

COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Estimates

WEDNESDAY, 25 OCTOBER 2017

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SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Wednesday, 25 October 2017

Members in attendance: Senators Brockman, Carol Brown, Duniam, Hanson, Hinch, Kakoschke-Moore, Lines, Pratt, Reynolds, Roberts, Siewert, Singh, Smith, Watt.

SOCIAL SERVICES PORTFOLIO

In Attendance

Senator Ryan, Special Minister of State and Minister Assisting the Prime Minister for Cabinet

Senator Seselja, Assistant Minister for Social Services and Multicultural Affairs

Department of Social Services

Executive

Ms Kathryn Campbell, Secretary

Ms Barbara Bennett, Deputy Secretary, Families and Communities

Ms Felicity Hand, Deputy Secretary, Business Services

Mr Michael Lye, Deputy Secretary, Disability and Carers

Ms Serena Wilson, Deputy Secretary, Social Security

Cross Outcomes

Ms Christine Bruce, National Manager, Delivery Strategy and Operations

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

Mr Paul McBride, Group Manager, Welfare and Housing Policy

Mr Peter Qui, Group Manager, Information Management and Technology

Dr Tim Reddel, Group Manager, Policy Office

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

Mr Iain Scott, Group Manager, Program Office/Community Grants Hub

Mr Richard Baumgart, Branch Manager, Program Strategy

Ms Tracey Bell, Branch Manager, Communication Services

Ms Tiffany Blight, Branch Manager, People Services

Mr Phil Brown, Branch Manager, Policy Strategy and Investment

Mr Russell de Burgh, Branch Manager, Budget Development

Mr David Dennis, Branch Manager, Data Strategy and Development

Mr Alan Grinsell-Jones, Branch Manager, Legal Services

Ms Tracy Hobden, Branch Manager, Financial Management and Procurement

Mr Greg Keen, Branch Manager, Whole of Government Grants Coordination

Mr Murray Kimber, Branch Manager, Policy Capability and Development

Ms Jillian Moses, Branch Manager, Policy Analysis and Reporting

Ms Lyn Murphy, Branch Manager, Property, Security and Business Continuity

Ms Lara Purdy, Branch Manager, Organisational Strategy Services

Mr Matthew Roper, Branch Manager, Assurance and Performance

Mr Stephen Sheehan, Branch Manager, Financial Accounting

Outcome 1

Dr Roslyn Baxter, Group Manager, Families

Mr Scott Dilley, Chief Finance Officer and Group Manager, Finance and Services
Mr Paul McBride, Group Manager, Welfare and Housing Policy
Ms Emma Kate McGuirk, Acting Group Manager, Payments Policy
Ms Janean Richards, Chief Legal Counsel and Group Manager, Corporate Services
Ms Tracey Bell, Branch Manager, Communication Services
Ms Anita Davis, Branch Manager, Payability and Integrity
Mr Russell de Burgh, Branch Manager, Budget Development
Ms Allyson Essex, Branch Manager, Payment Conditionality Design and Policy
Mr Matthew Hardy, Branch Manager, Families and Pensions
Mr Stewart Thomas, Branch Manager, Housing Programs and Homelessness
Ms Andrea Wallace-Green, Acting Branch Manager, Payment Structures

Outcome 2

Dr Roslyn Baxter, Group Manager, Families
Mr Scott Dilley, Chief Finance Officer and Group Manager, Finance and Services
Mr Evan Lewis, Group Manager, Multicultural, Settlement Services and Communities
Ms Janean Richards, Chief Legal Counsel and Group Manager, Corporate Services
Mr Iain Scott, Group Manager, Program Office/Community Grants Hub
Ms Sharon Bailey, Branch Manager, Settlement Policy
Mr Richard Baumgart, Branch Manager, Program Strategy
Ms Tracey Bell, Branch Manager, Communication Services
Mr Russell de Burgh, Branch Manager, Budget Development
Ms Brooke Hartigan, Branch Manager, Children's Policy
Mr Mathew Johnston, Branch Manager, Redress and Paid Parental Leave
Mr Greg Keen, Branch Manager, Whole of Government Grants Coordination
Mr Leo Kennedy, Branch Manager, Settlement Support
Ms Kirsty Linehan, Deputy Branch Manager, Family Safety
Ms Kathryn Mandla, Principal Advisor, Families
Ms Sarah Peascod, Branch Manager, Family Policy and Programs
Mr Tristan Reed, Branch Manager, Welfare Quarantining and Gambling
Ms Yvette Sims, Branch Manager, Multicultural and Communities
Ms Chantelle Stratford, Branch Manager, Family Safety
Mr Stewart Thomas, Branch Manager, Housing Programs and Homelessness

Outcome 3

Ms Flora Carapellucci, Group Manager, Disability, Employment and Carers
Mr Scott Dilley, Chief Finance Officer and Group Manager, Finance and Services
Ms Helen McDevitt, Group Manager, National Disability Insurance Scheme Transition Oversight

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

Mr Andrew Whitecross, Group Manager, National Disability Insurance Scheme Market Reform

Ms Tracey Bell, Branch Manager, Communication Services

Mr Peter Broadhead, Branch Manager, Disability Employment Services

Mr Adrian Brocklehurst, Branch Manager, Quality and Safeguards Implementation

Mr Christian Callisen, Branch Manager, National Disability Insurance Scheme Financial Policy and Performance

Mr Chris D'Souza, Acting Branch Manager, Supported Employment Policy, Access and Engagement

Mr Russell de Burgh, Branch Manager, Budget Development

Mr John Riley, Branch Manager, Market Oversight/Program Transition

Mr Bruce Smith, Branch Manager, Quality and Safeguards Policy

Ms Sharon Stuart, Branch Manager, Disability and Carer Policy

Ms Julie Yeend, Branch Manager, Transition Oversight and Governance

Outcome 4

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

Mr Paul McBride, Group Manager, Welfare and Housing Policy

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

Ms Tracey Bell, Branch Manager, Communication Services

Mr Russell de Burgh, Branch Manager, Budget Development

Mr Sidesh Naikar, Branch Manager, Housing Policy

National Disability Insurance Agency

Mr Robert De Luca, Chief Executive Officer

Ms Stephanie Gunn, Acting Deputy Chief Executive Officer, Participation and Planning Experience

Mr Steve Jennaway, General Manager, Finance

Ms Margaret McKinnon, Acting Deputy Chief Executive Officer, Corporate Services and Chief Finance Officer

Mr Paul O'Connor, General Manager, Risk

Ms Vicki Rundle, Acting Deputy Chief Executive Officer, People and Stakeholder Engagement

Department of Human Services

Ms Renée Leon PSM, Secretary

Outcome 1

Mr John Murphy, Deputy Secretary, Payments Reform Group

Ms Michelle Lees, General Manager, Business Transformation Division

Mr Robert McKellar, National Manager, Payments Reform Assurance Branch

Ms Pam Spurr, Acting Chief Citizen Experience Officer
Mr Barry Jackson, Deputy Secretary, Service Delivery Operations Group
Ms Bridget Brill, General Manager, Operations Management Division
Mr Mark le Dieu, General Manager, Face to Face Services Division
Mr Chris Horsley, General Manager, Service Delivery Strategy Division
Ms Jennifer Rufati, General Manager, Smart Centres, Indigenous and Intensive Servicing Division
Mr Bill Volkers, General Manager, Child Support Smart Centres Division
Mr Jason McNamara, Acting Deputy Secretary, Integrity and Information Group
Ms Liz Bundy, Acting General Manager, Integrity Modernisation Division
Ms Karen Harfield, General Manager, Information, Debt and Appeals Division
Mr Craig Storen, General Manager, Customer Compliance Division
Assistant Commissioner Andrea Quinn, General Manager, Taskforce Integrity
Mr Shane Bennett, Acting Deputy Secretary, Programme Design Group
Ms Maree Bridger, General Manager, Child Support and Redress Division
Ms Rosemary Deininger, General Manager, Participation and Disability Division
Ms Melissa Ryan, General Manager, Older Australians Division
Mr George Thiveos, General Manager, Families Division
Ms Caroline Edwards, Deputy Secretary, Health and Aged Care Group
Mr Paul Creech, General Manager, Aged Care and Industry Programmes Division
Ms Kirsty Faichney, General Manager, Health Programmes Division
Ms Amanda Cattermole, 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, Communication Division
Mr Kim Terrell, General Manager, Whole of Government Coordination Division
Mr Jonathan Hutson, Deputy Secretary, Shared Services Group
Mr Ian Fitzgerald, General Manager, People Policy and Operations Division
Mr Robert Higgins, General Manager, Corporate Operations Division
Ms Michelle Kelly, General Manager, Audit Division
Ms Jenny Teece, General Manager, People Services Division
Mr Gary Sterrenberg, Chief Information Officer
Mr Charles McHardie, Chief Technology Officer
Mr Mark Jenkin, Chief Financial Officer
Mr Bruce Taloni, General Manager, Service Strategy Division

Committee met at 09:00

CHAIR (Senator Brockman): It being 9 am, I declare open this meeting of the Community Affairs Legislation Committee on 25 October 2017. The Senate has referred to the committee the particulars of proposed expenditure for 2017-18 for the portfolios of Health and Social Services, including Human Services. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee has fixed 6 December 2017 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 3 November 2017. The committee's proceedings today will begin with its examination of the Department of Social Services and the National Disability Insurance Agency. This evening, the committee will call the Department of Human Services.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to the committee. The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings: any questions going to the operation 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 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 give 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 an order of the Senate of 13 May 2009, specifying the process by which a claim of public interest immunity should be raised, which I now incorporate into *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)

Witnesses are specifically reminded that 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.

I welcome Senator the Hon. Scott Ryan, Minister Assisting the Prime Minister for Cabinet and Special Minister of State, representing the Minister for Social Services; and officers of the Department of Social Services. Minister, do you wish to make an opening statement?

Department of Social Services

[09:03]

Senator Ryan: I do not, Chair. Thank you very much.

CHAIR: In that case, we'll start with questions. Senator Watt.

Senator WATT: Thank you, Chair. Welcome back, Minister Ryan; and congratulations on your appointment, Ms Campbell. I'm very pleased that you and I haven't lost the ability to stay in touch through your move.

Ms Campbell: Thank you.

Senator WATT: It is a very big portfolio you have taken over. I would like to begin in cross-portfolio outcomes with some comments that Minister Porter made in a speech to CEDA in May regarding the proportion of income tax raised that, as he put it, the welfare system absorbs. I take it that it is possible to work out on an annual basis the percentage of income tax receipts that end up going to expenditure on social security?

Ms Campbell: I understand that the committee tries to ask these questions under the different outcomes, but I think the question you're asking should probably be under outcome 1.

Senator WATT: I suppose the reason I was keen to do it under cross-portfolio is that we've tended to ask wider budget related questions in this area.

Ms Campbell: Okay.

Senator WATT: Would you mind if we just knocked it off here?

Ms Campbell: That's fine, if that's how the committee works.

Senator WATT: For your information, we don't have a huge number of things that we're going to be asking about in cross-portfolio.

Ms Campbell: Okay, thank you.

Senator WATT: I don't know if there's anyone else you want to get up to the table as well, but is it possible to break down, on an annual basis, the proportion of income tax receipts that are expended on social security?

Ms Campbell: Ms Wilson will join me. Of course, income tax is predominantly a responsibility of the Treasury. I'll see whether Ms Wilson is able to give some more details on the issue you talk about in May.

Ms Wilson: Income tax is not hypothecated in that way to social security, but clearly social security is funded out of the government's income tax receipts because it is, unlike a social insurance scheme, a general tax funded system. So, notionally, you can work out what it costs per annum and what tax receipts are in a given year.

Senator WATT: Yes, you can look at income tax receipts and social security expenditure and say that's a percentage of that.

Ms Wilson: Yes.

Senator WATT: In the speech that Minister Porter gave in May to CEDA, one of his statements was that:

... after the GFC, the welfare system was costing over 100 per cent of all income tax raised.

Do you have a year-by-year breakdown going back to the GFC or 2008 of the percentage of income tax receipts that were spent on social security?

Ms Wilson: I'd have to take that on notice. I'm sorry. I don't really have—

Senator Ryan: That's not really fair, Senator Watt. I think this was traversed a bit last time. You can ask the officials about the payments that come under social services but, as you'd know, ministers' offices can sometimes undertake work themselves. I don't think it's appropriate to ask these officials about income tax collections.

Senator WATT: My understanding, for instance, is that between 2009-10 and 2013-14—so once we got through the height of the GFC—expenditure on social security was, on average, 87 per cent of income tax receipts. That would be something, I think, that your department would—

Senator Ryan: Again, honestly, the economics committee is meeting on the other side of the building. You can ask the officials—

Senator PRATT: No, it goes to—

Senator Ryan: Can I finish, please? Let me finish. I waited till Senator Watt concluded. I think you can ask the officials about what is spent, but you're looking at two dynamic elements there. One is spending on social services and what this department spends. The other one is income tax collections, which, of course, are dynamic. They are not fixed. The place to ask about those overall matters is at Treasury.

Senator WATT: I have a feeling that, if we asked Treasury, they'd say, 'You need to go and ask DSS.'

Senator Ryan: Guess what? You can ask DSS about what is spent, but, if you're asking about the percentage of income tax, that is a question for Treasury.

Senator WATT: The reason I asked Ms Wilson those introductory questions was that she said, to paraphrase, that it is possible to work out what percentage of income tax receipts are expended on the social security budget. This is an estimates hearing about social security. We're asking about—

Senator Ryan: They're not here to do your working out. You can literally ask—

Senator WATT: I've done the working out. I'm actually just asking her to confirm that.

Senator Ryan: No, it is not the role of the Department of Social Services to calculate the percentage. They're here to give you numbers about what they are responsible for. The percentage number that you are determining, in this case on income tax collections, is not the responsibility of the Department of Social Services. If you've worked it out yourself then feel free to publish it.

Senator WATT: Thank you, Minister. Ms Wilson, do you have those statistics?

Ms Wilson: No.

Ms Campbell: We can take on notice the social services expenditure in those years. We might even see whether we can get you the actual expenditure in those years today.

Senator WATT: That would be great if you could get that today.

Ms Campbell: Someone will be watching and can—

Senator WATT: Excellent. Someone has their calculator out as we speak.

Ms Wilson: Can I just clarify the question is: what is the expenditure on social security since 2009-10 to the current year?

Senator WATT: If you can find out for 2009-10 to the current year on a financial-year basis what percentage of income tax receipts—

Senator Ryan: No, that's not their job. No, sorry; I'm interposing myself here, Senator Watt. They're not here to do the working out for you. It's a very simple calculation by looking at the budget papers' income tax receipts. They'll get you the number on Department of Social Services expenditure.

Senator WATT: Okay. Well, can you confirm that, between 2009-10 and 2013-14, expenditure on social security was on average 87 per cent of income tax receipts?

Senator Ryan: Again, I'm going to keep coming in as long as you keep trying to put this up, Senator Watt. It is not the job of this department or officials to come up with calculations that you wish to have. They can provide the number they've spent. You can get the number of income tax collections—it's very easy to locate. You can then use your calculator. But I don't think it is fair or reasonable, nor within the remit of these estimates, to ask officials of one department to start doing calculations.

Senator WATT: So we can't ask officials of any department what proportion of the overall budget their department is responsible for?

Senator Ryan: You're asking them to calculate numbers based on literally something that is the direct responsibility of something that I understand is being quizzed right now. You can work it out yourself. They're not here to do the working-out for you, Senator Watt.

Senator WATT: So I can't go to Health tomorrow and say, 'What proportion of the budget is spent on health'?

Senator Ryan: I've sat on that side of the table. The information they've said they will seek to get today is what their expenditure is, and it is our role as parliamentarians, including yours, if you want to come up with the alternative. But you seem to have done it yourself.

Senator WATT: We've done the hard work. All we need is a confirmation.

Senator SMITH: I think you should get it at Treasury—

Senator Ryan: The Treasury deals with budgetary matters. The Department of Social Services deals with social services matters.

Senator WATT: There might be something here that cuts through this.

Ms Campbell: We've just gone back to the budget papers, Senator. We'll take a moment to check, because sometimes the functional groupings around social welfare include more than what you would be seeing as social welfare. It sometimes includes things like aged care, for example, and child care, and I don't think that that's what we're talking about here. We'll just take the opportunity in one of the breaks to get the expenditure for you.

Senator WATT: Okay.

Senator PRATT: That's right—which is why we can only ask these questions in here. There's a big difference between 100 per cent and 87 per cent and, if the difference is because of child care, if the difference is because of aged care, we need to ask these questions here.

Senator Ryan: Then ask questions that give you specific numbers, because the number on income tax is actually published, as I understand, in the budget papers. By all means, ask for expenditure and ask to narrow it down, slice and dice it anyway you wish, but it's not their job

to get out the calculator so you get the percentages or they reconfirm questions you have about expenditure. Go next door and ask them.

Senator WATT: Well, we might as well pack up and go home, because that's what this entire day is about.

Senator Ryan: No, it's not.

Senator WATT: It's about: what is this figure, what is that figure?

Senator Ryan: Exactly. But you're asking—

Senator WATT: How much does this cost? How much does that cost?

Senator Ryan: And you're allowed to ask all those questions. But what you're asking is different. Senator Watt. You're asking them for something that is Treasury's job.

Senator WATT: This is extraordinary. Is there a reason you're wanting to protect Minister Porter from these questions, Minister?

Senator Ryan: I'm not protecting anyone. I'm simply saying: do your own working-out.

Senator WATT: You're normally not this animated this early in the morning.

Senator Ryan: I haven't had enough coffee.

Senator WATT: We can get you a coffee, and then you might calm down.

Senator Ryan: You're asking officials to do something that is not within the responsibility of these committees.

Senator WATT: I find it extraordinary that it is not appropriate to ask officials what percentage of the overall budget their department is responsible for, which is another way of putting the exact question that I'm asking.

Senator Ryan: No, you're asking what percentage of income tax collections—and you can go next door and ask that.

Senator WATT: Ms Campbell or Ms Wilson, did anyone in your department provide Minister Porter with those figures—that the welfare system was costing over 100 per cent of all income tax raised under Labor after the GFC?

Ms Campbell: We'd have to take that on notice.

Senator WATT: Let's see what we can come up with once people have a bit of a look at the documents. The other thing I would have asked—if Minister Ryan had allowed me—was to get you to confirm that, by the 2013 budget, social security expenditure was at 85.9 per cent of income tax receipts.

Ms Campbell: We'll seek the expenditure for social welfare in that year for you.

Senator WATT: Thank you, because I have a concern. Assuming that those percentages that I've just given you are correct—and that is that, between 2009-10 and 2013-14, expenditure on social security was, on average, 87 per cent of income tax receipts, and by the 2013 budget it was 85.9 per cent of income tax receipts—I'm wondering why the minister would give a speech at a public forum in which he would claim that the welfare system under Labor cost over 100 per cent of all income tax raised. Assuming my figures are correct, that's clearly not the case for any of the 2009-10 to 2013-14 years.

Senator Ryan: I think you know better than to ask the officials a question such as, 'Why would the minister'—

Senator WATT: Minister, why would Minister Porter do that, why would he misrepresent—

Senator Ryan: I haven't calculated the figures myself and so I'm not—I can't necessarily agree with the premise of your question. The observation I'll make, though, is that a percentage of spending based on income tax would always apply, always need to be calculated, with respect to the denominator, which is the income tax. So you could dramatically reduce the percentage of income tax collection spent on something by simply increasing the collection of income tax. That would reduce the percentage automatically. I will take it on notice and if Minister Porter has anything to say in response to your claims I will bring it back to the committee.

Senator WATT: Similarly, you could—

Senator SMITH: Mr Porter's speech was one of sustainability, and the point he was making was that under Labor welfare spending had become unsustainable in the broader budget context. That's the theme Minister Porter was making. I think you're just being—

Senator WATT: What Minister Porter said was that under Labor, after the GFC, the welfare system was costing over 100 per cent of all income tax raised. As the minister has just pointed out, given we're talking about a fraction here and that's influenced by income tax raised, which inevitably goes down during the greatest economic crisis we've seen since the Great Depression, and given social security expenditure would go up—

Senator RYAN: I think it was only one year—

CHAIR: This is a very interesting discussion but the purpose of estimates is actually to ask questions of the officials.

Senator WATT: I've been trying to do that, but Minister Ryan doesn't seem to want me to do that.

CHAIR: Let's get back to questions.

Senator PRATT: They want to answer, but the minister won't let them.

Senator WATT: I think it important that ministers be held to account, in terms of the public statements they make—

CHAIR: That's why we're here today. Let's get back to questions.

Senator WATT: That's why we're trying to find out, through the officials, what the facts are, to see whether Minister Porter is misrepresenting the proportion of the welfare system, of the tax budget that is spent on welfare, to suit his own political ends. That's what we're trying to do.

Senator Ryan: Senator Watt, I think you know better than to ask officials loaded questions like that.

Senator WATT: That wasn't a question. I was—

Senator SINGH: That wasn't a loaded question, Senator Ryan.

Senator Ryan: Senator Singh, can I finish my sentence? You're loading the question with language. The officials are here to ask questions on facts. I've said I'll come back to you, not

being intimately familiar with the speech that Minister Porter made but being vaguely familiar with it, with anything he has in response to your claims.

Senator WATT: That series of questions was expected to take about five minutes. I'm sorry that's delayed us. So cross-portfolio outcomes might go a little longer than originally intended. By how much has the number of people receiving Newstart and youth allowance in Western Australia increased in the last three years?

Ms Campbell: I understand that the committee usually deals with these questions in outcome 1, which is about social security.

Senator WATT: So what are we going to be able to ask in cross-portfolio outcomes?

Ms Campbell: My understanding is grants. If you were interested in the operations of the department, that was the type of cross-portfolio—

Senator WATT: I would have thought that's the operations of the department, how many people you pay Newstart to and youth allowance to.

Ms Campbell: I think it's more so the number of people—

CHAIR: Come on, Senator Watt, you know where the questions are asked.

Senator SMITH: Nice try, though.

Senator WATT: I'm just reviewing—I'm tempted to hand Minister Ryan all my questions so he can decide which ones we're allowed to ask throughout the remainder of the day. It might just cut through things.

Senator Ryan: You're allowed to ask any you want. I haven't stopped you asking anything.

Senator WATT: You haven't stopped me asking questions? That's all you've done for the last 18 minutes!

Senator Ryan: I haven't stopped you asking a question. It just doesn't mean you get the answer you want.

Senator WATT: We might come back to that. Am I allowed to ask questions about the department's annual report?

Senator Ryan: You're allowed to ask questions about any—ask the questions. If the standing orders don't find them inappropriate, I'm sure they'll be answered.

Senator WATT: Let's have a look. Do you have the annual report there?

Ms Campbell: I do.

Senator WATT: Excellent. That's a good start. In chapter 2.1, on page 43 of the department's annual report, it states that the number of people receiving the pensioner education supplement have fallen from 40,895 in 2014-15 to 26,542 in 2016-17. What do you attribute that fall to?

Ms Campbell: We are very happy to answer these questions. It's just that we don't always have the right officers here, because we had understood that outcome 1 would be on this afternoon.

Senator WATT: Do you have the right people here to answer that question?

Ms Campbell: No, we don't.

Senator WATT: What if I asked you a question about the disability support pension?

Ms Campbell: That's all in outcome 1, Senator, and I had understood that that was on at 2.00 pm.

Senator DUNIAM: Do you think it would be better to move off—

Senator SINGH: It relates to the annual report. We're asking questions as they relate to the annual report. So if they're in the annual report, which you have in front of you, can we just see if we can ask them?

Ms Campbell: We don't have the officers here who have the detailed knowledge of that, because that relates to outcome 1.

Senator DUNIAM: Officials are running to a program we've agreed—

Senator SINGH: We're simply going to ask questions that are within the annual report.

Senator Ryan: With all due respect, that could also be used to say that the annual report covers the activities of the department. It could be any outcome at any point. My experience in this committee has been that it is a rather more structured committee than some of the others I've been involved in. I'm happy to facilitate whatever we can, but the officials literally followed the instructions that came from the committee about outcomes. We will endeavour to do everything we can to comply, but officials, given the sheer scale of this department, aren't here to answer every possible question that could be covered in an annual report in cross-portfolio when they are listed separately.

CHAIR: If we want to get to outcomes, let's get to outcomes and move through the outcomes.

Senator SINGH: Why don't we try and see how Ms Campbell goes with the questions that Senator Watt has.

Senator PRATT: I will ask some questions about the national redress scheme. Can I ask those here?

Ms Campbell: The national redress scheme is in outcome 2.

Senator WATT: Genuinely, I wouldn't be surprised, Ms Campbell if you're able to answer at least some of these questions. They're not precise detail-type questions.

Senator PRATT: These are largely about negotiations, et cetera, so I would hope that you're able to answer them. In September 2015, the royal commission provided its recommendations for a national redress scheme. At the time, it stated in its recommendations that the scheme should be established and be ready to begin inviting and accepting applications by survivors from no later than 1 July 2017.

Senator RYAN: Can I just take guidance? If this committee is going to change its approach, we will need notice, but historically this committee has been one of the more ordered because of the sheer scale of it. The officials and the relevant people aren't here. I'm reluctant to have officials inadvertently provide incomplete information without those—

CHAIR: Why don't we just suspend briefly and we'll have a quick chat.

Proceedings suspended from 09:22 to 09:24

CHAIR: We're going to resume now and start with Senator Brown.

Senator CAROL BROWN: Ms Campbell, on notice, could you tell the committee whether there are any outstanding government responses to committee reports?

Ms Campbell: We will provide that on notice.

Senator PRATT: Just briefly, I'm unclear whether to ask questions about the redesign of programs under outcome 2—when those programs are redesigned. Is that here?

Ms Campbell: We can do redesign of grants now, if you like. We've got the people here to do that, because they're in that cross-portfolio. But the redress and the content isn't under outcome 2. So we can do redesign now, if you'd like.

Senator PRATT: No, that's fine. I think I can put them on notice. But I really just wanted—

CHAIR: Can we do redesign later as well or not?

Ms Campbell: Senator, if you wanted to go to the detail in outcome 2 about families and children—

Senator PRATT: I just want to know what grant programs are currently being redesigned.

Ms Campbell: We can do that in outcome 2.

Senator PRATT: Okay. Thank you.

Senator SIEWERT: We were just suggesting that we get the officials from both the NDIA and the department together because, as you know, we frequently crossover.

CHAIR: Are we going to outcome 3?

Ms Campbell: We are.

CHAIR: I understand that the CEO of the NDIA wishes to make an opening statement.

Ms Campbell: He does. We'll just give him an opportunity to come in, then we'll do that. Of course the outcome has both the NDIS as well as other disability and career issues, but I think we should be able to manage them across those issues.

Senator SIEWERT: They do tend to crossover quite frequently.

CHAIR: I understand that the CEO of the NDIA—Mr De Luca—wishes to make an opening statement. Please go ahead.

Mr De Luca: I do, thank you. I'm the CEO of the National Disability Insurance Agency. Thank you for your welcome. I'd like to acknowledge the traditional owners of the land on which we meet today and pay my respect to their elders past and present. It's an honour and privilege to appear before you as the CEO of the National Disability Insurance Agency. The NDIS is now in its fourth year of operation. Our three-year trial has ended, and we are 16 months into transition to full scheme. We have learned many valuable lessons along the way. Since commencing as CEO, I've spent time meeting with people to learn about the challenges and opportunities we face. The NDIA is a relatively young organisation. We have a large and complex task ahead of us with no template to follow. It is clear that we need to grow and evolve in order to deliver a world-leading NDIS.

We have the benefit of a number of committee reviews, findings and recommendations. Many considered and constructive improvements have been proposed. Last week, the Productivity Commission released their final report into the scheme costs. The agency welcomes the report, and I refer the committee to the statement we released in response to its

findings. As outlined in our corporate plan, the NDIA is taking a structured approach to prioritising and implementing changes in order to have the greatest impact. As agreed with our board, our top priorities are: firstly, ensuring quality experience and outcomes for participants; secondly, enabling a competitive market of innovative supports; thirdly, delivering a high-quality NDIA with the right systems, processes, controls, reputation and capabilities; and, fourthly, monitoring and responding to cost pressures to ensure the NDIS remains financially sustainable.

I will now address each priority. Participants are at the centre of everything we do, and so our first priority is to improve the experience and outcomes for participants. So far, the planning experience has not been consistently high quality for everyone. Plans have not always been driven by goals and outcomes, participants have not always found it easy dealing with us, and our connections with other service systems have not always been clear and straightforward. Many areas where improvements are required have been highlighted by this committee. The board and management have listened, and we are working to make significant improvements. Following extensive consultation with stakeholders, and consistent with recommendations from the joint standing committee annual progress report, on 18 October 2017 we announced the new participant pathway. The new pathway experience will now be progressively tested and piloted before rolling out nationally. There are a number of improvements that will be implemented immediately, including that all planning meetings will be held face to face or according to a participant's preference. We have also begun development on a number of tailored pathways to ensure appropriate responses for all participants, including people with psychosocial disability, children, people from Aboriginal and Torres Strait Islander communities, those from culturally and linguistically diverse backgrounds, and people with more complex needs.

A higher quality provider experience is also required. Our second priority is a competitive market of innovative supports, where participant driven services are delivered through vibrant localised markets. Providers are key partners in delivering the NDIS, and I acknowledge their experience has been variable in the past. The new pathway experience for providers will see improvements over time, including clear information and operational policy, straightforward ways for providers and participants to connect, and an NDIS myplace portal and tools that are reliable and simple to use.

The NDIA is growing rapidly and, in order to deliver the NDIS for all Australians, we must be a high-performing NDIA, which is our third priority. A core focus for me as CEO is to continue to develop and mature the NDIA's systems, processes, controls and capabilities. The NDIA has been working with the Department of Human Services as our partner to improve our technologies, systems and platforms to support full scheme operations.

The fourth priority of our corporate plan is the long-term financial sustainability of the scheme. The NDIS is an insurance scheme, and an actuarial approach is central to our operations. We will continue to identify and respond to cost pressures. Some key initiatives underway include a revised Early Childhood Early Intervention gateway to connect with and navigate other service systems and the community, increasing our risk based insurance practices at access and plan approval, and continuing to invest in our people and grow our capability.

The NDIS is part of a broader system of supports and services. Our legislation states that all supports must be reasonable and necessary, taking into account supports already available to a person, including support from their family or other carers or from other government service systems such as health, education and housing. These services must be accessible to people with disability. The National Disability Strategy provides a framework for inclusive services and communities, and we must all do more work to realise its vision. The NDIS can only succeed and be sustainable when our communities, including our entire service system, is inclusive. We must all work together to ensure we achieve inclusive communities and workplaces.

I would like to thank this committee and the Joint Standing Committee on the National Disability Insurance Scheme for your important work. I am committing to continuing to build our relationship so that we can respond quickly and effectively when matters are raised and invest in translating your work into a world-leading NDIS. Looking ahead to the next 12 months and continued implementation of the NDIS across the nation, the challenges can appear daunting, but the opportunities and the benefits of the NDIS outweigh the challenges many times over. I'm absolutely committed to building an NDIS that empowers people with disability to achieve their goals in inclusive communities and workplaces. Thank you for the opportunity to make an opening statement. My colleagues and I now look forward to your questions and comments.

CHAIR: Thank you, Mr De Luca.

Senator WATT: Are we able to get a copy of the opening statement?

Mr De Luca: Yes.

Senator WATT: Thank you.

Senator CAROL BROWN: Welcome, Mr De Luca. Whereabouts are you located—out of what office?

Mr De Luca: I base my time between the Melbourne and Geelong offices and travel to Canberra and Sydney. Our board meets in Sydney, we have an office in the Melbourne CBD, and I spend time in the Geelong office as well.

Senator CAROL BROWN: So what's the—

Mr De Luca: The spread each week?

Senator CAROL BROWN: Yes.

Mr De Luca: It varies. This is my second month in the job. I typically spend a day to two days a week in Melbourne and Geelong, a day to two days in Sydney and Canberra, and the fifth day depends where the travel takes me.

Senator CAROL BROWN: I don't know your background so I am just trying to familiarise myself with it. Are you from the disability sector?

Mr De Luca: No, I am not. I have spent 20 years prior to this in financial services, in banking, investments, insurance, wealth management.

Senator CAROL BROWN: Are your deputies located solely in the Geelong office? That is the head office, isn't it?

Mr De Luca: Geelong is the head office. We are building a new office there. My deputies are typically based in Geelong but my scheme actuary is based in Sydney. Like me, they spend a lot of time travelling around the various offices.

Senator CAROL BROWN: I hope you're not by yourself in the Melbourne office? It would be very lonely.

Mr De Luca: Some days it may feel lonely.

Senator CAROL BROWN: So you are by yourself?

Mr De Luca: No, there is a small team that is based in the Melbourne office, and that typically ends up being a transition office between Canberra and Geelong for meetings in the city.

Senator CAROL BROWN: So what level of staff would be in that Melbourne office?

Mr De Luca: In the Melbourne office?

Senator CAROL BROWN: Yes. That small team.

Mr De Luca: Probably five or six.

Senator CAROL BROWN: What level of staff are they?

Mr De Luca: My assistant is based there and my executive officer is based there. They are probably the two—plus myself—that are typically there on a regular basis.

Senator CAROL BROWN: So they are permanently there?

Mr De Luca: Yes.

Senator WATT: Can I just ask a follow-up question. You say you come from a banking background?

Mr De Luca: Broad financial services, yes—banking, investments, insurance.

Senator WATT: And what is exactly your experience with the disability sector or disability services?

Mr De Luca: Very minimal, before I took on this role.

Senator WATT: Out of interest, what prompted you to apply for this sort of role, administering the largest-ever disability services program in Australia?

Mr De Luca: The complexity and the challenge certainly interested me.

Senator SIEWERT: You have got that.

Mr De Luca: The opportunity to transform and make a difference in people's lives certainly was attractive to me. The needs of what the board were looking for, in terms of my ability to grow a large service organisation, skills to put in place the right systems and processes and controls, whilst focusing on being much more customer-centric—these are all areas of my expertise—and leadership of large teams. In my last role I led a group of over 4,000 people.

Senator WATT: And where was that?

Mr De Luca: I was based in Perth. I was the managing director of Bankwest.

Senator WATT: You talked about service delivery. How would you describe your service delivery experience?

Mr De Luca: What I have seen and observed in my first months in the job is that there are opportunities for improvement. As I alluded to in my opening statement, last week we announced our participant and provider pathway and the way that we want to move forward. That takes on board a lot of the feedback that we received from the sector, the participants and the providers to continually improve the experience for them.

Senator WATT: What about your own personal service delivery experience prior to coming into this job? It feels like a very big shift from running a bank, which is no doubt a very difficult job, which I could never do, to running something like the NDIA. So what service delivery experience do you have that you think will assist you in this new role?

Mr De Luca: Many aspects, I would say. Firstly, it is culturally driving an organisation that is customer-centric. When I left Bankwest, we were awarded Bank of the Year, so we were well regarded by our customers for delivering a great experience and service. It was operations, in terms of having a workforce across the country. In my last role I had over 2,000 people, spread across over 100 branches and stores across the country, operating call centres, operating back-office operations. So there were a lot of activities that are really focused on delivering the right outcomes for customers.

Senator WATT: Given that, by your own admission, you have minimal experience with the disability sector, how do you intend to become an expert on that very quickly in order to administer this program?

Mr De Luca: I wouldn't intend to become an expert quickly. I have the opportunity to have a great team who have expertise in different aspects. My role as CEO is to lead an agency to deliver on its corporate plan and to develop an understanding of the disability sector. I spent my first two months getting out and spending time with providers in the sector and understanding the issues and challenges they face and how we can work collaboratively together to deliver the right outcomes. My task is to develop a high-performing NDIA with a balance of skills and expertise that understand disability but also understand the ability to deliver the right outcomes, as well as working collaboratively with partners in the sector.

Senator WATT: You don't think it is necessary to become an expert on disability services?

Mr De Luca: No, I don't. I believe it is important to understand the disability sector and to build my skill set, but not to be an expert in it. There is an opportunity to have lots of experts in the agency and work with experts that deliver the right outcomes.

Senator WATT: I am sure we all wish you the very best.

Mr De Luca: Thank you.

Senator WATT: As we throw other questions at you.

CHAIR: Senator Brown, are you still going?

Senator CAROL BROWN: Yes. I will ask some questions around the NDIS pathways. You made the announcement last Tuesday, I think it was. Was there a pathways review that informed those policies?

Mr De Luca: As I understand, we based the pathway review on some feedback from participant providers in the sector that we weren't delivering the right outcomes and experience for them. That commenced in April, this year. It was a consultative process to

have workshops and one-on-one sessions with participants, providers and the sector, as well as our own staff, to understand where the limitations of the experience have been and some of the challenges that they will provide—then to work collaboratively with a number of the members of the sector to start to design what the new pathway would look like and test that with members of the sector and participants and providers as we finalise the target pathway. So it has been a reiterative process and, as we outlined in last week's statement, there is more work to be done with tailoring those pathways for other disability needs.

Senator CAROL BROWN: Okay. So where is the review? Can we have a copy of it?

Mr De Luca: 'A review' in terms of a document?

Senator CAROL BROWN: Yes.

Mr De Luca: We announced last week and we provided a document that provided the aspects to the participant review in the pathway and we can certainly share that with you.

Senator CAROL BROWN: The one about the review that was undertaken to inform the NDIS pathways.

Mr De Luca: I didn't hear the question.

Senator CAROL BROWN: Can we have a copy of the review that informed the NDIS pathways announcement?

Mr De Luca: Steph, I'm happy for you to answer this. In terms of a specific document around the review, there is a document we put up on our website—and we released it last week—which is what the pathway would look like and the process that we have gone through. It wasn't a specific 'one document on the review', because there were different elements for what providers were looking for versus what participants were looking for.

Senator CAROL BROWN: We are happy to have them all.

Senator WATT: Just to be clear, we understand that in coming to this decision and in publishing the new pathways document, the department did—or the NDIA did—commission a review from Boston Consulting Group, possibly others, is that correct?

Ms Gunn: We didn't commission BCG as such. We were using them as a facilitator and as a coordinator of the engagement with participants and providers, carers, our partners and staff, as Mr De Luca has said.

Senator WATT: But they must have produced some kind of a report to you to summarise the outcomes of those roundtables?

Ms Gunn: Yes, a range of reports that we are just in the process of consolidating. We do have documentation that looks at what were the issues that each of those groups that we spoke to raised, and we are just consolidating that into a single document now.

Senator CAROL BROWN: The consultation that BCG undertook for you, did they go all around Australia?

Ms Gunn: Yes. With the workshops, we had New South Wales, Victoria, Queensland. We have held individual sessions and work groups with participants—

Senator CAROL BROWN: Were they face to face or over the phone?

Ms Gunn: Face-to-face analysis.

Senator CAROL BROWN: In all states and territories?

Ms Gunn: Excluding WA. I would need to double-check whether we went to WA.

Senator WATT: Could we get a copy of those documents that BCG provided to you, coming out of the roundtables.

Ms Campbell: It might be best if we take that on notice to see what documents are available and what sort of privacy issues and the like are involved and then get back to the committee.

Senator CAROL BROWN: They commenced in April 2017. When was it completed? When was their work completed?

Ms Gunn: Their work continued up until the recent announcement.

Senator CAROL BROWN: Last week? But they have completed?

Mr De Luca: Their contract is concluded on 30th of this month.

Senator CAROL BROWN: Okay. Are they going to be doing anything else in the remaining—

Ms Gunn: Not yet resolved.

Senator CAROL BROWN: How much did the review cost?

Mr De Luca: I am not aware of the amount specifically.

Ms Gunn: We haven't yet consolidated the total cost of the process—things like hiring of a meeting room in Ballarat. We are in—

Senator CAROL BROWN: Do they have some sort of budget to work within?

Mr De Luca: Can we take that one on notice and come back to you. We don't have the number at hand.

Senator CAROL BROWN: Okay. Can we get a breakdown as well, if that is possible, as opposed to their service fee and any additional room hiring costs? How were they selected?

Senator WATT: BCG, this is.

Ms Rundle: We will need to possibly come back with further advice for you, but I believe that they were directly selected.

Ms Campbell: Were they selected from a panel?

Ms Rundle: They were.

Senator WATT: But there was no open tender?

Ms Campbell: There are of course a number of panels that have been developed over time for consulting services and often agencies are able to access those panels.

Senator CAROL BROWN: I didn't quite hear.

Ms Rundle: Secretary Campbell is right. They were actually directly taken off the panel, which, as you know, has been through a process.

Senator CAROL BROWN: What prompted the review?

Mr De Luca: As I stated earlier, the feedback that the agency had received about experience for participants and providers hadn't been to the level that we believe we needed to achieve. That was based on the feedback that we had received and, therefore, we went through a process to determine how we actually address this, and so the review started.

Senator CAROL BROWN: Okay. You are taking on notice whether we can actually have a copy or parts of that review? Yes?

Mr De Luca: We will come back to you.

Ms Campbell: I think the officers are taking on notice the structure and what is available.

Senator CAROL BROWN: Okay. On the issues that you raised in your opening statement about the concerns and the complaints that people have in terms of their interaction with the NDIS, they have been pretty consistent, I think, for quite a while now? I am just trying to understand why this sort of review wasn't undertaken earlier.

Ms Rundle: I can answer that, I think. You may know that for the first three years of the NDIA, the NDIA was in trial with a small number of trial sites—much smaller numbers. From July of last year, the agency went into what we refer to as transition, which is a three-year period for most states and territories, except for New South Wales and South Australia, which is two years. Over the course of that time, from July up until the first three, six, nine months, we discovered that, as the experience of scale and pace came to bear, there were some experiences that weren't quite as we would have liked for participants and providers, and that prompted the review.

Senator CAROL BROWN: Okay. That doesn't really answer—

Ms Campbell: There has also been a new chair of the board of the NDI—

Mr De Luca: S—commenced in January.

Ms Campbell: And I understand the chair and the board have very strong views about the need for this review to enhance service delivery standards.

Senator CAROL BROWN: You released it on Tuesday. Is that right?

Mr De Luca: That's correct.

Senator CAROL BROWN: Was there a particular reason that you released it then?

Mr De Luca: In terms of our process we have been previously to our ICT committee, which is one of our governance boards, who endorsed the new pathway and then asked us to start to engage with stakeholders and start to think about a pilot—and various pilots and testing for it. So we started to engage with stakeholders in the sector and we thought it was the appropriate time to then release that to the market so that we could start to consider how we would test and pilot the recommendations within the target pathway.

Senator CAROL BROWN: Was the Productivity Commission report was handed down on Friday?

Mr De Luca: Thursday.

Senator CAROL BROWN: In light of that report being handed down, will you be looking at the review again as to whether there will be any—sorry, the Pathway document that you released, will there be any changes to that?

Mr De Luca: Having reviewed the productivity recommendations, I think a number of the issues and observations that the Productivity Commissioner made were consistent with the Pathway review and the issues that we needed to address. So there might be other aspects of the Productivity Commission outside of Pathway that we need to consider, but in terms of the

issues that were raised from the Productivity Commission, they are very consistent with what we are addressing as part of the new Pathway.

Senator CAROL BROWN: So you may adjust it?

Mr De Luca: As I stated in my opening statement, there are other tailored pathways we need to develop and work. Psychosocial would be one of those. It was highlighted in the Productivity Commission that we need to consider a pathway for psychosocial. So there will be other areas of disability which we continue to work on.

Senator CAROL BROWN: Have you put some timelines in for when you would hope to have these changes that you have identified in the review implemented?

Mr De Luca: The recommendations of the target pathway?

Senator CAROL BROWN: Yes.

Mr De Luca: We will progressively pilot and test those. We are commencing a number of actions immediately and then there are other actions on which we want to get feedback and see how the changes reflect improvements for participants and providers, and there will be systems work that needs to be done to implement that successfully. So it will be progressively implemented.

Senator CAROL BROWN: But you have some timelines that you want to put in place, obviously?

Mr De Luca: Yes, we stated last week that we want to commence a number of pilots by the end of this calendar year. There are a number of steps we are taking in place now to start progressively testing and piloting those. On some of the other aspects we need to do some detailed design work on the systems changes.

Senator CAROL BROWN: But you must have some deadlines that you want to have in place, in terms of all of your work?

Mr De Luca: There are aspects that we know we will be implementing and testing immediately, and there will be other aspects for which we need to do some detailed work on what the systems changes and requirements are.

Senator WATT: What aspects will take the longest to deliver?

Mr De Luca: Typically, technology changes—changes to the portal, changes in terms of aspects to the systems of the reports, and how the actual plan comes out in a document through the system. Some aspects you can put in place immediately. Face-to-face planning, which we announced in our statement, would be something that we would want to implement immediately, because that is something without systems changes. Then there are other aspects in terms of recruiting, peopling and building up capability that just take time.

Senator SIEWERT: The face-to-face changes are not just in the pilot areas for the new Pathway approach—

Mr De Luca: Yes. I would look at it in parallel. There will be aspects we want to test and say that the new document, in terms of how the plan looks, that the participants feel it is right in terms of its accessibility and the simplicity in its language. We want to make sure that is right. We want to pilot those versus things we want to move quickly into being able to roll out across the country versus things on which we need to do detailed design work in terms of systems changes. There are different facets. If we think about where we are, we have just over

100,000 participants. Over the next couple of years, we need to get to just shy of 500,000—that's a fourfold increase—so we're scaling up the agency at the same time.

Senator CAROL BROWN: Who is going to undertake that systems work?

Mr De Luca: At this stage we have the Department of Human Services as our technology partner. We need to work hand in hand with them in terms of articulating the requirements and what we need, and then have the Department of Human Services do the build and development.

Senator CAROL BROWN: So they are going to be doing it?

Mr De Luca: Yes. What we need to consider is are there other aspects, as we roll this over time. We may have other partners as well to support us.

Senator CAROL BROWN: Can you explain that a little bit more?

Mr De Luca: The Department of Human Services today is our technology partner. The model is that we develop the strategy and the design of what we need. We work with the Department of Human Services to make those changes and build the systems and platforms to support us. Over time, part of our role within the scheme is market stewardship, ensuring that we have enough providers of the right innovation and support in all of the areas across the country to support participants' needs. There may be the need to open up our platform into an e-marketplace and have other technology partners and providers to assist in developing that and facilitating the right capabilities that are needed.

Senator CAROL BROWN: So you're looking outside DHS, obviously?

Mr De Luca: Not at this stage. But as we evolve over the years to come, we may need other partners to help us in delivering those services.

CHAIR: Senator Brown, I am conscious of sharing the call. I will come back to you, but you can go through to 10.00 and then we'll go to the deputy chair for a little while, then to Senator Kakoschke-Moore up to the break, and then we will come back to Labor senators after the break.

Senator CAROL BROWN: Sure.

CHAIR: Thank you.

Senator CAROL BROWN: Taking on board what you've just said, are there any constraints on the agency about being able to implement the review?

Mr De Luca: Any constraints?

Senator CAROL BROWN: Have you got enough staff there to be able to do the work that you've just talked about? Do you have a cap? Do you need that cap removed?

Mr De Luca: As you can appreciate, we're going through a rapid period of growth. Over the last 12 months, we doubled our workforce. We increased the intake of participants by over 220 per cent and we increased the number of registered providers by 147 per cent. We are going through a rapid pace of growth to deliver on the requirements of the scheme and bilateral agreements and, therefore, we continue to grow our workforce. So do we have exactly the number we need for this to be a full scheme? No.

Senator CAROL BROWN: That was just one example. Have you identified any constraints that you need to deal with to be able to successfully implement the pathways?

Mr De Luca: In terms of delivering on the pathway, we will look at the resourcing that we need. That'll be a combination of staff within the agencies, contractors and, in some cases, it may be consultants or partners to assist us in building and developing growth. We look at that on a periodical basis in terms of what our needs are for what we need to deliver.

Senator CAROL BROWN: Given you've got a way forward—it's been ticked off by the board?

Mr De Luca: The ICT committee, yes.

Senator CAROL BROWN: So surely one of the other activities that you would need to do is have a look at whether you are able to deliver it with your current staff or your current resources. Have you done that?

Mr De Luca: The logic for us to pilot and test things is to help inform our decision-making of what resources that we need to roll this out nationally. A process you would typically go through is design what you need to design; develop a plan to test and pilot those things to make sure that your assumptions are correct and that the experience for customers is delivering on what their needs are; informing our thinking on an ongoing and regular basis to then ensure what we develop and deliver is right—

Senator CAROL BROWN: Have you undertaken that?

Mr De Luca: We are undertaking now—as we've articulated our target pathway, we now move into the pilot and testing phase to help us understand what those needs are. That would inform our thinking about resources and capabilities as well.

Senator WATT: Mr De Luca, you mentioned that you were going to likely need contractors and possibly consultants. Is that, in any way, required because of the ASL cap that you have—the limit on the number of public servants that you can employ?

Mr De Luca: I'm new to this, so I'm learning as we—

Senator WATT: Welcome to the public service!

Mr De Luca: Thank you very much. We have a budget and we have constraints like anyone else does in budget constraints. Some of those will be ASL. Some of those will be, 'Do you have the right capabilities as you grow and develop?'

Senator WATT: The number of public servants you can employ under the cap is not sufficient to deliver this new program?

Mr De Luca: No, that's not what I've said. I've said that we have typical budget constraints like any organisation and agency. Within government, we also have ASL constraints. The need for capabilities like contractors and consultants is that you buy in expertise for specific areas that you need at points in time. We see that that would continue to evolve over time. As we get to full scheme, I would say that the mix would be less of contractors and consultants, because we would have developed and implemented all of the changes that we need to to run this at full scheme.

Senator SIEWERT: I want to continue on with this line of questioning a little bit, but I do want to go to the WA bilat and then I want to come back to the NDIA. I'm going to try to do it in the time that I've got. The issues you were talking about just then in terms of maybe getting on contractors, consultants et cetera, would that count in that 10 per cent cap on administration that is applied to the NDIA/NDIS?

Mr De Luca: I assume you're referring to the seven to 10 per cent agency as a proportion of the overall scheme cost—is that correct?

Senator SIEWERT: Yes.

Mr De Luca: That would be where our line items would be for salary and wages, consultancies and contractors.

Senator SIEWERT: Still within that seven to—I'll just call it 10 per cent?

Mr De Luca: That's correct.

Senator SIEWERT: In terms of the experiences of people that are not going to be in these pilot areas for planning—which I think it's now generally acknowledged have been, for a lot of people, very poor—what are you going to do about their experiences while you're piloting this new approach?

Mr De Luca: Firstly, I'd say that the experience hasn't been poor. That's a fairly strong statement, I would say—

Senator SIEWERT: Well, certainly a lot of the people I've been talking to and who gave evidence in the joint committee have agreed they've been pretty bad. The hundred people that we had in the main committee room earlier this year for that committee agreed they were pretty bad. I stand by my comment.

Mr De Luca: I'd stand by the comment in our statement, that we've had 84 per cent satisfaction from participants in the last quarter. Has the experience been consistent and strong across all aspects? No; I totally acknowledge that. That's why we commenced the participant pathway review and the provider pathway review and are implementing a number of changes to address that. How we're ensuring the experience for those who aren't getting the benefits of the pilot and the testing, is that your question?

Senator SIEWERT: Yes.

Mr De Luca: There will be aspects that we'll continue to address immediately. The face-to-face planning process is something that we want to roll out across the country. There are aspects which we take on board every single day in terms of the calls that we get into our call centre and the complaints, and ensuring that we're addressing those. We're not stopping doing our best to address experience issues where we can address them, but the pilot and the testing will continue to inform us how we can address these things much quicker as we move forward. It will be in parallel.

CHAIR: We've got a photojournalist here who has requested to take some pictures. Does the committee agree? Yes. Are the witnesses okay with that? Yes. Go ahead.

Senator SIEWERT: In terms of—sorry, I've lost my train of thought. The issues that have been brought up—for example, the lack of experience with planners and people being put into plans for people with disability where they have no experience of that particular disability. Other things that have happened include, from a hearing context, Auslan interpreters being asked to speak on behalf of the person they're interpreting for. I could take all morning to list the issues that have come up. Those specific issues, are they going to be addressed—particularly around the issues of the training for planners that are carrying out planning right now?

Ms Gunn: Senator, I might ask Stephanie to share with you what work we're doing in terms of building the capability of our people.

Ms Gunn: We absolutely understand the need for the increase in the consistency of the skills of our staff. In August, we committed to a thorough enhancement of what we called our foundation skills for all of our staff—a 5-day-solid training for staff. We've now got a process whereby we commit to ongoing training on a monthly basis for all staff. What I would add to Mr De Luca's commentary, though, is that we are now pretty confident that—the processes for face-to-face planning, we now offer that as the first default position. In some areas, that's now as high as 90 per cent; in other areas, the preferences are around about 60 to 70 per cent. That is improving, the individuals' experiences, and addressing those really core issues that were being raised around phone-based planning.

Senator SIEWERT: There were complaints around phone-based planning, absolutely, but all of the complaints that the joint parliamentary committee and I personally have received—

Ms Gunn: It's about skills—

Senator SIEWERT: don't just relate to phone-based planning.

Ms Gunn: I understand. When we're dealing with the growth of our workforce—as Mr De Luca said: in the last six months, 45 per cent of our staff have been with us for less than six months. There is this intense obligation on us to ensure that our staff get exposure to the skills, to the training and even to the simple things like using the computer systems so that that doesn't become a barrier to the engagement with the individual at the time—that is absolutely a priority for us. We will, I think, from the pathway review—that point about the need to better understand the complexity and the impact that disability has on individuals' lives and individuals' circumstances. We're now designing processes so that we have a stronger subject-matter expert base within all of our regions. We will never have the absolute list of conditions—you know, individuals on every site be able to deal with somebody with their own very particular circumstances—but we can, as we've done with the psychosocial group, develop an absolute specialist team in our access space and then develop a specialised team at national office who are available for advising, support and information to all other planners.

Senator SIEWERT: I do want to come back to the NDIA, but I particularly want to go to the WA bilat and ask for an update on the process there. Specifically, is it anticipated that this issue will be resolved by the end of the year?

Mr Lye: Senator, as you're aware, the Western Australian government has initiated a review of the bilateral arrangement. As part of that process, we have supplied all the information we can to the Western Australians to inform that review. We don't have a time frame from them or with them around when that review will be concluded and a decision made.

Senator SIEWERT: How many meetings have you had with the Western Australian government and its representatives?

Mr Lye: I'd have to take that on notice. There have been a number of meetings to, basically, provide that information—explain the information from the Commonwealth side

and understand, you know, the information that the Western Australian government's seeking to inform their review process.

