SINGH: So how many pensioners are there in total?

Ms Wilson: There are 2.5 million.

Mr McBride: Age pensioners or people of age-pension age? This will go to people of age-pension age. You don't necessarily have to be an age pensioner.

Senator SINGH: Obviously I ask the question in terms of those who are going to benefit from being able to access the scheme.

Ms Campbell: That's 2.5 million people on age pension now plus those people over 65½ who are not on age pension.

Senator SINGH: Let's leave the scheme out of it for a minute. How many pensioners are there in total?

Ms Campbell: Australians in receipt of age-pension payment?

Senator SINGH: Yes.

Ms Campbell: There are about 2.5 million.

Ms Wilson: As at 20 March 2018 there were 2,476,024 age pensioners.

Senator SINGH: What is the percentage of pensioners who will benefit from this scheme?

Ms Wilson: Potentially all pensioners could if they wished to. Over and above that, all people of age-pension age could if they wished to apply and owned a residence—they have to own a house over which it can be secured. But there are many who could take advantage of it.

Senator SINGH: The whole 2.5 million could?

Ms Wilson: No, because they would have to have a house against which the loan could be secured.

Ms Campbell: And then there are people of over 65½ who are not in receipt of age pension at the moment and will be eligible if they're interested in taking up this loan. So, for example, we—

Senator SINGH: I'm just trying to understand the proportion of pensioners who will benefit from this scheme. Surely you've got some work you've done on that.

Ms Campbell: I'm just trying to understand the relevance of the—

Senator SINGH: It is a basic question. You don't need to understand the relevance; you just need to answer the question. It is a basic question.

Ms Campbell: But saying that against a denominator that's irrelevant gives an irrelevant answer. So what we're trying to do is help the committee by answering it; it's just that everybody who is over 65½, regardless of whether or not they are on age pension, will now be eligible to access this loan scheme—

Ms Wilson: if they have a home—

Ms Campbell: if they have a home and they are able to guarantee that.

Senator SINGH: All right. Leaving out everyone over the age of 65½, what about those who are pensioners?

Ms Campbell: One hundred per cent of pensioners with a home to guarantee the loan will be eligible to access this scheme.

Ms Wilson: If you wanted to know how many age pensioners are homeowners, it's close to 74 per cent—about 1.8 million. But, as we've given evidence, we expect the take-up to be quite modest, because we expect that it will reflect what's happening in the broader reverse-mortgage market, which is that very small numbers take up these products. That might change well into the future, but currently there are only about 40,000 people accessing reverse mortgage products, which in some ways are a little analogous to this provision.

Senator SINGH: Okay. Ms Wilson, you expect the take-up to be quite modest even though this is a centrepiece of the government's longer life package.

Senator Seselja: We think it's a very good scheme, and in the end the take-up will be up to Australians of age-pension age. And so, whilst we make the best estimates based on the reverse-mortgage schemes and how things have gone before, we think it is a very good scheme and if more people take it up then that's a great thing, because more people of pension age in Australia will have more money in their pockets on a fortnightly basis.

Senator SINGH: The DSS fact sheet for this modest measure indicates it will cost \$11 million over five years. How much is that a year?

Ms Wilson: No, we haven't got it year by year, I'm sorry. We'll need to take it on notice.

Senator SINGH: Is it possible for an estate to be left in debt under this scheme?

Ms Wilson: No. Well, it can be recovered from an estate. I'm not quite sure what you're asking exactly. Are you talking about a negative overall?

Senator SINGH: Yes.

Ms Campbell: When we give the loan, we will determine whether or not the estate is likely to have the capacity to repay. I think that there would sometimes be occasions—if the house burnt down and there was no insurance, that would be what we would call a bad debt. I don't think there's provision to chase other people for that debt, is there? Unless there are other assets for that individual.

Mr McBride: Correct.

Ms Campbell: If, at the end of the loan arrangement, which would probably coincide with the death of the person, there were no assets left, then that would be a bad debt to the Commonwealth. But we would be seeking to not have those situations.

Senator Seselja: We would see it as a relatively safe investment.

Ms Wilson: Pretty low risk.

Senator SINGH: If a pensioner borrowed \$10,000 under the loan scheme this year, say—

Ms Campbell: The pensioner can borrow \$10,000 in total, but not as a lump sum, because it has to be paid out on a fortnightly basis.

Senator SINGH: Yes, so let's say it's \$10,000. They're repaying it in 10 years time.

Ms Campbell: They're repaying it when they die, out of their estate.

Ms Wilson: Or when the house is sold.

Ms Campbell: Or if they sell and move into an aged-care facility or something.

Senator SINGH: They only repay when they pass away—

Senator Seselja: Or when they sell the house.

Senator SINGH: You can't tell me the total they would've paid back if it was \$10,000 that they'd been paid out?

Ms Campbell: It's \$10,000 with the interest rate applied to it for however many years the money is borrowed.

Ms Wilson: It's worked out for every individual when they apply.

Senator SINGH: What impact does it have on access to aged care, if any?

Ms Campbell: The aged care is probably a question better directed to the health department because they are responsible for the rules around aged care.

Senator SINGH: I'm asking about this particular scheme, though, like you just mentioned.

Ms Campbell: And so what I'm trying to explain is that access to aged care, and the fees that are paid, is the policy domain of the Department of Health.

Senator SINGH: You don't need to be so patronising, Ms Campbell. I understand that. You don't have to say it like I'm not understanding you; I am understanding you very well that aged care is in the domain of the Department of Health. I was asking you in regard to determining the impact of this particular loan scheme on aged care. That's a pretty basic question.

Senator Seselja: I don't think there's a need to respond to the witness in that way. Ms Campbell is doing her very best to give you a lot of information and, where it's outside the portfolio, she's explaining that. I don't see that she's acted in any way unreasonably in answering your questions.

Ms Campbell: I don't think we can answer the question, because we don't set the rules for aged care.

CHAIR: Absolutely understood. Finished, Senator Singh?

Senator SINGH: Yes, thank you, Chair.

CHAIR: I've just got a few questions, and then we'll break for lunch. I do want to have a chat with you, Minister, when we break.

Senator Seselja: In the break?

CHAIR: Yes. The pension work bonus—is that 1.6 or 1.7?

Ms Campbell: It's 1.6.

Senator Seselja: I'm sorry to cut you off, Chair. If you want to have a chat in the break, is it possible to break a couple minutes early, because I'm pretty much heading straight to an event when we break?

CHAIR: Yes, I will be very quick. How many people are currently accessing the pension work bonus?

Mr McBride: 113,000. Sorry, that might be wrong. Yes, 113,000.

CHAIR: That's the current system?

Mr McBride: Yes.

CHAIR: With both the expansion in the amount of money you can earn and the expansion to small business, do we have a number for what the uptake is expected to be?

Ms Wilson: We expect that 88,750 social security pensioners and 1,000 allowance recipients will receive an increase in their payments; around 1,150 people will become eligible for a social security pension for the first time; and around 3,000 veterans' affairs pensioners will also benefit. That's overall.

CHAIR: Is that the breakdown, or is that in addition?

Ms Wilson: These are people who we estimate will either receive an increase in their payment—

CHAIR: Okay, I see.

Ms Wilson: or become eligible for the first time for a pension. If you want that broken down by the difference between extending eligibility to the self-employed versus the increase in the bonus, I can do that also, Senator.

CHAIR: I'm happy for you to take that on notice.

Ms Wilson: Okay.

CHAIR: Just finally—in the interests of time, and I will put some other questions on notice to you on this area—I would assume that a reasonably significant proportion of pensioners wouldn't need to file tax returns—

Ms Campbell: That's right.

CHAIR: so how do you track income? Is it an honour based system? What's the process?

Ms Wilson: Age pensioners declare their income.

CHAIR: Yes.

Ms Wilson: Also they may have shares and things like that where the Department of Human Services gets it directly from the provider. But it's up to each and every age pensioner to make sure that the Department of Human Services has an accurate number with regard to their income and assets.

CHAIR: Okay.

Mr McBride: Those structures are in place. We just continue to use those.

CHAIR: Excellent. Thank you very much.

Proceedings suspended from 13:07 to 14:11

CHAIR: It being just after 2.10 pm, we will resume this hearing examining the social services portfolio. We are currently at program 1.7. Senator Siewert, do you have any questions on program 1.7?

Senator SIEWERT: I don't have questions there. I have questions in 1.8.

CHAIR: I'm pretty sure that Senator Watt indicated that Labor didn't have questions in 1.7, but we can come back to it if there are. So we'll go to 1.8.

Senator SIEWERT: I want to go to income support for people with a disability. I want to go to the DSP and the measure related to stopping the DSP associated with the amount of time that someone is in prison.

Ms Campbell: As announced in the budget, Senator?

Senator SIEWERT: As announced in the budget, yes. In terms of the suspension, I want to get some baseline figures. How many people receiving the DSP stop receiving the payment because they go into prison each year?

Ms Wilson: I'm not sure that we have that number.

Ms Campbell: We probably have the number that we're expecting to be impacted.

Ms Wilson: That's correct. We do have that. So we expect that about 2,200 people per year will be impacted and have to retest their eligibility for the DSP on release from prison.

Senator SIEWERT: Each year?

Ms Wilson: Yes.

Senator SIEWERT: How many people have resumed the DSP after they've come out of prison? Do you have those figures?

Ms Wilson: No, I don't.

Ms Campbell: We think there are 2,200 who will need to retest.

Ms Wilson: That would be the people who are coming out each year. But there may be some within that 13-week window. I don't have that complete picture.

Senator SIEWERT: That's what I want to test. I'm trying to work out how many are currently coming out before, who are under the two-year period. I'm trying to find out the number that resume.

Ms Campbell: The material I have in front of me says that we expect that there's going to be 2,200 who have to retest who previously—

Senator SIEWERT: Between 13 and two years.

Ms Campbell: Thirteen and two years. But I don't know whether we've got nought to 13 or two years-plus.

Ms Wilson: I don't have either of them, I'm sorry. We could take that on notice for you.

Senator SIEWERT: Can you take that on notice for us, please? I'm trying to look at whether this is a growing problem over time or whether it's fairly static. Are you able to take it for 2014-15, 2015-16 and 2016-17? Does that make sense?

Ms Campbell: We can spread it over the forwards. We should be able to do that for you. I thought it was relatively stable.

Senator SIEWERT: That's what I'm trying to work out.

Ms Wilson: The same number each year was our assumption, but we can—

Senator SIEWERT: Can you test that assumption?

Ms Wilson: Yes, will do.

Senator SIEWERT: I have another question. When people come out of prison and have to be retested, do they have to go onto the program of support process first?

Ms Wilson: No. Our expectation is that they would be reassessed just against the impairment tables. Because they've previously been on DSP, we wouldn't require them to go through a program of support.

Senator SIEWERT: I'm just checking. So they'll come out. They'll have to make an application again?

Ms Wilson: Yes.

Senator SIEWERT: Or just be reassessed?

Ms Wilson: They'll have to make a claim. But we have abbreviated claim processes for people coming out of prison. There's a service delivery approach to that.

Ms Campbell: And human services works with them when they are in prison so that they're ready when they come out.

Senator SIEWERT: And that process will continue?

Ms Campbell: Yes. I don't know whether you would call it inreach. It's an outreach from the Centrelink office into the prison, if that helps.

Senator WATT: I will follow up on that. We were going to ask about this too. So people will be retested before they leave prison?

Ms Campbell: They will reclaim. The claim will occur before they leave prison.

Senator WATT: So they will apply?

Ms Campbell: They will apply.

Senator WATT: Will their claim be processed and all the tests that are required be completed so they're ready to receive it when they leave?

Mr Bennett: My expectation would be that they would probably go on to Newstart, which is not unusual during this period when someone applies for the DSP.

Ms Wilson: Pending the assessments.

Mr Bennett: Pending the assessment to be completed.

Senator SIEWERT: Okay. I want to come to Newstart in a second. They will fill in a form in prison. The claim will be assessed. They will have to go through the capacity assessment process again?

Ms Wilson: Well, it depends on whether or not they need a job capacity assessment. They would go through the assessment process, which would look at whether they are manifest, where they are scoring on impairment tables and whether they need a job capacity assessment. So they would go through an assessment process.

Senator SIEWERT: While they're still in prison?

Ms Wilson: I don't know if all of that would be executed whilst they're still in prison, depending on what additional assessments are required and where they would be available.

Senator SIEWERT: So the bottom line is that some may occur in prison. It's likely that a chunk of it will occur once they come out?

Ms Wilson: That would be my expectation.

Ms Campbell: But human services will have worked with them around Newstart and ensuring that they have Newstart.

Senator SIEWERT: I want to come to that process. Where are we at now with the standard processing time for the DSP? How long do people have to be on Newstart?

Ms Campbell: I think that's a question better asked of human services.

Senator SIEWERT: Let's skip over, then, to whether you've done any assessment of the number of people who were formerly on the DSP that would now perhaps not meet the eligibility criteria?

Ms Wilson: Yes. Our estimate is that about 10 per cent, or about 220 people each year, would not meet the requirements for the new impairment tables. We would have to test their eligibility for another payment, such as Newstart.

Ms Campbell: Or seek employment, of course. Our goal would be to give them the option of seeking employment.

Senator SIEWERT: Yes, of course. But Newstart is there to help people seek employment.

Ms Campbell: It is, indeed.

Senator SIEWERT: So, in that case, at least 10 per cent of the 2,200 would be subject to a job capacity assessment?

Ms Wilson: Well, there might be a larger number who have had a job capacity assessment. But we estimate that after the assessments there would be around 220 people who wouldn't meet the DSP qualification.

Ms Campbell: Depending on their circumstances, they meet another criteria other than Newstart as well, such as parenting payment or—

Senator SIEWERT: Carers?

Ms Campbell: Carers or something like that.

Senator SIEWERT: Okay.

Ms Campbell: We're just saying not DSP.

Senator SIEWERT: So the 10 per cent is the not DSP—

Ms Campbell: That's correct.

Senator SIEWERT: Not necessarily Newstart?

Ms Campbell: That's correct.

Senator SIEWERT: Is that your understanding?

Ms Wilson: Yes.

Senator SIEWERT: Thank you. What is the motivation behind this initiative?

Ms Campbell: This aligns with the other payment types because the other payment types require reassessment after 13 weeks.

Senator SIEWERT: Thank you. It's a saving of \$5.2 million over five years?

Ms Campbell: It's a relatively modest saving.

Senator SIEWERT: I will move to broader DSP questions. Again, tell me when to go and ask DHS and we'll ask them this afternoon. Do you have a breakdown of the number of people who exit DSP each year under the reason that they exit? For example, they could be moving on to the age pension, they've passed away, they are in work or prison or they moved overseas with the changed portability arrangements?

Ms Wilson: I'm not sure that we have that with us. I will just check. No, I don't believe we do. DHS may have it. Alternatively, we could take it on notice for you.

Senator SIEWERT: Could you take it?

Ms Wilson: I'm sorry, I just don't have that degree of detail with me at the table. I'll just do a double-check, but I don't believe so.

Senator SIEWERT: If you don't have it, if you could take it on notice, that would be appreciated.

Ms Wilson: Yes. We'll have to take it on notice.

Senator SIEWERT: I beg your pardon. I am going to go back to the 13-week changes on imprisonment. Does this include people in prison on remand for over 13 weeks?

Ms Wilson: Yes.

Mr Bennett: Yes, it would.

Senator SIEWERT: If you haven't been found guilty of an offence and you're on remand, people would still lose their DSP?

Mr Bennett: The measure, effectively, is aligning to existing arrangements that already occur for other payments.

Senator SIEWERT: And that's the same?

Ms Wilson: It is.

Mr Bennett: So this is an alignment to existing arrangements.

Senator SIEWERT: I understand what you're saying. It doesn't make it right. We already know that people with a disability are overrepresented in the prison population. Now we have people on remand who haven't been found guilty of an offence who are going to lose their DSP and then suffer the penalties. They may be found not guilty and suffer the penalties of losing the DSP and be assessed under a different criteria than they were previously.

Mr Bennett: As I said, it comes back to being an alignment to other arrangements. So someone who was going to apply to Centrelink would be subject to the eligibility of the day.

Senator SIEWERT: I don't wear that argument. There's a whole lot of different things, as we all know, in our income support system, so I just don't wear that argument, particularly when you're talking about people, for example, with a cognitive impairment or with a hearing impairment, who we know end up disproportionately in the justice system. They often end up in there and are not found guilty because there have been some issues with the justice system. They will still lose out through this process potentially.

Ms Campbell: They will still need to retest their eligibility.

Senator SIEWERT: They'll still have to retest?

Ms Wilson: Yes.

Senator SIEWERT: Despite all the other things that happen with people with a cognitive impairment or psychological impairment? The same rules?

Ms Campbell: The measure is that they will retest their eligibility.

Senator KENEALLY: I just want to follow up on that. That's extraordinary. A person could be, through no action of their own, arrested, charged, put out on remand and then found not guilty of the offence. They could just be in the wrong place at the wrong time. The response of the social security system would be to say, 'Too bad. Bad luck. You have to now reapply under different criteria.' Is that essentially what the system is?

Ms Wilson: The system as it currently stands for people who are in jail on other payments or incarcerated, be it remand or be it as a consequence of a conviction, is that after 13 weeks their payment is cancelled. This is aligning the provisions for the disability support pension.

Senator KENEALLY: So even though they may be found not guilty?

Ms Wilson: That's how it operates for all other payments currently, yes.

Senator KENEALLY: Extraordinary.

Senator SIEWERT: I have heard what you said. These, arguably—and I would argue—are some of the most vulnerable groups of income support recipients who are caught up in the justice system partly due to their disability or, in some instances, wholly due to their disability. They are found not guilty and yet we're still going to say this is okay.

Senator KENEALLY: I want to follow up. As I understand it, currently payments are cancelled after two years in prison.

Ms Campbell: Yes.

Ms Wilson: That is the DSP.

Senator KENEALLY: The DSP is being changed now to 13 weeks. Did you have any cases previously under the two-year rule where people on remand for two years didn't have their payment for two years?

Ms Campbell: Well, no-one has their payment when they're in jail.

Senator KENEALLY: Sure. Did you have any circumstances where people were on remand for two years and then had to reapply?

Ms Campbell: I don't think we would have that information.

Ms Wilson: I don't know that we would be able to answer that question. It's plausible that it could have occurred.

Senator KENEALLY: Do you think it's going to occur a lot more now that you've shortened the time to 13 weeks?

Ms Campbell: We've aligned the timing with the other payments, such as Newstart, parenting payment and the like. The proposal is to align those timings.

Senator KENEALLY: Extraordinary.

Senator WATT: It's going to result in more people—I think about 2,200—

Senator SIEWERT: Yes, 2,200 will be retested.

Ms Campbell: And the assumptions are that many of them will be retested and found to be entitled to the DSP.

Senator KENEALLY: How many do you estimate will be found to be ineligible?

Ms Campbell: We estimated about 10 per cent. I gave the evidence that there would be about 220.

Senator SIEWERT: I am asking DHS the period of time for the reassessment.

Ms Campbell: Yes.

Senator SIEWERT: So one of the disadvantages caused by this is people go on to the lower Newstart payment while they're being assessed?

Ms Campbell: That's correct. But my understanding is that once they're assessed, it's back paid to the date of application.

Ms Wilson: Back-paid.

Ms Campbell: Or, in this case, the day of release from jail.

Senator SIEWERT: Okay. So the waiting period won't apply?

Ms Wilson: I'm sorry, but I don't understand the question, Senator.

Senator SIEWERT: So there is a waiting period once you apply. If you're on Newstart, you have to go and register with your job service provider. That's all under the welfare reform legislation. There are non-payment periods et cetera. Will that apply?

Mr Bennett: The person would apply for the DSP. While they're waiting, they would go on to Newstart.

Senator SIEWERT: But you still have to—

Mr Bennett: Sorry. If they get the DSP assessed, it would be backdated to the date of application.

Senator SIEWERT: If they get the DSP?

Mr Bennett: Sorry, if they get assessed for the DSP.

Senator SIEWERT: Yes. That gets backdated. They still have to live in the meantime.

Ms Campbell: And they'll have Newstart.

Senator SIEWERT: That's where my question comes in. When I'm out of prison, I fill in the form. I'm still being assessed. I have had to fill in the form in prison for Newstart. Am I serving a waiting period?

Ms Campbell: I'm just going to see whether Mr Bennett knows or we're best asking human services how that's enacted. The way human services deliver that service is actually to have officers going into the prisons and working with people who are likely to be released to ensure that their paperwork is accurate. I'm just not sure whether there's a waiting period from the date of release to payment. I don't think there is.

Ms Wilson: Not usually. Not if you're released from prison.

Ms Campbell: So my experience is that that's not the case. Is it best to confirm with you?

Mr Bennett: Can we check that later?

Ms Campbell: Human services will probably be able to take you through in detail how the process works.

Senator SIEWERT: Okay. But it's also taking in mind the new process—

Ms Campbell: I hear your question, Senator.

Senator SIEWERT: that went through parliament recently.

Ms Campbell: That's why I think it's best that human services answer it.

Senator SIEWERT: Thank you. Yes, I will chase that up. You've already taken on notice the issue around people with a disability and those who have been caught up in this process previously. Do you have a breakdown of disability type?

Ms Wilson: We'll take that on notice. I don't know off the top of my head whether it's that granular in terms of the range of disabilities. But if it's available, we'll provide that on notice.

Senator SIEWERT: I'm particularly interested in the number of people in terms of the 2,200, if you've gone that granular. I understand if you haven't. I would be interested if you have.

Ms Wilson: I don't believe we have, no.

Senator SIEWERT: Out of that 2,200, have you done a breakdown, from past experience, of those who are on remand?

Ms Wilson: Again, I would have to take that on notice.

Senator SIEWERT: Take on notice the number of people who could be affected who are on remand.

Ms Wilson: Yes. We'll take it on notice.

Senator SIEWERT: I would have thought from the 13 weeks there might be a number of those 2,200 who are on remand.

Ms Wilson: If we can provide that, we will.

Senator SIEWERT: Thank you. I am moving off that, having moved off and come back. I do have more on the DSP.

Senator WATT: We had only other question on the prisoners issue. What is the expected cost to retest people's eligibility for the DSP as a result of this measure?

Ms Wilson: I don't have that breakdown. That's probably a question for DHS. I don't believe I've got the measure of detail.

Ms Campbell: I'll just look at the budget papers to see what the human services costs were. So aligning suspension periods for imprisoned recipients, human services had a cost of \$0.2 million in 2017-18.

Senator WATT: Did you say \$1.2 million?

Ms Campbell: No. It is \$0.2 million; \$0.8 million in 2018-19; \$0.6 million in 2019-20; \$0.7 million in 2020-21; and \$0.7 million in 2021-22.

Senator WATT: Thanks.

Ms Campbell: There are also some modest costs for the Department of Jobs and Small Business about engagement with jobactive and the like, which in 2019-20 is \$0.1 million, in 2020-21 is \$0.1 million and in 2021-22 is \$0.2 million.

Senator WATT: You're reading from the budget papers there, are you?

Ms Campbell: Yes.

Senator WATT: Can you tell us which one?

Ms Campbell: Page 171, disability support pension, aligning suspension periods from prison recipients.

Senator WATT: And which budget paper is that?

Ms Campbell: It is No.2.

Senator WATT: Thanks. That's it for us on that issue as well.

Senator SIEWERT: I want to go to the issue of the DSP and the program of support. Have you got the most recent number of people who have been on Newstart for 18 months who have applied for the DSP?

Ms Wilson: No, I'm sorry, Senator. We can take on notice obtaining that for you. I'm sorry that I don't have that data with me. In the meantime, we'll also put a call into DHS and see whether they—

Ms Campbell: See whether they can get it for you.

Ms Wilson: might be able to help this afternoon.

Senator SIEWERT: I'm always confused about—

Ms Campbell: So am I.

Senator SIEWERT: where I should ask this. So do you think it's DSP rather than—

Ms Campbell: So human services may have the numbers more readily available. We actually get the numbers from them when we're developing our prep material for that. So they may actually have that number more readily available. Someone will be ringing them now to see whether they can get the data or warn them that we'll be looking for it.

Senator SIEWERT: Thank you. While you're making that phone call, is it possible to get it over the last three years?

Ms Wilson: We'll see what we can do.

Senator SIEWERT: It came into effect then.

Ms Campbell: I would have thought they are more likely to have one number rather than three years worth of numbers.

Senator SIEWERT: All right. Even if I can get one number. We'll take the rest on notice.

Ms Campbell: We'll see how we go.

Senator SIEWERT: Again, tell me if it's DHS. At the last estimates, I was pursuing the reassessment of the 30,000, 30,000 and 30,000.

Ms Wilson: The medical reviews?

Senator SIEWERT: Sorry?

Ms Wilson: The medical reviews?

Senator SIEWERT: The medical reviews. Sorry, yes. There was an indication during the last estimates that there was an internal review looking at that measure. Has that reviewed finished? What were the outcomes?

Ms Campbell: I don't think we called it a review. It's a reconsideration. It's a continual process of evaluation and refinement. We have provided advice to ministers and we're still working through that process about the reviews.

Senator SIEWERT: I know I'm about to go down the rabbit hole in terms of being told it's advice to the minister.

Ms Campbell: We are well aware of your questioning around this over a number of years now. We have provided some advice. We're looking at how well this measure works. We have provided advice, but I don't have anything further for you at this time.

Senator SIEWERT: I understand. Just pretend I've asked the question about what the advice is and you've told me it's advice to the minister. I will direct this to the minister. Is there a time line for when the minister, if you're aware of that or could take it on notice, is likely to consider this and make an announcement or a decision?

Senator Seselja: Sure. I'm sorry that I don't have a timeline in front of me, but I'm very happy to take it on notice.

Senator SIEWERT: If you could take that on notice, that would be appreciated. In the meantime, could we have an update, please, on where you're up to in terms of the number of assessments started and those that have been completed?

Ms Campbell: So human services—

Senator SIEWERT: Is that human services?

Ms Campbell: We do the policy and they do the doing. They are much better at knowing where the numbers are up to, so they will be the people to talk to about the numbers of those.

Senator Seselja: Ms Campbell used to be much better at those things but now she's better at other things.

Ms Campbell: I've lost my currency.

Senator SIEWERT: Back to the policy side of things. The program continues, then, until the minister—there are ongoing assessments until the minister considers it and makes a decision—reconsiders the approach?

Ms Campbell: So the measure is currently operating, yes.

Senator SIEWERT: Thank you. I will hand over for a break for a while.

Senator KENEALLY: Thank you for being here again. I have some questions about the fourth action plan under the National Framework for Protecting Australia's Children.

Ms Campbell: We don't actually have the officers here at the table for that because we usually do that under outcome 2, which is families and—

Senator KENEALLY: That's fine. I might flag some of these questions on notice, if that's all right, in the interests of time. They are quite detailed.

Ms Campbell: Those officers will be here tomorrow under outcome 2.

Senator KENEALLY: Unfortunately, I will not be here tomorrow, so if it is all right, I would like to flag these. I have some questions about the number of DSP applications approved and rejected. I want to get an overall understanding of which impairment tables are most frequently applied. So your advice to me is that there will be people here tomorrow who might be able to answer those questions?

Senator Seselja: Is this the DSP or the fourth action plan?

Senator KENEALLY: This is about the DSP. You are right; I have another question coming about the fourth action plan. My apologies. Let me start over.

CHAIR: Go ahead.

Senator KENEALLY: I do have some other questions about the fourth action plan under the national framework. I have some questions about the DSP applications. What I might do in the interests of time, because I think we're running on a deadline—

Senator PRATT: I can ask the ones on the action plan tomorrow.

Senator KENEALLY: I might defer to Senator Pratt on that. Some of the questions I have about DSP applications are quite detailed. In the interests of time, I will put them on notice.

CHAIR: Thank you, Senator.

Ms Campbell: If those DSP questions are about the numbers of people, it's probably best they go to DHS.

CHAIR: I suspect Senator Siewert will be asking them as well. Anything more in 1.8?

Senator SIEWERT: Yes. I appreciate, again, that this may cross over into, in fact, jobs and small business and DHS. I asked a question of DHS last estimates about who on Newstart has a current exemption from the activity test or participation requirements. There were 4,325 in the first half of the financial year who were claiming the disability support pension. In terms of policy, how does this cross over? How do you get an exemption from the Newstart allowance if you are claiming the disability support pension? Is that a policy area for you?

Ms Wilson: It may well be that the person has a partial capacity to work, so that would modify their requirements. They might have a temporary incapacity and a medical certificate that says they can't undertake any job search or employment services activity. It could well be

with the latter one that that is pending a claim for the DSP. The actual policy around the exemptions from job search requirements et cetera does actually belong with jobs and small business.

Senator SIEWERT: Okay.

Ms Campbell: Sometimes there's a bit of confusion about the DSP and Newstart. So the exemption is actually for when they are on Newstart but not looking for a job.

Senator SIEWERT: That's why I am asking about the DSP.

Ms Campbell: It's actually an exemption from the mutual obligation requirements of Newstart. They may be claiming the DSP, but that's totally a different sort of function. As Ms Wilson said, the criteria for allowing people to have those exemptions from mutual obligation requirements rest with the Department of Jobs and Small Business.

Senator SIEWERT: I want to go to policy. It does cross over into the medical reviews process, where people have been reviewed. They are going on to Newstart. I'm following this up because of the issue around the partial capacity to work and the number of people existing on Newstart who have an exemption.

Ms Campbell: Right. The 4,000?

Senator SIEWERT: The 4,000. I take on board that maybe not all 4,000 have a partial capacity to work. They, in fact, have it because of their disability, but they don't qualify for the DSP?

Ms Wilson: I guess there are two things. There is the group that has a partial capacity to work that is assessed, if you like, more or less at a stable level and ongoing. They have modified activity requirements consistent with what their capacity is. There are people who at any point in time would have a temporary incapacity and an exemption from job search and other mutual obligation requirements because of that temporary incapacity. It could be something like the flu or they've broken a limb or had an accident or whatever.

Senator SIEWERT: I understand that. Have you looked at these figures to see if there are people ending up with exemptions from mutual obligations, particularly those who have been transferred on to Newstart off DSP, who can't manage their mutual obligations on Newstart because of their disability?

Ms Wilson: Is your question about people who have lost the DSP perhaps as a consequence of a review, or is it about people who have claimed DSP and not been found eligible but are on Newstart?

Senator SIEWERT: I'm interested in both those areas. Those who are under the changed eligibility criteria and don't have access to the disability support pension. They are on Newstart and they've been found to have partial capacity.

Ms Campbell: Would it be those people on Newstart who have partial capacity to work who are receiving exemptions from Newstart mutual obligation?

Senator SIEWERT: Yes. I have been chasing this for a while.

Ms Wilson: No.

Senator SIEWERT: You haven't done it?

Ms Wilson: No. We haven't. And I haven't got any analysis that would track all of those individuals. It's a research task that could be undertaken. It's fairly complex.

Senator SIEWERT: Yes, it is. I understand that, but these are people who are in pretty vulnerable situations. There are 4,325. I can't tell you from these figures whether that's because of the flu or whatever—

Ms Campbell: How many got on Newstart?

Ms Wilson: It was 750,000.

Ms Campbell: So this is 4,000 out of 750,000. The exemptions are generally given for three-month periods. We need to see whether they are given for more than three months.

Senator SIEWERT: That doesn't include the temporary incapacity. There's another even bigger group of 76,130 who have the temporary incapacity to work because of illness or disability. So there's an even larger group than the—

Ms Campbell: Four thousand?

Senator SIEWERT: Yes. I still care about the 4,325.

Ms Wilson: Sure.

Senator SIEWERT: That's still people who are seeking a claim of DSP.

Ms Campbell: Okay. So there's 4,000 seeking a claim.

Senator SIEWERT: I presume that's seeking a claim. There's a big group of people there. You've said no. My question is: is there a willingness to look into how these people are faring, why there are such a large number who have been given an exemption from their mutual obligation requirements, whether it relates to their capacity to work and whether they should be on the DSP?

Ms Campbell: I think it would be best for us to take that question on notice. I reckon we'll get hold of the material you've got there as well. We would have had that information somewhere.

Senator SIEWERT: It went through you. I got these figures through DHS by asking jobs and small business. I see this as a policy question.

Ms Campbell: I understand that.

Ms Wilson: It sounds like a piece of analysis that could be undertaken. If we could get the parameters from you, we could scope on notice what it would take to do the work.

Senator SIEWERT: How about I write that down?

Ms Campbell: That would be great.

Senator SIEWERT: Thank you.

CHAIR: Program 1.9 is carers.

Senator WATT: We may end up having some on notice.

CHAIR: Senator Siewert, do you have questions on carers?

Senator SIEWERT: No.

CHAIR: Program 1.10 is working age payments.

Senator WATT: We have some questions here. I want to ask some more questions about the proposed drug testing trials. Mr Bennett, we had the pleasure of meeting each other in the Logan hearing of the Senate inquiry about this.

Mr Bennett: We certainly did, Senator, yes.

Senator WATT: I will probably be recapping some of the stuff we covered that day. Has the tender now been awarded to carry out these trials?

Mr Bennett: No. It hasn't. I will recap what was given as evidence on that day by our colleagues at DHS, who will do the tender. They reflected—and I'm hopefully not verballing them incorrectly—that they would conduct the tender after the passage of legislation.

Senator WATT: So not as yet. Where is the tender process up to exactly at the moment?

Mr Bennett: That would be a DHS question.

Senator WATT: I think there will be some here that you can answer. Leaving aside the \$10 million treatment fund that is being provided for, do we have a current cost for the drug testing trial?

Mr Bennett: As we've discussed previously, that cost is not available.

Senator WATT: This is the argument that it's commercial-in-confidence because you've got to have negotiations with the dental tenderers?

Mr Bennett: Correct.

Senator WATT: And the amount of money set aside for treatment remains at \$10 million?

Mr Bennett: The treatment fund, yes, Senator.

Senator WATT: That got increased recently, didn't it?

Mr Bennett: Further details of the break-up of the \$10 million were made available recently. The \$10 million hasn't changed.

Senator WATT: Right. It's more about how it's being broken up?

Mr Bennett: Correct.

Senator WATT: Can you just very quickly refresh my memory about what was announced there?

Mr Bennett: Effectively, there's three elements to the treatment fund. One million dollars will be available for case management services to help people who return more than one positive test during the trial to access services and treatment identified in their treatment plan. Treatment providers in the trial sites will be assisted by \$3 million in funding to boost existing capacity and respond to any additional treatment demands.