Senator SIEWERT: Has no time frame been discussed with the WA government about resolution of this matter?

Mr Lye: No, Senator.

Senator SIEWERT: Not at all?

Mr Lye: Not to my knowledge.

Senator SIEWERT: Could you take that on notice, just in case there's something that was agreed on early or at some stage that you don't know about?

Mr Lye: I'm happy to go back and check.

Senator SIEWERT: Have specific issues come up that may be barriers to progress on the bilateral?

Mr Lye: Not to my knowledge. I mean, there are obviously issues to sort through, and we've provided information to the West Australians to help that process. It's probably a matter for them around what they would regard as obstacles to making one decision or another.

Senator SIEWERT: Negotiations are a two-way process, so have there been any barriers or sticking points identified by the federal government?

Mr Lye: It's been very much a process of us facilitating information for them to enable them to decide which way they want to go, what they want to do. I imagine, for the West Australian government, that the costs, logistics, continuity of service—all of those things that you would expect—are foremost in their minds, but really it's a question for them.

Senator SIEWERT: So are you saying the Commonwealth will accept the renegotiation and accept them back into the scheme and set no conditions on that?

Mr Lye: No. The government has expressed the view that it would be good for them to come into the national scheme. I think there are clear benefits from them doing so. But that negotiation has to take place, if you like.

Senator SIEWERT: You implied earlier that it was up to the West Australian government. I took the inference from there that you think you should be asking them. As I said, a bilateral is an agreement between two parties. So I want to ask you: have there been any conditions put onto Western Australia to re-enter the scheme? Or what are the Commonwealth's sticking points to Western Australia re-entering the scheme?

Mr Lye: We're not at a point to say that and, ultimately, that will be a decision for government which we haven't come to.

Ms Campbell: The negotiations, I understand, are continuing. We know with negotiations, as you said, it's a two-way street and we haven't got to a final point where government has made a decision which we would be able to communicate to you.

Senator SIEWERT: I understand that. That's why negotiations are continuing. But there must be issues that are you discussing, hence the length of the discussions.

Ms Campbell: And sometimes those discussions we have with the other party rather than more broadly in the public domain. But we are continuing on those discussions.

Senator SIEWERT: And we don't know when they're going to finish. What figure are you using for the number of participants in those discussions?

Ms McDevitt: You might be aware that the current bilateral agreement we have with Western Australia, which is for a three-year period, makes provision for around 39,000 participants.

Senator SIEWERT: Yes, that's why I'm asking.

Ms McDevitt: And you would also be aware that the Australian government actuary-verified estimate, which was based on the original Productivity Commission estimate, is more in the order of 45,000, 46,000 participants.

Senator SIEWERT: Hence, that's why I'm asking what figure you are using in that negotiation?

Ms McDevitt: We're not. I'm saying there's provision in the current bilateral agreement for 39,000 over a three-year period.

Senator SIEWERT: Yes. That's why I'm asking: are you revising that in light of the fact that there's a lot of evidence to suggest that it's more than 39,000?

Mr Lye: We're not trying to be unhelpful but we don't want to prejudice the discussion we're having with Western Australia by going through in great detail all of the issues that they have sought information on and that we're providing information on.

Senator SIEWERT: I understand what you're saying. I've pumped you for that and I haven't got very far but I would have thought how many participants you're currently negotiating for is a foundation issue, because it's really significant for those people that may or may not get in.

Ms Campbell: This is one of the negotiation points that is yet to be resolved, and we are unable to provide you advice at this time.

Mr Lye: The scheme is an uncapped scheme so, at the end of the day, yes, it's material about a negotiation about the numbers. But, at the end of the day, for participants in Western Australia, the intention is that everybody who is eligible gets a service.

Senator SIEWERT: Yes, and then that also bears on how much you'll be aware of the approach that the previous agreement had in there about the numbers that were being used and the commitment that WA had signed up for. So that's why I want to know. It has a huge cost implication, for a start. But thank you for your answer. That has at least provided a level of information that I didn't know before.

Could I go back to specific NDIA questions in the Productivity Commission's report. One of the responses from the government where the government and the NDIA disagreed with the Productivity Commission was about the rollout process. I want to come back to the point that there was a focus on trying to get as many plans done as possible—and I understand the motivation there; there were a lot of red flags about that—and the comment that was made about quantity versus quality. That's where I want to go back to the issue of planners being able to provide the sorts of supports and the quality of the plans, which, my opinion, is still an issue. I want to know, following your comments that you're not going to pull back from the rollout, what you're going to do to ensure that the quality is there, rather than the quantity, and

that it's not just ticking the box; it's not, 'There are this many participants through,' but in fact they're no better off than they were before they came into the scheme.

Mr De Luca: The delicate balance we're trying to achieve here is to continue to achieve the bilateral agreements and bring in participants to deliver on a quality scheme whilst we're delivering quality plans. As I alluded to in my opening statement and our announcement around the pathway, we've taken on board the feedback on some of the issues, and our challenge in what we need to deliver is to continue to grow in line with the scheme's requirements and the intakes and get the quality right. As Stephanie alluded to, we're, in parallel, building the capability of our workforce to improve the skill sets to deliver the quality plans whilst we continue to take on the intakes in line with the agreements. So it's a fine balance that we're trying to achieve to optimise the right outcomes as best we can. That's the approach we're taking. We're not saying one is more important than the other; it's trying to balance those two in the best manner we can.

Senator SIEWERT: Time goes quick. In terms of issues around meeting the rollout and you saying you're about on budget, the Productivity Commission pointed out—although you had flagged it before the information was available—that many people hadn't taken up their plans or hadn't implemented their plans to the full extent for various reasons. Are you going to work with people to implement their plans? I forestall that what you're going to respond to part of my question now is in terms of pricing, which is related to not being able to provide providers. I know that you've done something about short-term accommodation, and there are a lot of people who are really happy about that, but it doesn't get away from the fact there are still a whole lot of other issues around pricing. You'll be as aware of that as I am.

Mr Lye: Could I make a comment, before Mr De Luca answers, about pricing. The Productivity Commission acknowledged that those numbers are estimates. They're not targets. What we would call the current run rate—we're at about 83 per cent—does reflect what happened in the trials in the scheme. I'm not saying that there aren't another 17 per cent of people sitting out there and that the estimates aren't right, but certainly the tail of people in at least one of the trial sites was at 83 at the end of the trial, and now it's crept up to 92. So I think it remains to be seen whether we will ever meet those estimates, and so, in some ways, some of the public commentary is about not meeting targets and a sort of a 'have you failed', and I don't think that's fair.

Senator SIEWERT: I'm not asking about that. It's the people that have their plans that aren't implementing them. I understand and I take on board what you've just said.

Mr De Luca: To paraphrase what I think your question may be—correct me if I'm wrong—the first question is an element which is that we're in budget, and is the driver of why we're in budget in part because we haven't hit the estimate numbers and, second of all, because the plan utilisation is lower than the plan?

Senator SIEWERT: Yes, and do you see it related partly to the issue around pricing where there are still a lot of complaints and people talking about not being able to get providers?

Mr De Luca: I might refer to some of my team members here who might have the specific responses to your question, but I'd say there is probably a maturity, as we're working through the scheme, of participants and people with disability who are getting the freedom

now to choose their supports that previously they didn't, and they're coming to grips with how they utilise their plan and utilise that to the right degree. So one reason would be, 'I've got a plan, but I've never actually had my own choice and control of sourcing the services that I need, and I'm coming to grips with that.' So that, in part, is one reason which has a behavioural and experience element to it. I might ask Vicki to respond to the pricing element around the providers.

Ms Rundle: Before I move to pricing, one of the other things to add to Mr De Luca's comment in which he talked about people's new experience with having some choice and control over how to do things differently with their plan is that that is absolutely our experience when we've talked to participants. The other thing is that, if you look at something like capacity-building in people's plans, they've never really understood what that means. In many of the traditional state and territory government systems, they haven't understood how now to enact that. So that is one part.

The other part is that the pathway consultations did show that the connection between the participant and the provider needs to be strengthened, and that is one of the areas in our pathway that we have identified.

Senator SIEWERT: Sorry; could you say that again? I didn't quite enter into that.

Ms Rundle: If you're a participants and you're trying to connect to a provider for the first time, it can be difficult in an area if you're not well connected. One of the actions in the pathway that we have done—the review—is understanding that. That's been strong feedback from participants and also from some providers. So one of the things which we are doing is looking at being more active in helping participants connect over to providers. So that's one of the reasons.

In terms of pricing, there will be a number of providers who will also tell you—and this is our experience in the trial sites—that they've done quite well with the NDIS pricing, so it is variable across some of the pricing groups. You'll find that in the Barwon site, for example, we had quite a bit of provider growth in some areas. We had some providers who decided that their overheads were just too high and they merged, joining forces, and they have been going quite well since they did that. There have been a few, of course, that have stopped providing services altogether and have elected to leave.

The independent pricing review that the board and management commissioned in July, after we released our annual prices, was commissioned in recognition of the fact that we did need to look more closely at the differential pricing. For example, we did increase prices in July, and I can go through that detail for you if you wish. It was publicly available. But the reason that the independent pricing review is important to us is because it will look at those other differences such as locational differences. We already have a remote and rural loading, but whether or not that is sufficient is going to be examined. We're going to look at the prices for participants who've got very complex needs, and I think the short-term accommodation response that we provided last week is a recognition that had been a flat rate in terms of our pricing. We recognise that, in fact, many of the participants in short-term accommodation are people with complex needs and do stay on weekends, and so our pricing needed to reflect that and has now done that.

So there are a range of things that it will look at in more detail. It will report at the end of the year to the board and management and then we'll consider how that might influence our pricing for next year. Of course, pricing is not something the agency does on its own. There are a range of other people with an interest in how we set prices, as the Productivity Commission outlined, and so we'll be working with others, including government.

CHAIR: Okay, we're going to go to the Senator Kakoschke-Moore for 10 minutes, then break and come back with Labor senators.

Senator KAKOSCHKE-MOORE: In the time that I've got, I was hoping to traverse four issues. We'll see how we go. The first is support for siblings of people with a disability, and the last three were in relation to the NDIS: access to the NDIS when you're in the justice system; psychosocial support; and the relationship between the NDIS and voluntary out-of-home care. We'll see how much we can get through. In relation to support for siblings of people with a disability, I'm aware that the wonderful organisation Siblings Australia has been awarded a \$60,000 grant in order to prepare a report that identifies the current situation for siblings living with another sibling who has a disability, some of the supports required and the gaps in those supports. I'm aware that report is due back to the department shortly. Once the report's been received, what will the department do with it?

Mr Lye: The department would typically have a look at the findings of the report, analyse them and potentially go back to the organisation for clarification. Then it would be the subject of our normal processes where we would brief ministers, go forward and have a look and see whether there are changes that need to be made.

Senator KAKOSCHKE-MOORE: Would there be a formal written response to the report?

Mr Lye: Not necessarily.

Senator KAKOSCHKE-MOORE: We're aware that the NDIS does not currently have the flexibility to provide support to siblings of a person with a disability. Is that something the department is addressing?

Ms Gunn: It's important that when we look at an individual within a family setting, our core focus is to retain the sustainability of the care within that family. An individual's plan can certainly include things like counselling and advisory supports for the family to understand the disability and to understand the impact on that person. The provision of short-term accommodation, where the child can potentially be supported and cared for outside of the home, we've found in many circumstances provides a tremendous opportunity for the siblings and the parents to get time for themselves, which has been a tremendous success.

Senator KAKOSCHKE-MOORE: I might pop a few more questions on notice in relation to this subject, just in the interest of time. While we're on the subject of out-of-home care, you might be aware that the South Australian government provided a submission to the Productivity Commission, dated March 2017. Its submission said:

During NDIS implementation, at least five children have been relinquished by their parents to the State Government's child protection system due to the child's disability-related support needs.

Essentially what they're saying is that the family, even with the NDIS, hasn't been able to care for the child, and the family has had to make that really devastating decision to relinquish full-time care of the child. I've been assisting a constituent who is in this same position;

they're struggling with maintaining care of the child, who can be quite violent, and that's having impacts on the family, and they're giving the child up to the state. You may need to take these questions on notice because they're statistical in nature, but I want to know how many participants in the NDIS under 18 years old have requested funding for voluntary out-of-home care as part of their NDIS plans. How many of those requests were granted? What was the level of funding that was allocated for those situations? How many participants under 18 had requested funding for a form of independent supported living, how many were granted and how much was granted in those situations? How many participants under 18 have long-term respite—for example, more than six months? How many of those requests were granted and how much funding was allocated in those circumstances?

Ms Gunn: We'll take those on notice. But I would note that voluntary out of home care still remains the responsibility of the jurisdiction. We have worked very closely with the jurisdictions, site by site, to agree on and make sure that the communication between the state child protection services and our own system works in the most effective way for those families. But the care and support for any child outside of the home remains the responsibility of the state department, and we will of course provide for those supports required to address the child's disability needs.

Senator KAKOSCHKE-MOORE: I suppose what I would be interested to hear is, where does the NDIA draw the line about what's reasonable and necessary support, in order to attempt to try and keep a family unit together where that's what the family desperately wants?

Mr Lye: This issue pre-dates, obviously, the NDIS, and is a difficult one. Prior to the NDIS's existence, it was an issue that sat between state disability agencies, sometimes health departments and child protection departments. It is an area where, because of that complexity, we are, in parallel with the NDIA, having a policy discussion with state and territory governments about how best to manage those circumstances. They are very few in number, but they're obviously very high consequence.

Senator KAKOSCHKE-MOORE: Absolutely, thank you. Turning now to psychosocial support, at the last estimates, we spoke about the \$80 million in funding that was announced by the government to assist people with severe mental illnesses resulting in psychosocial disability who aren't eligible for the NDIS. At the time, the department said that the minister had written to his state and territory colleagues a week before estimates making it clear that the program requires matching funding by the states and territories. Can you advise whether the states and territories have responded to the minister's letter?

Mr Lye: I think the announcement was by the health minister.

Senator KAKOSCHKE-MOORE: Yes.

Mr Lye: He wrote to state colleagues, and so that's a matter for—

Senator KAKOSCHKE-MOORE: Health.

Mr Lye: I think that's a matter for Health.

Senator KAKOSCHKE-MOORE: I'll follow that up tomorrow, if that's Health.

Senator CAROL BROWN: Will your department be involved in any of that continuity of support?

Mr Lye: We are involved in a discussion with Health around continuity of support. But that program is an initiative of the health minister—

Senator CAROL BROWN: I understand. But you are involved?

Mr Lye: We're involved to the extent that a number of programs which are the subject of continuity of support under the NDIS are health programs—I think four out of the 17 programs—and we have responsibility for continuity of support.

Senator KAKOSCHKE-MOORE: Just finally, NDIS and the justice system. I'm aware, in response to a question that I asked last time, that new participants being made eligible for the NDIS while incarcerated will be able to engage with a planner through their support network approximately six weeks prior to their release date to develop an NDIS plan. I just want to understand a bit better how this system works if, say, you're a person who is incarcerated for five years. In your second year, it's determined that you're eligible for an NDIS support package. Do you have to wait until six weeks before your release date before you get any support, or can that be provided earlier in your sentence?

Ms Gunn: It will depend on the circumstances of the individual. The justice system remains responsible for the provision of reasonable adjustments for those individuals with disability within the justice system.

Senator KAKOSCHKE-MOORE: So the justice system will be the ones responsible for providing disability-related supports and services while the person is incarcerated?

Ms Gunn: At this stage.

Senator KAKOSCHKE-MOORE: At this stage? Is it under review or—

Ms Gunn: I think these things will always be reviewed. This is about a brand new system interfacing with a range of different systems that are different across each jurisdiction. And we certainly will continue to work with each of those jurisdictions to make sure that those roles and responsibilities are clear.

Senator SIEWERT: It's still the case, isn't it, that if you've got your package and you enter the justice system, you keep your package?

Ms Gunn: You keep your package active as such.

Senator SIEWERT: Yes.

Ms Gunn: But there's many supports that you might have, that you wouldn't have ability to access while you're in prison.

Senator SIEWERT: Of course.

Ms Gunn: So it doesn't cancel your plan, that's absolutely right. Where there are some supports that a person has had access to—maybe psychological counselling, for example, around behaviour management—that had been showing good promise for an individual prior to being incarcerated, we have been exploring how we might keep those services going, so that you don't go backwards while you're in prison.

Proceedings suspended from 10:34 to 10:49

CHAIR: We will resume with outcome 3, Disability and Carers, including the National Disability Insurance Agency. Senator Brown, you have the call.

Senator CAROL BROWN: Mr De Luca, can you update us on the latest pricing review?

Mr De Luca: That's underway. As Ms Rundle mentioned earlier, we expect the recommendations of that to come through in December. It is an independent pricing review, so we know that workshops and consultation have been occurring, but at this stage we'll wait to see what the recommendations are.

Senator CAROL BROWN: When will it be released? When you say 'December', do you mean you will receive it then?

Mr De Luca: That's correct, yes. McKinsey & Company have been engaged by the board of management, so they will be presenting their recommendations in December to the board.

Senator CAROL BROWN: Do you have an indication when that will be released?

Mr De Luca: Not at this stage, no.

Senator CAROL BROWN: Are they—decisions of the board—normally released?

Mr De Luca: That's a board decision.

Senator CAROL BROWN: But they have been released previously, haven't they?

Mr De Luca: I'm not aware that an independent pricing review has been conducted previously.

Ms Rundle: I can probably answer that. Each year when we have done our annual pricing review we have put out a consultation paper and sought advice from stakeholders about what they thought about various aspects of our pricing, which has been taken into account with our annual price increases, but this is the first time, to my knowledge, that we have ever commissioned an independent pricing review such as this one.

Senator CAROL BROWN: Why was McKinsey selected?

Ms Rundle: McKinsey was selected because of their good knowledge of the agency, because they have great expertise in this area and because it was linked to the workforce—they have actually been doing quite a lot of work with regard to that as well—and they were taken off a panel.

Senator CAROL BROWN: I hear what you are saying, but do you know if they have any prior experience in national pricing?

Ms Rundle: I would need to take on notice to get you some accurate advice about that.

Senator CAROL BROWN: The year 1 participants' review—has that been released?

Ms Rundle: The Ernst & Young participants review? Ms Gunn might be able to answer that one. I don't think it has been released, because that was a report that was undertaken for the agency.

Senator CAROL BROWN: Mr Lye, do you have anything to add?

Mr Lye: No.

Ms Rundle: I can answer that, or Ms Gunn can answer that. You may recall last year, there was a PricewaterhouseCoopers review of the myplace portal, which was commissioned after we experienced problems with the portal. One of the recommendations was that we undertake consultations with participants and we try and understand the experience that they were having. That was undertaken prior to the pathways work that we undertook. Ernst & Young provided us with some early insights into that, and that has fed into the pathway work that we are now undertaking.

Senator CAROL BROWN: So that Ernst & Young is what I'd call the year 1 participants review. Is that right?

Ms Gunn: Yes.

Senator CAROL BROWN: So, it's completed. Can I, or can the committee, have a copy of it?

Ms Gunn: We'll take that on notice. It does contain feedback from individual participants, so we'll check it for confidentiality.

Senator CAROL BROWN: Can you release it and take out people's names or—

Ms Gunn: I'll need to check that.

Ms Campbell: I think the agency will take that on notice.

Senator CAROL BROWN: Has there been any work done on the importance of peer support?

Ms Gunn: Yes. Certainly, our Independent Advisory Council has done some discussion papers on that issue, and we will continue to look at that as part of the types of supports we would like to see emerge in the workforce and how we could then incorporate that component into a person's plan.

Senator CAROL BROWN: Mr De Luca indicated that we will now be having face-to-face planning meetings. Has that commenced?

Ms Gunn: We're at about 90 per cent in some locations. The default now is for us to offer a face-to-face planning conversation. If that is not a person's preference, we can offer a Skype or a phone based conversation. We will absolutely continue that principle of default to face to face.

Senator CAROL BROWN: It's phased out unless the participant has elected to have conversations over the phone or by some other means?

Ms Gunn: That's correct.

Senator CAROL BROWN: When did the face-to-face planning start?

Ms Gunn: By the time we went through that recovery period and January, there was a growing consideration of the benefits of face to face for some groups. We haven't tracked it explicitly, but at the last Senate estimates I did report that we thought it was at about 65 per cent nationally.

Senator CAROL BROWN: Sorry, I don't want to interrupt, but when did you make the decision that face to face was the norm as opposed to—

Mr De Luca: We announced last week that this is now our standard practice.

Senator CAROL BROWN: I think the minister announced it quite a bit before that. But, anyway, I'm pleased to hear it.

Senator WATT: Moving onto a different topic, I'm interested in digging a little bit further into some of the staffing issues that have been identified by the Productivity Commission in its most recent report. As you will be aware, the Productivity Commission recommended that the staffing cap on the NDIA be lifted. What's the NDIA's attitude towards that?

Mr De Luca: As I mentioned earlier, we're operating within the constraints that we're operating within. We continue to try and balance the way we're growing our agency within the ASL cap, supporting and complementing the roles that we need with contractors and consultants. Until any other decision is made by government, we'll continue to operate within that environment.

Ms Rundle: The other thing I might add to Mr De Luca's comment is that you would know that we also have contractual arrangements with our partners in the community, the other local area coordinators and our early childhood providers. Our local area coordinators make up a substantial number of our total workforce. In fact, at the end of September, the headcount for the partners, the LACs, was just over 2,200.

Senator WATT: They're largely contractors?

Ms Rundle: No. They are different to contractors. We call them our partners. We actually source them externally through open-sourcing processes, and they go through a competitive process. When we have them selected, we then enter into contracts. So we do have contracts with them, but we have contracts with the whole organisation, and they work with us in partnership in our planning and plan implementation.

Senator WATT: Is that another way of saying 'labour hire'?

Ms Rundle: No, it's quite different to labour hire.

Mr Lye: For example, in Melbourne, the Brotherhood of St Laurence is their LAC partner.

Senator WATT: Okay. So they're not employees of the NDIA?

Ms Rundle: No.

Senator WATT: In terms of the people who are delivering the NDIS, we've got employees of the NDIA—

Ms Rundle: Correct.

Senator WATT: Have you already given us a number for those?

Ms Rundle: Did you want me to give you the number today?

Senator WATT: Yes, if you've got it.

Ms Rundle: As at the end of September, our headcount for our full-time—our headcount for the agency was 2,127.

Senator WATT: It feels like you might have some other categories there.

Ms Rundle: Then our headcount for our contractors was 1,012 and our headcount for our LACs, our local area coordinators, was 2,203, bringing our total workforce to 5,342. That is headcount, not FTE or ASL.

Senator WATT: Are all those LACs not-for-profit organisations or are some of them profit making?

Ms Rundle: Ms Gunn is best placed to answer that.

Ms Gunn: Not for profit.

Senator WATT: All not for profit. Can you just remind us, in short, what the Productivity Commission did recommend in relation to the staffing cap?

Mr De Luca: What were their words?

Senator WATT: Yes, in short.

Mr Lye: I think it said that the staffing cap should be lifted. I can find it in the report.

Senator WATT: Sorry, remind me what the current staffing cap number is.

Mr Lye: 'The Australian government should remove the cap on staff employed directly by the NDIA.'

Senator WATT: And what is the staffing cap at the moment? What number is it set at?

Ms Rundle: Do you mean at the moment this year?

Senator WATT: Yes.

Mr De Luca: 2,460.

Ms Campbell: It's worth noting that that's average staffing level whereas the numbers that were given to you previously were headcount.

Senator WATT: At a particular point in time.

Ms Campbell: So that's not even full-time equivalents, which is the comparator to ASL.

Senator WATT: For that 2,127 headcount, do you have a FTE figure?

Mr De Luca: If I did an equivalent for August—because the number we provided you for ASL cap is 2,460—the equivalent on our ASL is 1,902.

Ms Campbell: So a 20 per cent reduction.

Senator WATT: In August 2,460 employees of the NDIA—

Mr De Luca: Is our cap versus our actual, which is 1,902.

Senator WATT: FTE?

Mr De Luca: Yes.

Senator WATT: So you actually do have capacity within the cap to hire additional people?

Mr De Luca: We do.

Ms Rundle: That's right.

Senator WATT: And it's intended to do that?

Ms Rundle: Yes.

Mr De Luca: Yes, it is.

Senator WATT: When do you expect to reach the cap?

Mr De Luca: The cap of 2,460 is an end-of-financial year cap, so our June number. We're progressively growing towards that number.

Senator WATT: Did the NDIA make any submission or give a position to the Productivity Commission over that inquiry as to the staffing cap?

Ms McKinnon: In response to the Productivity Commission's position paper, I recall that the agency did suggest that consideration be given to bringing forward some of the growth in the cap, given the scheme rollout. Also, for the record, when we were talking about the seven per cent to 10 per cent, that's a full-scheme aspiration for our operating costs as a proportion

of the scheme expenses. We're currently sitting at about 19.5 per cent of operating costs. So if we're talking about our capacity to commission services et cetera, it's actually higher than that 10 per cent currently.

Senator WATT: Mr De Luca, you're obviously relatively new to the organisation and sort of getting a sense of how it's going. Do you consider that currently the NDIA is adequately staffed?

Mr De Luca: Right now at this point in time? Adequately in terms of numbers?

Senator WATT: Yes.

Mr De Luca: For where we are, we know that we probably still have some gaps in terms of capabilities and, as we're scaling up, we realise we need to address those gaps. There are constraints with finding the right resources in the right locations to continue to support the scaling up of the scheme.

Senator WATT: Where would you say that the major gaps are that you think need to be filled?

Mr De Luca: In terms of capabilities?

Senator WATT: Yes.

Mr De Luca: I think there are a few areas. Firstly, as Ms Gunn alluded to, we need to continue to build specialist skills to support certain disabilities so that we've got the right skill set within the agency. Secondly, we need to continue to build the capability in the national office to run an operation which is ready for full scheme so that is capabilities in finance, risk, human resources and training areas. Then, as Ms Gunn continues to grow her workforce to support the bilateral agreements, we need to build capabilities in different states and jurisdictions.

Senator WATT: Are there particular geographic areas in which you think there are still some gaps in skill sets?

Mr De Luca: I might refer to Ms Gunn to respond to that question.

Ms Gunn: I don't believe that there is different differentials between our regions. We have in all of our regions some extremely experienced, extremely skilled staff. Our challenge is to make sure they are doing the value-add work for us and supporting and mentoring all of our other staff rather than being distracted by unnecessary processes and administration. So we will build on the very strong workforce that we've got in all of those regions.

Senator WATT: Ms Gunn, do you think there have been consequences in terms of the service provided to clients of the NDIS from the cap on staffing?

Ms Gunn: The skills that we've been able to attract in our community partners that Ms Rundle was referring to are some of the best that you could hope for. We have organisations like Brotherhood of St Laurence, Uniting, St Vincent de Paul and Indigenous Wellbeing Centre that are very diverse, well-connected, human service experienced organisations. They absolutely are the face of our agency largely on the ground.

Ms Rundle: The other thing we've done in our recruitment is that with the governments of each state and territory we have had a first-offer process. I know that you understand that they're all divesting themselves of their disability services. They cash out their services. In each of our recruitment processes in the states and territories, we've firstly gone to what we

call a first-offer process. That means that many of those people have got a lot of deep experience in working with people with disability and are now working for us.

Senator WATT: I just want to go back to those numbers you provided. You're not currently at your staffing cap but you've engaged 1,012 contractors. Why have you gone down that path when you've still got extra positions you could be employing in?

Ms Rundle: Because we still need to grow for the rest of this year to be able to bring in participants across some of the regions. So we're still in a recruitment phase. We are mindful that we need to preserve our ASL for those core positions that we need ASL for. We need to make sure that we utilise our LACs properly. Working with contractors, it means that we're getting some expertise in that we may not otherwise be able to get.

Mr De Luca: There is a progressive growth in the cap until we get to full scheme. So the 2,460 that I referred to is where we'd like to get to by the end of this financial year. We're obviously in the month of October, so we're continuing to recruit up to that to support the bilateral agreements as we move into different states and territories and regions.

Senator WATT: It sounds like you're essentially keeping some of the staffing positions in reserve for growth that you anticipate will occur over the next few months?

Ms Rundle: In part.

Senator WATT: But, if you've got this need for contractors, doesn't that suggest that there is a problem with having that cap?

Ms Rundle: No. As Mr De Luca alluded to, the need to bring in contractors from time to time is to support different expertise that we need.

Senator WATT: Sure, but 1,012 is half the number of your permanent employees.

Ms Rundle: Yes. There's also a time challenge, which is finding the right capabilities in different regions and territories as we're growing. So there is a lag time. When you move into a region, you need to recruit and find the right people. So it's a balancing act of getting the quality people whilst we're growing.

Senator WATT: Would there be any other agency within the Australian government where half of its permanent workforce is then engaged as contractors?

Ms Campbell: I think that would be a question for either the finance department or the Public Service Commission.

Senator WATT: You've come out of DHS, Ms Campbell, so you know it pretty well. Would it have anywhere near 50 per cent of the workforce being contractors?

Ms Campbell: Human services is a very large department, so no.

Mr De Luca: As an outsider coming in, we've got to also recognise that this is a very young organisation and it's going through growth. It's got quite an ambitious agenda over the next few years to get to full scheme. So, like with any organisation where it is going from scratch and not having the people to get it to where it needs to be, you need to bring in resources to scale it up and to provide the provision of services. You would expect over time, as an agency or organisation matures, your need for contractors and consultants will start to diminish as you've got the workforce in place.

Senator WATT: Are there people who have been engaged as contractors who do exactly the same job as people that you have working as permanent employees? I acknowledge that any organisation is going to need to contract in specialist skills from time to time, sometimes for a short-term period, but I suspect, if you're talking about 1,000 people, there are people who have been engaged as contractors who are working metaphorically alongside people who are permanent employees, and they're basically doing the same work. Is that the case?

Mr De Luca: I wouldn't be able to comment on that, but I'd say your assumption may be correct in certain areas—that we might actually have a permanent employee within the agency supplemented and complemented with some contractors.

Senator WATT: Is Ms Rundle or anyone else able to—

Ms Rundle: I also thought that it might be worth adding that, at the moment, while we're growing quickly to full scheme, we get to bring in 460,000 people. When we get to full scheme, the business of the agency after that changes significantly. That's because, after that, we'll be doing planned reviews for our participants, and we'll also be bringing in—I'll need to check with our scheme actuary—at last count, around 20,000 new participants a year after that. In terms of being responsible, and in the way we manage our budget and our ASL, we also need the flexibility to be able to adapt for full scheme and what we will look like at that point. We're just mindful that we need to stay positioned to be able to respond to that.

Senator WATT: It feels very much that what you're mindful of is that the scheme is going to grow. You've got a limit on the number of permanent employees that you can employ; you've got to leave a bit of room there to employ people permanently to meet this new growth. But the demand is such that that staffing cap can't meet the demand, so you're having to go around it and get some contractors as well. Is that in any way part of the NDIA's thinking?

Mr De Luca: I wouldn't put it that way. That's because, if we were, we'd be really close to our cap and be challenged on a day-to-day basis on that. I think the—

Senator WATT: Or you could be recognising that you've got a big challenge ahead and you're needing to leave some room because you know you're not going to get the staffing cap lifted.

Mr De Luca: There's certainly an element which is, as we continue to grow—as Ms Rundle alluded to—we need to bring on people with certain skill sets to support the regions and the territories that we're entering into. But the skills that you need to operationalise an agency today require certain skill sets which take time to recruit and develop the capability for. Therefore, it is appropriate to actually go and source contractors to do those activities. At that point in time, as we get to full scheme, we can start to let those numbers reduce.

Senator WATT: I'll come back to the staffing cap issue in a moment. I've forgotten—was it Ms McKinnon who answered my question about the LACs all being not for profit?

Mr De Luca: It was Ms Gunn.

Senator WATT: Sorry, Ms Gunn. I understand that one of the organisations that's been engaged to operate an LAC in ACT, South Australia and North Queensland is a group called Feros Care.

Unidentified speaker: That's correct

Senator WATT: I don't know them, but I'm told they're a for-profit aged-care provider. Do you know if that's correct?

Ms Gunn: My understanding is that they're a not for profit. They certainly are experienced in the aged-care sector. I'm absolutely happy to double-check that for you.

Senator WATT: Yes, if you could. Why don't we get you to take on notice whether there are any other for-profit entities that have been hired for these LACs as well. Going back to the staffing cap, does the NDIA have a position on the recommendation of the Productivity Commission to lift the staffing cap?

Mr De Luca: From our perspective, we've reviewed the Productivity Commission report. We'll review that in consultation with DSS in terms of any responses to it. But, at this stage, we feel comfortable in terms of operating within the budget guidelines and constraints that we're operating within.

Senator WATT: So you don't agree with that recommendation of the Productivity Commission that the staffing cap should be lifted?

Mr De Luca: At this stage, we've reviewed the Productivity Commission report. We'll take that under consideration, but it's a matter for government to make a decision around that. We'll continue to operate within the budget guidelines that we're provided.

Senator WATT: I suppose I'm interested in the position that you'd be putting to government. You know better than any minister what you need. What position will you be advocating?

Mr De Luca: As Ms McKinnon alluded to before, we provided a response in the early draft from the Productivity Commission that we may want some flexibility in bringing future year caps earlier as we grow, but that's the only position that we've taken at this stage.

Senator WATT: Ms Campbell, what position has the department taken in relation to that recommendation?

Ms Campbell: The department's still considering the recommendations from the Productivity Commission. We'll consult with Mr De Luca—and I've just heard Mr De Luca's position on this—and that will be the position we'll be notifying the minister of.

Senator WATT: Have either the department or the NDIA briefed the minister on the Productivity Commission's recommendation around the staffing cap?

Mr De Luca: In terms of briefing them—

Senator WATT: Either verbally or in writing?

Mr Lye: We've obviously provided a brief on the Productivity Commission findings.

Ms Campbell: Notifying the minister of those findings.

Ms McDevitt: That's correct. We provided an initial brief setting out what the findings were.

Senator WATT: Okay, but no advice at this point?

Ms McDevitt: Not in relation to the staffing cap.

Senator WATT: Have the department or the NDIA, say in the last six months, briefed the minister or his office on staffing levels, concerns about staffing levels and your ability to meet the needs?

Ms McKinnon: The NDIA hasn't.

Mr De Luca: Not that I'm aware of. Having been here only a few months I can't comment on the prior four months.

Senator WATT: Sure. So neither the NDIA nor the department has raised concerns with the minister or his office in the last six months about staffing levels?

Ms McKinnon: Not that I'm aware of.

Ms McDevitt: No, we haven't provided any briefing to the minister on that.

Senator WATT: Not even verbal?

Ms McDevitt: No.

Senator SMITH: Senator Watt, sorry to interrupt. Ms Campbell, when the NDIA has made requests of government for additional resourcing, has the government been responsive to those requests?

Ms Campbell: I might ask Mr Lye to answer that, because he's been here a little bit longer than I have.

Mr Lye: Just a little bit longer. I may need to have Ms McDevitt's assistance. I believe that at each point where there has been assistance needed to guarantee the implementation of the scheme that instance has been forthcoming.

Ms McDevitt: Usual budget processes have been followed, since the inception of the NDIS, for government to consider proposals for resourcing requirements for the NDIS, both for the agency and for the department.

Senator SMITH: And my question was: has the government been responsive to those?

Ms Rundle: That is exactly the case. Last year, when we were in recovery, the government—in fact, Ms Campbell's own department—provided for us quite a lot of extra support to get us through that period.

Ms Campbell: And the government supported those resource reallocations.

Senator SMITH: So the evidence to date, looking at past experience, is that the government has been responsive in meeting the demands, or extra resourcing requirements, that the NDIA may be seeking?

Ms Rundle: Yes.

Ms McDevitt: Yes.

Senator SMITH: Thanks.

CHAIR: Back to you, Senator Watt.

Senator WATT: Can I confirm the number of jobs that would need to be filled right now to reach the cap. The cap is 2,460, and that's an FTE number?

Mr Lye: Correct.

Senator WATT: And the head count as at 30 September was 2,127. That's not FTE?

Ms Campbell: No.

Senator WATT: Do we have an FTE figure?

Ms Rundle: I do have an FTE: 2,035.

Senator WATT: On my calculations there'd be, depending which way you cut it, 425 FTE to reach the cap?

Ms Campbell: ASL is average staffing level, which is average full-time equivalent across the year.

Senator WATT: Okay. Let's stick with that. In ASL terms, how many additional positions could be filled before you would reach the cap?

Mr Lye: If you got to 2,400 by the end of the year, you probably still wouldn't reach it.

Ms Campbell: You wouldn't reach that level.

Ms Rundle: The average staffing level at the moment, at the end of September, is 1,927.

Senator WATT: So, rough estimate—

Ms Campbell: There's growth room.

Senator WATT: you're talking about 500—

Ms Campbell: 500-ish.

Mr De Luca: On an average basis.

Senator WATT: roles, on average, over the course of the year before you would reach your cap.

Ms Campbell: That's correct.

Mr De Luca: For this financial year, yes.

Senator WATT: Have you got the resourcing to do that?

Ms Campbell: Yes.

Mr De Luca: When you say 'resourcing'—

Senator WATT: Have you got the budget?

Mr De Luca: We've got the budget to do it, yes.

Senator WATT: And the reason you're not spending that is because you anticipate growth down the track?

Ms Rundle: We're in the middle of recruiting right now because of our regional rollout. We always have a rolling recruitment program, and we are currently recruiting.

Ms Campbell: It's about getting the right people into the jobs.

Mr De Luca: That's right.

Ms Campbell: I think what the NDIA has been saying is that they're using contractors to adjust that and now they're recruiting, and they plan on being at their cap.

Senator WATT: Are any planners engaged as contractors? .

Mr De Luca: Ms Gunn will respond to that question.

Ms Gunn: I'd have to take that on notice. The planners perform the delegate function required in the act and, typically, we reserve those positions for our permanent staff.

Senator WATT: Right.

Senator SIEWERT: The LACs are doing planning.

Ms Gunn: You are absolutely right, Senator. They do the conversations, the gathering of information and the creation of the plan, but they are not the delegate. The delegate is the person who makes the decision as required under the act and that it meets all of the reasonable and necessary requirements.

Senator WATT: Sticking with planning, the Productivity Commission report also raised some serious issues about the quality of planning. Mr De Luca, do you think that staffing levels at the NDIA have contributed to those issues around planning quality?

Mr De Luca: I would say there are a number of issues—which I commented on in my opening statement—that have contributed to the experience and to the outcomes for participants not being where we need them to be. As Ms Gunn has alluded to, we're trying to address a combination of factors. One is building the right capabilities within the agency for our planners to be having the right conversations with participants, and another is sourcing and partnering with the LACs so that we can utilise their skill sets as we continue to grow.

Senator WATT: On the issue of better training for staff and planners, how is that being delivered?

Ms Gunn: It is a combination of in-house experts and some contractor training bodies.

Senator WATT: Senator Siewert just reminded me that she touched on that earlier so we might let that one go in the interests of time. In terms of workforce development, a number of times today in answer to my questions the issue around finding suitable staff has come up. We all know that meeting the workforce needs of this was going to be a big challenge. Does the government have a strategy to ensure that the estimated 60,000 to 90,000 jobs that are expected to be created over the next three years by the NDIS will be achieved?

Mr Lye: There is a strategy.

Senator WATT: When was that released?

Mr Lye: Probably in a couple of tranches. There's a sector development fund which has funded a range of activities, including activities which have the objective of providing a ready workforce to match the growth in the NDIS rollout. In the most recent budget, there was a \$33 million initiative called boosting the local care workforce, which deals with both the expected growth within the disability sector and in the aged-care sector. That budget initiative will fund a series of coordinators across the nation that will work with both providers, providers' participants and job providers to help to prepare a ready workforce. There will be a number of specialist providers as well who will work in concert with those regional coordinators. As part of that initiative, there will also be some funding to provide assistance to potential NDIS providers to assist them with business transformation and hiring of staff. We're looking constantly at the workforce ramp-up. We continue to be interested in whether there are opportunities to help mobilise people who may be out of work and who require a small amount of training or some work experience to step up and provide within the NDIS.

Senator WATT: Can we deal with labour hire? How many labour-hire staff are engaged by the NDIA?

Ms Rundle: When you say 'labour hire', you're talking contractors?

Senator WATT: It's that definitional thing, isn't it? I suppose what I'm really thinking about is not so much people that the NDIA engages directly, as a contractor, but where you have a third party, an agency, who you engage to find new staff.

Ms Rundle: We have one at the moment. We have a recruitment partner, DFP, that we sourced through open arrangements and we're currently considering our future partner in that. The reason we do that is because our recruitment has been so fast we needed extra expertise to be able to help us do that—if that's what you're referring to. Otherwise, with our contractors and others, we would source them through recruitment companies such as Hays, or it might be an IT shop, depending upon the expertise that we need.

Senator WATT: And they are then employed by the NDIA?

Ms Rundle: No.

Senator WATT: Or they are employed by someone else who you engage?

Ms Rundle: Are you referring to the third party being employed?

Senator WATT: Yes.

Ms Rundle: No, this is a contractual arrangement and they help us source the recruitment that we have. They help us with our recruitment, with our assessment of candidates and the whole recruitment process.

Mr De Luca: But the employment contract would be with us.

Ms Rundle: Yes.

Senator WATT: You said DFP was the agency?

Ms Rundle: Yes.

Senator WATT: How many people have you engaged through them?

Ms Rundle: I would need to take that on notice because we've engaged a lot of people, but I could get the date for you when we first secured DFP to start our recruitment for us. I could give you a time frame, and I'll do my best to try and estimate the number.

Senator WATT: Do you know what kind of work those people do?

Ms Rundle: DFP, as I understand—and someone here might have more knowledge of DFP than even I do—are a recruitment company and they will, according to our specifications about what we're seeking, help us with everything right through from our advertising to shortlisting, contacting candidates, receiving contacts from candidates—

Senator WATT: I'm not so much talking about what DFP do; I'm talking about the people they find for you. What do the people—

Ms Campbell: I think there might be confusion about recruiting companies assisting recruiting people, and then labour hire—third party—so I think it might be better if we were to take that question on notice so we could give you a more accurate answer about what's going on because I'm hearing a couple of different concepts that are getting used here.

Senator WATT: We had this conversation in DHS about labour hire, so I think you know what I'm talking about.

Ms Campbell: Yes, I do.

Senator WATT: Thanks. People who are engaged by labour hire—in the way DHS and I used to talk about it—let's say for argument's sake it's 100 people, whatever it is, would they be a subset of the 1,012 contractors or is that a different category again?

Ms Campbell: I would think that would be the case, but I think it's best that we take it on notice, we look at the numbers and I'll work with the NDIA to clarify those issues for you.

Senator WATT: Yes, okay. I would also be interested to know something about the conditions of employment of those people and how those conditions compare to APS employees working directly for the NDIA. Do those people get the same terms and conditions and pay rates as direct employees?

Ms Rundle: Can we please take that on notice?

Senator WATT: Yes, but I'm going to take a punt that the answer is no. Are they provided with the same training as APS staff?

Ms Rundle: I believe so but, again, I'll check that for you. If, for example, they are planners, they definitely would—if we have any planners that are contractors.

Senator WATT: There are a few other questions related to this that I suspect you're going to need to take on notice as well, so I'll put them in separately. Why don't I be really generous and hand over, and maybe you can come back to us a minute earlier?

CHAIR: You are so generous.

Senator WATT: I am.

Senator SMITH: I've listened with great interest to the discussion around the numbers, but just to understand it thematically, what's important about the recruitment process that the NDIA is undertaking is that you're operationalising the agency, so the skill set could be different in that phase from the full-scheme phase. Secondly, in order to get the right sorts of people in a permanent position, it might be necessary to employ contractors or people on shorter-term arrangements in order to give yourself the space or the time to find the full-time professional staff that you would hope to retain for as long as possible in the organisation. Have I understood those things correctly?

Mr De Luca: That's correct. Then there are obviously contractors that you would bring in from time to time for specific pieces of work that may not be required on a more permanent basis.

Senator SMITH: So there are effectively three elements to that.

Mr De Luca: Correct.

Senator SMITH: Thanks very much.

Senator SIEWERT: I want to go back to the WA issue for a very short amount of time. In answer to one of my questions around housing and working with the WA government, you said that housing for people with disability is the responsibility of the Western Australian government. Through your discussions with the bilateral, is anything around the SDA process being discussed?

Ms McDevitt: I can answer that. Under the current agreement with the WA delivering the NDIS, housing would be the full responsibility of the Western Australian government. If the WA government made a decision that they wanted to move towards the national model

delivered by the NDIA under the legislation and provisions, then the specialist disability accommodation provisions that the NDIA is implementing would apply.

Senator SIEWERT: Is that then being discussed as part of the bilat, or is it automatically assumed that that would occur under the new arrangements?

Ms McDevitt: It would form part of any final agreements or understandings if governments decided to go down that path.

Senator SIEWERT: Thank you for that clarification.

Senator SMITH: Senator Siewert, on WA very quickly, it is still the Commonwealth's ambition for Western Australia to be part of the national scheme, isn't it?

Ms McDevitt: Yes.

Senator SMITH: And the Commonwealth is still operationalising—a difficult word for me to get my head around—the current arrangements or the agreed arrangements while these negotiations are still ongoing.

Ms McDevitt: That's correct.

Senator SMITH: Great. Thanks very much.

Senator SIEWERT: I want to go to a bit around the ICT system. I'm following up on the evidence that was given on Friday to the joint NDIS committee inquiry. There was discussion around the quality improvement, planners and things like that. Then there was a comment made that says, 'We've got a whole quality assurance process sitting alongside of this now, and we've activated and automated a new automated response in our ICT system.' It goes on to say: 'It's only in the early stages, and it would develop, but what it will go to is testing decisions—pre- and post-decisions. So, for example, in making the planning decision, if the planning decision deviates from perhaps what we would expect for that participant with that particular set of characteristics, and if it exceeded a particular something—' this is the uncorrected *Hansard* that I was kindly given— 'of the process of that planner, there would be a range of indicators.' Can you describe the automated process for the plans?

Ms Gunn: It is still new, but our intention is to ensure that we utilise the system for what you would always expect within a customer relationship system to have a bit of business intelligence around it—providing flags or indicators to the staff members on the extent to which what they're proposing for that person is consistent with what a typical person in those typical circumstances would typically require. They have to justify and put the right evidence in the system to explain their reasonable and necessary judgements where they are different from what you might have as your base.

Senator SIEWERT: But is that automated?

Ms Gunn: No, it's not automated at all. It's really just a guide.

Senator SIEWERT: It says, 'A new automated response in our ICT system.'

Ms Gunn: There are two separate issues there. The automated component is currently testing in the access phase. We are able to extract items in the workflow to confirm that they are correct before the decision has been made. The automation is pulling out and workflowing it to another delegate to confirm that the information that is recorded is correct.

Ms Rundle: If I might add to that, I answered that question in the committee hearing on Friday. What I was referring to—

Senator SIEWERT: Sorry, it didn't say the name in my version. I beg your pardon.

Ms Rundle: That's all right. Adding to what Ms Gunn has just said, the system will be able to, as a next step, do the same thing for planning decisions. That was what I was describing at the hearing the other day. Before a planning decision is made, a sample of those will be drawn out automatically and they would be quality checked by a planner before they got sent back to that planner for approval or to someone else for advice.

Senator SIEWERT: So that planner can see what would be normally provided?

Ms Rundle: As Ms Gunn was saying, it's part of our quality assurance system. It's only one part of it. Without getting too complicated, it's also linked to what we call our skills tagging. When our planners who have a lot of expertise and have reached a particular degree of competency go to approve a plan, only a small percentage of those plans will be pulled out of the system automatically to be looked at. Where a planner is a new planner and is less experienced, a much higher percentage of plans will be pulled out to be examined before the decision is made. This is not unlike other more mature systems in other agencies where they've got more automated systems for quality control.

Senator SIEWERT: I'll keep a close eye on that one. While I'm on the ICT system, can you explain to us where Nadia is up to?

Mr De Luca: Nadia, from our perspective, has been in a holding pattern until we complete our pathway work to ensure we know exactly how to best utilise the Nadia technology as we move forward. Now that we've designed our new pathway, we'll be looking to pilot and test the Nadia technology within our overall pathway program of work to help understand and ensure that the right questions in the technology are correct and the right responses are there. We can then provide that access over time to participants.

Senator SIEWERT: So it wasn't still on hold because the technology wasn't working?

Mr De Luca: It was put on hold because of the pathway review. There's no need, from our perspective, to progress on developing a technology if we haven't designed what the right kinds of questions that need to go into it are and what the right answers for those questions are. As we developed our pathway piece of work, now that we have clarity of the new pathway moving forward, we can start to put the right questions and answers into the technology to be utilised.

Senator SIEWERT: Do you expect that Nadia will be online for when the pilot areas start?

Mr De Luca: We will be progressively piloting and testing the Nadia technology as we work through all the pilots and testing. In simple terms, one of the elements that we want to test is responses to questions. We'll feed into the technology the right questions and answers. We'll then test that and make that available as we work through the pilot. As the machine learning gets smarter and smarter, we can deploy it to our participants going forward.

Senator SIEWERT: I will be clear: when the pilot starts, Nadia won't be starting. Nadia will be coming online somewhere down the track during that pilot process. Is that what I'm to understand?

Mr De Luca: It's important to know that it's not just one pilot. With pathway, we will be doing a number of pilots that we'll be testing over time. Elements of the Nadia technology will be involved in some of those pilots.

Senator SIEWERT: But you don't know when it's going to be up?

Mr De Luca: We aim to be testing elements of it over the next 12 months.

Senator SIEWERT: So the pilot is going to be online by the beginning of next year?

Mr De Luca: Some elements of the pilot—some elements of the pathway—are being implemented immediately.

Senator SIEWERT: As we've been discussing in terms of the face-to-face—

Mr De Luca: There are elements which Ms McKinnon and the team have been working on in relation to improving the communication and information we provide to participants and providers. That will be implemented progressively. We've started some work on that. On testing aspects of pilots in certain regions, we are looking to work with different partners starting from the end of this calendar year.

Senator SIEWERT: That's what I thought you said, by the end of the year.

Mr De Luca: Then with Nadia, the technology, we aim to be utilising and testing some of that technology next year.

Senator SIEWERT: Have you got a timeline for Nadia?

Mr De Luca: Have we got a time line for when we will start utilising it? From next year, I can't say exactly what month. It will depend on as we start to inform the capability with the right questions and answers.

Senator CAROL BROWN: Have you seen Nadia in action?

Mr De Luca: I have. I spent some time with Nadia a few weeks ago.

Senator WATT: Did you feel like you were talking Cate Blanchett?

Mr De Luca: I've never spoken to Cate Blanchett, so I can't compare the two. I certainly believe the work that's been done on the Nadia technology will be leading, but I think the right decision has been made by the agency and DHS to pause it until we complete the work of pathway, so we apply it in the right manner.

Senator CAROL BROWN: How much have we spent so far?

Mr De Luca: I can't answer that question.

Senator SIEWERT: Can you take it on notice?

Mr De Luca: I'll take it on notice.

Senator SIEWERT: How much have you spent so far and how much you are budgeting to spend to get Nadia ready for when the system comes online through the pilots process?

Mr De Luca: We will take on notice the first question, on how much we've spent to date. Going forward, the logic of why we pilot and test things is to help inform us of how much we need to spend and the resources we need to fully implement things. So until we've tested and piloted some things we don't know exactly the total cost of it.

Senator SIEWERT: That's not the question I actually asked. The question I asked was how much do you anticipate spending on the system to make it functional for the pilot system?

Mr De Luca: I can't answer that one I'll take it on notice

Senator SIEWERT: Have you got, then, an envelope for how much you anticipate the whole process will cost? I've heard what you said; you don't need to repeat it. You must, for budgeting purposes, have a bottom line for how much you would expect to be spending on the system.

Mr De Luca: On Nadia system itself?

Senator SIEWERT: Yes.

Mr De Luca: Again, can I take that on notice. That will be a discussion we have with DHS in terms of the resourcing requirements from their end as well.

Senator SIEWERT: So maybe we should be asking DHS as well?

Mr De Luca: Yes.

Senator CAROL BROWN: Who is doing the work on Nadia?

Mr De Luca: There are multiple providers, and I think there are three partners that DHS has worked with. One's FaceMe.

Ms Rundle: One is called Soul Machines and the other was IBM. We are also looking at other technologies at the moment with DHS.

Mr De Luca: There are different aspects to the platform itself in terms of why there are different providers.

Senator SIEWERT: If you can't answer now, can you take on notice when the various vendors were in, what they did, how much they cost and why are you going with a new mob. Are you able to answer that now?

Ms Rundle: We'll take that on notice.

Senator SIEWERT: You can't tell us now?

Ms Rundle: I think it's important we talk with our partners, DHS.

Senator SIEWERT: They're the contractors, are they?

Ms Rundle: That's right. DHS manage these contracts for us and we work closely with them, but it would be prudent for us to talk to them.

Senator CAROL BROWN: The whole point of Nadia was about saving money in the call centres, is that not right?

Mr De Luca: There are a number of elements. The logic of the platform is that over time, you are right, we could have a platform that interfaces with people's disabilities through web channels and digital channels that allow them not to pick up the phone and call our contact centre and answer basic questions. So there is an element that it would provide efficiencies for our contact centre over time. There are other benefits, which are the educating of information that participants and people with disability would be spending time going through the website, could be answered quite quickly.

Senator CAROL BROWN: How long has it been delayed?

Ms Campbell: I don't think we're seeing delay.

Mr De Luca: I don't think it's been delayed.

Ms Campbell: It's about prioritisation.

Mr De Luca: Yes, it's about prioritisation and about when we deploy it.

Senator CAROL BROWN: Initially we were talking about a time line of when Nadia would be being launched, were we not, and the board has made different decisions since then?

Mr De Luca: Yes. I can't comment on when this would have been deployed before the pathway piece of work that's being done. But, as the secretary's said, the board started at the beginning of this year and requested that we complete the pathway work first before we actually then started to think about deploying the technology.

Senator CAROL BROWN: So it's been shelved at the moment?

Mr De Luca: It has not been deployed to the participants and—

Senator CAROL BROWN: It's not a priority at the moment?

Mr De Luca: It hasn't been deployed at any point in time to participants. It's been in a test and development phase.

Senator CAROL BROWN: But it's not a priority for you at the moment?

Mr De Luca: It is part of our overall target pathway going forward.

Senator SIEWERT: Can you do a timeline? Maybe if we ask for a timeline for when it was—

Mr De Luca: When it was started?

Senator SIEWERT: And when it was supposed to be starting.

Ms Campbell: My understanding is that it's a tool that facilitates access to the system by participants. I think the board's made decisions about how that access should be provided and, because it is a tool about how they provide the access, they have to get that first bit the way they want it first before they can roll it out. I think it is about the sequence of those activities.

Senator SIEWERT: So could you provide us with timelines of when it was supposed to be, when the board made the decision to postpone its use, the launch and the finalisation of it?

Mr De Luca: Certainly we can provide you a timeline of when the start of the development was. There is no postponing on deployment. It is making sure that we actually get the information in the platform correct before we deploy it to participants.

Senator SIEWERT: So it was never supposed to be online by now; is that what you're saying?

Mr De Luca: I'm not sure whether we would have communicated a date.

Ms Rundle: I think the key thing is Mr De Luca's comment earlier. We will check for you whenever we've given commitments about a due date for Nadia and take that on notice. The key thing that's important to understand is that, if we don't understand now through our pathway work what questions and answers participants and providers have, we can't really make sure that Nadia is trained properly to answer them well. It would be a mistake to unleash Nadia on the public if we weren't certain that all of the information in Nadia was right and was appropriate.

Senator WATT: We don't want bad Nadia out there!

Mr Lye: I think the risk to reputation is if people don't believe in the tool because it doesn't answer the right questions.

Senator WATT: We don't want another robo-debt inquiry, do we, Ms Campbell?

Ms Campbell: No, we don't.

Senator WATT: Just to round off the Nadia questions—I'm sorry; I didn't catch all of your answer—is it proposed there will be a switch towards Microsoft? Or have I misinterpreted that?

Ms Rundle: I think we ought to come back to you, as I indicated before. I undertook to do that on notice with the chronology but also whether or not it is being switched to a different technology. I would need to talk to DHS about that.

Senator WATT: You might remember there was a 7.30 report on Nadia not that long ago where it speculated that concerned politicians and the bureaucracy have been spooked by the census and robo-debt bungles and that was part of the reason for Nadia being shelved. Is that true?

Ms Campbell: Not to my knowledge, no.

Senator WATT: You're not spooked by the robo-debt debacle?

Ms Campbell: I am not spooked by that at all.

Senator WATT: I think someone just said that the pathway recommendations are only pilots. Why is that the case? Why are we not looking at making improvements across the scheme?

Mr De Luca: No, the pathway recommendation is the new pathway. What we communicated to the market last week is that there is going to be some tailoring pathways for different types of disability, including psychosocial and for children. So we've developed what I would call a standard target pathway. We will be, in parallel, piloting some aspects of the new pathway whilst moving into implementation and testing other aspects. As Ms McKinnon can comment on, there are certain things that we know we need to improve straight away in some of our communication. As Ms Gunn's alluded to, there are certain aspects in the face-to-face elements of the new pathway which are just being implemented.

Senator WATT: Thanks.

CHAIR: I'll just take a brief moment, Ms Campbell, to inform you it's likely that NDIA and Disability and Carers will go through till the lunchbreak. We will do our absolute utmost to finish then, and we'll go to Housing after the lunchbreak.

Senator WATT: We still intend to get to DHS by the dinner break. It will just mean cutting back DSS by an hour.

Senator SIEWERT: I want to ask about some Aboriginal issues, but first I want to go to the Northern Territory because it directly relates to the government's announcement earlier last week—or was it this week? I've lost track of when various announcements were made over the last couple of days. The plan utilisation in the NT is pretty low. I take it you agree with that?

Ms Gunn: Yes.

Senator SIEWERT: How much work have you done then to look at the reasons for that and to address it? And does that relate to the announcement that the government made the other day around the \$3 million that's going into the new plan for Indigenous people with disability? That was on the 16th; I've now got the date.

Ms Gunn: I must admit I'm not sure which announcement you're referring to.

Senator SIEWERT: Let's deal with the first part of my question, and I'll come back to the other part.

Ms Gunn: On the plan utilisation in the NT, there are two particular characteristics of the groups that we've been planning with. Largely, in Darwin city proper, it's people in group homes in the first instance. A lot of those funds are still in kind, so that does distort the type of view of—

Senator SIEWERT: Sorry—part of the under-utilisation is in the group homes? Is that what you're saying?

Ms Gunn: Yes, because we haven't finalised the billing arrangements with those individual facilities. We then have the second group, which is in the much more remote communities, like East Arnhem, for example. Those communities—we're taking a very careful approach there, where, having completed a number of individual plans, we're now working with those individuals to look at it in a more aggregated manner within the community to identify how we might best find the services that those individuals need. We're particularly focused on how we might build a workforce capability within the community to deliver that demand.

Senator SIEWERT: So we've got a workforce issue there?

Ms Gunn: It has been renowned for not having a vast array of support providers. The providers that have always been there are still offering those services, but what we're looking to do is to utilise the opportunity to build the capacity for the delivery of the services from the community itself. That will take us a little while to explore those opportunities further.

Senator SIEWERT: When you say 'aggregated approach'—could you flesh that out for me a little bit.

Ms Gunn: You'll recall that we previously produced what we called our market position statements. One of the things that the sector will always tell us is, 'Give us a sense of the demand; tell us what type of supports, at what scale and in what locations so that we can inform our investment decisions going forward.' When I used the word 'aggregated', I was trying to get a sense of the total demand for the types of supports that those individuals are seeking.

Senator SIEWERT: Looking across participants' plans and then saying, 'Right, we need this many support workers, this much infrastructure'—those sorts of things.

Ms Gunn: Yes; 10 wheelchairs or—

Senator SIEWERT: The First Peoples Disability Network have put up a number of proposals to deal with these issues. One of them was taking basically a 360 around communities because of the specific cultural approach that Aboriginal communities take. Have you been engaged in discussion with them about that particular approach, which is another way of delivering supports and services?

Ms Gunn: Absolutely; we work very closely with first peoples.

Senator SIEWERT: So you are taking that position on board?

Ms Gunn: If you look at our Aboriginal and Torres Strait Islander Engagement Strategy, you'll see that we're absolutely committed to that approach, and a community-by-community rollout of the scheme is absolutely essential to understanding and respecting the preferences of the owners of those areas in terms of how we first engage with them. We're absolutely focused on localised employment for our own staff. For example, in East Arnhem we employ 17 individuals through local Aboriginal organisations that we put a name on community connectors. Their role is to help us explain the scheme, encourage people to approach the agency planners when we are out there and, again, build the conversation within the community about the opportunity that the scheme provides.

Senator SIEWERT: Can you take on notice how many Aboriginal and Torres Strait Islander staff members you have?

Ms Gunn: Yes.

Senator SIEWERT: Do you have it at hand? If it's in the annual, I'll go and—

Mr De Luca: It is in the annual report.

Senator SIEWERT: Okay, I'll go and check it there. That's obviously from last year.

Mr De Luca: No, this is 2016-17.

Senator SIEWERT: Sorry, I meant financial year. There's a quarter now—

Mr De Luca: So we have 53?

Ms Rundle: No, at the end of September we had 67. It's 3.15 per cent of our employees. We've actually now exceeded the APS target, which is good.

Ms Gunn: I will note that our partners also have a slightly higher rate of employment of people from an Aboriginal and Torres Strait Islander background as well. It's about five per cent.

Senator SIEWERT: Can I go very quickly to—and if I should ask this on Friday at cross-portfolio, just say it up front—the announcement made by the government for a new plan for Indigenous people with a disability. The \$3 million plan. Is anybody able to provide me with any information on that?

Ms Campbell: I'm wondering whether that one belongs to Prime Minister and cabinet.

Senator SIEWERT: I can ask it on Friday. I just want to know—

Ms Campbell: I don't think anyone here knows anything.

Senator SIEWERT: There is somebody coming up to the table. According to this, it's a joint initiative. Mr Porter, Ms Prentice and Senator Scullion were involved.

Ms Carapellucci: That's right. The plan to improve outcomes for Aboriginal and Torres Strait Islander people with a disability is an initiative under the National Disability Strategy Second Implementation Plan. As you've indicated, it was released on 16 October. It identifies potential solutions that communities in partnership with the Australian government can drive for better access to culturally appropriate and sustainable supports and services. The development of the plan was led by DSS in partnership with the Department of the Prime Minister and Cabinet and with Aboriginal and Torres Strait Islander people with a disability,

their representative organisations, community organisations, academics and other Australian government agencies.

Senator SIEWERT: Is the \$3 million that's been allocated just for the two targeted projects which are about prisoners and ex-prisoners with a disability and also the integrated health and education approaches or are they just two projects that have been already articulated and there will be more projects?

Ms Carapellucci: The \$3 million is just for those two projects.

Senator SIEWERT: So what funding is available for the development of the plan and the five key priority areas? How are they going to be addressed?

Ms Carapellucci: At this stage, there isn't any specific funding allocated for those priorities. The National Disability Strategy is an initiative of all Australian governments, and it's really about ensuring—

Senator SIEWERT: We've got an inquiry into part of that at the moment.

Ms Carapellucci: Yes. The five priorities identified in this plan are areas for consideration under the strategy to ensure that Aboriginal and Torres Strait Islander people with a disability are fully included in all aspects of Australian society.

Senator SIEWERT: Who undertakes that work?

Ms Carapellucci: It's going to be collaborative work. In many of those areas, the primary responsibility sits with particular Commonwealth agencies. To give an example, for the priority around Aboriginal and Torres Strait Islander people with disability having access to appropriately designed shelter and accommodation, those issues broadly fit within the Department of the Prime Minister and Cabinet. For the priority around Aboriginal and Torres Strait Islander people with disability having the right to be free from racism and discrimination, having their rights promoted and a disability-inclusive justice system, those issues broadly fit within the Attorney-General's Department. For the priority around achieving education, it is the Department of Education and Training; for the one about economic security through employment and business ownership, it is, broadly, the Department of Employment, the Department of the Prime Minister and Cabinet and this department as well; and the one around health outcomes broadly sits within the Department of Health and also Prime Minister and Cabinet.

Senator SIEWERT: Who coordinates all this?

Ms Carapellucci: DSS is the lead agency.

Senator SIEWERT: So you will be coordinating?

Ms Carapellucci: Yes.

Senator SIEWERT: In terms of the project—sorry, I've got limited time; that's why I'm trying to move through some of these 10 questions.

CHAIR: Senator Siewert, do you want to just go through to the end of your questions, or do you want to hand back to Senator Brown?

Senator SIEWERT: I've got a lot of questions, so you'll have to pull me up at some stage. I've got another key area I want to do, so how about I do that after I finish this? Is that okay?

CHAIR: Yes. Go for another 10 minutes, and then we'll go to Senator Brown.

Senator SIEWERT: Can I ask then about the specific projects: the research project to support prisoners and ex-prisoners with disability and also the integrated health and education approaches to support students. Were they chosen because they were two key priority areas that people like the First Peoples Disability Network articulated were the keys?

Ms Carapellucci: Senator, I'll have to take that on notice. Certainly the development of the plan was very collaborative.

Senator SIEWERT: Yes, I understand—

Ms Carapellucci: I'm assuming that that's why those two priorities were chosen, but I'd prefer to take that on notice.

Senator SIEWERT: Could you take that on notice. And then who takes responsibility for those? Is it A-G's on the prisoners and ex-prisoners? It doesn't seem to be appropriate really.

Ms Stuart: The two projects are being funded by the Department of Social Services. We are working closely with the Indigenous Affairs Group in Prime Minister and Cabinet, and we'll be jointly managing those two projects.

Senator SIEWERT: Who's going to be running the projects?

Ms Stuart: That's yet to be determined.

Senator SIEWERT: Are you going to go out for tender for that?

Ms Stuart: That's yet to be determined, Senator.

Senator SIEWERT: So you've identified these two areas, but you haven't identified who's—

Ms Stuart: Not yet. The community partners that will be involved haven't yet been identified.

Senator SIEWERT: Sorry?

Ms Stuart: The community partners that will be involved in the projects—because they are very much community based—have not yet been identified, so we're working through those.

Senator SIEWERT: When you say 'community partners', I hear 'community' and I go 'NGOs and civil society'. Is that what you mean? Or does 'community partners' mean the people that might be tendering for the work?

Ms Stuart: Well, it will depend, on either project. For example, with the criminal justice project, state and territory criminal justice systems would need to be involved. For the project around integrating health and education approaches, they're specifically to be tested in remote communities, so we would be—

Senator SIEWERT: So you're talking about partners. Of course the states and territories are going to have to be partners, but who's going to be doing the work in terms of doing the project?

Ms Stuart: That's yet to be decided. That hasn't been decided.

Senator SIEWERT: The announcement is purely about, 'We've allocated this funding for these themes, and we'll go from there'?

Ms Stuart: Yes.

Senator SIEWERT: What's the time line for making that decision?

Ms Stuart: We need to do some consultation with our key stakeholders, including, for example, the First Peoples Disability Network. I would imagine that in the coming months there would be an announcement, but at this stage we don't have further—

Senator SIEWERT: You've announced the projects. There's no time line. When is it going to be finished by?

Ms Stuart: We have funding over three years.

Senator SIEWERT: Three years—for those two projects?

Ms Stuart: That's right.

Senator SIEWERT: Are they divided up? How is the \$3 million divided up?

Ms Stuart: I'll take that on notice, Senator. I think it's pretty even between the two, but we'll take that on notice—

Senator SIEWERT: Okay, if you'd take that on notice, that'd be great.

Ms Stuart: and give you the specific amounts.

Senator SIEWERT: Thank you. I want to go specifically now to psychosocial issues. For a start I want to go to the recommendations that—I keep saying cross-portfolio—the joint standing committee made in terms of psychosocial issues. Also—I'm sorry—I will mix it in a bit with the Productivity Commission's comments around psychosocial issues and in particular the pathway. Can I go first off to your general response to the committee report. Sorry, it's probably the department I should aim that question at first but also, Mr De Luca, to you as well.

Ms Campbell: Senator, your question was about the department's response?

Senator SIEWERT: Yes. In the first instance, yes.

Ms Campbell: Mr Whitecross, are you able to answer that?

Mr Whitecross: This is the department's response to the—

Senator SIEWERT: To the recommendations. We made 24.

Mr Whitecross: Well, I think our response is that we're carefully examining them. There's a lot of detail in the recommendations, and we're working our way through that with a view to providing a formal response later in the year.

Senator SIEWERT: Can I ask around the need for a specialised pathway for NDIS and psychosocial conditions.

Ms Gunn: I'm happy to take that one. As Mr De Luca has mentioned, having now settled what we are calling our targeted pathway, we do recognise—and picking up on the recommendations from the JSC, the Productivity Commission and the individuals who commented through our pathway work—the need for nuancing of that pathway for the experience for people with psychosocial disability. We've commenced some conversations with representative groups of individuals, carers and providers about: how do we address the issues that have been raised in the most effective way, particularly about making that access process much clearer, more easily understood and better supported and then absolutely translating the scheme into the type of language that a person from a psychosocial support background might be more comfortable with?

Senator SIEWERT: Is that the same time line that you're taking for the general pilots process on the pathways?

Ms Gunn: We've done some very initial conversations with those groups. We've got some high-level views. We now want to test it in a lot more detail about how to exactly design each of those steps. That will take us a bit longer. We'll run them in parallel, but the piloting processes for the targeted pathway will commence while we're still doing the conversations with the psychosocial representative groups.

Senator SIEWERT: What's the time line for the psychosocial process then?

Ms Gunn: We would certainly want to land with, again, our preferred direction that's supported by the community by the end of this year.

Senator SIEWERT: By the end of this year. Does that mean you'll be behind? I don't understand why, then, you've said the time line will be different, sorry.

Mr De Luca: I'd probably frame it in this way: we've developed a standard target pathway, which we communicated last week. In our communication, we articulated that the insights that we've received from the community are that there are nuances and differences that we need to take into consideration—

Senator SIEWERT: Yes, which I articulated earlier.

Mr De Luca: including for psychosocial disability and for children. We are moving into piloting the standard by the end of this calendar year. In parallel to that, as Ms Gunn has alluded to, we want finalise what that pathway could look like for psychosocial. That may mean that we pilot some things in the same time frame. It may mean that one starts a little bit later than the other.

Senator SIEWERT: Okay. Can I then go back to this issue—it's a pretty fundamental issue that we've traversed before, but now we've had some more evidence around it—and that is the episodic but also the recovery nature of our approach to mental health and psychosocial disability, as opposed to permanency for other disabilities, and some of the changes that were recommended through the joint committee, which I've got to say I'm pretty strongly supportive of. Where's your thinking on that particular approach? There are some changes to the act that are required, but there are also changes to the rules that could be made. How far along in your consideration are you in that approach?

Mr De Luca: Ms Gunn, do you want to respond?

Mr Lye: Can I just jump in around the policy aspect here, just to say that, obviously, Mr Whitecross said we're considering the standing committee's report. Obviously the Productivity Commission in its interim report alluded to some of these issues, and then we've got the final report, which has further elaborated on that. So, to the extent that there's a policy and some policy judgements need to be made, we want to look at both those two things together then, in considering both reports together, before we come back around whether there's something that needs to be changed. Obviously we've got the interaction with states and territories as well.

CHAIR: We will go to Senator Brown now, but we will come back to you, Senator Siewert.

Senator SIEWERT: Can I just ask for the time line for that, and then I will shut up, for the time being.

Mr Lye: Obviously anything that's in the policy space sits alongside what NDIA is doing in the operational space, so we need to keep moving quickly on both those things. That's not a time frame, but we can't wait. Obviously, if the NDIA need to operationalise changes to the pathway in the early New Year, we need to also be mindful of that, if there's something that requires change in the policy area.

CHAIR: We should have time to get back to you, Senator Siewert, assuming there are no gatecrashers.

Senator CAROL BROWN: I just want to go, Mr De Luca, to your second priority—which I think you indicated in your opening statement—which included the portal. As you, I'm sure, are aware, we had an issue with the portal, I think about 15 months ago now. But participants and providers are still reporting problems with accessing the NDIS portals. I'm just wondering. It's been about 15 months. Why hasn't it been able to be fixed in that period of time?

Mr De Luca: Senator, if I can ensure I've got the question right: obviously there were some stability issues for the system when we first went live, I think 15 months ago. And I understand that the agency working with DHS addressed those, and the stability of the system has been working in line with service standards and expectations.

Ms Campbell: There was also some communication with providers and participants early on that was rectified about how to access it.

Mr De Luca: How to use it, yes—how to use the system. The second point I suspect you're asking, Senator, is, as part of the provider pathway with a number, of the ease of use of the portal and connecting with participants that Ms Rundle alluded to earlier. We are building that now into the provider pathway to enhance the experience.

Senator CAROL BROWN: No, what I'm actually asking is this. You had those issues with the portal—and thank you to Ms Campbell and you, Mr De Luca, as to why they occurred. My question really is: since that time, which is about 15 months ago, we are still receiving, and I'm sure anyone that's been involved in NDIS hearings or committees is still hearing, quite a high level of complaints about problems. I just want to know: it's been 15 months; why haven't they been fixed? Why haven't you been able to fix them? You'd be aware of provider issues, Ms Rundle?

Ms Rundle: I'll try and answer that one for you. Firstly, acknowledging that there were a lot of issues last year, there have been, firstly, a range of changes that have been made to the system that have improved the experience for providers and participants. Indeed, we've been working with DHS to co-design some of those or work with providers, particularly with their difficulties, to design the solution. There'd be many providers today who would be able to assure you of that. The second thing is that one of the problems we had was in relation to providers being able to claim. In the period of July to the end of September I think our claim rate on average was around 95 per cent success rate. We publish this every week on our website.

Senator CAROL BROWN: What does that mean?

Ms Rundle: That means that most providers are now able to use and negotiate the portal and make claims and get paid through the portal successfully.

Senator CAROL BROWN: I meant in terms of what—how long—so 95 per cent, you say, are being paid?

Ms Rundle: I'm not saying 95 per cent have been paid, because we assist the other five per cent that might have difficulties. I'm saying that they have successfully used the portal to be able to transact in the portal.

Senator CAROL BROWN: Do you have a time frame around that? Because we are hearing complaints about putting in requests or putting in their documentation for payments and having to do it more than once. I'm just trying to understand what you call success, what the parameters are.

Mr De Luca: If there are specific issues you want us to look into, I'm happy to take that on notice. I think we need to be really clear that the stability of the system and challenges that the providers had 15 months ago have been addressed. Are there improvements that need to be made in terms of ease of use and the connection with participants? Yes, and we're addressing that in the provider pathway. In response to—

Senator CAROL BROWN: So ease of use and—

Mr De Luca: Connecting with participants, which we spoke about earlier, which is making sure that the providers and participants can connect easily on the platform.

Ms Rundle: There is one more thing you just referred to. You talked about providing documents and it taking some time. I'm beginning to think that you might be referring to some of our business processes rather than the system itself. Some of our business processes require quotes for particular things, for supports, and I acknowledge that there have been delays in getting back to some providers in relation to their quotes. We've been doing quite a lot of work in the agency on that and we're looking at streamlining our processes and, indeed, have started to do so. That is something that also came up during the pathway consultations.

Senator CAROL BROWN: On notice, can you let the committee know what changes have been made and the key priorities, in a bit more detail, Mr De Luca, about the next round of changes? All I've got here is that the portal and tools are reliable and simple to use.

Mr De Luca: Can I refer you to what we published last week when we announced the target pathways? It has quite a bit of detail in terms of the areas that we're going to be addressing for the provider pathway.

Senator CAROL BROWN: Can you give me the key priorities and due dates, then?

Ms Campbell: I think we were already providing that and we were going to table that document earlier in the hearings. So we'll make sure that that document's available for tabling.

Senator CAROL BROWN: I now want to go on to utilisation. I know that Senator Siewert did ask some questions. Can people see their plans before they're finalised?

Ms Gunn: Not at this stage, no.

Senator CAROL BROWN: Why is that?

Ms Gunn: The system was built in a way where we were to have the conversation with the person, build the plan and then send that plan to them. The plans now are structured with very flexible funding, so three components—core, capacity building and capital—and the individual has the flexibility to use the funds in the way they want to use them within those three buckets. One of the key feedbacks from the pathway review was the need to enable the

person to better understand that plan before it was approved so that we make sure that we've addressed all of their needs. You'll see in the documentation of the pathway that our intention going forward is to have a much richer conversation with the person and explain what the plan is likely to be before it's approved.

Senator CAROL BROWN: So will they be able to see their plans?

Ms Gunn: There will be a system requirement change to enable the concept of a draft plan to be provided. We would certainly hope, in the planning conversation with the person, to be able to show them what the plan looks like on the computer before it is approved.

Senator SIEWERT: You're already implementing some of the things, the problems that you found through your review process. You're implementing it, like face-to-face meetings. Why can't you implement this? It's a really basic thing that people really want.

Mr De Luca: The cause of the issue and frustration for a number of participants is that they would have had planning conversations over the phone, then received a plan afterwards. The process that we're putting in place is face-to-face conversations and talking through the plan, so at the meeting with the participants they completely understand what is in the plan. Their opportunity then is to reflect on that before it is finalised. Then, as Ms Gunn has alluded to, it's about providing them the draft of the plan to make sure that actually captured their goals and objectives. If we went to a process in which we gave the plan and it was wrong, you'd be going through the process again.

Senator SIEWERT: What they want to see is the draft. Will they see the draft?

Ms Gunn: It needs technical change to the system to enable us to do that. They will see the way the plan is constructed in the planning conversation, which they currently are not doing.

Mr De Luca: Yes, they will see a draft of the plan.

Senator SIEWERT: From now? Not just in the pilots, but across the board?

Mr De Luca: There are two elements to it. One is that in the conversation with the participant they can visually see that with a laptop or a computer before it's finalised. That's the first thing. The second is that the system works so they can review it at their own leisure. The second part does require some systems work.

CHAIR: What is the timing of that second part?

Mr De Luca: I can't comment on that.

Senator SIEWERT: Why can't you put it in a PDF and email it to them?

Ms Campbell: We're talking about some of those logistical challenges—if there were someone visiting, without a printer, something like that.

Mr De Luca: If you think about a situation where a planner and local area coordinator has gone to someone's house in a regional or remote area, or wherever they may live, the process would be to walk through the plan with them, make sure they understand it, see it on a system. There may be difficulties in printing it at that point in time. They may not have a printer at their house, or there may be technology challenges in being wi-fi enabled. There are lots of different challenges that mean we can't say 100 per cent that we'll see it at a point in time and be able to print it. The process being put in place, though, is the expectation that

when a planner leaves the room or person's house or a meeting room, the participant understands what's in their plan. Then they will have visibility of that online in the portal.

Senator SIEWERT: The draft?

Mr De Luca: Yes.

Senator CAROL BROWN: Are you saying they can't see the draft online at the moment, can they?

Mr De Luca: Not until it's approved. When it's approved they have visibility of it.

Senator CAROL BROWN: But not on a draft plan.

Mr De Luca: No.

Senator CAROL BROWN: So they can have the conversation and won't be aware whether what's taken away is actually what they think is going to be in the plan. This has been an issue that's been ongoing for along time.

Ms Campbell: The witnesses have talked about technology upgrades to allow people to be able to see the draft plans, and that they're working through that, listening to what participants have said to make those adjustments so that the participant will have access to the draft plan.

Senator SIEWERT: When?

Mr De Luca: We announced last week the pathway and now we're going through testing and piloting.

Senator CAROL BROWN: Whether it's only going to be through these pilots was the question, I think, Senator Siewert asked.

Mr De Luca: Can we convert the question on notice to the timing of when that will be available in the system?

Senator SIEWERT: Across not just the pilot—

Senator SIEWERT: No, not the actual plan, access on the system in draft, yes.

Senator CAROL BROWN: Was there any period of time that participants were able to view a draft of their plan?

Ms Gunn: Yes. During trial, drafts were provided to participants.

Senator SIEWERT: But it changed, didn't it?

Senator CAROL BROWN: So why did it change?

Ms Gunn: It was a different computer system. There was also the recognition that the volume of individuals to be brought into the scheme meant that we did find ourselves having to then re-engage all the logistics of reconnecting to a person after that first conversation and multiple drafts. You will recall during trial at some stages we were behind our targets. We need to be able to, again, balance the volume, the engagement, the experience, the quality of the plans.

Senator CAROL BROWN: So the process changed to enable the NDIS to have less workload?

Ms Gunn: It was changed to be able to produce the volume of plans that we needed to in the time period.

Senator CAROL BROWN: Was it changed to benefit the NDIS and not the participant?

Ms Gunn: It was changed to ensure that the participants waiting to come into the scheme were brought into the scheme in the time frame that they were required to have done so.

Senator CAROL BROWN: But there have been quite a lot of complaints about the fact that people aren't able to see a draft plan before they have a plan assessed and approved. There have been complaints that it's not what they thought they had had discussions about.

Ms Gunn: I absolutely understand that and I think we've tried to be very clear that we've identified that as an absolute preference. Two things arose from that: you had a plan over the phone and you had a hard-copy document land in your mail and you were struggling to connect the two. Those practices have now fundamentally changed. Our intent under the targeted pathway is to engage with the person to demonstrate how we have incorporated their informal, mainstream supports into their goals in their plan to then demonstrate, having articulated the outcomes they're seeking, the types of reports we would be recommending.

Senator CAROL BROWN: I understand that.

Ms Gunn: We talk to them right there and then, and they can see it on the computer that the person has with them.

Senator CAROL BROWN: And the other part of your response was the IT system.

Ms Gunn: That's exactly right.

Senator CAROL BROWN: So does the IT system, which had problems when it first went live, still have problems?

Ms Gunn: It is doing what it was designed to do in that respect.

Mr De Luca: I don't think we can blame a computer system for not doing the delivery of a plan that participants have access to. They are specifications from the agency making sure we get that right. That's not something you can blame the computer on. The computer is built in a way that actually fulfils—

Senator CAROL BROWN: The system is built in accordance with the department's requirements.

Mr De Luca: our requirements that we articulated.

Ms Gunn: For that particular business characteristic, yes, we do—

Senator CAROL BROWN: So all the problems in the IT system are at your feet?

Ms Gunn: There's been a PwC review into the build of the IT system.

Senator WATT: You said there was a problem. It was with the specifications.

Mr De Luca: That is correct.

Senator WATT: And has that been fixed?

Mr De Luca: When you say has it been fixed, the question we're responding to Senator Brown on is about the visibility of the plan.

Senator SIEWERT: And on being able to get a draft plan.

Mr De Luca: So that is, as we articulated, now going to be developed and implemented.

Senator WATT: So you can see a draft plan online?

Senator SIEWERT: Not at the moment.

Senator WATT: Why not?

Senator SIEWERT: They made the decision.

Senator WATT: It sounds like you've gone over this.

Ms Rundle: Yes.

Senator SIEWERT: We'll give you our version later.

Senator WATT: Can we move to a different topic away from ICT?

ACTING CHAIR: Unless Senator Siewert has any questions?

Senator SIEWERT: Not per se, no.

ACTING CHAIR: Go ahead, Senator Watt.

Senator WATT: I just want to go back to the Productivity Commission report. One of the other things it highlighted was the relatively low rate of utilisation in plans, pointing towards a lack of available supports to meet people's needs and, again, highlighting some of the workforce issues that we were talking about before—having available people to deliver services. The last quarterly report notes that the utilisation of plans is only expected to be about 70 per cent of the supports provided in the plans. Just so I make sure I can understand this myself: does that mean, if someone is entitled under their plan to a certain amount of services, on average people are only taking up about 70 per cent of the services they are entitled to?

Mr De Luca: At any point in time.

Senator WATT: Okay. What analysis has your agency undertaken around the reasons for this relatively low utilisation?

Ms Gunn: It does come down to a range of factors. Typically, it may well be around things like capacity building, where the person's circumstances might have changed and they were intending to do a particular exercise and then changed their mind. That will sit there until they're in in the right space at the right time to do that. It typically then takes a little while to choose their providers, and probably some of it relates to us not getting quite right the volume of the supports that they needed in their plan. That's where we then go through the plan review process with them.

Senator WATT: The way that you've described that, 'blame' is not the right word, but you are sort of putting a responsibility for this with the recipient that there were changes to their needs, which means that they didn't take up something that they were previously entitled to. To what extent is the lack of available services for people to use a factor in that relatively low utilisation of plans?

Ms Gunn: I think that, for some specialised services, there is evidence that that might be emerging, but for other general daily supports, household supports, daily activities and community capacity building, we don't have concrete evidence of those gaps at this stage.

Senator WATT: You just described a range of types of services and activities that the plan can meet. Has there been some sort of analysis of what types of services people have been taking advantage of and what types of services they haven't been?

Ms Gunn: The nature of the supports and the expenditure on those are detailed in the COAG quarterly reports.

Senator WATT: Okay. There obviously have been many participants that have been reporting that they are experiencing long waits to get therapists and sometimes even for personal supports. In some areas, people cannot get any supports at all. What is the agency doing to ensure that people can get all of the supports that they need and are entitled to?

Ms Gunn: I think we should go back and also look at how during trial it is not uncommon for the plan utilisation in the early days for a person to be low. We do see that increase as their confidence and connection to providers in the community grows over time. Certainly, though, as part of the pathway review and the post-plan approval, there is a recognition that more assistance to help them find providers in their community would be of benefit.

So we are just now looking at what those processes might be. It's a key role for our local area coordinator partners to suggest, to identify, to encourage a person to explore and find those providers. We do know that, while the portal is very efficient in making a payment, it has been challenging for some people who have not had log-on arrangements to myGov to understand how that was working as well. So our local area coordinators have spent some time assisting people to do those things. All of those result in a delay in the churning over through their plan.

Senator WATT: Does the agency accept that it does have a responsibility to ensure that every participant can get, at the very least, the core supports that they need? Who would like to take that?

Mr De Luca: Certainly we do. I think the other thing I would like to add to Ms Gunn's response to your question around, 'How do we assist participants finding access?' is: on our portal we do have the ability for a participant to search for where they can access types of services and therapists in different regions as well. We provide that information to them in terms of being able to search and find.

Senator WATT: We talked a little bit earlier about the steps that you're taking to grow the workforce. What action have you taken to assist with market development and market growth?

Ms Rundle: I will try and answer that one for you. Firstly, you may know that the growth of the markets is a role that has been accepted by all state and territory governments and the Commonwealth, so it's not just an NDIA role. This has been agreed through the disability reform ministers' council in a document called the roles and responsibilities document. Going to the NDIA role: it does have a market stewardship role, and broadly we describe that as trying to understand what's happening in the market—so a monitoring role, a data and analytical role, and sharing as much as we can with the market through our market insights, most recently provided through our market position statements, and we will be looking at providing more disaggregated information to the markets—for example, specialist disability accommodation or more specialist markets so that people can make decisions about whether they enter the market or, indeed, expand in the market. The other role that we have is: obviously, our role in pricing is key to getting the market set right to encourage people to come into the market and assist with provider sustainability, whilst at the same time balancing other considerations in pricing. The other thing that we do is: we've commissioned a benchmarking project, and this is a three-year project that we funded, with an organisation called Health Consult. We did this through open tender. They have called themselves, for the purposes of this exercise, AbleInsight, and what they are doing is inviting providers to

participate in a benchmarking exercise so that we can understand more about their experience, their costs, their pressures et cetera, and that's going to slowly build up a picture for us, so that we can understand that more and respond to that. The other thing that we do, of course, is: we have what we call a market intervention role, where we watch the market and see if we think that it needs a particular nudge or support. I guess SDA, Specialist Disability Accommodation, is a good example of that, where all governments recognised that and developed a policy and we developed pricing to try and encourage people to invest in that market. The other really good example of how we respond to pressures in the market is our recent announcement about short-term accommodation, where we did respond quite quickly to the pressures that were emerging in that market.

Senator WATT: I understand you have a sector development fund?

Mr Lye: That is the department. I explained before: there is a series of projects within that fund which have a focus on developing the market, as well as developing the workforce.

Senator WATT: Has that fund been fully allocated?

Mr Lye: Close to.

Mr Whitecross: It's close to fully allocated. The sector development fund expires at the end of this financial year, so we have to have the funds allocated to projects and then spent by the end of the financial year. So it's close to fully allocated at the moment.

Senator WATT: When those funds are allocated, what sort of time period are they being allocated for?

Mr Whitecross: It depends on the project. There are a range of projects. Some of them are relatively short-term. It might be to produce a specific guide or something, and others might involve a project over a longer period.

Senator WATT: Has there been any evaluation of the expenditure made by that fund so far?

Mr Lye: I don't think we've conducted a macro evaluation, but we certainly keep a very close eye on the projects that have been funded and we are looking individually at those projects, about how they've achieved against the objectives which we have funded them for. DSS is part of this exercise, through our senior officer working group and through the DRC, to work with the states and territories. We're constantly looking at issues that are arising in relation to thin markets, for example, regional Victoria, remote Queensland. As those issues come up, both ourselves and NDIA will respond and that may be through making people aware of the sector development fund activity that's already in train or it may be around providing more market information to a particular community or it may involve consideration of some other strategy to address the situation that arises.

Senator REYNOLDS: I've got a series of questions, as I always do at estimates, on young people in aged care. Unfortunately, because I am chairing another committee, I don't have a lot of time. I will just go through some of the key areas I want to follow up in terms of previous information you have provided. I'm very happy if you take most of those on notice and then come back for expedience of time that I am sure the chair will appreciate that. First of all, I want to say thank you very much for the work that has gone into providing statistics so that we can monitor this as we go and also for your responses to my five-point plan I put to you, and most of my questions now just relate to that. At a previous hearing, the NDIA said

that transitioning young people in residential aged care to the NDIS was a priority, which I understand is still the case. Is that correct?

Ms Gunn: Yes, we have dedicated teams that work with nursing homes.

Senator REYNOLDS: Did you achieve the number of young people in aged care entering the scheme in the last financial year that the government committed to in the bilateral agreement? Can you tell us how close we came to that figure?

Ms McDevitt: I have a figure here that says, as of 30 September this year, there were 868 younger participants in residential aged care with an active NDIS plan. That was an increase of 391 since 31 March this year that we reported. In addition, there are 581 who've had their access requests met and are waiting planned approval. But the bilateral estimate was for 1,800 by the end of June 2017. It's starting to trend upwards, but we haven't caught up yet.

Senator REYNOLDS: If I could ask you, on notice, if you could unpack those numbers a bit further and provide more information on those?

Senator SIEWERT: Perhaps the unpacking could include the number of those that have been facilitated to move out and those that are still in.

Senator REYNOLDS: I understand that in the trial sites in Barwon and the ACT, the number of young people still entering residential aged care has increased by 20 per cent, so while we're getting some out of aged care, in some sites the numbers are increasing. Are you aware of that?

Ms Gunn: At the moment, we have records of 71 people in those three original trial sites.

Senator REYNOLDS: Further to Senator Siewert's question, can you unpack that a bit further? In terms of the same reporting date, how many we had exiting or ageing out and how many we had coming in by state and territory? Could you also update us on the measures, including what has been achieved in getting young people out of residential aged care? Clearly the numbers are tracking well behind what we'd hoped and you had estimated. Could you advise what some of the factors are and the difficulties in achieving this? Again, if you haven't got that to hand I would be happy if you could unpack that for us a bit more detail on notice.

Ms Gunn: Yes.

Senator REYNOLDS: Thank you. Can you also tell us how the facilitated access process is operating, including where this is operating, how many staff are allocated to this task and what they have achieved with respect to making contact and developing individual plans? Is that something you're able to advise on now?

Ms Gunn: Not in terms of the number of staff dedicated, but, as Ms McDevitt mentioned, there are 1,500 people with an access decision and 1,400 with access met. So our teams have been very active in engaging. In the vast majority of cases, the nursing homes have been very welcoming and very supportive of those processes. We are respectful of the time frames that families want to work on with those as well, and it has delayed our access to some people.

Senator REYNOLDS: I understand, and that's certainly been the experience. If you could, as you have done previously, unpack those figures a bit further for us, we'd be grateful. Where housing is a key barrier to stopping a young person from staying in the community,

what housing assistance can the NDIA offer if there are no SDA vacancies available, in terms of accommodation?

Ms Gunn: We will look at alternative accommodation supports. Many of these individuals have high support needs and high modification requirements as well. So it is a matter of the support coordinator that is funded within their plan to help them identify alternative accommodation supports.

Senator REYNOLDS: Could you also provide us with numbers of people who fall into that category where they have high support needs but there is nowhere for them to go to, and can you also give us a further breakdown of the types of disabilities and care needs that we can't find outside of residential aged care, because that's obviously going to be important. If we're ever going to get rid of these numbers—stop people coming in and help people to be able to leave—we need to know now what housing options and high support needs are not currently being met. So could you take that on notice.

Ms Gunn: Yes. We haven't done that analysis, to be honest, but we can certainly start doing that.

Senator REYNOLDS: If you could, because, until we've done that analysis—it's chicken and egg—if we don't know what support requirements there are outside of aged care, we can't actually start addressing that. Thank you. In your response to the five-point plan, you indicated that, where a young person in aged care has a goal to leave aged care, they would get an Exploring Housing Options Package. Are you able to tell us how many of the young people in aged care have set a goal to leave aged care and how many have this Exploring Housing support currently in their plan?

Ms Gunn: I mentioned last time that we can't pull that out as a line item in an individual's plan. We are working on restructuring the way in which the plans are constructed so that's much more readily available, but we have asked the actuary to pull out the line items that would typically go into a supporting package to enable us to give you that number.

Ms Rundle: If I might add to that, we do know—I think we've said it to you before—that the sort of housing options that we used to call a housing options package—I think we might have named it something different now—do provide things like occupational health assessments and other assessments and support coordination to be able to help a participant look for other alternative accommodation, and we work very closely to try and find if it's an interim arrangement, while we then look at an SDA property.

Senator REYNOLDS: I'll come to SDA in a minute. Thank you. Could you take that on notice and perhaps see if you can find a way to speed that up that because, if you don't know how many people have got them and how many need them, again it's quite an important indicator, I think. Coming to SDA payments, how many young people in aged care now have an SDA payment in their NDIS plan, and how many have been found not to be eligible for SDA?

Ms Gunn: Sorry, we don't have that. I will need to get that for you.

Senator REYNOLDS: Okay, could you take that on notice, because again that is a critically important number to have available. In my office, I've had a number of complaints about the length of time it's taking for the NDIA to decide eligibility for the SDA itself, and my observation is that long delays in deciding whether someone is eligible for SDA lead to

significant extra anxiety and stress on the part of the younger person in aged care. Do you have a process or a guideline for how long that should take? Do you want to take that on notice as well?

Ms Gunn: I think we will take that on notice, thank you.

Senator REYNOLDS: An issue I have raised previously and that the department has taken up is participants who have been paying aged-care fees over the last 12 months while this is being sorted out—because, as we found, there was a flaw in the system where young people in aged care actually had to pay aged-care fees. So can you just give us an update on the progress of those arrangements. Will those younger Australians who have had to pay those additional aged-care fees which were designed for older residents and their financial circumstances be paid back that money that they have inadvertently been required to pay?

Ms Gunn: At this stage, the NDIS funding takes effect from the date of the plan approval. So we'll continue to work with our colleagues in Health and DSS to explore that issue.

Senator REYNOLDS: If you could, that would be good because, as you know, this is quite a significant issue. These additional charges and requirements were actually designed for somebody in their 80s and some younger people who've had to go into aged care—we know the stories—have had to sell their house or do other things to pay these aged-care fees they've been hit with. Could you also take on notice and further consider, for those who have had to pay it, whether there's any ability to compensate them for it or pay them back.

Ms Gunn: Yes. At the moment, the act means that our funding responsibility comes in to play at the point when the plan is approved.

Senator REYNOLDS: Thank you. It is a bit like speed questions here! I've got one more question. It relates to SDA payments. I have been involved with the journey of Kirby Littley and her parents, Kevin and Carol. She's now an ambassador for the Summer Foundation, and she's also been up here and talked to us in Parliament House. Kirby's case is a good example—or, rather, a bad example—of the length of time it's taken the NDIA to decide whether someone is eligible for SDA. In her circumstances—and, I understand, for others down in the Geelong trial site—she has been in contact with the NDIA since August this year and still has not heard whether she's eligible or not for the SDA. She and, as I understand, others, have housing options available: in this case, a developer who is ready, willing and able to develop a facility for her and others to go into. But, again, a developer's patience—or somebody else who is holding accommodation—only has so much time. So could I just reference that particular case to you because, if you can sort that one out, it might be helpful to template that process for others.

Ms Campbell: We're just checking whether we've done service recovery on that participant and, if we didn't know about it, we'll see whether we can look at it.

Ms Rundle: We certainly should be doing better: we're recognising that ourselves.

Senator REYNOLDS: It's not a criticism, because I know there's a lot of things to work out, but if you can look at that as a case study it might also help you for others who have got options to use the SDA.

Ms Rundle: Yes.

Ms Campbell: Senator, you asked a number of questions which I understand have been asked before, and for other members of the committee we've sometimes provided that information in advance of committee hearings. It might be useful for us to try and do that as well.

CHAIR: That would be good.

Senator REYNOLDS: Thank you, yes, because we're going to be asking the same questions in terms of progress and statistics. So, thank you, Secretary.

Senator SIEWERT: I just wanted to follow up on where Senator Reynolds was going in terms of young people in nursing homes and ask a different question on ACFI. All NDIS will pay for at the moment is the ACFI fees. How is that decision taken and why was it taken when we all acknowledge there is a big issue about young people being in nursing homes or aged care and we know that they need rehab supports and other personal care that may not be provided by ACFI? Why was that decision taken? Who made it? Why are they not getting reasonable and necessary supports, even if it's beyond what ACFI pays?

Ms Gunn: The individual will certainly be able to receive additional supports to the ACFI for things that don't pertain to their direct personal care. If it is, for example, for their core supports when they are not in the resident dual facility—they go home for a weekend—we can provide support to do that. We provide funding for therapy. We provide funding for services for them to access the community age-appropriate. But the agreement that has currently been reached with the Department of Health and DSS on the cross-billing arrangements—

Senator SIEWERT: Under what provision of the act has that decision been made and what happens if someone is assessed as needing more personal care and support than they can get in aged care under ACFI?

Ms McDevitt: We can take that on notice. My understanding is that, for the transition period—and that is linked to, for example, when the new National and Quality Safeguards Commission is operational et cetera—young people in residential aged care at the moment still come under the Aged Care Act, which is why you are referring to ACFI et cetera. So, under those arrangements, the aged care provider is responsible for providing the accommodation and the personal care within that accommodation, but, if someone is on an NDIS plan, they can certainly provide a range of other supports. The provider is therefore obliged to meet the needs of that person. The NDIS shouldn't, therefore, need to fund any additional care directly, but, because the cross-billing arrangements are operating under the aged care legislation in parallel with the NDIS, the cross-billing arrangements ensure that the provider would be reimbursed.

Senator SIEWERT: But only up to ACFI, isn't it?

Ms McDevitt: That's correct, Senator.

CHAIR: I will need to go to Senator Brown if we are going to finish at one o'clock.

Senator CAROL BROWN: I want to ask a couple of quick questions about disability advocacy. My first question is around state-based disability advocacy. You would know, Mr Lye. The assistant minister has put out a number of statements asking the state governments, particularly New South Wales, not to step away from state-based disability advocacy funding. Have you had any discussions with the states about state-based advocacy funding?

Mr Lye: We have had discussions. When the ministers announced the Commonwealth's ongoing commitment to advocacy funding, at the same time they wrote to state ministers, urging them to continue to maintain their efforts in relation to advocacy funding. It has been the subject of a number of discussions both bilaterally and multilaterally with the states subsequently.

Senator CAROL BROWN: Has there been a positive response? I will ask about New South Wales, because I know the responses will be different.

Mr Lye: We haven't had a positive response from New South Wales. I'm not sure that they have concluded their thinking on the matter. I think we have had a positive response from Victoria. I will ask Ms Carapellucci to add to that.

Senator CAROL BROWN: Just quickly.

Ms Carapellucci: Victoria were intending to maintain their investment in disability.

Senator CAROL BROWN: Let's just talk about New South Wales. My understanding is that they have withdrawn state-based advocacy funding until June next year. They have made the announcement.

Ms Carapellucci: Yes. We haven't had any change of position from New South Wales.

Senator CAROL BROWN: The minister has acknowledged the importance of state-based funding, state-based organisations in the disability area. Discussions with New South Wales are continuing?

Mr Lye: Yes, Senator. We will continue to encourage them to try and meet their commitments. I think it is a really important principle. There are obviously people who access their services who are outside the NDIS, and we are obviously watching very closely state and territory governments maintaining effort outside of the NDIS.

Senator CAROL BROWN: So it was never envisaged that that advocacy money would be rolled into the NDIS?

Mr Lye: I'll put it the other way: there was always an understanding that there would be a need for state governments to continue to provide these services for people who are outside of the NDIS and for people who are inside the NDIS and that need to access services continuing to be provided by state governments.

Senator CAROL BROWN: So if New South Wales does as it has announced and stops the funding, will the federal government step in to provide that funding?

Mr Lye: The problem with the Commonwealth stepping in is that, on a whole range of issues that sit around the NDIS, it will only work if state governments maintain effort for broader disability services.

Senator CAROL BROWN: But it will have an effect on—

CHAIR: We will need to wind up.

Senator CAROL BROWN: It will have an effect on the information that you provide through your portal. I will put it on notice.

CHAIR: Additional questions will have to be put on notice. We release outcome 3, disability and carers and the National Disability Insurance Agency with our sincere thanks. Thank you, Minister. We will resume at 2 pm with the outcome for housing.

Proceedings suspended from 13:01 to 14:00

CHAIR: We will recommence the hearing with outcome 4—Housing. Before we commence, I welcome Senator the Hon. Zed Seselja, Assistant Minister for Social Services and Multicultural Affairs. Minister, did you wish to make an opening statement?

Senator Seselja: No, thank you, Chair.

CHAIR: In that case, we will go to Senator Singh.

Senator SINGH: Ms Campbell, I wanted to start off by asking a little bit about the National Housing and Homelessness Agreement. Firstly, can you take us through the negotiations that have occurred in working on the reform of the National Housing and Homelessness Agreement—specifically with stakeholders, but also with states and territories?

Ms Campbell: Mr McBride will take us through those issues.

Mr McBride: At the official levels, there has been a joint process between ourselves and Treasury officials both at Commonwealth and state levels. We've been working on developing the agreement. We've also had two round tables in Melbourne and Brisbane where we've spoken to stakeholders.

Senator SINGH: What were the dates of those round tables? So there were two round tables? One was in Melbourne, but where was the other one?

Senator Seselja: I think Brisbane was the other one.

Ms Campbell: Senator, we'll just try and find those dates.

Senator Seselja: I've got Brisbane on 27 September, and Melbourne on 28 September.

Senator SINGH: And what about the negotiations? Can you take us through the negotiations that have occurred?

Mr McBride: At the officials level, what was called the senior officials working group, there was a face-to-face meeting on 3 August and 14 August. There were teleconferences on 31 August and 8 September. There was follow-up face-to-face meeting in Brisbane on 27 September, and a telepresence meeting on 10 October. There was also a meeting of housing ministers on 6 October.

Senator SINGH: Right. What is the proposed schedule for progressing and finalising the negotiations over the NHHA?

Mr McBride: The Treasurers will meet through the CFFR process this Thursday, or possibly Friday, and that will be the next stage in the negotiation.

Senator SINGH: This Friday?

Mr McBride: Thursday or Friday, Senator. I think it's Thursday, but I could be wrong.

Senator SINGH: So progress on the NHHA is an agenda item for the Treasurers' meeting, which I understand is on Friday?

Mr McBride: Yes, Senator.

Senator SINGH: So up until this morning, in any of these consultations, did the government indicate that it had plans for the Commonwealth to legislate to tie funding under the NHHA to outcomes and performances determined by the Commonwealth?

Mr McBride: It was always envisaged that there'd have to be legislation to remove the former NAHA, and then replace it with the NHHA. In all of those discussions—and I think also in Senate estimates last time—we indicated the government's position would be to tie some part of the agreement to outcomes. So the states and ministers were certainly aware that that was a Commonwealth objective, yes.

Senator SINGH: Can you confirm then that the state and territory governments were contacted yesterday afternoon and told that the Commonwealth intended to legislate state funding amounts?

Mr McBride: There was a courtesy call between treasuries yesterday, so it's a question probably best asked at Treasury—but that did occur. But it was a courtesy call to suggest that legislation was going to be introduced today. There was never a question that there would or would not be legislation—it was always the Commonwealth's intention to legislate. The courtesy call yesterday was to tell them that the legislation would be introduced today or tomorrow and what the legislation would contain.

Senator SINGH: Obviously this is not just having state funding amounts in the NHHA; this is to have it in Commonwealth legislation. Are you saying that the states and territories would've already known about that?

Mr McBride: Yes. We are negotiating that agreement, so they may not have known every specific detail as to what was going to be in the legislation. But we've been talking about the need for legislation, and what the legislation may look like, since the budget—in fact, before the budget.

Senator SINGH: I understand that. What I'm specifically asking about is whether or not the states and territories—and stakeholders—were aware that it was going to be in Commonwealth legislation rather than negotiated through the agreement.

Mr McBride: It was always going to have to be both. We were going through a negotiation process to work out the terms of the agreement. The legislation now provides the architecture for that.

Senator SINGH: Did Treasury provide the states and territories with an advanced copy of the legislation—

Mr McBride: You'd have to ask them.

Senator SINGH: that I understand was introduced into the House today?

Mr McBride: I think they're on this afternoon, Treasury housing. I think you'd have to ask them that. I'm not aware whether they did or didn't.

Senator SINGH: Can you advise when the Commonwealth has previously sought to legislate the amounts of funding that the states and territories are required to provide under this kind of agreement?

Mr McBride: It's not that the states and territories are required to provide. It's—

Senator SINGH: So that's not in the legislation?

Mr McBride: The legislation will cover the funding the Commonwealth will provide. The only requirement on the states is with homelessness. It's always been the case that, under the homelessness agreement, the states would have to match that funding.

Senator SINGH: So are you saying that's not in the legislation?

Mr McBride: That the states will have to match the funding?

Senator SINGH: Yes.

Mr McBride: I haven't looked at the legislation in detail—it was only introduced today. I think matching is still a part of it, but I would have to take that on notice to confirm.

Senator SINGH: That's why I'm asking you—

Mr McBride: But it's always been a requirement.

Senator SINGH: when did the Commonwealth advise the states and territories that their funding requirements are going to be in legislation?

Mr McBride: I can confirm with our homelessness colleagues, but the homelessness NPP has always required matched funding. That's a legislated agreement. There's no difference there.

Senator SINGH: I guess the question is: when were the states and territories advised?

Mr McBride: As I said, even pre-dating the budget, we've been reasonably clear with the states and territories that (a) we will require them to do something in return for the Commonwealth spending and that if they don't do that, some of that money may be withheld, and (b) that we would have to legislate the new agreement. So that broad architecture, if you will, has always been in play. The courtesy call from Treasury yesterday, as I understand it, was to suggest that legislation would be introduced today and give more detail on that architecture.

Senator SINGH: Isn't it the case that the government has signed off on the legislation for the National Housing and Homelessness Agreement prior to advising the states and territories that the Commonwealth would be seeking to legislate this binding funding agreement?

Mr McBride: That's not the way I would characterise it. As I said before, it was always envisaged that we would legislate this agreement. The broad architecture of what that legislation will be has been in discussion since pre-budget. The courtesy call from Treasury gave the state treasuries more detail as to what that would be. That has now been captured in legislation presented this morning.

Senator SINGH: So you're confident in saying that the government had negotiated the outcome to the NHHA with the states and territories before this legislation was introduced today?

Mr McBride: I didn't say that. Negotiations were ongoing and still will be ongoing, but they'll be ongoing within the architecture presented in the legislation today. How that will then evolve into the primary agreement, the supplementary agreement, is something that will still be under discussion.

Senator SINGH: But time is of the essence, Mr McBride. The government's introducing the legislation today, and yet—

Mr McBride: That gives the framework.

Senator SINGH: the negotiated funding agreement hasn't been reached with the states and territories.

Mr McBride: The funding that will go to the states and territories has always been clear—that will be on a per capita basis. That was clear in the budget and has been clear subsequent to the budget. What has been in discussion is what will be required from the states in return for that money—and those discussions will be ongoing, but the legislation introduced today gives us the architecture under which those discussions will operate.

CHAIR: The legislation just provides a framework, and then there will be ongoing discussions with the states?

Mr McBride: That's the detail, yes, Senator.

Senator SINGH: And you can say that with confidence, when you just told me previously that you're not aware what's in the legislation?