Senator SIEWERT: Is this just in the trial sites?

Mr Bennett: This is just in the trial sites.

Senator WATT: And is that \$3 million for each of the three trial sites?

Mr Bennett: No. I will read out the final figure and we'll get to a total of \$10 million. Approximately \$6 million funding will be allocated for accredited treatment support for individuals identified through the trial in the event that state or Commonwealth funded services are not able to be assessed in a timely manner. So that is how you get to \$10 million.

Senator WATT: What exactly is the \$3 million for, then?

Mr Bennett: The \$3 million is to boost existing capacity and respond to any treatment demands.

Senator WATT: Whereas the \$6 million is for?

Mr Bennett: If people cannot access state or Commonwealth funded services in a timely manner.

Senator SIEWERT: They can get individual support?

Senator WATT: That is the first time I've heard that there's any sort of qualification around the \$6 million. If ultimately the department makes a decision that adequate state and territory services are available, that \$6 million won't be forthcoming?

Mr Bennett: The \$6 million is available if it's required.

Senator WATT: You would be aware of the large amount of evidence we had in that inquiry about the lack of availability of services. It's a bit of a concern if more than half of that package may not actually come forward.

Ms Wilson: I think you could look at it the other way—that more than half of that package is available in the event that services aren't there for people.

Senator WATT: Has any decision been made about which of the trial sites would get how much money?

Mr Bennett: In terms of the \$3 million capacity boosting funding, it will be allocated proportionately. So effectively, Logan would receive around 50 per cent, Canterbury-Bankstown around 35 per cent and Mandurah around 15 per cent.

Senator SIEWERT: Could you say that again?

Mr Bennett: Effectively, it's the proportions previously that we discussed where we thought the activities would occur. So Logan gets 50 per cent; Canterbury-Bankstown, 35 per cent; and Mandurah, 15 per cent.

Senator WATT: Obviously those percentages might change if the ultimate number of people participating in the trial is different in each area?

Mr Bennett: Yes.

Senator WATT: How do you intend to identify services which will require additional funding from the \$10 million treatment fund?

Mr Bennett: The PHN network will be used for that.

Senator WATT: In each area?

Mr Bennett: In each area.

Senator WATT: Right. Have you begun speaking with local organisations and PHNs in the trial areas about local capacity?

Mr Bennett: As we have discussed previously, there have been ongoing discussions with people associated with the drug trial. We expect those conversations to continue.

Senator WATT: And when would you expect these services to begin to receive additional assistance? Obviously the legislation hasn't been passed yet. It's not going to be until then?

Mr Bennett: The treatment fund is linked to the passage of legislation, yes.

Senator WATT: And if the legislation were passed, which I very much hope it isn't, how soon after that would you expect that money would be made available?

Mr Bennett: I'm doing this from memory. Previously we had discussions where the commencement date was over a period of time—1 October and 1 January et cetera—as we roll forward.

Senator WATT: That's when the trials would start, isn't it?

Mr Bennett: Sorry, that's when the trials would start. The treatment fund is linked to that. Depending on where we get to, it's approximately at least a three-month period.

Ms Wilson: After the passage of legislation.

Senator WATT: Or the trials would start?

Mr Bennett: Sorry, passage and assent, yes.

Senator WATT: For the commencement of the trials?

Mr Bennett: Yes.

Senator WATT: Has any consideration been given to providing this extra funding in advance of the trials starting so that services would be geared up and ready to meet demand?

Mr Bennett: As announced, the treatment fund is linked to the passage of legislation.

Senator WATT: I think you can see the point I'm making. If you're going to have trials and people are going to be sent off for drug services, the services need to have capacity to deal with the influx.

Mr Bennett: Sorry, Senator, could you provide that question again?

Senator WATT: I hear what you're saying—that the trials will commence within a certain period of time from passage and royal assent, if passed. What I'm asking about is whether drug and alcohol services in those areas would be provided with funding before the trials commence—so after the passage of legislation but before the trials commence—so that when the trials commence they have the resources needed?

Mr Bennett: Yes. We would expect those conversations to be occurring in preparation for the commencement of the trial.

Senator WATT: And it's intended to provide that funding before the trials commence?

Mr Bennett: We've got this gap between the passage of legislation. Obviously the mechanisms associated with gearing up for the provision of the services would have to occur in that interim period.

Senator WATT: You will remember as well from that Logan hearing that there was some fairly concerning evidence from the Logan City Council. They obviously strongly object to Logan being chosen as one of the trial sites. Before I remind you of what they said, I had a look back at the minister's second reading speech for this legislation. The very first thing that the minister pointed to as the basis for choosing these trial sites was data held by the Australian Criminal Intelligence Commission from its wastewater drug monitoring program. In essence, the data that this agency collected from monitoring drug levels in waste water in particular locations was the very first factor of a number of factors that the minister put forward as the reason for the choice of these trial sites. The evidence that Logan City Council gave that day was that, in fact, the wastewater plant that services Logan also services a whole

range of other suburbs and areas within south-east Queensland, including inner city Brisbane, parts of the Gold Coast and the Scenic Rim Regional Council. So they had a very real concern that this trial was being imposed on Logan at least partly on the basis of wastewater testing for drugs that could have picked up drug use 50 kilometres away from Logan. Has any further work been done to confirm that Logan indeed does have the level of drug problem that justifies this trial being imposed on Logan?

Mr Bennett: At the time that we discussed it, there were a range of factors that were given to government associated with making that decision. I don't believe that we have ever provided evidence that says that that analysis was purely on the spatial profile of Logan.

Senator WATT: I accept that. I accept that you've said that there's a range of factors. I suppose I'm—

Senator PRATT: Why include it at all if it's not accurate?

Senator WATT: It has to mean something that it was the first factor that the minister put forward in the second reading speech. Usually you prioritise the most important things first.

CHAIR: The officers can't comment on the order of the minister's speech. This was extensively traversed in the hearing by yourself, Senator Watt.

Senator WATT: I asked a question at the hearing which was taken on notice. I asked the department to point to anything in the waste water data that was relied on that indicates that Logan is a place with above average or concerning—however you want to describe it—levels of drug use. It was taken on notice. All that I was provided in response was a reference back to this data from the Australian Criminal Intelligence Commission. I take it, then, that there isn't any data that the department has access to that points to Logan being an area with particular levels of drug problems that would justify this trial?

Mr Bennett: I come back to a point that we've also previously discussed, which is that government was provided a range of information. We have never said in that, for example, that the sites chosen had the highest rates of drug use or the most welfare recipients in Australia. We said there was a range of data provided to government associated with this activity.

Senator WATT: An article that appeared in the local *Quest News* in Logan after that hearing of 29 May quoted the acting mayor of Logan. She referred to reports she had heard that the reason Logan was chosen was that, and I quote:

...the federal government already had systems to control welfare payments set up to operate in Logan and it was simpler to do it in Logan rather than set it up somewhere else.

Can the department confirm that Logan was really chosen as a trial site because income management infrastructure was already in place?

Ms Campbell: I think we've previously given evidence about the range of factors that government took into account when making these decisions.

Senator WATT: And was the fact that Logan already had income management infrastructure in place one of those factors?

Ms Campbell: That was one of the factors.

Senator WATT: Was it a pretty significant factor?

Ms Campbell: I think we've given evidence in the past that there were a number of factors in the decision.

Senator WATT: I'm asking about the weighting of those factors.

Ms Campbell: I think in the past we have not been able to provide you with the weighting of which factors were more or less than others.

Senator WATT: But you've provided advice to the minister, so there must have been some level of prioritisation of factors in the advice that you gave.

Ms Campbell: I think we have traversed this before. The advice we've provided is that ministers were provided with a number of factors and made decisions.

Senator WATT: Is the legislation that is currently before the parliament the most up-to-date version of the legislation?

Mr Bennett: Yes.

Senator WATT: So no further work is being done to update that or to alter the legislation?

Mr Bennett: I think, as we discussed in Logan, we went through two changes of the legislation compared to the previous welfare reform bill. One was the commencement date mechanism. The second was the inclusion of the sites. There are no further adjustments required to the legislation.

Senator WATT: Because this report of 29 May also suggested that the legislation would be amended before coming to the Senate. Is that correct, to your knowledge?

Ms Campbell: This is the report from the acting mayor, is it, Senator?

Senator WATT: Yes.

Mr Bennett: I'm not aware of (a) the source of that comment or (b) what it covers.

Ms Campbell: Is it possible that the acting mayor was talking about the original legislation?

Senator WATT: Possibly. This legislation has been reintroduced. Just remind me: has it been passed by the House of Representatives?

Ms McGuirk: No.

Senator WATT: The version that was reintroduced was the same as the earlier version?

Ms Wilson: With the updates that Mr Bennett referred to.

Senator WATT: What was that again?

Ms Wilson: The commencement date.

Mr Bennett: And sites.

Ms Wilson: And sites.

Senator WATT: Aside from that, they were the only amendments in the second version?

Mr Bennett: The architecture is similar, as we've discussed.

Senator WATT: And it's not intended to put forward any amendments to that legislation in the House prior to any consideration in the Senate?

Ms Campbell: We wouldn't be able to answer that.

Senator WATT: Have you undertaken any work on any amendments that would be moved in the House?

Mr Bennett: I'm not quite sure of the basis for your questions.

Ms Campbell: The legislation that's in the House is the legislation we've got.

Senator WATT: Yes. And there's no further work been undertaken on any additional amendments to be considered by the House?

Ms Campbell: Not to our knowledge.

Senator WATT: That's it for us on drug testing. We've got one other 1.10 matter.

CHAIR: I will point out that we have a hard mark at 4.00 pm, so we've got 55 minutes left.

Senator WATT: The next item will be our only remaining outcome 1 issue.

Senator SIEWERT: Senator Watts asked most of the questions I was going to follow up with. I want to check the \$6 million individual treatment. That is also just for trial participants?

Mr Bennett: Yes.

Senator SIEWERT: Is there a limit on how much each person can access?

Mr Bennett: There would be a process for people, through the structures we created, to apply to access that \$6 million. It will be very much a function of need.

Senator SIEWERT: That's not the question I asked. Is there a cap?

Mr Bennett: There is no cap.

Ms Campbell: Except the \$6 million.

Mr Bennett: Yes. Except the \$6 million.

Senator SIEWERT: Yes.

Ms Wilson: In terms of the cost for an individual, no.

Senator SIEWERT: That's what I meant.

Ms Wilson: We would expect it to be in line with the costs for services available generally, with our primary health networks taking a lead role.

Senator SIEWERT: Okay. Is that allocated on a proportional basis as well?

Ms McGuirk: No. That money is about the needs of particular individuals.

Senator SIEWERT: So if there were a greater need in one location because services weren't available, say, in Mandurah, they aren't limited to 15 per cent of the fund?

Ms McGuirk: No. It's on an individual basis, not on a location basis.

Senator SIEWERT: Thank you. I have a couple of questions about Newstart. Has the department done any analysis of the adequacy of the Newstart payment?

Ms Campbell: We have provided advice to government when there have been articles in the media about it. If someone has made an assertion, we generally in the course of business brief on that assertion.

Senator SIEWERT: That's interesting but not exactly answering my question.

Ms Campbell: That's the advice we've provided to government.

Senator SIEWERT: The only advice you've provided to government recently has been about rebutting people's claims about the inadequacy of Newstart?

Ms Campbell: We've also provided advice about the other payments. Often when assertions have been made in the media and they're not completely accurate, we've provided advice to government about the fact that generally—and we'll have the percentages here—over 90 per cent of recipients receive other payments and the like. We provide profiles of what people actually get when we look at the family tax benefit and other payments. We have provided that advice to government.

Ms Wilson: We've briefed on a range of reports when they've come out. We've provided general advice on the broader issue, as Ms Campbell says, when requested.

Senator SIEWERT: Absent of the ongoing concern over Newstart and issues in the media, has the department done a review of the adequacy of Newstart?

Ms Campbell: The department has not done a review of the adequacy of Newstart.

Senator SIEWERT: Have you done a review of the adequacy of any of the payments, whether they are pensions or allowances?

Ms Campbell: Not in the last eight months since I've been the secretary. Not since September. There have been reviews in the past—I think five years ago.

Ms Wilson: Periodically, we provide advice to government on rates of payment relative to other settings, so international comparisons. When there have been parliamentary inquiries, the Henry tax review, the pension review, the McClure review and the like, we've done much more detailed work. That has found its way through those forms as advice to government. Periodically, when requested, we've provided particular pieces of advice over a long period in relation to the rates of particular payments and broader evidence about living standards.

Senator SIEWERT: When did you last provide that form of advice to government?

Ms Wilson: It was probably following the McClure review.

Ms Campbell: Following the McClure review in 2014.

Ms Wilson: In 2014-15.

Senator SIEWERT: In the 2014-15 financial year?

Ms Wilson: Yes.

Ms Campbell: Yes. I don't know that we've got the exact specifics. I wasn't here, but it's in that period.

Ms Wilson: That would be the most in-depth work that has been done.

Senator SIEWERT: And that included the various other payments that people can access in that analysis?

Ms Wilson: I'm drawing on my memory now, but I think we looked at different household compositions and the payments available to them for different household compositions.

Senator SIEWERT: Thank you. In terms of the concerns that are currently being articulated, the University of New South Wales study that deals with the adequacy of the—

Ms Wilson: The budget standards work?

Senator SIEWERT: Sorry?

Ms Wilson: The budget standards work at the Social Policy Research Centre?

Senator SIEWERT: Yes. The advice to government that you have provided in response to that has been that, as you just articulated, there're other payments available?

Ms Wilson: I don't think I can go into the detail of the advice we've given to government. But certainly when reports come out, we respond to them, explain the methodology at the basis of the reports and what the findings are and offer any broader advice that is required by ministers and their officers at the time in relation to the issues raised in those reports.

Senator SIEWERT: Have you provided any advice to government about the ability of people to live on \$40 a day?

Ms Campbell: I think that goes to the content of advice. As we've already indicated, it's not always the case that people are living on \$40 a day. Over 90 per cent of recipients of Newstart receive another type of payment, be it rental assistance, family tax benefit and a range of other activities.

Senator SIEWERT: Family tax benefit is about your kids.

Ms Campbell: When we provide advice to government, we provide advice to government on the full range of payments that are received by the proportion of the welfare recipients.

Senator SIEWERT: My question still stands. Some people don't have access to all of those payments. You have said that, regardless of the comments you've just made, you can't tell me the content of the advice that you have provided to government. Have you been asked to provide advice to government? I'm not asking for what the advice was. I'm asking whether you've been asked to provide that advice.

Ms Campbell: I think I said earlier that we haven't provided advice and that we haven't been asked to provide that advice.

Senator SIEWERT: Thank you.

Senator WATT: I want to ask about the liquid assets waiting period. Obviously there's a proposal within the payment integrity bill to increase the maximum liquid assets waiting period from 13 weeks to 26 weeks, applying to a range of benefits. Can the department provide a post-budget update on the number of people who will be impacted and the cost of the proposed change in each year of the forward estimates?

Ms Wilson: I think this is probably the same category as the others in that we haven't done a recosting. We have the impacts on the costings as at the time of announcement for the forward estimates. So we can't give you an update. We can advise you again that it was estimated that the measure would provide around \$138.5 million in savings over the forward estimates and impact around 13,800 claimants per annum.

Senator WATT: So it's that same issue as this morning?

Ms Wilson: Yes.

Senator WATT: You can give me a figure at a point in time, but it's not broken down and updated later?

Ms Wilson: That's correct.

Senator WATT: Is there any change to the expected cost of a proposed change over the forward estimates, or is it the same issue?

Ms Wilson: It's the same issue.

Senator WATT: I don't know yet whether you've provided us with a breakdown by payment type of that number.

Ms Wilson: I thought we had. By payment type—

Senator WATT: If you have provided that already, feel free to just refer me to it. If you haven't—

Ms Wilson: I believe we have, but I can read it out to you now.

Ms Campbell: We might put it on the record—

Ms Wilson: We'll put it on the record.

Ms Campbell: just in case we haven't.

Ms Wilson: For Austudy, in 2018, it is 804 people. In 2019-20, it is 817 people. In 2020-21, it is 825 people. For Newstart allowance, in 2018-19, it's 11,029 people. For 2019-20, it's 10,945 people. For 2020-21, it is 11,242 people. For sickness allowance, in 2018-19, it's 372 people. It's 374 people in 2019-20 and 379 people in 2020-21. For youth allowance other, in 2018-19, it is 660 people. For 2019-20, it is 674 people. For 2020-21, it is 687 people. For youth allowance student, in 2018-19, it is 870 people. In 2019-20, it is 884 people. In 2020-21, it is 894 people.

Senator WATT: Thank you. Are you able to provide any information about the geographic or age demographic impact of the change?

Ms Wilson: No. Not at that level of detail. We note that youth allowance has some major parameters around it, as does Austudy.

Senator WATT: As in the age?

Ms Wilson: Yes. For eligibility. But I don't have a breakdown, I'm sorry, by those impacts by age or geography.

Ms Campbell: And it's unlikely that we would have that.

Senator WATT: If you can take that on notice and see what is available, that would be great. I know I have asked this about something else before. When I asked for that information to be provided up to 2028-29, you will say that it's not broken down that way but that whatever the demographic breakdown that exists for the data you do have is likely to continue in the future in a broad sense?

Ms Campbell: Yes. So we only worry about it if it's going outside the four years if it's likely to spike in a different direction.

Senator WATT: No problem. That's it for outcome 1 for the opposition.

CHAIR: In that case, unless there's any final calls, we are completed.

Senator WATT: We have you again tomorrow.

CHAIR: Before we finish, Ms Wilson, will you back tomorrow?

Ms Wilson: I shall be back tomorrow.

CHAIR: We will give you a thank you then.

Ms Wilson: It will be my last day.

Senator WATT: It will be your last day for the week?

CHAIR: No.

Ms Campbell: Ms Wilson and Ms Bennett are retiring before next estimates. Mr Bennett is not going anywhere, but Ms Bennett is retiring.

CHAIR: We will give you a formal thanks tomorrow, then.

Ms Wilson: Thank you.

CHAIR: Thank you all sincerely for your efforts today. It being 3.18 pm, the committee will now suspend for a short break. On behalf of the committee, I thank officers from the Department of Social Services for their attendance today. The committee will resume with its examination of the social services portfolio at 9.00 am tomorrow morning commencing with outcome 3. In approximately 10 minutes we will resume with the human services portfolio. Thank you so much.

Proceedings suspended from 15:18 to 15:31

HUMAN SERVICES PORTFOLIO

In attendance

Senator Fierravanti-Wells, Minister for International Development and the Pacific

Department of Human Services

Ms Renee Leon PSM, Secretary

Outcome 1

Mr John Murphy, Deputy Secretary, Payments Reform Group

Mr Mukul Agrawal, Chief Citizen Experience Officer

Mr Mark le Dieu, General Manager, Business Transformation Division

Mr Stephen Planincic, General Manager, Program Delivery Division

Mr Barry Jackson, Deputy Secretary, Service Delivery Operations Group

Ms Bridget Brill, General Manager, Operations Management Division

Mr Chris Horsley, General Manager, Service Delivery Strategy Division

Ms Sandy Mamo, Acting General Manager, Face to Face Services Division

Ms Jennifer Rufati, General Manager, Smart Centres, Indigenous and Intensive Servicing Division

Mr Bill Volkens, General Manager, Child Support Smart Centres Division

Ms Rebecca Cross, Deputy Secretary, Integrity and Information Group

Ms Karen Harfield, General Manager, Information, Debt and Appeals Division

Mr Robert McKellar, Acting General Manager, Business Integrity Division

Mr Jason McNamara, General Manager, Integrity Modernisation Division

Mr Craig Storen, General Manager, Customer Compliance Division

Ms Catherine Rule, Deputy Secretary, Program Design Group

Ms Maree Bridger, General Manager, Child Support and Redress Division

Ms Rosemary Deininger, General Manager, Participation and Disability Division

Ms Deborah Harrison, General Manager, Older Australians Division

Ms Melissa Ryan, General Manager, Families Division

Ms Amanda Cattermole, Deputy Secretary, Health and Aged Care Group

Mr Paul Creech, General Manager, Aged Care and Industry Programs Division

Ms Kirsty Faichney, General Manager, Health Programs Division

Mr Steve Farrell, Acting General Manager, Health Service Delivery Division

Mr Andrew Wood, Deputy Secretary, Enabling Services Group

Ms Kylie Crane, Acting General Manager, Project and Services Division

Ms Annette Musolino, Chief Counsel, Legal Services Division

Ms Cathy Sear, General Manager, Communications Division

Mr Bruce Taloni, General Manager, Service Strategy Division

Mr Jonathan Hutson, Deputy Secretary, Corporate Services Group

Mr Ian Fitzgerald, General Manager, People Policy and Operations Division

Mr Robert Higgins, General Manager, Corporate Operations Division

Mr Mark Jenkin, Chief Financial Officer

Ms Michelle Kelly, General Manager, Audit Division

Ms Jenny Teece, General Manager, People Services Division

Mr Charles McHardie, Acting Chief Information Officer

CHAIR (Senator Brockman): I welcome Senator the Hon. Fierravanti-Wells, representing the Minister for Human Services, and officers of the Department of Human Services. I remind officers 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. 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 for questions at estimates hearings. Any questions going to the operations or financial position 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 a 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 a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable 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 explanation 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, which will be incorporated in Hansard.

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)

CHAIR: Witnesses are specifically reminded that a statement of information or a document that 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 Human Services

[15:34]

CHAIR: Minister, do you have an opening statement?

Senator Fierravanti-Wells: No, I don't.

CHAIR: All right. We'll get started with questions.

Senator WATT: Thank you, Minister, Ms Leon and Mr Hutson and all your officials, and especially thanks for starting a bit earlier than anticipated.

Senator Fierravanti-Wells: Does that mean we have an earlier finish?

CHAIR: That is the goal.

Senator WATT: That is the goal. That is what you might call an aspirational target.

Senator Fierravanti-Wells: Goodwill will be met.

Senator WATT: As opposed to a guarantee.

Senator SIEWERT: Not a core promise.

Senator WATT: There is not a core promise in there. There is an incentive for succinct but on-the-point answers. How many unanswered calls has Centrelink received in the year to date? I'm going to take a punt that you expected this question.

Senator SIEWERT: I thought we were going to get a table.

Ms Leon: We did talk a lot about telephony last time. I'm pleased to say that we are seeing the busy signals trending down compared with the same time last year. We are not declaring mission accomplished yet, but we are saying that we are seeing a positive trend in the right direction. As at 31 March 2018, we have had 36.3 million busy signals this year. Of course, for the first six months of the current financial year, we were still operating with a telephony system not augmented by the changes that were recommended in the Cleveland report. Since we've been implementing those changes, we have had a drop in the comparable period of October to March 2017 compared to October to March 2018 from 28.7 million down to 18.1 million. That is 10 million fewer busy signals.

Senator WATT: What periods does that cover?

Ms Leon: From October 2016 to March 2017, we had 28.7 million busy signals. For the comparable period this year—so October 2017 to March 2018—we have had 18.1 million busy signals. As I say, we don't consider that mission accomplished. Obviously, we're going to continue to drive that down. But we are encouraged to see that the trajectory is in the right direction.

Senator WATT: And you attribute that at least partly to new telephony systems?

Ms Leon: It's always really hard to attribute when you've got a range of measures going on. We certainly think that the changes we've made to the telephony system have contributed to that, the extra staff from the Serco pilot will have contributed to it and our own internal management of how we roster staff and manage workload will have contributed to it.

Senator KENEALLY: I would like to follow up Senator Watt's question. You said you don't consider that mission accomplished. What would you consider mission accomplished?

Ms Leon: Look, we haven't set a target about busy signals yet so I'm reluctant to put a number on it. That's something, obviously, that we will have to look at once we've finished implementing the Cleveland recommendations. One of the key findings of the Cleveland report is that until we implement some of these changes both to our telephony system and to our workload measurement, we do not actually know what our true demand is so that we can schedule and roster to meet it. Once we've bedded down the changes that we are making, we'll

actually know better what our true demand is and then we'll be able to set a better target about what we think is okay.

Senator KENEALLY: So when do you think you'll be in a position to know what your true demand is? Do you have plans to set a target?

Ms Leon: By the end of this calendar year we should have finished implementing Cleveland, and then we'll be in a better position to know what is an appropriate target.

Senator KENEALLY: And do you have plans to set a target?

Ms Leon: We don't have plans yet to set a target in terms of busy signals. We have published KPIs that are about our average speed of answer. As I think I may have mentioned at the last estimates, we are undertaking a review of our KPIs to make sure that we're measuring what matters. In the context of that, all of those questions, including whether we would have a measure for busy signals, would be considered.

Senator KENEALLY: So you currently don't have a measure for busy signals. Surely that's something that matters.

Mr Jackson: Busy signals is not a target that is set in our KPIs or our KPMs through the portfolio budget process. It is certainly what matters. It matters with regard to identifying unmet demand. What we are working through at the moment is identifying and clearly reducing the busy signals. We are taking out a number of factors through the benefits we've introduced and getting benefits from having improved websites, IVRs and queuing so that the calls coming through are the calls that need to come through. We still have, as I've mentioned a number of times before, a high proportion of people using auto dialling, which is artificially escalating the number of calls coming through and the numbers that the secretary mentioned. Seven million of those calls are still generated by auto diallers. These are people who actually do not need to ring us in a lot of cases. Our aim is to establish what our true demand is as opposed to those who ring us for issues that can be done online or can be done through other channels.

Ms Leon: One thing we are finding from the analysis of our calls is that something like 30 per cent of the calls that come in are for matters that could have been done online. So we're really looking at making our online systems better, easier and more accessible so that people can do things online rather than ring. If people aren't opting for the online option, it's possibly because we haven't made that intuitive enough, easy enough or accessible enough. We're really working to make sure that they can self-serve online at a time that suits them and without needing to ring up, in the maximum number of cases.

Senator SIEWERT: Or people just don't want to go online. There will be a number of people who don't want to go online. They want to talk to somebody.

Ms Leon: Of course.

Senator SIEWERT: They feel their issues are complex whether you think they are or not.

Ms Leon: Of course.

Senator SIEWERT: So how do you know—

Ms Leon: We'll always have a phone service for people who want to ring us. But if people would like to go online, we want to make it accessible so that they can. In that mix of 30 per cent of the people who could have done it online, some will have been simple transactions

that they probably wouldn't have any resistance to doing online but something about our system wasn't intuitive enough for them, they didn't realise they could do it online or they didn't have confidence in their own online capabilities. They are all things we're trying to address. For instance, in our service centres, people often come in to see a customer service officer about something. If it's something that they would be able to do themselves in future and not have to come in, we have staff there who take them to the self-service terminals. They will sit with them and show them how to do it so that if they want to do it online next time, they can. But they are not prohibited from coming in. We're just giving them the option of online if they would prefer to do it that way.

Senator KENEALLY: You said there were 18 million calls unanswered or that reached a busy signal. Is there a difference between unanswered and reached a busy signal?

Mr Jackson: No.

Senator KENEALLY: Would some of them have rung out or just never been answered? I'm trying to understand.

Ms Brill: The way we measure our calls is by essentially successful calls. They are calls that get through to our system. They are captured by people doing their business in the IVR—there are about 15 different activities you can do in the IVR—or they go through as an answered call and people speak to a customer service officer. We also count abandons. A customer may go through into the system and then get the information they want in the messaging or some instructions on doing it online and then abandon. And we have busy signals or unanswered calls, which are those that don't actually get through.

Senator SIEWERT: How many abandoned did you have?

Mr Jackson: We actually have a table.

Senator SIEWERT: Yes. Excellent.

Senator KENEALLY: Take the period from October 2017 to March 2018. Could we get the numbers of successful, answered and abandoned calls and busy signals?

Senator SIEWERT: I was going to ask straight up where the table is that we talked about at last estimates.

Senator WATT: Ms Leon, I was out of the room for part of the last estimates. I gather there was some discussion last time about preparing a table?

Ms Leon: We've got the table.

Senator WATT: That might shortcut a lot of these. Are you able to table that?

Mr Jackson: We are. We thought our support would have it ready, so we apologise.

Senator WATT: While we're waiting for it, let me say that we've got a couple of different time periods being discussed at the moment. There was the year to date, which is where we started, up to 31 March. I presume that's from 1 July?

Ms Leon: That's correct.

Senator WATT: We've also got some figures coming through from October to March. I just want to make sure that we're comparing apples with apples.

CHAIR: We're happy to accept this document?

Senator WATT: Yes. We'll take a minute to read through it.

Senator SIEWERT: This is a comparison.

Senator WATT: The first page is as at 31 March 2018. The right-hand column, busy signal, is where we get the 36.3 million in total?

Ms Leon: Yes.

Senator WATT: If we were to add each of the rows below the 36.3 million, would we get to 36.3 million?

Mr Jackson: Correct.

Senator WATT: Is the 18.1 million figure shown anywhere on this page, or is that different?

Ms Leon: No. We prepared this table in the format that you usually ask for it, which is for the whole year to date.

Senator WATT: No. That's good. This table, for those who don't have it in front of them, breaks it down. We have 36.3 million in total and 23.379 million successful, meaning I call and I get through to someone?

Ms Leon: You get through. The first thing you will get through to is the IVR, the interactive voice recording. It may answer your question. But if it doesn't, you could go on and speak to a person. So 'answered' means could have been answered by a person or by the IVR.

Ms Brill: Successful calls include those answered by a customer service officer or those inquiries or activities that are completed in the IVR. 'Answered', which is the next column along, is the specific number that relates to the calls answered by a CSO, or a customer service officer.

Senator WATT: So are the 14 million answered a subset of the 23.379 million successful?

Ms Brill: Yes, they are.

Senator WATT: And the four million 'abandoned' are not included in 'successful'?

Ms Brill: Correct. I could take on notice the abandoned and get you an answer while we're here just to make sure we're absolutely correct.

Senator SIEWERT: I want to double-check. So the successful are those that actually got through to the IVR. Abandoned, surely, have been picked up but most likely not by a human being?

Mr Jackson: Yes, most likely. We are double-checking that, but, yes. If it is abandoned, then you've got to the IVR. You've found what you want, because it is very comprehensive and there are lots of activities that can be done in the IVRs. Then you think, 'Well, I don't need to stay on the phone anymore.'

Senator WATT: That was one of the definitions of abandoned. But it could—

Ms Leon: Yes. It could be for other reasons, of course.

Senator SIEWERT: It could be frustration.

Senator WATT: It could be people hanging up.

Ms Leon: Of course.

Mr Jackson: It could be, yes.

Senator WATT: So 36.3 million in total on the right is comprised of each of the rows below that. It is broken up into type of call, employment services, family and parenting, older Australians et cetera. The top row tells us whether they were successful, which means they were either answered by a person after passing through the electronic system or they were successful in the sense that someone got what they wanted. How do you know, though, whether someone has got what they wanted and hung up as opposed to they didn't get what they wanted from the electronic system and they hung up in frustration? Is there a button you can press to say, 'Thank you. I've got what I need?'

Mr Jackson: The short answer is no.

Senator WATT: So it's possible that that 23.3 million successful does include some abandoned calls?

Ms Leon: This means they got through.

Senator WATT: They got through the electronic system.

Ms Brill: Successful means that they were answered by a customer service officer or they completed an activity in the IVR. So they did something within the IVR and completed their business and then hung up.

Senator WATT: So they pressed a button or something like that?

Ms Brill: That's right. There's a range of activities that you can complete in the IVR. I will go to it to give the senators a sense of the things that you can do as you go in and why we count them as successful. So you can report your employment income. You can check your payments. You can update your tax deductions, request an advance payment, request a document, complete income or bank details, complete a rent assistance review or advise of a future study intention, which is new. Our student customers are now able to do much more within the IVR rather than waiting to speak to a customer service officer. You can do a child care rebate. There are other additional activities—another eight—you can do if you authenticate through our voice biometric system as well. So 'successful' is a combination of completing an activity in the IVR or then going on to speak to a customer service officer.

Senator WATT: And the way you monitor that someone successfully completed an activity through the IVR, the electronic system, is because you press 1 for this, 2 for that and 3 for that?

Ms Brill: We can extrapolate the data of the activities that occur in the IVR.

Senator WATT: You actually follow them all the way through to ensure that they did complete what they set out to do?

Ms Brill: Correct. But there will be some that may abandon within the IVR. I will get an absolute definition on those abandons, because we get a combination of those abandoning before they even start an IVR transaction potentially if they get an info message. There are those who may abandon within the IVR. I will get that exact definition for you.

Senator SINGH: So have you reduced the number of calls by simply shuffling and reconfiguring the IVR menu options?

Ms Brill: What we are doing is providing a better customer experience. So for those customers who don't want to hang on and talk to a customer service officer—they simply

want to update their study details and for whatever reason don't want to use their app—they can do it through the IVR. So it's providing a greater variety of channels that our customers can select from in order to do their business. For some, that means speaking to someone over the phone or across the counter. For others, it means going through the IVR using their phone on the tram. For others, it might be when they are at home and they can log in and do it online. So it's essentially about providing another channel. IVR activities are used very successfully in the private sector. Many of you, I know, would have experienced that, where can you actually complete something without necessarily having to go and speak to someone in person over the phone.

Ms Leon: Another thing we've changed significantly in that period where we say the busy signals have gone down significantly is that we've reduced the number of queues. The telephony system had over time become very complicated with many queues. It was one of the features that the Cleveland report identified. It meant that people weren't necessarily getting to the right person to help them with their question and were having to get transferred to another queue. Then they would wait again. They might not get their whole question dealt with there, so they might have to get transferred again. We had so many queues. Now that we've simplified down to a much reduced number of queues, there's less transfer, so fewer calls are clogging up the system. There is also more likelihood that a customer will get their needs met by the one customer service officer in the one call. So it's a better customer experience.

Senator WATT: I will confirm that. 'Successful' is answered by a person, got through to the IVR and then got on to a person or completed what they wanted through the electronic system. 'Answered' is people who made a call, got to the electronic system, because everyone gets to that first, and then proceeded to speak to a human being?

Ms Brill: That's right. And obviously we're really interested in how many calls we're taking where a customer is actually speaking to a person.

Senator WATT: So the 14 million answered is contained within the 23.3 million successful?

Ms Brill: That's right.