Mr McBride: I haven't read the legislation in detail; I've read the—

Senator SINGH: DSS wasn't consulted about this legislation?

Mr McBride: They were. And I've read the explanatory memorandum. I haven't read the legislation as it's been introduced today, but I've—

Senator SINGH: Then how can you say with confidence that the legislation will allow for negotiations to be ongoing and that the states and territories can continue to work out these funding arrangements?

Mr McBride: Because what the legislation says is that there will be a primary agreement, a supplementary agreement, and it says that the broad parameters that will be required under those primary agreements and supplementary agreements make it quite clear, particularly on a supplementary agreement, that we'll have to come to an agreement with the states that will then be signed. So that would suggest—

Senator SINGH: What was the architecture up until today?

Mr McBride: That's what we've been discussing with the states: what will be in what is now the primary agreement and what will be in the supplementary agreements.

Senator SINGH: And what is that?

Ms Wilson: The previous architecture.

Mr McBride: As in what's in the legislation introduced today, or what was the nature of those discussions?

Senator SINGH: Yes, what's been negotiated up until this point? What has been the framework, the architecture, up until now?

Mr McBride: In the budget and budget papers, the government suggests that there should be something, a multilateral, which is now the primary agreement, that makes sure that the states publish their aspirations around housing more generally, including supply targets, a homelessness strategy and then something on data. One of the key concerns with the agreement as it stands now—the NHHA—is that the data can't be compared from state to state. The metrics underlying that data are inconsistent. We've been quite clear from the start that, if we're going to have a national agreement—including the Commonwealth's contribution to that agreement—we need to have data that is comparable across jurisdictions. And I think, broadly, all jurisdictions have accepted that that is something that we need to do. It was then the case at the bilateral level, or what is now the supplementary agreement, what

that should involve and, on both the primary agreement and the supplementary agreement, what element of risk should be placed on the states if they don't deliver those. The nature of the discussions has been: what should go in those bilateral agreements and to what extent should states be held to account for the delivery or the content of those bilateral agreements?

Senator SINGH: Does the legislation that has been introduced today change that framework that you've just outlined?

Mr McBride: In those negotiations, the states indicated a level of concern around moving from what was largely seen to be an agreement that funded public housing and homelessness. Arguably, that's not what the former agreement sought to do, but that probably is what the states were spending their money on. So, in the legislation that's been introduced today, it's been changed so that 100 per cent of the funding will be given to the states, provided that they fulfil the requirements of the primary agreement, which is a housing strategy, a homelessness strategy and uniformly comparable data.

Senator SINGH: Okay.

CHAIR: Can I just ask a follow-up question there, Senator Singh? The data that's currently being collected by the states basically isn't comparable between different jurisdictions. How is it differing? What's the nature of the difference?

Mr McBride: States measure different things differently and they report on that basis. So do you measure a household? Do you measure an individual? Do you measure your home? Other homes? How do you calculate income? All those sorts of things are measured differently, in a way that's not easily comparable. I think the uniforming theme of the discussion to date has been that, if we're going to have a national housing agreement, we should be able to report in a way that allows us to look across the country and compare like with like and have a national picture of how housing is going.

Senator SINGH: With those concerns, obviously that the states and territories have raised, and the architecture you just described—the 100 per cent funding going to states and territories based on some fairly fundamental criteria—was that an agreed position by the states and territories under the negotiations that have gone on?

Mr McBride: I don't think we got to that point, no.

Senator SINGH: It is not agreed? So this is just kind of plonked on the states and territories today in the legislation?

Mr McBride: I wouldn't agree with that characterisation.

Senator SINGH: But it's not an agreed outcome. What's currently being put forward in the House this afternoon is not a negotiated outcome.

Mr McBride: This has been a Treasury-led process. Treasury had discussions with the states yesterday, so it's probably a question you have to ask them as to what level of agreement was reached.

Senator SINGH: But you were consulted, weren't you?

Mr McBride: Was it agreed? As I said—

Senator SINGH: Was DSS consulted?

Mr McBride: For the legislation?

Senator SINGH: Yes.

Mr McBride: Yes. But was it agreed between the states? Treasuries had a discussion yesterday, so Treasury would be able to give you a better indication of the level of the states' agreement to the legislation today.

Senator SINGH: Right. So, whilst Treasury have been consulting DSS, they haven't been consulting you on whether or not the states and territories have agreed to this final outcome.

Mr McBride: They had a conversation with the states and territories yesterday, and I think they're in a better position to be able to explain how that conversation went.

Senator SINGH: They haven't told you the outcome of that conversation?

Mr McBride: I think they're in a better position to explain how that conversation went.

Senator SINGH: Have they told you the outcome of the conversation that Treasury had with the states and territories yesterday?

Mr McBride: They gave a summary. It wasn't the Treasurer; it was the Treasury officials.

Ms Campbell: The Treasury officials—the Commonwealth Treasury—are talking with the state treasuries.

Senator SINGH: The treasury officials, yes.

Ms Campbell: We don't usually engage with the state treasuries—

Mr McBride: We didn't yesterday. Sometimes—

Senator SINGH: I understand you haven't engaged with the state treasuries. I'm asking you if the outcomes of the hook-up yesterday with Commonwealth Treasury officials and state treasury officials have been relayed to you, DSS.

Ms Campbell: We would've been second-hand—and my suggestion is that, if you want to understand that, it's best to ask the Treasury.

Senator SINGH: I'm going to ask the question again, Ms Campbell. There was a meeting yesterday of Treasury officials—Commonwealth Treasury officials and state treasury officials—on this NHHA.

Ms Campbell: Which we did not attend.

Senator SINGH: Have you been consulted since the outcome of that meeting yesterday?

Ms Campbell: Consulted in what regard?

Senator SINGH: Of the outcome of that meeting?

Ms Campbell: Have we been advised of the outcome?

Mr McBride: We weren't consulted because there was nothing to consult on. We were advised, broadly, of the nature of that conversation.

Senator SINGH: Right. And what was the nature of that?

Mr McBride: I think it is better that you ask that question—

Senator SINGH: So you're not willing to tell this Senate estimates committee the outcome of that?

Mr McBride: I think it was a summary of a very long conversation, and, at risk of misleading you, I think it is better that Treasury—who were at that meeting—give you that summary themselves.

Ms Campbell: They have prime carriage of this matter. And it is the Treasurer who has put the legislation into the House today. We think that those questions are better asked of the lead department.

Senator SINGH: Okay. So I can take it that Treasury did advise you of the outcome of that meeting, but you are unwilling to tell this Senate committee of the outcome of that meeting, as you were advised by Treasury. Is that correct, Ms Campbell?

Ms Campbell: I was not advised. It would appear that there were officers in the department who may have been given a summary of what happened. What I am concerned about is that because we were not in attendance at the meeting, and we weren't there firsthand, we don't have the details of what you're looking for. And my advice is that the best placed people to do that are the Treasury committee.

Senator SINGH: DSS have been consulted all the way along, or advised all the way along, by Treasury of the outcomes of these various meetings of negotiations with the states and territories, including the one that happened yesterday, which has led to the government today deciding to bring forward legislation on what this Senate committee is asking you about, which is the details of whether or not states and territories are on board with what this legislation has in its content. What I'm asking you is whether or not the states and territories have agreed to the legislation that the government has brought forward today into the National Housing and Homelessness Agreement.

Mr McBride: We'll take that question on notice.

Ms Campbell: We'll take it on notice and ask our colleagues.

Senator SINGH: Just for the record, Chair, the officials are unable to tell this committee whether or not the states and territories—

CHAIR: Senator Singh—

Senator SINGH: At this moment in time, they are unable to tell us whether or not the states and territories have agreed to the legislation that's been put forward into the House right now—

CHAIR: This is not the correct committee to be asking that question.

Senator SINGH: It's outrageous.

CHAIR: We've heard that very clearly from the officials. Let's move on.

Senator SINGH: What head of power will the Commonwealth will be relying upon to bind state and territory governments and their parliaments to provide the amount of state and territory funding that the government proposes to legislate under this NHHA?

Ms Campbell: We don't have primary carriage of this legislation. I think these questions are better asked of the Treasury in their committee.

Senator SINGH: What was the DSS's role throughout this National Housing and Homelessness Agreement process?

Mr McBride: I think we have met housing officials leading up to the budget and subsequent—

Senator SINGH: Met with who?

Mr McBride: State housing officials. Subsequent to the budget, as I mentioned before, the Senior Officers Working Group was established, which was a combination of Treasury and housing officials. They've met on the days that I've outlined previously. We've been involved in those discussions pre and post budget, up until today. There have been some conversations that have happened only amongst housing officials, and some conversations that have happened only amongst Treasury officials, and then the joint SAG process that I mentioned before.

Senator SINGH: Right up until today? Is that what you just said? Right up until today?

Mr McBride: And they will be ongoing.

Ms Campbell: Yesterday, there was a meeting which was treasuries only.

Mr McBride: Yes, that's right.

Ms Campbell: And there's been nothing today.

Mr McBride: No.

Senator SINGH: It seems I won't get any further answers on that issue, so I'm going to go to another issue now.

CHAIR: If this is a natural break, Senator Hanson has a few questions. Is this a natural break, or do you want to keep going?

Senator SINGH: I would prefer to keep going, because it's still related to housing. It's still within the sphere.

CHAIR: You have the call.

Senator SINGH: I want to ask you about the cost to the Commonwealth rental assistance of state public housing stock transfers to the CHP sector. I'm sure you're aware of a media release on 17 October, issued by the New South Wales social housing minister, Pru Goward, enthusiastically announcing the transfer of 14,000 public housing properties to the community housing sector. It would cost the Commonwealth \$1 billion in additional CRA expenditure over 20 years. I wanted to ask you whether that figure was correct. It's the first line in her press release.

Mr McBride: Fourteen thousand houses would be about one per cent of the households that currently get CRA. CRA is about \$4 billion, so it would be about \$40 million a year? My secretary is much better at maths than me, so she might be doing this in parallel.

Senator PRATT: It's pretty close to a billion over 20 years.

Senator SINGH: So that's correct.

Mr McBride: A very small portion of the overall CRA budget, but over that amount of time those costs would compound.

Ms Campbell: That's one per cent of the CRA budget.

Mr McBride: Roughly. Very, very roughly, but yes.

Senator SINGH: Roughly, it's correct. What role does the Commonwealth have in decisions by the states to transfer stock which result in increases, obviously, of CRA expenditure?

Mr McBride: There was a broad agreement amongst housing ministers, I think, in 2009, where they had an aspirational goal of 30 per cent. That hasn't been in any way confirmed in subsequent governments, but that is part of the discussion we'll be having as we get closer and closer towards concluding the new National Housing and Homelessness Agreement.

Senator SINGH: So the Commonwealth does have some input into this transfer process?

Mr McBride: It's largely at the discretion of the states.

Senator SINGH: Does the Commonwealth get anything in return?

Ms Wilson: Generally, our view would be that the community housing sector often offers more flexible and appropriately located housing for people in social housing that have an affordable housing need.

Senator SINGH: I agree with you, Ms Wilson. I'm just wondering whether the Commonwealth gets anything in return as part of this transfer arrangement.

Ms Wilson: Not in a financial sense. But there are better outcomes for people, better lifetime wellbeing.

Senator SINGH: Are there any limits on the number of public housing properties that can be transferred to the community housing sector?

Mr McBride: The community housing sector must be able to accept the housing. We don't have controls over the states potentially—

Senator SINGH: There is no cap or anything like that?

Mr McBride: As I said, there was an aspirational goal to increase it. That was agreed in 2009. But that is the only governing principle, and we are far from getting to that position.

Senator SINGH: Does the government have any policies in place that would prevent states from engaging in a cost-shifting exercise with the Commonwealth by transferring as much public housing stock as possible?

Senator Seselja: The policy in terms of the CRA is set in legislation. The legislation kicks in under certain circumstances. It is up to the parliament in relation to those matters but it is fixed in legislation.

Senator SINGH: It is a cost-shifting exercise in a sense. I'm not saying I'm for it or against it. I'm just trying to understand the New South Wales example of 14,000 social housing properties going to the community housing sector. You have outlined that there is no cap or limit on that sort of thing occurring. I'm interested to know whether there are any limits or policies in place that would prevent states from doing that sort of cost-shifting to CHPs.

Senator Seselja: My understanding is that, short of legislative change—and I'm not aware of any proposals before the government to amend the legislation—there is no way for the Commonwealth to dictate to states whether they should or shouldn't do stock transfers.

Senator SINGH: Is it intended that the NHHA will facilitate the stock transfers?

Mr McBride: I think discussions on the stock transfers will form part of the NHHA discussions. Whether we get to that level of detail is something we haven't determined yet.

When we get to bilateral discussions with the states, that is certainly one of the things we will discuss.

Senator SINGH: Why wouldn't New South Wales transfer the title of the properties to the CHPs instead of just outsourcing the management of the properties to them?

Senator Seselja: That is really a matter for them.

Senator SINGH: I am just wondering whether the Commonwealth got involved in that, considering that they were originally Commonwealth properties.

Ms Campbell: Not from the Department of Social Services.

Senator HANSON: I want to ask a couple of questions because I get calls from the general public on the area of housing. You give funding to the states and the states have their housing commissions—is that how it works? Can you explain who is responsible for housing and who gets housing.

Mr McBride: The states are responsible for the provision of public housing. We fund them—or, at least, a component of that—through what is now the National Affordable Housing Agreement. We make a contribution to that but it is a state responsibly.

Senator HANSON: For refugees that come to Australia, who provides the housing there?

Ms Bennett: There isn't a simple answer to that question, because it depends on the circumstances of the individual refugee. In the case of most humanitarian refugees, when they first arrive, the service provider for humanitarian services will provide the initial temporary housing arrangements for them, and then it's most likely that in most cases, for humanitarian refugees, they would work with the state government for public housing, if they're eligible. If not, there could be private rental arrangements or it could be organised through community organisations. So there is not a single answer. Basically, what happens in the state on the individual circumstances—but I can only talk about humanitarian refugees.

Senator HANSON: We're bringing in 13,750 refugees, and that's been increased by another 5,000—I think it's starting next year. Do they get immediate housing?

Ms Bennett: Yes, but—

Senator HANSON: Are they regarded as humanitarian refugees?

Ms Bennett: They're humanitarian refugees.

Senator HANSON: They get immediate housing?

Ms Bennett: Yes, but it's not necessarily public housing. It can be some affordable or community-based housing, or it could be sponsored by their own communities that they might have. It also depends where the settlement area is. Recently, the government announced that Armidale was going to be an area for humanitarian refugees to settle in. There's been a lot of work done with the local council, community organisations and the New South Wales government. The types of issues that are taken into account to determine if an area is suitable as a settlement area for humanitarian refugees include schools, other infrastructure, housing and employment. So it's a mix of characteristics that determine whether somewhere is the right settlement area.

Senator HANSON: Do they have priority over Australians who have been waiting for years for housing?

Ms Bennett: I'd have to take that on notice. As I said, it's not such a simple answer to say it's one-tracked for housing; it's an array of arrangements.

Senator HANSON: I'll just move to one area. A 52-year-old lady constituent called my office and said that she'd lost her job three years previously and could not find work and, therefore, could not continue to make her home repayments and had to sell. She applied for government housing but, after three years, she is still waiting for a reply. In Melbourne, she was speaking to a Sudanese migrant, married with six children and expecting her seventh. The lady advised her that she had a two-storey home immediately allocated to her by the housing department and received social services benefit for herself, her husband and six children; she laughed and said that was the Australian way. This is the general feeling of the Australian people that I'm hearing on a daily basis. They're finding it hard to get housing, and they are not looked at or prioritised for housing. Some have been waiting for a long time.

I'll leave that and go onto another question. What housing is provided for our former Defence personnel?

Ms Campbell: For people who are no longer serving?

Senator HANSON: Correct.

Ms Campbell: I don't think there are any different arrangements. The Department of Veterans' Affairs, of course, is responsible for veterans' services, but my understanding is that there is no housing—

Senator HANSON: So, with those homeless former Defence personnel, there's no priority for them?

Ms Campbell: They would have access, depending on their circumstances, to the Commonwealth rental assistance program, which we talked about. There is extra money for rental properties, but it's probably a question best asked of the Department of Veterans' Affairs.

Senator HANSON: Thank you very much.

Senator PRATT: I had some questions about NRAS and some allegations of the holding of funds from NRAS investments. Is the department aware that Ethan Affordable Housing and its principal, Mr Ashley Fenn, have been the subject of media reports alleging that incentive payments for Ethan allocations have been systematically withheld from NRAS investors?

Dr Baxter: The department is aware of investor concerns in relation to Ethan Affordable Housing Ltd, and they include some of the things you have mentioned. Yes, we are aware of some of those concerns.

Senator PRATT: Has the department been contacted by investors affected by this? How many complaints have been received?

Dr Baxter: I don't have details to hand of the number of complaints that we have received, but yes, we have been contacted from time to time by investors.

Senator PRATT: If you could take that on notice, that would be great. How much has been paid in incentive payments to Ethan Affordable Housing in the years 2014-15, 2015-16 and 2016-17?

Dr Baxter: I can summarise for you payments across each of those years. In 2014-15 the amount paid was \$12,219,325.19. In 2015-16 the amount paid was \$15,366,516.84. In 2016-17 the amount paid was \$15,549,995.23.

Senator PRATT: Are you aware of how many payments haven't been made to investors and the sums of money involved?

Dr Baxter: I think it's important to explain the nature of the legal relationship that the department has with approved participants and the investors. Under the legislative framework, which comprises both the NRAS Act and the NRAS regulations, the legal relationship is between the department and the approved participant—in this case, between the department and Ethan. Approved participants have responsibility for their compliance obligations and they are the only ones who can receive NRAS incentives. To a degree, investors are silent in the legislative framework so we don't have a relationship directly with them. Therefore we are not in a position to intervene and we're not in a position to understand to what degree those incentives have been passed on. We have raised concerns that have been raised with us. We have raised those with the appropriate Commonwealth bodies. In relation to the particular concern you have raised around the passing on of incentives, we have raised that with the Australian Taxation Office because of the importance of complying with taxation law in terms of passing on those incentives. Probably your questions about how they are being dealt with are therefore best directed at the ATO.

Senator PRATT: So that would relate to the nature of whether Ethan was fulfilling the terms of its contract and whether the contract for those investors included NRAS payments being part of the investment directly. Clearly, the incentive payment could be used in a number of different ways by developers and owners of NRAS properties in terms of subsidising that property. Is that what you are saying?

Dr Baxter: No, I am saying that what we passed onto the ATO is the concern that incentives that are issued to Ethan in respect of a particular dwelling are not being passed on, and that would be a matter for the ATO to investigate.

Senator PRATT: So if I wanted to ask what proportion of those payments was paid as a cash payment or as a refund tax offset I would need to ask them as well? These are the payments you have made to them, I think, as cash payments or as a refundable tax offset. So in what way have those payments been made to Ethan?

Dr Baxter: The payments that have been made from the department to Ethan have all been made as tax offsets because they no longer have charitable status. In terms of what, if anything, has been passed on to the investor or how it has been passed on, we don't have a access to that at all.

Senator PRATT: So you have passed that on and you are not making any of your own inquiries? You understand that other agencies are investigating?

Dr Baxter: We have passed on concerns that have been raised to us, both to the ATO and, in respect of some other concerns, to the ACCC. We absolutely recognise the concerns that investors have raised with us and we have advised investors to seek their own independent legal advice about those. We are also in the process of a review of the legislative and administrative framework. Some parts of that have already been enacted and some parts are still in train. One of the key objectives of that exercise is to reflect some of these concerns that

investors have had. We have taken some other steps. We have been publishing on our website the dollars of when incentives have been issued and the dates that they have been issued, which helps investors start to track some of that information. But that is as far as we can go in the current framework in the way that investors are silent within that framework.

Senator PRATT: Other than compliance audits, there is no sort of compliance audit that you can do, but the ACCC can, but the review that you're undertaking is around the legislative, regulatory and practical regime—

Dr Baxter: That is correct. At the moment we are bound by the confines of the legislation, as it was previously set up under the previous government.

Senator PRATT: Yes, I do understand that. So you are clearly aware, from your previous answer, that the charitable status was revoked by the ACNC on 25 July and that the date of revocation was backdated to 1 July 2013. Does this mean that Ethan Affordable Housing was misrepresenting their status as a charitable organisation?

Dr Baxter: That's not something that I could comment on.

Senator PRATT: Are you aware of the reasons that their charitable status was revoked?

Dr Baxter: We are aware the charitable status was revoked.

Ms Campbell: The Australian Charities and Not-for-profits Commission might be able to assist.

Dr Baxter: That's right.

Senator PRATT: Is the department aware that Ethan Affordable Housing has advised NRAS investors that they are no longer participating in NRAS, and all of their allocations are to be transferred to Quantum Housing Group?

Dr Baxter: Yes, we are aware of that.

Senator PRATT: Can you explain to me how that will affect the incentive payments?

Dr Baxter: I should clarify that because we are aware that has happened does not mean we have approved that, and we don't have a role in doing that. Those relationships between an approved participant and an investor are between the approved participant and the investor. It is not something we can intervene in.

Senator PRATT: How would you go about changing who an incentive payment is paid to if, in effect, the property assets were transferred?

Ms Bennett: If I could intervene for a moment. Dr Baxter also pointed out that we are working with the Australian Competition and Consumer Commission about the way Ethan has handled this, about suggesting that there would be only one choice for these investors—so it is a consumer choice, in a sense. Dr Baxter or Mr Thomas can go through what the arrangements are if an owner moves to another approved participant.

Mr Thomas: The NRAS allocation is made to the approved participant and the allocation is then attached to a dwelling. But the allocation itself is in the hands of the approved participant. Subject to them seeking the department's approval, they are able to transfer that allocation to another dwelling. They are also able to seek to withdraw that allocation as well—or substitute it, I should say.

Senator PRATT: So they can transfer the allocation to another dwelling, which means that the tenancy agreements on those other dwellings are the ones that have to have the lower market rate attached to them for eligible tenants. Is that right?

Mr Thomas: That's right. They can transfer the allocation, and to receive the incentive the dwellings and the tenants still must meet the criteria under NRAS.

Senator PRATT: And, in effect, whether that subsidy actually reaches the investor in the initial dwelling, on which that was based, is a contractual question?

Mr Thomas: That's correct.

Senator PRATT: And therefore one for the ACCC, as to the fairness of that contract?

Mr Thomas: Yes.

CHAIR: When was NRAS established?

Dr Baxter: NRAS was established in July 2008.

CHAIR: Under the previous government.

Senator PRATT: I don't think that is in question, but you are welcome to make a political point if you wish to.

Senator DUNIAM: He is entitled to ask questions, given he hasn't used much time.

Senator PRATT: I haven't finished my questions.

Senator DUNIAM: That's all right. But he is chairing. It is up to him what he does.

CHAIR: Thank you, Senator. There have been identified problems with the program, haven't there?

Senator PRATT: Chair, with your indulgence, I have been called into another committee. I have three short questions. I would be very happy for you to follow up, making your political points via your own questions, if you wouldn't mind indulging me in finishing my questions.

CHAIR: I will indulge you, Senator Pratt. Go ahead—three questions.

Senator PRATT: Thank you. So you are aware that the department and former principals of Quantum Housing have sold their interests in the business to principals formerly associated with Ethan Affordable Housing?

Dr Baxter: We have had some of those concerns passed on to us, yes. And, where we have, we passed them on to the relevant body, the ACCC.

Senator PRATT: Are the investors raising those issues themselves with the ACCC directly as well?

Dr Baxter: We are not aware.

Senator PRATT: Is the department aware that Mr Ashley Fenn, a director of Ethan Affordable Housing Limited is now the sole director of Quantum Management Systems and Quantum Property Australia, entities which are related to Quantum Housing Group?

Mr Thomas: We are aware of the changes in the corporate structure of Quantum.

Senator PRATT: So, in effect, it is the same entity pocketing the subsidy that the government is providing, at the expense of the original investors that paid for the building of those properties. That is what it sounds like is happening.

Mr Thomas: Sorry, can you repeat that question.

Ms Campbell: Was that a question, Senator? Are you asking us to confirm something?

Senator PRATT: What kind of picture do you have in your head of what has happened here? I appreciate this is a question probably for other investigators, but you have clearly got someone pocketing the NRAS subsidies so that it is no longer attached to the original investment.

Ms Campbell: As the department said, we are working with the tax office on that.

Senator PRATT: I do understand. What inquiries or investigations will the department undertake to any request to transfer Ethan Affordable Housing's allocation to Quantum Housing to ensure that the transfer does not result in NRAS investors in Ethan's allocations being left with unpaid allocations?

Mr Thomas: Under the current legislative framework, there are limited grounds to refuse a transfer of allocation, although it is certainly open to the delegate, and we consider each of those on a case-by-case basis.

Senator PRATT: Do you need to look at urgent legislative reform in this area? You did mention you were reviewing this.

Ms Bennett: We do have a reform agenda that will take some time. Dr Baxter and Mr Thomas have mentioned that the first stage was some regulatory amendments to address penalties disproportionate to non-compliance, and they came into effect on 15 July 2017. We have a second stage at the moment that we are putting before that we are considering is about stronger protections for investors where preparticipants are not acting in their interests or in accordance with the broader objectives of the scheme. So we are trying to work on that quickly. The third component with this would likely be to look at the NRAS Act and to clarify longstanding—since it was established—ambiguous provisions and lay the foundations for further reforms to strengthen and streamline the operations of the scheme.

Senator PRATT: You would be unaware probably whether income from tenants is also getting back to the appropriate investors?

Ms Bennett: The relationship is between the approved participant, as Mr Thomas said, as set out in the current legislation. It is between the department and the approved participant.

Senator PRATT: Thank you.

Senator Seselja: Senator Pratt, can I just add before you go, that what we are dealing with fundamentally is the problem of when you rush through poor legislation. That is what we are now dealing with. This was not properly thought through, and all of the issues that you have raised are issues of compliance that the legislative framework that your government put in place has unfortunately left, and this has left the department with a very difficult job to deal with.

Senator PRATT: It is your obligation to hurry up and fix it.

Senator Seselja: We didn't create the mess, but of course, as usual, we will do our best to fix it.

CHAIR: And you answered my question. Thank you, Minister. Is that it for Housing?

Senator SINGH: No.

CHAIR: Okay. Senator Singh.

Senator SINGH: Thank you. I wanted to ask some questions about the New South Wales project plan under the 2015-17 National Partnership Agreement on Homelessness. Specifically, I want to ask what progress has been made to start with. I was particularly interested whether there have been additional support measures for women and children experiencing domestic and family violence, and whether they have been delivered as additional support measures in this project?

Dr Baxter: Sorry, I missed the second half of the question. In relation to the first half, all jurisdictions are required to report progress under the project plan that they submit under the NPAH and New South Wales did do that on time. I don't have the information to hand about the exact detail of their project plan and what is in it. I understand there was a second element to your question, about domestic and family violence?

Senator SINGH: Yes. Additional measures for domestic and family violence for women and children.

Dr Baxter: Specifically in the New South Wales plan?

Senator SINGH: Yes.

Dr Baxter: Sorry. I don't have that information to hand. Was there a particular question about it?

Senator SINGH: I was not just interested in that group of people; I was also interested in young people at risk of homelessness and whether there has been additional support services provided and delivered for them, but also for women and children experiencing family violence as well.

Dr Baxter: The project plans themselves are published on the web and we can get you in this session the details for where you can find those. The follow-up reports come to us and are reviewed to ensure the detail of that project plan has been met, but I don't have that progress report in front of me. If you have a particular question—

Senator SINGH: The stuff on the website wouldn't give me the answers I am after, because I am looking at what is being delivered. I am not going to find that on the website, am I?

Dr Baxter: No, that's right. If you had particular questions about whether elements had been delivered, we would be happy to take those on notice.

Senator SINGH: Okay. In particular, it was women and children experiencing family violence, young people at risk of homelessness and at-risk children. What kind of support services have been delivered for them as well.

Dr Baxter: Yes.

Senator SINGH: Has there been a reduction in homelessness in New South Wales?

Dr Baxter: I will just check whether I have with me a state-by-state breakdown of homelessness. I do have some homelessness statistics with me. No, I don't have it with me broken down by state, but I can tell you that overall there has been an increase in homelessness nationally since the previous census data, on which our homelessness data is based. But I don't have it broken down by state. We can get that to you.

Senator SINGH: Has there been an increase in the availability of stable accommodation in New South Wales for people who are homeless or at risk of homelessness?

Dr Baxter: The statistics I have with me, again, are not broken down by state. But I can undertake to get you that on notice.

Senator SINGH: Why would they not be broken down by state?

Dr Baxter: I am not saying they are not available by state; I am just saying that the statistics I have in front of me today are national statistics, rather than broken down at a state level to that degree of granularity. But we can get you that on notice.

Senator SINGH: Right. Can I also flag that for future estimates, for something as fundamental as Commonwealth provision of support for homelessness for our states—we don't have many states, so it is not that granular—if that could be provided at future estimates. This is estimates so it is important that we have that level of information. I am sure you appreciate not having to take it all on notice as well and give the answers.

Ms Campbell: Senator, we have quite a lot of data in the department so now that we know this is an area of interest, the officers will make sure they come with that next time. We do try to bring as much as possible with us. But sometimes we are not able to achieve all of those goals.

Senator SINGH: I presume you will have to take this last question on notice. What reforms of service delivery have been implemented in New South Wales?

Dr Baxter: Yes, Senator.

Ms Campbell: We will take it on notice, Senator.

[14:54]

CHAIR: We can release housing—thank you very much! We will move on to outcome 1. Senator Siewert, do you want to get things going?

Senator SIEWERT: Yes. It looks like we are going to be jumping around outcome 1. Sorry about that! I want to ask a specific question in 1.18, around portability.

Ms Campbell: While the officer is looking for that information, would I be able to put this on the record? There was a question this morning that sort of went to outcome 1 about some comments that Minister Porter had made in a speech. There were some questions about percentages. I just want to clarify that Minister Porter had referred to the social security and welfare function, which is the function within the budget papers. I think that Senator Watt was asking questions about that this morning. Just to clarify: when Minister Porter had been using those figures he had been talking about the function rather than a subset of the function.

Senator SIEWERT: Okay, thank you. I suspect Senator Watt might want to follow that up when he gets back.

CHAIR: Don't encourage him!

Senator SIEWERT: I'll try!

Mr McBride: Sorry, Senator, did you say your question was on affordability or portability?

Senator SIEWERT: Portability. Sorry, I beg your pardon. Can you tell me what process is gone through when somebody is travelling? If carers, in this case, parents, are travelling

overseas and taking the person who they care for and who has a manifest disability with them, what is the process then for portability?

Ms Wilson: Is your question in relation to seeking to get an assessment of whether they're eligible for indefinite portability or long-term portability? Is that the question?

Senator SIEWERT: Yes. And then how that process works from there, once they have that.

Ms Wilson: Detailed questions of the process are probably for DHS. We can talk to you about eligibility—

Senator SIEWERT: Okay, well talk to me about the eligibility. And you are saying that I should ask DHS about the process?

Ms Campbell: About the process, yes.

Senator SIEWERT: We can do that.

Ms McGuirk: You are looking for carer payment?

Ms Wilson: No. It's the portability of the person with the disability. The provisions are that when someone wishes to have DSP made indefinitely portable for outside Australia—

Senator SIEWERT: Yes.

Ms Wilson: they need to be assessed as severely disabled. That is defined as having a permanent, severe disability and no future work capacity, or recipients with a terminal illness who are leaving Australia permanently, defined as their life expectancy being less than two years, they are severely disabled and the absence is to be near or with a family member or to return to their country of origin.

Senator SIEWERT: I am specifically interested in the general travel.

Ms Wilson: The general is a permanent and severe disability with no future work capacity.

Senator SIEWERT: Okay.

Ms Wilson: There are other provisions as well—sorry, I should have completed this. For extended portability it is if the recipient has a family member on whom the recipient wholly or substantially depends and who is posted overseas for work.

Senator SIEWERT: Yes. Now, does this affect other entitlements and benefits that a person may be eligible for? Once they have been granted this for DSP, does that then flow on to other payments and benefits?

Ms Wilson: I'd probably need a specific question, Senator. If they were eligible for rent assistance, that would not be payable overseas, for example.

Ms Campbell: Family tax.

Senator SIEWERT: Family tax?

Ms Wilson: Family tax benefit has some more limited portability provisions. It's generally only payable overseas for up to six weeks.

Senator SIEWERT: It's only six weeks?

Ms Wilson: Generally only payable overseas for up to six weeks. If you're a member of the Australian Defence Force or the AFP and you're deployed overseas, you can be eligible

while temporarily absent for up to three years, but you have to apply for that specifically through DHS and Centrelink.

Senator SIEWERT: Could you say that one again?

Ms Wilson: If you're a member of the defence forces or the AFP and you're posted overseas, you can be eligible for up to three years payment, but you have to specifically apply for that.

Senator SIEWERT: Ask—

Ms Wilson: Yes, ask for that.

Senator SIEWERT: If I'm a person with a disability and I have got indefinite—

Ms Campbell: Indefinite portability?

Senator SIEWERT: indefinite portability and I've got somebody who's my carer who's coming with me or taking me overseas, what are the time limits on when a carer can continue to receive a carer payment or allowance?

Ms Wilson: It's six weeks, generally, to attend to personal matters overseas that might arise from time to time. The carer payment itself doesn't have indefinite portability provisions.

Ms Campbell: I think that your question relates to whether, if the DSP person's got indefinite portability, they can take their carer with them and the carer have indefinite portability.

Senator SIEWERT: Yes.

Ms Wilson: They can only have it for six weeks, as I understand it, Senator.

Senator SIEWERT: Six weeks if they're caring. What about if they're not caring but they're going overseas? Say, they're having their own respite?

Ms Wilson: It's six weeks.

Ms Campbell: Six weeks.

Senator SIEWERT: So it's six weeks for both?

Ms Wilson: It's six weeks for any matter that they wish to go overseas for.

Senator SIEWERT: So how would a person with an indefinite portability be able to go overseas if they require a carer and their carer can't?

Ms Wilson: Often they're going to be cared for by someone in another country.

Ms Campbell: To be cared for by someone who's overseas.

Senator SIEWERT: But, if their carer—in this instance, let's say, a parent—is going with them for some respite for them but also to make sure that person with a disability gets a holiday, they only get six weeks?

Ms Campbell: That's a six-week period.

Senator SIEWERT: Even though the person going with indefinite portability—

Ms Campbell: Could stay forever?

Senator SIEWERT: Could stay forever.

Ms Campbell: I think Ms Wilson talked about some of the clauses about indefinite portability. It was things like going to a location where there was going to be a carer, returning to a place of a birth.

Ms Wilson: Birth or family.

Ms Campbell: Was there something else in there that was relevant?

Ms Wilson: Basically, the absence is to be near or with a family member or return to their country of origin—

Senator SIEWERT: Sorry, Ms, Wilson, I can't hear you; I beg your pardon.

Ms Wilson: If they are terminally ill—defined as life expectancy less than two years—and they are severely disabled and the absence is to be near or with a family member or return to their country of origin, then they have that indefinite portability.

Senator SIEWERT: Okay. But, under the other circumstances, indefinite portability only applies to me and not my carers. That is the bottom line.

Ms Wilson: That's correct.

Senator SIEWERT: So, if I have indefinite portability, do I have to let Centrelink know every time I'm going out of the country?

Ms Campbell: I think that's probably a question best asked of DHS.

Senator SIEWERT: That's not a part of policy; that's their rules?

Ms Campbell: I can't remember. It's how the processing works. There is a notification sometimes by Immigration, but it'd be best to ask them how that works.

Senator SIEWERT: Okay.

Ms Wilson: Generally, it's recommended that people let DHS and Centrelink know up-front of their intentions.

Ms Campbell: It's worth checking with Human Services whether they've got a flag on indefinite portability which matches with Immigration on it. I can't recall whether it's an automatic matching—if the disability pension has an indefinite portability, whether or not there's a flag that matches with the Immigration data.

Senator SIEWERT: Okay.

Ms Wilson: There is another provision, which is not so widespread, which arises if the country that they're going to has a social security agreement with Australia that covers our disability support pension. There are 19 social security agreements that provide for that.

Senator SIEWERT: That's if they're going long-term, isn't it?

Ms Wilson: That's correct—yes.

Senator SIEWERT: If they're going to be cared for?

Ms Campbell: Permanently.

Senator SIEWERT: This also may be, actually, for DHS, but I will check because it may come under policy. For the aged pension and the pensioners' concession card, can I—

Ms Campbell: If you ask, we'll try and see if we can answer.

Senator SIEWERT: The concern here is: for pensioners who are travelling overseas and doing volunteer work, if the length of time somebody is overseas doing volunteer work has any impact on their ability to get the pensioner concession card.

Ms Wilson: Yes, it does. It has the same portability provisions as their primary payment. So concessions and allowances and any supplements that people get are, generally, only portable overseas for the same period as their substantive payment.

Senator SIEWERT: So it attaches to the same thing with the portability issues around the pension? The concession card has exactly the same impact, even if they're doing volunteer work overseas?

Ms Wilson: Humanitarian may count differently. I'd just need to check that with a colleague. There are some provisions around family crisis, humanitarian work, potentially. I just need a colleague to clarify those.

Senator SIEWERT: And if they don't have a pension but do have access to a pensioner concession card, does that same rule apply?

Ms Campbell: Normally, there's a small subgroup of people who have a pensioner concession card without having a pension. I'm not sure. We haven't had that for very long, so we'll find out what the rule is.

Senator SIEWERT: There's that group that has been grandfathered.

Ms Campbell: The 80,000.

Ms McGuirk: Customers with unlimited portability will have their concessions cease after six weeks' absence.

Senator SIEWERT: Up to six weeks, even if they're volunteers? So six weeks regardless for everybody?

Ms Campbell: They keep the pension—the ones with the unlimited pension. They keep the pension, but, after six weeks, then the card—

Senator SIEWERT: They lose the card?

Unidentified speaker: Yes.

Senator SIEWERT: Regardless of whether it's volunteer work they're doing or not.

Ms Wilson: Essentially, I guess the logic is that the card is to provide concessions for your usage of Australian pharmaceuticals medical benefits schedule items and the like. And, therefore, if you're overseas—

Ms Campbell: That's not applicable.

Senator SIEWERT: The point that's being made is: while they're doing volunteer work overseas, there are some bills that they're still paying, and it assists with that, for example. They're still maintaining a house here if they're volunteering. With the use of the pension cards, I know, different states have different rules about what it will apply to.

Ms Campbell: That's correct.

Senator SIEWERT: But the argument that has been put to me is: 'We still have bills while we're overseas doing our volunteer work'—and they argue humanitarian or, I presume, environmental purposes, and things like that. But they are then losing that on top of their volunteer work.

Ms Campbell: It's a very complex system. I think if they have unlimited access to the pension, they would still be receiving the pension.

Senator SIEWERT: They'd still be receiving—

Ms Campbell: The primary payment.

Senator SIEWERT: Then what happens for that group of people who aren't on the pension but still have the pensioner concession card? Does the same apply? Six weeks?

Ms Campbell: They would lose it after six weeks.

Senator SIEWERT: So that's six weeks maximum, come what may?

Ms Campbell: That's right.

Unidentified speaker: For a concession card—yes.

Senator SIEWERT: Ms Wilson, you were talking about the issues around humanitarian work—

Ms Wilson: I was just trying to test with my colleague whether there were any—

Ms Campbell: No, it's still six weeks.

Senator SIEWERT: It's still six weeks, regardless of what you're going overseas for?

Ms Campbell: That's correct.

Senator SIEWERT: Thank you for clearing that up.

CHAIR: Are you going to change topic, Senator Siewert?

Senator SIEWERT: I was. I'm hoping to hand over.

CHAIR: Senator Watt or Senator Singh, do you have topics in this particular area?

Senator WATT: Can I just clarify something. I understand, Ms Campbell, that just before I came back into the room you responded to some of my questions this morning about the minister's comments.

Ms Campbell: Yes. I was able to clarify that the minister had used the social security and welfare function, which is the function within the budget papers, and that was used in his comparators in the CEDA speech.

Senator WATT: So, when he was making the claim that under Labor, after the GFC, the welfare system was costing over 100 per cent of all income tax raised and that, under the coalition, that has reduced to around 80 per cent, he was referring to what?

Ms Campbell: The social security and welfare function. I understand in 2008-09, that was \$124.6 billion.

Senator WATT: Did you have an opportunity to perform some of those calculations I was talking about earlier?

Ms Campbell: We talked this morning about the fact that we would provide the expenditure and that we weren't going to do the calculations.

Senator WATT: I was kind of hoping that, once Minister Ryan left, you might be willing to have a crack! Are you saying Zed's a soft target?

Senator WATT: I'm saying Zed wasn't here this morning—he might have a different attitude to these things. He's a reasonable man.

Senator Seselja: I'm a very reasonable man. Thank you for the endorsement, Senator Watt.

Ms Campbell: I'm happy to provide the expenses over those periods for the social security and welfare function, if you'd like.

Senator WATT: Sure.

Ms Campbell: In 2008-09 it was \$124.6 billion; in 2009-10 it was \$109.2 billion; in 2010-11 it was \$117.1 billion; in 2011-12 it was \$126.7 billion; in 2012-13 it was \$131.9 billion; in 2013-14 it was \$140.6 billion; in 2014-15 it was \$147.8 billion; in 2015-16 it was \$152.1 billion; and in 2016-17 it was \$153.2 billion.

Senator WATT: And we should pop over the Treasury estimates to get the answer to the income tax receipts in those years and then find someone to do those calculations.

CHAIR: I'm sure you can find them in the budget papers and do a division.

Senator WATT: Moving to this outcome, I've got some questions about the Try, Test Learn Fund, to start with.

Ms Campbell: Yes, we can do that.

Senator WATT: As I understand it, this is a \$96 million fund that was announced by the minister in a speech last year. The idea behind it is to take policy suggestions from academics and the community sector and fund trials to assist income support recipients to re-enter the workforce. I think in early October a small number of first-tranche initiatives were announced. My papers say there were three. Were there only three in total that were announced?

Ms Wilson: There were three announced on 4 October. You probably have the details, but otherwise we can take you through the details of this.

Senator WATT: I probably don't need to know the details of the initiatives, because I've got a bit on them. But I am interested in the process that was undertaken to select those initiatives.

Ms Wilson: Broadly, there was a call for ideas. The department also convened a policy group. The call for ideas was in relation to three priority groups that the minister and the government had identified for the first tranche of the Try, Test, and Learn Fund. A number of ideas were selected for co-development into project proposals. That process involved those ideas being designed and tested with stakeholders, including representatives of the particular priority groups. We engaged independent consultants to facilitate those co-development workshops and prepare project proposals. During that process, the concepts were developed and refined into much more detailed project proposals to sort of get them more implementation ready, you might say, with consideration of implementation details, pilot scale, evaluation readiness and the like. Those project proposals went through an internal governance process as well, subject to advice by an interdepartmental committee that I chair that has represented on it a number of other departments: the three central agencies; the departments of employment, health, education and human services; the ABS; and the Australian Government Actuary. And then we put proposals to the minister about the tranche of ideas and, from those, he selected those that were announced at this stage.

Senator WATT: When it came to actually making the decision about which initiatives got up, how was that done?

Ms Wilson: There were recommendations put to the minister, and the minister made some decisions about those recommendations which he supported.

Senator WATT: Were the three initiatives that were announced the only initiatives recommended to the minister?

Ms Wilson: No. I think the minister has been in the public arena saying that he expects to announce further projects shortly.

Senator WATT: Okay. What was the reasoning for some of the initiatives being announced now and some later, if they were all part of the same recommendation?

Ms Wilson: I don't know that there's a particular reason, other than the relationship that the projects that were announced on 4 October were relevant to young carers, so therefore in and around Carers Week was an appropriate time to announce those projects, from the minister's perspective.

Senator WATT: Did the participants receive any payment for their time and work on the co-design?

Dr Reddel: No.

Ms Wilson: No. We obviously engaged consultants to work, but we didn't provide any sitting fees or anything of the like to participants in the process.

Senator WATT: Were they asked to sign away their intellectual property over their ideas?

Ms Wilson: We have always been fairly transparent in this process that there was no ownership of intellectual property related to ideas. Since we first really road-tested the design of the fund with a number of stakeholders—and I've talked about that at previous estimates—they were asked to sign confidentiality agreements—those participants who participated in the policy hack. That really went more to the nature of issues that arose relating to individuals from the priority groups who were also participating in the hack and might be revealing personal details. So it was around that information, as I recall. But there wasn't a specific waiver per se; it was an understanding, and was in the handbook material, that there is no intellectual property associated with an idea. Dr Reddel can expand on that.

Senator WATT: Not to be rude, Dr Reddel, I'm sure it'd be very interesting, but I'm just really conscious of time. That's probably as much as I need, to tell you the truth. Were the co-design participants offered the chance to bid to deliver the initiatives?

Dr Reddel: Yes, as part of the co-development process we determined who was the best delivery partner for the particular idea. I should just mention that, as part of that co-development process—and it goes to the previous comment about intellectual property—the intent was to build collaboration across different ideas. Hence we wanted to ensure we got the best mix of ideas and then, from that, determined the best delivery partner. In terms of the three proposals that have been announced, the idea proponents will be the delivery partners for those particular ideas that have been announced for young carers. But that mightn't be the case for other proposals that are developed.

Senator WATT: Sorry—the bidders will be delivering these three that have been announced?

Dr Reddel: They have been invited, because of the procurement process, to a grant process that is a restricted or direct grant process for the three projects that have been announced by the minister in October.

Senator WATT: Were any of the co-design participants asked not to bid to deliver their initiatives?

Dr Reddel: Not that I'm aware of. I'd have to take that on notice to check that.

Senator WATT: Okay. If you could, that would be great. I presume that the process you've outlined is the same one that you'll be using to determine the remaining initiatives that will be funded and announced?

Ms Wilson: Essentially, that is correct, Senator. We are thinking, perhaps, about refining the approach in future, because we did a bit of a post-implementation review of the process and we found a couple of things that were a little bit clunky. And so we are going to take account of those findings from the post-implementation review in order to refine the process, to make it a bit easier next time around and to make it a bit clearer. This was a fairly novel thing for us to do and, as always, there are lessons learned about clarity of information, how well websites work and that sort of stuff.

Senator WATT: Yes. I might hand over my remaining time to Senator Singh, if that's okay.

CHAIR: Absolutely.

Senator SINGH: Thank you, Chair. I want to ask about the drug-testing trial that was announced, now almost six months ago. We still don't know very much about how much it's going to cost. How much will the proposed drug-testing trials cost taxpayers?

Ms McGuirk: Funding for the drug trial test is currently treated as commercial in confidence. It's not for release, consistent with evidence we've provided previously. This is based on the fact that DHS is conducting a procurement, and that's the reason for keeping it commercial in confidence at this stage.

Senator SINGH: Does this relate to the contract that is out for tender on AusTender, entitled 'Drug test provider'? It's to undertake testing for the drug test trial.

Ms McGuirk: What's on AusTender at the moment is just the notification that human services will be going out to tender. The requirement is not in the market or anything like that, so it hasn't been released. But the department is required, as part of their annual procurement plan, to put all of their planned procurements out. That's the notification that's on AusTender.

Senator SINGH: So it's not up to any kind of stage at all, then? The process hasn't started?

Ms McGuirk: That's a question for the Department of Human Services this evening. They're conducting a procurement.

Senator SINGH: Right. Are you aware of why it's gone out to tender before legislation has even passed the parliament?

Ms Campbell: I think Ms McGuirk said that it hasn't gone out for tender. It's part of the notification by human services of their planned procurement for this financial year.

Senator SINGH: Okay—

CHAIR: Effectively, it's a notification to the market to say, 'This is something that might come up.'

Senator SINGH: Okay. But, obviously, it still has quite a process to go. Are you sticking with the 1 January start date?

Ms Campbell: We continue to work towards that date.

Senator SINGH: There hasn't even been any legislation pass the Senate yet, and we don't have many sitting weeks left this year. So are you still sticking to that 1 January date?

Ms Campbell: We continue to work towards that date. That's the case with quite a number of pieces of legislation over many years: we continue to focus on the date at hand until there is a change, and then we'll change date.

Senator WATT: How high would you say the risk is of the trial not starting on 1 January?

Ms Campbell: I think that's a matter for the Senate.

CHAIR: The Senate is a very cooperative place, Murray! Make it very high.

Senator SINGH: It sounds very aspirational to me! Can you guarantee that the drug-testing trial will start on 1 January?

Ms Campbell: This is a matter for the Senate.

Senator WATT: Let's assume for a moment that the Senate passes the legislation. Our next sitting isn't until mid-November. Can it actually be up and running by 1 January, even if the Senate does pass it?

Ms Campbell: My understanding is that it was from 1 January—

Ms Wilson: That's correct.

Ms Campbell: That the measure was from 1 January.

Senator WATT: So, sometime after 1 January—right.

Senator SINGH: But if it hasn't gone out for tender yet, then how can it start by 1 January?

Ms Campbell: My understanding is that it was from 1 January. The measure was from 1 January.

Senator WATT: Right.

Senator SINGH: If it hasn't gone out for tender yet, how can it start by 1 January?

Ms Campbell: My understanding is that it was from 1 January that the government would commence this testing.

Senator WATT: So any date after 1 January 2018 would meet the commitment?

Ms Campbell: Senator, we continue to focus on 1 January and we continue to work with the Department of Human Services on that, but we await the legislation.

Senator PRATT: What if the Senate were to change the legislation dramatically? I understand you're already doing community consultations or community briefings on these

issues. There's one coming up in Mandurah very shortly. How is it possible to be talking to the communities that are going to be affected by this if you don't know what the Senate committees are going to recommend and what changes are to be made?

Ms Campbell: Senator, this is a common practice. We go out. We consult. Were the Senate to change it significantly, we would determine whether there was a need to go out again.

Senator SIEWERT: What are you consulting about?

Ms Wilson: They're briefing sessions, Senator.

Senator SINGH: One way.

Senator SIEWERT: That's right. It was a question in terms of consultation.

Ms Wilson: I'm sorry, Senator. I probably should have said a 'briefing session'.

Senator PRATT: I mischaracterised it in my question.

Senator SINGH: I take it that your aspiration is to stick to the time frame of 1 January as the start date for trials, despite there being no commencement of the tender process and obviously no legislation having passed the Senate. Similar trials conducted in the US have shown little evidence of achieving better outcomes for drug-dependent people. Can you tell the committee where this approach has worked?

Ms Wilson: Senator, characterising similar trials is probably not necessarily the best way of presenting it. There's no direct evidence in the Australian context of what works and what doesn't.

Senator SINGH: No direct evidence of what works?

Ms Wilson: What works and what doesn't. This kind of trial is combining random drug-testing with other interventions. Income management referral to appropriate treatment has not been done before. Looking at the evaluation of the effectiveness of drug-testing, which has often been done for other reasons in other countries, is therefore very difficult to compare.

Senator SINGH: Okay. So what evidence does the government rely on to show that drug-testing people on social security will lead to better health outcomes?

Ms Wilson: The idea of the trial is to find the evidence. It is a trial to test the effectiveness of the approach in terms of connecting those people to treatment who might need such an intervention to improve their employment prospects.

Senator SINGH: So the government is not relying on any evidence. It's doing the trial to find some evidence? Is that what you just said, Ms Wilson?

Senator Seselja: No, that's not what she said.

Ms Wilson: What I said is that the drug trial is testing the effectiveness of whether random drug-testing, combined with other interventions, will improve the employment prospects and outcomes for people who are participants.

Senator SINGH: But didn't you just say to me that the drug-testing trial is to find the evidence?

Ms Wilson: It's to test the effectiveness; therefore, it is looking for evidence, yes. All trials are about adding to the knowledge or the body of evidence.

Senator SINGH: Right. As opposed to relying on any current evidence. So there's no current evidence that the government is referring to to show whether drug-testing does provide better health outcomes?

CHAIR: The witness has already said there's no evidence for or against.

Senator SINGH: Thank you.

CHAIR: That's why you have a trial.

Senator WATT: Just on this point about the tender—

CHAIR: It's the last question before we break.

Senator WATT: Can I have two quick ones before we break. I think you said that DHS is managing the tender.

Ms Wilson: Yes.

Senator WATT: They must have told you when they expect the contract to go out to tender?

Ms Wilson: That's a question for DHS, Senator. I don't believe—

Ms Campbell: I think it's probably best to ask them that.

Senator WATT: They haven't told you when it's going to go to tender, and you're the agency responsible for delivering it from 1 January?

Ms Campbell: We're continuing to work with DHS on this proposal. They have flagged it in their procurement plan, but I don't think we've got the final date.

Ms Wilson: Not the final date, no.

CHAIR: And on that note—

Senator WATT: Sorry, one last one. Honestly, it won't take long.

CHAIR: Two become three very easily.

Senator WATT: I started out with one; it depends on the answers. One of the very clear messages that we got in the Senate inquiry into this proposal and the legislation from a range of stakeholders was that in the three trial areas there was a shortage of drug and alcohol rehabilitation services. What have you done to ensure that there will be adequate services for the people participating in these trials?

Ms McGuirk: As part of this the government has announced, as we spoke about at the hearing, the \$10 million treatment fund. That's very much focused on supporting recipients in the trial. The government is taking advice on how exactly to focus that spend, and there has been no announcement directly about that. In the questions on notice we had at the legislative hearing, we provided details of all of the available treatment services in all of the three trial site areas that had been provided by our colleagues in the Department of Health.

CHAIR: Thank you. We will suspend now for 15 minutes.

Proceedings suspended from 15:31 to 15:45

Senator Seselja: Chair, could we start with a quick clarification from the secretary?

CHAIR: Absolutely.

Ms Campbell: The Chief Executive Officer of the NDIA, Mr De Luca, has asked us to correct this morning's record for them. Ms Gunn noted in the evidence this morning that 45

per cent of their staff had been with them for six months or less. In fact, 44 per cent have been with the agency for nine months or less. They wanted to make sure that the committee was informed of that change.

CHAIR: Okay. Thank you very much.

Senator ROBERTS: As you're aware, electricity prices have been increasing rapidly under what some people refer to as the Liberal-Nationals-Labor-Greens coalition. Can you explain to the committee how higher electricity prices are affecting Australia's most vulnerable, those on welfare payments?

Ms Campbell: Social security safety net takes into consideration, and is indexed on a twice-per-annum basis to take into consideration, the cost of items. I don't know that we've got much more, but I'll ask the officers to see whether they can talk about this issue.

Mr McBride: Payments are indexed by CPI only or by CPI and the Pensioner and Beneficiary Living Cost Index—or, for pensioners, they're also benchmarked to wages. Both CPI and the PBLCI—the Pensioner and Beneficiary Living Cost Index—look at household expenditure and then give weightings based on how much money people spend. If they spend 20 per cent on housing, it would be weighted 20 per cent. I can give you those weightings—10 per cent for food and so on.

Senator ROBERTS: Is electricity in that?

Mr McBride: Yes. It's given different weightings for pensioners versus non-pensioners, because their consumption patterns are different. The way indexation is set up is to capture the fluctuating costs of electricity and other energy prices, and that influences the indexation factor that then flows onto the payment.

Senator ROBERTS: Has any analysis been conducted on the cost of the government's energy policies and how that will impact Australians, especially those on welfare? Has anyone analysed the actual impact of these energy increases?

Mr McBride: That wouldn't be done by us. The ABS does the household expenditure survey, and that impacts on our indexation factors. The actual cost flow-on from energy price changes would be done by the Department of the Environment and Energy

Senator ROBERTS: Is there anything that the government is planning to do to protect the most vulnerable, those on welfare, from high energy prices?

Ms Wilson: I think it's important to acknowledge that—as Mr McBride just gave evidence—the indexation factors that are applied to income support payments and family assistance take account of changes in energy prices and utilities as part of the basket of goods upon which those indices are based.

Senator ROBERTS: So that indexes on the welfare payments?

Ms Wilson: That's correct. Family assistance, too.

Senator ROBERTS: We've heard stories of people choosing between eating and heating—which is happening in Europe now, too. Could you explain to Australians on welfare, and, in particular, pensioners, what specifically the benefit is to them in having their electricity prices increase as a result of the government's energy policies? How much, when they're sacrificing their lifestyle, would that contribution reduce the temperature of the Earth, for example?

Senator Seselja: I will briefly answer that question, and officials might want to add to it. I would make the point, Senator Roberts, as you would be aware, that, whilst energy prices are not my area nor the department's areas, of course the government takes this issue very seriously. You would have noticed in recent weeks and months the absolute focus, from the Prime Minister down, on policies that will ensure we have reliable and affordable energy. Now, this is not an area for us to go into in detail here. There are other parts of estimates where that can be gone into in detail. But that is very much the government's intent.

We absolutely acknowledge that there are many people who are doing it tough as a result of energy prices, which in many cases have increased. If we go back over history, we can look at all the policies where we've done our best to reduce prices, including things like abolishing the carbon tax. But I think that perhaps this isn't the best place for a more detailed discussion about that. I will simply say that the government acknowledges those concerns that you are raising, and the policy is very much in that direction. But it is probably not for officials here to talk about the details of energy policy; there are other parts of estimates for that.

Senator ROBERTS: It's just that I know that there are many sceptics in parliament and I am wondering if those sceptics will start to speak up more, because this is impacting on everyday Australians in many, many ways.

CHAIR: I will take that as a comment, Senator Roberts.

Senator ROBERTS: Yes, it is.

CHAIR: We will go back to the drug trial issue. Just to be absolutely clear, this is a trial which, therefore, is designed to assess whether something works or something doesn't. That is correct?

Ms Campbell: That's correct, Chair.

CHAIR: There have been some misconceptions, I believe, in the media about the trial—in particular, the impact of a positive test and flow-on impact to welfare payments. I am happy to keep this fairly brief, but could we just quickly talk through the impact of a positive test.

Ms Campbell: I will ask the officers at the table to go through each step after a positive test is found.

Ms Wilson: I will kick off. Participants who test positive to a drug test will be placed on income management, with 80 per cent of their payments subject to welfare quarantining for a 24-month period, and be subject to further testing. If they test positive to more than one drug test within the period of the trial, they will be referred to a medical professional for assessment of appropriate treatment options. If that medical professional assesses it would be appropriate for them to have treatment options, they will then be included in their job plan as compulsory activities. We have already given evidence about the top up to treatment in the trial sites that is coming out of the \$10 million fund that has been established to support additional treatment access.

Ms McGuirk: You asked about the impact on payments directly. The impact to payments isn't there. It is about income management. It is not about taking away any money from a payment.

CHAIR: And there has been an additional allocation of \$10 million for treatment?

Ms McGuirk: Yes, that's correct.

CHAIR: Has it been worked out yet how that will be delivered or is that still part of an ongoing process?

Ms McGuirk: Yes, it is still part of an ongoing process. At the moment, we are receiving some feedback from various members of the community about how that treatment fund may well work, and the government will make a decision about that.

CHAIR: Obviously it is a trial, so it will need to be evaluated. Have we started to work through the process of what the trial evaluation will look like?

Ms Wilson: We are at the early stages of the evaluation planning, so I am not really able to talk in detail about it at this stage. We will undertake an independent evaluation, so there will be a consultancy, as with all our evaluations.

Senator SIEWERT: Will you use Orima?

Ms Wilson: It will likely go to our panel of social policy research and evaluation professionals, of which Orima is a member, as are many, many others. I have forgotten how large the panel is, but it is hundreds of providers, I believe. The evaluation will examine the effect of the trial of identifying income support recipients with illicit drug misuse issues in the three sites and supporting them to address those issues through income management and referral treatment where appropriate. It will commence in parallel with the trial to identify any unintended consequences and allow these to be managed in a timely manner. So we will be feeding back experience through the trial as it takes place. It will also look at the nationwide elements of changes to exemption for income support recipients relating to drug and alcohol issues.

Senator SIEWERT: Can you say that again? I missed it.

Ms Wilson: As well as looking at the individual trial sites, we will also broadly look at the proposed changes to participation plans and participation requirements in relation to people who have drug misuse issues. So there are a range of broader measures that are national measures of which there was evidence given. The Senate committee inquiry heard evidence on those issues. So we will also look at the effectiveness of those changes. Like most evaluations, or all evaluations in the department, we would intend to establish an independent expert reference group with representation from a wide range of stakeholders, including medical and drug and alcohol peak bodies, to help guide the evaluation. We'll also use workshops at each trial location to help do the detailed design of the evaluation approach.

CHAIR: Thank you very much.

Senator PRATT: I had a quick question about drug testing. You gave the figure of \$10 million for support services. Is that correct?

Ms Wilson: An additional \$10 million, yes.

Senator PRATT: Can you tell me how much of that will be targeted at the Mandurah trial site, and to what services it will be directed?

Ms McGuirk: There has been no decision made by government yet about how that spending will be allocated and to what types of services. We are receiving feedback on that.

Senator PRATT: So what will you say to not-for-profits and members of the community at the community briefing you're providing next week on those questions?

Ms Wilson: One of the purposes of the briefing is actually to find out their views about where they see the gaps being. We have information about what the Commonwealth provision of services and funding of services is in each of those locations. In fact, it arose out of some of the early briefing sessions and feedback around them that the government decided to establish this fund for additional treatment—

Senator PRATT: Are they briefings or consultations?

Ms Wilson: We would call them briefings where we will be collecting feedback.

Senator PRATT: So you don't as yet have any idea as to which agencies are likely to receive extra funding, or on what kinds of support services, for that region yet?

Ms McGuirk: No.

Senator PRATT: What planning has gone into that thus far?

Ms Wilson: The primary health networks have been engaged in each of the locations. They are the principal mechanisms through which drug and alcohol treatment services are planned. They do regional planning. We would continue, through the Department of Health, to work with the primary health networks on those issues.

Ms McGuirk: But also receiving information from the community organisations and treatment providers who are attending those briefing sessions about the most effective way to spend that treatment fund in the particular location.

Senator PRATT: According to your trials fact sheet, a second drug test is taken 25 days after the first test. What analysis has taken place about the likely numbers of people in this category in each trial site?

Ms McGuirk: Canterbury-Bankstown is the largest trial site. Of the 5,000, around half of the tests will be taking place in Canterbury-Bankstown. Logan is around 35 per cent, with Mandurah 15 per cent. Based on evidence we've previously given about the expected number of positive first tests, you are looking maybe in the vicinity of 140 to 150 in Canterbury-Bankstown. In Logan, maybe around—sorry, I got Canterbury-Bankstown and Logan mixed up. Logan is the largest trial site with 50 per cent, and Canterbury-Bankstown is 35 per cent—sorry about that. Logan will be between 220 and 230 realistically.

Senator PRATT: Over what time period would you expect?

Ms McGuirk: Over the trial, the first tests will be conducted in the first 12 months of the trial. In Mandurah, maybe 50 or 60 positive first tests. Then, when we look at the number of positive second tests, Canterbury Bankstown perhaps around 20 or 25, Logan around 50 or 60, and Mandurah 10 or 15.

Senator PRATT: What modelling have you done that says \$10 million is enough to provide wraparound support for people affected by negative tests?

Ms McGuirk: We took advice from, certainly, the Department of Health, who have put together this type of thing before. Certainly \$10 million is considered an appropriate amount given those numbers.

Senator PRATT: It seems like a fairly arbitrary number. Is there any modelling that advises you on how that \$10 million was calculated?

Senator Seselja: Are you arguing for it to be more or less?

Ms Wilson: It is a top-up; it needs to be borne in mind. We are aware of the current Commonwealth provision of services, Commonwealth-funded services, in each of the trial sites. Looking at the numbers that we anticipate will likely require an intervention, not all of those who test positive the second time will necessarily require an intervention. That is something that a medical professional will have to assess. The advice that we have taken, as I understand it, is that an appropriate top-up to the current service provision.

Ms McGuirk: Considering the range of treatment we are looking at as well.

Senator PRATT: I will put the rest on notice.

Senator Seselja: I might just add a couple of points, because of some of the criticisms that are coming on this policy, and just explain briefly the purpose. Fundamentally, we want to see people who are on welfare, where possible, move into work. That is fundamental. Australians would expect that. That is good for those individuals; it is good for our communities. All of our policies, when we deal in this area, are about encouraging those who can to work. The government does not believe that illicit drug use assists in that process. We would prefer to see people not using illicit drugs. Certainly we don't think people using illicit drugs is helpful, necessarily, for them finding work. And finally, in terms of the policy drivers, we think taxpayers rightly expect that their welfare dollar will be spent to support people to have the basics of life, the important necessities, not to use for illicit substances. Those are the drivers of the policy. I think it's very sound policy. If you look, overall, there's been some criticisms about it's looking to punish people who are on welfare and may be addicted to illicit drugs. Clearly that is not the case, because what we are doing is looking to refer them for treatment and, where possible, to give them the assistance that they need so that they can be free of drugs and so that, hopefully, they can get back into the workforce and can more readily look after themselves and their families.

Senator WATT: On that, the numbers we've just been given as to the number of people who are likely to test positive for the first time and the second time are pretty minimal and yet this trial is going to cost well above \$10 million.

Senator SIEWERT: We don't know.

Senator WATT: But we know it's \$10 million in extra treatment, allegedly—who knows how much in public-service time, in conducting the testing, et cetera. It's going to be well above \$10 million. We also heard at the inquiry that there is an incredible shortage of drug and alcohol treatment services right around the country and, in fact, your government has cut funding to those services since it was elected. Wouldn't it be more effective to put this money into increasing drug and alcohol services for people rather than going through this testing regime to pick up a small number of people?

Senator Seselja: Sorry, is your argument now that we're spending too much on this cohort?

Senator WATT: No, my argument is that this is a waste of money compared to investing this money in assisting people to recover from their addiction rather than all of the extra costs that are going to be incurred in running this trial.

Senator Seselja: We fundamentally disagree. We disagree for some of the reasons that I just outlined. We think that giving assistance to those who need it is worthwhile.

Senator WATT: You can do that by funding drug and alcohol services.

Senator Seselja: We think that also encouraging people to move from welfare to work is important. The Labor Party may have once believed this.

Senator WATT: No-one disagrees with that.

Senator Seselja: The Labor Party may have once believed this, but we also believe that taxpayers deserve to have their welfare dollar not spent on illicit drugs.

Senator WATT: No-one disagrees with getting people into work.

CHAIR: The minister has a right to be heard.

Senator Seselja: It's not clear to me what the Labor Party's critique is of this. It seems to be a little all over the shop. But those goals of getting people off drugs, of encouraging people from welfare into work, and of ensuring the taxpayer dollars are not spent on illicit substances, I think, would have pretty broad support in the community.

Senator SIEWERT: Well, it doesn't have a support base, Minister.

Senator Seselja: If you allow me to finish, Senator Siewert: those are very worthy goals, in the government's opinion. We're going to have a trial, and we're going to see whether those worthy goals—and common sense would tell you that people who are addicted to illicit drugs are going to find it harder than those who aren't to get back in the workforce. We'll test some of those things, and we'll see how the trial goes. But I think it is very sound policy and, as I say, I think most Australians would want to see governments undertaking measures like this and doing all we can across the board to try and ensure that we do assist people to get off illicit drugs; we do assist people back into the workforce; and we do protect taxpayers' dollars when it comes to the welfare spend.

Senator SMITH: What sorts of illicit drugs are we expecting or have we already identified at a general level might be those illicit drugs that are being used by welfare recipients? The reason I ask is that that will inform the drug and alcohol treatment, for example. I'd assume that someone who is struggling with crystal meth addiction is going to require much more intense support and counselling services than someone who might be—this is not to excuse it—an occasional cannabis user or ecstasy user.

Ms McGuirk: It's intended to test for as many drugs as possible, but the government has stated that that would at least be methamphetamines, ice, MDMA—so ecstasy—marijuana and opioids. As Ms Wilson said, everybody who tests positive a second time will have a medical assessment to see whether there is an underlying issue that could benefit from treatment and then what that treatment would be. There's a spectrum of treatment out there, everything from perhaps counselling through to residential rehab, based on what that individual needs.

CHAIR: Senator Pratt had the call, but—

Senator SIEWERT: Can I just say that I've got more drug-testing questions.

Senator WATT: Can I ask a couple quickly on drug testing as well? Just on the Logan trial: I acknowledge that, in that question and answer, you've provided some information about services that are available generally. Has there been any further work done specifically to create additional drug and alcohol rehab services to assist people in the Logan area since the announcement of this trial?

Ms McGuirk: That also may be a question that's possibly best directed to the Department of Health about broad treatment facilities. But the \$10 million is specifically for the trial sites, and a decision on expenditure for that hasn't been made yet.

Senator WATT: So it's the Department of Health's job to find these services?

Ms McGuirk: We're partnering with them in identifying ways to spend the treatment fund with the primary health networks, as Ms Wilson said before. But, at the moment, consultation on how to spend that \$10 million is ongoing.

Senator WATT: You would probably remember that, when this announcement was made in Logan, the mayor of Logan and other community leaders were very critical of the trial and the failure to consult the local community before the announcement of that trial. What further consultation has occurred with the Logan community since the announcement, and what further consultation is planned?

Ms McGuirk: Local stakeholder engagement meetings were held across all the trial sites in August and September. In Logan, on 28 August, there were various meetings with the Logan City Council, the Brisbane South Primary Health Network, the Queensland Council of Social Service, the Queensland Network of Alcohol and Other Drug Agencies and the Queensland Department of Health. Since then, there's also been a roundtable held in Logan, where there was a significant focus on having some treatment providers and some other community organisations at the table. Minister Tudge was a part of that roundtable. The organisations that attended that, on 29 September, were Life Without Barriers; Access Community Services; Lives Lived Well; YFS, a youth organisation; FSG; the Beenleigh Housing & Development Company; the Queensland Network of Alcohol and Other Drug Agencies; Goldbridge; and the Brisbane South Primary Health Network.

Senator WATT: Were concerns raised there about the lack of drug and alcohol rehab services? It sounds like that was a focus of discussion.

Ms McGuirk: The availability in the community was something that was discussed.

Senator WATT: And the lack of that availability?

Ms McGuirk: Again, it's a spectrum of services, so there wasn't one particular issue that was raised. I don't have that particular feedback in front of me. Also, since then, we've actually been back to Logan to have other community consultation sessions. That was only a fortnight ago.

Senator WATT: Okay. I'll leave it there.

Ms Wilson: Aren't you going there again?

Ms McGuirk: And I will be again in Logan talking with employment service providers on Monday.

Senator SIEWERT: Whose idea was drug testing—this process? Did it come from the department or the minister?

Ms Wilson: I believe I've given evidence on this in the past, Senator—perhaps at the last estimates, I believe.

Senator SIEWERT: Remind me.

Ms Wilson: The department was commissioned to do work in this space arising out of the government's consideration of the Ice Taskforce report.

Senator SIEWERT: They asked you to give consideration in this space to specifically consider this?

Ms Wilson: We were asked to develop some proposals arising out of the government's consideration of the Ice Taskforce report.

Senator SIEWERT: They asked you to consider drug testing of income support recipients, or did you, the department, come up with that?

Ms Wilson: It was an interactive process, but we were asked to look at a range of mechanisms for improving the employment prospects of income support recipients through the use of drug testing.

Senator SIEWERT: You were asked to consider that?

Ms Wilson: That's my recollection of it.

Senator SIEWERT: Thank you. In terms of the so-called trial, what exactly are you trialling—use of income management?

Ms Wilson: We're testing all the elements of the interventions to assess the extent to which they help improve the employment prospects of a person who has evidenced illicit drug use.

Senator SIEWERT: Your first response, though, when someone tests positive is income management?

Ms Wilson: Yes.

Senator SIEWERT: So you're testing the use of income management; is that correct?

Ms Wilson: It would likely be part of the evaluation framework. As I said, we have not done the detailed work yet on the evaluation.

Senator SIEWERT: Surely, whether you're doing the evaluation or not, you're saying this is a trial, so what are you trialling? You're trialling income management?

Ms Wilson: We're trialling the range of interventions, which includes income management, to look at the extent to which it improves the employment prospects of people who have been identified as having an illicit drug use or have evidenced illicit drug use. So that will be a continuum through from an income management intervention after a first drug test to a therapeutic intervention where that's appropriate and necessary.

Senator SIEWERT: The second drug test is 25 days later. So how are you evaluating income management for somebody who tests positive the second time?

Ms Wilson: We haven't designed the evaluation in detail as yet, Senator. But we will look at all of the interventions along the pathway, including—as I evidenced—the national interventions about changing the way that the participation requirements and activity testing work for people who have a drug-use issue.

Senator SIEWERT: My understanding about the way trials work is that you put in place the evaluation process when you come up with what you're trying to trial, so you design the trial that way.

Ms Wilson: We have a high-level approach to evaluation that we're working on currently. But usually what we do is that, when we engage an evaluation partner and we engage with people at the local site, we develop the evaluation in detail.

Senator SIEWERT: After you've already decided what you're going to do? It's not normally how research works.

Ms Wilson: There's a hypothesis. The hypothesis is that these interventions will have an impact on employment prospects.

Senator SIEWERT: But how do you know that you're going to be able to measure the impacts?

Ms Wilson: You design a methodology, and there will be different approaches that one can take to that, which could include, for example, matched sites with matched groups of customers with similar characteristics to look at the extent to which their employment prospects differ from these. There are different forms of methodology that one can use to test these hypotheses. When we go out to tender for the evaluation, we will be looking for responses that help identify the most appropriate techniques to use in an evaluation and assess those. Part of the role of the expert group will be to guide us on the evaluation. This is quite a normal process. You have a very high-level theory of change and program logic; you then engage an evaluation partner, and, in detail with the evaluation partner and other participants in the intervention or the policy change and with additional expert advisory input, you design the detail of the evaluation.

Senator SIEWERT: We'll agree to disagree on the way that you do that in terms of properly looking at how you do an evaluation and design a trial. In terms of the independent assessment process, are they also going to be involved in providing advice on how you spend the \$10 million?

Ms McGuirk: You're referring to the medical professionals who will conduct the assessment? Those medical professionals will be sourced through the Department of Human Services. That's another one of those procurements that have been listed on AusTender.

Senator SIEWERT: The independent will be sourced through DHS?

Ms McGuirk: Are we talking about the independent assessment of the entire trial?

Senator SIEWERT: No, the advice that's being—

Ms Campbell: The assessment of the investment.

Senator SIEWERT: Overseeing the evaluation process, sorry. Are they the same group that's going to be doing—

Ms Campbell: The evaluation—

Ms Wilson: No, no. There are two sets of independent entities or individuals. One is an advisory group. Generally, with our evaluations we have an independent advisory group that helps guide us about technique, methodology and overall rigour. It provides commentary on reports and might help with assisting with engaging with particular cohorts or populations. That's what an independent advisory group for an evaluation does.

Senator SIEWERT: That's what that group's doing?

Ms Wilson: They will be advising us specifically on the evaluation. In respect of the independent medical assessment of an individual—

Senator SIEWERT: Sorry, I didn't mean that. I beg your pardon. I meant the expenditure of the \$10 million. Will you be seeking advice outside the department in making that?

Ms Wilson: We've already given evidence that we would be and are talking to the Department of Health, the primary health network in each of the trial sites and providers and other community members about the appropriate use and the right mix. Then the independent medical professional for an individual will help determine what the appropriate intervention for that individual is.

Senator SIEWERT: Sorry. I meant: when you actually make the decision, will it just be the department making that, or will you have a body that helps? Outside of you seeking advice on where the funding should go, will it just be the department actually making that decision?

Ms McGuirk: It's a decision for government about how that \$10 million will be spent, based on advice from the various consultations we're receiving.

Ms Wilson: In conjunction with the Department of Health, clearly.

Ms McGuirk: Clearly with the Department of Health.

Senator SIEWERT: Thank you. I'll put the rest of my questions on notice.

Senator PRATT: Under program 1.5, at the last estimates Labor senators asked questions about the energy supplement and its axing. You gave evidence that about 1.7 million people will have been made worse off by the policy of axing the energy supplement. That number was to June 2020.

Ms McGuirk: That is correct.

Senator PRATT: Do you have an updated figure to June 2021?

Ms McGuirk: No.

Senator PRATT: Could you take on notice to provide that figure, please?

Ms McGuirk: Yes.

Senator PRATT: What is the save to the budget over 10 years from axing the energy supplement?

Ms Wilson: The original estimate was \$993 million, I believe, as a saving. The impacts were 1.7 million people by 30 June 2020.

Senator PRATT: Sorry, I couldn't hear you.

Ms Wilson: 1.7 million people by June 2020—\$993 million.

Senator PRATT: I'm sorry. Apparently, I'm deaf today!

Ms Wilson: The original estimate was \$993 million, with an impact on 1.7 million people by 30 June 2020. Sorry, if I'm mumbling.

Senator PRATT: That's fine. Do you have that 10-year number split up by type of income and support payment? I think that's what we asked you last time. But I want that figure on the current population not—

Ms Wilson: No. I beg your pardon, Senator; I'll have to take that on notice. I don't have that with me. I've got who received it in 2016-17, but I haven't got with me the distribution across the payments for those who will not get it in future.

Ms McGuirk: Senator, you were referring to a 10-year cost. We were only saying that \$993 million was to June 2020.

Ms Campbell: That was the forward estimates—

Ms McGuirk: That's right.

Senator WATT: Do you have a 10-year figure?

Ms Wilson: I don't think we do, Senator. We don't normally—

Ms Campbell: It's usually the forward estimates that we have.

Ms Wilson: We only have published projections—forecasts of customer numbers for the forward estimates period. It's not common to do beyond that.

Senator PRATT: As these cuts no longer come into effect from 20 September this year, are you able to confirm the amount of people that would have lost the energy supplement had it been abolished in that time?

Ms McGuirk: We did answer a question on notice at the previous budget hearings that provided an estimate at that point in time to 20 September, and there hasn't been an update done on that figure.

Ms Wilson: We can give you the QoN number.

Ms McGuirk: That question was SQ17-000302.

Senator PRATT: How many people were eligible for the energy supplement prior to September this year that would have lost it had the legislation passed?

Ms McGuirk: Can you repeat your question, please?

Senator PRATT: How many people were in receipt of the energy supplement up to September 2017?

Ms Wilson: I think there might be a bit of confusion here. As I understand it, it's foregoing and it was new customers, except for those who qualified in the intervening period before the next payment of the supplement. Could you just rephrase your question so we completely understand what it is that you're asking?

Senator PRATT: The question I have is: with the supplement not coming into effect from 20 September, how many people would have lost the energy supplement? In another way: who was eligible for it up until that point of time?

Ms Campbell: So it's new income support recipients that won't receive it—is that correct?

Ms Wilson: That's correct. There were people in an intervening period, as I recall, who were on payment after a date of intention who have qualified since September last year but will lose the supplement subsequently. So they had come onto payment after the government took the decision.

Ms McGuirk: When I referred you back to the previous question on notice that number was just referring to the number of people between, essentially, the census date—that September date—and the point in time at which that question had been asked.

Senator PRATT: That number is in that answer.

Ms Campbell: Yes.

Senator PRATT: Is there a revised start date for that cut? Is it 20 March 2018?

Ms McGuirk: No. A revised date is a decision for government.

Senator PRATT: Have you done any costings on savings to the budget in terms of changing the projections about the budget save?

Ms Wilson: It's only possible to do that, Senator, when you have a revised date. At the point at which an implementation date is revised there would be an update on the financial impacts of that, which would usually go into an estimates variation.

Senator PRATT: Have you done those costings?

Ms Wilson: We don't have an alternative date.

Senator PRATT: I have in my notes a date of 20 March 2018. I'm unclear as to where such a date comes from—perhaps you are.

Ms Wilson: I don't think it came from us, Senator.

Senator PRATT: So what we're really seeking here is updated numbers on the number of people impacted by the plan to abolish the energy supplement, noting that the date has changed. So you will take on notice those new figures?

Ms Wilson: Because we haven't got a new date, we could update the estimate of people who've come onto payment since the answer that we provided to you, if that's what you're seeking at this point in time, as at today's date, for example. We could do that. We haven't done that, but we could do that on notice. But we aren't able to hypothesise about when a new implementation date would be and therefore do an impact estimate for that.

Senator PRATT: Okay. If you can take that on notice. The previous figure is 1.7 million people, and there'll be some limited adjustment to that in terms of people who've come onto the payment. Is that right?

Ms Wilson: No.

Ms McGuirk: I think we're talking about two different things here. The question on notice was about the number of people who'd come on since the 16 September date to the present. That's what we'll take on notice—to update that figure.

Senator PRATT: Thank you.

Senator WATT: Can I just go back to that 10-year save point. I understand it's not normal practice to calculate that, but it is possible to calculate it, though, isn't it, even if it's not normal practice?

Ms Campbell: We don't generally have the numbers for the recipients, do we?

Ms Wilson: No.

Senator WATT: You wouldn't be able to estimate that?

Ms Wilson: It's not a simple thing, Senator, in that beyond the forward estimates it becomes quite indicative. We would generally work with another organisation like Treasury to agree an approach and methodology around something like that. Sometimes governments do look at a 10-year impact where they've got a pretty clear understanding of what the

population trends are in a particular area and, therefore, what the likely flows in an area are. But, in our territory, it's more sensitive to economic cycle and a whole range of things. So it's not an easy thing to do.

CHAIR: It would be an extraordinarily hypothetical number.

Ms Wilson: It would be, Senator.

CHAIR: Can we just see where we're up to, given that it's now 4.30?

Senator WATT: We've really only got one more topic.

Senator SINGH: Yes, one more topic—just a few more questions in this section.

Senator WATT: I know that Senator Siewert had a few, but she had to pop into a committee, briefly.

Senator PRATT: It's only one topic.

Senator SINGH: So we should be sticking to your time frame.

CHAIR: Okay. Senator Singh.

Senator SINGH: I want to talk about the UK government's policy decision of not indexing British pensions to eligible people in Australia. Has the government sought to initiate any discussions with the UK government on this issue of pension indexation?

Ms Wilson: I can't answer that specifically in terms of a government-to-government issue. I did see Minister Bishop at the Melbourne Institute's Economic and Social Outlook Conference, identifying that this issue has been on the agenda.

Ms Campbell: And this issue of the change to the indexation arrangements has been around for quite a number of years—over successive governments, hasn't it? I know that I have discussed it with counterparts in the UK, so it's been around for a very long time.

Ms Wilson: My understanding is that it has been raised by the foreign minister with the UK foreign secretary. It has been raised previously by ministers for social services under successive governments—so ministers for social services, for FaHCSIA and for social security and human services—over a very long period. I understand that it was probably most recently raised in about September 2016 by Minister Bishop, and prior to that in about February 2015. So it has been regularly—

Senator SINGH: What about this year, though?

Ms Wilson: I can't answer that question. I'm sorry.

Senator SINGH: Can you take it on notice.

Ms Wilson: Yes, I'm happy to do that. We'd have to consult with colleagues in the Department of Foreign Affairs and Trade, but I'm very happy to do that.

Senator SINGH: Okay, and also about what kind of open discussions we have had as a government on this issue to obviously ensure a better deal for expat pensioners in Australia.

Ms Campbell: We can do that as well.

Senator SINGH: Okay. How many British expat pensioners are there in Australia?

Ms Wilson: I think the estimate is around 193,000 or 194,000 UK pensioners who live in Australia.

Senator SINGH: Okay. And how many people in Australia draw a part-Australian, part-British pension?

Ms Wilson: I'm not sure that I have that. The UK pensioners, I think, would be a combination of UK pensioners who don't draw our pension and those that do. It's 113,725 part-rate pensioners—I beg your pardon. Thanks, Ms McGuirk.

Senator SINGH: A hundred and thirteen thousand that draw a bit of both?

Ms Wilson: Yes, they draw some UK pension and a part rate of Australian pension. That's correct.

Senator SINGH: Isn't it true that, if the UK government indexed these pensioners fairly, it would actually help these pensioners but also save the Australian government money?

Ms Wilson: Yes, it is. It's estimated that it would be around \$90 million a year that it would represent as savings, in terms of the cost to Australia of the non-indexation of UK pensions.

Senator SINGH: Considering that that's a fair amount of savings, is there any kind of active effort within the department in liaison with DFAT to try to have this discussion?

Ms Wilson: Definitely. It's a constant question that we raise at appropriate forums with the Department of Foreign Affairs and Trade as we discuss relationships with the UK government and reciprocal social security and other potential agreements and arrangements. Definitely.

Senator SINGH: But you, Ms Wilson, and you, Ms Campbell—senior executives in this department—don't actually participate in any of those discussions with the UK government?

Ms Campbell: I think the relationship with the UK government is generally done by the Minister for Foreign Affairs, with the Department of Foreign Affairs and Trade. They do take our input. We provide that input on a regular basis, but this is not something that we engage with or that the minister engages with. It's the domain of the Minister for Foreign Affairs.

Senator SINGH: You don't have a seat at the table, so to speak, with those discussions with the UK government?

Ms Wilson: We don't have a government-to-government relationship. We're a domestic department. The Department of Foreign Affairs and Trade and their minister have the government-to-government relationship. We certainly have informal links with colleagues in the UK and they are actively aware and made aware of our views on this matter at every opportunity.

Senator SINGH: We can take that up with DFAT then.

CHAIR: Thank you very much.

Ms Campbell: Excuse me, Chair, can we just clarify something?

CHAIR: Yes.

Ms Wilson: I didn't quite express myself correctly. There are 193,873 Australian pensioners—so they receive our pension—who also receive some form of UK pension. Of those, 113,725 are part-rate pensioners in terms of an Australian pension. The balance of full-rate pensioners, in terms of an Australian pension, don't receive enough UK pension for it to reduce their Australian pension.

Ms Campbell: So it's about 80,000 of those.

CHAIR: Thank you very much.

[16:36]

CHAIR: We'll go to outcome 2 now. Outcome 2 will go through to the dinner break. Then, all things being equal, after the dinner break we will move to the Department of Human Services.

Senator HINCH: National redress is the main issue I want to go to. The Victorian Attorney-General, Martin Pakula, said their government had indicated in-principle support for a national scheme. That was back in about 2015. He said:

Whether a national scheme is possible, however, still depends on the costings and design work provided by the commonwealth ... We are currently working through that detail before making a final decision about whether to opt in or pursue a state-based scheme.

Has that material gone out to the states?

Ms Campbell: I'll ask Ms Bennett to go through the consultations and processes to date.

Ms Bennett: We've had numerous discussions with the states and territories following Minister Porter's announcement of the scheme on 4 November 2016. The reference you're making is to when the royal commission first delivered its report. There were discussions led by Prime Minister and Cabinet and the Attorney-General's Department with all the state jurisdictions. At that point, agreement still wasn't reached on what a national scheme would look like. Minister Porter announced on 14 November that he would immediately commence consultations with stakeholders and with institutions and survivor organisations to see what a national scheme would look like. He then in December appointed an independent advisory council.

The independent advisory council met on 3 February, 3 March, 9 March, 5 May, 23 June and 14 July. A redress minister's meeting was held on 19 July and another one is scheduled for 15 November. Interjurisdictional meetings with state officials have been held on 28 February, 23 March, 11 May, 5 and 6 June, 3 July, 3 August, 8 August—sorry, that one was a bilateral with New South Wales and Victoria—11 August, 22 August and 12 October. There was a workshop held to discuss funding, costing and design with the jurisdictions on 28 August. There was a joint meeting with the IGC, which is the jurisdictional committee, and the major non-government institutions on 29 August. All jurisdictions had been provided with copies of a draft bill of the scheme ahead of the redress minister's meeting on 19 July and on 22 September to get their input into the key characteristics or elements of the bill. NGIs were also discussed on what the components of the bill could look like.

The institutions that we've met with in addition to the states—the minister himself has met with representatives from the Catholic Church, the Anglican Church, the Salvation Army, Scouts Australia and Uniting Church. Officials have met with the YMCA, Australian Baptist Ministries, Australian Christian Churches, the Church of Jesus Christ of Latter-day Saints, Churches of Christ, Jehovah's Witnesses, the Lutheran Church, the Presbyterian Church, Rabbi Mendel Kastel of Jewish House, Seventh-day Adventist, and we met with some Victorian sub-branches for a better descriptor of some of those institutions as well on 15 September. So the answer to the question is: there is an enormous amount of consultation going across ministers, across state bureaucrats and across with NGOs about settling the

detail. The minister has now committed that from March information will be available for people to understand the scale, the scope and the design features of the redress scheme. Claims will be able to be processed from July next year. With all of that work that has been done—the workshop, the sharing of information, the discussing of and taking on views—we hope that once a draft legislation is introduced into the Commonwealth the states and territories will then be able to look at that legislation and go through their own cabinet and legislative processes to be able to refer powers.

Senator HINCH: Has any state or territory signed up yet?

Ms Bennett: No.

Senator HINCH: Has any major institutions signed up yet?

Ms Bennett: There's nothing to sign up to yet until the legislation gets introduced. The way this works is that the legislation will be introduced and the states and territories will elect to opt in. The Commonwealth government and the Constitution does not allow the Commonwealth to compel the states to join the scheme. So there are two ways in which they could opt in. They could refer powers, which would cover their own responsibilities—their own institutions and homes that they looked after. It would also allow the non-government institutions to come in because of those arrangements. Or a state could consider that they would provide redress to their own survivors but still refer a way of referring which would allow the institutions. So if that occurs that would mean—take one of the major churches—they would then be able to nationally opt into the scheme.

Senator HINCH: If there's an organisation that has gone out of business since the abuse went on, then the federal government becomes the court of last resort?

Ms Bennett: At this stage, that's not the flavour of the discussions that have been occurring with the jurisdictions. I think there has been both in the royal recommendations, which reflected to say that there needed to be a line of responsibility. For example, you could have been an institution that ran a residential home—an orphanage or something—and that doesn't exist anymore, but you were operating it in a state in which there might have been a shared responsibility, because you had child protection jurisdictions over that. I think the real issue of what you are terming as a 'funder of last resort' needs to be worked out when you look at the individual cases. It is what the royal commission actually said in its report, as well—that you need to be able to find a track of responsibility. In some cases, there will also be shared responsibility, where it could have been more than one institution that could have been responsible for the abuse of the child.

Senator HINCH: Earlier this year, sadly, just before he died, I spent a long time with Anthony Foster and Chrissie Foster. We were looking at—it's an awful word—ambit claim for the maximum payout. It was looked at—in places like CLAN—as \$500,000. They came down to \$250,000. The royal commission then recommended to the government \$200,000. In your documents now it says that they could get a maximum of \$150,000. How did the government come up with that figure?

Ms Bennett: It was a decision made by the government. The minister announced that decision in his press release of 4 November.

Senator HINCH: Yes, I've got it.

Ms Bennett: But that figure of \$150,000 is exactly the same maximum figure that the Catholic Church decided would be the maximum.

Ms Bennett: You raised this question at the last estimates—

Senator HINCH: And I still don't know the answer.

Ms Bennett: and you actually put questions on notice. We said that there was no—I don't have the copy of the question on notice and our response to it, but if I recall correctly it said that there was no correspondence that the department had on its record in relation to this and the Catholic Church.

Senator HINCH: In March, you said there would be a dedicated telephone hotline set up from March 2018?

Ms Bennett: And a website. Obviously, it's very important that from that dedicated hotline and the information that's available on the website there is great care in the language. There is sensitivity that needs to be developed to make sure that it's very clear to survivors and those that support them about how redress will work.

Senator HINCH: It works for 10 years?

Ms Bennett: At this stage, the government is referring to the minister's statement on 4 November that it's envisaged for 10 years but it will be reviewed just before that conclusion.

Senator HINCH: If that helpline is set up and no states have signed up by then, what can you tell people?

Ms Bennett: We'll be explaining what the arrangements are. We'll be providing information about where we are, because we do really hope that by March we will have some response from the states and the non-government institutions.

Senator HINCH: On the website, it talks about community-based support services. Can you tell me a bit about what that means?

Ms Bennett: Community-based support services were established in parallel to the royal commission being established. They were groups of organisations that were able to help survivors through the process of understanding the role of the royal commission, referring them to other service providers that might be able to have more detailed experience in trauma services and, at times, if I've got this correct, they might accompany someone if they were to be present at a hearing or providing in private sessions. The support services have been continued with the extension of the royal commission, which is until December. Those services go until June next year. We're obviously looking at what sorts of support services would be applicable for those same types of entities and for the same types of people while someone is going through redress.

Senator HINCH: Going back to the phone service: who will be manning those services? This will be a new group of people or existing social workers?

Ms Bennett: We'll be working with our colleagues in the Department of Human Services. We've been working very closely in the design of the scheme and bringing in people with the right set of expertise. It will depend on what someone's asking. So it could be someone asking on behalf of a survivor, who could be saying: 'This happened to my mother. Could you tell me about this?'—that type of thing—or it could actually be a survivor. We will make sure, depending on the nature of the inquiries or where that person is at, that the right type of

skillset is available. It could be a social worker. It could also be us bringing in people with trauma expertise to assist on those phone calls.

Senator HINCH: I have one more question—and I think the date may be wrong: when the royal commission brought down its first report about the end of 2015 and it took about a year before it surfaced—

Ms Bennett: It was about December 2015.

Senator HINCH: When are they due to bring down the next one? Is it December of this year?

Ms Bennett: Attorney-Generals is responsible for royal commissions, so they'll know when the end of that is, what's happening and what the report's arrangements are.

Senator HINCH: I'm chairing a joint parliamentary committee on national redress and we have agreed that we won't start until after the royal commission brings down that report.

Ms Bennett: My understanding is that it's no longer taking hearings in December, but I'm not aware of when; so you need to talk to the Attorney-General's Department.

CHAIR: Senator Pratt or Senator Lines, do you have anything on redress? Do we want to stick on this topic for a little bit?

Senator PRATT: I do, but I was going to move through in the order of programs, which is also under this.

CHAIR: I know that Senator Siewert has redress questions. Given she's not here, you have the call.

Senator PRATT: Okay. What plans are in place for the Department of Social Services to consider and implement relevant recommendations from the numerous reports that have been released by the royal commission into institutional child sexual abuse?

Ms Bennett: The Department of Social Services only has responsibility for the development of redress—the report on redress.

Senator PRATT: But you have responsibility for the National Framework for Protecting Australia's Children.

Ms Bennett: If I could have just finished the rest of that. On the direct implementation: obviously the other report has been about child-safe organisations. We are working with state governments, who, as you know, have responsibility for child protection issues and the regulation of organisations that work with children and working with children checks. The element of the report that related to working with children checks is being done by justice ministers, and that is with Attorney-General's. On the other work that's being done—about how to respond to the royal commission's recommendations on child-safe organisations, how to have consistency nationally, how that will be applied and how to lift organisations up to those standards—we're working with state and territory governments, but the primary remit will be within their own legislation. And, of course, we're working across Commonwealth agencies that have contact with children to make sure that we will be able to be ready to implement as soon as the various jurisdictions adopt those arrangements.

Senator PRATT: Do you have a process for going through the current reports and determining what action by DSS is needed?

Ms Bennett: Those reports that relate to our responsibility?

Senator PRATT: Yes.

Ms Bennett: Some of the broader issues that have been raised by the royal commission are outside of redress. Some of them are about things like working with children. That's coordinated by the Attorney-General's Department.

Senator PRATT: There are a range of reports that the commission has released that are relevant to the Department of Social Services. Have you considered all of those reports?

Ms Bennett: We've been very actively engaged on those areas such as redress, which we have a direct responsibility for, and all those reports where we have the relationship with the state and territory government. They align, as you've said, to the national framework.

Senator PRATT: Who in DSS is leading your response, particularly in relation to prevention and child protection aspects of the findings?

Ms Bennett: Us at the table.

Senator PRATT: Okay. Is the department aware of the *Help-seeking needs and gaps for preventing child sexual abuse* report of March this year?

Dr Baxter: Are you referring to the royal commission's report?

Senator PRATT: Yes.

Dr Baxter: We're aware of the report. The predominant area where we are actioning that is around the National Statement of Principles for Child Safe Organisations and through our ongoing work under the National Framework for Protecting Australia's Children.

Senator PRATT: What action are you taking around services to individuals with problematic sexual thoughts in being critical to prevent child abuse?

Dr Baxter: I would have to take the specifics of that on notice. Many of our services that we fund under the Families and Children Program have an approach where they look at children who've experienced abuse. Others are in the more general prevention area. So I'd need to take the specifics of that on notice.

Senator PRATT: Okay. Have you considered this report in relation to your existing services today?

Dr Baxter: I couldn't tell you that we have gone line by line through it against each service, but we are aware of the report. We have read the report, and it's been taken into account in our considerations of the national framework.

Senator PRATT: Have you given consideration to the availability of services and the fact that this report identified considerable gaps?

Dr Baxter: The availability of services is an ongoing area of interest for us, particularly in our work with the states under the national child protection framework. One of the things that were agreed at the recent meeting of community services ministers is that we would work with states on a joint investment framework. So, rather than having a piecemeal approach to servicing, we would attempt in future to work with states to look at where the needs are and where the Commonwealth could usefully come in behind state effort and make sure that we got the most bang for buck from investment and also ensure that outcomes were being generated appropriately. So we have progressed quite a lot of work in that area.

Senator PRATT: Will you make specific recommendations and respond directly to that report?

Dr Baxter: No, we won't be responding directly to that report.

Senator PRATT: The report identifies the lack of a national helpline as a serious issue. What action have you taken in relation to that?

Dr Baxter: There are several helplines that the Department of Social Services is engaged with. One of them is the 1800 helpline which relates to family violence and sexual assault. The department funds that, as you're aware from our previous sessions.

Senator PRATT: Sorry, the question was largely about help-seeking for children and adults who have problematic sexual thoughts. So it's a request for a targeted helpline for those people.

Dr Baxter: We'd have to take the specifics of that on notice.

Senator PRATT: So there's been no consideration yet of that gap analysis?

Ms Bennett: The recommendations weren't just directed to the Commonwealth government. The royal commission is very clear often when it uses the language of 'national'. I could go back to it when it's actually talking about a national approach. It doesn't mean that the Commonwealth government would fund or establish something solely by itself. As I went to explain to you earlier and—

Senator PRATT: Helplines that are national are generally done with Commonwealth leadership, surely?

Ms Bennett: The states are really clear on the royal commission recommendations and the sexual abuse of children that there is very little liability, or it is something that we need to do collectively in this whole space. There is no point in setting this up if the support services that people can be referred to and the help that they can be given doesn't sit behind something.

Senator PRATT: I do understand that. *Oversight and regulatory mechanisms aimed at protecting children from sexual abuse* was a report from the commission in April 2017, which found a number of deficiencies in our regulatory and oversight arrangements. In what way is the government progressing the addressing of the inadequacies raised in this report and who will coordinate it?

Dr Baxter: In a broader context of the national framework oversight mechanisms, it is something that has been a focus under the Third Action Plan. One of the focus areas has been moving from a reporting to a responding culture for both the organisations and the departments involved. There has been a body of work ongoing underneath that priority area. It has included things like the preparation of materials, including under the National Statement of Principles for Child Safe Organisations, so that organisations understand appropriate oversight and regulatory mechanisms, as do government departments, and that everyone has the materials they need to action those in a very grounded way, whether that's within community organisations or state and Commonwealth departments.

Senator PRATT: Who will coordinate that and what's the central strategic coordinating mechanism?

Dr Baxter: The National Framework for Protecting Australia's Children is coordinated by the National Forum, and that's a tripartite body befitting this issue. It has state government

representation, non-government organisation representation and Commonwealth representation, and it has an oversight of these issues. I would need to take on notice where we are up to in responding to that particular recommendation for the National Forum.

Senator PRATT: That report identified the need to coordinate education, medical services and a whole range of institutions that impact on children's wellbeing in terms of the prevention of child abuse. I'm reasonably familiar with the national framework, and, at this stage, it doesn't go into detail on those questions.

Dr Baxter: The national framework remains fairly centred around child protection services and early intervention services that lead to child protection. There has been some discussion through the National Forum and also through consultations that have been ongoing about the future of the framework about where it may go next. That's certainly one of the suggestions that has been made that National Forum members, that you broaden that focus to look at health, education—those areas that impact in a broader way. The joint investment framework which I referred to earlier, which looks at how Commonwealth and state put their money into particular places, is very focused on the broad suite of services that are funded, not just child protection and children's services, and how they can work together to keep children safe.

Senator PRATT: There was a report in May 2017 on the therapeutic treatment of children with problem or harmful sexual behaviours and children who have offended.

Dr Baxter: Is that a royal commission report?

Senator PRATT: Yes. That's right. What work is being undertaken to investigate best practice treatment plans for these children?

Dr Baxter: I think you would have to refer that question to the Department of Health as they're responsible for that particular set of recommendations.

Senator PRATT: So they'll be reviewing those. Who is coordinating the review of all of the recommendations and ensuring that they're responded to by relevant departments?

Dr Baxter: That will be the responsibility of the Attorney-General's Department.

Senator PRATT: They couldn't tell me who was doing that in the Attorney-General's Department.

Senator SIEWERT: Exactly. Are you sure it's AG's?

Dr Baxter: Attorney-General's play a coordinating role with the royal commission generally, and we take responsibility for those parts of the royal commission recommendations that fall within our portfolio responsibility.

Senator PRATT: They couldn't tell us yesterday who was coordinating that work. The National Framework for Protecting Australia's Children indeed commits the Australian government to investigate best practice therapeutic treatment programs. So it's not necessarily the Health Department. It's well within your remit. So, has the department done any work in this area?

Dr Baxter: No, the department hasn't. While the framework is primarily focused on child protection services and children support services, it does wrap in some actions that belong to other departments. I would need to take on notice where that work is up to. In general our focus is not on therapeutic treatment for children. In DSS the focus of our family and

children's services are very much on the early intervention and prevention end and also on the teaching and supporting around parenting skills and supporting child development, rather than on the post trauma recovery, recuperation, therapeutic end of the spectrum. But I can certainly take on notice where those actions are up to.

Senator SIEWERT: I just to follow up on the redress issue. I've been next door with Senate Economics Legislation Committee, so if I've missed a bit, tell me. Can you tell me where we're up to with the redress scheme? I'm sure Senator Pratt would have been asking about that.

Ms Bennett: We made a very long statement.

Senator SIEWERT: Sorry?

Dr Baxter: We provided a very detailed—

CHAIR: Senator Hinch covered it too in quite a lot of detail.

Ms Bennett: We can give a quick summary. You would be aware that the minister committed to the introduction of legislation this year. There have been extensive consultations between state jurisdictions. I listed the dates, which will be in the *Hansard*. We will be opening up a telephone line and information on the website in March. We will be ready to process actual applications in July.

Senator HINCH: They gave a detailed answer to this a bit earlier.

Ms Bennett: I just went through the steps of where we were going for all those bits, how we designed it, what the website will look like, how we're developing, with care, the communication messages, the engagement with the stakeholders, including survivors, NGOs, state governments—

Senator SIEWERT: And legislation?

Ms Bennett: Soon. Imminent.

Senator SIEWERT: How imminent?

CHAIR: I think 'imminent' is reasonably self-explanatory!

Senator SIEWERT: I've just been in another inquiry where 'imminent' has been going on for six months. It's not the department but another entity. They've been giving responses that say 'imminent' for six months, so pardon my cynicism. Is there sign-off on the legislation, if it's 'imminent'? Have all the states signed off on the legislation?

Ms Bennett: No. As I explained to Senator Hinch, since those very extensive date-by-date discussions, which I listed before, the states have seen advanced copies on two occasions. We've had consultations. The minister has held consultations with justice ministers and attorneys-general in the states and territories—and some bilateral arrangements—to get their views, and their feedback is that, with the introduction of the legislation, each jurisdiction will go through its cabinet processes and its own legal processes and consider the referral powers.

Senator SIEWERT: Has there been any feedback around payments and not going with the royal commission recommendations? I was quite critical at the time, and you would be aware that I made those points, I'm sure. Has there been any reconsideration of that point?

Ms Bennett: No. The minister announced the \$150,000—

Senator SIEWERT: That's what I am talking about. I was critical of that.

Ms Bennett: There's been no reconsideration. That had previously been announced as a government decision. I have to say that that generally has not been the topic. Most of our consultations have been about what the survivor's journey would be like, at what points they would receive support, how the application would be dealt with, very much sticking, I suppose, to the broad principles outlined by the royal commission about how evidence would sit, how the processing would be—those recommendations about making sure that this wasn't a re-harm of survivors. A lot of our consultation with the jurisdictions, the survivor groups that we've spoken to, the advisory council and the institutions has been about those design elements.

Senator SIEWERT: I'll look at the *Hansard*. If I've got more questions, I'll put them on notice. I do have one more, though, in this area. In terms of the interaction with Aboriginal and Torres Strait Islander peoples and the impacts of the stolen generations and the overlap that's very clear there with this scheme—did you cover that issue with Senator Hinch or not? If not, how has that issue been dealt with?

Ms Bennett: The scheme is for sexual abuse. That is the first criteria.

Senator SIEWERT: I understand that. The point I'm making is: there is a very strong overlap between issues around the stolen generations and sexual abuse, as I'm positive you're aware.

Ms Bennett: The royal commission report, in some of its case studies, talked about that. We've certainly taken into account the need for Indigenous Australians about the designing—as I said, the survivor experience—and we are aware of issues such as record keeping and all of those issues that might impact on how a claim for abuse could be considered.

Senator SIEWERT: I'm also interested, then, in how it would impact on any further—I mean there are many people who still hold out the hope that there are going to be reparations for the stolen generations.

Ms Bennett: That's not what—

Senator SIEWERT: I know it's not. But the concern has been raised with me—and I think it's a legitimate concern—to make sure one doesn't prejudice the other.

Ms Bennett: Dr Baxter will say that we'll also have specific support services for Indigenous people so that they can understand that this is a separate redress arrangement.

Dr Baxter: Our community-based support services at the moment, which support the royal commission—we're in the process of examining them to look at how they might roll over to support the redress scheme. Some of them will be appropriate and some of them will be servicing the right populations in the right areas. We're having a close look, in consultation with our state and territory colleagues and the institutions themselves. At the moment we do fund some particularly specialist Indigenous organisations, and I absolutely imagine we will need to do that going forward as well. But we're just having a very close look at both the remit and the footprint to make sure we get that right going forward. The sorts of issues that you've canvassed are absolutely front of our mind as we're thinking about who is going to need to be working with people not just for support but to explain where the scheme begins and ends, so people don't feel confused about some of those boundaries.

CHAIR: Senator Pratt, I think you had a couple of final questions in this area?

Senator PRATT: I think Senator Hinch has asked most of these. When are we expecting confirmation from states and territories that they will be opting into the scheme?

Ms Bennett: I wish we did have an expectation date. The very positive conversations that we've had and the work with the states and territories—they will have their own processes, and the provision of the legislation will be an important component of that.

Senator PRATT: How is the legislation progressing? What are the budget arrangements for redress? The legislation is due to come before the parliament, and there's, as yet, no budget line item for it, as I understand it.

Ms Bennett: Firstly, some of those decisions will end up being worked out as state territories and non-government institutions declare that they are opting in. You will recall that the royal commission was very clear that the responsible entity should pay for the redress. That is the monetary payment, that is a counselling component, that is the direct personal response, and that is the administration. Once the legislation is available, the state and territories will continue to talk about the implementation and costs. We have had several workshops, which I explained to Senator Hinch, about funding and costs and what administration might look like, but obviously that is dependent on how many institutions opt in so that we have a more concrete understanding of the scale and scope of it.

Senator PRATT: *The Australian* reported in September that the minimum compensation payment is half the size of that recommended by the royal commission. Is that correct?

Ms Bennett: Our assessment, our experience and our analysis of what has happened in other redress schemes—the royal commission said that the average price would be about \$65,000. Even though the cap has been reduced to \$150,000, our work suggests that the average price would be nearer to about \$86,000—

Dr Baxter: \$76,100.

Senator PRATT: My question was about the minimum. I thought the royal commission had a minimum of about \$65,000. So what is the minimum that you would drop to?

Ms Bennett: I think you will have to wait until the legislation comes, which is imminent.

Senator PRATT: So you won't place on record whether the minimum is dropping below that recommended by the royal commission?

Ms Bennett: Not at this stage.

Senator PRATT: Is that because you don't want it on the public record yet? Is it going to be a lower amount?

Dr Baxter: The royal commission didn't propose a minimum. They proposed what they suggested an average payment might be, with their proposed maximum of \$200,000. What Ms Bennett is saying is that with a \$150,000 cap, our projections suggest that even at that lower maximum cap the average payment would be higher than \$60,000. That's based on projections of where survivors are in Australia at the moment, in which states and which institutions, and what kind of abuse they've suffered, as well as experience overseas. So it didn't really go to minimums—it went to a maximum and an average. And our sense at the moment is that, even with the \$150,000, the average will be higher than \$60,000.