Senator WATT: I take it, then, that the remaining 9.3 million successful calls are those you say were successfully completed using the electronic system?

Ms Brill: I will check that with regard to them clarifying the abandoned.

Senator WATT: We think that some of them might actually end up being abandoned.

Ms Brill: Yes.

Senator WATT: We'll find out about that. You have the category listed here as abandoned. Four million people between 1 July 2017 and 31 March 2018 made a call and abandoned that call; they hung up at some point after making the call. They might have hung up before they got to the electronic system. They might have hung up while waiting in the electronic system. They might have hung up on a human being. There is any kind of category of abandoned. Is that right?

Ms Brill: That's right.

Senator SIEWERT: I want to look at that compared to the average speed of answer. For example, let's take families and parenting. Let's go to employment services, because the wait is over half an hour at 32 minutes and 12 seconds. There's 389,586 abandoned calls.

Senator PRATT: Three of them were me.

Senator SIEWERT: That's 389,583.

Ms Brill: You're not a repeat dialler, are you, Senator?

Senator SIEWERT: Surely there's a correlation between those abandoned calls and the average speed of answer.

Ms Leon: I think we would have to look at the size of the cohorts as well, which we haven't got on this table. You can see the next line down, which has a lower average speed of answer, has nearly three times as many abandoned calls. We would have to take into account the size of the cohort.

Senator SIEWERT: Yes. But in terms of the cohort of successful, there's almost three times as many.

Ms Leon: And there's also not quite three times as many abandoned. So without getting my calculator out, I don't know that it's a mathematical comparison.

Senator SIEWERT: A lower wait time—

Mr Jackson: One thing we have learned from—

Senator SIEWERT: is the point you're making?

Mr Jackson: the work we've been doing is that it's not appropriate to take individual pieces of data in isolation. There are so many influencing factors around the complexity of the call, the nature of the call and the things that can be done in the IVR, as Ms Brill talked about before. A lot more of them can be done in some payment lines than can be done in others. Just to have this direct correlation would be misleading.

Ms Leon: For example, many of the people on the employment line might have been calling to report income. They listen to the IVR and go, 'Oh, I can do that online' and hang up. So it's not—

Senator SIEWERT: Well, why does it take—

Ms Leon: It's not possible, as Mr Jackson says, to ask all the 389,000 people why they hung up. Was it because they got their question answered or they became frustrated and gave up? You can't really extrapolate it just from the data without knowing more about what they were doing while they were on the call.

Senator SIEWERT: Have you interrogated the link between the abandoned calls and the wait times? I would argue that 21 minutes and 12 seconds is also a long time to wait before you get your call answered.

Ms Brill: As the secretary answered, there actually isn't a direct correlation. I would be happy to provide a case study and some examples of abandons to provide senators with some more information. We could take that on notice.

Senator SIEWERT: That would be useful.

Ms Brill: We also know that the average wait time does depend on the customer experience. Some of the work that we've been doing as part of the optimisation program is

better understanding that if you have an average handling time of 40 minutes on a call—and some of our calls are quite complex—and you wait 20 minutes to have that call and that conversation but you get your issues resolved in that first call, your actual satisfaction with the wait time is good. You've essentially waited 20 minutes but had someone speak to you for 40 minutes and had your issue resolved. That's some of the work that we're currently doing now around our post call survey to better understand what the actual customer experience is versus just looking at average speed of answer as the indicator.

Senator WATT: I want to go back to these figures. We have 23.379 million successful and four million abandoned. That's a total of 27.4 million. They call up and then there are busy signals. So 36.3 million people don't get through to the IVR. Are they the only options we have for working out what happens to a call? I ring. I'm either successful, I abandon or I get a busy signal. Is adding those three together how we get the total number of calls received, or is there another category we haven't talked about?

Ms Leon: Total calls received won't be—

Senator WATT: Well, total calls made, if you like.

Ms Leon: The reason why they are not apples and apples is that each of those calls, successful or abandoned, is a unique call. In the busy—

Senator WATT: It could be me making 10 calls.

Ms Leon: There could be many repeat calls. So that's why we don't usually add them together. You can imagine that what we are really trying to get at is how many calls there would be if all the busy signals got through. It would be a lot less than the sum of those numbers. If they all got through, they wouldn't have needed to ring again.

Senator SIEWERT: It would have been the same.

Senator WATT: So the successful calls are unique calls, if you like?

Ms Leon: Yes. They won't be unique people. The same person might ring and then ring again another week.

Senator WATT: We have three successful calls. Similarly, the same person might abandon three times?

Ms Leon: That's right.

Senator WATT: And the busy signals—

Ms Leon: The busy signals are, by definition—

Senator WATT: Likely to be repeat calls?

Ms Leon: There's likely to be repeats. If you don't get through the first time, you might just ring again and again.

Senator WATT: Okay. I can see the tables you have provided. As well as providing the figures as at 31 March, you have the call numbers for the 2016-17 financial year. We might get to that in a tick. One figure I haven't seen yet is the number of busy signals between July 2016 and 31 March 2018. That would seem to me to be the appropriate comparison.

Ms Leon: July 2016 and 31 March 2017?

Senator WATT: Yes. The same measure as what you've got here at 36.3 million. That will tell us how we're tracking compared to last year.

Ms Leon: I think I've got that. From the beginning of 2016-17 until 31 March 2017, the busy signals were 37.4 million. So it is more, though only slightly more, but that is because in those first few months of 2017-18 we were still running at a pretty high level of the busy signals that we had had throughout 2016-17.

Senator WATT: And that would have been the robo-debt period, wouldn't it?

Mr Jackson: Just to clarify, any calls that come through relating to online compliance are not included in this. This is purely social security and welfare lines.

Ms Leon: They've got their own line.

Mr Jackson: They have their own calls.

Senator WATT: They are compliance calls?

Mr Jackson: That's correct.

Senator WATT: These are more inquiry type calls?

Ms Leon: And people doing business.

Senator WATT: Yes. Updating records and things like that.

Ms Leon: That's why we gave you the numbers from October to March; that is when we really started to see the busy signals start to reduce. They get a bit masked in the full year-to-date figures because we hadn't really started implementing those reforms and the additional call centre staff until later in 2017.

Senator WATT: In the year to date, the figure for the number of calls answered is 14 million. That's what the table tells us.

Ms Leon: Yes.

Senator WATT: Do we have a comparable figure up to 31 March 2017?

Mr Jackson: No. We would have to take that on notice.

Ms Leon: We probably had it at budget estimates last year because we would have had the year to date with us then. We don't have that number with us today.

Senator WATT: You've also got in this table average speed of answer. Across all the calls it averages out at 15 minutes and 56 seconds. For starters, when you say average speed of answer, is that only for the answered calls—the calls that you've classified as answered—or does that include answered by a human being, or is it also answered by the electronic system?

Mr Jackson: It would be successful calls.

Senator WATT: Successful calls being those answered by a human being or completed using the electronic system. On average, they were completed within 15 minutes and 56 seconds. Yes?

Ms Leon: Yes.

Senator WATT: What was the comparable figure for 31 March 2017?

Ms Leon: That was 15 minutes and 44 seconds.

Senator WATT: So it actually has increased?

Ms Leon: Increased by 12 seconds.

Senator WATT: So it was 15 minutes and 44 seconds as at 31 March 2017?

Ms Leon: Sorry, not at 31 March. That's for the full financial year.

Senator WATT: Yes, okay. So you would say that more calls are being answered than this time last year but the average waiting time is higher. Is that correct?

Ms Brill: Yes. That's right. So there are no more calls being answered. It's simply the average speed of answer is at a point in time. So at that date, that was the average speed of answer. Obviously that fluctuates with demand and the volume of calls, so it will change week to week and month on month. The ASA is very much a point in time on a given day or a given hour, hence not a very good representation of the actual customer experience. But it does give us a rough indication of a waiting time for a customer.

Senator WATT: I'm just looking at the average speed of answer for each category of call below that, be it disability, sickness, carers, employment services et cetera. The average speeds of answer for those calls is much higher than what you say is the average overall speed. How is it that the average speed overall is so much lower than for each of those categories?

Ms Leon: Because it's multiplied by the number of calls.

Senator WATT: Right. So—

Ms Leon: And a lot of the calls where it's higher relates to the handling time. Where the ASA is higher is often where they are more complex calls. So we can forecast and schedule against that. Often, a call may take 50 minutes instead of the normal 30 minutes. It represents how the average speed of answer on some of our more complex inquiries is higher simply because the average handling time on a given day can be higher.

Mr Jackson: I will also help. Look at the row headed up 'other'. As you will see, there is 14.6 million calls there with an average speed of answer of eight minutes. In excess of 50 per cent of the total calls are at that point. Statistically—

Senator WATT: That brings down the overall average, yes.

Ms Brill: Yes. That's right.

Senator WATT: I'm sorry to be so painstaking about this, but we need to establish some of these basic facts before we can ask questions.

Mr Jackson: Sure.

Senator WATT: Can we step through each category? Stick with the average speed of answer. In fact, we might go to the average speed of answer and the busy signals on this chart. I would be interested in getting the comparable figures for 31 March 2017 for each of these categories, if you have them, so we can track where things are improving or getting worse.

Ms Leon: I am sorry. We have figures for the full financial year of 2016-17 but we haven't got the figure as at 31 March 2017. We can certainly get that on notice. It's just that we haven't brought that with us for this estimates.

Senator WATT: The one figure I think you have been able to give me is the busy signals, as you call them, for 31 March 2017, which is 37.4 million. You don't have the 31 March figures for unanswered calls or busy signals broken down by category?

Ms Leon: No. We deliberately brought that busy signal figure because we know senators are always interested in the busy signal figure.

Senator WATT: Indeed.

Ms Leon: We are sorry that we haven't got all of the others. We were trying to anticipate what it was that the committee would be interested in.

Senator WATT: I don't know if that's something that is available back at the office. We're obviously going to be here for a few hours this evening. If it is possible to come back with that this evening, that would be great.

Ms Leon: We'll have a look and see what we can do.

Senator WATT: So you don't have busy signals for each category of call as at 31 March. Do you have any data on the average speed of answers for each category of call as at 31 March, if not the number of busy signals?

Ms Leon: As at 31 March 2017?

Senator WATT: Yes.

Mr Jackson: Sorry, Senator, could you repeat the question?

Senator WATT: I'm after the comparable data as at 31 March 2017—so the year to date figures—at that point in time for the average speed of answer and the number of busy signals for each of these categories of payments, being disability, sickness and carers and employment services. My short experience in this committee so far is that sometimes resources are moved from one part of the department to the next to deal with the next kind of bushfire. It might be that at one period when we are here in estimates there has been a big blowout in disabilities calls. Resources are moved over there and the numbers improve but at the expense of age pension calls. I'm just trying to keep track of whether we are improving in every category or whether some are going better and some are going worse.

Mr Jackson: Sure. We can absolutely prepare that. There will be people listening to this and watching, so I'm sure that they will be starting to work on that as we speak.

Senator WATT: That would be great.

Senator SINGH: I want to confirm your answer to Senator Watt. What were the average call wait times? What was the average call wait time?

Ms Leon: Average speed of answer for 2017-18?

Senator SINGH: The most up to date.

Ms Leon: As at 31 March, so year to date, it is 15 minutes and 56 seconds.

Senator WATT: Just remind me: that is for successful calls?

Ms Leon: That's right.

Senator WATT: So those answered by a human or the matter is answered satisfactorily through the electronic system?

Ms Leon: That's right.

Senator WATT: What you've said is that if we want to look at calls answered by a human being, we look at the answered column?

Ms Leon: Yes.

Senator WATT: There have been 14 million of them as at 31 March. Do you have average speeds for those answered calls?

Mr Jackson: We're just going to clarify that and come back to you. We should be able to do that quite quickly.

Senator WATT: If you could try to break that down by category of payment, that would be useful.

Mr Jackson: Sure.

Senator WATT: In an ideal world, we would get comparable figures as at 31 March 2017.

Mr Jackson: Correct. We can take that on notice.

Senator WATT: This table is a big help and a big improvement on what we've had in the past. I suppose over time we'll refine it and we'll have everything we need for the start.

Mr Jackson: This is what we've done the last couple of times.

Senator WATT: This is really helpful.

Mr Jackson: We've met the criteria there. It will be absolutely fine in moving forward.

Senator WATT: Thanks. That is very helpful. I want to establish only one other thing. There has obviously been some debate about the difference between averages and medians in the sphere of incomes. I'm equally interested to know whether you have any data on the median speed of answers as opposed to averages?

Mr Jackson: No. We don't.

Senator WATT: That data is not kept?

Mr Jackson: No.

Ms Leon: No. We obviously keep this data for measuring our own performance. Our key performance measure that is set out for us in the budget papers—what the parliament requires us to meet—is expressed as an average speed of answer, so that's what we collect data towards. But as I think we've canvassed at the last few estimates, we are reviewing those measures to see if they are the right measures. Whether or not average speed of answer is the right measure is one of the things we'll look at in that process.

Senator SINGH: If that's the case, it's incorrect for you to say that at least half the calls will have taken more or less than 30 minutes, which is what your answer to me was in our last estimates, Ms Leon, that you took on notice.

Ms Leon: I think it's true that this figure says 14 million, so that is more than half, have taken an average of only eight minutes. There are a lot of calls that are in that short average speed of answer section.

Senator SINGH: But those types of statements can only be made using the median call wait time, can't they?

Ms Leon: But these figures tell us that 14 million of the 23 million successful calls had an average speed of answer of eight minutes.

Mr Jackson: Within each cohort of calls, we can identify the total number of calls and the total number of seconds it took to answer those calls, which gives us the average speed of answer.

Ms Leon: Of course you're quite right. If there was a call that took three hours to answer, that would impact on the averages, like every average. Yes, that's correct.

Mr Jackson: And nor could you average the average speed of answer to get to the 15 minutes and 56 seconds because then you would be averaging an average, which is incorrect. So we go back to core data every time.

Ms Leon: But you're quite right; median measures are different measures about numbers of calls above and below. But we don't collect the median number of calls.

Senator SINGH: You need to be very careful.

Ms Leon: Of course.

Senator SINGH: You can be skewing the reality of the situation, which leads to your answers being at odds with the experiences of the general public.

Senator WATT: I've just had a quick look. Again, looking at the average speed of answers, which is for successful calls, where someone gets to speak to a human or completes something through the electronic system, what I've noticed, comparing it to the 2016-17 figures on the next page, is that the average speed of answer does actually seem to have increased in the current year. It was an average of 15 minutes and 44 seconds last year. Currently for this year it's tracking at 15 minutes and 56 seconds. So, on average, a call is taking longer to be dealt with. What is more concerning is that if you look at some of the particular categories, some of them have actually blown out quite a bit. So the average last year for calls about employment services was 30 minutes and 21 seconds, which is a fair while anyway—half an hour on the phone. That has actually gone up to 32 minutes and 12 seconds. Families and parenting calls have increased by about five minutes on average from 16 minutes and 19 seconds to 21 minutes and 12 seconds. Calls involving older Australians—calls about pensions, bereavement assistance et cetera—have gone from an average of 18 minutes and 59 seconds, or basically 19 minutes, to 23 minutes and one second, which is an increase of four minutes on average. Youth and students is up from 31 minutes and 15 seconds to 35 minutes. Is there any explanation for why these categories of calls are taking up to five minutes longer on average to be answered compared to last year?

Mr Jackson: There's a range of answers to that. The first one is that there are peak periods. Data that is included in the January to March period will include information and calls numbers that are for a peak period, so it will be higher. Therefore, during the higher period, the average speed of answer will be lower and impact statistically throughout it. When we include the following three months, as per last year's information, that is averaged over the entire year. We would expect to see a drop-off in that. I think it's also prudent to notice, because you have identified some as well, that if you take disability, sickness and carers, the time last year was 28 minutes and 17 seconds. We're down to 22 minutes now. So that's a six-minute drop for disability, sickness and carers. Equally, there's a two and a half minute drop on participation. These are some of our, as Senator Siewert has said in the past, very vulnerable customers. So we have actually improved the services with regard to that. The subset of income management has gone from eight minutes and 30 seconds to three minutes and 24 seconds. So on both sides of the equation, I suppose as you said before, we do have to consistently move resources. But, equally, we are finding that given a lot of people are now doing their work online and we are increasingly seeing more people do it, we are seeing a

drop in the total volume of calls coming in. The average handling time of those calls is going up because the calls coming in are no longer the simple calls, which can be addressed online. They are far more complex. Again, as I mentioned before, rather than take that in isolation, we can look at average handling time and the nature of it. Having the person approved and resolved at the end of the day and having a better customer experience is part of the broader picture. I think it's very important that we recognise that.

Senator WATT: I want to wrap up this little section with a couple of quick questions.

CHAIR: So long as they are quick.

Senator WATT: They are. I acknowledge that in some areas there have been improvements in average waiting times. But the fact is that, over the last 12 months, the average waiting time for families and parenting calls—so calls about the child care benefit and family tax benefit—has increased by about five minutes.

Ms Leon: I think to do a proper comparison, we should wait until we've got the figures as at the same time last year. As Mr Jackson mentioned, there is a peak period. The figures as at 31 March have the peak numbers in them, so it's not exactly an—

Senator WATT: No. I understand. I'm happy to be corrected once that data comes in. But on the basis of the what we've got before us, there does appear to be a five-minute average blowout in calls for families and parenting payments and a four-minute blowout in calls for older Australians. That is without going into all the other categories. That is correct, isn't it?

Ms Leon: As at year to date compared against the full year, yes.

Mr Jackson: And, just to show the volatility of it, look at the table we presented at the March Senate estimates, which was data as at 31 December. The average speed of answer on the families and parents line had actually come down one minute and 20 seconds from December and has come down two minutes and 30 seconds for older Australians since December. So it just shows again the impact of various periods and various work and the benefits of what we're doing.

Senator WATT: Sure.

Mr Jackson: To give a balanced view, I think it's appropriate to look at all of them.

Senator WATT: Sure. The minister obviously had anticipated that we were going to be asking questions about this. There is an article in the *Australian* today with some figures in it. One of the figures that is quoted there is that the average speed of answer was 16 minutes and 16 seconds. I'm having trouble working out what that relates to. That figure doesn't seem to show up on any of these reports. What is that figure?

Mr Jackson: I read the press article this morning. The minister was quite specific in saying a specific quarter of the period—the third quarter, which is January to March. The 16 minutes and 16 seconds that he has quoted is for that three-month quarter. Our numbers are over the year to date and will be impacted by the fluctuations.

Senator WATT: Great. We've got lots of other questions, but I'm happy to hand over.

CHAIR: We will go to Senator Siewert to finish on this topic. We'll go to Senator Siewert for a few minutes, then Senator Rice and back to Senator Watt.

Senator SIEWERT: They have had the call for an hour. When you say a few minutes—

CHAIR: You know. I'm very generous.

Senator SIEWERT: I want to move to call centres, because we've been over these figures fairly thoroughly. I want to check, though, the income management lines in terms of the average speed of answer time. That has dropped from eight minutes and 30 seconds to basically five minutes. Are there specific things that have been undertaken to address that issue?

Mr Jackson: Again, it has been the beneficiary of all the initiatives we've got going forward. One that this line has that others don't is that that line has had the benefit of the 250 additional resources that we've put through.

Senator SIEWERT: The additional resources?

Mr Jackson: The 250 CSO resources that we've put through. So that line has had the benefit of that initiative from the government as part of the broader pilot the government asked us to do.

Senator SIEWERT: So which lines, then, had the benefit of additional resources?

Mr Jackson: The lines that the Serco outsourcing provider has are the myGov and online support lines.

Senator SIEWERT: MyGov?

Mr Jackson: And online support; earnings reporting; and BasicsCards.

Senator SIEWERT: Earnings reporting comes in participation?

Ms Leon: Participation is where people have failed to meet their obligations.

Senator SIEWERT: Okay. Which line is earnings reporting?

Mr Jackson: It's a subset of income management. So the line you're looking for is a subset of 'other'.

Senator SIEWERT: Sorry. It's a subset of 'other'?

Mr Jackson: Yes.

Senator SIEWERT: So it's the other line that got—

Mr Jackson: The 'other' is made up of, from memory, 20 plus different lines.

Ms Leon: Some of which have Serco answering.

Senator SIEWERT: So the other queue is made up of several lines, including victims of terrorism, overseas payments—

Ms Leon: Yes. It's got a lot of miscellaneous lines there.

Senator SIEWERT: MyGov—

Ms Leon: And some of them are going to the Serco part.

Senator SIEWERT: That doesn't list earnings there, sorry.

Mr Jackson: It comes under income management. The titles on the handout are high level. There will be some issues under that as well.

Senator SIEWERT: So the extra resources, from what you've just said, have all gone into that 'other' category?

Mr Jackson: That's correct, yes.

Senator SIEWERT: Is that correct?

Mr Jackson: Yes.

Senator SIEWERT: I've heard comments that the average speed of answer has gone up to eight minutes from seven minutes and 53 seconds even though that's the line that has the additional resources.

Mr Jackson: Look at the income management line, which is a subset underneath 'other'. It is at three minutes and 24 seconds. That line has come down from last year. Again, we are sort of comparing part year to full year. It has come down from eight and a half minutes to three minutes and 24 seconds. So there's quite a big drop there.

Senator SIEWERT: There's five minutes there, yes. What are the other lines under there? There are a number of lines under there that obviously have—

Ms Leon: There are about 20 lines included in 'other', but they haven't all been going through to the Serco operators. For instance, one of them is the NDIA. Some of those calls can be longer than the simple calls.

Senator SIEWERT: And are there not—

Ms Leon: Another one is international services and multilingual services, so that covers a very wide range of calls. But Serco is not answering all of the calls under 'other'. They haven't all had the benefit of that 250.

Senator SIEWERT: So just those three lines have had the benefit?

Ms Leon: That's right.

Senator SIEWERT: What are the details for earnings reporting?

Mr Jackson: Details, as in what does it mean?

Senator SIEWERT: Are you able to provide the number of successful calls, answered, abandoned and average speed of answer?

Mr Jackson: We'll have to take that on notice.

Senator SIEWERT: Can you take that on notice?

Mr Jackson: We are getting very granular now.

Senator SIEWERT: Earnings reporting is a pretty significant issue for people.

Mr Jackson: Sure.

Senator SIEWERT: I get lots and lots of complaints about it.

Mr Jackson: I understand. I'm absolutely happy to take it on notice.

Senator SIEWERT: Can you take that on notice?

Ms Leon: You will be pleased to know that we're developing the capability so that people can report their earnings online. We've already rolled that out for students and we'll be rolling it out for job seekers over the next couple of years as well.

Senator SIEWERT: Maybe it's a good time to go to that issue in two seconds because it's an area that I wanted to ask about. I want to ask whether you could take on notice all those details for the myGov online support process.

Mr Jackson: Certainly.

Senator SIEWERT: That's the line where they are reporting earnings. Is that correct?

Mr Jackson: Yes.

Senator SIEWERT: No. There is the earning line. The myGov online, that's the support program for—

Ms Leon: MyGov.

Senator SIEWERT: MyGov, isn't it?

Mr Jackson: Yes.

Senator SIEWERT: Could you do that for that one?

Mr Jackson: Yes.

Senator SIEWERT: I am clarifying that you have answered all these questions before I go to the online process, because there's a budget commitment to that as well. Before I go on to online, do you want me to pause because I'm switching into another area?

CHAIR: I'm happy to come back to you. Can we just let Senator Rice ask her corporate questions? It will only take a few minutes.

Senator SIEWERT: Yes. That's fine.

Senator RICE: I have a few questions to ask about the implementation of the government guidelines on recognition of sex and gender. How has the department implemented them?

Mr Hutson: I can answer your question specifically concerning the way in which we've implemented the guidelines with respect to our staff.

Senator RICE: Okay. I want an update as to what you've done to implement the guidelines in terms of both the combination of databases and forms for ensuring that people's gender identity is able to be accurately and appropriately recorded and what training and other support you have rolled out within the agency.

Mr Hutson: Sure. Thank you very much. From a staff perspective, we're compliant with the gender guidelines, which have been published. The HR system allows people to select male, female or indeterminate genders on their system. In terms of the guidelines themselves, we have an overview training product which was released in 2016. That's now part of the Department of Human Services induction program.

Senator RICE: So is it mandatory, then, for that to be undertaken?

Mr Hutson: All new staff are required to undertake that program. Between 1 February 2016 and 31 March 2018, this training has been accessed 28,330 times.

Senator RICE: That is the level of new staff that you have had in that time. How about for existing staff that were before that training?

Mr Hutson: That would also include existing staff.

Senator RICE: So it has been mandatory for existing staff to undertake it as well?

Mr Hutson: It wouldn't be mandatory across the board, apart from induction. So as new people start, it would all be mandatory training. Managers would have that training as part of their regular update. Service delivery staff have specific training, which focuses on the guidelines in respect of their working with customers. In the same period, that training has been accessed 26,702 times.

Senator RICE: So what proportion of your staff—

Mr Hutson: Have had one sort of training or another? It would be getting pretty close to 100 per cent, but I'm afraid that I don't have detail on that exactly for you.

Senator RICE: They are your staff systems and your HR. In terms of the implementation of the guidelines, in terms of interaction with the public and the community?

Ms Harfield: We have been coordinating the rollout for interactions with customers. Certainly, in terms of learning packages, it's a mandatory requirement for service delivery staff to do the gender guidelines supporting customers piece of work. What that means is that where they've identified that a customer wants to have a recognition of gender outside of male or female, that that is recorded on the record. Guidelines are provided to ensure that in any sort of future interaction the preferred form of address is appropriately used.

We've also made sure that, in terms of having those conversations with staff, social workers can be involved if it's a particularly difficult conversation for the customer, the individual, in terms of that. We've also worked on updating references on our external and internal websites and on making sure that we remove references to gender where it's not an actual requirement or adds any sort of value to the information provided. We've also had a health check done from an external provider to ensure that what we've implemented is consistent with the guidelines. That was finalised in January this year. It was concluded that we are consistent with the requirements for gender guidelines.

Senator RICE: That's good to hear. In terms of your outward facing work, you have contact with an awful lot of people. Is there a complaints process? Do you know anything about whether people have felt that their gender identity hasn't been well appreciated or respected?

Ms Harfield: We do have a complaints process. Because of the sensitive nature of the type of complaint that is around this process, they are considered at a higher level to ensure that we offer the right sort of support. That's where the social worker can also be involved in the conversation. I don't have the actual number, but we certainly have had a small number of complaints where we have managed people through that process to try to resolve them.

Senator RICE: Isn't there work contracted out to other organisations as part of the whole human services portfolio? Do you know whether those organisations are compliant with the guidelines and what is required of them?

Ms Leon: We don't really contract out our work by and large. We have contractors who perform services for us. We have the 250 Serco operators that we've contracted to. They have to go through the same training as our own staff. But we haven't outsourced our service provision to third party providers, by and large. We operate our service centres ourselves. With the exception of the Serco pilot, the call centres are all operated by our own staff. So it's not like the department of employment, which outsources employment services to a wide range of third parties. We actually run our service network ourselves.

Senator RICE: Are there any agencies that fall under human services? You are an agency, obviously, of social services.

Ms Leon: No. We are a separate portfolio now.

Senator RICE: Are there any other agencies, then, within your portfolio?

Ms Leon: Australian Hearing is the only portfolio agency. I don't think they are appearing this estimates.

Senator RICE: Do you know whether they are compliant with the guidelines?

Ms Leon: We don't have that information immediately to hand. We are just seeing if we can find out while we're at the table.

Senator RICE: That is all I need to know in terms of that. Thank you very much.

Ms Leon: If we get the answer about Australian Hearing, even if you're not here, I'll just put it on the record so that you can catch up on that.

Senator RICE: Thank you.

Senator SIEWERT: I want to go back to the discussion we were having a bit earlier about the additional resources and clarify that I have my understanding right. The additional resources that we were talking about are the first group of additional call support staff. Is that correct?

Ms Leon: That's correct.

Senator SIEWERT: So they were handling those—

Ms Leon: Those three lines.

Senator SIEWERT: That's it. Is that correct?

Ms Leon: That's right.

Senator SIEWERT: At the last estimates, I asked about the call centre enhancement pilot evaluation. We had a discussion about the pilot. There was a question on notice taken about the process. The answer I got to question EMSQ18-000006, is this:

The independent evaluation of the pilot to date is cabinet-in-confidence and will be considered by government.

The date for return was 20 April. I can't actually remember when it came in. Has this now been—

Ms Leon: Has it now been?

Senator SIEWERT: Sorry. I was reframing my question. I apologise. Given the government's announcement of a further 1,000 call centre staff, is that based on the evaluation that was undertaken?

Ms Leon: The government considered the pilot and the evaluation. It asked the department to increase the scale by 1,000 equivalent operators.

Senator SIEWERT: I want to come back to that in a minute. I want to ask about the process for the time being. Is that report going to be made available?

Ms Leon: Well, it's cabinet-in-confidence, so ordinarily we wouldn't make available matters that have gone to cabinet.

Senator SIEWERT: Can you describe to me the outcomes from that evaluation? You're committing public money to new call centres outside Centrelink that are separate to Centrelink on an evaluation of a trial that no-one is allowed to see.

Ms Leon: The pilot had two aims. The first was to see whether increasing capacity through a provider but using the department's systems and processes was possible—whether it

would work and whether we could do it. The second was to assess the effectiveness and efficiency of the model. The independent evaluation concluded that both those aims were achieved.

Senator SIEWERT: What criteria did you use?

Ms Leon: So the measures assessed—I think I covered some of these at earlier estimates—were things like costs, productivity, customer satisfaction, call transfers. It was a range of measures of both effectiveness of the calls and efficiency of the service.

Senator SIEWERT: Surely that data could be made publicly available for us all to be able to make our own judgements?

Ms Leon: Well, it has gone to cabinet. In accordance with usual protocols, it's not usual to release cabinet-in-confidence material.

Senator SIEWERT: Is the raw data available? You don't have to give us commentary on the report.

Ms Leon: I have to take that on notice. I don't have that with me.

Senator SIEWERT: Take that on notice.

Ms Leon: Yes.

Senator SIEWERT: Do you have data, then, on the number of calls transferred from the Serco centre to Centrelink staff?

Mr Jackson: We do have data, but we don't have it with us at the moment. As we touched on before, the Serco staff are part of our workforce. We just report on the productivity of that moving forward, with the paper beside this. As part of the input into that holistic data, I'm pretty sure we can provide you some greater granularity on the calls, as you asked for before, to those particular lines that Serco are doing. We can add in some additional criteria.

Senator SIEWERT: So additional criteria is how many were transferred over the period of the trial.

Mr Jackson: We should be able to do that.

Senator SIEWERT: I'm trying to find out, once they are answered and if they were transferred, how long it took for them to be dealt with.

Ms Leon: We probably will be able to extract some of that. It's just worth remembering the intrinsic fact that if you ring up about something on a particular line—you might have rung up about myGov—and you then say, 'While I'm here I also want to do something else', you will have to get transferred. It's not necessarily an indication of a failure on the part of the operator. It's that you've rung in on a very specific line. It's one of the things that we are addressing overall with the simplification of numbers. You have a greater chance of being able to get a broader range of questions met with the first person you speak to. At the moment, while it's segmented down into quite a specific set of things that is coming to the Serco operators, by definition, if the person also wants to ask about another matter that we haven't trained the Serco operators to deal with, then, yes, they would have to transfer them. So it doesn't necessarily mean they haven't been able to help them with the thing they rang about. It can just as often mean they also wanted to deal with something else.

Senator SIEWERT: I understand what you are saying.

Mr Jackson: We do have not a small number of people who will actually ring on multiple lines and not even get to the, 'I've done my bit, can you now transfer me?' It's like, 'I don't want to actually use this line. Can you transfer me?' So they come into the system that way.

Ms Leon: They're queue shopping.

Mr Jackson: Queue shopping.

Senator SIEWERT: I don't blame them. I take your point. I would still like to know that information.

Mr Jackson: So putting it back to the issue of transfers that are within their control and transfers that are not within their control.

Senator SIEWERT: Sorry?

Mr Jackson: It comes to the point of identifying transfers that are in Serco's control and transfers that are not within their control.

Senator SIEWERT: If you can take that up for those three lines, that would be appreciated.

Senator PATRICK: Who was contracted to write that independent report?

Ms Leon: KPMG.

Senator PATRICK: The test in law as to whether something is cabinet-in-confidence relies on what is called a dominant purpose test. At the birth of the document, the document must have been intended for cabinet. Can you provide—

Ms Leon: I think that is the FOI test.

Senator PATRICK: No. It's actually the test in law as to whether something is cabinet-in-confidence. It's consistent across each of the domains, both here and in the Senate, and, of course, in FOI. Can you please provide to the committee a copy of the contract and, in particular, the area where you pointed out to KPMG that its dominant purpose was for submission to cabinet or any other documentation that would support your claim, please?

Ms Leon: I think it's unlikely we would have put that in a public tender. Usually we don't reveal in public tenders what we need to take to cabinet.

Senator PATRICK: Yes. But you might have put it in the—

Ms Leon: I'm happy to take on notice what the documentation is, but I would say it's unlikely we would have put that on a public tender document.

Senator PATRICK: No. I'm talking about the contract to KPMG.

Ms Leon: KPMG is not within government either.

Senator PATRICK: That's all right. Contracts are generally releasable to the Senate as well.

Ms Leon: Yes. So it's quite likely we didn't talk about cabinet in a contract.

Senator PATRICK: Can you provide some evidence that the report was in fact intended at birth for the purpose of submission for cabinet?

Ms Leon: I'll take it on notice. Of course, sometimes the commissioning of reports occurs as a result of a cabinet decision, in which case the very commissioning of it might be cabinet-in-confidence as well. But I'll take it on notice and see what I can find.

Senator PATRICK: That would be appreciated.

Senator SIEWERT: Thank you. In terms of public interest, I presume you're claiming cabinet-in-confidence. I haven't asked you for the deliberations. I've asked you for the report. Why does a report on call centres meet the public interest test?

Ms Leon: Documents that go to cabinet are usually accepted by both sides of the parliament as being ones that it's in the public interest to protect because it protects the deliberations of cabinet being conducted in a confidential way. That's the usual public interest immunity reason for the protection of cabinet documents.

Senator SIEWERT: But the report itself is just a report done by KPMG on the operation of a publicly funded call centre that is a pilot. It is a document that informs cabinet's decision. They're not making a decision about that report. You could argue the same about the evaluation of the cashless welfare card. That's gone to cabinet for approval or decision-making. You could argue that process for any of those decisions that are made by cabinet based on an evaluation using public funding of a public service. Is that where we're heading in this country?

Ms Leon: I think you've asked, and we've taken on notice to find out, what the data is that's available that we can give to you. We've taken that on notice to do.

Senator SIEWERT: Which is my second-best option rather than getting the actual report tabled on what you yourself were calling an enhancement pilot and the evaluation of that.

Ms Leon: I think if we were to go back over many Senate estimates over many years, we would find that documents that have gone to cabinet quite often haven't been disclosed.

Senator SIEWERT: To be really clear, I am not asking for the document that you sent to cabinet in terms of the decision they wanted to make about the enhancement. I'm asking for the report that you based any recommendations and your submission to cabinet on.

CHAIR: And Ms Leon has taken the provision of that on notice. Am I correct?

Ms Leon: That's right.

Senator SIEWERT: Thank you.

Senator PATRICK: You would be aware that the cabinet handbook anticipates this sort of situation, which is why it normally requires, when you commission something, to state that it is for the purpose of cabinet. You will be aware, hopefully, that just because a report goes to cabinet doesn't make it cabinet-in-confidence. It really centres around the dominant purpose test. Can you please re-examine the report to make sure that it wasn't simply attached to a cabinet submission?

Ms Leon: Yes.

Senator PATRICK: Thank you very much.

Senator SIEWERT: Should I ask about the NDIA line tomorrow?

Ms Leon: Start with us. It will depend where we go whether it's about us or the NDIA.

Senator SIEWERT: Sorry?

Ms Leon: Ask us. We can answer the parts that are about us. There might be parts that go to the NDIA, which could be pursued tomorrow.

Senator SIEWERT: Thank you. There has been quite a lot of concern expressed about people not being able to get through on the NDIA line. That's under 'other', isn't it?

Mr Jackson: It is, but we may have some additional information potentially for you.

Senator SIEWERT: Are you able to tell us—sorry, this is more data—how many successful answered, abandoned, average speed, busy signal responses are available for the NDIA?

Mr Jackson: I will endeavour to give you the data that I have.

Senator SIEWERT: That would be appreciated.

Mr Jackson: It may not be exactly in that same format, but we will try. Do you want it over the period of years or just to the period to 31 March this year? I can actually go back a few years, if you wish.

Senator SIEWERT: To 31 March this year.

Mr Jackson: The number of answered calls between 1 July and 31 March is 668,160. The NDIA space is a bit different from what we do as part of the social welfare space inasmuch as we have an agreement with them about what they expect us to do. We also make a number of outbound calls on behalf of the NDIA. For the same period, we made 33,973 outbound access requests. As a subset of—I'm reading what I've got here, sorry—the answered calls, we have what we call provider support.

Senator SIEWERT: Okay.

Mr Jackson: I've just been told that I'll mislead you if I give that to you, so I won't do that.

Senator SIEWERT: I had just written the name down.

Mr Jackson: Okay. You can write down that the average speed of answer for NDIA participants for that period is four minutes and 14 seconds. The target is three minutes. We then have providers coming through, with an average speed of answer to 31 March of five minutes and 39 seconds against a target of five minutes.

Senator SIEWERT: Thank you. One of the issues that has been raised is the number of busy signals or unanswered calls. Do you have—

Mr Jackson: We will have to check, but I don't believe we have any busy signals on the NDIA line.

Senator SIEWERT: And what about abandoned?

Senator WATT: Why is that?

Mr Jackson: Because the resourcing that the NDIA actually paid for is sufficient to answer that. An important point is that we commenced this work back in 2015-16. Those targets that I mentioned before of three minutes and the five minutes were set back then. As the arrangements have progressed, our scope of work has quite significantly increased in the work that they are asking us to do. As a result, our average handling time has gone up. But the original targets were not altered as part of that additional scope of work. If I can use an analogy, we were originally contracted to run 400 metres in 60 seconds. We have now been asked to run 800 metres in the same 60 seconds. As far as I'm aware, that hasn't been done yet.

Senator WATT: Sorry to interrupt, Senator Siewert. I think the only other figures you haven't given us for the NDIA calls are successful and abandoned calls. Do you have them?

Mr Jackson: Not with me, sorry.

Senator WATT: How much have those numbers of inbound calls on the NDIA increased?

Mr Jackson: When we started in 2015-16, there were 145,000 calls.

Senator WATT: That's answered calls?

Mr Jackson: Yes.

Senator WATT: That is in 2015-16?

Mr Jackson: Yes. In 2016-17, there were 475,000. Year to date to 31 March, it is 668,000. As you can see, there are big increases. When compounded with an increased scope of work and not a shift to the original target, it is clearly going to be challenging.

Senator WATT: Sure. I suppose the other thing out of that that leaps out at me, especially if there are no busy signals on the NDIA calls, is that resources can solve the problem. If you had a commensurate level of resources for the other Centrelink calls, you would probably get to a point where there were no busy signals there either.

Mr Jackson: It also comes back to some broader issues around forecasting the number of calls that we get in provided by the NDIA. If that varies, it can change our speed of answer. Equally, if you look at the scalability of it, the 668,000 calls for the financial year to date represents a small line for us. When you compound it across multiple other lines, there comes a point where resources are not the issue; it is technology.

Senator WATT: Sure. Although the number of 668,000 you've given us for the NDIA calls is comparable to the number of youth and student calls, where the average speed is 35 minutes and there are five and a half million busy signals. It's more than the number of calls made by older Australians, with a far lower waiting time and far higher number of busy signals. I accept that in some ways you might not need as many resources to deal with 600,000 calls, but there are some other categories with similar numbers that aren't getting that level of service.

Mr Jackson: Yes. Again, if you come back to it, we have a contractual arrangement with the NDIA to answer within a certain time and resource appropriately. Equally, we have a contract with the government through the portfolio budget statements to have an average speed of answer of 16 minutes across all our other lines. We resource and achieve that.

Senator SIEWERT: You don't think there are any busy signals. Can you check that?

Mr Jackson: We will be checking that. Again, someone will be listening, so hopefully someone can tell us.

Senator SIEWERT: And you will check the number of abandoned calls?

Mr Jackson: Again, hopefully someone is checking that for us as we speak.

Senator SIEWERT: Thank you.

Senator WATT: I have another question on the NDIA. What does the IVR stand for again?

Mr Jackson: Interactive voice recognition.

Senator WATT: It's what I've called the electronic system for dealing with a call. Does that exist for NDIA calls as well? If you call with an NDIA related call, do you automatically go to a human being?

Mr Jackson: I would have to take that on notice. That should be very quick to find out for you.

Senator WATT: Sure. I have a few other questions about the phone interactions. I was having another look at that table that you provided. The number is up until 31 March. If I am reading this correctly, there were 36.36 million busy signals in the year to date; 23.3 million successful calls; and four million abandoned. So despite all the efforts you are putting in—I acknowledge that you are putting in a lot of effort—we still have a far higher number of people who get a busy signal when they call than those who get through and are successful, don't we?

Ms Leon: Yes. But we don't know if that is a higher number of people because—

Senator WATT: Sure. There's a high number of calls.

Ms Leon: The 36 million busy signals might be only 10 million people. But they've all rung three times.

Senator WATT: Yes. I accept that. When we were talking about this before, I think you also acknowledged that it may well be that a person might make three successful calls or a person might abandon more than one call. So there's probably multiple people involved in each category.

Ms Leon: Yes. But three successful calls means that was for three different reasons; at different fortnights or at different times of the year they've had another reason to call. They've rung and they've got through. The matter has been resolved. The busy signals contain multiple people ringing for the one thing that they are trying to do that they haven't been successful in doing. Of course, many of them end up being in the successful category. They might have rung three times and not got through. On the fourth time they got through and then they are a successful call. So it's not true to say that if you add them up they are the same number of attempts, yes.

Senator WATT: I'm not saying that it's 36 million people. I acknowledge—

Ms Leon: It's also not 36 million reasons to call that are not being met.

Senator WATT: No. But, bearing all that in mind, it is the case that, despite all your efforts, we still have a substantially higher number of busy signals than we do successful calls.

Ms Leon: Watch this space, because we are certainly working on bringing down that ratio.

Senator WATT: Senator Keneally asked you about this earlier. Is there any intention to try to get to a target in this space?

Ms Leon: We haven't finished our review of our key performance measures, so I couldn't say yet.

Senator WATT: You don't have some figures here. What is the longest waiting time for a call in the year to date?

Ms Leon: I think we provided that in answer to a question on notice. I will see if I can find it.

Mr Jackson: Whilst we are looking for that, with regard to the longest wait times, calls greater than 60 minutes is our definition of what a long wait time is.

Senator WATT: So you define a long wait as waiting for 60 minutes or longer?

Mr Jackson: Correct. That has probably evolved out of this committee, where people have asked about under 60 and above 60.

Senator WATT: That was going to be my next question. How many calls take more than an hour to answer?

Mr Jackson: At the moment, 97 per cent of our calls—again, this is talking about the social security welfare lines, which is Centrelink, in simplistic terms—were answered in less than or equal to 60 minutes. Eighty per cent were answered in equal to or less than 30 minutes. Therefore, the number of calls greater has decreased by 27 per cent, or 150,000, year on year.

Senator WATT: What is that a figure for?

Mr Jackson: The number of calls greater than 60 minutes has decreased by 150,000 year on year.

Senator WATT: What is the current number?

Mr Jackson: We will look for that while I am talking. We have been talking about a lot of comparisons here. I think it is worthwhile because it does very much set the scene of the improvements that we are seeing. I think that's very important to recognise.

Senator WATT: We would all like to see it get to a point where people aren't waiting as long.

Mr Jackson: I think it's very important to acknowledge the work the staff are doing under it, which I'm sure you do.

Senator WATT: Sure. I fully acknowledge that.

Mr Jackson: In the third quarter of 2017-18, there was 188,399 calls greater or equal to the 60 minutes.

Senator WATT: That's in the third quarter of this financial year?

Mr Jackson: That's correct.

Senator WATT: So we're talking January to March 2018?

Mr Jackson: This financial year, yes. For the same period, third quarter 2015-16, there was 1.5 million. So that is a very substantial difference. Year to date, we have 402,314 calls equal to or greater than 60 minutes.

Senator WATT: This is year to date—

Mr Jackson: At 31 March.

Senator WATT: is 402,314?

Mr Jackson: For the same period in 2015-16—

Senator WATT: Or 2016-17?

Mr Jackson: In 2015-16—again, I know it's going back two years, but it's showing this—the same period then was 3,924,418. So we've got room to go, but they are quantum steps forward.

Senator WATT: Do you have current figures for the number of calls taking longer than 30 minutes to answer?

Ms Leon: Longer than 30 or longer than 60?

Senator WATT: That is longer than 60, I think. What I am after now is longer than 30 or 30 and longer.

Mr Jackson: We can take it on notice. We don't have it.

Senator WATT: Can you take it on notice? Can you come back to me on notice with a breakdown by payment type of those year to date figures?

Ms Leon: It probably won't be by payment type. It will be by line.

Senator WATT: What I mean is the categories.

Ms Leon: Those lines. Those categories.

Senator WATT: Those categories that you've got there. Again, feel free to take this on notice. Could you please provide details of the monthly average call waiting time for the period from 1 January 2018? When will you have figures up until 31 May?

Mr Jackson: We will have to wait until 31 May, which is today.

Ms Leon: And it will be into June before we actually—

Mr Jackson: We have to QA them and put them through, so it will be a couple of weeks.

Senator WATT: Could you please come back with figures on the monthly average waiting time?

Mr Jackson: Yes.

Senator WATT: I think by that I mean broken down by month.

Mr Jackson: Yes.

Senator WATT: Between 1 January 2018 until 31 May 2018 by payment type, smart centre and master program.

Mr Jackson: Not by smart centre. That could be a bit tricky. Being a virtual network, the calls can be rerouted through, so we may not have it by smart centre.

Senator WATT: See what you can do. I also noticed in your budget papers that there's a human services budget measure improving service delivery. It is allocated \$50 million to reduce call wait times. Can you outline what measures that will pick up?

Ms Leon: That is \$50 million that the government has allowed us to carry forward from 2017-18 into 2018-19 rather than, as would usually happen, having it just go back to the bottom line. We've been recredited with it, if you like, in 2018-19. We estimate that that will enable us to employ about 500 more operators for the course of the year. So it will just contribute to that overall effort of getting call wait times down.

Senator WATT: They will be outsourced?

Ms Leon: We haven't determined yet what the total mix of the workforce between outsourced, contracted and our permanent staff is.

Senator WATT: But would the amount you have been given there, \$50 million, be enough to employ 500 internal operators?

Ms Leon: It would be 500 equivalents.

Senator WATT: So you've got enough money to choose in-house or outsourced?

Ms Leon: Yes. It's not about the money. We have to manage our whole workforce within both our budget and our ASL cap. We have to work out the best way to distribute the ASL as well as the contracted or outsourced workforce.

Senator WATT: You mentioned earlier that some of the changes you've been making are based on a report from a US consultant, Mr Brad Cleveland. Could you table a copy of his report, please?

Ms Leon: I will take it on notice. I know the government is still considering parts of it and hasn't decided about the release of the report. I'll take it on notice and see what we can do.

Senator WATT: I will make the observation that the minister has chosen to selectively quote from that report in the paper today, so I think it's reasonable to ask to see a copy of it.

Ms Leon: Yes. I understand that.

Senator WATT: I think that's it for us in terms of phone interactions. We have a range of questions on other issues.

CHAIR: Senator Siewert, do you have anything more?

Senator SIEWERT: I think we should push on.

Senator WATT: Let's deal with some of the issues around outsourcing and labour hire.

Mr Jackson: I'm sorry to interrupt. I have a couple of answers to some of your earlier questions—

Senator WATT: If you have answers, that would be good.

Mr Jackson: before you jump to a new subject. They are regarding the NDIA. No, there are no busy signals. That is not a double no.

Senator WATT: Sorry, say that again?

Mr Jackson: No. There are no busy signals. It's not a double negative. Yes, there is an IVR.

Senator SIEWERT: There is IVR?

Mr Jackson: The IVR is on those lines.

Senator WATT: You are coming back to us on the number of successful calls and abandoned calls?

Mr Jackson: That will take longer.

Senator WATT: Yes, sure. I might kick off these questions. Senator Pratt has some as well. I noticed that the budgets papers flagged a staffing cut of 1,280 positions and a reduction of \$3 million in departmental appropriations. I think since we last spoke there has continued to be some outsourcing of functions to Serco. I have sort of lost track of this across different agencies using Serco. How many Serco pilots does your agency have underway now?

Ms Leon: Just the one. That is the 250.

Senator WATT: Two hundred and fifty people. Can you describe to me exactly what they are doing?

Ms Leon: They are taking calls in the three lines that we outlined earlier to Senator Siewert.

Senator WATT: What were they, again?

Ms Leon: They were reporting earnings, myGov and the BasicsCard.

Senator WATT: When did that pilot actually start?

Mr Horsley: On 30 October last year.

Senator WATT: We've probably covered this in previous estimates. What policy work was undertaken prior to that that led to a decision to outsource these functions rather than employ staff internally? Did the department undertake some policy work prior to that decision? I presume the answer is yes.

Ms Leon: Yes. I think we did deal with it in previous estimates. I just can't remember the detail of it now. It was a government decision that we should pilot this approach.

Senator WATT: Was there a government decision following policy work by the department that looked at a range of options?

Ms Leon: I think so, but it's before my time.

Senator WATT: Is there anyone who was involved in that—

Ms Leon: It was before Chris's time as well, I'm afraid.

Mr Horsley: Before my time as well.

Senator WATT: Mr Hutson, you've been around for a while. Were you involved? I think I first met you in Tasmania. It was very cold.

Ms Leon: I don't think Mr Hutson was running that part of the department. We just might have to take on notice what the timeframe was for that.

Senator WATT: What I'm really interested in is whether options were presented to government, including outsourcing and employing staff internally? Do you know the answer to that?

Ms Leon: No. I don't know. I am pretty certain that this was the result of a cabinet deliberation, so I may be limited in how much I can get back to you about.

Senator WATT: I'm sure the—

Ms Leon: If it was a cabinet deliberation, I'm sure you know that when you go to cabinet, you usually do set out the pros and cons of a range of options. I imagine that that would have occurred.

Senator WATT: I'm sure that the end decision was probably a decision of cabinet. What I'm interested in knowing is whether effectively ministers said, 'We think we need to outsource some work'; whether the department undertook some policy work to deal with the problems you had around call waiting times et cetera and flagged that you could go this way or that way and the government chose this way; or whether that was not even done and the one decision was made.

Ms Leon: I'll take it on notice. It's not always as black and white as that either, I might say.

Senator WATT: Sure. Has an evaluation of this pilot been undertaken yet?

Ms Leon: Yes. We did have a bit of an exchange with Senator Siewert while you were out of the room.

Senator WATT: This is the KPMG report?

Ms Leon: Yes. That's right.

Senator WATT: How long is it proposed the pilot continue for?

Ms Leon: The pilot was funded for two years. We are nine months through the first year. It's funded to the end of the coming financial year.

Senator WATT: Does that mean there will continue to be evaluations as this progresses?

Ms Leon: We're constantly collecting data about it. I don't think any decision has been made yet about whether we will commission KPMG to do another formal evaluation. As you probably know, and I think we may have referred to already, the government has asked us to now take on about another 1,000 operators on an outsourced basis. Obviously, we will measure their performance on an ongoing basis as well.

Senator WATT: Has the extra 1,000 been characterised by the government as a pilot as well?

Ms Leon: No.

Mr Jackson: No.

Senator WATT: So that's an indication of a long-term plan?

Ms Leon: It hasn't been funded on a permanent basis.

Senator WATT: How long has it been funded for?

Mr Horsley: For the contracts, we will go out to market with two years.

Senator WATT: I do have some questions about the 1,000. I am sorry if you covered this with Senator Siewert. I know that you were unwilling to table a copy of the KPMG report. I won't re-prosecute that. What is the department's assessment to date of that pilot? What has been good? What has been not so good?

Ms Leon: The Serco operators are complying with the same standards in privacy, training and so on as we expect of our own staff. I think probably initially, of course, they had, like any new operators, a huge transfer rate at the beginning while we assessed their training and got them up to speed.

Senator WATT: When you say a higher transfer rate, what do you mean?

Ms Leon: In their first weeks, they wouldn't have been able to successfully conclude as many calls as an experienced operator. We did increase their training as well as their delegations to enable them to answer a greater number of calls. That resolved that issue. We are finding them productive and efficient. As to their attendance rate and adherence to schedule, they are performing well against expectations.

Senator WATT: What would you say are the—

Ms Leon: And customer satisfaction is also comparable with our expectations.

Senator WATT: What would you say are the key areas for improvement in the pilot?

Ms Leon: Because it was only a limited pilot, it was only answering a limited number of lines. So it's necessarily therefore not directly comparable to our whole offering. As we scale up to a larger number of operators, our intention is to facilitate access to a wider range of calls. We will then have a richer data set about performance.

Senator WATT: But, heading into this, you must have had some expectations about how it would go. You have said that there have been some areas of improvement as the pilot has continued. What would you see are the key gaps where there still has to be some improvement compared to your original expectations?

Mr Horsley: I think transfer rates.

Senator WATT: There is still some room—

Mr Horsley: Transfer rates occur in any call centre. We've got transfer rates here. Part of the issue with a pilot, as the secretary said, is the attempt to give them simple work to do. As was mentioned, I think when you were out of the room, a number of calls come in where people are surfing or wanting a query dealt with that is relevant to the operator but then they ask for something else and so they need to be transferred. We track that. We look at what is within the control of Serco and what is outside the control of Serco. What is within the control of Serco is the proficiency of the people. We are pleased with the way that has been operating.

Senator WATT: What KPIs are staff in the Serco pilot held to?

Mr Horsley: The same KPIs as us.

Senator WATT: Exactly the same as your own?

Mr Horsley: They do exactly the same training as our staff. They have the same policies and same processes and work to the same KPIs.

Senator WATT: Without going through them one by one, is there somewhere I can refer to see what those KPIs are?

Mr Horsley: They are the ones mentioned earlier around quality—

Ms Leon: Customer satisfaction, adherence to schedule, transfer rates.

Mr Horsley: Unscheduled leave.

Ms Leon: Unscheduled leave.

Senator WATT: Can you table for us—

Ms Leon: It's the first seven of those, I think.

Senator WATT: Can you table for us the performance against those KPIs in the pilot to date?

Ms Leon: I should say that when we say KPIs, they are not budget KPIs in that sense. They are just internal data measurements, yes.

Senator WATT: Yes. So just as you expect your staff to answer calls within a certain amount of time or customer satisfaction or whatever quality—

Ms Leon: We measure it in any event, yes. The only actual KPI is the 16 minutes average speed of answer. That's a KPI that we staff to.

Senator WATT: You call them standards.

Mr Horsley: Performance criteria is the way we describe it.

Ms Leon: Performance criteria, yes.

Senator WATT: Okay. So the same performance criteria apply to Serco staff as to your internal staff?

Ms Leon: Yes. I think I've taken on notice for Senator Siewert the performance against those standards.

Senator WATT: Okay. Did you take that on notice because you didn't have the info or because you might not really want to provide the info? I wasn't here for that.

Ms Leon: It was tied up with the KPMG evaluation. So there was the request on notice for the KPMG evaluation. There were some related questions about the basis on which cabinet-in-confidence immunity was being claimed. Senator Siewert said that, irrespective of the answers to the question about the KPMG evaluation, she would like access to just the data about the measurements against those seven performance criteria. I took that on notice as well because I actually don't have it with me.

Senator WATT: Did you say that each of those performance criteria had been met by Serco at this point?

Ms Leon: When I say 'met', that suggests that we've got a KPI that you have to meet. This is a thing that we measure so that we can compare, as we compare our own staff all the time, against performance.

Senator WATT: You don't have a target, for instance, saying that you want 80 per cent customer satisfaction?

Ms Leon: Customer satisfaction is a KPI. We have 85 per cent customer satisfaction as our KPI for that. That's a budget published KPI.

Senator WATT: What is the current figure for that for internal staff?

Ms Leon: I'm sad to say that we're not actually meeting that KPI at the moment. But it is customer satisfaction measured in the whole experience, which of course includes how many customers get a busy signal. So those customers are not satisfied.

Senator WATT: Let's face it: people often haven't got great reasons to be getting in touch. What is it, please?

Ms Leon: I don't have the Serco numbers about customer satisfaction with us. We do have available our own overall customer satisfaction. I will get that for you now.

Mr Jackson: We do have that. Before I go digging too deep in it, it is not broken up between, say, call centre work or face to face. It is a broader—

Senator WATT: Across the entire agency?

Mr Jackson: Correct.

Senator WATT: Could you give those figures?

Mr Jackson: Just bear with me for a moment.

Ms Leon: Mr Horsley has some of it.

Mr Horsley: I do have the figures for 2017-18 to March 2018. Customer satisfaction is 74.8 per cent.

Senator WATT: That is to 31 March?

Mr Horsley: To 31 March.

Senator WATT: That is for in-house staff?

Mr Horsley: That's for in-house staff.

Senator WATT: And the target is 85 per cent?

Mr Horsley: Yes.

Senator WATT: Does anyone have the Serco figure?

Mr Horsley: No. I don't.

Ms Leon: I think we've taken all of that Serco data on notice.

Senator WATT: Have you actually filled those 250 positions?

Ms Leon: Well, we don't fill them.

Senator WATT: Have Serco—

Ms Leon: Serco is staffed to its full complement.

Senator WATT: Have engaged 250 people?

Ms Leon: Yes.

Senator WATT: I'm sure that's up and down a bit from day to day.

Ms Leon: They are fulfilling the requirements of the contract in regard to having 250 equivalent operators, yes.

Senator WATT: What is the cost of that contract?

Mr Horsley: It is \$51.7 million over two years.

Senator WATT: If we want to get an individual year figure, is it simply half of that?

Mr Horsley: The contract is calculated by seconds. So two billion seconds is the measure of the contract. That's the way the call centre industry works.

Senator WATT: Is that to incentivise quicker—

Mr Horsley: Yes.

Senator WATT: That is the current 250, isn't it?

Mr Horsley: Correct.

Senator WATT: I will come to the new contract shortly.

Mr Jackson: It probably wouldn't be appropriate just to split it in half because of the establishment costs, set-up costs and the like. They provide the premises. They use our equipment and our network and the like. They still have their own property costs and training costs. There would be establishment costs and ongoing costs, so it wouldn't be quite correct to split it in half.

Senator WATT: What would be the comparable cost of employing those 250 on an internal basis?

Ms Leon: I think I did go through this at a previous estimates to say that we can tell you what our staffing costs are. But to tell you what the comparable total cost would be would require a level of attribution that I don't think we could easily do. We would have to say—

Senator WATT: Different classification levels and things like that?

Ms Leon: Not only that. It's that we'd also have to attribute the things that Serco is providing, as in property, telephony costs, training, workers compensation and all of the other things, including administration management. So you would have to artificially attribute some proportion of me and Mr Jackson and everyone else at the table.

Senator PRATT: Comparison of performance is the thing to do. You can't compare the costs.

Ms Leon: Because we're working it out also based on performance. So you will be comparing the things we can compare—

Senator PRATT: But you can't compare the price?

Mr Horsley: The ATO set up a panel about eight years ago. Part of the evaluation of that panel was value for money. It was to determine what the market value was to put certain work out in a call centre. Whether they did a comparison with their own department in terms of labour—

Senator PRATT: What is the market value of what you yourself do if you haven't compared it with that?

Mr Horsley: The market value?

Senator WATT: I accept that cost is not the only factor you're taking into account. You say you're looking at performance levels and things like that.

Mr Horsley: I think the other thing to take into consideration is it gives us flexibility. We have surge capacity both in terms of emergencies and at peak periods. It gives us some flexibility to be able to deal with that.

Ms Leon: I will take on notice the attribution. The department of finance provides guides about how much of your overheads you can attribute to staff. We may be able to get back to you with a figure that won't be precise but will give you a degree of—

Senator WATT: I think it's a reasonable question to try to work out whether it's a cost effective project or not.

Ms Leon: It will give you a degree of comparison, yes.

Senator WATT: These are obviously very rough calculations that I've done. But \$51.7 million over two years and 250 people at any one point in time—let's say 500 people over the course of two years—works out to an average of \$103,400 per person. That's not just their wage; that's the rent et cetera.

Ms Leon: That sounds about comparable. Usually about \$100,000 is the rough Public Service average.

Senator WATT: With all the add-on costs and things like that?

Ms Leon: With all of the add-ons, yes.

Senator WATT: So there's no financial benefit to the department in outsourcing?

Ms Leon: Well, financial benefits also come, as Mr Horsley said, from flexibility. So there are some overheads that you carry. That's why every workforce has a degree of contingent workforce at the edges of it. You will be carrying a lot of additional dead weight if you make all of your workforce a permanent full-time workforce. That's great when you've got a peak, but when you've got a trough, you're carrying a whole lot of workforce that you don't need.

Senator PRATT: You do have casual staff.

Ms Leon: You do have some casual staff. You might recall that we did try to have a larger casual workforce in order to provide for that kind of surge and we got taken to the Fair Work Commission about it. We've now converted most of them to ongoing staff.

Senator WATT: And well done on that, Ms Leon. We'll probably get into casualisation. Senator Pratt is right; the right still exists.

Ms Leon: We feel somewhat constrained to go back in the direction of a significant casualised workforce.

Senator WATT: Is that one of the drivers for outsourcing?

Ms Leon: Well, flexibility of your workforce is something that you need in the call centre business. You do need to have some flex for peaks and troughs.

Senator WATT: But your staff also need job security.

Ms Leon: Casualisation is one way. Outsourcing is another way to get a small amount of flexibility. Let's remember that our total call centre and processing workforce is in the vicinity of 20,000 people. Having 250 or, even when we've done the extra 1,000, 1,250 is still only a small proportion at the edges of the workforce that is the contingent workforce.

Senator PRATT: Is it not true, though, Ms Leon, that that case was won in the Fair Work Commission because those so-called casual workers could be seen to be doing ongoing work over many months and sometimes years and that's why they were given substantive positions?

Ms Leon: I think the proper characterisation of the case was that we then agreed to an outcome with the CPSU rather than that anyone won or lost. We agreed to an outcome with the CPSU.

Senator PRATT: Which means you could still have capacity to take on flexible part-time staff under those arrangements, noting that actually there may be demand for casual flexible staff but that that there was little point in having people on long-term contracts if they weren't doing peaks and troughs.

Ms Leon: Well, we did offer all of our casual staff the opportunity to apply for ongoing vacancies. I think about one-third of them elected not to. So there are often reasons why people actually want to work on a casual basis rather than continual—

Senator PRATT: I'm not denying that. It just shows that it is possible to do it in-house.

Ms Leon: To an extent, yes.

Senator WATT: A bit before you talked about having a contingent workforce I think at the fringes of the workforce, or something like that.

Ms Leon: Contingent on workload demand and resources, yes.

Senator WATT: I think everyone accepts that in every workforce there's going to be peaks and troughs and that there might be a need for some contingent workforce. The problem arises when people can see the growth. Jumping from 250 to another 1,000 is a pretty big jump. I'm sure you can understand your staff fearing where that's going to go.

Ms Leon: Yes.

Mr Jackson: Just to put a bit of context on to it, too, we've spoken that we've got a lot of casual employees. By that, I mean part-time employees because it actually suits their working arrangements. They are working mothers and fathers and the like.

Senator WATT: That's true for some.

Mr Jackson: We'll park that. But we also get curve balls; that is the wrong term. When we got Cyclone Debbie, we had just over 1,000 staff we had to take offline to man phones to deal with the Cyclone Debbie disaster. When the same sex marriage survey was going through, we took 750 staff offline for eight, nine or 10 weeks. It's having that surge capacity to deal with that and continue to deliver services as expected.

Senator WATT: What role did your staff play in the—

Ms Leon: We ran the call centre. We did the call centre on behalf of the ABS. The ABS asked us to provide the call centre resource. We've actually got a call centre, so we do call centres. Yes, we provided the call centre for the same sex marriage survey.

Mr Jackson: Sorry to harp, but another example is the upcoming federal election. We will provide, based on history, close to 1,200 staff over that period for the call centre for inquiries about it.

Senator WATT: Bet you start hiring them.

Ms Leon: We wait like everyone does.

Senator WATT: Before we get on to the 1,000 new ones, I just want to again make the observation, on those very rough figures, that it works out to \$103,000. One reason I'm asking is that in another committee I asked questions of the Commonwealth DPP. They admitted that it's actually cheaper for them to employ staff internally than it is to use a labour hire agency. So my concern is the job insecurity arising from labour hire or outsourced staff. There is a very real question about when the taxpayer is getting value for money as well.

Ms Leon: In relation to job insecurity, as the minister announced, no Centrelink officer is going to lose their job as a result of the 1,000 additional staff. I have assured my staff that the ongoing permanent workforce will continue to be the core of our workforce but that we have been for some time, and will continue to be, operating with a blended workforce where we use some contracting and some outsourcing. It gives us flexibility as to delivery method. We will properly and fully consult with staff about their views on that and their thoughts about the best place we can use contracted or outsourced labour and keep them informed and involved at all times.

Senator WATT: I have a couple more questions before one of my colleagues might want to ask some questions about the 1,000 as well. They are not quite a colleague; they are a colleague on the committee.

Senator SIEWERT: Yes. Exactly right.

Senator WATT: An announcement was made by the minister that there would be a further 1,000 outsourced staff. Was the contract to Serco?

Ms Leon: No.

Senator WATT: They will be going through the process?

Ms Leon: There will be a procurement process.

Senator WATT: We will ask about that. But there will be 1,000 additional operators engaged throughout outsourcing. Did the department undertake policy work prior to the announcement that led to that decision?

Ms Leon: Well, the department provided advice to the government, yes.

Senator WATT: So the department provided advice that ultimately led to this decision. Again, were—

Ms Leon: And some of that advice would have built on the earlier advice you've already asked me about on notice. So there was earlier advice to government that led to the pilot. But inherent in having the pilot is that you've thought about the broader issue.

Senator WATT: Did the advice provide alternatives to government, one of which was outsourcing? There may have been other alternatives as well.

Ms Leon: I'll have to probably take that on notice together with the earlier one. It may be that the answer to the earlier question deals with that issue. If we had already canvassed a range of options in the earlier advice to government, we may not have needed to canvass them again in coming back to it.

Senator WATT: Ultimately, it was the decision of government. Did the government consider alternatives to outsourcing prior to settling on outsourcing?

Ms Leon: I will take that on notice.

Senator WATT: You are taking that on notice?

Ms Leon: I think those two questions are intrinsically connected and I may need to answer them together.

Senator WATT: Let's forget about the earlier advice for a moment. You've been the secretary for a while now. You would have been around when this decision was made.

Ms Leon: Yes.

Senator WATT: You must know whether alternatives were considered by government.

Ms Leon: Yes. But it may be that the consideration of government harked back to their earlier consideration of what led them to do the outsourcing pilot in the first place. I will just need to go and refresh my memory about exactly the extent to which that needed to be recanvassed.

Senator WATT: Is there a dollar value attached to this contract, or is that going to come out of the tendering process?

Ms Leon: I think that's probably still commercial-in-confidence at this stage.

Senator WATT: But there is an allocation within the budget papers for this?

Mr Horsley: It comes out of the DHS budget. So there's not a separate allocation.

Ms Leon: There's not a separate line.

Senator WATT: No. So I'm assuming that there's no—

Ms Leon: There's no separate line.

Senator WATT: line in the budget paper saying, 'Here's the value of this contract?'

Ms Leon: No.

Senator WATT: Where does it sit?

Ms Leon: It's just encompassed in the whole \$4.8 billion.

Senator WATT: It's not sitting in a little subprogram or anything like that, even if it's mixed in with other things?

Ms Leon: No.

Senator WATT: Okay.

Senator SIEWERT: I want to go to the issue of the extra 1,000 staff. I'm not going to go over the issues that have just been canvassed. I want to go to what they will be doing. What lines et cetera will they be dealing with? We've already talked about the current centre. What activities will these additional staff or additional contractors be doing?