Ms Bennett: Furthermore, if I can add to Dr Baxter's comment, just to strengthen that—if you wanted to have a look at it, particularly about the funding, that's from page 28 onwards—

the royal commission actually designed the scheme where there was a points system. There were a series of points that related to tiers. As I said, it didn't actually say that there was a minimum; it said the modelling of funding requirements is based on an average monetary payment of \$65,000, which is the average payment that they recommend.

Senator PRATT: The royal commission specifically went out of its way to put out its report on a national redress scheme early on in its processes so that we could have a functioning scheme. It recommended that the scheme be able to accept applications, and we've passed the date by which the royal commission recommended for that to be fully implemented so that there would be a functioning scheme taking applications for compensation and redress. Why has it taken until now—tomorrow—for the legislation to come before the parliament?

Ms Bennett: I'd like to refer you to one piece of information—that is, Minister Porter's media release on 4 November 2016, released jointly with the Attorney-General. They explain in that media release that they'd spent many months consulting states, territories and institutions on how we can work together on a redress; however, agreement was not reached. Minister Porter announced in December—I went through these time frames for the meetings that we've had in my response to Senator Hinch. Since Minister Porter and the Department of Social Services took over responsibility for redress, I think I listed about 40 meetings, consultations, engagements, the advisory council and workshops that have occurred up to this point for legislation to be very close.

Senator PRATT: And which of those consultations took place with survivor groups?

Ms Bennett: The survivor groups were represented on our advisory council, which included individuals and survivors and people—so I can explain that the advisory group had representatives from survivor groups such as Leonie Sheedy from Care Leavers Australia Network; Shireen Gunn, the manager of the Ballarat Centre Against Sexual Abuse; Caroline Carroll from the Alliance of Forgotten Australians; Matthew Bowden—

Senator PRATT: What about groups themselves?

Ms Bennett: These were representative groups.

Senator PRATT: I understand they are individuals on your advisory group. You said you held 40 meetings. My question is: were any of those with groups of survivors who'd come together to consult with you?

Dr Baxter: Ms Bennett talked before about how we're being very survivor focused. In the development of what that process will look like, we've been inviting survivor groups in to help us work through the journey and to look at all the appropriate systems and to test some of those systems—in fact, to test very specific elements like forms, how should the phone call work, what are the kinds of questions that we should and shouldn't ask. They have been absolutely in lock-step with us, not just in the advisory journey that Ms Bennett mentioned, but in the design journey of this scheme.

Senator PRATT: To clarify, you haven't just held meetings with your advisory committee; you've also held meetings with groups of survivors separately?

Dr Baxter: Yes, that's correct.

Senator PRATT: I think that's all I've got on the royal commission.

CHAIR: No more questions on redress? Okay, Senator Leyonhjelm, you have the call.

Senator LEYONHJELM: I have some questions in relation to the domestic violence program. Do we have the right people here?

Senator PRATT: Are we still on 2.1?

CHAIR: We're in 2 generally.

Senator PRATT: Are we happy to traverse around 2, or are we going through the items? Because we've got cashless welfare card questions.

CHAIR: I'm sure we'll get to cashless welfare card.

Senator PRATT: Okay.

Senator WATT: Could I just flag that I'm happy for Senator Leyonhjelm to go next. I do need to ask those cashless debit card questions reasonably soon, but perhaps you might just have to put me in between a series of questions about family violence, if that's okay?

CHAIR: How long do you think you've got, Senator Leyonhjelm?

Senator LEYONHJELM: About 15—

Senator WATT: All I'm asking is can we jump from that and then come back to family violence later?

CHAIR: Yes.

Senator WATT: Thanks.

Senator LEYONHJELM: Do we have the appropriate people?

Unidentified speaker: We do.

Senator LEYONHJELM: I'm sure you will recall that at a previous estimates we discussed the violence against women campaign and the underlying materials at respect.gov.au. I questioned the absence of citations for the statement that gender inequality is the heart of the issue. Before I move back onto that, I'd like to ask about other government websites dealing with violence against women. The government has a website called The Line, which lists three 'real causes' of violence against women: gender inequality; rigid adherence to gender roles; and attitudes, norms, behaviours and practices that support violence. Just as a preliminary question: do you accept that The Line website has no citation for its claim about gender inequality?

Dr Baxter: Senator, as you would recall, this is ground we traversed last time. I'm very happy to summarise what, in general, is our position about where gender inequality sits, both with respect to The Line and the Stop It at the Start campaign. Ms Bell will be able to tell you in a moment about specific citations on the website itself. In terms of the question that you're asking, extensive international and national research does back up the assertion that expressions of gender inequality are consistently associated with higher levels of violence against women, and those expressions are things like condoning of violence against women, rigid gender roles and identities, male peer relationships that emphasise aggression and disrespect towards women. We have a number of citations, which I think we've provided to you on notice as well: European Union 2010, UN Women in 2012. We accept though, as we've said in this place before, that family and domestic violence is a very complex phenomenon. It occurs in a number of ways and it's not simply related to one issue, but

certainly all of the best evidence we have behind the campaign, and behind The Line as well, suggest that gender inequality is a very significant factor underlying violence against women.

Senator LEYONHJELM: The websites that you refer to, the source material that you publish and the information that you make available to the public on this issue doesn't just say 'gender inequality is one of a complex range of issues'. It says it is at the heart of the issue. On the Respect website it says, 'There is a clear link between violence towards women and attitudes of disrespect and gender inequality.' The disrespect one I'm not debating here today with you. I'm asking about the gender inequality one. I have sought corroboration for that statement. It's repeated constantly through this material. So far it's nothing other than one reference citing another reference which makes an assertion. That's where I'm at at the moment. On the website The Line, which I cited to you, there's no citation for the claim about gender inequality. Readers of The Line website are encouraged to get more facts and figures at the website of OurWatch, which is funded by the Commonwealth government. The OurWatch website states that violence against women is 'primarily driven by gender inequality'. That website has no citation for its claim about gender inequality. The OurWatch website says that gender inequality includes the pay gap between men and women, which raises the question—are you arguing that the pay gap is a cause of domestic violence?

Ms Bennett: OurWatch is funded between the Commonwealth government and the states and other sources of revenue that it raises. As with all organisations that we fund, we value its contribution to the work that it does in this area, but we don't actually dictate, design or prescribe what its broader public messaging is.

Senator PRATT: At least we can agree with what they're saying. I certainly do.

Ms Bennett: There's a particular work that we do with OurWatch. We have enormous respect for the individuals on OurWatch that contribute and champion women's safety. But it is not our department's role to go through what's on its website and see citation arrangements or referencing, in that sense, with all due respect.

Senator LEYONHJELM: In your respect.gov.au website, which is a government one—fully funded by the government—we're talking here about a \$30 million campaign, of which \$15 million is funded by the Commonwealth government—or over \$15 million, because there was \$1.7 million at the beginning in addition to the \$15 million. We're talking about a very substantial amount of taxpayers' funding to this campaign. The respect.gov.au website—I've got a print-out of it right here—says that the campaign was informed by the TNS market research. I have a copy of the TNS market research here. Yet it says that 'gender inequality is at the heart of domestic violence and lack of respect'. As I said, I'm not debating the lack of respect aspect. The question then becomes whether that's well-founded. If the campaign is informed by TNS, then I would have thought I might have found corroboration for that statement in the TNS report. But I didn't.

Dr Baxter: The TNS report reflects a range of pieces of research that have been underway since the beginning of the national plan in 2010 and that followed the referral of the then-prime minister to COAG in 2015. We have a number of studies—Ms Bell can certainly talk you through them—that do support the assertion that gender inequality is a foundational contributor to violence against women. Dr Michael Flood, who you cited last time we had this discussion, has referred to 'existing theories on how underlying gender inequalities and power imbalances between men and women are the foundational causes of violence against women.'

We've also cited—just a moment ago I mentioned studies from the European Union and from UN Women, which find that those expressions of gender inequality that I ran through are most consistently associated with higher levels of violence against women in the societies where they take expression. So we do stand behind those sources.

Senator LEYONHJELM: You stand behind them, I agree. But I can't find anything other than assertions. What you don't stand behind is the WHO report, which you also cite, but you don't seem to place very much weight on it. It lists individual factors—low income, low education, sexual abuse, parental violence, antisocial personality, harmful use of alcohol and drugs, acceptance of violence, relationship factors, community factors—a range of factors, not including gender inequality, as contributors to domestic violence. The question is, are you inappropriately assigning this problem, which is legitimately a matter of some concern, to something which isn't the cause of the concern?

Dr Baxter: No, we don't believe we are. We believe that the vast weight of evidence says that gender inequality is a significant contributing factor, a foundational factor. Neither do we deny the factors that you have run through. In fact the Commonwealth government puts quite a lot of energy and funding into addressing those factors. We absolutely recognise the role that alcohol and drug use plays in contributing to situations of violence against women. We have several initiatives that are addressing that. We recognise the role of financial hardship. We have our Financial Wellbeing and Capability program. We recognise the role played by experiences of childhood abuse, and Ms Bennett's just run through the very many actions and resources that the Commonwealth government is putting into that. So we don't see it as an either/or. We do think that those other factors are important. However, we also stand by the research on which the national plan is based, on which the Stop It At The Start campaign is based, that does assert that gender inequality has a foundational role in contributing to violence against women. I've run through some of those citations. I know that Ms Bell has more here, specifically in relation to the Stop It At The Start campaign. We're very happy to run through them and the sorts of issues they canvas and evidence they draw upon, if that would help.

Senator LEYONHJELM: If Ms Bell does have more—I did ask for those at the last estimates, and I haven't received any further. You said there was more. So perhaps you could act on that undertaking at the last estimates.

Ms Bell: The desktop analysis that formed the basis of the campaign and the basis from which the TNS research leveraged from is based on approximately 80 sources, which I can provide to you, probably tonight. Of those 80 sources which informed the original campaign approach, gender inequality was at the heart of the issue and is evidenced in a number of them, some of which we've already stated. In research from the World Health Organization reports, of which we've canvassed approximately four or five over a period of time, violence against women was both a consequence and a cause of gender inequality. We also looked at the United Nations reports, which talked on structural imbalances of power and inequality between men and women, of both context and causes of violence against women. As Dr Baxter stated, there is research from Michael Flood, an associate professor at the Queensland University of Technology. We used a number of his sources. We also used the National Community Attitudes Survey from VicHealth. We also used the primary prevention

framework developed by ANROWS and VicHealth, and obviously many more as part of our 80 sources. We can provide that list for you.

Senator LEYONHJELM: Yes, I'd like that, thank you. I do note that on 1 June Ms Bennett gave a similar undertaking in relation to any other source of evidence. I'm yet to receive that.

Dr Baxter: I think we did provide you with some out of session, but we're happy to take that on notice again.

Senator LEYONHJELM: Only the specific ones I requested. What I want to do is return to this TNS report, which it says on the respect.gov.au website informed the campaign. In that report, which is actually quite a good report, it doesn't make the claim that sexual inequality is responsible or a major contributor to or at the heart of domestic violence. But what it does provide is some interesting data about the fact that domestic violence occurs more more commonly in certain groups.

Indigenous men are three times more likely than non-Indigenous men to experience physical violence. One-third of Indigenous women have experienced physical violence from a partner—twice the level recorded among non-Indigenous women. Indigenous women in remote and regional areas experience family violence up to 45 times higher and sexual assault 25 times higher than other women. Amongst certain cultural and linguistically diverse Australians it is widely hypothesised that prevalence is much higher. What has the campaign done in respect of those groups?

Dr Baxter: I'm very happy to hand over to Ms Bell in a moment to talk you through the specific approaches to culturally and linguistically diverse groups and Indigenous groups. We do have a very good story to tell there. But I would say that our response on those issues is not limited to the campaign. We have a wide range of programs and frameworks that seek to address family and domestic violence in Indigenous communities and also in CALD communities, recognising their particular characteristics as well as those really startling statistics that you've just walked us through, which we're very conscious of. So we're very happy to talk you both about the broader range of programs that we undertake as well as the specific response to the campaign.

Ms Bell: The tracking research for the campaign showed that the mainstream products worked equally well for Indigenous and CALD audiences when compared with mainstream audiences. However, because of those statistics you just reflected, we made sure that we boosted reach to these particular audiences with a range of other tactics. So for Indigenous audiences we tailored versions of the key influence products—the conversation guide, the excuse interpreter, and the respect checklist. We did it as a story book, a poster, postcards and case studies, which have all proved very popular. We've done an evaluation on them, and they've been very successful in Indigenous communities. The distribution of the resources and the social media posts went to Aboriginal medical centres, land councils and Indigenous organisations across Australia, with a number of services asking to display the products in their waiting rooms, share with other locations and use them in respectful relationships workshops that were being carried out in the communities. We also had a number of community outreach events, such as the Indigenous NRL All Stars game in Newcastle on 9 February 2017, and the Aboriginal wellbeing conference in Ballina. We did vox pops and blog posts by media voices and influencers on the excuses they've said or heard and

distributed on social media and other networks using particular Indigenous celebrities and influencers and ongoing engagement with Indigenous media outlets, including features, editorial articles, radio interviews with media voices. We used the musician and speaker Jeremy Donovan and author and domestic violence advocate Lani Brennan.

For the CALD audiences, even though, once again, the tracking research showed that the mainstream products were very successful, we—

Senator LEYONHJELM: Can I interrupt there? How do you measure success?

Ms Bell: We benchmark before we conduct a campaign, so that we see what the level of understanding is and what the attitudes are. We then do the tracking research once the campaign has been implemented in its first burst. The tracking research—

Senator LEYONHJELM: Do you measure attitudes or violence or awareness?

Ms Bell: This is primary campaign, so we are measuring awareness and attitudes and how people acted on those. I can go to the results of the evaluation in a minute if you like, but just to finish on the CALD audiences, tailored versions of the key influence products—the conversation guide, brochure, poster, infographics and animations—were distributed in language kits and social media posts to 75 CALD organisations nationally. We have ongoing engagement of CALD media outlets, including a successful SBS event we held in Sydney on 16 March—

Senator LEYONHJELM: Ms Bell, the chair is going to wind me up in a minute. I don't want that to occur without asking a couple of follow-up questions. The issue here is that \$30 million has been spent on this campaign. This is its final year, I think, isn't it?

Ms Bell: It finishes in the middle of next year.

Senator LEYONHJELM: So \$30 million. So the question really is, has domestic violence fallen?

Ms Bell: This is a primary prevention campaign. If we think about the alcohol campaigns and the smoking campaigns, they occur over a long period of time, so this is the beginning of this campaign. Most behavioural change and attitudinal campaigns are 10 years. We expect to see changes further down the track, in five or 10 years. Because of the current success of this campaign from our tracking research, we expect to see changes in the number of incidences of domestic violence, because we are having a primary prevention approach, so we are stopping the cycle of violence.

CHAIR: This has to be the last question, Senator Leyonhjelm.

Senator LEYONHJELM: Yes. This is just a comment. On plan4womenssafety.dss.gov.au there is a different construction put on domestic violence. It says:

- the unequal distribution of power and resources between men and women; and
- an adherence to rigidly defined gender roles and identities ...

are the significant drivers of violence against women. I have to say that the literature you've provided, the literature I found for myself would support that. It doesn't support your assertions on gender inequality. I find it difficult to believe that Lisa Wilkinson's salary being less than Karl Stefanovic, which is a gender inequality issue; or a shortage of female CEOs in public companies, females on boards or even women doing more unpaid domestic work than

men, which are often cited as indications of female inequality, have anything to do with domestic violence. I don't see how \$30 million of taxpayers' money spent on that is a good use of funds.

Ms Bennett: Is there a question?

Senator LEYONHJELM: No, I think the chair is giving me the wind-up.

CHAIR: Let's move on. Thank you, Senator Leyonhjelm. Senator Kakoschke-Moore has one quick question, and then we will go back to Senator Pratt and then Senator Siewert.

Senator KAKOSCHKE-MOORE: I understand that, prior to the rollout of the cashless debit card in the east Kimberley and Ceduna—

Ms Bennett: Would you just give us a moment to get the right people?

Senator KAKOSCHKE-MOORE: Oh, sure.

CHAIR: Senator Pratt, are you happy to go to cashless debit card now?

Senator PRATT: Yes, I am, thank you.

CHAIR: Senator Kakoschke-Moore has one quick question, and we will go to you, Senator Pratt.

Senator KAKOSCHKE-MOORE: I understand that Minister Tudge visited the communities in Ceduna and surrounding areas and the east Kimberley prior to the rollout of the cashless debit card in Ceduna on 15 March 2016 and in the east Kimberley on 26 April 2016. He visited those areas numerous times. Can you please advise me of how many times since 15 March 2016 and 26 April 2016 the minister has visited those communities?

Dr Baxter: No. I'm sorry; I can't. I think that's a question more appropriately directed to the minister. We wouldn't have a list of the times that he's visited.

Senator KAKOSCHKE-MOORE: Yes, but I gave more than a week's notice I would be asking this question and I was told to come up for this portion of estimates to ask the question.

Ms Bennett: Sorry; we didn't receive the notice that you were going to ask that question until the secretariat arrived to us during the break, and questions about ministerial travel and us to be able to tell you what his diary and what he did—we can't do that for you. It would have to go to the minister.

Senator KAKOSCHKE-MOORE: Who is it, then?

Ms Campbell: We'll ask the minister. It was raised with us by the secretariat, I think—

Senator KAKOSCHKE-MOORE: Because I've asked his office beforehand and I haven't got a response, so I'm keen to get something. So not tonight? Can I get something tonight?

Dr Baxter: No.

Senator KAKOSCHKE-MOORE: When can I get something? I will ask again. There's a cashless debit card hearing coming up, and I'll ask again then.

Ms Campbell: We'll ask Minister Tudge.

CHAIR: Senator Pratt.

Senator PRATT: Can you outline for the committee what the consultation processes have been in both Hinkler and Kalgoorlie and how many public meetings in each location took place?

Ms Bennett: We'll break them up separately if that's all right. I'll just talk broadly about it, and then you can go in if you've got any further questions, but basically the Department of Social Services undertook comprehensive community consultations to the Goldfields region.

Senator PRATT: So what was included in that?

Ms Bennett: There were 270 consultations. We were available at over 100 meetings involving 70 different organisations. These included 27 consultations with local governments across—

Senator PRATT: Sorry; I'm interested specifically in Hinkler and Kalgoorlie—

Dr Baxter: I think the information that Ms Bennett was referring to was Goldfields. So there was attendance at over 100 meetings, 70 different organisations, nine public community information sessions attended by 180 people—

Senator PRATT: That's just the Goldfields you're referring to?

Dr Baxter: Now I'm just talking about Goldfields, but I can go on to run through Hinkler with you. There were 27 with local governments, 40 consultations with representatives from 26 community sector organisations and 45 consultations with front-line state government officials delivering health, education and public safety services. There were also nine open public community information sessions, which, as I said, were attended by 180 people.

Senator PRATT: So that's all for Kalgoorlie?

Dr Baxter: Sorry; this is for Goldfields. It's more than just Kalgoorlie, because obviously there are a number of outlying—

Senator PRATT: I do understand that.

Dr Baxter: I can run through the list of 100 consultations, or would you like me to go onto Hinkler?

Senator PRATT: If you could advise us of the same for Hinkler, that would be good.

Dr Baxter: Similarly, in Hinkler there was very-wide-ranging consultation. There have been 110 consultations since May 2017. There were three public meetings. They were held in Childers, Bundaberg and Hervey Bay and were attended by approximately 110 people. In terms of who we spoke to in Hinkler—I will just find my piece of paper—we have done 120 consultations, including with communities, church groups, employment and training services, alcohol and other drug services, community and neighbourhood centres, services working with young people, domestic violence services, local business, the chambers of commerce in each of those locations, local police, the Bundaberg Regional Council, Fraser Coast Regional Council, Department of the Premier and Cabinet, Queensland Department of Communities, Child Safety and Disability Services, Commonwealth Employment and Human Services and also members of the general public. As I said, there were three public meetings held on 20 July 2017, 8 August 2017 and 9 August 2017 respectively.

Senator Seselja: I will just add on Hinkler that I understand that the local MP, Keith Pitt, also had additional consultation, which was a mail-out to over 32,000 constituents, phone

polling of around 500 people and 5,500 direct emails, with 75 per cent of feedback being supportive.

Senator PRATT: Are you able to tell us how many people attended each of those meetings?

Dr Baxter: We can tell you that the three public meetings together had 110. I'm sure we can get you the breakdown of that. We probably get that for you in session.

Senator PRATT: Is that for Hinkler?

Dr Baxter: It is for Hinkler. It is similar for the public sessions for Goldfields.

Senator PRATT: I think you said 180 for Goldfields.

Dr Baxter: It was 110 in Hinkler. Generally the consultations with those services would have occurred in smaller groupings. Whether we could get back to you so quickly in terms of who was in—

Senator PRATT: If you are able to get that to us in the course of estimates, that would be terrific. In terms of people attending the consultations, how many individuals who would be on income management via cashless debit card were included in each location?

Dr Baxter: We would not have kept that information. We would not have asked people who came to public meetings for that information, but we can tell you anecdotally that we know many of them were represented because of the views that were expressed and the sorts of questions they were asking. But we wouldn't have kept information about that and wouldn't have asked people to identify if they were on income support, for obvious reasons.

Senator PRATT: I can understand. People don't want to disclose that.

Ms Bennett: We didn't ask it, is what Dr Baxter is explaining.

Senator PRATT: No, I understand, and I understand why people wouldn't want to disclose it either. Do you have minutes of those consultations?

Dr Baxter: No, they wouldn't have been minuted. We would have had overall records that we kept about things that were raised and things that we needed to—

Senator PRATT: Was this a consultation or was it a briefing? The idea behind whether these should be implemented is about a buy-in by the local community. What is the process for documenting the extent to which there was buy-in for the rollout of this?

Dr Baxter: Mr Reed can go through that in some detail with you, but I would tell you that the absolute purpose of those sessions was to try to gauge community support. Minister Tudge was always very clear that there was a requisite degree of community support required before we would look at going to these locations, so that's absolutely the intent and the purpose of those sessions. I will let Mr Reed talk you through the specifics of how that was tracked.

Mr Reed: While there weren't minutes recorded for each of those information sessions, there was a write-up of the issues that were raised in each of those information sessions, and those issues were considered as part of the implementation process.

Senator PRATT: Could the committee please request a copy of the write-up of those information sessions?

Dr Baxter: We'll undertake that on notice, yes.

Senator PRATT: What advertising took place of those consultations?

Dr Baxter: I think we may have to get that one to you on notice. They certainly were advertised through our local networks, as well as through the local MP's office and our local government department networks, but we don't have those details with us.

Mr Reed: And there were ads placed in newspapers, but I'll have to get the exact details to you.

Senator PRATT: If you could please provide a list of organisations and individuals with a title—I understand that people who are individual citizens might not want to have their identity revealed, but if you met with councillors et cetera I would be interested in the list of organisations in each location, please. Can I ask you what other sites were considered by the department for further rollout of the card? And why they were deemed unsuitable for the rollout relative to these locations?

Ms Bennett: The decision about rollout isn't made by the department, the decision is made by the government.

Senator PRATT: Well, what evidence did you give them in terms of weighing up locations?

Ms Bennett: We'll take that on notice.

Dr Baxter: There were a number of other sites that had expressed interest in the cashless debit card. As Ms Bennett said, decisions about where to go is a matter for government

Senator PRATT: So it was purely a political decision?

Ms Campbell: No, I don't think that's what the officers are saying. We've already had evidence that Minister Tudge is very focused on areas where there is a groundswell of community support for the cashless debit card.

Senator SIEWERT: From the local member?

Senator PRATT: Andrew Hastie?

Senator WATT: If you're doing the consultation after the event, after the announcement, how did you establish that there was a groundswell of community support?

Dr Baxter: I can certainly tell you where a site has effectively nominated, that they have an interest in the cashless debit card—

Senator WATT: How do you effectively nominate?

Senator PRATT: How do you nominate?

Senator SIEWERT: If a local member says, 'We want it'.

Senator PRATT: Yes, I think that's what Andrew Hastie said—

Senator SMITH: I am interested in the answers from officials and I can't hear them—

Ms Bennett: It's been reported in the media that there are certain communities, where, after seeing the introduction of the cashless debit card in the East Kimberley and Ceduna, made public comments saying that, 'This could work in our community to address some of the issues.' We've said many times it's not a solution to all those issues, but that it could work in the particular circumstances of those communities.

In some cases, leaders—they could have been from local councils, or from other lead organisations—wrote to Minister Tudge. Some were reported in the media, some were conversations that occurred with state governments about watching the Ceduna and East Kimberley closely. Then, with the balance issue: I can't recall every organisation that put their hand up publicly—we'll have to have a look at that—but the balance is those characteristics that we've discussed. Was there enough community interest? What are the types of support? What is profile in that community? How does the mix of those issues determine some options to be put forward to government?

Senator PRATT: There's nothing clear in that answer that tells us why some sites were deemed unsuitable for the rollout and others were deemed suitable.

Dr Baxter: Senator, I don't think that's an accurate characterisation. There were some places where, as Ms Bennett said, initial interest was expressed, sometimes directly with Minister Tudge and sometimes through the media. An initial conversations with held. Some of the examples—all of which were in the media, so they're on the public record—were Broome, the Pilbara and Cairns, where we had preliminary conversations.

There was a first suite of meetings with community services and local councils to try to gauge support. It was not that they were deemed to be unsuitable; for some of them it was, 'We continue to be interested and we're continuing to have a look and a talk in our communities.' For others it was: 'Yes, but not now. Again, we want to keep talking, we want to find out a little bit more about what's going on.' There was no process of saying, 'Yes/no, suitable/unsuitable.' It was more about this: as communities came to a certain point of maturity in those discussions, and it became clear that they were at the point where they wanted to take the card on, we then moved into what we would say was a more intensive phase of consultation and discussion after that preliminary review.

Senator SIEWERT: On that, could you confirm that 110 people attended the three community meetings that were held in Hinkler?

Mr Reed: Yes, it was 110.

Senator SIEWERT: It was 110 across the three meetings?

Dr Baxter: Yes.

Senator SIEWERT: Did any of those meetings involve a cost?

Dr Baxter: The cost of the card?

Senator SIEWERT: No, did any of them involve a cost for people to attend?

Mr Reed: No.

Ms Bennett: Did we charge them to attend?

Senator SIEWERT: Yes.

Ms Bennett: No.

Senator SIEWERT: So the meeting that was held where people were charged to attend does not count as part of your consultation?

Dr Baxter: We are not aware of any meeting where people were charged to attend.

Ms Bennett: We didn't charge anyone to attend.

Senator SIEWERT: I had some information on that, but you didn't charge anybody?

Dr Baxter: No.

Senator SIEWERT: You might like to take this on notice, but can you provide the cost to date of the ORIMA evaluation.

Dr Reddel: To date, it's been \$1.58 million.

Senator SIEWERT: And that includes all the work—

Dr Reddel: To date.

Senator SIEWERT: What further work are ORIMA doing?

Dr Reddel: None at this stage.

Senator SIEWERT: Their work has finished?

Dr Reddel: With the final report, it's completed.

Senator SIEWERT: Could you take me through the process of what evaluation the department did of the wave 2 report before it was released publicly? Was a draft done and then you received that?

Dr Reddel: We received that and then we had a steering committee across government, including state and Commonwealth government representatives who reviewed the report.

Senator SIEWERT: It was just a government—

Dr Reddel: But we also had subject matter experts who provided input from external academic organisations, and others who provided input and reviewed the report.

Senator SIEWERT: Could you please tell us which agencies were on the steering committee, and who did the subject matter review.

Dr Reddel: In terms of the steering committee, we had people from the Department of Prime Minister and Cabinet, Western Australian state regional managers, state government representatives and Indigenous community representatives from the Ceduna and East Kimberley trial areas.

Senator SIEWERT: You said Indigenous representatives?

Dr Reddel: Representatives.

Senator SIEWERT: They were the subject matters experts?

Dr Reddel: They were involved in the steering committee.

Senator SIEWERT: Who from the Aboriginal community was involved in the steering committee?

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

Senator SIEWERT: Why?

Dr Reddel: I don't have the details with me.

Senator SIEWERT: Who were the subject matter reference people?

Dr Reddel: As I mentioned, there were a range of people from academic and other external agencies.

Senator SIEWERT: Who?

Dr Reddel: I don't have those details here.

Ms Campbell: We will take that on notice and get back to you.

Senator SIEWERT: Can that be supplied by next week? I will be asking the same question in the inquiry next week.

Dr Reddel: Yes.

Ms Campbell: We will come prepared with that.

Senator SIEWERT: Was there any feedback, either from the steering committee or the subject matter people, given to ORIMA about the draft?

Dr Reddel: There was. That was fed back to ORIMA for their consideration.

Senator SIEWERT: What was the nature of that feedback?

Dr Reddel: There were some issues around methodology and some questions around the approach taken, looking at sampling issues. They were considered by ORIMA, but, as we've noted, the ORIMA report was an independent report that the government then received.

Senator SIEWERT: How were those issues dealt with?

Dr Reddel: ORIMA considered them as part of their final draft.

Senator SIEWERT: Did you have anybody with any statistical analysis give you feedback on the conclusions that were drawn and the way the statistics were analysed?

Mr Kimber: There was some feedback from the expert advisory group with regard to the findings—both the qualitative evidence and also the quantitative evidence. That feedback was provided to ORIMA, who then took that into consideration in terms of framing their final analysis and recommendations.

Senator SIEWERT: What was the nature of that particular feedback in terms of statistical analysis?

Mr Kimber: I don't have those details with me at the moment, Senator.

Senator SIEWERT: Could you take that on notice, please?

Mr Kimber: I can do that, yes.

Senator SIEWERT: Were there any comments made during that analysis process along the lines of comments since made by very well-qualified academics on the statistical approach taken, the nature of the survey, the push-polling approach or the qualitative nature of the survey? There is a fairly long list which I'm sure that you've looked at.

Mr Kimber: Certainly we're aware of the reports in the media in terms of the methodology, et cetera. As I've said, I don't have the details of the specific comments that were made by the expert advisory group with me, but there were comments along those lines.

Dr Reddel: I should add that in the final report ORIMA does acknowledge the general methodological parameters of any qualitative report and quantitative report such as the final report, and there is a technical report as an appendix in the final report which notes the sources from which the findings were drawn, the caveats for the findings where necessary and sample sizes across the different surveys.

Senator SIEWERT: I'm aware of that. Yet the government is still running a line that the evaluation proves that this process has been successful, when even the report itself, as you say, acknowledges that the data is skewed.

Dr Reddel: Well, it's probably worth mentioning, in terms of the range of data sources that were used for the final report, there were five in broad. I'm happy to take you through those.

Senator SIEWERT: I'm aware of the data sources—

Dr Reddel: Both the quantitative and qualitative, face-to-face interviews with participants and community members across the two waves, quantitative surveys as well as administrative data where it was available, and focus groups.

Senator SIEWERT: One overarching question then: have you read the analysis that had been done of the wave 2 report?

Dr Reddel: The commentary?

Senator SIEWERT: The commentary—well, there is now some quite detailed commentary on it; not just media articles.

Dr Reddel: We're well aware of those, Senator.

Senator SIEWERT: Have you read those and can I please have your opinion?

Dr Reddel: I'm sorry.

Senator SIEWERT: I'm not allowed to ask for matters of opinion. What conclusions do you draw from the quite detailed commentary and critiques that have now been made of the wave 2 report?

Dr Reddel: Our view is that the report is transparent of the parameters that it undertook in the study, and it's still robust and rigorous in its findings.

Senator HINCH: My questions run over the BasicsCard as well as the cashless debit card. I'm interested to know why the department opted for the BasicsCard rather than the cashless debit card which has trialled elsewhere for the Centrelink drug trials. The BasicsCard, not the cashless debit—why was that?

Ms Campbell: I think we might have let go the people who were actually very much aware of that decision. Can we take that on notice? They were in outcome 1.

Senator HINCH: Yes, you can. I tell you where I'm coming from. The debit card is bright green, the cashless debit card is like a visa card. If you have the BasicsCard you wear it on top of your head like, 'I'm a drug addict', whereas the cashless debit card can be used at any visa machine anywhere.

Ms Campbell: My recollection from when I was in Human Services was around how the card could be used in the trial locations. We hadn't put the cashless debit cards into the trial locations beforehand, and income management was available in those trial locations. We will take it on notice and get back to you on that.

Senator HINCH: All the information I'm getting is that the cashless credit card is a much better card than the BasicsCard. Sometimes only one ATM will take the BasicsCard, whereas a Visa card can be used at five ATMs, so you're not suddenly in a small community standing by one machine and people would then know that you have the BasicsCard and you have problems.

Ms Campbell: And it depends on those exact locations.

Senator HINCH: Could you also take on notice why the debit card is only available at the major stores like Woolworths and Coles, whereas you cannot use it at the cheaper stores like ALDI and smaller stores like your local Lebanese bakery. Is that because of resistance from the communities?

Ms Campbell: Is this the cashless debit card?

Dr Baxter: Are you referring to its use in the drug trials or more generally?

Senator HINCH: I'm told both of them are restricted. Is that true?

Dr Baxter: No, the cashless debit card is a far more open card, as you've pointed out, than the BasicsCard. The cashless debit card is a Visa based system. It can be used anywhere where the store is not effectively switched off. The only stores that would be switched off would be those that are mixed merchants or that sell the prohibited products—alcohol and gambling—otherwise, it's available everywhere. The only ALDI stores that might be switched off, for example, would be ones that also sell alcohol. We don't have them in either of the two trial sites that are up and running now but, if there were, we would work with them to get a merchant management agreement in place. Otherwise, the cashless debit card is open unless you're selling a prohibited product.

Senator HINCH: Could the reason that the BasicsCard was used in the trials that are currently coming up be because the department wasn't ready for this, so they couldn't get the cashless credit card for everything?

Dr Baxter: I think that's a policy call, as the secretary, Ms Campbell, said.

Senator HINCH: Doesn't that make sense, Secretary?

Ms Campbell: With the BasicsCard in those locations, there's already been the engagement with the merchants. The merchants are aware, and it's been in place for many years. I think it's 10 years. It's been in place for a long time, so those merchants were already structured and set up to do that and could be used quickly.

Senator HINCH: I have one final question. You'd be aware of the Deloitte evaluation report of 2014. They were saying then that the BasicsCard was not even accepted by several government departments and agencies. You couldn't use it at the Australia Post. You couldn't use it for your vehicle registration. Are you aware of that?

Ms Campbell: I am aware, from my previous role in Human Services, that often with income management there's quite an intense discussion with the recipient and how their money is to be used. Often there's what's called Centrepay deductions, where some of those payments are already made before the money's put onto the BasicsCard. It's probably not an apples-to-apples comparison.

Senator HINCH: Okay. Thank you.

CHAIR: Senator Smith, did you have any questions?

Senator SMITH: Yes, briefly. We've heard a lot about the extensive consultation. I'm more interested in understanding what the community reaction has been since the announcements, most particularly in the Goldfields but I'd also be interested in what happened in Hinkler. In addition to that, if possible and in the interest of frankness, what might be some of the hesitations that exist in those communities? We know that in the Kununurra experience, where people had hesitations or issues were identified, agencies could work with local people

to overcome some of those issues. I totally expect that some people may not yet be convinced, but it doesn't mean that they will be unconvinced forever. Perhaps you might illuminate us on a couple of examples in Kununurra where there were those hesitations but they were corrected with consultation and working with local communities.

Dr Baxter: As you identified, certainly in the East Kimberley and Kununurra, most people in the community did support the introduction of the card. That's certainly the case in Hinkler and the Goldfields as well. Where we had found hesitations that were expressed early on and which were able to be overcome, they were around things like not understanding how the technology can be used. For example, once people begin to use the card, the feedback that we've had from our local partners is that they do appreciate the extra flexibility—the fact that the card can be used anywhere, as long as it's not a gambling or alcohol merchant. People report that they find the card, once they begin to use it, less stigmatising. Part of that are the reasons that Senator Hinch ran through around how the card looks and feels very much like a standard card. People are perhaps unsure about whether they will be able to access things like online payments, BPAY and paying bills online. We've worked very hard in both trial sites, and certainly those technologies will be deployed in the new sites to make sure that people can absolutely access online functionality and BPAY. As some of those shifts have been made, and as people have come to use the card and understand those, we've seen much less of the sorts of queries that might suggest to us that there's a problem and much less feedback saying that there are any of those utility problems in using the card. That was reflected in the evaluation as well, which found that almost 30 per cent of people reported that they became better at using technology across the course of the trials. That was reported as a positive result.

Senator SMITH: I was particularly alert to concerns around humbugging, I think the term is. Grahame Searle—a very, very senior West Australian bureaucrat—was able to talk about how, once that issue was talked about and identified, it could be overcome. He'd worked closely with local communities to be able to overcome an issue like that, which I think was a reasonable hesitation that people might have had. Have you been surprised by any strong endorsements you've received either by the Ceduna or Kimberley program or Goldfields and Eucla that perhaps you weren't expecting?

Ms Bennett: In relation to humbugging, reducing the available cash by having 80 per cent of payment on the card reduces what's able to be provided through those processes. It's not surprising that there would be a more positive effect about minimising either both the quantum of money and the amount of humbugging that could occur.

Dr Baxter: Some of those positive comments, even with the work we did, surprised and pleased us. Ian Trust, who's a local leader in the Kimberley, has said of the CDC:

... there is certainly more vegetables, fruit and food being sold in Coles, more Aboriginal people going to the hardware shop and buying pot plants and furniture for their houses than ever did before, and less alcohol in the streets and parks, and less violence.

In Ceduna, similarly, the mayor there has said:

... we have noticed a series of dramatic improvements, most notably the decrease in the amount of alcohol and gambling ... and, while it's harder to measure, a significant decrease in drug use.

They're obviously heartening comments to hear from the leadership in those communities, who've worked very closely with us on the trials.

Senator SMITH: If the images are to be believed, I thought the Prime Minister and Minister Tudge got quite a warm welcome in the Goldfields when they were talking about the particular initiative.

CHAIR: Back to you, Senator Pratt or Senator Watt.

Senator WATT: I will take the call. I have a couple of quick things. Under the existing cashless debit card legislation, there can be a third trial site, can't there?

Mr Reed: That's right.

Senator WATT: Is there necessarily any need to have this new legislation to continue the trials?

Dr Baxter: You would be aware that two new trial sites have been announced.

Senator WATT: Yes.

Dr Baxter: That would make it four and also the maximum number of participants.

Senator WATT: I think Senator Pratt's going to move to a different topic.

Senator PRATT: I was hoping we had time to ask questions on family violence and child support.

Senator WATT: That would be our next priority. Did you have anything more on cashless debit cards, Senator Siewert?

Senator SIEWERT: I can follow it up next week.

Senator WATT: That's what we're thinking. We'll leave our remaining questions until then.

Senator SIEWERT: Okay, I can follow it up next week, on the condition that I still get some time because I've got other questions too.

Mr Reed: I have some figures on those public consultations in Hinkler.

Senator PRATT: Are you be able to table that for us?

Mr Reed: Yes.

CHAIR: That'd be good, in the interest of time.

Senator PRATT: That would be great. It's much appreciated that you've gone out of your way to find it for us in a timely manner.

Ms Bennett: We could answer it now, rather than take it on notice. It'll take two seconds. He'll be quick.

Mr Reed: There were 40 people who attended the Bundaberg information session, 45 who attended Hervey Bay and 30 in Childers.

CHAIR: We have slightly over 20 minutes left. Senator Pratt, you have 12 minutes.

Senator PRATT: When did the review of the child support formula commence and when will it be completed or has it been completed?

Ms Campbell: I think the child support formula is in outcome 1. We can take that on notice. I'm not sure that I've got the relevant officers.

Senator PRATT: That's fine. That means we've done outcome 1 already, is that right?

Ms Campbell: Yes.

Senator PRATT: On the third action plan to reduce violence against women, of the \$20 million for prevention and early intervention programs, how much has been allocated and to what?

Dr Baxter: I can give you some headline figures for each of the measures. I can also talk you through what is being done against each of those measures under the Third Action Plan.

Senator PRATT: You might tell us what's spent as well as what's been allocated in that context so that you can discuss that together.

Dr Baxter: Did you say you were particularly interested in the prevention of domestic violence initiative?

Senator PRATT: No. It's all prevention and early intervention. So, no—the whole \$20 million.

Dr Baxter: Just breaking it up by the lines, we spent \$5 million in 2016-17, which was just the first year. We have spent a further \$4 million already this year, in 2017-18, and we are budgeted to spend \$24 million this financial year. I can talk you through what each of those are. Under the prevention of domestic violence initiative, in 2016-17 we spent \$1.83 million, so almost \$2 million on that initiative. That \$1.9 million was to empower local government to take action to prevent violence through the development of a domestic family and sexual violence tool kit. That contract is underway. There is the 1800RESPECT expansion. I think you're very well aware of where that one is up to.

Senator PRATT: Yes.

Dr Baxter: We've allocated the \$5.8 million towards implementing the first response triage model, which obviously complements the additional \$5 million a year that we're about to allocate. In improving the capability of the disability workforce, we allocated half a million dollars in 2016-17 to that line and we have spent another \$100,000 and are due to spend another \$400,000 this financial year.

Senator PRATT: That's above what you budgeted?

Dr Baxter: No, we budgeted \$500,000 in 2017-18 and we've spent about \$100,000 of that, and we've spent the \$500,000 that was budgeted for 2016-17.

Senator PRATT: There was the \$1.8 million that you highlighted before. What was the budgeted amount for that?

Dr Baxter: Prevention of domestic violence. The budgeted amount there was \$1.9 million. The vast majority of that has been spent.

Senator PRATT: Are there any areas where there's a large gap between what was allocated and what was spent?

Dr Baxter: No. We feel we're largely on track. While we're still relatively early in the Third Action Plan, we're on track in terms of having done the difficult part, which is identifying the right provider and having struck the contracts. I would characterise it as saying we're in the early stages of the bedding down of those contracts. So, across almost the full suite of measures, we have the contracts in place. The money has begun to move. They're employing staff and setting up their services, so you haven't seen those really big movements of money that you'll see later this year and towards next year. But there are no areas that we've got concerns about.

Senator PRATT: There was the \$100 million in the Second Action Plan. I think you said that you'd spent \$25 million?

Dr Baxter: Do you mean the Second Action Plan or the Women's Safety Package?

Senator PRATT: This is the one that was launched—

Dr Baxter: September 2015?

Senator PRATT: In 2015. So with \$100 million of the Second Action Plan, which was launched in June 2014, it said the Commonwealth allocated \$200 million back then, which had \$100 million over the forward estimates. Is that the same money that we were referring to before?

Dr Baxter: No, that was the Third Action Plan I've just been talking you through.

Senator PRATT: Yes.

Dr Baxter: That money you're now referring to is the previous action plan.

Senator PRATT: Within that Second Action Plan—which is finished now—of the \$100 million allocated, how much was spent?

Dr Baxter: I don't have my Second Action Plan tracking sheet with me here, I'm sorry, because we've been focused on the Women's Safety Package and the Third Action Plan. My understanding is that it was all expended. But I can come back to you in this session and check that.

Senator PRATT: Okay. I've certainly got more questions, but I might let Senator Siewert have a short go and I'll come back, if there's a chance.

Senator SIEWERT: Okay, thanks. I've got a specific question about the package of measures that were put in place for forced adoption. You may need to take it on notice.

Dr Baxter: We've got someone coming to the table.

Senator SIEWERT: I've now lost my marker—here it is!

Dr Baxter: Do you want to start the question?

Senator SIEWERT: It's about the access to mental health services and counselling services. If you recall, there was a commitment that the APS would do some training of clinicians specifically around the issues related to forced adoption. Part of that process was that there was an agreement, as I understand it, that a list of clinicians who were trained would be made available and people—obviously, those affected by forced adoptions—could go to them. My very recent understanding is that that information has never been made available and that list, if it has been prepared, is not accessible to people affected by forced adoptions—in particular, mothers. Are you aware of whether that list was ever generated?

Ms Mandla: Do you have some more information about when that commitment was made? Was it in relation to one of the service providers?

Senator SIEWERT: It was the APS—the Australian Psychological—

Ms Bennett: Sorry, Senator. Someone has just explained to me that that was coordinated by the Department of Health, the psychological issues—

Senator SIEWERT: You don't have oversight of the package?

Ms Mandla: No, we don't.

Ms Bennett: We don't.

Senator SIEWERT: Okay, I will ask tomorrow. I will just ask, though, in general terms of the commitments that were made and funding that was made available: are you taking any oversight of any of that? You were the lead agency on that. Have you been taking any oversight of the package that was made available?

Dr Baxter: We do work very closely with our forced adoption support services. I'm not aware how well we've been tracking that, Senator. Perhaps that's a question for health, but we can certainly look to whether we have information about it through our services.

Senator SIEWERT: I'm thinking of the overarching approach, because there were a number of other commitments that were made. You haven't done a review of implementation of those commitments?

Dr Baxter: No.

Senator SIEWERT: Okay. Thank you.

Senator PRATT: I think I'll put the rest of mine on family violence on notice, because they're largely related to the budget, and it's easier, probably, to step it out on notice. At additional estimates in February, you provided us with a table of DSS grants subject to redesign. Since additional estimates, are there any additional areas being redesigned, and are there any changes to the time lines in your redesign process?

Ms Bennett: This was actually an issue across portfolio, but I asked for an update because of a number of these programs. So I will have some details; more details in others. There has been no change of the programs that we advised you for redesign. We explained at that time that the purpose of the redesign was a clear constitutional head of power for the department to be able to do that. Those programs that were outlined at the time, I think, were Disability and Carer Service Improvement Sector, Strengthening Communities, Financial Wellbeing and Capability, Reconnect, Family and Communities Service Improvement, Print Disability Services, Postal Concessions for the Blind, Disability Employment Services, National Disability Advocacy Program and the NDIS Appeals Program. Does that align to your list?

Senator PRATT: Yes. That was the same list that you provided then, I think. I've got specific questions about financial counselling and whether there are really any changes to what you provided.

Ms Bennett: I can answer the top line of that, and we've got people here that can answer the rest of it.

Senator PRATT: Financial Counselling Australia released a discussion paper on the redesign. They said that they were particularly worried about changes to eligibility which might narrow the group of clients able to access financial counselling. Are you considering changing the eligibility criteria in terms of who can access counselling within this redesign?

Ms Bennett: The department released a discussion paper, and I suspect that what you were talking about was a submission made to that. That was the 'Future Directions of the Financial Wellbeing and Capability Activity'. The public submissions were accepted between 22 February 2017 and 30 March 2017. We're expecting to release a summary report of that feedback shortly. We've just been trying to pull those things together. The submissions that were received are still being considered. Some people offered different views, some

organisations had different views, so we're trying to pull all those together and see how that would be taken into account for the future design.

Senator PRATT: Does the discussion paper released in January redefine who has eligibility and narrow it somewhat?

Dr Baxter: It doesn't propose any prescriptions. It has a set of issues, as a discussion paper does, and questions for people to respond to. Whether it's eligibility or whether it's more where you want to move to target and prioritise your services is more how I would characterise it. It is really trying to focus on: 'Do we want to have an increased focus on those priority groups like people who are trying to get into work, women who are escaping family and domestic violence?'

Senator PRATT: I can understand that you might want a target, but you're able to confirm, therefore, that organisations will not have to turn away clients under a newly designed program?

Ms Bennett: No decision has been made. As I said to you, at the moment, we've received feedback through that process. We're having a look at the feedback that everybody gave and we'll be working out how all that fits together and what the future state is.

Senator PRATT: So you can't yet confirm whether it will change eligibility for access?

Ms Bennett: No.

Senator PRATT: The Financial Counselling Australia paper also raised concerns about the underlying philosophy of the department's discussion paper, which in their view did not acknowledge adequately the reasons why people seek financial counselling. Particularly, the 'at risk' description does not recognise poverty and low income as a factor—which is simply that the reason people require financial counselling is that their income is below the poverty line in terms of budgeting for the basics of life. Is that something that you've reflected on and will address in the new paper?

Ms Bennett: We'll take all the submissions that we've received into account in how we look at what the redesign—

Senator PRATT: You'd agree that poverty and low income are reasons that people might seek financial advice?

Ms Bennett: I don't think this is an agreement or disagreement position. A discussion paper came out. As I said to you, we're required to do this to make sure that we have a constitutional head of power. As Dr Baxter said, a number of propositions were put. We've received a lot of feedback and we're working through that.

Senator PRATT: But clearly you would want people to be able to access services. Are you confident that the proposed redesign will mean that services can be provided to people who are not necessarily at imminent risk but who've simply had a change in financial or employment circumstances such as a redundancy?

Ms Bennett: I think that's the same question that you've asked. We haven't reached a position yet. Part of this is also, as Dr Baxter said, looking at targeting, looking at what states provide, what not-for-profits provide—we're taking all those elements into consideration.

CHAIR: Senator Pratt, Senator Siewert had one more as well, so can you—

Senator PRATT: I have some questions about microfinancing. I've heard from some organisations that they're concerned about moves to per-capita rather than proportionate funding to need, in places like Tasmania, for example, where the population's low but the need is relatively high. Are you able to provide whether the funding model for microfinance is being reconsidered and the direction it's going in?

Dr Baxter: I can tell you that, as Ms Bennett just said, all of those services are being looked at at the moment as part of that redesign process and no decisions have been made. Those services are currently funded, as you know, through to June 2018. I'm aware of the services that you've mentioned, in Tasmania. We are listening to and taking account of their concerns. We've had a number of representations in relation to them and we're working closely with our provider on trying to understand some of those issues a little better. It's actually the provider that has proposed changing the model rather than the department. We want to make sure that whatever comes through in the redesign is able to be accommodated and that the concerns of some communities, including those you mentioned in Tassie, can be taken account of.

Senator PRATT: How would you describe the model that the providers put forward, in terms of how different it is?

Dr Baxter: You've mentioned it—the change to needs based.

Senator PRATT: So it is a per-capita change?

Dr Baxter: It's described as that, but it's a needs based per-capita funding model. Absolutely no decisions have been made. That's up in the air as part of the redesign.

Senator SIEWERT: Can I ask about the community resilience grants here? Is this the right place? It is, isn't it? Was there a condition that all applicants had to hold an event of however many days?

Ms Bennett: Yes, there was.

Senator SIEWERT: Even if it wasn't necessarily appropriate for the particular application?

Ms Bennett: The grant guidelines were available and explained that, because it was bringing together community development participation, multicultural affairs and volunteering—I haven't actually got the very specific details with me. I'm wondering if someone can answer the question in relation to Harmony Day and join the table.

Senator SIEWERT: While the witness is coming to the table, can I ask: was there a filter put across all applications to say that, if you didn't have a Harmony Day event, that was it; you were out?

Ms Bennett: Yes, it was a requirement. The issue about the filter has been raised with us. It's been suggested to us and we're looking into the matter, and we don't have an answer. It was raised only this morning that someone was able to go all the way through and not complete that component, and the application should have almost said, 'You haven't completed that element. Therefore, you haven't completed the application.' We're trying to resolve what that actually meant.

Senator SIEWERT: Could you take on notice how many were excluded simply because they hadn't ticked the box of 'We'll have a Harmony Day event'?

Ms Bennett: We'll take that on notice. There were requirements within a whole lot of things that organisations had to do to be eligible. But we'll take that on notice.

Senator SIEWERT: Specifically about that issue: how many applications were there; and how many were excluded specifically because they didn't tick that box?

Senator PRATT: And the decision as to why the Harmony Day event was so vital to being eligible for funding.

Ms Bennett: We'll take that on notice.

CHAIR: On that note, all additional questions will be put on notice. That concludes the examination of the Department of Social Services. I thank the minister and officers for their attendance.

Proceedings suspended from 18:28 to 19:30

Department of Human Services

CHAIR: We will resume with the Department of Human Services. 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 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 asked for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised. Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to document 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 welcome back Senator Scott Ryan, representing the Minister for Human Services and officers of the Department of Human Services. We will get straight into questions.

Senator Ryan: Yes. Thanks, Chair.

Senator SINGH: My questions go straight to outcome 1. I don't know if Senator Siewert has cross-portfolio questions.

CHAIR: Have we got any cross-portfolio questions?

Senator SIEWERT: We usually mix them all in.

Senator SINGH: Is that okay?

Senator SIEWERT: We do usually.

Senator SINGH: I'll just kick off, then.

CHAIR: Given we're a bit behind time, let's just kick off. Senator Hinch did, I believe, have some cross-portfolio questions.

Senator PRATT: I thought we did have cross-portfolio questions.

Senator SINGH: Well, I don't have those. I'm starting with what was a priority. It's families and communities.

Senator SIEWERT: I've got overall service questions.

Senator SINGH: I might just start and then we might—

Senator PRATT: If you're happy for us to cover cross-portfolio matters—

Senator SINGH: and then, as Senator Siewert says, we can move to outcome 1.

CHAIR: Are you happy with that? Let's kick off and see how we go.

Senator SINGH: I want to ask some questions around missed calls to Centrelink. Let's just start with this: how many missed calls did DHS have for the financial year 2016-17? Also, how many missed calls have there been to date?

Ms Leon: For 2016-17—for missed calls, do you mean calls that were abandoned?

Senator SIEWERT: No.

Ms Leon: Or calls where they received a busy signal?

Senator SINGH: Busy signal.

Ms Leon: The busy signal calls—

Senator SINGH: Engaged.

Ms Leon: on the social security and welfare lines for 2016-17 were 55,315,403. I should say, Senator, that's not 55 million unique calls. Analysis of the telephone data is that in the vicinity of 20 per cent of those are repeat dialling apps that people now have on their smartphones, and so 55 million calls, doesn't mean there were 55 million people who tried to ring, because many of those were repeat calls.

Senator PRATT: Except they didn't get through, and there was an attempt from each person making another attempt—you do this every time, and it's still an attempt by a person to get through and they don't get their call picked up.

Senator SIEWERT: How did you work out it was 20 per cent?

Mr Jackson: At previous estimate hearings, Senators, we have spoken a lot about the impact of autodiallers on a range of things, and I understand what the senators are saying. We have been able, with the full year's data from last year, to work very closely with our telephony partners to identify the full impact of what exactly is happening with regard to the autodiallers. As the secretary has pointed out, we are getting some 11 million calls coming through as a result of autodiallers. To put that into perspective, it not only significantly inflates the number of busy signals we are getting—and I will come to that in a minute and I will explain why it does inflate—

Senator PRATT: Of course it does, but it's still—

Mr Jackson: I'll explain that in a minute. It also causes significant problems for the telephony systems in that it artificially inflates what we think is the demand coming through at any particular point in time. That then causes certain parameters that we have to protect the integrity of the telephony system to trigger which, in itself, will stop some calls coming through. To further give some example around that, with the data that we now have, we're unable to mine the data with our telephony partners and identify the top 500 unique callers generated 685,000 busy signals just by themselves—that's 1.2 per cent. We had the top 100—

Senator PRATT: That's probably pinged you to test your systems, you'd think.