Mr Jackson: That is currently being worked through as part of the preparation for the tender process. Obviously with the pilot we're able to identify what we called at the time simple calls. We're now moving into calls that will be more complex and calls that will also require some amendments to current delegations that come from the Department of Social Services, as the owner of the Social Security Act. Therefore, what we need to do is identify a payment line or group of payment lines that can be, dare I say it, surgically removed and put across into another area. We've eventually got to look at whether or not we would actually do a complete transfer of that or whether we would transfer part of that operation and keep part of it internally. So the short answer is that we have not settled on that yet. But it will have to be settled some time in the next three or four weeks to allow us to progress with the procurement process as per the government asking us to.

Senator SIEWERT: I want to pursue that a little further. When you say the delegation, did you have to do that for the other?

Mr Jackson: We had to do it to a smaller level, and it was quite simple. I think this has been canvassed in other Senate inquiries. The Social Security Act is owned by the Department of Social Services, and the secretary of that department has a delegation. They then delegate it to myself, as the chief executive of Centrelink. To be able to change those delegations, we have to be able to go back to the department. In this case, we wrote to the department, explained why we wanted to do that and got that delegation amended to allow us to go to a third party organisation. We will have to do the same again, but that will depend on the final decision about what we wish to transfer to the yet to be selected provider.

Senator SIEWERT: Thank you. You said that you need to make a decision whether you transfer the whole. Can you repeat that?

Mr Jackson: We're getting into lines that have large volumes on them, so we need to make sure of that with 1,000 providers. I'm fairly comfortable that we're able to pick up a particular whole line and move it across. But for quality assurance or comparative or other purposes, we may decide to keep some in a control site ourselves. We will then be able to

compare more regularly how it is going if we're doing that and they are doing that. That is yet to be settled, but it is part of our considerations at the moment.

Senator SIEWERT: Thank you. Presumably, it is the same approach with the existing pilot, where if the contract staff aren't able to handle a call, even if they do have whole responsibility for a program line, it is expected that they will still transfer back to Centrelink?

Mr Jackson: It, again, depends on the reason that they need to transfer. We touched on before how people queue shop. It comes back to what is within their control and what is outside their control. Across the board within the social services network, we have seen our transfer rates drop from about 20 per cent to about 15 per cent in the last six to eight months. That is as a direct result of some of the queue simplification work, which we touched on before, and a lot of other recommendations through the Cleveland report. We are getting a better customer experience by obviously having fewer transfers and, equally, being able to get first contact resolution. It means that they are on the phone for a bit longer, but we can actually solve people's problems upfront. They walk away not having to engage any time again in the near future. So we expect to see that as part of our operating model, which we will transfer to whichever suppliers we choose. They would have the same benefits of that. So we are hopeful, putting to one side the transfers outside their control, that there will be far fewer transfers generally across our blended workforce.

Senator SIEWERT: Does the same monitoring process occur with the contract workers as happens with Centrelink?

Mr Jackson: Yes.

Senator SIEWERT: Exactly the same?

Mr Jackson: Exactly the same. They are treated absolutely no different from Centrelink employees in their expectations, standards, performance, adherence, compliance and respect—everything. They are held with very high regard.

Senator SIEWERT: Thank you. Did KPMG engage in any further work on the evaluation of the existing pilot or this process?

Mr Horsley: KPMG have been engaged with advisers but not to do any more evaluations. They are to advise us on things like the procurement process.

Senator SIEWERT: And how much is that?

Mr Horsley: I would have to take that on notice.

Senator SIEWERT: Can you take that on notice?

Ms Leon: We have provided that at a previous estimates.

Senator SIEWERT: So it is that same contract?

Mr Horsley: It would be an extension of the contract.

Ms Leon: So we probably haven't given the answer to the extension.

Senator SIEWERT: So you've basically extended their contract to cover this procurement process. Is that correct?

Mr Horsley: As advisers, yes.

Senator SIEWERT: Can you tell me when their contract is to?

Mr Horsley: I would prefer to come back on notice. I could give it to you, but I may not be exactly accurate.

Senator SIEWERT: Is it intended to carry out the same sort of evaluation process? Take KPMG out of it.

Ms Leon: We will monitor it. The original evaluation was because the government wanted to know whether it could be done and whether it would be an efficient and effective thing to do. Now we will, in rolling out the extra 1,000, apply the same kind of measurement in an ongoing way to the program. At the moment, we haven't scheduled another formal evaluation. We may or may not need to do so. If our ongoing data is telling us a consistent story, then we may not need to do a formal evaluation.

Senator SIEWERT: So when you talk about ongoing data, that is the existing processes you carry out across Centrelink?

Ms Leon: That's correct. And across the Serco pilot in terms of measuring customer satisfaction, adherence to schedule, productivity, unscheduled leave and call transfer rate. All of those things we will continue to measure and monitor against those performance criteria.

Mr Jackson: It would also not be unreasonable to expect that with the 1,000 there might be more than one organisation that is successful in the tender process in particular geographic areas, which have not been settled as yet. That is anticipating your question.

Senator SIEWERT: Before I ask that question, can you take that on notice?

Mr Jackson: Well, we won't know until the tender process comes through. Various organisations will be better placed to deliver in certain areas. So we will not be prescribing to them where we want them to put smart centres. They will come back and say, 'We can set up in a certain location.' So we will have the ability to look at firm A and compare their performance to firm B and compare their performance to firm C and to Serco, if that is the case. It creates a degree of operational competitiveness and tension, which can only be good for the Australian public.

Senator SIEWERT: You don't have preferred locations, then?

Mr Jackson: Not at this point in time, no, we don't.

Ms Leon: And we do operate our network as a virtual national network. You might be in Victoria and be answered by an operator in Perth, Queensland or Tasmania who is the next available operator with the skills who can assist your call. We utilise the whole national network virtually.

Mr Jackson: I suppose one criteria that we would have is that there is an available workforce in the location. That is so they don't say they're going to set one up somewhere and there aren't that many people available to come and work. An upshot of the first one was that a lot of the people who commenced with Serco got employment—got new jobs. I think that's a great outcome.

Senator SIEWERT: Thank you. Ms Leon, you just made a comment about controlling the process. We did a couple of years ago go and look at your big control centre with the boards and things. Do you have a vision of that?

Mr Jackson: Yes.

Senator SIEWERT: So that all plugs into your current system?

Mr Jackson: Correct.

Senator SIEWERT: Is that correct?

Ms Leon: Yes. They are on our systems.

Senator SIEWERT: So you can—

Ms Leon: We can monitor what is happening with their calls in real time exactly the same as our own smart centres.

Senator SINGH: Was it Serco that was awarded the contract for the extra 1,000?

Ms Leon: For the 250. No-one has been awarded the contract for the extra 1,000 yet.

Senator SINGH: So what about the duration of this new contract?

Ms Leon: The contract will be for two years.

CHAIR: We have already covered this ground.

Senator SINGH: That's all right. I'm just checking. What is the department's current policy around the use of labour hire?

Ms Leon: We utilise labour hire where that is an effective and efficient way to deliver our work.

Senator SINGH: So other than the two years for this new contract for the 1,000—

Ms Leon: They are not labour hire. That's completely outsourced. We're outsourcing the whole piece of work to our third party in relation to Serco. So we aren't utilising a labour hire company just to provide us with some workers. We're outsourcing the function to Serco, and they employ the workers and manage them. So labour hire I took to mean where we go to a labour hire firm and hire some contractors to come and work in the department.

Senator SINGH: What is the department's current policy around outsourcing?

Ms Leon: Lots of pieces of work get outsourced all the time when you go to a company to provide you with some services. So we do that. Wherever we don't have the capability in-house to carry out a piece of work, we'll go and ask a firm to assist us with it.

Senator PRATT: Sometimes you choose to develop your own internal capacity instead of going outside?

Ms Leon: Yes. Sometimes you do. If you're going to need that capacity on an ongoing basis, then you would. If you're only going to use it from time to time, you might contract it out. The policy on when we do things internally and when we outsource it is based on a range of considerations, such as value for money, whether we have the capability, whether we need the capability in terms of deciding to build up the capability ourselves, whether we've got it available at the moment or we are too busy with other things and so we need to get something done quickly and another provider can give to us. I don't think our policy is any different to the rest of the Commonwealth.

Senator SINGH: So will the department be looking at outsourcing for more long-term arrangements? You've outlined two years for this new 1,000—

Ms Leon: Well, that's the only decision that is being made at the moment.

Senator SINGH: So there's no contemplation for longer—

Ms Leon: There hasn't been any decision made about any longer than a two-year contract for this additional 1,000 equivalent operators.

Senator SINGH: Will the department be recruiting non-SES staff in 2018-19?

Ms Leon: Every year, yes.

Senator SINGH: How many?

Ms Leon: That will depend on attrition rates in the department. We recruit every year. I anticipate we will in the coming year as well. But our recruitment is always just to keep up with attrition.

Senator SINGH: Do you have any numbers in relation to APS officers?

Ms Leon: Our annual attrition is usually about 1,800 staff a year, I'm told. It is about 2,000 a year from natural attrition; that is past practice.

Senator SINGH: So is that what your answer is for this current 2018-19 year?

Ms Leon: I don't know how many people will leave this financial year.

Senator SINGH: What about recruiting for the next financial year?

Ms Leon: We wouldn't recruit until we know what we need. If our workforce needs filling, we will. But we don't make a decision on 1 July to recruit a certain number of people.

Mr Hutson: I will give you some information. Perhaps I could give information on year to date. From 1 April 2017 to 31 March 2018, our ongoing engagement rate was 808 and our non-ongoing engagement rate was 1,288. So that gives you an indication of where we've gone in the last 12 months.

Senator SINGH: So there's a gap of around 200, is there?

Mr Hutson: No. The total engagement rate, indeed as the secretary said, in that period of 1 April 2017 to 31 March 2018 is 2,096.

Mr Jackson: We also run recruitment processes where we have had a lot of people in acting arrangements for a period of time. An APS3 might have been acting as an APS4 for a while. We regularly run recruitment processes to allow for the advancement of internal staff. Obviously they are merit based processes.

Senator SINGH: You must do some forward planning. To understand that you are needing to outsource 1,000 jobs—

Ms Leon: It is May now and we've only just got the budget. We can't allocate our budget and staffing for the coming financial year each year until we get the budget from the government's budget. Now that we've got the budget in May, we have spent the last couple of weeks working on what our allocation of staffing and resources is going to be for each of the groups in the department. Each of the groups will get that within the next week or two. They will then look at their current workforce profile and their usual attrition rate. Decisions are made at a group level about people's recruitment needs so that they can meet both their budget and their ASL.

Senator WATT: I want to jump back to one issue that came up a bit before. I think you said that in the first pilot with the 250 Serco staff, there were some early teething problems, especially around transfer rates. In response to that, more training was provided to staff and you made some changes to the delegations.

Ms Leon: I think it was primarily delegations. I can get Mr Horsley to check if there was also more training. But we observed that there was a pattern of calls coming in which were closely related to the calls that they were trained to take. But then they didn't have the delegation to do the other part of the call so they were having to transfer all of them.

Senator WATT: I want to focus on the delegations. Does that mean that we have a private company having APS like delegations?

Ms Leon: Yes.

Senator WATT: Can you compare and contrast the checks and balances that apply to APS staff as opposed to the private sector staff here? My understanding is that if it is APS staff and they have certain delegations, there is everything from a code of conduct to checks and balances that apply. What have we got over here?

Ms Leon: They have to comply with the same standards as our own staff.

Senator WATT: In every way?

Ms Leon: That's right.

Mr Horsley: Yes. It is the same processes, same policies and same standards of performance.

Ms Leon: It's possible that if they fail in their compliance with standards, their dismissal might be more swift than even in the Public Service. So, to an extent, they are held to a higher standard.

Mr Jackson: That particularly, Senator, goes to inappropriate browsing and other issues that we have. If a Serco employee is found inappropriately browsing and looking at records that they should not, they will be subject to the same sanctions. As the secretary has mentioned, that will be potentially quicker than we can.

Senator WATT: We may have canvassed this in earlier hearings. I have heard you say that the same privacy standards apply. What barriers are put in place to cordon off any personal data of Centrelink clients from being mixed in with Serco's broader systems?

Mr Jackson: The CIO, Charles McHardie, would be more articulate than me. It is the same segmenting of access to the various systems. So any operator, be they a Serco operator or an APS operator, can see only what they are allowed to see to do their job. If they endeavour to get into another component, we can see that. That's inappropriate browsing. So it is very compartmentalised with respect to controlling them. As I said, Mr McHardie can give you a more technical background if that doesn't satisfy you.

Ms Leon: Mr Horsley might want to speak about the contractual relationship with Serco. That's in relation to individual Serco operators. Serco as a company, who the contract is with, doesn't get any access to our data other than what the individual operators have to access in order to answer a person's question or deal with a person's issue on the phone. So they don't exfiltrate our data to their systems. They employ the staff. We then give the staff access into our systems. So none of our data leaves our control.

Senator WATT: What preventive measures are put in place to ensure that the staff engaged by Serco can't extract that information?

Mr McHardie: There are many checks and balances put in place to make sure this doesn't happen. First up, when the contractors are first onboarded, they are onboarded in exactly the

same way as a public servant. So their access controls are only given to those systems that they need access to do their job. So they get the minimum level of privileges required to access our systems. As the secretary said, they do not access any data that could be taken out of our core systems. All the data is hosted in our two data centres both here in Canberra. There is no exfiltration of data at all. So both our business integrity teams and the cybersecurity teams have very strong control measures in place, particularly with what we call our data loss prevention tools, to make sure that core data does not exit our systems through our one gateway. We have one gateway out to the big World Wide Web.

Ms Leon: I should say that it is just as important to have them in place for our own 30,000 staff as for outsourced staff.

Senator WATT: Sure.

Ms Leon: People are tempted by access to data wherever they work.

Senator WATT: I understand, yes. Have you got any figures about the attrition rates or retention rates of the Serco staff and how they compare to in-house staff?

Mr Horsley: I don't have them with me at the moment. I can take that on notice, though.

Senator WATT: If you could. Apart from the training that is provided to the Serco staff, what else is being done to overcome the disadvantage they have in the sense of not working in an environment where there are long-term staff who have long-term corporate knowledge to be able to draw upon? Is it just training?

Ms Leon: One thing that is worth noting about that, of course, is that our staff are all working in a distributed network. Any of them who want access to a subject matter expert at any time can actually do that via virtual chat from their own screen. That can happen wherever you are. You can be in a call centre in Tasmania and an issue comes up that you're not the most experienced operator with. They and the Serco operators can access our subject matter experts wherever they are in the country in the same way, whether you're working for Serco or working for us.

Senator WATT: So the Serco employees can effectively seek assistance from a Centrelink employee?

Ms Leon: In the same way as ours, yes.

Mr Horsley: When they first did the training—there's the technical training understanding the work they need to do and then privacy et cetera—we had DHS staff on site for three months to help them get up to a level of proficiency. It was only when we were able to see that they were at a level of proficiency, meaning that they weren't putting their hands up all the time asking questions, that we decided to pull out DHS staff. So a lot of effort was put into making sure that we were supporting them up to that level of proficiency.

Mr Jackson: Which is consistent with what we would do if we recruited fresh staff into our own organisation.

Senator WATT: I assume, Ms Leon, that you have an ASL cap that applies to your department?

Ms Leon: Yes.

Senator WATT: What is it? Is it a number?

Mr Jenkin: The cap for next year is 27,307.

Senator WATT: Is that full-time equivalents?

Mr Jenkin: That is the average for the year of full-time equivalents, yes.

Senator WATT: Are you running at capacity at the moment?

Mr Jenkin: Well, our cap for this year is a bit higher than that. We're running broadly in line with this year's cap.

Senator WATT: What is this year's cap?

Mr Jenkin: It's 1,280 higher. It's 28,587.

Senator WATT: That's for 2017-18?

Mr Jenkin: Our cap is 28,587 for 2017-18.

Senator WATT: And for 2018-19, it will be 27,307?

Mr Jenkin: Yes.

Senator WATT: That's because of these 1,280 job cuts?

Mr Jenkin: Yes. A reduction in the cap.

Senator WATT: Every portfolio has been very well trained to not use the word 'cuts'. I'll give you credit for consistency. And you are running at around that number at the moment?

Mr Jenkin: Our ASL is running at about that number at the moment.

Senator SINGH: So what is the saving?

Ms Leon: There's no saving.

Senator SINGH: Between this year's cap and next year's cap?

Ms Leon: There's no saving.

Senator SINGH: Well, there's 1,280 fewer jobs.

Ms Leon: There's no financial saving. There's no financial reduction.

Senator WATT: Because of pay rises?

Ms Leon: No. I mean because we are still resourced for our overall workforce. So the ASL cap has gone down but our budget has gone up.

Senator SINGH: So you just outsource in order to meet your employment needs?

Ms Leon: We will outsource some. We will use contractors and labour hire for some. We will still be able to deliver a level of service that we need to with a blended workforce. Our budget hasn't been cut. Our budget, if anything, has gone up.

Senator WATT: In the policy work that has been undertaken that led to these decisions to outsource, has the ASL cap and the constraints that that provides been a factor?

Ms Leon: We didn't have our ASL cap until the budget was published this year.

Senator WATT: No. But you had one for last year and you've had one for previous years.

Ms Leon: Yes. But you only ever know your current year's ASL. We are cognisant of what our current ASL is, but we've only had next year's ASL since the budget was brought down.

Senator WATT: Is it fair to say that the reduction in the ASL is at least one factor that has caused the department to look to outsourcing as a way of delivering services?

Ms Leon: Well, we didn't have the reduction in the ASL cap before us when these decisions were made.

Senator WATT: But you had a reduction in your ASL cap the previous year as well, didn't you?

Ms Leon: That's right.

Senator WATT: So it's not as if this is the first time that there has been a reduction in the ASL cap.

Ms Leon: I would have to take on notice the extent to which that was part of the consideration.

Senator WATT: I'm not asking you to pin down whether it was 18 per cent of that and 16 per cent of that, but it must have been a factor. If it gives you any comfort, I've asked similar questions in other estimates and other agencies have admitted that the ASL cap is a constraint and has been one of the reasons that they've had to turn to outsourcers.

Ms Leon: The ASL cap has more visibly, I think, for us, had us moving to labour hire and contractors. That is what our principal response has been to the reduction in the ASL cap.

Senator WATT: Minister, it's probably appropriate to ask this to you. This has been a recurring theme across a range of committees. Agencies are under significant financial pressure as their ASL cap and their staff numbers are continually reduced. The way they're getting around it to meet the demand for services is turning to outsourcing, labour hire, contracting and other forms of insecure work. What is the benefit to the public? Leave aside the impact on the workers, which I have serious concerns about. What is the benefit to the public in continuing to pay for people to meet service demands but choosing a less secure and oftentimes more expensive way to deliver those services?

Senator Fierravanti-Wells: I'm happy to take that on notice. This is a question—

Senator WATT: I've been hearing that a lot today.

Senator Fierravanti-Wells: I'm happy to do that. Insofar as Secretary Leon has indicated, human services delivers services on behalf of other departments. They are tasked with delivering a whole range of different budget measures throughout the budget. They respond accordingly. Insofar as this department is concerned, that is my response to your question. In relation to the broader question, I'm happy to take that on notice. Certainly insofar as Minister Keenan has to add to it, I'm happy to augment that with further information.

Senator WATT: Ms Leon, it's true, isn't it, that because of the ASL cap you have, even if you did want to increase internal call centre staff to meet service demands, you actually can't because of your cap?

Ms Leon: Whether I spread the cap across the call centres or some other part of the department, we haven't determined that for the coming year. As a whole department, we, like all the Public Service departments, will work up to our ASL cap. But we haven't determined where the split of ASL and contractors between call centres and anywhere else in the department will fall in the coming year.

Senator WATT: I can see that you and your department are trying really hard to get waiting times down, to get busy signals down and a range of things. The opportunity to choose internal staffing as a way of further dealing with those problems is effectively denied by the ASL cap and the reduction in your staffing numbers. So the only options you've got are to outsource and use labour hire et cetera. That's right, isn't it?

Ms Leon: Where the contractors are utilised is a matter for us. We might decide to employ more internal staff in call centres and less APS staff in some other part of the business. We haven't yet decided that part of the equation for the coming financial year. But the overall cap is not within our power to decide, no.

Senator SINGH: Minister, isn't the fact that the department is forced to use contractors, labour hire and outsourcers because of the drop in the ASL cap privatisation by stealth?

Senator Fierravanti-Wells: This department gets tasked to deliver certain budget measures. It gets given funding to deliver those measures. As the secretary has said, in this year's budget they were given the task of delivering certain budget measures. The secretary, with corresponding funding for those measures in this year's budget, which I understand to be almost half a billion dollars, has got—

Senator SINGH: The secretary has admitted that it's not about the budget; it's about this ASL cap and the fact that they cannot employ any more people so they have to outsource.

Ms Leon: We can engage a workforce. They just can't all be the APS workforce. But we have—

Senator SINGH: Minister, isn't it privatisation by stealth to put in place this ASL cap and force them to have to go to outsourcing and labour hire?

Senator Fierravanti-Wells: Senator Singh, this department is given X million dollars—

Senator SINGH: Is it or not? Is it privatisation by stealth?

Senator Fierravanti-Wells: Senator Singh, I'm trying to answer your question.

CHAIR: Senator Singh, let the minister answer the question.

Senator Fierravanti-Wells: This department is tasked with delivering. This year, the Department of Human Services has been tasked with delivering 30 budget measures through this year's budget with corresponding funding for these in 2018-19 of \$497.6 million. This department, as the secretary has said, has a number of options available in the toolbox, if I can put it in that way. The secretary will deliver what she is required to deliver. That is the basic position, Senator Singh. You can categorise it as you see it fit and you can ideologically object to whatever is happening, but this is the situation. I can't take it any further, unless the secretary has anything else to add.

CHAIR: Labor may also want to remember the ATO. Senator Pratt, you have the call.

Senator PRATT: Before dinner, I want to ask some brief questions about Centrepay. The department would be aware of the small amount credit contract lending report review and subsequent recommendations?

Ms Rule: Yes. We are aware of that report.

Senator PRATT: I note that recommendations 11, 15 and 16 were all supported by the government. It called on the Department of Human Services to implement those recommendations. Has the department made progress on doing that?

Mr Taloni: We're currently working with Treasury. Treasury is preparing the SACC legislation. We're currently working with them on how we would implement those recommendations. We're currently looking at our processes and policies to see how they would be impacted by those recommendations.

Senator PRATT: The government has been very slow in legislating the small amount credit contract and consumer leases reforms bill. One recommendation in the report was that, in the absence of legislation, the Department of Human Services consider making caps within the Centrepay system. You wouldn't do that independently of the legislation?

Mr Taloni: We are waiting for the legislation to see what caps are set and what the outcomes are for the legislation.

Senator PRATT: Do you need legislation to do this?

Mr Taloni: We have policy terms and conditions that we will update to reflect the caps, whatever they might be. We would—

Senator PRATT: You could be directed by government, which says they support these recommendations, to change those policies now in the absence of legislation, couldn't you?

Mr Taloni: It is possible to write into the policies for Centrepay caps or other components that could be applying.

Senator PRATT: So why hasn't the government done that yet?

Mr Taloni: As I understand it, the government is looking to introduce legislation, so we're waiting for that legislation to be introduced.

Senator PRATT: But they've refused to introduce legislation to protect consumers, so much so that the opposition had to introduce legislation because the government was making such poor progress on their own legislation. So the government hasn't spoken to you about independently implementing those recommendations in relation to Centrepay at all?

Mr Taloni: No. They have not. We are, however, working very closely with Treasury in relation to them and the legislation they are preparing.

Senator PRATT: The only reason you can provide for not immediately implementing recommendations 11 and 15 is that the government hasn't asked you to do so?

Mr Taloni: That's not completely correct. To make these sorts of changes will not be an insignificant thing to do. If we were to introduce them through policies, it would take a significant amount of time to consult, to look at what the impacts are and to get our policy guidance websites et cetera in place. It would take a significant amount of time anyway. Waiting to align with what Treasury introduces and what is passed is a sensible thing to do.

Senator PRATT: Recommendation 16 of the report was that you should go about implementing it yourself if the government didn't legislate. In fact, recommendation 16 simply says:

The Department of Human Services consider making the caps in recommendations 11 and 15 mandatory as soon as practicable for lessors who utilise the Centrepay system.

It doesn't say that you need to legislate in order to do that.

Mr Taloni: I'm going to have to repeat myself. We are waiting for legislation to be introduced.

Ms Rule: It's impractical to make the changes twice. We could make the changes under policy and then have to change them again under legislation, so the sensible and practical approach is to make those changes once the legislation is in place.

Senator Fierravanti-Wells: Chair, before the break, what areas are we looking at this evening? Are there any staff that may not necessarily have to stay given the changes? I ask that as a possibility.

Senator PRATT: I have one last question on Centrepay while you work that out. Given Radio Rentals has had significant penalties against it, has the department taken any action to remove Radio Rentals from Centrepay?

Ms Rule: We have not removed Radio Rentals from Centrepay. We are working with them on a range of issues. We have not removed them from Centrepay.

Senator PRATT: Why not?

Ms Rule: Our customers continue to want to use that service. It's not compulsory for customers to use Centrepay. But people who do use Centrepay have told us that they want to be able to access the services provided by Radio Rentals through Centrepay.

CHAIR: The answer is no. There are questions in all programs.

Senator Fierravanti-Wells: I thought I would ask.

CHAIR: It is a very legitimate question. If there are any people from your corporate team still here, we could probably release them.

Senator SIEWERT: I think that's dangerous.

CHAIR: Apologies. We will suspend for an hour for a dinner break. We will resume just after a quarter past seven.

Proceedings suspended from 18:17 to 19:18

CHAIR: We will now resume with the Human Services Portfolio. We are currently in outcome 1. Senator Siewert.

Senator SIEWERT: I want to go to OCI. I have questions that refer to some questions on notice. I will try to be clear. At the last estimates, I asked questions about tax returns. Let me take you to HS33SQ18-000034. It says: 'Has the department done any modelling or calculations to estimate how much would be owed back to recipients by increased historic tax returns due to decreased entitlements after a debt is repaid?' The answer is no. Why haven't you looked at that issue? I am aware of at least two people who have started to address their amended tax returns.

Ms Cross: We do have arrangements in place within a current period where if someone overpays a debt, for a number of reasons, we can then repay the overpayment to them. We will do that within a reasonable current period of time but we don't go back historically and make repayments. That is why we wouldn't have done any modelling of that.

Ms Leon: If the question is about tax entitlements, that is all the more reason why it wouldn't be the Department of Human Services that was taking it on. We are not responsible

for their tax payments. If, as a result of an adjustment to their entitlements in the past, a customer thinks they may have paid too much tax then, like any taxpayer, they are entitled to go back and have their tax return amended. We can't do that on their behalf.

Senator SIEWERT: The question was: have you done any modelling or calculations to estimate how much would be owed back to recipients?

Ms Leon: It wouldn't be us who owes them, it would be the ATO.

Senator SIEWERT: Are you aware whether government has?

Ms Leon: I am not aware of them having done so.

Senator SIEWERT: When you are doing the modelling on how much will be recouped through the debt process, is that taken into account?

Ms Cross: When we are modelling on the debt process, we are looking at the amount they have been overpaid by DHS. The amount of tax they paid helps us determine whether we have overpaid them in terms of their allowances, but that doesn't change the amount of tax they were due to pay.

Senator SIEWERT: They have been paid a certain amount of money. If they have been working as well, they pay tax on their earnings. In fact, they paid tax on money they subsequently repaid. That is the point that people are making to me.

Ms Leon: They should make it to the tax office. If anyone thinks they may have paid too much tax, like any of us, they can go back to the tax office and seek to have their tax return amended.

Senator SIEWERT: I understand that. There has been a sum calculated by government about how much revenue they raise from this measure. The point has been made that people are going to start asking for their tax returns to be reassessed because they have paid tax on money that they have subsequently had to repay and, therefore, that is a cost to government.

Ms Leon: If people do start getting their tax adjusted as a result of this, to the extent that that is material, that would potentially cause us to revisit the assumptions in the cost model. But that hasn't occurred to date.

Senator SIEWERT: And government hasn't asked you to do that?

Ms Leon: No, and they wouldn't ask us to do it.

Senator SIEWERT: This issue has been brought to the government's attention.

Ms Cross: I'm not sure we can easily envisage a situation where a debt raised by us would actually impact on the amount of tax that a person should have paid.

Senator SIEWERT: The amount they report for their income includes their income support. They are saying: 'We didn't, in fact, get that much income support; we have just paid it back.'

Ms Cross: They have normally under-declared the amount of income they are getting, which is why there is normally a debt.

Mr McNamara: It is open to a customer, as part of the compliance review, to say: 'Yes, I know I've told the tax office and the tax office has assessed me as having a certain amount of income. But now, when I think about it, it's wrong.' So they will say to us: 'That's not the right amount. I'm going to get my tax return redone and I'm going to demonstrate to you that I

didn't actually earn that much money and, therefore, I wasn't overpaid.' That is open to people, and someone might do that—I think we have examples of it—but it's not material in the way we look at things. Anyone can come to us and say: 'Yes, that's the tax office's data on our income, but here's proof that it's different.' People can say: 'That's what my accountant put into the tax office but that's not the right amount and I would like to have that reassessed.' As the secretary said, that is something they would have to take up with the tax office, not us.

Ms Leon: I understand your question, Senator, and it really is one for the ATO. If a person had filled in their tax return with the amount of income support that they were actually receiving, an amount that turns out to be more than they were entitled to, and that is included in the calculation of their income tax for the year then later on, when they discover that they have paid more income support than they were entitled to and they have to pay it back, they could of course go back to their income tax return for that year and say, 'I really only should have received an amount that is less than the amount of debt that I now have to repay.' Whether that would count as reducing their income in the year in which they did receive that income support would be a matter for the tax office—because we don't know whether their definition of income in past years would be reduced by debt being repaid in a future year due to having received more income support than they were entitled to. That would be a matter of tax legislation as to whether that would in fact impact their taxable income in the prior year.

Senator SIEWERT: I understand that point. So then it would be up to a rule or a decision by ATO as to whether they can do that. If people did do that—

Ms Leon: If the ATO were to determine that that meant all of those people's tax ought to have been assessed at a different level, and if they were to determine, therefore, that they would start adjusting historic tax returns, and if that were to occur at a scale that was material, that could well lead to revisions to the assumptions in the model. But none of those 'ifs' has occurred yet.

Senator SIEWERT: Yes. I will also target some questions around that to the ATO and keep pursuing the issue. Thank you. It was useful to step through that process. Just to finalise those questions: other than what is normal to calculate debts, you haven't had any contact with the ATO about this?

Mr McNamara: No.

Senator SIEWERT: In terms of the recoupment of debts under OCI, do you have any line of sight on the number of people who have had their tax garnished for repayment—those that have come off income support?

Ms Harfield: We don't have separate figures for tax garnisheed in relation to particular measures. I will just see if I have garnishee figures at all. If not, I will take it on notice.

Senator SIEWERT: What I'm after is, how many people have and what's the average value of that? And how many are having their wages garnished? Should I go on?

Ms Harfield: If you don't mind. I'll see if I can find those for you.

Senator SIEWERT: In terms of the overall savings that have been made through the various debt recovery mechanisms, are you able to break it down into the different programs?

Mr McNamara: In terms of the compliance program, the various measures that make up the income data matching, we do have figures on debt recovery out of those, all those programs together.

Senator SIEWERT: All of them together—can you do them against each mechanism?

Mr McNamara: No.

Senator SIEWERT: You can't break it down?

Mr McNamara: No, we don't break it down. Because we run the program—I know they were announced as six, now seven, measures, but we run that as one program. We don't differentiate. The nature of how we do compliance reviews is it's conceivable that someone will be being reviewed out of a number of the announced measures. They could be getting out of more than one database. So it wouldn't be practical for us to be able to count those separately.

Senator SIEWERT: So you're never going to have line of sight of that? The system just doesn't track it, does it?

Mr McNamara: The system tracks it overall. We can tell how much debt we've raised and recovered from the income data matching measures in total, but not by the individual database. No, we don't have those figures.

Ms Harfield: I don't have the specific numbers around tax garnishee or wage garnishee. I'll see if I can try and get those before we finish this evening, but if not I'll take it on notice.

Senator SIEWERT: If not, can you take it on notice? That will be great. In terms of the 2017-18 MYEFO measures, there was \$580 million reduction in savings from not proceeding with components of the strengthening the integrity of the welfare system and better management of social welfare system. What are those components?

Mr McNamara: We'd have to take that on notice.

Senator SIEWERT: Could you take that on notice?

Mr McNamara: Yes.

Senator SIEWERT: And if there's more than one component, can you break down how much comes from each one? The components and their value, I suppose is your way of putting that.

Mr McNamara: We're happy to do that.

Senator SIEWERT: Do you keep records of the gender breakdown of the debts that are raised—in other words, how many men and women there have been?

Mr Storen: We do have gender breakdown information. I recall we may have provided some of that previously. I don't have it with me at the moment, but we can take it on notice.

Senator SIEWERT: Could you take it on notice in terms of the numbers and the average debt?

Mr Storen: We can definitely do the former, because we have done that before. Depending on the constraints around data, we'll try and do the second part for you.

Senator SIEWERT: I have quite a few data questions. I don't think it's a good use of our time sitting here asking data questions, but I do want to know how many debts have been

repaid between 1 July 2016 and now under the OCI program. Are you able to provide that level of detail now?

Mr McNamara: I've only got the total amount that's been recovered.

Ms Leon: We've got the number of debts raised, the value of debts raised and the value of debt recovered. The number of debts raised, year to date this financial year, as of 31 March—this is for all debt; it's not broken down to OCI—is 1,997,524. That's the number of debts—all social welfare debts. The value of it is \$2.52 billion. There's some rounding in there that hasn't been taken down to the sixth decimal place. What we've recovered this year—which would include some of that debt, but we also include debt raised in previous years, so recovered and raised don't line up year by year—is \$1.34 billion.

Senator SIEWERT: \$1.34 billion this year. That's across all debts—not across OCI?

Ms Leon: Yes.

Mr McNamara: Income data-matching debts, this financial year to 31 March we have completed 96,000 interventions with the debt. We've raised 96,000 debts this financial year to 31 March under the income data matching program.

Senator SIEWERT: I'm after the full period of 1 July 2016. I'll put those on notice unless you have the information.