Mr Jackson: No, but, again, what they're actually doing by using these autodiallers—and one unique caller rang 4,508 times in a 12-month period and had their phone answered 282 times. The impact of those sorts of numbers coming through our system are clearly inflating the number of busy calls that we have, are not the unique numbers and are also, as I said, putting the overall system at jeopardy from the point of view of: it is significantly inflating what we think the demand is, and parameters are put in place to prevent that. What it also hides from the fact is that the autodiallers significantly distort the fact that, in the last financial year, three million of our 5.8 million unique callers did not receive a busy signal at any time they rang.

Senator SIEWERT: How many?

Mr Jackson: Three million out of 5.8 million unique callers, so over 50 per cent of people who rang us did not get a busy signal.

Ms Leon: All of this is not to say that we aren't concerned about the number of busy signals that people receive and are not actively working to address and manage it. Getting better data about what is driving the busy signals and the extent to which we might be able to manage them differently, obviously, is very important to us. We are looking at it closely to see what we can do so that people do get busy signals much less of the time than they currently do and that people don't need to resort to autodiallers to dial again and again to try and get through.

Senator SINGH: I appreciate your concern. I'm sure you can imagine how frustrating this must be for millions of Australians trying to get through who get that busy signal. What's more concerning, though, is that each year, year on year, the number is getting bigger and bigger by the millions. So, if you look at the past financial years, I think in 2015-16, it was about 29 million; about 22 million the year before that. Now this last financial year you're saying it was 55 million—that's near double what it was in 2015-16.

Ms Leon: So when there are more people trying or just a greater availability of those autodialling apps as more and more people have smartphones and more and more people have the autodialling apps, I don't think we can say that it is necessarily more people trying to get through, rather than more people repeat dialling. That's one of the things we are trying to sift out of the numbers so that we can have a better understanding of what the real problem is.

Senator SINGH: It's still an incredible number of calls. Now, let's break that down. How many million did you say that actually get through and don't get an engaged signal in the last financial year?

Ms Leon: Of 5.8 million unique callers, three million did not receive a busy signal any time during the year.

Senator SINGH: Of the three million who got through out of the 5.8 million unique callers and the 55 million callers, what is the up-to-date data of call wait times for those individuals?

Senator SIEWERT: Can we do it against services? Can we do it against the lines?

Senator SINGH: Yes, can we do it against the different service areas of Centrelink?

Ms Leon: I think last estimates the former secretary undertook that we would just give you a piece of paper.

Senator SIEWERT: Yes. I was going to bring that up.

Ms Leon: With the committee's agreement, we'll just hand up the piece of paper that gives it to you line by line rather than read it.

Senator SINGH: I'd prefer if you read it out.

Senator PRATT: I'd like to see the paperwork.

Senator SIEWERT: I'd like to see the paperwork.

Senator SINGH: But I'd like it read out as well. How about I start listing the services and you can give me the call wait times—is that okay?

Ms Leon: Sure

Senator SINGH: Disability, Sickness and Carers?

Mr Jackson: For Disability, Sickness and Carers the answered calls was 1,551,474.

Senator SINGH: And the call wait time?

Mr Jackson: The call wait time for Disability, Sickness and Carers was 28 minutes and 17 seconds.

Senator SINGH: Unemployment services?

Mr Jackson: Employment Services was 1,658,543 answered calls.

Senator SINGH: The wait time?

Mr Jackson: Thirty minutes and 21 seconds.

Senator SINGH: What does that mean? Are they actually waiting on the phone for half an hour?

Mr Jackson: That's the average speed of answer.

Senator SINGH: Before they speak to anyone?

Ms Leon: That's the average speed of answer, yes. It's the average wait time until they speak to a customer service officer—

Senator SINGH: Youth and Students?

Mr Jackson: Youth and Students was 1,059,119 with an average speed of answer of 31 minutes and 15 seconds.

Senator SINGH: Older Australians?

Mr Jackson: 1,077,386 with an average speed of answer of 18 minutes and 59 seconds.

Senator SINGH: You have a category there called Participation. What's that?

Ms Brill: Participation is our PST line or Participation Solutions line. That is for people reporting and working for the dole. Our PST is essentially that Participation line.

Senator SINGH: They have to report in.

Senator PRATT: You have to wait half an hour to report your income!

Ms Brill: What's their wait time?

Mr Jackson: The answered calls was 723,813 with a 36-minute average speed of answer. The final category is Other, which picks up a lot of the work regarding the AVTOP, Income Management, myGov, emergency response, International Services. That had 10,353,913 answered calls with an average answer speed of seven minutes and 53 seconds.

Senator SIEWERT: Are the Income Management calls separate to that or are they a subset of the 10 million?

Mr Jackson: Income Management is a subset of Other. You asked that question last time, so we do have that number for you, which is 2,406,511 answered calls.

Senator SIEWERT: My understanding is that's two lines. There's the line that asks about how much people have in their account and then there used to be the line that asks about problems and things like that, or if they have anything to report. Does that cover both lines?

Mr Jackson: We'd have to take that on notice. Hopefully we should be able to find out while we're here.

Senator SIEWERT: That would be great.

Senator SINGH: To be clear, in that Participation category, somebody who's on unemployment benefits who has to report on their participation for work—how often do they have to do that? Is that every fortnight?

Mr Jackson: I believe it's every fortnight.

Senator SINGH: If I'm unemployed and receiving the unemployment benefit, every fortnight I need to call Centrelink and report in on my participation to look for work—is that correct?

Mr Jackson: I believe so, yes.

Senator SINGH: So every fortnight I can, on average, expect to wait 36 minutes on the phone—that's if I get through—before I speak to somebody at Centrelink, to be able to meet my obligation to report in.

Ms Leon: No, Senator.

Mr Jackson: I think I might have misled you on that.

Ms Leon: They don't have to ring every fortnight to report their job search or whatever. They have a relationship with their employment services provider for that purpose. We have program people who can come to the table to clarify, but I think this is where they have to report a change in their circumstances. They have to report that they are now working and so they should be getting a reduced level of support. So it's not a requirement that every fortnight they have to ring in. I will get someone to the table to clarify if that is not the case, that that is what they ring for. But, no, it's not the case that they have to ring Centrelink every fortnight just to tick a box.

Senator SINGH: Unless they were in casual employment and their work situation changed every fortnight; then they would.

Mr Jackson: I think it's also around compliance. It is quite specific, about compliance, so it is best we have a program officer here who understands the rules behind that rather than the operational aspect of it. I'm sure we're getting close to that.

Senator SINGH: I'd also like to ask, while that person's coming to the table, how many calls took more than 30 minutes in that financial year.

Mr Jackson: That one, we'd have to take on notice.

Ms Leon: It is an average, so at least half the calls will have taken more or less than 30 minutes. Some of the calls will only have taken a couple of minutes and some of them will have taken longer.

Senator SINGH: You can take that on notice, and how many calls took more than an hour.

Mr Jackson: We can take that on notice.

Mr Bennett: Sorry, can you repeat the question? We were just coming through.

Senator SINGH: I am trying to understand the participation category, because that's the longest wait out of all the people who are calling Centrelink. They're waiting, on average, 36 minutes before they get to talk to somebody. I am trying to understand the circumstances where an individual has to go through this.

Ms Deininger: As has been discussed, people do need to report every couple of weeks but they can do that online. But where they might have missed an appointment with their jobactive provider and might have had their payment therefore suspended, they would need to contact us. We would have a conversation with them and assess what we would describe as a reasonable excuse for why they were not able to meet their mutual obligation. That is the kind of thing they would be ringing up for to discuss with our customer service officers.

Senator SINGH: So they could be doing that every fortnight if their circumstances were changing?

Ms Leon: No, only if they persistently missed their appointments. It is a compliance response.

Senator SINGH: But you said if their circumstances change.

Ms Leon: I think I said my understanding was that that was why we were getting the program officers to the table to explain that line; so that line is a compliance reporting. It is where they fail to comply with the participation requirements.

Senator SINGH: Does it include when their circumstances change?

Ms Deininger: If your circumstances change—for example, if you earn additional income because you might have shiftwork or whatever—you can report that online. There is no need to ring us to report that. To the extent that that impacts on your payment, that will be taken into account. As the secretary has indicated, the participation solutions line is around those compliance aspects and ensuring that we are able to make sure that, where a job active provider has indicated that a participant has not met their mutual obligations, we follow that up with the recipient.

Senator SINGH: Clearly, the system's broken.

Senator DUNIAM: We did have an inquiry into this—

Senator SINGH: Did you?

Senator DUNIAM: for months about these allegations. You should have come along to the hearings and you wouldn't have had to waste the committee's time with these questions now.

Senator SINGH: I'm sure I would have been even more frustrated than I am right now. Senator Duniam, I am trying to get more up-to-date information.

Senator DUNIAM: Fair enough.

Senator SINGH: What the officials have answered for me so far is everything to do with the last financial year, but I did also ask at the outset how many missed calls there had been year to date.

Mr Jackson: We can provide the number of calls answered year to date for the same lines. For the period 1 July to 30 September, of the various lines—and I will go through them in the order I had them, which was fairly close to the order you had, Senator—the disabilities line—

Senator SINGH: Could you just tell me the total of missed calls to start with..

Mr Jackson: We don't have a total missed calls for this year, year to date, at this point in time due to the fact we are still mining the data with regard to identifying the issues around the impact of the auto dialling, which we were talking about before. It is such a significant number that with the straight data I have now I would be giving information that would be very misleading.

Senator SIEWERT: So what are you going to give us?

Mr Jackson: The original question I thought was the number of calls answered and average speed of answer for year to date. I am happy to give that if that is appropriate.

Senator SIEWERT: Have you got the wait times for those as well?

Mr Jackson: Yes, I have wait times for those as well. For the year to 30 September: Disabilities, 320,043 calls answered with an average speed of answer of 26 minutes 51 seconds; Employment Services, 341,511 calls answered with an average speed of answer of 29 minutes 16 seconds; Families and Parenting, 907,386 calls answered with an average speed of answer of 23 minutes 29 seconds; Older Australians, 197,944 calls answered with an average speed of answer of 27 minutes 47 seconds; Youth and Students, 196,803 calls answered at an average speed of answer of 32 minutes and 54 seconds; Participation, 223,253 calls answered with an average speed of answer of 26 minutes 19 seconds; the Other category, 2,736, 998 calls answered with an average speed of answer of seven minutes 37 seconds; and breaking Income Management out of that Other for you, Senator Siewert, it was 636,045 calls answered with an average speed of answer of three minutes and 50 seconds.

Senator SINGH: What is the average processing time for a new applicant to receive the age pension?

Ms Leon: Do you mean in 2016-17 or this year?

Senator SINGH: This year.

Mr Jackson: Bear with us one moment, Senator.

Ms Leon: While the officers are looking for that number, I should say we have been implementing a very focused effort to reduce the number of age pension claims on hand this year and so we established a team in August to focus on that issue and we have substantially reduced the number of claims on hand. We have reduced it by over 45 per cent since August, and I think it is true to say that they are now at lows that we haven't achieved for some years. The number of claims on hand is at a three-year low now.

Senator SINGH: That is why I am asking, because I did see the minister's press release. I would like to know the average processing time currently, but, if you can, also provide it for the last financial year as well.

Mr Jackson: The median days to process for age pension for last financial year was 36 days. We don't have it for this current year, unfortunately, but we can take that on notice. If I could also mention for senators' benefit, one of the issues that we do have with most of our claims is that under our arrangements—age pension is a very good example—often they are very complex and often people submit their original claim without all of the information, particularly if there are details around various trust funds, and we have to then go back and ask the recipient for additional information. We are therefore in the hands of the recipients when they come back. Our clock does not stop, under our reporting requirements. If, for example, a recipient took two months to come back to us in response to our question along the lines of 'Please provide details of income,' which may or may not identify their eligibility, we can have claims open for three, six, nine months, pending the recipient responding. In some cases, they choose not to respond because it's been identified that they're actually not eligible, but the claim stays live in our system. That clearly significantly impacts on medians, averages, statistics.

I know it's extreme but, in the age pension case, we have one claim that has been open for in excess of 1,000 days, due to the fact that the recipient is actually residing overseas and we're seeking to get information out of one of their overseas partner countries. Equally that recipient may have chosen not to proceed, but, under the current arrangements, we need to include that 1,000 days-plus in our data, which clearly puts us at the risk of our own statistical climbing, by the fact that the older claims that stay there for longer severely distort things such as averages.

Again, we're working very closely with our partner agencies to try and identify how we can (a) quarantine those extremely long claims or (b) under the legislation I believe there is the ability to write to the people saying, 'We have not heard from you for X number of months; therefore, we assume your claim is not proceeding or please provide the information,' to get a greater clarity and accuracy around the data, because obviously that does drive where we put our attention in what we are doing. As the secretary quite rightly pointed out, there were some issues around some of the delays with the age pension earlier on, and we have made great attempts, by bringing in additional resources, to bring that down, and we are now at historical lows in that, which is great. We are seeing, as predicted, an increase of some claims coming through due to the change in the age dates, and we have forecast that and have staffed up accordingly, to ensure that we do keep that and process that through.

Senator PRATT: Is there a correlation between the waiting time that someone has to wait on the phone and their capacity to clear up those things that hang over their head that they're waiting to resolve? Often, when there's outstanding information for your pension application

or another application, you actually have to call Centrelink to clarify something to work out what it is that's actually going on. So it's no surprise to me that, when you say you put the onus on people not having followed up on outstanding pieces of information—it's not easy to follow up if you haven't been able to talk to someone to clarify what's actually required of you. Would you accept that?

Mr Jackson: I wouldn't believe there's a direct correlation, given that age pension—

Senator PRATT: It's certainly been my experience in terms of issues like child care.

Mr Jackson: With the age pension, in particular, age pension claims can be done 100 per cent online. Some people choose not to do that, but certainly, given the facility is there, that does remove that issue of having to ring up and experience some wait time.

Senator PRATT: But, if someone says, 'I'm unclear about the letter you've sent me; I need to ring and find out what Centrelink's actually asking me for,' then you're likely to have to wait half an hour on the phone.

Mr Jackson: They could also come into a service centre, and the average wait times in service centres at the moment is just under 12 minutes. So there are other options open to people for doing that.

CHAIR: A couple more questions and then we will go to Senator Siewert.

Senator PRATT: What support is offered to applicants to see that their claim is submitted correctly so you don't have the 1,000-day blowouts and the discrepancies in your data?

Mr Jackson: When we identify that a claim is incomplete, in the case of the age pensions, we will advise the person that we need the following information so it's very clear to them. Do we follow them up and say, 'You haven't submitted for three months; do you need any help'? No, we don't do that. The other aspect is in some of the claims around carers payments and allowances and things like that—equally very complex claims, because they do require a lot of medical support and, in a lot of cases, you have to actually verify that medical support to do that. Again, we do find that when we start asking these questions some recipients who, for want of a better phrase, are just testing the waters to see if they can get it, realise that they are not eligible and say, 'I won't bother going any further forward.' Equally, for those claims that are online, people can see through Claim Tracker and the likes of that as to where their claims are up to and, therefore, they are getting a clear indication that it is pending, waiting for you to provide us with some information.

Senator SINGH: Finally, can you provide us with an update on this apparent streamlining you talked about of the age pension claims that makes it easier and faster?

Ms Leon: It was a task force that focused on clearing the claims on hand. Streamlining of the process is something that is still a little down the track, but we have had a task force—

Senator SINGH: You haven't started the streamlining?

Mr Jackson: The online claims.

Ms Leon: Yes, we've got online claims. I thought you meant streamlining of the pension process.

Ms Brill: We have 22 claims now—

Senator SINGH: I am talking about that—I'm talking about what the minister says in the second line of his press release in August:

The Government is streamlining the Age Pension claim process and improving the user experience ...

Ms Brill: Correct, we have 22 payments now that are online. Three of our major payments include students, carers and age pension. All of those claims now have processing times under four weeks. Essentially, it enables claimants to go online and complete the whole process online, including uploading their required documentation. If they're a bit wary or nervous about doing that, they can go into our face-to-face environment and do what we call a staff-assisted claim—a staff member will walk them through how to submit their claim online. As I said, we now have those claims at historic low levels. Students and age pension, in particular, are less than 9,000 on hand, and the processing time is less than four weeks.

Senator SIEWERT: Can I just chase up a few things around the wait times. Does income management and BasicsCard include the cashless welfare card or do they fall somewhere else? Do they call Indue?

Mr Jackson: We'll have to take that on notice and, again, try to get it while you're here.

Senator SIEWERT: That would be appreciated. Could you take on notice the number of abandoned calls for the first part of this financial year, or do you have that easily accessible?

Mr Jackson: Certainly. Again, just reiterating—and I know you've heard this many times, Senator—there's good abandoned and bad abandoned, in as much as the majority of people who do abandon do so within two minutes, which is an indication of the fact that they've found what they're looking for by coming through and listening to the IVRs.

Senator SIEWERT: Yes, but I'm guessing that would differ for those who have long wait times, like Participation. For the 461,780 people who abandoned the call, I'd say that had more to do with the long wait time than—

Mr Jackson: The wait time commences once they have been through the IVR, so they would have listened to the IVR process and decided, 'No, I have not got what I wanted.' Then, they've decided to wait on the phone to be answered.

Senator SIEWERT: But abandoned calls would also relate to the long wait time, I would think. I get frustrated when I've been sitting on the phone for more than a certain period of time and hang up.

Mr Jackson: Sure. As I said, as you've requested, I'll give you the abandoned calls: Disabilities, Sickness and Carers, 100,435; Employment Services, 126,925; Families and Parenting, 316,437; Older Australians, 120,216; Youth and Students, 87,389; Participation, 79,556; and Other, 559,119. The subset of Income Management abandoned, which is included in the previous number, is 129,330.

Senator SIEWERT: Can I go to the online compliance system. Could we have an update on the number of debt notices, again with a break down, if possible, with those for the financial year, and then those in this quarter, please? And if you had a nice table as well, that would be great.

Mr McNamara: The number of debts finalised in terms of the compliance program is 153,000. In terms of number of debts finalised this is where, to the end of August, we have figures, of 11,000.

Senator SIEWERT: 11,000 from July?

Mr McNamara: To the end of August.

Senator SIEWERT: These are the ones that are finalised?

Mr McNamara: Yes.

Senator SIEWERT: . Are you able to provide a table against the payment types? For example, how many are Newstart, how many are youth allowance, et cetera? Do you have that breakdown, or can you take it on notice?

Mr McNamara: I can take that on notice. We can definitely get you that breakdown.

Senator SIEWERT: For both?

Mr McNamara: Yes.

Senator SIEWERT: Could you give us the final totals for the number of letters initially that went out seeking further information of payment confirmations, or income confirmation? The number of notices, the debt notices, let's call them, the debt notices that went out total—follow what I'm meaning?

Mr McNamara: Yes. The total number of reviews that we've started is 430,000.

Senator SIEWERT: Let's be careful about the terminology because when I hear 'reviews', I go to 'review of the process', which I want to come to

Mr McNamara: The initiation letter?

Senator SIEWERT: Yes, initiation letters.

Mr McNamara: 430,000 of those, to the end of August.

Senator SIEWERT: No, I want it for the financial year, and then for the end of August. Or you can't do that?

Mr McNamara: I don't think we've got those figures.

Senator SIEWERT: For the total of the OCI, basically since that started, do I take that figure to mean that's the total number of letters that went out?

Mr McNamara: Yes, 430,000.

Senator SIEWERT: That's the initiating letters—the ones where you're asked to confirm your payment details?

Mr McNamara: Yes.

Senator SIEWERT: How many, notices went out following that, in terms of debt notices?

Mr McNamara: That's the 153,000—that's the debt notices.

Senator SIEWERT: That's what you call 'finalised'?

Mr McNamara: That's our point of finalisation, yes.

Senator SIEWERT: And 11,000 of those were this year, but you can't tell me how many initiating letters this financial year have gone out?

Mr McNamara: This financial year, yes, I can. I didn't have the figures for the breakdown from last year but I have the first couple of months of this year. We've sent 114,000 initiating letters to the end of August.

Senator SIEWERT: So of the 430,000 over the program, 114,000 were just in the first two months?

Mr McNamara: Two months of the financial year, yes.

Senator SIEWERT: So you've significantly ramped up the OCI process?

Mr McNamara: We're continuing to implement it in line with what the government has decided, yes.

Senator SIEWERT: It's only June that I don't think we'll have, in terms of when we did the inquiry.

Mr McNamara: We can give you those.

Senator SIEWERT: So 430, of which 114 were in the last two months?

Mr McNamara: That's right.

Senator SIEWERT: And 11,000 of those had been finalised already?

Mr McNamara: In the last two months, we've finalised 11,000 debts. Some of them may have related to letters sent prior to the last two months, obviously.

Senator SIEWERT: Yes, I take your point. Can we go back—when you say finalise, could you articulate what you mean by finalise? The notices have gone out, but they haven't necessarily been agreed by the person receiving the letter.

Mr Storen: Craig Storen—sorry, my nameplate's gone missing on the way between the waiting room and this room.

Senator SIEWERT: I'm pretending it's there.

Mr Storen: When Mr McNamara's talking about finalised and debt raised, we are talking about the compliance reviews being completed. We've contacted the customer and agreed that the information we've provided is the information that we're going to be able to get from the customer to finalise that review, and we'll finalise the review and set a debt notice

Senator SIEWERT: So the review—I'm not trying to be pedantic, I'm trying to understand. You mean they've been through the review—when they've asked for a formal review, they have been through all that process?

Mr Storen: No, Senator. This is—

Senator SIEWERT: That's why I'm trying to get this really clear.

Mr Storen: This isn't a review post the debt; this would be what we would call the compliance review prior to the debt. So the customer has received the initial letter identifying that there's a discrepancy in the data. They may have received letter 2 and letter 3, or they may have gone online. They may have talked to us. They could have gone online and uploaded information. They may have partially uploaded information and talked to a compliance officer. They may have talked to a compliance officer, manually entered their information and resolved the situation.

Senator SIEWERT: One way or another, you've now issued the debt notice. My next question—which is why I was trying to be clear about where that process went to—is: how many have been subject to a reassessment and then a more formal review process? My understanding of the process is that someone can ring up and say, 'Can you have a

conversation about reassessment?' They've given you more information. The more formal process is when it's kicked into a more formal, proper review.

Mr McNamara: I don't know if we've got the numbers on hand of how many reviews have happened. What we have is the number of reviews that have happened that have changed the debt.

Senator SIEWERT: Okay—that'll help. Sorry: review or reassessment?

Mr McNamara: Reassessment. It's the post accounts-payable letter—someone's got the accounts-payable letter and they've rung us up and said, 'I'd like this reassessed, please.' Then we go through a reassessment process. There can be a number of those; it's not just a single process.

Senator SIEWERT: That's why I was asking about assessment versus review. I thought the review process—as it was explained previously, or how I took it in, I should say—was a much more formal process.

Mr McNamara: Yes. To date, to the end of August, for the total program, we've had 29,000 debts change as a result of that reassessment.

Senator SIEWERT: How many were up, and how many were down?

Mr Storen: I can do that: of the 29,000, debts reduced to zero—9,985. I'll round up and down for you. Debts reduced to non-zero—so the debt has reduced, but it is above zero—17,300.

Senator SIEWERT: Do you keep a record of substantial readjustment?

Mr Storen: No, we just have that category. The final category is where, upon reassessment, the debt amount has increased—that's 1,800. Those numbers are all for the program up till August.

Senator SIEWERT: That's over the whole 430,000?

Mr Storen: Correct.

Senator SIEWERT: What is the value of the 29,000 debts that were changed?

Mr Storen: I would have to take that on notice. I'm assuming you're exploring the net value in the change of those debts?

Senator SIEWERT: Yes.

Mr Storen: As Mr McNamara said, we can actually have a number of reassessments of a single debt. If a customer provides us with more information, we will reassess their debt.

Senator SIEWERT: I see. One person could be double counting those notices.

Mr Storen: There are multiple reassessments in the 29,127, and our data is not—

Senator SIEWERT: That granular.

Mr Storen: as sophisticated to give us what you are after, but I think we can take the question on notice, and we'll do an order of magnitude—rather than to the dollar.

Senator SIEWERT: If you could. In terms of the 430,000—

Mr McNamara: We're talking about the 200,000. We've completed 202,000 reviews to the end of August. The 430,000 is the number we've started with.

Senator SIEWERT: Yes.

Mr McNamara: These numbers are a component of the 202,000 that we've completed of which 153,000 raise debts, and that is where we're breaking that 29,000.

Senator SIEWERT: You've sent out 430,000 and finalised 153,000 by confirming that they have debts. That's correct, isn't it?

Mr McNamara: That's right.

Senator SIEWERT: How do you get to 202,000?

Mr McNamara: The 202,000 is the number of the 430,000 that have been finished—153,000 ended up with a debt and the remaining ended up with no debt.

Senator SIEWERT: Of the 430,000?

Mr McNamara: Of the 202,000.

Senator SIEWERT: Sorry. I must be thick! It is late—and/or both.

Mr McNamara: It is late. If you start at 430,000, as letters we've sent out, we've finished 202,000 of the 430,000—

Senator SIEWERT: Yes—that had no debt.

Mr McNamara: and 153,000 of the 202,000 that we've finished ended with a debt. The remainder—about 49,000—ended with no debt.

Senator SIEWERT: Yes.

CHAIR: Can I just ask a question. How does that compare, in terms of—I hesitate to use the word—accuracy. In terms of identifying debts using the OCI, how does the quality of outcome compare to what came before? Would we have any sense of that?

Mr McNamara: If you want to talk about it in terms of administrative error, we actually see the administrative error in this system as probably on par to what we had in the previous system, which is a significant result in terms of percentage given the broad magnitude that we've gone from. We used to do 20,000 of these reviews a year, and so the fact that we were able to maintain an administrative error rate of around 1.7 per cent is quite good—when we go to finalising 200,000 over a shorter period of time, and we are still maintaining our administrative error rate, at the moment, that we estimate at around 1.7 per cent. We think that that is quite good, and we've had to adjust our processes to be able to do that, given the larger quantity we're doing. This is important because the other thing that has happened as we've expanded the program is that we're now encountering more people who, as we've said, do not have debt, where previously we were only doing a small number and virtually everyone had a debt.

CHAIR: So you were, basically, targeting people you knew were probably in breach more granularly—

Senator SIEWERT: Under the old system.

CHAIR: Now you're mining the data to find a lot more people, but you're still getting a relatively high hit rate in terms of that 153,000 out of 202,000.

Mr McNamara: Yes.

Senator SIEWERT: Can we go to the 202,000 figure?

Mr McNamara: Yes.

Senator SIEWERT: You've sent out 430,000 letters since 1 July—

Mr McNamara: Over the program.

Senator SIEWERT: of which 202,000 had no debt—they're out.

Mr McNamara: No—202,000 have been finalised now of which 153,000 have a debt.

Senator SIEWERT: Okay—finalised with a debt, sorry.

Mr McNamara: Yes.

Senator SIEWERT: And 202,000 had no debt?

Mr McNamara: No, 48½ thousand ended up with no debt. So 48½ thousand plus 153,000 gets you about 202,000.

Senator SIEWERT: And all the rest are still in the system?

Mr McNamara: All the rest are still in flight, yes.

Senator SINGH: I think the minister claimed there was a \$300 million debt. How much of that has been recovered to date?

Mr McNamara: We can't tell, in the way our systems work, exactly how much debt recovery we've done that relates to the data-matching program. We can give you figures about how much debt recovery we've done, but the granularity in our system doesn't really allow us to be able to—

Senator PRATT: Are you collecting more debt than you usually do? Has that changed in a curve over time? You must be able to tell us that.

Senator SINGH: The minister said it was \$300 million. I'm trying to work out how much has been recovered.

Mr McNamara: In terms of debts raised to the end of August, the program so far has raised \$745 million in debts. We can tell that from the nature of our system. The difficulty is, though, that people have multiple debts. So it's not easy to tell, when they are paying back money, which debt you'd attribute it to to therefore be able to say that it's part of the OCI debt as opposed to maybe the FTB debt or whatever other debt they might have with us. People generally, in a lot of these cases, have multiple debts. We don't have that granularity of data in terms of debt, but we can talk you through the broad figures we have with our debt book.

Ms Harfield: In terms of numbers of debts raised, values of debts and values of debts recovered, I could take you through those for a number of years. I'm not quite sure where you'd like to go back to, Senator.

Senator SIEWERT: It's the OCI stuff that we're focused on in terms of the debts that have been raised. Maybe you could give us the total of the debts that have been raised—but you can't tell us what's been recovered?

Ms Harfield: If I could illustrate it through an example, it would make it more tangible as to why that breakdown is not available in the way that you described or asked. For example, if somebody had a debt that was raised in relation to employment income confirmation in 2016 and then they had another debt that related to family tax benefit from 2017 and they'd entered into a repayment arrangement, there's a hierarchy about how debts are paid. For example, if somebody had started to pay back the minimum \$5 a week against their debt, they would start

to have paid off their employment income debt. But we don't manage debts for an individual against each debt. What we say is we treat the hierarchy as the prominent debt. When I got the second debt for family tax benefit, for example, my \$5—if I couldn't afford to pay any more—would go to pay that debt off. So I can talk about recovery against all the debts that are owed to the department in terms of social welfare debts but not break down for you that the employment income confirmation measure has recovered this amount.

Senator PRATT: What has the spike in collection been since robo-debt started?

Ms Harfield: In terms of annual numbers of debt value, for 2015-16, the value of debts raised was \$2.8 billion. But that would be across all debt types. In terms of value of debts recovered, that was \$1.54 billion in that financial year.

Senator PRATT: Of the \$2.8 billion?

Ms Harfield: Of the \$2.8 billion. In 2016-17, again, it was \$2.8 billion in debt raised, and we recovered \$1.64 billion. In 2017-18, to 31 August, the number of debts raised is 562,000, approximately, with the value of debts being \$0.51 billion, and we've recovered \$0.42 billion of those debts.

Senator PRATT: Have you had to repay money back to any recipients who've been able to establish that they did not, in fact, owe a debt after they had one raised and started paying it?

Ms Harfield: In terms, specifically, of any type of debt?

Senator PRATT: Robo-debts, specifically?

Ms Harfield: I don't have that information.

Senator PRATT: I know some people have appealed their debts after they've put a repayment plan in place. I'm just interested to know if the position of any of those persons has subsequently been substantiated in a review and they've been found not to have a debt.

Mr McNamara: That's what we were talking about when we talked about the change in debts. There are a number of people who've had their debts reduced to zero or have had their debts reduced. To the extent that their debts have been reduced beyond what they'd already repaid, then we pay them that money back. Can I just clarify too that, in terms of the debts paid, the overall debt book, it's important to note that the payments in one year relate to debts accrued in a number of years. It doesn't relate within-year, necessarily. So it's important to understand that people repay most of our debts over a long period of time. Very few people would pay within-year. That's why our debt book tends to be reasonably steady—because people are paying over a period of time in a steady way.

Ms Leon: So those figures that were quoted about the amount of debt recovered in a particular year—it's not \$1.5 billion of the \$2.2 billion; it's just that that's the amount of debt that was repaid that year. Some of it might have been of that year's debts identified, but a lot of it would probably be of debts identified in previous years but that are being gradually paid off.

Ms Harfield: Yes, that would be correct.

Senator SIEWERT: While you're there, could you repeat those last set of figures that you gave for this financial year?

Ms Harfield: Certainly. Just in terms of the numbers of debts raised—with the caveat, obviously, that the in-year elements are not necessarily the same—the number of debts raised is 562,000 to 31 August this financial year, and that's \$0.51 billion in value. The value of debts recovered is \$0.42 billion.

Senator SIEWERT: Thank you.

Senator PRATT: The opposition has a figure that the minister gave them that was that \$300 million of debt had had \$24 million recovered. What's changed? Why do we have that statistic when you don't?

Ms Leon: As at what date?

Senator PRATT: I've just asked for a source, and they don't seem to be able to provide one. Perhaps I can find that and—

Ms Leon: It might just relate to the date range. It might have been for a particular date range, and the figures we're talking about today are for the program up to now. So that 300 and that 24 might be a subset of—

Senator PRATT: I think that figure was specific to robo-debt, which you've been unable to give us. Anyway, I'll clarify that.

Ms Leon: We can identify debts identified under robo-debt, but we can't break down debts recovered as to whether they're from online compliance or from a previous system of debt identification.

Senator SIEWERT: The number of debts you just quoted that have been reassessed and changed, 29,000, is that through the reassessment process or through that more formal review process?

Mr McNamara: You want to break out the ARO, more formal process?

Senator SIEWERT: Yes.

Mr McNamara: Ms Harfield can give you those figures.

Ms Harfield: From commencement of the online compliance process, from 1 July 2016 to 31 August 2017, there have been 2,607 reviews looked at by an authorised review officer—the more formal end of the review process. That represents about 1.7 per cent of recipients that have a debt outcome.

Senator SIEWERT: Is that what they're calling the error rate?

Mr McNamara: No.

Ms Harfield: It's a different 1.7, sorry.

Senator SIEWERT: It just happens to be a coincidence? I just thought I'd better clear that up.

Mr McNamara: I can explain the 1.7 after if you'd like, but we'll keep going with this.

Ms Harfield: Just to give you a bit of a comparative information, we have about 2.7 per cent of authorised review officer reviews for all debt decisions.

Senator SIEWERT: So those 29,000 include that, or that's separate?

Mr McNamara: No, those debts—the 29,000 is included.

Senator SIEWERT: Includes that?

Mr McNamara: Yes.

Senator SIEWERT: Of those authorised reviews, what percentage were then changed?

Ms Harfield: Of those 2,607, 1,193 resulted in a variation. That represents about 0.8 per cent of recipients with a debt outcome from online compliance. That compares to about 3.6 per cent of reviews carried out by authorised review officers for all debt decisions.

Senator SIEWERT: Do you know if those reviews had actually gone through a reassessment first?

Ms Harfield: I don't have that information with me.

Senator SIEWERT: In your experience, how many go straight to authorised reviews rather than through the reassessment process?

Mr Storen: We don't have that at hand.

Senator SIEWERT: I had another question, but it has gone out of my mind for the time being. I might have to come back.

Senator SINGH: I want to move to the contracting out of the 250 DHS jobs to Serco. Firstly, what's the cost and the value of Serco's contract?

Mr Jackson: The Serco contract is for a two-year period, with an approximate value of \$53 million over the two-year period.

Senator SINGH: What was the tendering process—limited tender or competitive tender?

Mr Horsley: It was a competitive tender.

Senator SINGH: Any more information?

Mr Horsley: We used the ATO panel suppliers, and there were two suppliers who were on the part of the procurement process.

Senator SINGH: Two suppliers?

Mr Horsley: Yes.

Senator SINGH: Can you list those?

Mr Horsley: Stellar and Serco.

Senator SINGH: When will the contracting of DHS jobs to Serco commence?

Ms Leon: These are additional jobs. We're not taking away 250 DHS jobs; this is 250 additional capacity on top of our existing capacity.

Senator SINGH: Well, it comes after the 1,200 that DHS has lost, but okay.

Ms Leon: I just want to clarify that it's 250 additional capacity. That will commence next week.

Senator SINGH: The Serco jobs will start next week?

Ms Leon: They will start to deliver services next week.

Mr Jackson: Just a clarification: when you mentioned 1,200 lost, that would be to do with the terminating measures as part of the budget process. I think the actual number is in the order of eight hundred and something or other.

Senator SINGH: What conditions will the Serco employees be paid under?

Mr Jackson: The Serco employees are, in the most part, members, I believe, of the Australian union of workers. They have an enterprise agreement that has been registered with the Fair Work Commission as part of the Australian union of workers' arrangements.

Ms Leon: But they'll be employed by Serco. That will be who their employment arrangements are with.

Senator SINGH: You're saying they've got an EBA with the AWU?

Mr Jackson: AUW, I believe it is.

Mr Horsley: The National Union of Workers.

Senator SINGH: NUW?

Mr Jackson: I apologise. As the secretary said, they will be employees of Serco. They will not be department employees.

Senator SINGH: So, there is an EBA in place?

Mr Jackson: That is my understanding, yes.

Senator SINGH: What impact will these jobs have on the, as we've heard this evening, 55 million missed calls to Centrelink?

Ms Leon: The purpose of the additional capacity is to help to address wait times, and so what we'll be monitoring very closely, of course, is what impact it's having on call wait times. That's the whole point of it, to help attack call wait times. We will be reviewing the efficiency and effectiveness of Serco in answering calls so that we can assess that impact. As the minister announced, it is a pilot project in order to see whether we can utilise that kind of capacity to assist with call wait times.

Senator SINGH: That's the whole aim, to assist with the call wait times. What exactly will the work be that these people will be undertaking?

Mr Jackson: They will be undertaking telephony services work dealing with some of the less complex inquiries that we get through our telephony lines, primarily in the areas of Centrelink online support services, myGov support services, reporting of employment income and BasicsCard general inquiries. They are the primary—

Senator SINGH: Does that mean that if you call the Centrelink number you could be talking to someone from Serco?

Ms Leon: That's right—depending on what your call is about.

CHAIR: I have a follow-up question. Will you be assessing the—for want of a better word—productivity of a call answered by Serco versus a call answered internally?

Mr Jackson: There will be a range of metrics that we will work through.

CHAIR: But you will be assessing—a direct comparison?

Mr Jackson: That among other things. Also recipient experience, time to resolve and average handling times. There will be a range of metrics that will go into that.

Ms Leon: Which are the metrics that we apply to assessing our own performance as well.

Senator SIEWERT: Aren't they dealing with—certainly from the media that the minister put out—the simpler calls?

Ms Leon: That's correct.

Senator SIEWERT: You would need to be careful with that.

Ms Leon: We would only compare like with like. I should say that we don't know yet how the trial will go, but we do hope, in our engagement with Serco—and our discussions with the ATO, who've used outsource providers for some time, give us some reason to believe—that we will also be able to garner ideas from Serco about how we can improve our own productivity as well. It's not simply a process of expecting a different sort of productivity from Serco than from ourselves. We may well be able to garner ideas about how they manage their call strategies in a way that helps us with our own productivity. We are hoping to make it a fruitful dialogue both ways.

Senator SINGH: This is a two-year contract worth \$53 million to Serco, with 250 people employed by Serco. Realistically, what impact is this going to have on the 55 million missed calls to Centrelink currently? You must have done some kind of modelling to work out how many jobs to outsource—the size of the contract and the like. You must have done something to work out what kind of impact you're wanting to gain out of this whole process.

Mr Jackson: Again, going back to some of the earlier evidence we have given regarding the 55 million and the concerns that we have that that is not an accurate indication of the unique people who are coming through our system, it is not appropriate to directly link the 250 Serco staff to that.

Senator SINGH: Well, what would you like me to link it to?

Mr Jackson: In an aim to reduce core wait times.

Senator SINGH: At the moment, there are 55 million missed calls.

Ms Leon: Our KPI is about average speed to answer, so the KPI that we are seeking to address is about core wait times. The more people you have answering the calls, and the more efficiently people can answer the calls and the greater productivity we can get out of call answering, the more calls we will be able to deal with and the shorter the wait times will be. It's not the only strategy that we have deployed. We have also invested a lot of effort and resources into improving the telephony system. We are continuing to improve the routing of calls so that people's calls can be dealt with by operators who are already skilled to answer that call and you don't end up being transferred between calls.

Senator SINGH: I understand all that. But to come up with the 250 outsourced jobs to create this Serco call centre to do this work of Centrelink's, you must have some idea of what impact this is going to have. So what is that?

Senator PRATT: Will it reduce it by 10 million, 20 million?

Ms Leon: I have tried to set out to you that there are a range of measures being deployed. If we weren't doing anything else to reduce call wait times, yes, you'd be able to say that whatever has changed in the call wait time can be attributed to Serco. But what we will be able to assess is the productivity of the Serco employees in answering calls. I wouldn't say that we are going to attribute to the Serco intervention only everything that occurs across the network in the next two years; it is a pilot, and we will assess the productivity, efficiency and effectiveness of those workers as one of a range of strategies that we're deploying to address call wait times and busy signals.

Senator SIEWERT: How did you determine that that was the right number?

Mr Jackson: I don't think there is a right number.

Senator SIEWERT: Then how did you determine that that was the appropriate number?

Mr Jackson: You have to do a trial that is large enough to be able to measure it but not so large that you're investing a significant amount of resources in something that is as yet untried. It is a fairly small number compared to the many thousands of Centrelink employees who are answering the phone. It just had to be large enough so that we can get a reasonable feel for the impact that this kind of model might have.

Senator SINGH: Did you do any modelling before deciding on this trial?

Mr Jackson: We did work closely with the ATO and their advisers that they've had for some time. They have had external providers providing call centre activity for them for the last 10 years or so. We engaged with KPMG, who have been the long-term advisers. They came back to us and indicated that 250 gives sufficient critical mass—to align with the comments that the secretary made—to enable a pilot that will deliver a clear indication of the benefits that can come from this work.

Senator SINGH: Which call lines will they be targeted at?

Mr Jackson: I mentioned earlier on that they were the three lines around Centrelink online support services and myGov support, BasicsCard general inquiries and reporting of employment income.

Senator SINGH: So the department itself did not do any modelling?

Ms Leon: What do you mean by 'modelling'?

Senator SINGH: To work out how to set up this call centre and determine the size and the conditions and the whole—

Ms Leon: We don't have to determine the conditions for the centre because these people are employed by Serco under conditions that are already part of their enterprise agreement.

Senator SINGH: I am asking whether you did any modelling before you came to—

Ms Leon: 'Modelling' is quite a specific term.

Senator SINGH: It is quite a specific term. When you are dealing with a 55 million missed call blowout, you would think that you do some due diligence to work out how to bring it down before providing a \$53 million contract to Serco to resolve some of this issue.

Ms Leon: This is a pilot, Senator, so the point of it is to assess the productivity that we can get from an outsourced provider, drawing on the experience that the ATO's already had, which gives us some confidence that it's not unwarranted to expect that we'll be able to have some impact in terms of increased productivity. The pilot will help us to do the kind of more detailed modelling—

Senator SINGH: But you didn't do any work to work out the size of the impact you want to have.

Senator PRATT: Increased productivity because it's a lower hourly rate or because each worker is doing more calls than a Centrelink worker would do? What do you rate your productivity judgement on when you say that?

Ms Leon: We have a range of metrics which we are still developing for the review, but they go to average speed of answer, the time taken to handle the call to resolve the matter for

the client and to the effectiveness and satisfaction of the outcome. They're the kinds of metrics that are likely to be deployed.

Mr Jackson: That's correct.

Senator SINGH: Are you aware of what Serco are going pay these employees?

Mr Jackson: That's a matter between Serco and the employees. As I indicated, they do have an enterprise agreement that is registered with the Fair Work Commission.

Senator SINGH: Is it not \$9 per hour less than DHS employees, on average?

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

Ms Leon: I don't know.

Mr Jackson: That's a matter between Serco and the employees.

Senator PRATT: Surely, if you're going to compare costs, you should really know how much the staff are being paid.

Ms Leon: I don't think we said we were comparing the costs.

Senator PRATT: Well, you're comparing whether it's good value compared to what you do in-house—

Ms Leon: I think we said we were comparing productivity in terms of the average speed of answer—

Senator PRATT: in terms of the productivity.

Ms Leon: the time taken to resolve the matter and the effectiveness of the call-answering service.

Senator SINGH: Let's move into some detail. What information about DHS clients will the Serco employees have access to?

Mr Jackson: They will have information that is limited to purely the nature of the calls they are taking, as our staff do now. Our staff are skill tagged and are identified as to what access they can get into and, if they don't have the appropriate skill tagging, they cannot go into areas outside of the cues that I mentioned to you before. They will also be subject to exactly the same privacy training that our people have and the same privacy standards. We did a privacy assessment on this as part of the broader work we do with KPMG and others in setting this up. They will have exactly the same standards. Equally, it's exactly the same work they've been doing with ATO for some 10 years. They have access to obviously some very significant information when working with the ATO and the ATO have not expressed any concerns regarding privacy and access of information that has been inappropriate.

Senator SINGH: But the ATO is a government agency. This is Serco.

Mr Jackson: Serco provides services to the ATO. What DHS IT systems will they have access to?

Mr Jackson: They'll be using our infrastructure.

Senator SINGH: All of the usual IT infrastructure that Centrelink—

Mr Jackson: As it relates to the work that they are doing.

Senator SINGH: What obligations will they have to protect the security and privacy of information that they have access to?

Mr Jackson: They will be subject to exactly the same standards and expectations as our own staff.

Senator SINGH: But how will the department manage that compliance?

Mr Jackson: We are able to assess any inappropriate browsing, as we do of our own staff. If our own staff go looking at data they are not entitled to or for their own personal reasons, we monitor that on a regular basis and—

Senator SINGH: How does that compliance happen? Is it random?

Mr Jackson: There are a number of systems that we have in place that can identify if a staff member does start to browse inappropriately.

Ms Leon: They'll be using our system, so they'll be subject to the same scrutiny as our staff.

Senator SINGH: Combined with the call centre outsourcing, isn't this just another sign of the coalition's plan to privatise the Department of Human Services and the work it does?

Senator Ryan: I can probably answer that. No.

Senator SINGH: Given the problems with the online compliance program, why isn't the department putting more resources into recruiting and training its ongoing staff and, in doing so, deepening and broadening their skill set, rather than outsourcing, with \$53 million, to Serco to set up a call centre?

Ms Leon: We currently recruited all the way up to our ASL cap, so we aren't allowing our own staff to degrade. The department is fully staffed.

Senator PRATT: But you could recruit more of your own staff.

Ms Leon: But we are recruited all the way up to the ASL cap at the moment. We aren't allowing gaps to develop. There's no failure of recruitment on our part, and we'll be continuing to recruit actively throughout the year. We do have a very active training program for our own staff. It's something that the department has long been committed to and I am personally very committed to there being very active investment in the capacity building of our own staff. I should say that the department's budget is over \$4 billion a year, so a contract that is about \$20 million a year to SERCO is a very small expenditure compared with the expenditure that we have on our own staff and systems.

Senator SINGH: Well, that might be because they're being paid \$9 less than your own staff.

Ms Leon: It's because they are a very small component of the overall staff of the department. There are about 30,000 staff in the department, so 250 staff in SERCO is a very small number compared with the number of APS staff that are deployed to do the work of the department.

Senator SINGH: I understand that about 1,100 people are being engaged through a labour hire arrangement to undertake compliance work in DHS. Is that correct?

Ms Leon: That's correct.

Senator SINGH: It is 1,100 people?

Ms Leon: I can get the exact number for you. It's not this part of the department—not the officers who are at the table.

Senator SINGH: So, this is on top of the 250 SERCO call centre—

Ms Leon: But it's to do different work.

Senator SINGH: Yes, to do different work. Let's wait for those officials to come. While that's happening, if I was to call Centrelink—and get through—

Ms Leon: Which three million people every year do.

Senator SINGH: As opposed to the—

Ms Leon: Three million out of 5.8 million don't receive even one busy signal.

Senator SINGH: Can I just ask: under this new arrangement of this SERCO call centre being able to take Centrelink calls, will the SERCO employee identify themselves as a SERCO employee? They're clearly not a Centrelink or DHS employee.

Ms Leon: No, they won't, because they're doing the work of Centrelink. So, just as when you ring up now the person doesn't say, 'Hi, I'm Mandy and I'm employed by Centrelink'—they're doing the work of Centrelink—

Senator SINGH: But you know that they are.

Ms Leon: and when you ring the tax office you get the exact same service whether it's a SERCO employee or an ATO employee. It will be just the same.

Senator SINGH: All right. Let's talk about these 1,100 people who have been engaged by a labour hire arrangement to undertake compliance work in the department.

Ms Leon: I don't think it's 1,100; I think it's 1,000 that we have announced. We've consulted to the effect that we are going to engage the 1,000, but we haven't yet engaged them.

Senator SINGH: Why is this additional work being staffed through a labour hire arrangement?

Mr McNamara: Well, that's the decision the government's made.

Senator SINGH: Was this a decision by the minister or by the department?

Mr McNamara: This is a government decision.

Senator SINGH: So the minister?

Ms Leon: No, it was a government decision.

Senator PRATT: Are you the government? Or is the minister the government?

Senator SINGH: Who's made the decision?

Senator PRATT: Was it a ministerial decision?

Senator SINGH: Did it come through a cabinet?

Ms Leon: It was a government decision.

Senator Ryan: I'll take it on notice and provide any more information. Obviously I am only representing the minister here, so I can't speculate.

Senator SINGH: Okay. Thank you. So, why is this additional work being undertaken by a labour hire arrangement?

Ms Leon: As Mr McNamara said, it was the government's decision that we should do it this way, but the kind of reasons you use labour hire are that it gives you access to a more flexible workforce.

Senator SINGH: The hire and fire arrangement.

Ms Leon: For example, the kinds of reasons government agencies generally use labour hire—sometimes it's for specialist skills, sometimes it's for surge capacity and sometimes it's because you've got a short-term piece of work that you want to get done and you're not certain that it's going to be ongoing so you don't want to put a whole lot of people on who you aren't necessarily going to need. So, we'll be using labour hire in this context for the same sorts of reasons government departments use labour hire across the board.

Senator PRATT: Do you actually know how many of your own casual staff would like more hours?

Ms Leon: We're actually in a process of converting many of our casual staff to non-casual arrangements, so we are responding to their desire for more-certain hours.

Senator SINGH: Will the 1,000 be located off-site, or in an existing DHS workplace?

Mr Storen: The plan is to locate the 1,000 within existing DHS work sites—within existing Customer Compliance Division work sites—across the country.

Senator SINGH: Can you tell me any more about the process that's gone on in engaging this labour hire?

Mr Storen: The process to date has been consultation with our own staff. We've asked our staff, in the context of a government decision, to raise any issues that they feel like raising with us in terms of the implementation. We're in the midst of that process at the moment. At the conclusion of that process we'll move into a procurement phase.

Senator SINGH: I have just a few more questions, before handing over to either of my colleagues here, on the drug testing trials. I tried to ask these questions earlier in the day to the other department and was told to hold off until this evening, so—

Ms Leon: Yes, I did see that.

Senator SINGH: Great. So, hopefully we both know what I'm about to ask. My question was around cost. Obviously it's been about six months since the drug-testing trial was announced, and we still don't really know how much it's going to cost.

Ms Leon: The secretary of Social Services I think said—and this is what I would say as well—that, because the matter will be subject to a procurement process, as is usual in procurement processes we don't usually put the overall cost out into the public arena, because that somewhat limits your chance to get the most competitive approach from the market. So, we are holding off on putting the tender into the marketplace until the legislation is passed in case anything about it changes in that process. So, the question of the costs will also just need to await the conclusion of the procurement process.

Senator SINGH: I understand that it hasn't gone out to tender, though.

Ms Leon: That's right.

Senator SINGH: So, is the intent to wait to go out to tender until the legislation has passed—or if the legislation passes—the Senate?

Ms Leon: At the moment that is the stance we're taking. I have been involved in tenders before where the nature of the process and the time by which you had to do it meant that you put it out into the market with a fair degree of certainty but indicated that it was subject to legislation. That is still a course that we could take further down the track. But at the moment we haven't put it into the market, while we just assess the status of the legislation.

Senator SINGH: But, all things being considered, are you sticking to the 1 January starting date?

Ms Leon: That is still the date we're working towards.

Senator SINGH: Obviously there are not that many sitting weeks—

Ms Leon: Obviously the longer it sits in the Senate without being dealt with the more challenging that date will become. But there are options to manage that going forward, and we will just wait and see what happens in the next few weeks of the Senate sitting before we see whether we need to adjust our plans.

Senator SINGH: So it is still all a bit up in the air—depending on the Senate. Let's hope the Senate does the right thing—

CHAIR: I agree.

Senator SINGH: and knocks it off!

CHAIR: Well, maybe not agree then! On that basis, I assume we still have more questions?

Senator SINGH: Yes.

Senator SIEWERT: Yes.

CHAIR: In that case we will have a brief suspension.

Proceedings suspended from 20:59 to 21:15

CHAIR: We'll resume with DHS and start with Senator Siewert.

Senator SIEWERT: I wanted to go back to the robo-debt issue. Remember, I said I had a question I couldn't remember. It related to the number of appeals to the AAT. It relates to the number of appeals that you're aware of that have gone to the AAT and that are unresolved. What number are resolved, and are any pending?

Ms Harfield: In terms of applications for AAT first reviews—figures for those?

Senator SIEWERT: Yes.

Ms Harfield: In 2014-15 there were 12,289. In 2015-16 there were 11,198. In 2016-17 there were 12,767. Then we have AAT second review applications. In 2014-15 there were 1,999. In 2015-16 there were 2,178. In 2016-17 there were 2,179.

Senator SIEWERT: Do you have any figures for this year?

Ms Harfield: Let me see. From 1 July 2017 to 30 September 2017, for first review, there were 2,568. For AAT second review there were 512.

Senator SIEWERT: Are they having been dealt with or are they in the system?

Ms Harfield: They're applications completed. Let me see if I've got completions. I can tell you about unchanged decisions and changed decisions for each of those years. I'll have to see if I've got it for this year.

Senator SIEWERT: Okay.

Senator SIEWERT: The second reviews?

Ms Harfield: The second review has two different categories.

Senator SIEWERT: Are you saying they're all customer reviews, no secretary reviews?

Ms Harfield: Those ones for AAT second review are all just the customer application ones.

Senator SIEWERT: Do you have data on how many secretary appeals there were?

Ms Harfield: I can go to those for you. AAT second review secretary applications were: 2014-15, 75; 2015-16, 81; 2016-17, 88. In terms of AAT second review secretary applications, unchanged decisions: 2014-15, 50 per cent; 2015-16, 50 per cent; 2016-17, 46.1 per cent.

Senator SIEWERT: So I presume the secretary goes through the appeal process to challenge first-round decisions? Is that a correct assumption?

Ms Musolino: Yes.

Senator SIEWERT: So, for example, 2016-17, essentially 25 per cent of the decisions were changed?

Ms Harfield: Maybe if I give you numbers for those, that will make it clearer?

Senator SIEWERT: The question is: did the secretary challenge 75 of that 25 per cent?

Ms Harfield: No, I'm sorry. That's why, if I give you numbers, it might make it clearer. For example, last year, for AAT second reviews for customers' applications, 1,621 was the number. AAT second review secretary applications were only 41. Of that, 46.1 per cent were unchanged.