Mr McNamara: It was 170,000 the year before, in 2016-17. Then 96,000 in the year to date.

Senator SIEWERT: A lot of my other questions there are about data.

Senator PRATT: I want to ask about staff reductions. In terms of the ASL cap, we've covered some of these and you have talked about your natural attrition rate. As we understand it, the government has identified staff reductions for DHS of about 1,280 staff. Will they be targeted or will they be by natural attrition or a mixture or both?

Ms Leon: Ordinarily we lose about 1,800 to 2,000 staff by natural attrition anyway.

Senator PRATT: But do you lose those in particular areas?

Ms Leon: That would be our first port of call. Secondly, ASL numbers include ongoing as well as non-ongoing staff, so amongst the options we have is to consider whether to extend non-ongoing contracts when they cease. A third option we have is to increase or decrease the rate of casual usage, because our casuals count as ASL as well. Which of those it's likely to be will depend upon the particular area once we've allocated the ASL and the budget to the groups within the department, because each of them have different workforce needs and drivers. So once each of the deputy secretaries gets their allocation of both budget and ASL, which I anticipate will occur before the end of the financial year so they know what they're starting the new year with, each of them will have to look at their existing workforce and what their best workforce mix is, and then make decisions about whether natural attrition or non-extension of temporary contracts is going to be sufficient to meet the target. That's pretty normal. We do that every year.

Senator PRATT: This is a bit out of scope in terms of the time for answering questions on notice, but I don't know if on indulgence it's possible for you to report what that looks like back to the committee at the time that it happens?

Ms Leon: Chair, do we know what the date will be for the return of questions on notice? Has that been set?

CHAIR: Questions should be provided by 8 June, and answers need to come back on 16 July.

Ms Leon: We should have allocated the budget by then. If you ask that question on notice we can get back to you within the notice period.

Senator PRATT: We'd like to know where you've applied your ASL and where there are any staff reductions.

Ms Leon: We'll answer to the best of our knowledge at that point. At that point all the deputy secretaries ought to have their allocation of budget and ASL. They may not have come to a complete view. I should say we don't really form a complete view on 1 July about how we are going to manage our workforce for the year. It's a bit of an iterative process that happens all year, depending on incoming workload, staff departures and other pressures. The SES are regularly adjusting their recruitment and other profile to match what's required.

Senator PRATT: In terms of where your major attrition comes from, does it come from shopfronts and call centres?

Ms Leon: They're the biggest part of our workforce. The largest part of our workforce is the service centres and the smart centres. They're the biggest element of the workforce.

Senator PRATT: So you don't need to target those areas specifically for staff reductions, because you'll have attrition there anyway?

Ms Leon: There's attrition there at a similar rate to the rest of the department.

Senator PRATT: Is there a greater level of attrition in those call centres than other parts of the department?

Mr Hutson: Not on average, I don't believe so. It is pretty much average across the department.

Senator PRATT: Are there any areas you need to quarantine from staff reduction?

Ms Leon: I'm not anticipating that there will be any overall workforce reductions in any part of the department. There might be ASL reductions, but if there are in any particular areas we'll make that up with other forms of workforce. We have enough budget to have more workforce in the coming year than we had in the present year. So there won't be any overall reductions of workforce.

Senator PRATT: That's good to know in the quality of service, but it's hard to know what the ASL cap is for, in terms of it being counted as a budget saving measure. But I understand you've got a job to do. You do that within your cap and within your budget, but perhaps the minister might comment on that?

Ms Leon: I think the ASL cap is one that is consistent with the government's agenda for smaller government. That's the function of the ASL cap.

Senator PRATT: That's an ideological answer, but it's probably the correct one.

Senator Fierravanti-Wells: We did canvas this before, so if you're really interested in what my thoughts are, you might like to go back and read the transcript.

Senator PRATT: I heard them, thank you.

Senator Fierravanti-Wells: Good. Perhaps you'll remember them for the future.

Senator PRATT: Is there a cost associated with this staff reduction?

Ms Leon: No.

Senator PRATT: Can you give to us on notice the ASL reduction across the forward estimates, please, by year and likely staff profile?

Ms Leon: We only get our ASL each year in the budget because our ASL comprises all the ons and offs of that year's budget.

Senator PRATT: So you won't be able to tell us about any future staff reductions. Okay, that's fine.

Senator Fierravanti-Wells: Senator Pratt, we went through this before. I reiterate that the Department of Human Services gets tasked in the budget every year to do certain things. This year it got tasked to do 30 budget measures and it was given X dollars to complete this and an ASL component to do it within that funding envelope. It's pretty simple; it's not rocket science. I would have thought that even you could have understood it, Senator Pratt.

Senator PRATT: I understand—

Senator Fierravanti-Wells: We have said it. We have repeated it three, four and five times. I'm happy to repeat it again, Senator Pratt. You don't seem to be understanding it.

Senator PRATT: I'm happy to say that Ms Leon seems to be better able to own up to the ideological components of this than you do.

CHAIR: Senator Pratt, we don't need to have a discussion about this. Let's move on and ask a question.

Senator PRATT: The estimated staff reduction for 2017-18 was 1,188 ASL. Are there any particular areas you're expecting to be impacted by staff reductions? For example, what would happen if your attrition happens in the wrong areas? Are you going to have trouble rebalancing that?

Ms Leon: It's worth bearing in mind that the overall workforce of the department is over 30,000 and so it doesn't take a lot of rebalancing when you're only trying to achieve a reduction in ASL of 1,280.

Senator PRATT: Well, 1,280 out of 30,000 is a lot, bar the fact that you have attrition of about 1,800. It really depends if you get your attrition in the right areas.

Ms Leon: Of course. For example, if a service centre that has got only 10 staff in it happened to have five reach retirement age in a year, obviously we won't just let attrition fall where it falls.

Senator PRATT: Yes, this is what I'm after.

Ms Leon: Service centres have a minimum staffing level. We make sure that they are kept at a level that's safe, effective and will maintain customer service standards in that service centre, so we don't just let it fall where it falls.

Mr Hutson: If I could add to give you the scope of the thing. I mentioned earlier statistics about engagement of staff in the calendar year April to March 2018 in which we had 2,096 engagements. Within that same period we had 7,800 internal mobilities, so moving people

around the department is something that happens at a considerably faster rate than engagement or attrition.

Senator PRATT: Does that mean that you can rule out redundancies in terms of your reduction?

Ms Leon: I would certainly rule out involuntary redundancies at this stage, but every year there are some voluntary redundancies. We don't at the moment have any widescale offer of voluntary redundancies, but there are always a few voluntary redundancies every year, where particular skills or particular areas have changed.

Senator PRATT: The staff reduction for 2017-18 was 1,188 people. What was the actual reduction in your ASL? What do you anticipate that to have been?

Mr Jenkin: In our PBS there is an estimated actual figure for 2017-18 of 28,587. That would mean an actual reduction of 1,250.

Ms Leon: Because we started the year slightly over the ASL cap. I think that's right.

Mr Jenkin: That's right.

Senator PRATT: So what was the initial figure and what description did you give of it?

Mr Jenkin: The first figure I gave was the estimated actual ASL for 2017-18 of 28,587.

Ms Leon: And that's an estimate because, until we get to 30 June, we don't know what it is—

Senator PRATT: That's fine. And your estimated ASL reduction was 1,250.

Mr Jenkin: Correct.

Senator PRATT: Was that all via attrition? How much of that was voluntary redundancies?

Mr Hutson: VRs, as the secretary mentioned, are something which are a pretty common and continuing part of the process. In the period July 2017 to March 2018, we have had 341 redundancies.

Senator PRATT: Were all 341 redundancies voluntary?

Mr Hutson: Yes, they were non-SES voluntary redundancies.

Senator PRATT: In terms of the loss of positions, were the 341 of those 1,250 voluntary redundancies?

Ms Leon: That's not necessarily right. A person might leave on a voluntary redundancy because their position's been abolished but they might also leave on a voluntary redundancy because the skills required in a certain area have fundamentally changed, they no longer have the skills required, they haven't been able to develop the skills and they have been replaced.

Senator PRATT: So you've replaced them rather than make the position entirely redundant?

Ms Leon: That's right. So there is not an exact line up between reductions and redundancies.

Senator PRATT: I do understand that. What I want to understand is how many of the 1,250 that you lost? I guess it's hard for you to answer this because you will lose more than that and replace some of them. In terms of permanent ongoing positions and how many had

more temporary staff profile, has that ratio changed within the department from the end of last financial year to now?

Mr Hutson: I don't have an FTE start point but I do have a head count staff point, which is not as useful in one sense. But at the beginning of the financial year, we had 34,037 head count. That's a lot more than our full-time equivalent because 30 per cent of our staff are part time.

Senator PRATT: That's good. Lots of people have children and caring responsibilities.

Mr Hutson: At 31 March 2018, our head count was 32,762.

Senator PRATT: Which is pretty close to a reduction of 2,000.

Mr Hutson: That's for head count reduction, yes. That is not ASL.

Senator PRATT: That is not for full-time positions. That's understandable.

Ms Leon: That would be ongoing, non-ongoing and casual.

Senator PRATT: Can you give us a figure of the head count? I appreciate people have full-time positions, part-time positions and casual positions. Can you give us a breakdown of each of those profiles?

Mr Hutson: Sure. Employment status full-time at the beginning of the financial year, which is 30 June 2017, was 22,197. As of 31 March 2018, that number was 23,088.

Senator PRATT: That's gone up.

Mr Hutson: So our number of full-time employees we had on deck increased in that period. Part-time including intermittent and irregular went from 11,840 to 9,674. So our part-time workforce has fallen at the same time as our full-time workforce has risen.

Senator PRATT: Where are your casuals?

Mr Hutson: They're included in the part time.

Ms Leon: And we did provide opportunities for all of our casuals to apply for permanent jobs and some of them did and were successful.

Senator PRATT: Thank you. That's good.

Senator DEAN SMITH: Staying with the same topic if we could, when was the department established?

Mr Hutson: The department was established under the Howard government, I think, in 2005. The question which I suspect you are probably most interested in is when did the department come together as a fully merged entity and that was on 1 July 2011.

Senator DEAN SMITH: Just take me through, if you could, the staff reduction experience in the first few years following the creation of the department. Did the department have a previous name or has it always been known as the department—

Mr Hutson: It's always been known as the Department of Human Services, although we had a number of portfolio agencies, such as Centrelink and Medicare, and they were all merged into the main department on 1 July, 2011.

Senator DEAN SMITH: Mr Hockey was the first minister?

Mr Hutson: Mr Hockey was our first minister.

Senator DEAN SMITH: It seems so long ago. Have you been there—

Mr Hutson: Senator, I have not been in the department that long, no.

Senator DEAN SMITH: He's moved on to bigger and better things. I suspect he's doing better in Foreign Affairs than he was in Human Services. I said that for your entertainment, Senator Watt.

Ms Leon: I don't know if we would say that it's bigger and better than the Department of Human Services, Senator.

Senator DEAN SMITH: I admire your optimism. My apologies for flippancy. In 2011-12, what was the staff reduction figure?

Mr Jenkin: These are based on the published figures in our annual report. In 2011-12, the reduction in ASL—and these are ASL figures—was 2,381, from the previous—

Senator DEAN SMITH: What gave rise to that? Do you recall?

Mr Jenkin: A bit before my time, but I think that was based on the fact that there was the integration of the different agencies.

Senator DEAN SMITH: Of course, yes—duplication, efficiency gains.

Mr Jenkin: You would have had duplication, particularly in the corporate areas. So that's not unexpected.

Senator DEAN SMITH: Agreed. Then, in the following year, was there a reduction in the ASL?

Mr Jenkin: In 2012-13, there was a 797 reduction in ASL.

Senator DEAN SMITH: And then in the following year, which would be 2013-14?

Mr Jenkin: The ASL reduction was 1,706.

Senator DEAN SMITH: Over the period there would have been a reduction of how many?

Mr Jenkin: Over that period, those three years?

Senator DEAN SMITH: Yes. Approximately 5,000?

Mr Jenkin: 4,884.

Senator DEAN SMITH: So, over the period of a previous Labor government, from the period of 2011-12, then 2012-13, then 2013-14, there was a total reduction of 4,884 in the last three years?

Mr Jenkin: Over those three years, a reduction in ASL, yes.

Ms Leon: The third year of that, of course, there was a change of government in the middle of the year.

Senator DEAN SMITH: That's right, which gave rise to the 1,706 reduction. So, if we're reflecting over that period, when was the greatest reduction in ASL staffing numbers?

Mr Jenkin: It would have been immediately after integration.

Ms Leon: It was 2011-12.

Senator DEAN SMITH: That's right. And that period was the previous Labor government?

Mr Jenkin: That's correct.

Senator DEAN SMITH: So we've seen in this most recent period a staff reduction of how many?

Mr Jenkin: Are you talking about this year, 2017-18?

Senator DEAN SMITH: Yes.

Mr Jenkin: For 2017-18, on the previous year, 2016-17, a reduction of 1,250. That's our estimate, given the year isn't over yet.

Senator DEAN SMITH: So staffing reductions and improvements to efficiencies have been a common theme over various types of governments?

Mr Jenkin: Changes in our ASL, as has already been said, are dependent on efficiencies, changes in the work we are asked to do and changes in the nature and structure of our workforce to deliver on those measures.

Senator DEAN SMITH: Changes in the staffing in recent years is not uncommon, because the changes in staffing over previous years, following the creation of the department, reflect the different types of tasks that the department might be asked to perform by governments.

Ms Leon: That's right. And efficiency dividends have been a feature of public service funding over successive governments.

Senator DEAN SMITH: Efficiency dividends have been policy features of various governments?

Ms Leon: That's right.

Mr Jenkin: Since the late 1990s, I think.

Senator DEAN SMITH: That's going back beyond even my experience. But you're quite right: efficiency dividends traverse different governments.

CHAIR: Thank you, Senator Smith. Senator Pratt.

Senator PRATT: I've got some further questions. I wanted to ask, with respect to the childcare rebate and the implementation of the new scheme, how do you go about assessing households' incomes?

Ms Leon: There's an online system. All families who are in receipt of childcare benefit or childcare rebate received correspondence from us, encouraging them to go online and enter theirs and their partner's expected income for the financial year.

Senator PRATT: How are you managing household income for the purposes of families where there's a shared parenting arrangement?

Ms Rule: The definitions of income are all defined in the legislation. They're the same means testing arrangements that applied under the previous childcare subsidy arrangements.

Senator PRATT: What were those?

Ms Rule: There's an assessment of income of households based on the earnings of the custodial parents, and those are split up on a formula basis for families where there are shared care arrangements in place.

Senator PRATT: The previous childcare subsidy was not means tested. So people did not need to put in an income assessment for those purposes previously?

Ms Rule: There were two aspects to the current childcare funding arrangements, one of which is means tested and one of which is not.

Senator PRATT: There was one that wasn't means tested in order to access it. But it's now all means tested—

Ms Rule: From 1 July.

Senator PRATT: That's right; it will be all means tested. How will you go about means testing dual incomes within two households where they don't currently have an interaction with the department? I can see how you can means test it for the purposes of lower income households, which were therefore eligible for the greater of the two levels of subsidies we currently have. Because in order to qualify for a Family Tax Benefit or whatever, you've got to have both incomes through the system. But, if you don't qualify for that, how are you means testing in shared care?

Ms Leon: In order to qualify for it at all, every household that wants to receive the new childcare subsidy has to go online and fill in the means test.

Senator PRATT: No. For example, I have to put in my childcare assessment. I'm a co-parent, but I currently pay all the childcare bill, and my co-parent just repays me. But I was asked for my income and my income only.

Ms Rule: It's proportioned based on the amount of care that each parent has.

Senator PRATT: That's right. You didn't ask me what proportion of care I have when I completed that online form.

Ms Rule: I can't speculate, obviously, on individual circumstances. We're happy to take this on notice and give you the detailed policy on how those decisions are made. There are all kinds of family arrangements in place of shared care and who's paying for what. We've got guidelines in place for how we make those decisions, noting that, whilst the arrangements will change from July, the means-testing arrangements are ones that we're very familiar with through family tax benefit and existing childcare arrangements.

Senator PRATT: Correct, but the people applying for childcare rebates now may not be familiar with the family tax benefit systems.

Ms Rule: No, that's right.

Senator PRATT: So how are you going to avoid someone like me applying for a childcare benefit I'm not entitled to when you don't know what my arrangements are for other people who are paying towards the welfare of my child?

Ms Rule: There are a couple of things in place to try and minimise debts. One is that you provide an estimate of your income and the other one is that the proportion of the money that you would be eligible for is held back and then reconciled at the end of the year to try to avoid those debts.

Senator PRATT: How would you know the shared-care arrangements of any person that's filling out that form if they're over your current income thresholds for family tax benefit?

Ms Rule: As with all our payments, the obligation is on the recipient to give us that information that we need to make a decision.

Senator PRATT: When I filled out this form, nowhere was there any expression of an obligation to me to explain what my household arrangements were for shared care. I responded to the letter from Centrelink, from the Department of Human Services, asking me to disclose my income. I disclosed my income and my income only, because that's all I was asked to do. Nowhere was I notified that I might be applying for something that I'm not eligible for, because previously my whole family was eligible for the rebate at the previous rate. So how are you going to fix this problem?

Ms Leon: I think this is a question that actually overlaps with the responsibilities of DSS, because—

Senator PRATT: But you're the ones that have to educate people and implement it. How are you going to implement it to make sure that someone like me doesn't overclaim?

Ms Leon: We've built the system to implement the policy of DSS, so we may need to take on notice and, between us and DSS, work out how to answer that question, because it sounds like it's partly a policy question.

Senator PRATT: Yes, but people are being asked to fill this out now.

Ms Rule: The other delivery issue that's really important to understand is that the way we've built the system to transition to the new payment arrangements is only to ask people for information that we don't already have. If you have been in receipt of a previous payment—it could be family tax benefit, childcare rebate, childcare benefit or a range of other things—we should already have information on your shared-care arrangements or your childcare rebate—

Senator PRATT: No. Why would you have information about my shared-care arrangements?

Ms Rule: Because you said previously that you'd received other childcare payments under the system.

Senator PRATT: No, all I've received is the general rebate that's not means tested.

Ms Rule: Again, without going into your record and having a look, it's quite possible that we've got the information we already required, and we've asked you for the additional information that we need to meet the requirements under the childcare arrangements. Having said all of that, we are happy to take on notice a question about the detailed arrangements of how we make determinations around shared care for the purposes of the new subsidy.

Senator PRATT: I'm not convinced that I can see any methodology for you managing reporting around shared care if people aren't already under your FTBA limits?

Ms Rule: And existing childcare benefit and childcare subsidy.

Senator PRATT: That's right. I could see on one of your websites a report that, in order to claim rebates across two households, you would need to pay for different days and apply in your own right for each for your subsidy. Is that correct?

Ms Rule: One of the differences about the new subsidy is it gets paid directly to the childcare provider rather than option of it being paid to individuals, so the subsidies will be paid on the basis of the amount of time that that child is in care. The effect of that is that the price that you pay out of pocket, whether it's you, co-parents or whatever, is reduced. So it's a different model that rather than reimbursing for your existing—

Senator PRATT: And that's good; it's a much more convenient system to do that.

Ms Rule: That kind of has an impact as well. It doesn't really matter who is paying for the leftover part of the childcare; the money goes to the centre based on the circumstances.

Senator PRATT: But how do you know who's paying the bill? How do you know whether the people paying the bill are all in the same household and with one family income, or whether there are family incomes across more than one household paying for that bill?

Ms Rule: As I said, I'm happy to take it on notice and give you the detail of how we are making determinations across households where there's shared care.

Senator PRATT: What advice are you currently giving someone like myself in this situation?

Ms Rule: Again, I'm happy to take it on notice and give you the information that we've given to our staff who are operating the phones and the information that's on our website and stuff about that issue.

Senator PRATT: Can you not tell me now what advice you're giving people over the phone?

Ms Rule: Not specifically, because the advice depends entirely on individual circumstances. I can't give you a generic answer to—

Senator PRATT: Okay. I'll give you a different example. There is someone who earns \$180,000 a year who, in their own right, would be eligible for a very marginal subsidy but who is, for example, co-parenting with someone else who also earns \$180,000 a year but is in a different household. What advice would you give them on their eligibility? Are they over the \$300,000 threshold, or are they eligible for a childcare rebate?

Ms Rule: I don't want to give you the wrong information in this forum, Senator—

Senator PRATT: If you can't answer it, Ms Rule, I cannot see how people on the phone can answer it.

Ms Leon: People on the phones have got access to the detailed guidance and policies that Ms Rule's offering to give you on notice, but we don't bring the whole operational blueprint with us to Senate estimates.

Senator PRATT: Okay. If you can take that on notice and—

Senator Fierravanti-Wells: Sorry, Senator Pratt, I think the secretary's made it clear: if you're prepared to give your particular circumstances and all the details pertinent to you then I'm sure that the department will help you. Each person is different.

Senator PRATT: No, no. I'm quite capable—

Senator Fierravanti-Wells: If you're asking us to provide you with free advice tonight on how you can arrange your childcare arrangements, I really think—

Senator PRATT: I don't want to end up with a debt, when I've declared my income to the department—

Senator Fierravanti-Wells: Senator Pratt, I'm really surprised that someone in your position would actually be applying in the first place, but—

Senator PRATT: and I'm really very simply trying to make an example of the fact that I do not want other Australians to end up with debts to DHS.

Senator Fierravanti-Wells: But, Senator Pratt, we've just gone through this process: you ring up and somebody will help you, depending on what your particular circumstances are. If you do ring up then the person on the other end of the phone will take you through and say, 'Louise, how can I help you?'

Senator PRATT: I see no evidence that the department knows how to implement the policy around this question.

CHAIR: So, where are we?

Senator Fierravanti-Wells: Perhaps we might give Senator Pratt a basic lesson.

Senator PRATT: Please do. Explain to me how you manage income testing for people who are above the family tax benefit A and B levels, who are doing shared care and who are seeking to claim a childcare rebate?

Ms Leon: I think Ms Rule's taken on notice to provide you with the detailed policy for those circumstances, Senator.

Senator PRATT: Thank you.

CHAIR: On that basis, we'll move to Senator Siewert for a bit.

Senator SIEWERT: Thank you. Can I go back to debt issues. Are you able to give me an update on the number of OCI debts that have been appealed to the AAT?

Ms Leon: I should just say, by way of correction to something I said earlier to Senator Pratt, that of course it's the department of education that we'll consult with, not the Department of Social Services, in relation to the child care.

Senator SIEWERT: Do you have any easily accessible data on the overall number of OCI debts that have been appealed to the AAT, or do you need to take it on notice?

Ms Cross: We're just checking whether we've got that information with us and whether we've got it for OCI or just for debts generally. If you give us a second, we'll just check our brief.

Senator SIEWERT: The reason I'm asking here is that I have asked questions of AAT, and they can't break it down; they just deal with Centrelink debts basically.

Ms Leon: I think you have asked us this before, Senator, and I think we may have said the same thing—

Senator SIEWERT: At one stage I did ask, and you said you weren't far enough through the process to know about OCI debts. I'm just wondering if there is any data available now. If you don't have that, it's basically okay, because I've already—

Mr Storen: From 1 July 2016 to 31 March 2018, 450 customers with a debt raised through the online system have appealed to the Administrative Appeals Tribunal's first review, or what we call AAT1.

Senator SIEWERT: Have there been any on the second?

Mr Storen: Yes. For the same time period, July 2016 to March 2018, 49 customers have further appealed their AAT1 decision to the second review.

Senator SIEWERT: Of those that have appealed and of those that have been completed—because I'm aware not all of those may have been completed—are you able to tell me how many have been overturned?

Mr Storen: That's not the language I have or that I think we're used to. I'll give you some numbers in the language I've got here.

Senator SIEWERT: Okay. Fine.

Mr Storen: At AAT1, there have been 416 cases decided, 265, or 64 per cent are unchanged, 2.4 per cent or 10 cases have been varied, and 34 per cent or 141 have been set aside.

Senator SIEWERT: Thank you—and for the second appeal process, the second round?

Mr Storen: The information I've got in front of me, Senator, suggests that the outcome of the review was a settlement between DHS and the customer. It suggests to me that the AAT review didn't come up with a final answer. Both parties were sent away to resolve the matter.

Senator SIEWERT: Sorry, that's the second—

Mr Storen: That's the second tier review.

Senator SIEWERT: What were the 49 cases then?

Mr Storen: They're the 49 customers who went to the second review. I don't have a number of those that have been finalised, but, of those that were finalised, it wasn't a clear 'unchanged/varied'; it was—

Senator SIEWERT: 'Go away and talk about it.'

Mr Storen: 'Go away and resolve it between yourselves.'

Senator SIEWERT: So, of the 49, it looks like only one has been finalised.

Ms Cross: No, we don't have the number that were finalised.

Senator SIEWERT: Okay. So all you know about is that one. Is that correct?

Mr Storen: No. The subset of the 49 that were finalised—of which I don't have that number—

Ms Cross: were via settlement.

Mr Storen: were via settlement.

Senator SIEWERT: I see. So, those that had been finalised—settlement; the rest are still going through the process. I beg your pardon. I can only blame it being a long day! They're obviously with you. They were to go away and talk to you?

Ms Cross: Yes.

Senator SIEWERT: What's been the outcome for that unknown number?

Mr Storen: The unknown number—I don't have any clarity on the precise outcomes, but we will give them to you—

Senator SIEWERT: Could you take it on notice.

Mr Storen: and give you a feel for what the outcomes look like.

Senator SIEWERT: Thank you. So, of the appeals that have dealt with to date, about one-third have actually been set aside? Is that correct?

Ms Cross: That's of the level 1 appeals, the AAT1.

Senator SIEWERT: Yes—and we don't know the situation with level 2.

Ms Cross: That's right.

Senator SIEWERT: Thank you. Obviously you're involved in providing information to the AAT. Are you able to provide the information that identifies the types of debts so they could have this on their system?

Ms Cross: In terms of whether they're OCI?

Senator SIEWERT: Yes.

Ms Cross: We could find a breakdown of the type of debts that are going to the AAT, I suspect. We're only telling you about the OCI ones at the moment.

Senator SIEWERT: My broader question is: could you provide a breakdown against all of the appeals to the AAT over debt? I can't get that from the AAT. My further question is: is there a way you can—

Ms Cross: We'll certainly have a look.

Mr Storen: I think that can be quite complicated because an appeal can go to the AAT for a variety of matters which a customer is appealing, of which a component may be a debt. In a data management sense, we can try. Because of the nature of the online compliance ones, we've been able to identify them, but for the broader set of data, we will face the same challenges that the AAT face.

Ms Cross: We'll see what we can find for you.

Ms Harfield: We do have numbers for AAT reviews for all decisions because, obviously, you can also appeal a claim decision.

Senator SIEWERT: I've been to the AAT and I've got that bigger-picture data. It's the breakdown of OCI that I was particularly interested in, which you have very helpfully given me, so thank you. Can I go back to a question I asked earlier about the number of overall debts? For example, I've got a constituent who's contacted me and said they actually informed Centrelink of their change of circumstances, but it wasn't properly recorded. They got paid at the same rate and the payments weren't changed. Centrelink finally made the change, so then they had a debt. This was a debt which they've repaid, but it was through no fault of their own. Does that get counted as a debt? I've got a number of other people in the same position. In your totals, does that then get officially registered as a debt and totalled up as reclaimed money against the debts raised. Does that count as a debt raised?

Ms Cross: Yes.

Mr Storen: Yes.

Senator SIEWERT: What is the breakdown of the number of debts that are raised that are actually not caused by the recipient? In other words, where Centrelink's failed to record something or something's—

Ms Cross: We have statistics on payment accuracy and payment correctness which tell us that it's a very small percentage where there are administrative errors. We certainly could give you that sort of data. Whether we can then pull that out of the debt data is a separate question. I think with payment accuracy, we achieve about 98 per cent. With payment correctness, it's around 95 per cent.

Mr Storen: We did do some work earlier—if I recollect correctly, we talked about it here a couple of hearings ago—around the reassessments. We looked into reassessments and what arose and why the debt changed. That piece of work that we did was probably six months ago.

It indicated to us that about 1.7 per cent may have arisen from the department not getting the process correct in one form or another.

Senator SIEWERT: But that's where somebody has questioned the debt notice that they've sent out, which is different to what I'm asking about now. I appreciate what you've just said, but it is different. The reassessment is where you've identified a debt through data matching, for example, which is what we were talking about at the time, if I recall.

Mr Storen: We've identified a debt after a customer's been engaged and we've worked through the data. The customer has seen the result of the debt and basically communicated to us they do not think it looks correct. They may have some more evidence or they may just say, 'There's something not quite right'. Then we take it away and re-look at it for the customer with further evidence, et cetera. Sometimes it is reassessed and the debt is changed.

Senator SIEWERT: I acknowledge that.

Mr Storen: That's the data we have in this space about—

Senator SIEWERT: About mistakes that have been made, not the mistakes where basic information—and I've got another example of where somebody tried and tried and tried to get you to change their address. It wasn't changed, and they continued to receive a payment when they had tried on a number of occasions. Now that would go down as a debt too, which is a slightly different situation to what you're talking about.

Ms Leon: Yes, it would be counted as a debt, but all of that would come within the administrative error and, as Ms Cross has said—obviously, we wish it was zero—a very small percentage of the payments that we make are affected by administrative error.

Senator SIEWERT: Do you have an idea of—

Ms Leon: I think we've given it before, but it is in the vicinity of two per cent. I can take on notice the exact figure.

Mr Storen: It's reported in the annual report each year.

Senator SIEWERT: Was that actually then going to translate that into the value of—

Ms Cross: I don't think you could translate it into that.

Senator SIEWERT: I know, and that's the point that many people are making.

Ms Leon: To do that you would have to know that, of the debts, they were affected by that proportion of administrative error as well but I don't think we have any way of knowing one way or another.

Senator SIEWERT: I've asked before if you keep a record of it, and the answer was no.

Ms Leon: There'd be a record on each customer's file. Do we keep them all together in one record? No.

Senator SIEWERT: I found that out a number of estimates ago. Thank you. In terms of—

Ms Leon: Happily, Senator, as we move more of these simple information provision pieces to the digital space, people will be able to just tell us themselves and have it automatically registered in the system so they won't experience the frustration of human error.

Senator SIEWERT: Hopefully, any errors that are made by the department can be picked up through the system.

Ms Leon: That's right.

Senator SIEWERT: Homelessness: you're probably aware of some of the concerns that have been aired in the media about homeless youth and having no permanent address.

Ms Leon: Yes.

Senator SIEWERT: I'm aware that you need to provide contact. Has the department received ongoing complaints around addressing the issue of people who are homeless having a contact or some way to be contacted?

Ms Leon: The truth of the matter is that we actually have quite an extensive and personalised outreach service to homeless people, and we are very flexible about making sure that they are supported in being able to get a payment. I think the media reporting that's occurred that's suggested we are difficult to deal with and won't make a payment for people because they don't have a permanent address doesn't reflect the reality of the service provision we actually do.

Senator SIEWERT: I have in fact visited a couple of homeless services where you've actually had a Centrelink officer in there on a once-a-week basis or something like that. How many places around Australia do you extend that to? Do you have that—

Ms Leon: I'd have to take that on notice, but we do have community engagement officers throughout the service delivery network. They go out in their own region on a quite broad geographic basis to try and cover all of the places where particularly vulnerable people, including homeless people, might be who might not otherwise engage with the service delivery network. I can take on notice both the number of those officers that we have and, if we've got it centrally collected, the number of places that they visit.

Senator SIEWERT: That would be appreciated.

Ms Leon: They do work very individually with each person to try and find a way to help them get whatever they need filled in so that they can get the benefit they're eligible for.

Senator SIEWERT: I've been quite critical of Centrelink, as you know, on many occasions, but I have seen the work that some of the officers have been doing and I acknowledge that in fact from what I've seen there's been every effort made.

Ms Leon: Yes. Where a homeless customer doesn't have a postal address, amongst the options that we offer them are either a post-office box, if they've got one, or they can have it care of a friend or relative. They can have it care of a local services provider—for example, they might be engaged with a youth service provider or a drug and alcohol service provider—or they can have it care of their local DHS social worker or service centre manager. We offer them a range of options that they can put as their address so that they aren't left without access to income support. I think Mr Jackson has something to add as well.

Mr Jackson: It is just very quickly to expand. We have, as you know, a very extensive social worker network out there but equally through our multicultural, our Indigenous and our prison-serving officers and the like. As the secretary has pointed out, we go to great lengths to assist people and equally, with our community engagement officers, to connect people so that they can get access to the payments that are available to them.

Senator SIEWERT: Is the criticism perhaps due to people not being aware of the outreach services that you have?

Ms Leon: It's possible that someone who's recently become homeless might not yet have come in contact with us or might not have gone through a service provider that we've got connections with, so I envisage that it's possible that there are people who are couch surfing and who just haven't been in to Centrelink or haven't been contacted by one of us. But the network that Mr Jackson describes is a pretty extensive, national, geographically dispersed network, and we do certainly aim to make that kind of outreach available to the most vulnerable people.

Senator SIEWERT: It brings to mind a gentleman I met a couple of years ago who was homeless and had in fact taken it upon himself to make sure that other homeless people knew of Centrelink services. That was somebody taking it on themselves. In my discussions with him, he said there were a lot of people that weren't aware—despite the things that you've just said—of the services that were in fact available.

Ms Leon: We certainly aim to get out to as many homeless points of contact as we can so that people are aware.

Senator SIEWERT: We've already had a discussion about you taking on notice the—

Ms Leon: The numbers of staff and the activities they engage in, yes.

Senator SIEWERT: Yes. Thank you. I've got quite a lot of questions that I'll put on notice. I want to go to DSP payments.

Ms Leon: Should we take it that debt and OCI and so on are finished with, just so I can see if that whole subject matter is finished with?

Senator Pratt interjecting—

Ms Leon: But not debt? I've got the officers involved with debt.

Senator SIEWERT: I do have some questions on notice.

Ms Leon: If they're still required, they don't mind.

Senator SIEWERT: That's a reminder for me to just scan. They're actually more data questions on debt, for me, which I'll put on notice.

Ms Leon: Okay.

CHAIR: We're happy to release debt?

Ms Leon: Debt and integrity?

Senator SIEWERT: Have you finished debt?

Senator PRATT: Yes.

Ms Leon: So we can let our debt staff go?