Senator SIEWERT: Sorry, can you say that again?

Ms Harfield: Forty-one is the number that were unchanged and they were 46.1 per cent of the decisions.

Senator SIEWERT: So, for last year, there were 88 secretary second appeal decisions?

Ms Harfield: There were 89—there's rounding in some of those figures.

Senator SIEWERT: Is that 89 on top of the 512? Sorry, no, I'm comparing. Of the 2,179 for 2016-17, there were 89 appeals by the secretary?

Ms Harfield: Yes.

Senator SIEWERT: And that meant that 41 were unchanged?

Ms Harfield: Yes.

Senator SIEWERT: So that was a challenge. Of the 25 per cent—24.5 per cent, but let's say 25 per cent—of the first-round appeals that were made were changed. Of whatever that percentage is, say it's 3,000, 41 were successfully changed by the secretary and changed again?

Ms Musolino: Sorry, I've slightly lost train of that. In 2016-17, as you said, there were 89 decisions. As a result of a secretary review, in 41 of those the decision remained unchanged. That includes withdrawals—and that can occur for a whole range of reasons—new evidence, et cetera. 48 decisions were changed.

Senator SIEWERT: In other words, they owed—

Ms Musolino: The secretary's appeal got up.

Senator SIEWERT: They either had a debt or the debt increased.

Ms Musolino: Well, it may not be a debt matter.

Senator SIEWERT: Okay—whatever the decision was.

Ms Musolino: Yes.

Senator SIEWERT: Can you take on notice how many of those related to—or do you have a table—of how many of those related to debts over those three years?

Ms Hatfield: Not broken down, no.

Mr McNamara: We can take that on notice.

Senator SIEWERT: Can you take on notice—over the three years, how many of each of those categories you've just outlined were debt-related?

Mr McNamara: Yes, we'll do that.

Senator SIEWERT: Thank you. Just for completeness, in terms of the percentage—of the figures to date, this financial year—you gave me the figures, how many of those were unchanged?

Ms Musolino: We're talking about AAT second review?

Senator SIEWERT: First and second.

Ms Musolino: These go from 1 July 2017 to 30 September 2017. AAT first review—unchanged was 74.5 per cent—

Senator SIEWERT: We seem to be running at a fairly consistent rate here, don't we?

Ms Musolino: which was 2,315 decisions. It was 74.5 per cent, 2,315 for the year up to 30 September. For the same period, AAT first review for changed decisions, it was 25.5 per cent, 793 decisions. AAT second review customer applications—that period—81.3 per cent were unchanged, which is 456 decisions. Changed decisions—18.7 per cent—105. Then AAT second review secretary applications—

Senator SIEWERT: I got that before. That's the 89 figure, isn't it?

Ms Musolino: No, now we're talking about the year to date, July to September.

Senator SIEWERT: I beg your pardon. Sorry,

Ms Musolino: It was 58.8 per cent—10 decisions—were unchanged. Changed decisions were 41.2 per cent—7 decisions.

Senator SIEWERT: Sorry, could you say that again, the secretary one?

Ms Musolino: The changed decisions for second review secretary applications were 41.2 per cent—7 decisions.

Senator SIEWERT: Thank you. And you'll take on notice those other—?

Ms Musolino: Yes.

Senator SIEWERT: Can I go to Serco? I've only got a few questions. Senator Singh asked quite a few of the ones that I wanted to cover. In terms of the lines that people will

answer, you've articulated those to us, even those matters sometimes escalating to more complex matters, presumably they will then be—those calls will then be transferred through?

Ms Leon: That's right, and that is the same with our own staff. The staff are skilled to whatever level they are to answer the particular calls that they get access to. Then, if something comes up that is either about another matter—so the person rang to talk about one thing and, while they're on the phone, they want to talk about another, or they rang to talk about one thing but it turns out that it's more complicated than that officer can deal with, then there is a warm transfer to another level within the organisation, and the same will apply for the Serco staff.

Mr Jackson: That's correct. Equally, the lines we have chosen, we have chosen with a view to limiting the amount of transfers that should be necessary, because we don't think they should be—because of the nature of them.

Senator SIEWERT: I was making that assumption when you said you'd chosen them because they're the easier ones to answer. If they do escalate into more complex calls, how will you do the assessment of whether the system's working well? On the surface, it could look like the waiting times are really low et cetera, when, in fact, the calls have been transferred through. We've had the discussion before about the clock starting again when a call is transferred.

Mr Jackson: We will be able to, as we do, monitor if a call needs to be transferred. There's our first statistic—that a call had to be transferred. We could then we identify why it had to be transferred. It may be that, if a particular line has a very low average speed of answer, people may choose to come in on that line and look to be transferred. Equally, through call recording, which we now operate through our Centrelink lines, we can then listen to the calls and identify why the transfer had to happen. That will give us a lot of intelligence to ensure that the data is apples for apples, as we mentioned earlier, to make sure it has been cleansed in that regard and has not been diluted through misleading events.

Senator SIEWERT: The announcement was only made a couple of weeks ago about the successful tenderer. The call centre is starting next week, which seems an extraordinarily quick time from announcement to getting the call centre operating. Given the nature of the calls—and you traversed some of those issues with Senator Singh—how is Serco able to get it up and running in such a short time?

Mr Jackson: The training has been undertaken over a longer period, so it's not as if the training is just starting immediately after the announcement.

Senator SIEWERT: So the announcement was made some time down the track after the decision had been made—is that what you're saying?

Mr Jackson: It's always a decision of the government and the minister when they choose to make an announcement regarding these things.

Senator SIEWERT: When was the decision actually made that Serco would be the provider?

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

Senator SIEWERT: Secretary, you should know this.

Ms Leon: I don't have that with me, I'm sorry. Ordinarily a secretary would have a memory of it, but, as you know, I only took up this position a couple of weeks ago, so I just wasn't here then to have personal knowledge of it, and it's not in my briefing.

Senator SIEWERT: I take your point, but somebody in this room or in the other room must know when the decision was made on this contract.

Ms Leon: Obviously they're monitoring this, so, if anyone does know, they'll come to the table. I should say also that, in relation to the training, while we had to train them in Centrelink specific material, these are already staff of Serco who are trained as operators for the ATO, so they already have a base level of knowledge about Australian government processes, about their obligations under the Privacy Act and about the level of coverage that we'll have to scrutinise them. So some of the training is not just starting from scratch.

Senator SIEWERT: It's taken me 12 years and I still don't know all the Centrelink laws, and I've had this portfolio for that length of time. It's a pretty complex area.

Ms Leon: They don't have to know all of the Centrelink laws. They're dealing with the more simple end of the queries and they need to be trained to answer only those ones that they are skilled to, not to know all of the social security laws.

Senator SIEWERT: It's still quite complex.

CHAIR: And presumably there are software tools that also assist.

Ms Leon: That's right. Like all call centres, there are scripts for common queries and so they need to know which script they have to use, but it is not as though they are each dealing with complex social security law matters on a discretionary basis on each call.

Senator SIEWERT: Have you found the date yet?

Mr Jackson: It was 7 September.

Senator SIEWERT: And it's starting, presumably, on Monday, 30 October.

Mr Jackson: 30 October.

Senator SIEWERT: What was the delay in making the announcement?

Ms Leon: The date of announcement's a matter for the minister.

Senator SIEWERT: Can I ask the minister to take that on notice, please.

Senator Ryan: Sorry, I was reading a message. My apologies—I should have been listening.

Senator SIEWERT: No, I appreciate there are things you have to respond to. The decision was made on 7 September, yet there was a period of delay before the announcement.

Senator Ryan: I'll take that on notice.

Senator PRATT: I have some questions about Centrepay. You've had figures from your stakeholder forum in 2017, at the beginning of this year. I am essentially looking for updated figures for that for January 2017 to June 2017 in terms of the average numbers of customers with Centrepay payments for those periods and the average numbers of deductions per month.

Mr Bennett: For what year? I can go from 2014-15 up to 2016-17 if you want.

Senator PRATT: I've got here before me July 2016 to December 2016.

Mr Bennett: Can I suggest I use 2015-16 and 2016-17 numbers just to have the same.

Senator PRATT: I beg your pardon?

Mr Bennett: The data I've got is for the financial year 2015-16 and 2016-17.

Senator PRATT: I don't know the extent to which we can compare. I guess, if you give us the data for both years then it won't matter that I'm trying to compare it, because I'll be able to compare like-for-like, I hope. Yes, if you can give us the numbers for 2015-16 and 2016-17, I think that enables us to compare it in a similar way.

Mr Bennett: If I understood your question correctly, and if I was to give you the number of recipients using Centrepay as at the end of the financial year, for 2015-16 it was 669,561 and for 2016-17 it was 659,882. Your next question was on the value of deductions?

Senator PRATT: Yes.

Mr Bennett: Unfortunately, these are rounded. For 2015-16 it was 2.5 billion, and for 2016-17 it was 2.5 billion.

Senator PRATT: I'm advised that we are seeking numbers for January 2017 to June 2017. Are they not figures you've got with you?

Mr Bennett: I've got financial year figures.

Senator PRATT: Financial year only. Can you take that on notice?

Mr Bennett: Yes.

Senator PRATT: And are you able to give us the average number of customers per month that related to consumer lease payments?

Mr Bennett: I think I'm going to have to take that one on notice too.

Senator PRATT: Do you have any data about consumer lease payments with you?

Mr Bennett: Not with us. I will take it on notice.

Senator PRATT: I have been looking online at your policies around the things you can't use Centrepay for, and you can't use it for credit cards or payday lenders et cetera. Why are we still allowing Centrepay for the use of consumer leases when the effect of interest rate of consumer leases is much higher than a credit card?

Ms Leon: The policy about not using it for some things and allowing Centrepay for others is not principally determined by reference to the interest rates. It is about what the purpose of the expenditure is. So, for consumer leases that enable recipients to acquire necessary household goods, we recognise—

Senator PRATT: But a credit card may be a much cheaper way of acquiring a necessary household good than a consumer lease.

Ms Leon: Yes, I understand that, but a credit card could be used for anything, not necessarily just for a household good, so, if people were enabled to use Centrepay for cards, that might well facilitate or encourage the expenditure on the credit card of a lot of things we aren't trying to support.

Senator PRATT: So you really do not trust Centrelink consumers that much that you're going to make someone pay twice as much for their refrigerator as they otherwise would have to if they were able to buy it on a credit card? People do already spend a small proportion of their income on things like cigarettes and alcohol, but people, in the majority, are modest in

their consumption in that regard and afford that from within their existing payments in the same way that anyone else does.

Ms Leon: There's nothing to stop a person who's a recipient using their credit card to buy a household good and then making repayments on their credit card in the normal way. They're not prohibited from using their credit card. It's just that, if they're going to use Centrepay, we do limit the categories of things that people will go through Centrepay for, and it's just meant to help people manage their financial affairs. I should say it's not the only way we help people manage their financial affairs and we do have other financial supports and financial information in place to help people manage debt and their finances.

Senator PRATT: I'll move on to some other questions. I want to ask some questions about child support collection arrangements. The ANAO published its report *Child support collection arrangements between the Australian Taxation Office and the Department of Human Services* in May this year. What progress has the department made in implementing the Audit Office's recommendations contained in that report?

Mr Bennett: If you would just bear with us, Senator, someone's going to come to the table with that information.

CHAIR: Senator Siewert, if you've got questions on this at this time, we may as well try to deal with them as we go.

Senator SIEWERT: Yes, I do on this one.

Mr Bennett: Senator, as you're probably aware, the ANAO had five recommendations. We have broken them down into a number of different actions, and, as at 1 September, six of those 18 actions have been completed, and we expect a further eight will be completed in the coming weeks, with all recommendations to be actioned by 30 June 2018.

Senator PRATT: In relation to one of the recommendations, in August last year, the Australian government agreed in principle with a recommendation of *From conflict to cooperation* that the government should:

... amend current policy to ensure that the penalties applicable to the non-lodgement or late-lodgement of tax returns are enforced for all clients of the Child Support Program.

What progress has been made on implementing that recommendation specifically?

Ms Bridger: Would you be able to just let me know what recommendation that was? It will then just let me work through my paperwork a bit more quickly for you. Do you have the actual recommendation number?

Senator PRATT: Recommendation 7.

Ms Bridger: Could you just repeat that question for me again?

Senator PRATT: I can read you the recommendation if you want.

Ms Bridger: Please.

Senator PRATT: Recommendation 7 states:

The Committee recommends the Australian Government amend current policy to ensure that penalties applicable to the non-lodgement or late-lodgement of tax returns are enforced for all clients of the Child Support Program. The penalty should allow for defences where the individual has a reasonable excuse for non-lodgement, such as circumstances outside their control. Consideration should be given to the annual indexation of the penalty. A working group comprising representatives of the Australian

Taxation Office, the Department of Social Services and the Department of Human Services should be established to recommend the size of the penalty.

What work have you done to establish a penalty, the size of the penalty and to see its implementation?

Ms Bridger: I do know we are working on that. With regard to the size and the timing, I would need to come back to you. I'll take that one on notice.

Senator PRATT: What work have you done? You say you are working on it. Other than working on it, can you give me any other progress indicators towards that?

Ms Bridger: I do know the team have met with the ATO. We've had quite a number of working groups, but how that work has unfolded is what I would need to come back to you on. That goes to the size and the timing.

Senator PRATT: Okay.

Senator SIEWERT: Could you update us on the number of outstanding tax returns there are for child support.

Senator PRATT: That was exactly my next question, Senator Siewert. Can you provide the current number of child support payers who have outstanding tax returns?

Ms Bridger: I would have to take that one on notice.

Senator PRATT: If someone has an outstanding tax return, they could still be paying child support but through another mechanism?

Ms Leon: They could still be paying privately, yes.

Senator PRATT: But you don't know.

Senator SIEWERT: You do know because you know how many private arrangements there are.

Senator PRATT: If you could provide how many people have an outstanding tax return and how that nonpayment of tax returns equates to a nonpayment of child support?

Ms Bridger: I don't have those figures with me. I am not quite sure if my service delivery colleagues do. If not, we would need to take that on notice.

Senator PRATT: If there is anyone listening who knows the answer, that would be terrific.

Senator SIEWERT: Can we just clarify: you do have this information?

Ms Leon: We know how much is transferred privately. I don't know whether we have it correlated to the number of people who have outstanding tax returns or are transferring it privately. We know, for example, that there was \$3.5 billion in transfers in 2015-16, \$1.5 billion went through the system and \$2 billion was private. Of the people who are doing it privately, I don't know whether we know how many of those have outstanding tax returns. That is the part that I think the officer is taking on notice.

Senator PRATT: You would know whether people have child support debts accumulating?

Ms Bridger: We do for those that register through us, but if they are doing it as a private collect, we may not.

Senator SIEWERT: The system has probably changed since I was using it—quite a long time ago. Do you still do the assessment for those private collects?

Ms Leon: If they elect to.

Senator SIEWERT: Yes. So you would have that data if you are doing those assessments if they elect—

Ms Bridger: If they elect to use the child support system to determine what the debt is and what should be transferred, yes; if they do it privately then no.

Senator PRATT: On average, for how many financial years have child support payers who routinely do not lodge tax returns been noncompliant?

Ms Leon: We do have a couple of officers from service delivery who have come to the table who might be able to assist with some of the answers to questions we didn't have.

Senator PRATT: Do you need me to go back to my earlier question?

Mr Volkens: I might go back and explain a bit about how we use tax returns. We still make an assessment even if we don't have a tax return. We've got what's called a hierarchy of default incomes. It doesn't actually stop us making an assessment. It doesn't stop us collecting child support. Whether they're a private collection or whether they're collectors doesn't make any difference in that space.

Senator PRATT: Where does it make a difference then?

Mr Volkens: In terms of collection, the only thing it doesn't allow us to do, I suppose, is: if people don't lodge a tax return then we don't have the most accurate assessment that we could possibly have. Secondly, once they put in a tax return that's always an opportunity for us to get a collection because if they've got a tax return and they've got a debt then we can collect that money. In terms of how many child support customers haven't lodged: I'm not sure I've actually ever seen that number. I think we can probably check that, but we do know for each individual case. When we look at a case we know. It might be, for example, that someone's last tax return was lodged in 2013-14 and the other years have been a default income. We will always be looking to get that lodgement when we talk to people.

Senator SIEWERT: It causes a lot of distress to the people who get caught up because the tax returns aren't going in. It is causing them problems—and I understand what you've just said that you can still do notices and assessments and things—and that's causing a lot of personal distress. But we don't have an idea, by the sounds of it, of how many people are not putting in their tax returns, so we don't have an overall quantum.

Mr Volkens: I don't think we've got that number. It would be a report that we have to go and find.

Senator PRATT: Whatever information you've got on that would be good. Clearly you have to manage the relationship of tax with getting the child support payments, so how do you currently deal with that, in terms of people who are avoiding lodging in order to minimise their income? We know, anecdotally, people work for cash in hand, they don't lodge tax returns or they don't disclose their true income.

Mr Volkens: The tax office does enforce lodgement of returns for child support customers. The last annual report talks about the amount of dollars collected through that mechanism. Last financial year, in 2016-17, for example, there were 65,000 ATO-taxable

incomes enforced. So, there is a program. They do put that in place and enforce those lodgements for us.

Senator PRATT: Clearly this penalty is still needed to encourage that?

Mr Volkens: Yes—the recommendation of the inquiry.

Senator PRATT: Have you had any further dealings with the implementation of that recommendation?

Mr Volkens: Not personally, no.

Senator PRATT: How many child support payers has the lodgement enforcement program successfully had paying tax returns? I think you gave me the figure in terms of the value, but I don't know if that was the number of people.

Mr Volkens: I might have to come back with that number, I think.

Senator PRATT: What was the number you gave me before?

Mr Volkens: The number of incomes enforced in 2016-17 was 65, 407.

Senator PRATT: I think that's a similar answer to the one that I asked. Of those child support payers who routinely do not lodge tax returns, you are not able to tell us how many are in arrears of child support?

Mr Volkens: I don't have that data with me, no. But, again, there's not necessarily a direct correlation there, because we still make an assessment and we still take collection action on those.

Senator PRATT: In terms of the child support payers where there was an enforced lodgement, how many of those payers had their liability increased after their return and how many decreased? Do you know that?

Mr Volkens: I don't have those numbers with me, but we will take that on notice.

Senator PRATT: What work has been done to implement the other recommendations of the report and, in particular, how does that relate to other parts of the lodgement enforcement program? Sorry, I don't have the recommendations in front of me, but they are 1, 2, 4 and 5. Also, when do you anticipate that work will be complete?

Ms Bridger: That goes to six of the 18 actions that Mr Bennett referred to. An additional eight will be completed by the end of October, with the remainder completed by 30 June.

Senator PRATT: Can you advise the average processing time for applicants for the disability support pension? What support is offered to those applicants to ensure they can complete and submit the information?

Ms Brill: For the disability support pension, the average days to process new claims for 2016-17 was 39.

Senator PRATT: And what support do you give applicants to ensure they can complete and submit the correct information?

Ms Brill: Where a claimant has difficulty in understanding what is involved in completing the forms or providing additional information, we do what is called a staff assisted claim. Assistance is primarily given through our face-to-face service centres, although we can also talk someone through the process on the phone.

Senator PRATT: And does that person help them do the research on what their assets and other income et cetera might be, with a face-to-face claim? You have to find bank statements and quite complicated things. Does this person also give support with collecting that other information?

Ms Brill: The claimant is responsible for collecting the information, but, certainly, our staff are well versed at providing the claimant advice on where they are going to find that information or where they need to go.

Senator PRATT: What if their disability prevents them from being able to do that? I do appreciate that Centrelink staff can't look up someone else's bank account details, but I am trying to work through how you actually deliver that kind of practical support.

Ms Brill: With our disability claimants, there is often a carer or someone involved who may assist them, and then we work with them in partnership.

Senator PRATT: Are applicants advised that, if they are ineligible, they are able to claim Newstart allowance while their DSP is being determined?

Ms Brill: I might get our program people to perhaps come and talk more about the policy.

Senator PRATT: Yes, but could you stay at the table. If an applicant is found to be ineligible, what supports are they also referred to in communities and/or other departments?

Mr Bennett: Sorry; could you repeat that question?

Senator PRATT: Are applicants advised that they're able to claim Newstart while their DSP is being determined?

Ms Deininger: Certainly there are many claimants for DSP who are already on Newstart, but the circumstances of people vary. There will be some people who may not be on income support who will then apply for DSP.

Senator PRATT: Say I have a disability, I'm unemployed, I think I should be on DSP, I put in my application and it's taking a long time to get my medical and other tests done, but no-one's ever told me that I should have put a Newstart claim in in order to ensure that I at least have some income. How do you manage issues like that?

Ms Deininger: Let me see if I can get that information for you.

Ms Leon: If a person's on Newstart, they do have mutual obligations and they are expected to look for work and to accept suitable work. Depending on the person's disability, they may not either wish to or feel able to—

Senator PRATT: I do understand that, but I also understand that Newstart has various levels of participation based on your capacity.

Ms Leon: That's why it would depend on the person and whether that was a suitable route to recommend for them.

Senator PRATT: Yes, I do understand that.

Ms Deininger: I've been advised that recipients are put on Newstart in a provisional sense subject to, of course, meeting the income and assets test and so on. Then they can be assessed for DSP.

Senator PRATT: Okay. This is a different set of questions about disclosures regarding single parents. What's the policy rationale for verifying the relationship status of single parents?

Ms Deininger: With some of our payments, there are payments for single people and there are payments for partnered people. They are different rates. The different rates reflect the different circumstances—

Senator PRATT: I do understand you need to know when someone is partnered or is single, but you've now got a policy of verifying the relationship via a third party. What's the policy rationale for that?

Ms Leon: I think that is probably a matter for the Department of Social Services. We administer the payments.

Senator SIEWERT: Aren't you going to administer that?

Ms Leon: We don't develop the policy.

Senator PRATT: I can't ask you the policy rationale, but I can ask you how many people that's likely to affect.

Senator SIEWERT: And how you're going to do it.

Ms Deininger: Are you referring to the measure announced in the budget?

Senator PRATT: Yes.

Ms Deininger: In broad terms, the measure announced in the budget will apply to new and existing recipients. Those reviews are proposed to be in the vicinity of about 370,000 over several years.

Senator PRATT: What proportion is that 375,000 of all single parents?

Ms Deininger: Let me see if I can get the data of the number of parenting payment recipients we have.

CHAIR: Senator Pratt, once you finish this line of questioning, we'll go back to Senator Siewert.

Senator PRATT: No worries.

Ms Deininger: I'll see if I can get the data in terms of the number of people who are on parenting payments. As at June 2017, there are about 94,000 people on parenting payment partnered and about 256,000 on parenting payment single.

Senator PRATT: Okay. And 370,000 is where you also need to verify the payments of other single parents on other family tax benefit payments? Is that right?

Ms Deininger: I beg your pardon. Would you remind repeating the question?

Senator PRATT: You said there were 370,000, I think—

Ms Leon: Not per year. I think Ms Deininger said over the forward estimates.

Ms Deininger: Those reviews will occur over four or five years.

Senator PRATT: So there are 94,000 single parents?

Ms Deininger: No; parenting payment, partnered. There are two sorts of parenting payments—partnered and single.

Senator PRATT: That's right. So that means you will, essentially, verify pretty much all single parents on that payment. I'm assuming that number relates to the fact that some people will come in and some will come off that payment, and that that's the cohort that you're trying to assess—the 256,000. Is that right?

Ms Deininger: The measure also applies to single parents receiving Newstart. So it's not just those on parenting payments.

Senator PRATT: That's what I was trying to work out.

Ms Deininger: So that's kind of the missing the figure.

Senator PRATT: Okay. So it's the 256,000 plus the Newstart for parents. What proportion of single parents receiving payments does that 370,000 over four years affect?

Ms Deininger: I don't have the number of Newstart single recipients. I'm happy to take that on notice.

Senator PRATT: Okay. Is this a prospective change for new applicants? It sounds like this is existing recipients because of the kinds of numbers that you're talking about.

Ms Deininger: As I mentioned, with the existing payments, obviously, as we go through the assessment process, we need to make sure that a person is receiving the appropriate payment and whether it's the single or the partnered rate. For example, if you're applying for parenting payment, partnered, and you're a new claimant, we ask you to provide referees so that we're able to contact them to verify your relationship status. We are already doing those kinds of checks; the difference is that, under the new measure, you'll be required to fill out a form, as opposed to just providing the contact details.

Senator PRATT: Will this measure impact on the waiting periods and processes?

Ms Deininger: When a person applies, they will be asked to provide that information as part of their claim.

Senator PRATT: So it's an initial part of their claim; they don't apply and get given the form for the verification?

Ms Deininger: We're still working out the implementation details, but I envisage that it will be part of the existing—

Senator PRATT: Otherwise, you would be delaying the processing by adding extra paperwork. Given that there is more paperwork associated with the application, what impact do you expect it to have on the waiting period?

Ms Deininger: I don't have any of that modelling to hand. We would have to check with DSS if they've—

Senator PRATT: Verifying 370,000 relationships by phoning referees is going to take some time.

Ms Deininger: With the new process, applicants will be required to furnish to the department a referee report from their referees. The current process is that we contact referees.

Senator PRATT: So you will take a written report at face value. Will you be contacting some of those referees or all of them?

Ms Deininger: With any information that we ask recipients to furnish to us—whether it's income or information about their status—people need to answer truthfully.

Senator PRATT: But I'm assuming that you will audit it and check that data at some point.

Ms Deininger: We do have a program of rolling random samples and so on.

Senator PRATT: Is it foreseeable that taking written referees will save on processing time, because you no longer have to contact referees personally?

Ms Deininger: I don't have any data with me to claim that.

Senator PRATT: But you have data available that answers those questions?

Ms Deininger: I'm happy to take that on notice.

Senator PRATT: Okay. Has the department sought legal advice about the discriminatory nature of this change with these kinds of checks?

Ms Deininger: The policy, as the secretary has indicated, is generated and developed out of the Department of Social Services.

Senator PRATT: That makes sense.

Senator SIEWERT: We were referred to you this morning by the Department of Social Services—I've dropped them right in it!—to ask you about Nadia. Can I ask around the costs of Nadia to date?

Ms Leon: I'll get our CIO to the table for that.

Senator SIEWERT: I'm at risk of being bamboozled by tech, as well.

Ms Leon: Nadia is a very user-friendly piece of tech.

Senator SIEWERT: Yes, but it's very complex. Could you tell us the cost to date for the development of Nadia up to where she's now paused?

Mr Sterrenberg: I'll just call a colleague of mine, Mr McHardie, to the table. He'll have those figures for you.

Mr McHardie: Could I just understand what breakdown you would like of the costs, please?

Senator SIEWERT: I'm after what was the projected budget, but then the costs of development and the total cost of development to date? I'm also interested in the process from here and what's projected for the further work that needs to be done. I don't know if you were listening in to the conversation we had this morning.

Mr Sterrenberg: Yes, I was.

Senator SIEWERT: I thought you might be. So you'll be aware that I'm also interested in what are the costs into the future given the change of emphasis around the new pathway process et cetera. Then I'll go to the technology change.

Mr McHardie: If you look at the costs, they are broken down into three organisations. The two primaries that I think you asked the questions on today were around FaceMe and Soul Machines. I think those were the questions that you asked today. You wanted specific figures around those—is that correct?

Senator SIEWERT: Senator Watt was also asking questions, so let's go for the whole lot. I want that, but then the whole cost of the project to date.

Mr McHardie: Yes. Okay.

Senator SIEWERT: That way, if there's an angle of the project that I've missed, I still get to find out the whole cost.

Mr Sterrenberg: While Mr McHardie's putting the figures together, I'll provide you some insights on where we're going to take Nadia from here.

Senator SIEWERT: That would be appreciated.

Mr Sterrenberg: The next stage of Nadia's development is to complete the testing and go to beta. It's our policy nowadays to do, in this case, participant testing. It was one of the recommendations from the DTA that we would do it with real, live testing, if you will, but isolated to a group of people. They were involved, obviously, in the co-design of Nadia. It's been some time, so the right time now in the next month or two is to go to beta testing.

Senator SIEWERT: You're going to do that now before—we understood from the department this morning that Nadia's not going to be rolled out now until—because of the new emphasis on the pathways.

Mr Sterrenberg: The pathways will provide new question sets, which we will load up. So in terms of the technology platform, it's then working. It's now to work with the pathway teams, because they will provide new questions and answers which we will load into the technology. Once they're loaded, we will then bring in a small group of participants into our new customer experience centre in Reed Street, Tuggeranong, and they will go through the testing and give us feedback on whether the answers to the questions are appropriate.

Senator SIEWERT: So you're not doing the participant testing until you've got the questions?

Mr Sterrenberg: That's the alignment that the CEO of NDIA, Rob De Luca, was talking about.

Senator SIEWERT: Yes. I was on the verge of misunderstanding when you were doing the participant testing, but you are developing the questions first?

Mr Sterrenberg: Yes, that's right, in a joint piece of work we're doing with the NDIA.

Senator SIEWERT: We had a discussion this morning around potentially using different technology or a different platform, and you can tell I'm now way out of my depth in terms of technology—I'll be up front here and won't pretend I know what I'm talking about—but I understood from what Mr De Luca was saying this morning that there was some change in approach?

Mr Sterrenberg: Yes, there was.

Senator SIEWERT: Can you take us through that, and explain why?

Mr Sterrenberg: First of all, the department uses three cognitive platforms. The first is from IBM, which known as Watson; the second one is from Microsoft, called Cortana; and the third one is from Google, called TensorFlow. These cognitive platforms are geared for specific purposes. They've got a lot of overlap, but there are a lot of similarities between them. In determining the right criteria for the selection of the cognitive engine that underpins

Nadia, we were really concerned and considered about the data having to be onshore. The data would have to reside in a data centre that had been security cleared to a T1 level of cybersecurity and those people running the data centre had to pass an NV1 accreditation for certain things, given the potential sensitivity of the data in the medium term. In the first rollout of Nadia, it is going to be an information provision, which is publicly available-type information, but, as Nadia grows and learns, she will be able to recognise the individual.

Senator SIEWERT: Participant focused?

Mr Sterrenberg: That's right, yes. We wanted to make sure that the platforms that underpin Nadia would be sustainable beyond that. In determining a partner, we are in the final stages of negotiation so I wouldn't like to go too far, but I would like to say that all those criteria have been met by a particular vendor.

Senator SIEWERT: Does that swapping entail an extra cost?

Mr Sterrenberg: Yes. That decision was made some time ago.

Senator SIEWERT: So when you first started it, you didn't have that level of security in place, or couldn't you get a partner that had that level at that time? Why the swap now and why didn't you start from that point?

Mr Sterrenberg: At the time, we were given a view that that original partner may have been able to provide the level of certainty that the engine would be moved to Australia in a certain time frame, but that wasn't achieved. Because of that we considered alternatives and, of the alternatives, we have now got one that meets all those criteria.

Senator SIEWERT: Are we ready to go to the costs?

Mr McHardie: We can do that, if you like. If we look at costs that have been expended thus far, as I said there were two primary contractors: it was Eva AI and FaceMe. We had a contract between May 2016 and April 2017, which was a single contract with Eva AI to provide services and software licensing relating to the development of a virtual assistant avatar for NDIA at a total cost of \$1.942 million, all gazetted.

Senator SIEWERT: All gazetted?

Mr McHardie: Yes—gazetted on AusTender. Then, between April 2017 to present, FaceMe—under the previous Eva AI standing offer agreement—provided the department access to FaceMe platform, incurring software development kits, application-performing program interfaces, the customer experience framework, global real-time video distribution service, orchestration applications, telephony integration, conversational insights, computer vision, speech, avatar services and platform support at a total cost of \$150,000. That was gazetted on AusTender as well.

Senator SIEWERT: \$150,000?

Mr McHardie: That's correct.

Senator SIEWERT: Other costs?

Mr McHardie: Soul Machines, under two separate agreements, have also provided the department with specific software licensing associated with the Nadia virtual assistant platform. It will total costs of \$337,679. They're the core figures that you were after from your discussions today.

Senator SIEWERT: Are there additional costs on top of those?

Mr McHardie: They were the avatar costs.

Senator SIEWERT: That's the whole cost, but what about the whole cost for the system? Do those costs cover the whole of the provisions to date of the Nadia project?

Mr Sterrenberg: I believe so. We can confirm that for you.

Senator SIEWERT: How much has having to change the provider cost?

Mr McHardie: We believe there's 80 per cent re-use. A lot of the development work that was done in the early days was a lot of what we call question-and-answer pairs—that's training the cognitive intelligence around the sorts of questions that we predicted. NDIS participants—

Senator SIEWERT: We have had a discussion about that process before.

Mr McHardie: So you can then retain approximately 80 per cent of that as you shift platform.

Senator SIEWERT: So how much additional cost? Or are you going to tell me you can't tell me that yet because you're still in the process of tendering?

Mr McHardie: Yes.

Senator SIEWERT: What period of time are you undertaking the new contract for?

Mr Sterrenberg: We already use the vendor that we were considering quite extensively across DHS, and so this would be in addition to that already existing contract.

Senator SIEWERT: And you can't tell me how much that's going to be now?

Mr McHardie: We're using it across virtual assistants. The platform that we've now signed up to we're utilising not only for Nadia, moving forward, but we're also using it for our own DHS internal virtual assistants.

Senator SIEWERT: But you will be able to tell me how much—you can't at the moment, but you will be able to tell me. I take on board what you're saying, it's dual use. Next estimates?

Mr Sterrenberg: If we need to, we could try and get it to you before then.

Senator SIEWERT: Could you take it on notice, then? I presume once you've signed the contract you can tell us.

Mr Sterrenberg: Of course.

Senator SIEWERT: When was the decision made around needing to change the provider?

Mr McHardie: June this year.

Mr Sterrenberg: The company we were working with had indicated that they weren't able to meet particular deadlines and, at that point, the decision was made to consider alternatives.

Senator SIEWERT: So if you're bearing extra cost, do you get that back from the company that you thought could provide the services onshore?

Mr Sterrenberg: No.

Senator SIEWERT: You don't recoup that?

Mr Sterrenberg: Not directly in the way that you've asked the question, no.

Senator SIEWERT: You don't?

Mr Sterrenberg: No, we don't.

Senator SIEWERT: And you've included extra costs?

Mr Sterrenberg: Yes.

Senator SIEWERT: And you can't tell me that yet, for the tender reasons?

Mr Sterrenberg: We'll come back to you.

Senator SIEWERT: We had a conversation this morning with Mr De Luca and the NDIA, around how it's not ready to roll out now anyway because of the pathway program. But once that starts—and I understand they're starting the first pilot from the beginning of next year, not all of them—when will Nadia be online following that process?

Mr Sterrenberg: As Mr De Luca mentioned, it will depend on the outcome of the pilot. But technically, it will be ready to roll.

Senator SIEWERT: So it will align with the end of that pilot?

Mr Sterrenberg: Yes.

Senator SIEWERT: They're also going to the specialty areas, or the priority areas, but we're only talking about those first set of pilots, the broader—

Mr Sterrenberg: I believe there are four categories of disability that they'll be focusing on.

Senator SIEWERT: I look forward to an answer to the question that you're taking on notice. Thank you.

Senator SINGH: I want to move to the department's family and domestic violence strategy. One of the aims is that risk identification is included in all service delivery channels. I'm interested in what risk identification approach is used by DHS. Does it use a recognised risk assessment framework?

Mr Thiveos: We have developed, or created, a risk identification and referral model which uses a targeted, proactive approach to identify and respond to recipients with family and domestic violence concerns. We used a panel of experts to be able to develop this. It's a range of questioning. At certain recipient interaction points where domestic violence may be more likely, recipients are proactively asked if they feel safe and, if appropriate, are offered a referral to an external service provider or a departmental social worker. The question that we ask at those interaction points is: 'Are you or has anyone else been concerned about your or your family's safety?' I can give you an example about some of those interaction points where we actually use that question, if that's helpful.

Senator SINGH: Before you do that, can you just tell me: is this a recognised risk assessment framework?

Mr Thiveos: It's one that's actually been developed by—we used a panel some years ago, a panel of experts, to come up with this particular question, given the environment that we work in and the touch points that we have with the Australian community. I can probably take a question on notice to get you more information about how the actual question was developed.

Senator SINGH: All right, and whether or not it's a recognised risk assessment framework.

Mr Thiveos: Certainly, will do.

Senator SINGH: Okay. You can take that on notice. Who was involved in developing this? You're saying there was this panel. Who exactly was involved in developing the risk identification approaches that are now used by DHS staff?

Mr Thiveos: I'll have to take that question on notice.

Senator SINGH: What about training? What training has been provided to DHS staff members in order for them to use this risk identification approach?

Mr Hutson: Between 22 May 2015 and 30 June 2017, we have trained around 12,500 staff in general family and domestic violence awareness. In addition, over 3,000 managers, including 120 senior executive service employees, have received tailored family and domestic violence training, which was facilitated by social workers.

Mr Thiveos: We've had another 19,000 staff, our CSOs, at the front line, who've also been trained over that period.

Senator SINGH: The strategy—one of the actions includes referring clients to external service providers and maintaining up-to-date information about external family violence service providers. Can you provide some data regarding how many clients are referred by DHS to external family violence service providers?

Mr Thiveos: In 2016-17 our social workers responded to over 65,000 referrals to assist and support recipients affected by family and domestic violence. That's compared to 61,000 in 2016-17. It's an increase of approximately seven per cent. Between 1 July 2016 and 30 June 2017, our social workers granted 18,000 crisis payments for family and domestic violence consisting of more than 15,000 assisting people to seek safe accommodation away from home, 1,900 assisting people to remain in their homes, and 900 assisting people who were removed from their homes due to their use of violence against family members.

Senator SINGH: That's interesting, but what about data regarding how many are referred by DHS onto men's behaviour change programs?

Mr Thiveos: I'll have to take that on notice.

Senator SINGH: Okay.

Mr Thiveos: Could I add that on our actual website, where our recipients can go if they are affected by family domestic violence, we do have links to 1800RESPECT, Daisy, Family Relationship Advice Line, Kids Helpline, Lifeline, MensLine Australia, MoneySmart and White Ribbon. We also have a safety button in terms of a quick exit for anyone who is using the website at the time. It takes the recipient back to the Bureau of Meteorology. That comes up on their screen if they need to do a quick exit, and it erases the history of them having been on that particular site.

Senator SINGH: That's useful. So you are taking the data on notice—which is actually what I am after?

Mr Thiveos: Yes.

Senator SINGH: What about the training that's been provided to DHS staff in order for them to refer clients on to external family violence service providers?

Ms Leon: That's included in the 19,000 that Mr Thiveos referred to before. They were trained in using the referral method.

Senator SINGH: They were trained in the referral process as well?

Ms Leon: Yes.

Mr Thiveos: We find that our social workers, where we have referrals for recipients who are affected by family domestic violence, will do a lot of referrals to organisations such as NGOs et cetera. They have a very well-developed relationship with them and a lot of that involves a warm transfer to those external organisations.

Senator SINGH: Senator Pratt has some more questions on social workers. I want to ask how many social workers currently work out of Centrelink offices and where they are located?

Ms Brill: I can take the locations on notice, but I can indicate that we have social workers in many of our service centres across our network. We also have a virtual telephony service that we provide with our social work services. We have approximately 630 full-time social workers working in the department.

Senator SINGH: Currently?

Ms Brill: That's correct.

Senator SINGH: What about in the last financial year?

Ms Brill: I'll have to take that on notice. The number is roughly fairly stable but I can absolutely confirm that through taking it on notice.

Senator SINGH: But you think that the number is stable?

Ms Brill: Yes, that's correct.

Senator SINGH: I will hand over to Senator Pratt on the same issue of social workers.

Senator PRATT: How many Centrelink referrals to each of those 630 social workers has occurred in each financial year for the last four years?

Ms Brill: Certainly. I will have to take that on notice.

Senator PRATT: Okay. How has the job of a social worker changed within DHS?

Ms Brill: Sorry, Senator, I am not sure I quite understand the question.

Senator PRATT: I understand that you have made a whole range of changes, so I want to ask you, in broad terms, how the role of a social worker has changed.

Ms Brill: With regard to family and domestic violence, the department social workers have always been—

Senator PRATT: I am not specifically referring to family and domestic violence. I am referring to social work in general. I beg your pardon. My apology; I should have been clearer.

Ms Brill: Our social worker service hasn't really changed significantly in the last few years—or the years that I have been associated with the department—and I can certainly clarify that if that's different to what I understand. Our social workers have always provided a

service for all our claimants across all of the payments. They're there, essentially, to provide a social work service to those customers that are most vulnerable and have complex needs. They're also there in terms of supporting our staff. So they not only support our claimants and recipients with regard to family domestic violence and the support that they can get; but they also support the staff in the sense they've trained over 20,000 of our staff in family and domestic violence, and are there in our service centres and on the phones as a source of information and assistance to our CSOs.

Senator PRATT: As skilled professionals, what involvement and buy-in do they have in their job design as individuals and in terms of your overall practice over the scope of their work?

Ms Brill: We take, obviously, the professional practice standards of our social workers very seriously. We have a full-time branch head whose responsibility it is to ensure that our social workers are fully supported in their professional practice standards, as well as then in terms of the standards as an employee of DHS. For instance, they undertake regular training—whether that's related to family and domestic violence, whether it's related to recent information to do with drug use or rehabilitation or working with children. They're regularly updating their credentials and the department supports them in the professional standards.

Senator PRATT: Are you able to give us any data over this year and previous years in terms of face-to-face client contact versus client contact that's over the phone? Are you seeking to push more of that contact through your workload manager that would see more of that take place over to telephone?

Ms Brill: I'll have to take the data on notice. I'm not sure if we have it to that aggregate level, but we'll look to see if we can provide that. It is very important that our social workers work across all our channels. Our social workers work in the face-to-face environment, in child support across our child support division, as well as on that telephony. Each of those channels provides a different level of support or convenience. For instance, someone that is in crisis may not want to actually come to the service centre for a range of personal reasons and may actually want to engage with a social worker over the phone.

Senator PRATT: I do understand that. But in my experience, Centrelink's social workers are very happy to engage over the phone, but they also like to see their clients face to face. They like to do what essentially suits the client and not what suits Centrelink and their employer. Concerns have been expressed that there's a move through the workload manager that's affecting their scope of practice. Have you had that feedback from social workers within the department?

Ms Brill: We work closely with all our workforce in terms of change management and certainly the department has instigated a change to workload manager. We've engaged with our social work staff, as we have with all of our other cohorts of staff, on the use of workload manager. Workload manager enables us to ensure that the work is getting to the right person in the right time. That encompasses a small percentage of what social workers do. For instance, for social workers in service centres, they are essentially primarily dealing with those customers that are coming through the door. When there are opportunities for them not to be engaged in that work over the counter, then obviously we look to have our social workers utilised—for instance, working with our unable-to-live-at-home, under-18s processing or on telephony where we may have a peak period on telephony.

Senator PRATT: Could the workload manager be seen to be shifting social workers away from their face-to-face work towards more of those calls?

Ms Brill: Not at all.

Senator PRATT: If you've got some data on that, that would be terrific.

Ms Brill: Happy to take that on notice.

Senator PRATT: How many management and EL2/EL1 social workers are employed within the department? Is it intended to reduce those numbers, and, if so, by how many?

Ms Brill: I'll have to take that on notice. I apologise—I don't have the breakdown of the staffing with me tonight.

Senator PRATT: Has the social work business line management and reporting structure changed?

Ms Brill: We continue to evolve our management model in service delivery as we mature our systems and improve our processes. There have been some changes with regard to management in terms of team compositions in certain sites and geographical locations. This is primarily to ensure that we've got the right numbers in the right locations. Often in a service centre we might find that we're not getting quite as many referrals in that particular service centre coming through the front door as we did two years ago. We want to ensure that we've got the right people in the right place, servicing our customers in the best way.

Senator PRATT: Has there been a decision to hub the social work business line, including the hubbing of Northern Territory, Queensland and Western Australia?

Ms Brill: Hubbing is a term we're using to build clusters of social workers to ensure that they're working more in a team environment and not in isolation. Often we might have only one social worker in a very big area, particularly in areas like the Northern Territory. We're trying to create, if you like, a hub in a geographical area—though most of them are virtual—where social workers can get together and work as a team across a geographical location.

Senator PRATT: Does that system maximise the capacity for people to have face-to-face contact with their social worker, noting that won't be the situation in all cases?

Ms Brill: That's obviously the intent. We want to be able to maximise the use of all of our channels, whether it's face to face or telephony. Part of that hubbing, too, is looking at how we use our intensive servicing officers across the board, for instance, how our social workers engage with our prison liaison officers or our multicultural services officers.

Senator PRATT: Just a couple more—have referral lines for social workers been cut in-house and replaced with external referrals? Does this include referrals for drug and alcohol addiction, domestic violence and suicidal ideation? How are external referrals funded?

Ms Brill: My understanding is that there has not been any change to the way that we do our referrals from our social work service, but I will be sure to check that. We do not specifically fund other agencies to which we refer customers or claimants. We essentially provide customers with some guidance as to where, in their local areas, they may be able to get further assistance.

Senator PRATT: We understand that the job descriptions from the department require social workers to be eligible to be a member of the Australian Association of Social Workers, which is a good thing—that they can be seen to meet those professional standards. However, I

want to know if concerns have been raised about some of these new measures, such as call recording, being in contravention of their professional code of ethics. How are you managing that?

Ms Brill: We've been very engaged with our social workers around the use of call recording and ensuring that it does not compromise any ethical standards or practices associated with the social worker profession. You'd be aware that when you call any other referral agency, such as Lifeline, you will get a message that says, 'Your call will be recorded for professional reasons.'

Senator PRATT: What was inadequate about the former method of call quality monitoring that required a drastic increase in recording?

Ms Brill: We're very keen to continually improve the way that we deliver our services to our claimants and to those that call us. Part of that continual improvement is us having call recording as a way of ensuring that we're giving the best possible advice in the right way to our customers when they call, and that relates to our customer service officers in the same way it does to our social workers.

Senator SIEWERT: I want to go to a question from a public hearing in May that you answered very recently. It was for our Centrelink inquiry. It was a question from Senator Watt and Senator Kakoschke-Moore, in a line of questions about debts. This one is answer No. 201. It relates to debts being written off, and this one related to deceased estates.

Ms Leon: I'll just get the relevant officers to the table, Senator.

Senator SIEWERT: In the answer to question No. 201, you articulate that there were 25 debts relating to 24 individuals that had been permanently written off due to the 'estate being insufficient'—I presume that means the estate having insufficient funds. Thirteen of those individuals were not alive at the time the department issued an accounts payable notice. Eleven of those individuals, which counts for 11 deaths, were alive at the time of the account payable notice that was issued by the department. This was as of 30 April 2017. Have you looked at what were the causes of death of those 11 people?

Mr McNamara: No, Senator, we haven't looked at the causes of death of those people.

Senator SIEWERT: Do you have any understanding of the time of the person passing away, in terms of dates, in relation to the debt notice issued?

Mr McNamara: No, Senator. Our system will record that someone has passed away, but we don't record—so when we are notified, that's when our system will record that someone has passed away, but that's all we record.

Senator SIEWERT: Is it possible for you to take on notice the date the debts were issued and the date you were informed that the person had passed away?

Ms Harfield: Sorry; the date the account payable notice was issued?

Senator SIEWERT: And the date the person passed away. You have enough data to know that 13 were issued to people who had already passed away.

Mr McNamara: We can do that, Senator; that's not a problem.

Senator SIEWERT: That would be appreciated, thank you. You don't have any detail on any of those 11 people for the cause of death?

Mr McNamara: No.

Ms Harfield: There's no need for our systems to have that. If a person is deceased, then that's what is relevant in terms of how we manage a debt going forward.

Senator SIEWERT: Thank you. I will pursue that further once you get me those other answers. I want to go to Taskforce Integrity and the issue around the notifications to people that the task force is in their area.

Mr McNamara: Yes.

Senator SIEWERT: The process, as I understand it—you see, you haven't been sitting here all this time for nothing! Could you take me through the process, actually, rather than me just getting it wrong? Why don't you take us through the process of when you are in a particular area or are addressing a particular payment type. I've had example of letters that people have received. I've also had examples of texts people have received in short succession to each other. They have also gone to people on DSP. I'm told there are claims that these notices don't go to people on DSP but I have the evidence that it has gone to people on DSP.

Ms Quinn: Task Force Integrity does a range of things when we choose to go to a geographic location. We look at the risk ratings across a number of payments that are received by people, pay-as-you-go and annual investment income report reviews that have been done in areas, the numbers of family-day-care educators, single customers that might be identified at a higher risk of being in a marriage-like relationship, so members of couples; we think about frequent travellers, and we look at some people who are on disability support pensions—I don't have the particular details here, some are taken out, but some do receive those.

Senator SIEWERT: So some people on DSP do receive that?

Ms Quinn: Some people on DSP will receive the correspondence that we send out. We send a number of forms of correspondence out. The one that goes to most people is simply a letter that says 'it's really important that you keep your records up to date with the department', and it asks the question: 'Are your circumstances up to date?' It says to the individual who receives it that they should update them if they are not. That is fairly straight forward. It doesn't indicate on that letter what payment they are on or anything like that. That letter, in a couple of locations more recently, we have followed up with a text message where people have said they are happy to receive SMS messages from the department. We follow that up with an SMS message just to say, 'Taskforce Integrity's around, so make sure your records are up to date.' That's as much as that is.

Senator SIEWERT: What's the time frame between the letter and the text?

Ms Quinn: It's about four weeks, three or four weeks. Usually, the text messages will coincide with when we are doing the high-visibility activity in the local service centre. The letters will go out the week before, in the service centre, and then we go to the service centre and talk to people on their way in. In the last few operations we stood inside the service centre and just stood and talked to people about whether their records were up to date. It was just being there, really, and answering any questions. You get lots of different questions. We have a couple of AFP people and a couple of people from the department, and they are just there. There is messaging around the service centre to say that we're here and the focus is really on keeping your records up to date.

We send another set of letters to people who are members of couples and ask those people to update some of their circumstances, to confirm if their living arrangements are still the same—how many children they have in their care. There are about half a dozen questions on that form that gets sent out. That asks for it to be returned within 21 days. At about the 28-day mark we send an SMS reminder to people to say, 'Don't forget that you needed to update that record, that form.'

Senator SIEWERT: So even if they didn't have anything to update—

Ms Quinn: It is just generally: 'Don't forget, if you need to update, you should update.'

Senator SIEWERT: So they don't have to fill it in if they don't have anything to update.

Ms Quinn: The one that goes to couples would ask you to return that. Yes, you do need to provide it and just say 'no change, no change, no change' to a form.

Senator SIEWERT: What about for the people you send it to on DSP?

Ms Quinn: No, the DSP people just get the letter to say, 'Don't forget to update your circumstances.' They will get a message, but it's just part of a communications plan. There's no requirement to update anything. We find that some people go in and look at their records and then go out and don't update anything, because everything was good.

Senator SIEWERT: How do you decide who on DSP gets it—and, in particular, I have a very strong focus on psychosocial disabilities.

Ms Quinn: I will need to take that on notice and we can provide you the details of the exclusion rules that we have for who we do send the correspondence to and who we don't send the correspondence to.

Senator SIEWERT: I know very well they were sent to somebody with a psychosocial disability. Was that an accident or was it—

Ms Quinn: There are a lot of records, so we use the information that is contained within the system to sort out who gets the letters and who doesn't get the letters. I can get those rules to you.

Senator SIEWERT: In this instance, a young person with a psychosocial disability got a letter and a text.

Ms Quinn: They may have done. If they had ticked the box with the department that they would receive SMS messages, it is possible they got a text, yes.

Senator SIEWERT: Was there no thought given to the impact that would have on somebody with psychosocial disability?

Ms Quinn: It was a letter that just asks people to update their circumstances—

Senator SIEWERT: Followed up by a text, to someone who may be unwell.

Mr McNamara: Senator, we've agreed we'll take that on notice to see who we are actually excluding. We can take it on notice and see who should be excluded, and then we can come back to you in terms of your question about whether that was a mistake, therefore, to send the letter or not.

Senator SIEWERT: I must admit I'm a little bit surprised that you don't know if someone with a psychosocial disability should not be treated in the manner in which they have been treated through this process.

Mr McNamara: If someone is on payment, they are still required to keep their circumstances up to date; otherwise, we end up in the situation where they may end up with a debt. Part of our integrity program is to make sure that people don't get debts in the first place. We do have to interact with people and we do need them to interact with us, because otherwise their circumstances aren't kept up to date, and if they're earning income and they haven't told us, or they've changed their relationship status and they haven't told us, and their payment has changed, it is a problem.

Senator SIEWERT: Maybe there are more sensitive ways of doing it than sending a text not long after you've sent a letter that people see is from the police.

Ms Quinn: It is a particular case you're asking us to comment on, and of course we don't have the details of the case. We have taken on notice what are the conditions that might exclude someone from getting it, but it is a bit difficult for us to comment on a particular case when we haven't got the case in front of us.

Senator SIEWERT: There are other people that I am told have also had this, so it is not just one person who has received this, from what I can gather.

Ms Quinn: We have taken on notice what the list of conditions are, and I think that's helpful to look at. And then, perhaps, after you've received that, you'll be able to say, 'I think you did'—or didn't—'comply with that.' But if you do want us to comment on particular cases then we probably can't do that in open session.

Senator SIEWERT: No, I don't want to. I do want to see the exemptions. Thank you for taking it on board. But I don't want to wait for the next estimates to ask: if this occurred, and they were supposed to be exempt, how did that happen and is it continuing?

Ms Quinn: I'll take that on notice.

Senator SIEWERT: That would be appreciated. Could you also take on notice—because I'm going to get pinged, I know—how many letters and texts have been sent through the task force, and what has been the response rate in terms of people updating their figures, if that data is collected.

Mr McNamara: We'll take that on notice.

Senator SIEWERT: Thank you. Have I just had the evil eye?

Senator DUNIAM: Yes, from me as well. You've had four evil eyes!

CHAIR: Done?

Senator SIEWERT: Yes. I'll put the rest on notice.

CHAIR: Okay. On that note, that concludes the examination of the Social Services portfolio estimates, including Human Services. I thank the minister and the officers for their attendance; and Hansard, Broadcasting and the secretariat staff.

Senator SIEWERT: I hope we weren't too bad for your first estimates with us.

CHAIR: Senators are reminded that written questions on notice should be provided to the secretariat by close of business, Friday, 3 November 2017. The hearing is adjourned.

Committee adjourned at 22:58