CHAIR: You can let your debt staff go.

Ms Leon: They owe you a great debt, Senator.

CHAIR: They do, actually! They can count themselves very lucky, anyway. Where are we going now then?

Senator SIEWERT: I want to go to DSP.

Senator PRATT: I've got questions on processing times for payments. I have a quick follow-up question on child care as well.

Ms Leon: Which would you like to start with, Senator?

Senator SIEWERT: Can we go to DSP. Last time we had quite a bit of discussion around the medical reviews.

Ms Rule: I've read about it. I wasn't here, but I have read about it.

Senator SIEWERT: And I had some discussions and questions with DSS, who also referred me to you on a number of issues. First off, I want to go to the 30,000 and get an update about where the medical review process is up to.

Ms Rule: As at 31 March this year, we initiated 30,056 reviews; 11,069 of those reviews had been finalised; 10,987 reviews remain in progress; and 8,000 reviews have been closed as a result of applying revised selection criteria to reviews initiated prior to the introduction of those criteria. So we changed the methodology, basically, for selecting people for review.

Senator SIEWERT: You just didn't take that any further?

Ms Rule: Yes. We closed those ones.

Senator SIEWERT: Of the ones that are finalised, could you tell me what that's resulted in?

Ms Deininger: The 11,069 reviews which have been finalised resulted in all of those DSP recipients remaining on payment.

Senator SIEWERT: All of them remained on DSP?

Ms Leon: Well, 10,877 remained eligible for DSP; 192 either left DSP themselves or had DSP cancelled; and, of those, 117 no longer received an income support or received an income support more appropriate to their circumstances.

Senator SIEWERT: Like Newstart or carer payment or parenting payments or whatever?

Ms Leon: That's right. They could have gone on to another income support.

Senator SIEWERT: How many actually no longer received income support?

Ms Leon: 117.

Senator SIEWERT: So 192 left DSP.

Ms Leon: Or had it cancelled. Some left voluntarily—they realised that they weren't eligible, or they chose to have it cancelled—or they had it cancelled. And, of that 192, there were 117 who then didn't receive any income support payment, and there were 75.

Senator SIEWERT: I missed the 75.

Ms Leon: Those two add up to the 192. There were 75 who went onto another income support payment. Of course, the ones that were finalised first, the 11,000, were the ones that were easiest to finalise, so it's not surprising that they're mostly ones that stayed on DSP. The ones where the situation's more complex are the 10,987 that are still at various stages of review.

Senator SIEWERT: Are you now finalising that group before you move on to the next 30,000?

Ms Leon: That's right. We are now working through that group.

Senator SIEWERT: And then of course there's the not-reviewed process that's being undertaken by the department—

Ms Leon: That's right.

Senator SIEWERT: and I've asked them questions. Thank you. I want to go to the issues around people in incarceration and DSP. I was directed to you to ask about this. It touches briefly on process time for DSP, Newstart and the new waiting-period process.

Ms Deininger: In terms of a person who applies for DSP, the DSP—once it's assessed, if they're granted DSP—will be back paid to the date that the claim was submitted. There's no waiting period.

Senator SIEWERT: What's the average time for that process? It's particularly this cohort that are in prison and then, if they're cut off after 13 weeks—and of course you'll have others that have been there over two years where you'll be dealing with this already.

Ms Deininger: I'm not sure that we will have data on the claim-processing time for particular cohorts, for example, who were in prison.

Senator SIEWERT: That's why I originally asked the simpler question: what's the processing time for DSP?

Ms Rule: The median days to process DSP are 34. That is actually a reduction of six days from last year, and it's exceeding the key performance measure.

Senator SIEWERT: In the discussion that we were having earlier with DSS, they said they'd go onto Newstart while that processing was occurring.

Ms Deininger: That's right.

Senator SIEWERT: So then my question was: given the new processes that went through under the welfare reform processes and the various waiting periods and the requirement to engage with your job service provider, does that process apply to people that are coming out of prison and reapplying for DSP?

Ms Deininger: No. For DSP, people will lodge their claim and, once it's lodged, we backdate it to that date, so the waiting period doesn't apply and those other measures that you described don't apply.

Senator SIEWERT: That is different to what I was told this afternoon, sorry. I was told they'd go on Newstart—

Ms Deininger: Sorry, that's right. They can go on Newstart provisionally while they're waiting.

Senator SIEWERT: while they're waiting for their process of DSP. Sorry if I wasn't clear.

Ms Deininger: Yes, you can go on Newstart provisionally while your DSP claim is being assessed, and you can also seek to be exempt from your mutual obligation requirements during that period.

Senator SIEWERT: That means that a person, in theory, when they're coming out of prison, could essentially start? We're told that DHS go into the prisons and work with prisoners as they're coming out and that they fill in the paperwork. They fill in the paperwork for DSP. That will take a median of 34 days. They then also apply for Newstart at that time. So then they won't have a waiting period to get Newstart. Is that right?

Ms Deininger: I'd have to check. I'll just check about Newstart. Certainly in relation to DSP there isn't a period.

Mr Jackson: I can help with that. With regard to the people from incarceration coming out, just as a broader picture, we have some 70 prison service officers who service 144 prisons around Australia. For someone who is being released on Newstart, we also send a person into the site, into the prison, in some cases, and they will process that claim there and then for the person. Equally, we have a situation where in some areas, every third Friday, a bus comes out the front and we'll have 10 prisoners released who come into our service centre, and we'll also process them there and then. Basically they potentially have a minimal, if any, waiting time for a Newstart process. Equally, our broader median for Newstart is 11 days processing, and that's across the entire cohort.

Senator SIEWERT: If they're people that are coming out with disability, they can then, if I understood correctly, apply for exemption from mutual obligation?

Ms Deininger: That's right, if they meet the criteria for exemption from mutual obligation, for example because of their disability. Yes.

Mr Jackson: And released prisoners have eligibility for a crisis payment on release from prison as well.

Senator SIEWERT: So, if something went wrong with the process and they didn't get Newstart, they could apply?

Mr Jackson: Yes, that's correct.

Senator SIEWERT: And, if they are successful in their application for DSP or their reapplication for DSP, they then get basically top-up back pay—

Mr Jackson: That's correct.

Senator SIEWERT: to the point of release?

Ms Leon: To the date of claim.

Ms Deininger: To the date of application—the date the claim was lodged, yes.

Ms Leon: If it were the same day as their date of release, it would be then. But, if they have done it several days after they were released, they get back paid to—

Senator SIEWERT: Okay. Thank you. I'll pass over because I'm still trying to work out—I know I have other questions.

CHAIR: Do you want the call, Senator Pratt?

Senator PRATT: Yes, I do. I've got a couple of questions on childcare rebate to follow up. Are you able to provide a percentage of parents who currently receive childcare rebate and childcare benefit?

Ms Rule: Sorry, Senator, could you please repeat that question for me?

Senator PRATT: Can you provide the percentage of parents who receive childcare rebate and childcare benefit who have provided an update of their details?

Ms Rule: In terms of transitioning to the new payment arrangements?

Senator PRATT: Yes.

Ms Rule: Yes, we can do that.

Ms Ryan: Of the families that have transitioned, as of this morning it was just over 708,000 families.

Senator PRATT: What percentage is that?

Ms Ryan: Of the number that we expect to transition?

Senator PRATT: Yes.

Ms Ryan: We sent out approximately 1.1 million letters, so that is about 70 per cent, or just under 70 per cent, of families that have transitioned to date.

Senator PRATT: When you say you sent out 1.1 million letters, they're the emails people have been getting and not actual mail?

Ms Ryan: It depends on what a customer has requested in terms of their correspondence. It would have either been a hard copy letter or a letter that would have appeared in a customer's myGov account. That was based on the number of families that had an active enrolment in child care at a point of time. So that can vary, depending with changes to circs and children no longer attending child care.

Senator PRATT: But given it's the middle of the year, you wouldn't expect there to be dramatic changes in who's eligible this half of the year versus the next half of the year.

Ms Rule: We moved to a new payment.

Senator PRATT: Yes, they're eligible, but you wouldn't expect big changes in those who are engaging in child care.

Ms Rule: No, but we actually know anecdotally that some people are self-assessing and realising that they're over that maximum threshold of their family income and so they're not completing the transition activity. So we wouldn't expect to get 100 per cent of that 1.1 million, but we would expect to get a significant proportion.

Senator PRATT: In terms of the proportion of those that have, are you able to do a breakdown via the childcare rebate and the childcare benefit?

Ms Rule: We'd have to take that on notice. We don't have the detailed data on that with us. It's also changing. We're getting about 20,000 people a day transitioning at the moment, which is why we're giving you figures from this morning.

Senator PRATT: What are you doing to encourage people to update their details before 1 July? For example, if people received a message two or three weeks ago and they haven't responded, what are you doing now to follow that up?

Ms Ryan: For those that haven't responded to the call to action to date, we are engaging in a range of communication activities. For example, yesterday we sent out a series of SMS messages to those families that haven't responded reminding them that they should register as soon as possible otherwise they may be liable for full fees from 2 July. There has also been concerted effort using a mixture of digital media, talkback radio, other media correspondence, Facebook messages et cetera. The Department of Education largely has the responsibility for a lot of the communications activities. They've been hosting webinars et cetera to help step families through how to transition. A lot of effort is being made to encourage families to register.

Ms Leon: I understand the department of education either already has or will shortly also arrange for the childcare providers to be given the names of families who are in their centres who haven't yet registered so that when they are there, doing drop-off or pick-up, they can remind particular families of the need to transition.

Senator PRATT: Good. Further to our exchange before, if people update their details, can you take on notice that they won't end up with a debt inadvertently because they get the rebate and they may not, in fact, be eligible for it? Can you check that you are absolutely able to data match in some way their income and their eligibility?

Ms Leon: We don't yet have full real-time income data matching. We will get the first tranche of Single Touch Payroll data from 1 July 2018.

Senator PRATT: Okay.

Ms Leon: But it's not yet the full set of data matching. We will have that when the second tranche comes through that breaks down income into more granular detail.

Senator PRATT: Is it possible that a single parent who updates their own individual income gets the rebate? Will you be issuing debts to people if they are co-parenting with someone who's above the income threshold?

Ms Leon: I think that's the part we've taken on notice, how to make sure that's not occurring. But more generally in relation to debt, because people often do underestimate their income anyway, we do withhold a proportion of childcare subsidy through the year so that if you have underestimated your income, then your debt will just be reconciled within the withholding amount—unless you've dramatically underestimated it and not told us during the year, but that is less likely to happen.

Ms Rule: I can provide a bit more detail.

Senator PRATT: Good.

Ms Rule: We've checked with our technical experts on how shared care affects eligibility. Without getting too far down in the weeds, if you pay the fees on your own then your subsidy will be based on your income estimate and your hours of activity. If you have a shared custody arrangement and you share the childcare fees, then each parent will be assessed separately.

Senator PRATT: That much I already knew. What I don't know is if someone pays the fees and then someone else pays them back, how do you know that's the arrangement?

Ms Rule: That's an arrangement between the people involved in that arrangement. For us, it's about who's liable to pay the fees to the childcare provider. If you're paying those fees on your own, then the assessment is made against your circumstances. If you then recover some of those fees from a co-parent, then that's a matter for you and the co-parent. It's expected that the way the arrangement will work is that families of whatever formulation will only use the hours of subsidised care between them that they need. So if you split fifty-fifty then it's a fifty-fifty split. If you're paying 100 per cent of the child care, 100 per cent of the benefit comes off the price of the hours of care that that child uses.

Senator PRATT: I can understand why that's the way you need to organise it, but that's not how many families themselves are organising it, is it?

Ms Rule: Families have really complicated and different arrangements.

Senator PRATT: Yes, I know, and you've got to deal with those complicated circumstances.

Ms Rule: But, again, the kind of construct of this scheme is that the money goes to the provider, so it's subsidising the fees that go to that provider. Regardless of who is—

Senator PRATT: That's starting to make sense because there's the existing liability, therefore the parents then have to go and share. But the problem still remains for the taxpayer as to the extent to which those fees have been properly—whether the childcare provider is being under or overrebated by the government, depending on whether enough incomes have been declared in terms of who's sharing the burden for the payment of those fees.

Ms Rule: All that would happen in that circumstance is that the childcare provider—say they charge \$100 a day for the child. Whatever childcare subsidy that child is eligible for is paid to the provider, and the difference is paid by the parent. The childcare provider is still getting the \$100 a day. Some of it is paid by the taxpayer; some of it is paid by the family, depending on the circumstances of that family. And the child can only be in care for however many hours the child is in care. It really is about direct subsidy to the provider.

Senator PRATT: It's pretty clear to me that people in shared care arrangements with high incomes could maximise their rebate given the scenarios that you have spoken about.

Ms Rule: It's possible.

Senator PRATT: Thank you. I want to ask, with respect to processing times—we have touched on this already. We have 34 days for disability support pensions. Can you break down the average time taken between the first admission of an application and the approval of a payment or rejection of an application, broken down by age pension—I think we've covered disability support—carer payment, Newstart allowance, youth allowance and youth allowance (student), mobility allowance, and special benefit and carer allowance.

Mr Jackson: So you're asking for the median time to process those individual claims?

Senator PRATT: I think I asked for the average time, but I guess the median time might be—

Senator WATT: What figures do you have?

Mr Jackson: We have median.

Senator PRATT: Okay. So the figure of 34 days we were given before was the median time as well, was it?

Mr Jackson: That's correct, yes.

Senator WATT: We're talking about the time between the first submission and application being lodged and the approval of payment or rejection of application. Those are the figures you're giving us?

Mr Jackson: That's correct, yes. We're giving you the median time. If you step through them one by one, I'll do my best to keep up.

Senator WATT: As you're doing it, if you have comparable figures for, say, last year, maybe give them to us at the same time.

Mr Jackson: I should be able to.

Senator WATT: Age pension?

Mr Jackson: The age pension at the moment—this is at 31 March—is 49, and for 2016-17 it is 36. I can jump in and anticipate a potentially obvious question. I would also remind you that we have talked before in Senate estimates about the concept of the department's inability to stop the clock. When a claim is submitted, particularly a very complex claim such

as age pension, where people have very sophisticated financial arrangements nowadays, we will frequently have to go back and ask for additional information. Should that person or persons take two months to come back to us, that time is included in the overall median times.

Senator WATT: That would be the case as of last year as well?

Mr Jackson: It is the case as of last year, so I acknowledge that fact. It is just important.

Senator WATT: Sure.

Mr Jackson: But, as some people do not come back at all, we are a bit of a victim of statistical drift as it moves out. That's probably only context.

Senator WATT: Understood.

Ms Leon: I should also mention, in relation to age pension, that you might recall there's a staggered gradual increase in the age of the pension. Every two years it goes up by six months. So we had a little hiatus last year where we were waiting, where the six months was going up. That six months has now kicked in, so now we've had a bit of an influx of new claims.

Mr Jackson: Correct.

Ms Leon: So that's just affecting the pension numbers at the moment.

Mr Jackson: That's correct, yes.

Ms Brill: Just to be clear, the department has actually processed 20 per cent more claims for age pension in January to March this year compared to the previous quarter for that reason.

Ms Leon: Because of the six-month effect.

Ms Brill: The increase in flow.

Mr Jackson: What was the next line, Senator?

Senator WATT: Disability support pension. It is 34 now.

Mr Jackson: It is 34 and was previously 40 last year. I'll just give you last year's figure.

Senator WATT: Carer payment?

Mr Jackson: Carer payment is 47 this year. This is at 31 March. It was 28 last year.

Senator WATT: Newstart?

Mr Jackson: Newstart allowance is 11 this year, as at 31 March, and 14 for the previous full year.

Senator WATT: Youth allowance (student)?

Mr Jackson: Youth allowance (student) is 15 at 31 March this year and 27 for the full year last year.

Senator WATT: And youth allowance (other)?

Mr Jackson: Youth allowance (other), which is jobseeker, is 19 for this period and 15 for the previous full year.

Senator WATT: Mobility allowance?

Mr Jackson: Mobility allowance is 15 for this period to 31 March and 16 for the full year 2016-17.

Senator WATT: Special benefit?

Mr Jackson: Special benefit is 21 for this period and 20 for the full year last year.

Senator WATT: And carer allowance?

Mr Jackson: Carer allowance is 26 for this period and 22 for the full year the previous year.

Senator WATT: So there have obviously been some that are pretty stable and some that have improved, but the ones of concern are age pension, which has blown out from 36 days on the median to 49, and carer payment, which has gone from 28 days to 47.

Mr Jackson: With the caveats that I provided before. Carer allowance comes into the same category as age pension. There are very complex claims and a lot of third-party supporting evidence from medical practitioners and interested third parties.

Senator WATT: Given that those factors applied last year as well, though, is there any reason they would have blown out so much?

Mr Jackson: I think you're also finding that the complexity is increasing and the volumes, as was mentioned before, particularly around age pensions—we are getting some shifts in rolling through those. Equally, as part of the broader transformation and upgrading of the WPIT Program and the likes of that, we are rolling out new claims-processing tools. Those particular claims have moved into the transfer legacy claim arrangement. We do have a situation whereby we are required to train staff on the new systems and bring them through, and there'll be an upskilling time for them to get used to produce the productivity that the new systems have and are producing. It's a period we go through, unfortunately, to improve our service. We often have to deal with the transition arrangements of that.

Senator WATT: And the time that the clock is stopped, as you put it—that's included in those time frames?

Ms Leon: The clock's not stopped.

Mr Jackson: It's not stopped. That is the problem.

Senator WATT: Sorry, that's what I mean.

Mr Jackson: If we could stop the clock—

Senator WATT: When additional information is being obtained, yes.

Mr Jackson: With the age pension, I think our oldest one at the moment is 560 days or thereabouts. We did have one that was 1,200-and-something-or-other days. I think the person withdrew it eventually.

Senator WATT: What about numbers of applications for these categories? What I'm looking for is how many applications, from the time of the first submission of an application being lodged and the approval of a payment or rejection of an application, have taken more than 26 weeks, broken down by payment type? Do you have those figures?

Mr Jackson: No, we'd have to take it on notice.

Senator WATT: Do you have any way of assessing the longer claims? If you don't have it by 26 weeks, is there some measure you do have figures here for?

Mr Jackson: Not at the level of granularity I think you're looking for. We do have an overall timeliness. Our KPI for processing as part of the portfolio budget statements is that 82

per cent of all claims, which is the cumulative effect of all the claims coming together, are processed within 82 per cent. We then have subcategories or key performance metrics with our policy agencies about the timeliness of each individual category, so I do have data that can tell you the number of claims processed within the timeliness KPMs. I could give you that.

Senator WATT: Sorry, say again what you have.

Mr Jackson: Our overall target within the portfolio budget statement is 82 per cent of all claims processed in accordance with the agreed timeliness standard. Each individual claim has a different key performance metric as to what percentage of claims we have to deal with in how many days. They are quite seriously pretty much all different.

Senator WATT: Yes, okay.

Mr Jackson: I could give you that.

Senator WATT: Why don't you, for the moment, provide that on notice?

Mr Jackson: Sure.

Senator WATT: I'll have a think about that over the break and let you know if we do need to get that tonight.

Mr Jackson: Sure.

Senator WATT: You anticipated my next question, which was going to be: please provide details of the KPIs for timeliness of processing the claims for each payment type from 1 January until, as I've got here, 31 May.

Mr Jackson: The key performance metric is standard one. It's year-on-year. The standard is there, but we can provide you with timeliness as at 31 March. There are probably a few cases—in most cases, we can actually do the previous year as well.

Senator WATT: Again, for the moment, if you can take that on notice, and we'll come back to you if we do need that tonight.

Mr Jackson: Certainly.

Senator WATT: Currently, applicants who have difficulty retrieving further information are supported in a staff assisted claim. Is there a special phonenumber for staff assisted claims?

Ms Brill: Most staff assisted claims are done in the service centre. So, where a customer has had difficulty filling out the claim online, they will often come into a service centre and they will get staff assistance to help complete that claim. They are also obviously able to call our operators and our operators will help them to the best of their ability to work through any questions they've got regarding filling in the online claim.

Mr Jackson: Should the difficulty be through language differences, we do have very a extensive interpreting service that can be booked to allow that to happen more easily as well as a number of interpreters. A lot of our service centres have bilingual or multilingual staff that can help people who do not have English as their first language.

Senator WATT: Did you say that there are staff designated for staff-assisted claims that are undertaken in person?

Ms Brill: All the staff in service centres are trained to help customers.

Senator WATT: So all the staff in a customer service centre?

Ms Brill: Correct, and on the phones.

Senator PRATT: So you can do a staff-assisted claim over the phone if someone gives you the information verbally?

Ms Brill: Where someone can help talk you through the steps if you're struggling to do it online.

Senator PRATT: If you lived in a remote Indigenous community, how do you do it?

Ms Brill: We provide a Rolls Royce service, particularly for Abstudy. For Abstudy, we do the claim end-to-end over the phone for our Abstudy students.

Senator PRATT: What about—

Ms Brill: With other claims, we essentially assist them and talk them through it on the phone. But we also have our agent and access points that provide a similar service and can help those customers in remote areas to complete the claim.

Senator WATT: Do you have that information about timeliness in a form that you are able to table?

Mr Jackson: The form I have has my scribble all over it, but I'm sure we could get—during the break, if there is one—a clean copy.

Senator WATT: If you could, that would be good. So that's the as at 31 March figures?

Mr Jackson: Correct.

Senator WATT: Does it have any comparators to previous—

Mr Jackson: Yes, it does.

Senator WATT: Why don't we have a look at that, as that might actually provide us with what it is that we are after. If you can give us a copy of that after the break, that'd be good.

Proceedings suspended from 21:07 to 21:22

Senator PRATT: I'd like to ask: broken down by payment type, how many client queries or interactions has Centrelink received in person or at a shopfront for the year to date—say, to 30 April this year?

Mr Jackson: We'd have to take that on notice. There's a lot of work involved in that.

Senator PRATT: Okay. Can you include in that, broken down by payment type, how many client queries or interactions Centrelink's received over the phone for the year to date, to 30 April?

Mr Jackson: We'll endeavour to do that as well, yes.

Senator PRATT: And, broken down by payment type, how many client queries or interactions has Centrelink received online through the myGov website for the year to date?

Mr Jackson: Yes, we'll do that—bearing in mind that we do have over 700 million interactions—

Senator PRATT: Well, good! That's part of the answer. But clearly you quantify that—well, you have to be able to quantify that stuff already.

Mr Jackson: Hence it may take some time to do it, but we'll take it on notice.

Senator PRATT: Thank you. In reference to Centrelink clients who attend Centrelink shopfronts in person, what is the median wait time for a Centrelink client to speak with a Centrelink representative?

Mr Jackson: It's 12 minutes and something—I'm just trying to find the exact number for you.

Senator PRATT: Sounds about right to me.

Mr Jackson: Again, this is year-to-date as at 31 March 2018: for the face-to-face wait time across all of our 364, or whatever it is, sites—346 I think it is now—it is 13 minutes and 47 seconds.

Senator PRATT: How many of those clients are then directed to use phones at a Centrelink shopfront in order to speak with a Centrelink representative?

Mr Jackson: I'd have to take that one on notice. Should there be a situation where someone is directed to a phone, it is normally for the PST lines—participation support lines. That's because they have had a failure or something along those lines. That direction would occur very, very quickly, but we'll have to take that on notice to get that information back to you.

Senator PRATT: That's relevant to my next question. Are Centrelink shopfront staff instructed to direct clients to the use a phone or computer at the shopfront in certain circumstances?

Mr Jackson: If it is a PST coming through—

Senator PRATT: If it's a what?

Mr Jackson: PST—the Participation—

Ms Brill: Participation Solutions Team.

Ms Leon: It's for people who may have failed to meet their mutual obligations. They have to speak to the Participation Solutions Team. That's the—

Senator PRATT: Okay. So there won't be someone with responsibility for participation solutions in a shopfront or in a DHS office?

Ms Leon: Yes, they're done on that specialised phone line.

Mr Jackson: Through the CLO point we do offer a self-help terminal, if someone wants to come in and use that. Equally, some people will come in and go straight to self-service—

Senator PRATT: Yes, you don't have to wait in line to use a self-help terminal?

Mr Jackson: Only if they're all busy.

Senator PRATT: Unless—yes.

Mr Jackson: And they quite often are. Equally, we'd suggest that if someone wishes to use their own mobile device we'll help them with that as well.

Senator PRATT: But it's not the same line as waiting to—

Mr Jackson: To see an officer?

Senator PRATT: Yes.

Mr Jackson: No.

Senator PRATT: But if you had seen an officer you could still be directed to a computer or phone?

Mr Jackson: You could, but it would be unlikely if you have actually seen a service officer. It would be unlikely, but I'm not ruling out that it may happen.

Ms Leon: Usually, when you come in the door, the customer liaison officer will greet you and triage you there to see whether you're best helped by going straightaway to the self-service kiosk. Then you can get help there straightaway.

Senator PRATT: Yes, that's consistent with my own experience. In what circumstances are people instructed to use a phone or a computer? The Participation—

Ms Leon: Goes to the phone.

Senator PRATT: What else?

Mr le Dieu: There would probably be two situations. Your question was in relation to a phone?

Senator PRATT: Yes. You come in through a shopfront, you wait in line, you see an officer and that officer says, 'Yes, there's someone behind who can help you, wait here,' or they direct you to a phone or to a computer where you might get some help to do something.

Mr le Dieu: Effectively, with both options—the phones and the self-service terminals—our customers are free to use them without having to check in and see our CLO. Effectively, they can self-stream. For the telephones, it is predominantly for the PST and/or urgent payments.

Senator PRATT: Okay. If you came in and lined up, seeking an urgent payment, you'd still end up on the phone?

Mr le Dieu: Yes, in most circumstances. If, perhaps, there was a crisis or something like that we might refer you to a social worker. It would depend on the circumstances, but normally for urgent payments we would ask you to attend a phone.

Senator PRATT: Do the phones in the office have the same wait times, or do you have direct lines? Do they subvert—

Mr le Dieu: No, they're part of the national queue, as I understand it.

Senator PRATT: Right. But if you needed someone to support you to make that phone call, is there an officer available to do that?

Mr le Dieu: Well, we probably would prefer not to put you on the phone if you needed someone to provide you with support. Depending on your circumstances, if you were in crisis we might have you talk to one of our social workers on the phone beforehand to find the nature of the contact you have with the department. But for the self-service terminals and the other areas, we have staff who walk the front of house and who can assist you with working in the online environment, answering basic questions, registrations et cetera.

Senator PRATT: So there are emergency payments and participation. In what other circumstances might they need to use the phone?

Mr le Dieu: The phones are available and the numbers are listed for all our queue types, but, given the fact that a lot of our customers might want to do that at home or on their mobile devices, it tends to be those two queues. The other thing that we also can do for our customers

is, rather than actually have to use our telephones, if they present with a mobile device we can hook them onto that line and then they're free to leave the service centre and wait on that line, rather than wait on the phone within our service centre.

Senator PRATT: In terms of what shopfronts do, what services do you predominantly deliver in a face-to-face manner?

Mr le Dieu: We have a range of services. It depends on where the service centre would be located and the size of the service centre, and, of course, the population that we serve. We provide access to our self-service computers and assistance to our customers with, as I said, myGov registrations, assistance with claims et cetera. They can also use our self-service terminals for a range of other business connecting to government. We've already mentioned the telephones. You will meet with a customer liaison officer who will talk to you about what your inquiry is, whether you need to lodge a form, drop off some POI or be identified by a service officer, or you may have to see a social worker, have a booked appointment et cetera.

Senator PRATT: They're very busy places, but it strikes me that the majority of what you're doing seems to be on the phone or online anyway. I can't really fathom why they end up being as busy as they are, given most people do seem to get directed towards the online or telephone services even after they walk through the door. What is it you actually do in the centres face to face?

Mr le Dieu: We tend to probably look at the more complex and vulnerable situations. What we've found over recent years—with the take-up of self-service, the telephones and online—is that the average customer who presents in our service centre will present with a range of issues. It may not necessarily be in relation to what we call a basic service, but they may have something further. They may need to see us about enrolments, because we do the Medicare work in that space as well. So, I could be enrolling a family that's come from overseas.

Senator PRATT: Settlement services.

Mr le Dieu: Settlement services et cetera. And of course we still have those customer centres that, although they can do a large percentage of their business online and on the phones, do choose to have a face-to-face service as well.

Senator PRATT: How many Centrelink clients have been turned away from a Centrelink shopfront this year?

Mr Jackson: I would not be aware of any. The only situation where someone may have been turned away is if they presented in an aggressive manner and we would not let them in.

[21:34]

CHAIR: We now move to program 1.2, services to the community

Senator WATT: I have a few questions about DHS administered asset testing for residential aged care. I think we may have attempted to ask some of these questions in health and ageing yesterday, but we were referred here. What support does Centrelink provide to people when entering a residential aged-care facility in general terms? We probably only need a fairly brief answer.

Mr Creech: You're talking about the income and assets test process that a customer or recipient has to go through to fill out the form and provide the information in relation to the

assets they own to qualify or to prove eligibility in the means test for aged care. Is that correct?

Senator WATT: Correct.

Mr Creech: We provide the same support for the means test process for aged care as we do for most programs in relation to aged care. It's a paper based form in the aged-care environment. There are a couple of forms that we look after: one for home care and one for residential care. It's quite a lengthy form. It reflects the legislation that supports the programs. They have to provide the details of their income and assets. It's a paper based program. As far as support goes, they provide the form to the department and we process the form, seeking additional information where we need to.

Senator WATT: Can the department confirm whether there have been any instances of older Australians in residential or home care who have reached an annual or lifetime cap who were still being asked to pay a contribution because Centrelink had not advised the provider they had reached the cap?

Ms Cattermole: There were some instances from mid last year that were sorted out late last year. Essentially, when a person reaches their lifetime cap in the system, our system raises a flag. At that point, the amount that is required for them to pay is moved to zero. There was an isolated number of instances in which the flag went up. So it looked to those who see those flags that the amount had been reset to zero, but it hadn't been. So there was a short period when those people would have kept paying when, in fact, they'd reached a cap and should no longer need to pay. That was identified relatively quickly. We then set up a group to identify exactly how many people were affected. We worked that out quite quickly. We then went through a very speedy manual process in which we remediated all of those cases. Then we had a look at the system. We made a system fix, which now has basically an enhanced automation so we know that can't happen again. We've maintained the manual process alongside that. We keep dipping in and checking to make sure the system is still working. And we're looking to do some more enhancements to ensure that the systems are talking to each other, across both the residential care and the home-care elements of the system, and no such situation could occur in the future.

Mr Creech: That was subject to quite a lengthy conversation at the last estimates hearing. We provided quite a bit of evidence. It's on the *Hansard*.

Ms Cattermole: And we can confirm there have been no further cases.

Senator WATT: The way you're describing this is that it was a bit of an aberration that occurred in 2017?

Ms Cattermole: That's correct.

Senator WATT: How many people were affected in 2017?

Ms Cattermole: Five hundred and thirty-two.

Mr Creech: Just for clarity, the numbers are the same as provided at February estimates. There were 532 between the period of July and October in 2017.

Senator WATT: That is the entirety of the people who'd been affected and there were none since then and none before then.

Ms Cattermole: That's correct.

Senator SIEWERT: Just double-checking: none got a notification. Were any in your checking caught before they were issued to a person, or before it took effect on a person?

Mr Creech: This is actually quite a technical conversation when it comes to 'none since then'. As we discussed in February, the reality is we put a manual process in place to pick these up. I can't sit here and tell you that the system hasn't not raised a flag since then. The fact is that the system had an issue, we found out what the issue was and we put a manual team in place to process them. We were picking them all up manually, though. Were there some that we found before? Probably, because we were probably picking them up earlier.

Senator SIEWERT: But, since February, as I understand it, you went back to the automated system. You were keeping the manual system going and you were going in and double-checking?

Mr Creech: No.

Senator SIEWERT: That's what I meant.

Ms Cattermole: The system that we've put in place since then has worked 100 per cent.

Mr Creech: That is correct.

Senator SIEWERT: You didn't catch any before they actually got through to people?

Ms Cattermole: That's right. The system fix means it won't occur again.

Senator WATT: You've taken us through what you did to rectify this. Is there anything more that you want to add to what you've already said?

Ms Cattermole: Only that, as I said, we've now got an automated system in place. We've double-checked, and that's working perfectly. We've got some further planned work just to continue to enhance the user interface in aged care in terms of the way our providers connect with us over time. This is a subset of that but a pretty important one.

Senator WATT: I take it then that, to the best of your knowledge, there are no older Australians who are currently in a residential aged-care facility and who are undertaking some sort of a process to address an incorrect means test with Centrelink.

Ms Leon: This wasn't about means-testing. This was about the lifetime and annual caps.

Senator WATT: Sorry; it's a separate issue. Are you aware of any older Australians who are currently in a residential aged-care facility and are undertaking a process to address any incorrect means test with Centrelink?

Mr Creech: That's a different question. The reality is that aged care isn't that different to a lot of our programs, and you've got self-funded retirees whose income does change from time to time and they request to update their income with the department. Are there people out there who are going through a process to update their income with us? I would say there are always people out there going through a process to update their income with us.

Senator WATT: Do you have any figures around that?

Mr Creech: I'd have to take that on notice.

Senator WATT: I suppose I'm looking for a point in time around about now. How many older Australians have reached their annual cap this year, and what was the number for last year? What I'm asking for is annual cap, and the next question is going to be lifetime cap.

Mr Creech: I'm probably going to have to take that on notice too.

Ms Cattermole: I think we'll have to take that on notice.

Senator WATT: Okay. So it's: how many older Australians have reached their annual cap this year and last year, and how many older Australians have reached their lifetime cap this year and last year?

Senator PRATT: The Department of Health has confirmed that, in the 12 months to 28 February this year, the average amount of Commonwealth proportion of unspent funds reported to providers to DHS was \$4,384 per care recipient who'd exited care and where there were unspent funds. Is that correct?

Mr Creech: My understanding is that's an average and that was provided by the Department of Health. I have no reason to question that.

Senator PRATT: Can you confirm why you don't collect data on unspent consumer contributions?

Mr Creech: The way that the program's set up is that it's actually about consumer choice. In relation to home care packages, when somebody puts in an application and is assessed for home care, through My Aged Care, with the Department of Health, they're assessed for a package. There was quite a long conversation last night in relation to the level of the packages. They get assigned a package through the My Aged Care system and they go out and they choose their provider. The contractual arrangement for that package is actually between the consumer and the provider. The Department of Human Services doesn't get involved in that arrangement at all. They choose the provider. The provider puts in a claim with us—so an application to start with, then a claim with us. We process those details in our system and we put them on payment, and it becomes a monthly claiming cycle. The way aged care is paid is that it's an advance claim monthly, with reconciliation in arrears. So they go into claiming payment and they put in a claim for that recipient every month. The reality is that there is no requirement for DHS to collect that information, because it's not a part of the payment arrangement we have with the provider. The relationship is between DHS and the provider, not the consumer. The provider has the relationship with the consumer, and Health have a relationship with the consumer.

Senator PRATT: Is it possible that providers are charging consumers and the department for care not received?

Mr Creech: There was, again, a lengthy discussion last night in relation to compliance, which is actually a Department of Health responsibility. There is actually a compliance commissioner—I think the correct title is. In relation to any concerns that consumers might have about the level of care they're receiving—if they don't think it's adequate or if they don't think it's what's contained in their contractual arrangement—they do have avenues to go through, and one is through that compliance commissioner with the Department of Health.

Senator PRATT: I've had a constituent who was assessed as having a package, yet she's receiving care only once a week for a couple of hours. Her package is worth \$4,307 per year. Her husband has a similar package. However, she's only receiving care once a week and her husband is only receiving care once a week, yet they've both received a bill for more than \$600. That doesn't sound right to me.

Mr Creech: A little bit like the case earlier, without the details of the case, we can't look into it. The reality is that the Department of Health and Healthdirect run the call centre for the

home care process. Their concerns should be put through My Aged Care to the Healthdirect call centre, which looks after My Aged Care.

Senator PRATT: So people need to complain to Healthdirect. What is DHS's role in administering this?

Mr Creech: We make payments to providers for eligible recipients. It's a payment arrangement that we have with providers.

Senator PRATT: If those providers are doing the wrong thing, then that's not your problem; it's Health's problem. Is that right?

Mr Creech: Compliance is Health's responsibility, that's right. There are a series of obligations that they have under the legislation to let us know those things, such as when a person passes away. There are a series of legislative requirements that have a certain period of time in which they have to let us know that stuff, and that information is passed on.

Senator PRATT: But any billing inaccuracies need to be dealt with by Health.

Mr Creech: That's right.

Senator PRATT: That's, in effect, why you don't collect data on unspent consumer contributions—because it's Health's job, not yours.

Mr Creech: Correct.

Senator PRATT: I have some questions now about hearing. What progress has there been within the government's response to the hearing health and wellbeing inquiry?

Mr Creech: Again, this was a question asked last night of the Department of Health. The response is with the minister, as I understand it, for consideration.

Senator PRATT: What involvement has the Department of Human Services had in the progress on the development of the roadmap on hearing services?

Mr Creech: We work with the Department of Health on a lot of things in the hearing services industry. As you would be aware, the Department of Health run the community service obligation on hearing services. We're the payment agency for those payments, so we work with them on that. In many ways, we also look after Australian Hearing and their obligations. We work closely with the Department of Health. In relation to hearing services and the roadmap discussion that started a little while ago, we've been involved in several meetings and will continue to be.

Senator PRATT: It's with the Minister for Health, not your minister, so you can't yet say when that will be.

Mr Creech: The roadmap is actually a discussion that's happening with Minister Wyatt.

Senator PRATT: What's happening with the CSO program clients who aren't transferred to the NDIS?

Mr Creech: Again, this is a conversation that probably needs to be directed to Health and/or DSS in the context of the NDIA. We work with Australian Hearing and the Department of Health to help any transition in this sector, but that question isn't a question for us.

Senator PRATT: Those other bits of the department need to make the decision about what happens, and then you'll have to execute it.

Mr Creech: Exactly.

Senator PRATT: You may have an involvement in executing it, depending where it lands, but you won't know until that decision is made.

Mr Creech: Correct.

Senator PRATT: Has the decision been made on the contestability of hearing services for children?

Mr Creech: Again, this was a question that was asked last night. I don't recall Health's answer. I think they're working towards that, but it's a question for the Department of Health.

Senator PRATT: No worries. We're skipping our myGov questions?

Senator WATT: Yes.

Senator PRATT: We're now onto child support, which I think is our last.

Ms Leon: So we've finished with health and ageing?

Senator WATT: We're finished with 1.2, from our point of view. I don't know about others.

CHAIR: Any more on 1.2?

Senator PATRICK: I've got 1.2, but it's probably more related to the CFO, the better child—

Ms Leon: But no-one in health and aged care?

Senator PATRICK: No.

CHAIR: Health and aged care: go, with our thanks! Senator Pratt, are you ready?

Senator PRATT: I'm ready if the officers are. How much money has been spent beyond the \$102.3 million budgeted to replace Cuba?

Ms Leon: There hasn't been any additional budget over and above what's within the department's existing budget. We haven't gone back to the budget to get additional funding. We've just managed it within our BAU—

Senator PRATT: Within your what?

Ms Leon: Our business-as-usual funding.

Senator PRATT: You've spent the whole of that \$102.3 million, though?

Ms Leon: Yes.

Senator PRATT: And—

Ms Leon: And the rest we are managing just within existing resources.

Senator PRATT: Yes, but the project's not complete, because you're still using both—you're still using Cuba?

Ms Leon: That's right.

Senator PRATT: Why did the department decide, three years ago, in the project of replacing Cuba, to leverage off its WPIT program?

Ms Leon: I might make a start, but the CIO might want to come in with a more technical answer. The government has invested and is continuing to invest a substantial amount of money in the welfare payment infrastructure transformation, and that's really bringing us a lot

of state-of-the-art technology and design capability to produce simpler and easier to use systems for both staff and customers in the welfare space. So it certainly makes sense to take what we're learning in that environment and the technology that we're developing in that environment and use it more broadly when we can. It's just an efficient use of good services to extend them over more of our service delivery footprint. I should say also that, to the extent that we produce common customer- and staff-facing screens, the easier it is for staff to transition between one system and another, because there'll be a similar look and feel. So it has some benefits for staff mobility and training as well. Perhaps the CIO might want to add some more technical description of the reasons.

Mr McHardie: As far as leveraging the capability that we're building in the WPIT program from a technology perspective, there is a similar focus to the customer experience, so there is a similar online experience for the customer, so we're leveraging off the patterns that we're building in the WPIT program there. Staff-facing, we've built a system called Process Direct, which we're rolling out across the 38 different claim types in the Centrelink master program, and we've leveraged that same pattern that we now have in the Centrelink master program, and that's what we've built out with Pluto in the child support program. The calculation engine that sits in the back end known as Cuba still exists. It's very similar to what you see in the WPIT program where we have a system called ISIS which was rolled out in 1989. It's an old mainframe based system that still sits in Centrelink Master Program and runs all of our entitlement calculations.

Senator PRATT: So, three years into a project to replace Cuba, instead of completely replacing Cuba with Pluto, you instead leveraged off the WPIT program. Why wasn't that anticipated earlier? Or did you always plan to do that?

Mr McHardie: No. From a technology perspective, it was much more complex than originally envisaged when the project was first put together in 2013-14. As the WPIT program came along and it was approved and endorsed as a program and we looked at the technology solutions that we would need to be able to replace ISIS in the Centrelink Master Program we realised that we would need to go down a similar path with what we're doing in the child support program. So leveraging off the WPIT investment makes a whole pile of sense for child support.

Senator PRATT: Yes, I'm not saying that there's anything wrong with that decision; I'm just concerned that it wasn't anticipated given the scale of investment in all of these projects.

Ms Leon: We didn't have the WPIT program at the time we began the child support changes, so we couldn't anticipate it.

Senator PRATT: That's kind of my point. I cannot see the coherence in—

Mr McHardie: We didn't get funded for WPIT. It didn't exist and so it wasn't possible to anticipate it.

Senator PATRICK: This might actually help, because I have numbers sitting before me on the very same thing. Some of this has been explored in the inquiry on digital delivery of government services. I actually asked some questions on this very topic that Senator Pratt is interested in. You expended your \$102.3 million in 2015-16. The first question I had—and it relates to what Senator Pratt was saying—was, 'What contingency was allocated to this project?' I got a very surprising answer back saying, 'There was no allocation of contingency.'

That's almost unheard of in any project let alone one that is complex. Is it standard practice for DHS projects not to apply a contingency?

Mr McHardie: We apply 10 per cent these days to all of our ICT projects. That is the standard these days. When this project was stood up, I believe that was not the practice at the time.

Senator PATRICK: Very respectfully, coming from a project management background, if you have an off-the-shelf project, 10 per cent might be the right number. Sometimes for developmental projects like this it ought to be up around 30 per cent. I just wonder whether or not you are making gross underestimations. This is a lot of taxpayers' money that is being allocated to these projects.

Mr McHardie: Remember that this is an in-house build. This is not a build where there is a lead systems integrator or something like that. The build is all conducted in-house.

Senator PATRICK: It still uses taxpayers' money. Committing to a project without contingency is—

CHAIR: Let's try and keep to questions.

Senator PATRICK: Sure. I was perhaps giving context for the next one.

Ms Leon: I think the Department of Finance would have a view about it. You might want to address with the Department of Finance the level of contingency they'd be prepared to support in the costing of IT projects that are being internally built.

Senator PATRICK: I'll flip that around and say that that must be a directive from Finance. So can you provide me with what the directive is to you?

Ms Leon: It's not that. It's that costing models have to be settled with the Department of Finance and they might well have a view about it if we added 30 per cent onto our costings.

Senator PATRICK: It might not get off the ground. That's one of the points.

Senator PRATT: Spending \$100 million on something that doesn't work is not a good costing either.

Ms Leon: I do not think it's true that there's been no benefit from the \$100 million that's been spent. We've made considerable progress with the child support system redesign. But, as Mr McHardie said, (a) it was more complex than had been anticipated, and so we do have to do more work on it, and (b) since then we have got new technologies in the department, which we're now utilising to build a better system.

Senator PATRICK: Also related to your question, Senator Pratt, is: moving on from the \$102 million, you have indicated that the funding for this project now falls within the business-as-usual ICT budget. I've got the numbers for that budget. Typically, it's between \$9 million and about \$7 million per annum. The profile of that budget hasn't changed, so I'm wondering how you're actually running a project within that budget.

Ms Leon: I think I said 'within the business-as-usual budget of the department', which is \$4.8 billion.

Senator PATRICK: Sorry?

Ms Leon: The department's budget is \$4.8 billion.

Senator PATRICK: I was told at the digital delivery of government services inquiry that it was coming out of the business-as-usual ICT budget.

Ms Leon: Which is still more than \$7 million to \$9 million.

Senator PATRICK: I have an answer to a question on notice returned to the select committee on 6 April that sets out the full-year ICT budget for 2013-14 through to the current date. For 2013-14 it was \$9.06 million.

Ms Leon: That's for child support.

Senator PATRICK: That's correct.

Ms Leon: That's not for the whole ICT budget for the department.

Senator PATRICK: Okay; so we're narrowing this down to child support.

Ms Leon: No, I think you are narrowing it to child support.

Senator PATRICK: Sure. Okay, so we're getting down to child support, because we're talking about the child support system that we're trying to fund.

CHAIR: Exactly.

Ms Rule: Senator, just to be clear, the secretary has said that we're funding the system from the department's business-as-usual budget. The question on notice that you're referring to asks: what has been the total child support BAU ICT budget? And the figures that you're quoting are correct, but the secretary's point is that we haven't said that that's where the ongoing funding for this project is coming from.

Senator PATRICK: Thank you; that clarifies things, Ms Rule.

CHAIR: Back to you, Senator Pratt.

Senator PRATT: That conversation clarifies it somewhat. My advice from people inside the department was that it was their view internally that SAP was never going to be an appropriate platform, that they saw the kinds of problems that have arisen as being inevitable and that the welfare payment infrastructure transformation is, indeed, relatively more successful next to the Pluto project. What internal consultation did you do around what the right platform to use was?

Mr McHardie: That's a technology decision. As I've said, we are using the SAP platform for all of the staff-facing capability for Centrelink Master Program, heavily focused on eligibility assessment. There was a whole pile of work undertaken in the early days of the WPIT Program to make a technology decision on whether we would stay with that SAP platform, and we had invested heavily in our workforce. Indeed, we've been using what's known as the SAP business suite across many of our ICT builds, both for the department and on behalf of other departments and agencies. So we've built up a very large skill set with SAP, and we have been quite successful in the Centrelink Master Program in moving claims such as youth allowance and Austudy across to the SAP platform.

Senator PRATT: So you're now using SAP beyond the child support database?

Mr McHardie: And we had before this as well.

Senator PRATT: My feedback from child support staff has been that they don't like the SAP platform at all. We've had this conversation about them needing to double-enter data and those kinds of issues. As I understand it, the department often now has staff using two

different screens to complete their work, with Pluto providing front ends for some new functions and Cuba remaining the background for handling calculations and payment assurance. Is that correct?

Ms Bridger: Yes, that is correct.

Senator PRATT: What is the replacement of Cuba with Pluto expected to finally cost and how long is that expected to take?

Ms Bridger: We're going through the planning process at the moment for 'where to next', given the work that we've done for the staff interface. We have had an assessment undertaken of the work to date and we're using that to inform the way forward.

Senator PRATT: What is the way forward based on that assessment of the work to date?

Ms Bridger: The assessment flagged two key tracks of work. The first is to be undertaken in two three-month phases or two three-month sprints and that would focus on improving performance of the system, with how Pluto interacts with Cuba. It also addresses some of the usability issues that staff have raised: how the screens are laid out, what they can see and access and some of the key data points that they need when they're making decisions. The second tranche or the second piece of work goes to the longer-term plan, and that's what we're working on at the moment.

Senator PRATT: Does the longer-term plan include replacing Cuba with Pluto?

Ms Bridger: Ultimately, that is our plan.

Senator PRATT: But you don't have any cost or any time line for when you replace Cuba with Pluto?

Ms Bridger: Not at this point.

Senator PRATT: When is the Deloitte review of the outage that took place due to be completed and made public?

Ms Bridger: The Deloitte review is actually an assessment of the Pluto system. It was not an assessment of the outage.

Senator PRATT: When is that due to be made public?

Ms Bridger: The report has been finalised. We're considering it at the moment. I'll probably need to take advice on when that's made available.

Senator PRATT: Could I ask for a copy of that report on notice, please.

Ms Bridger: I will take it on notice.

Senator PRATT: What were the causes of the outage in March 2018?

Mr McHardie: I'll take that one, Senator. What happened was, shortly after the start of business on Thursday, 22 March, we had multiple reports of processing staff experiencing issues with the Cuba application, the back-end application. This included application crashes—so, sudden termination of the application; slow response of the application; and, indeed, at times failure of the application to start. As we've discussed before, Cuba is still used in many of our business processes, including supporting the business processes that Pluto delivers as well. Therefore, we had wide-ranging impacts on many of our services, and this impacted the productivity of our child support staff. So, the bottom line was that we

experienced about a 70 per cent degradation of child support processing services across the network, and we went into several days of fault investigation.

To cut a long story short, it was not a failure of the Cuba application itself, or of Pluto; it was, indeed, what we call a WAN optimisation tool that we had been rolled out with Telstra and a vendor who runs a product called Riverbed, which was aiming to make our overall wide area network perform faster. What these wide area network optimisers tend to do is reduce the amount of latency in the network. They look at what we call 'transmission control protocol window sizes'; so they basically make the efficiency of data flowing around the network increase. One of the problems we had with it was that, due to the age of the Cuba system—indeed, the core product that sits behind it, a system known as CA Gen and CICS, which is the customer information control system—it had conflicts with the WAN optimisation tool, which had this significant impact across the network. Once we'd completed our fault finding, which was on the evening of Tuesday, 27 March, we shut down the complete WAN optimisation tools across the network and we restored all of our services back to their normal operating procedures.

Senator PRATT: Thank you. What steps have you taken to ensure the causes of that have now been mitigated? Which systems were affected? It sounds like probably all of the systems were affected.

Mr McHardie: Staff-facing Cuba and Pluto systems.

Senator PRATT: So both Cuba and Pluto and all of those systems within?

Mr McHardie: Yes, not a complete outage but system degradation across the board.

Senator PRATT: Do current funding arrangements for support and maintenance bear any relationship to these issues?

Mr McHardie: To go back to Senator Patrick's earlier question about the ICT BAU budget for the child support program, most of the money that you talked about, Senator, is generally used for patches and upgrades to keep the core applications that I mentioned, such as CA Gen, CICS et cetera, current and fit for purpose. Indeed, at the moment we're going through some upgrades to both the CICS and the CA Gen software that support the Cuba application. As you've heard here this evening, Cuba will be with us for some time yet as we go through the plan to align it with the WPIT program to be able to remove that calc engine, so we need to look after Cuba and ensure it remains fit for purpose for some time yet.

Senator PRATT: When you say 'for some time yet', how long do you think that will be?

Mr McHardie: This is what we're generating out of the Deloitte report. That's the research that's underway at the moment. Indeed, the work that is happening in parallel with the WPIT program, as far as our down-select for the future calculation engine is concerned, will help inform that as well.

Senator PRATT: Can you characterise for me the operational issues that child support staff are experiencing when needing to enter information into two sets of screens for both Cuba and Pluto? I know Cuba is mostly the back end and that Pluto puts data into Cuba but that Pluto doesn't do all of that and sometimes you need to put data into Cuba as well—that is my understanding. Is that correct?

CHAIR: Senator Pratt, I'm sure that exact question was asked at the last estimates.

Senator PRATT: What are the current operational issues around that, because clearly you've been working on it?

Mr Volkens: It's true that staff at the moment have to generally operate in both systems, Pluto and Cuba. Generally, it'll be that they'll complete a piece of work up to a particular stage and then have to move into the other system. So it's not really a duplication for work. The issue for them is that they have to move into and use both systems.

Senator PRATT: Are increased loading times affecting wait times on phone calls and, if so, how?

Mr Volkens: Definitely we're having some challenges with our inbound phone call responses, but, as to whether it is put down to just response time in Pluto or to other issues, it's a complicated formula, I suppose. We're certainly looking at trying to maximise our responses to our inbound calls, but we've got to balance that out with all the work we do in the child support space. Of course, there's debt collection and collection generally. We want to make sure that the dollars are getting to people, and generally people are calling about collection. So it's one of those chicken-and-egg things. We need to make sure that we're doing the work up-front to stop the calls coming in the first place and actually achieving what we're supposed to achieve, which is dollars in the pockets of separated parents.

Senator PRATT: Are you able to compare for me the wait times on the phone before and after Pluto?

Mr Volkens: I've got some data as at 31 March, but it's not before—it's close to before and after Pluto. For the year to date as at 31 March last year, it was three minutes and 18 seconds. For the year to date as at 31 March 2018, it was seven minutes and 24 seconds.

Senator PRATT: So it has impacted. I'm not saying it's the only factor, but my feedback from staff was that the Pluto system did slow them down immensely.

Mr Volkens: In that time particularly there have been other things that we've done, in refocusing our priorities. For example, we've taken around 90 people out of what we would call our direct inbound call space, and we're putting them on to work that's more proactive in dealing with our customers with more complex needs. There's a bit of a change of priorities around those sorts of things as well. There's been press lately about the success of our departure prohibition order teams. In recent times we introduced an additional team there. They're examples of changing priorities to try and get that balance right, as I said.

Mr Jackson: I made the point earlier on that we can never look at metrics in isolation. It's an interesting situation. We spoke a bit earlier tonight about the various complaints. Year on year, the child support complaints have dropped 7.3 per cent. So from the customer's perspective, they are complaining less.

Senator PRATT: Compared to when, I'm sorry?

Mr Volkens: Year to date, customer complaints have reduced by seven per cent.

Senator PRATT: From this time last year?

Mr Jackson: From the same period last year.

Senator PRATT: From what I understand, there were significant issues to do with the introduction of this system about this time last year—is that not correct?

Mr Volkens: It started to be introduced around this time last year.

Senator PRATT: That's right. The operation of two systems, as I understand it, would require synchronisation to happen between Cuba and Pluto. How often does this synchronisation take place and how are errors resolved during those processes?

Mr McHardie: It happens continually between the Db2 system, which is the database that supports the legacy system, Cuba, and our Oracle system, which looks after process direct. It is very similar to what we do in the Centrelink master program, and we don't deal with significant data reference issues at all.

Senator PRATT: What steps have been taken to ensure that the data entered into either Pluto or Cuba is accurately reflected and calculated? You're saying that there is no potential conflict if the same data is—

Mr McHardie: Cuba is still the calculation engine. The same as what we see in the Centrelink master program with ISIS, it is still the calculation engine. It's the one that then does the assessment for you.

Senator PRATT: It's not possible to access a field from Pluto and from Cuba where you've put conflicting information in?

Mr McHardie: No, you won't get a conflict in the field.

Senator PRATT: What if you put different information into each system?

Mr McHardie: As you heard from Mr Volkens, it depends on what part of the process you're operating in. You're not using it to do the same task; you're using it to do different tasks.

Senator PRATT: That was not my understanding of how Cuba and Pluto were being used early on, where people were instructed to put the information into Pluto but then found it wasn't working. Then they were told, 'You'll have to go back to Cuba for that particular field.' You've resolved all of that and that's no longer a problem? But you do admit that that was going on previously?

Mr McHardie: I couldn't say if that's what staff were being instructed to do.

Senator PRATT: Thank you. I've got no further questions on that.

CHAIR: Senator Patrick, you have the call. Let's try and keep it to just a few minutes.

Senator PATRICK: I have some questions. I'd like to get through them all, actually.

CHAIR: Yes. The Department of Human Services started an hour and 45 minutes early on the basis that we were going to try and release them early. Let's try and do it as quickly as we can.

Senator PATRICK: I will work my way through them as quickly as possible. Going back to the spend on Pluto, I was checking a question on notice—thank you, Ms Rule, for pointing it out to me. There were actually two budgets mentioned: the business-as-usual ICT budget and another budget which wasn't described as the business-as-usual budget. How much is that other budget worth per annum? How much is allocated to that?

Ms Leon: I might get the CFO to the table to talk about the details. But, of course, like any department, we go through a process every year of looking at what our spending pressures are and what our capital investment needs to be, and allocating our budget to that.

That comes out of our whole department budget, which is a combination of capital and revenue. It's about \$4.8 billion.

Senator PATRICK: The answer I had was that additional costs were absorbed within the department's internal investment fund.

Ms Leon: Yes. That is the amount that we would take to consider for dealing with emerging pressures and this year's priorities and so on that we handle through the investment process.

Senator PATRICK: How much is that per annum?

Ms Leon: That depends.

Mr Jenkin: That internal investment fund is an amount of money as you would expect an agency of our size would have available within its total budget that we keep for decisions on internal investments, improvements and the like. Occasionally, as we've talked about, it might be used to help remediate ongoing activity. The amount does vary, and it can be of the order of between \$60 million and \$80 million or so per annum.

Senator PATRICK: Can you provide what that was since 2013-14?

Mr Jenkin: It changes during the course of the year. I can give you an indicative range of what those figures are going back—

Senator PATRICK: As in actuals from the previous years? They must be tracked?

Mr Jenkin: Well, it's not tracked as actuals against the internal investment fund; it's a pool of money that becomes available during the course of the year. Actuals would be tracked against what the money's spent on.

Senator PATRICK: That's interesting, because I asked how much was spent effectively on the Pluto system out of this budget, and the answer I've got is that as spend was not identified by funding sources it was not able to be determined.

Mr Jenkin: That's right. By funding source it wouldn't necessarily be identified.

Senator PATRICK: So, how does the parliament understand what you are spending on the system?

Mr Jenkin: It comes from within the total budget of the department, in terms of funding source.

Senator PATRICK: The question I asked was: for each year, how much of this was spent on the system both internally and externally? And the answer was externally nothing, and I understand that side of the ledger. But for the internal budget the department said they can't tell me.

Mr Jenkin: There was additional money that would have been allocated.

Senator PATRICK: What I'm trying to get to is how much of that money, since the \$102 million has been expended, has now been spent on the system.

Ms Leon: We can take it on notice, but you've got to understand that the work's being done by people who are already on salary within our department.

Senator PATRICK: Sure.

Ms Leon: So, there's a whole CIO group of IT people who are already part of the base salary of the salary budget of the department and who might be working on a range of things at any one time. It's not as though we just sort of create a new branch and staff it with a whole lot of new people and therefore there's a sort of dedicated cost centre just devoted to doing that project. We've got our own CIO, our own ICT workshop inside the department that is constantly doing work on the systems that support our various master programs.

Senator PATRICK: When a request comes from the project manager for the Pluto replacement internally, how is that money allocated to that project manager? How does that project manager request a resource, buy some hardware, buy some software, buy a compiler, buy some sort of software library? How does that occur?

Mr McHardie: If you look at the software costs, because we are building an SAP, we already have all the licences that we need there. As the secretary said, we already have plenty of workforce in the ICT space that we share across several programs. Indeed, many of the folks who have built out the Pluto platform to date are the same people who have built out what we've done in what we call the transfer legacy claims project in the WPIT program. And as you've heard from the CFO, internal funding through what we call our FIC process—the secretary can elect to allocate more resources as required from within the department.

Senator PATRICK: So, simply from an oversight perspective, you can see Senator Pratt was interested in the question and I'm interested in the question. Right now, on the evidence provided to the committee, you actually don't have a time frame to complete this project. The question was asked: when's the expected time completion?

Ms Leon: We said we are developing the planning for that. We didn't say there won't ever be one.

Senator PATRICK: Have you got an expectation that you've indicated of when you'd like the system to be concluded?

Ms Leon: No. We are in the process of planning the next stage of the project.

Senator PATRICK: That's going to come out of the Deloitte study, is it?

Ms Leon: That is part of the input to that, yes, but obviously also we're drawing on our own capabilities, and, because we are leveraging technology that we're building in the welfare transformation program, we are also working with that part of the department to see whether we can align their timetable with this timetable and, therefore, utilise the development of parallel technologies.

Senator PATRICK: I might come back to it. Will you have a better idea—

Ms Leon: At every estimates the plan will become clearer, Senator.

Senator PATRICK: I'm after something much more solid than that because this project hasn't gone to plan, and that's evident in the tracking of the project. Now you've got a project that's effectively—this might be the wrong word—underground; it's almost like a black-ops program. There's no tracking of cost. It's an endless project. That, from a parliamentary perspective, is not acceptable.

Ms Leon: I don't think we said it was an endless project. We said we're in the process of scoping it now. We don't at this point have a time frame for it, but we don't intend to run it in an unbounded fashion.

Senator PATRICK: I might take that up with the minister's office, thank you.

CHAIR: Senator Patrick, can you give an idea of what topics we've got coming up so we can allow—

Senator PATRICK: Five more minutes with the CFO. That's all I need.

CHAIR: Just the CFO?

Senator PATRICK: Yes, I think so.

CHAIR: There are a lot of people at the back we can probably relieve.

Senator PATRICK: I'm going to ask some questions on air travel.

Ms Leon: Are there any other questions after?

CHAIR: We only need the CFO, apparently, and whoever the CFO will need.

Senator PATRICK: Thank you, everyone.

CHAIR: Thank you, all, very much.

Senator PATRICK: This is a question I've been asking across a number of departments. Figures provided to me by the Minister for Finance in relation to a question on notice in the Senate show a massive disparity in government officials' use of Qantas and Virgin. Just to give you a general overview, in 2016-17, \$201 million was spent on Qantas and only \$61 million on Virgin. You'd be aware that there's a lowest practical fare policy across government. In general, the Virgin flights, if you divide the numbers through, are reasonably cheaper than the Qantas flights. In my own experience, I don't select which airline I fly on. It's a lottery based on the lowest fare. For the Department of Human Services, yours is a little bit interesting compared to others. I just want to make sure I've got the numbers about right. You've got \$29 million per annum on air fares. Does that sound about right?

Mr Hutson: Roughly, yes.

Senator PATRICK: I'm just talking rough numbers. Your Qantas spend is \$18.467 million. Your Virgin spend is \$3.7 million.

Mr Hutson: If I can perhaps give you some explanation about—

Senator PATRICK: Sure.

Mr Hutson: We are a little unusual in the government departments sense because our travel isn't just for officials. We have two really big areas of airline travel. One is in respect of official travel for departmental officials. The other is in respect of Abstudy. We arrange the travel arrangements for students who receive Abstudy benefits who are travelling between their home and their educational institution. I don't have the Department of Finance numbers, but I have the ones pulled out of our system. Our system says that we spent, during 2016-17, \$11,210,647 on airlines for official travel, and for that same period we spent \$17,990,904 in respect of Abstudy travel. When you put those two together, it is certainly of the same order as the number you mentioned you got from the Department of Finance, which is around about \$29 million.

Senator PATRICK: I've got another number, which should stand out, that said 'others', which was \$7 million.

Mr Hutson: Other airlines?

Senator PATRICK: Yes. Other airlines it looks like.

Mr Hutson: It depends. I'm not quite sure what their numbers are but I can give you the split that we have. It is true that we use Qantas, in respect of official travel, in that same period 58.4 per cent of the time and, in respect of Abstudy travel, 63 per cent of the time. I would have to say that, in terms of our particular travel profile, the thing that drives it a lot is the fact that Qantas has a much stronger regional network in particular areas than Virgin does. I don't have the exact details, but my recollection is that one of our major city pairs, unusually, is Cairns-Thursday Island, and that is pretty much a Qantas-only route.

Ms Leon: Unlike many departments, we have official travel going to a lot of regional towns—it's not just the capital city network—and Qantas does have a bigger regional network that covers country towns that Centrelink staff have to travel to.

Senator PATRICK: Yes. That's been presented to me by a number of departments, about the disparity. Just sticking with government officials, you're saying that the disparity is 58.4 per cent for Qantas—

Mr Hutson: 26.5 per cent for Virgin, 3.9 per cent for Rex, 3.2 per cent for Airnorth, 2.4 per cent for FlyPelican, 2.4 per cent for Jetstar and 3.2 per cent for other airlines. Other airlines includes Fly Tiwi, Skippers Aviation, Murin Air, Skytrans, Sharp Airlines, Fly Corporate, Hinterland Aviation and West Wing Aviation. The reason I mention that is to give you a flavour of how we are actually a significant spender on airlines that are really quite small in their total market share in Australia.

Senator PATRICK: Sure. But, looking at, say, the official travel—58 per cent to 26 per cent—there's still quite a big disparity there. I'm wondering, Secretary, if you could—

Ms Leon: We operate best-fare-of-the-day policy within the department. There isn't any official or unofficial preference for Qantas, other than we have to fly to the places that we're flying at the times that we're flying there. That's the guide that everyone has to use, best fare of the day. I know with my own travel I select a flight based on what time I have to get there and back, and sometimes there are just more choices coming back in and out of Canberra on Qantas than there are on Virgin. You might find that, at the time you have to travel, you haven't really got any choice except to travel Qantas.

Senator PATRICK: But, if you look at, say, a morning and an evening flight, Qantas and Virgin tend to match each other, particularly on those days.

Ms Leon: They usually will match each other for one of them but quite often Qantas will have an earlier flight and a later flight to the one that matches the Virgin one. So, unless you're flying at that exact time, you might actually have to go—because you're coming an hour later—on the Qantas flight. We don't have any preferencing policy about choosing Qantas more than Virgin. We strictly operate best fare of the day, so long as people can choose the flight that gets them where they're going at the time they have to fly. In the regional sense, there are more flights to the broad network of places that we have to go to, and quite often they're not either Qantas or Virgin but they are more likely to be Qantas than Virgin.

Senator PATRICK: My big driver here is there could be cost savings here for the government.

Ms Leon: Sure. So we do run best fare of the day as a policy that all the people booking travel have to utilise.

Senator PATRICK: With those numbers, you're the first secretary I've come across—I've spoken to 10 or 15 of them in the last seven days—that hasn't at least been a little bit surprised by the disparity.

Ms Leon: I haven't surveyed everyone in the department but I know from my own travel patterns that when I'm asked to look at the flights that are available, I end up, quite often, on Qantas because it's going where and when I want. It's not because of any sort of preferencing.

Senator PATRICK: You're probably in an unusual circumstance, however, being a secretary. Your time is extremely valuable. Other people in the department may well be able to work within a policy that says if it's within an hour's time frame—there is no choice about time. I wonder if you could take it on notice, to have a look at it?

Ms Leon: Sure. We abide by and believe in the policy of best fare of the day. If our investigation suggests it's not being adhered to, I'd want to know about that.

Mr Hutson: There is one additional piece of information. In the Abstudy travel case, 63 per cent of travel is with Qantas and only four per cent with Virgin. In fact, the second highest airline in the Abstudy case is Airnorth.

Senator PATRICK: You're saying that's because of the remote nature of that.

Mr Hutson: Yes, that's right.

Senator PATRICK: I get that. It seems to make sense. How many people in your department have, because of their official position, been offered and have accepted a Qantas Chairman's Lounge or a Virgin The Club membership? I have no criticism of that; I'm just wondering how many there are. I'm happy if you want to take that on notice.

Mr Hutson: To be honest, we probably don't know. There's no charge for either of those. We understand that the airlines offer them to the secretary and deputy secretaries. We don't keep records.

Senator PATRICK: I'm sure you could ask.

Mr Hutson: We could certainly ask the airlines.

Senator PATRICK: Could I ask you to do that, just to find out the numbers?

Ms Leon: In terms of the numbers that would ordinarily be offered, in our department there's one secretary and eight deputy secretaries. So if the normal pattern of offering has occurred, then I expect they would have been offered to those.

Senator PATRICK: I'm not directing any criticism. It's just leading to the last question. In circumstances where your secretary or one of your deputy secretaries only has one—they may have both—can you please provide their airline flight split? I don't want the name of the person.

Mr Hutson: We can ask the secretary and deputy secretaries, yes.

Ms Leon: We can ask them.

Senator PATRICK: Thank you; that would be appreciated.

CHAIR: On that note, 23 minutes is better than nothing. Thank you all very much. This concludes the committee's examination of the Human Services portfolio. I thank the minister,

sincerely, all the officers and Ms Leon for their attendance as well as Hansard, broadcasting and the secretariat staff. Senators are reminded that written questions on notice should be provided to the secretariat by 8 June 2018. Officers are reminded that answers to questions taken on notice should be returned to the committee by 16 July 2018.

Committee adjourned at 22:38