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SENATE

STANDING COMMITTEE ON FINANCE AND PUBLIC
ADMINISTRATION

ESTIMATES

(Additional Budget Estimates)

FRIDAY, 16 FEBRUARY 2007

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**SENATE STANDING COMMITTEE ON
FINANCE AND PUBLIC ADMINISTRATION**

Friday, 16 February 2007

Members: Senator Mason (*Chair*), Senator Forshaw (*Deputy Chair*), Senators Carol Brown, Fierravanti-Wells, Fifield, Moore, Murray and Watson

Senators in attendance: Senators Fierravanti-Wells, Fifield, Forshaw, Mason, Moore, Nettle, Stephens, Stott Despoja, Watson and Wong

Committee met at 8.05 am

HUMAN SERVICES PORTFOLIO

Consideration resumed from 13 February 2007

In Attendance

Senator Ian Campbell, Minister for Human Services

Department of Human Services

Output 1: Core department

Ms Patricia Scott, Secretary

Mr Jeff Popple, Acting Deputy Secretary

Ms Kerri Hartland, Deputy Secretary, Office of Access Card

Mr Chris Dainer, First Assistant Secretary, Financial Analysis and Corporate

Mr Alex Dolan, First Assistant Secretary, Service Delivery Operations

Ms Jenny Thomson, Acting First Assistant Secretary, Policy and Strategy

Ms Marie Johnson, First Assistant Secretary, Office of Access Card (Chief Technology Architect)

Ms Barbara Flett, First Assistant Secretary, Office of Access Card (Communication and Stakeholder Engagement)

Mr Nico Padovan, Acting First Assistant Secretary, Office of Access Card (Product Delivery)

Mr Greg Divall, First Assistant Secretary, Office of Access Card (Program Management)

Mr David Walsh, First Assistant Secretary, Office of Access Card (Registration Taskforce)

Ms Barbara Grundy, Assistant Secretary, Office of Access Card (Communications)

Mr Michael Welfare, Assistant Secretary, Office of Access Card (Procurement)

Ms Alison Frame, Assistant Secretary, Job Capacity Assessment Branch

Mr Tony Weber, Assistant Secretary, Delivery Analysis Branch

Mr Phil Lindenmayer, Acting Assistant Secretary, Delivery Strategy Branch

Ms Kathryn Johnson, General Counsel

Mr Noel Dobbie, Chief Financial Officer

Ms Judith Kendrick, Assistant Secretary, Corporate

Output 2: Child Support Agency

Mr Matt Miller, General Manager
Mr Michael Belcher, Deputy General Manager, National Finance Management Group
Ms Dawn Casey, Deputy General Manager, Service Quality and Support Group
Ms Jennifer Cooke, Deputy General Manager, Service Delivery Group
Mr Peter Grace, Acting Deputy General Manager, Corporate Services Group
Mr Patrick Hadley, Deputy General Manager (CIO), Information and Communication Technology Group
Ms Samantha Palmer, Deputy General Manager, External Relations Group
Mr Trevor Sutton, Deputy General Manager, Change Program
Ms Angela Tillmanns, Branch Head, Compliance Improvement – Change Program
Mr Bill Volkers, State Manager, South Australia and Northern Territory

Output 3: CRS Australia

Ms Margaret Carmody, General Manager
Mr Carl Princehorn, Deputy General Manager, Service Delivery

Outcome 1: Centrelink

Mr Jeff Whalan, Chief Executive Officer
Ms Carolyn Hogg, Deputy Chief Executive Officer, Customer Service Group
Ms Natalie Howson, General Manager, Customer Service Strategy
Mr Grant Tidswell, General Manager, Customer Service Delivery
Mr Norman Walker, Acting General Manager, Customer Service Design and Implementation
Ms Aurora Andruska, Deputy Chief Executive Officer, Stakeholder Relationships
Mr Paul Conn, General Manager, Employment, Disability and Education
Mr Gary Dunn, General Manager, Families, Seniors, Rural and Community
Dr Margaret Browne, General Manager, Business Integrity and Information
Mr John Wadeson, Chief Information Officer
Mr Tuan Dao, General Manager, Core Business IT Systems
Ms Eija Seittenranta, General Manager, Corporate IT Systems
Mr Brendan Sargeant, General Manager, Project Coordination and IT Planning
Ms Mandy Ritchie, Chief Financial Officer, Financial Management and Business Support
Mr Brendan Jacomb, National Manager, Legal Services
Mr Trevor Jones, National Manager, Contracts and Procurement
Ms Sheryl Lewin, General Manager, People and Planning
Mr Peter Cotterill, National Manager, Workplace Relations and Employment Policy
Mr Hank Jongen, General Manager, Communication
Mr Bob McDonald, General Manager, Centrelink Audit

Outcome 1: Medicare Australia

Ms Catherine Argall, Chief Executive Officer
Ms Joanna Davidson, Deputy Chief Executive Officer
Ms Philippa Godwin, Deputy Chief Executive Officer
Ms Linda Holub, General Manager, Program Management Division
Ms Rona Mellor, Deputy Chief Executive Officer
Ms Ellen Dunne, General Manager, Customer Services

Mr David Trabinger, General Manager, eBusiness and Development

Mr Colin Bridge, General Manager, Program Review

Mr Nick Vandenberg - Information Technology Services

Ms Lynne O'Brien, Chief Finance Officer

Mr Carl Murphy, Manager, Human Resources

CHAIR (Senator Mason)—Ladies and gentlemen, good morning. I declare open this meeting of the Senate Standing Committee on Finance and Public Administration. The Senate has referred to the committee the particulars of proposed additional expenditure for 2006-07 for the parliamentary departments and the portfolios of Prime Minister and Cabinet, Finance and Administration, and Human Services. The committee may also examine the annual reports of the departments and agencies appearing before it.

The committee has fixed 30 March 2007 as the date for the return of answers to questions that are taken on notice. In today's hearing the committee will examine the Human Services portfolio. I propose to proceed by opening with general questions and then calling on the outcomes and outputs in the order listed on the agenda.

Under standing order 26, the committee must take all evidence in public session, and this includes answers to questions taken on notice. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings: any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. The Senate has resolved also that an officer of a department of a Commonwealth or of a state 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 the 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.

If a witness objects to answering a question, the witness should state the ground upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. Any claim that it would be contrary to the public interest to answer a question must be made by the minister and should be accompanied by a statement setting out the basis for that claim.

I welcome this morning the Minister for Human Services, Senator Ian Campbell, and officers from the department. Thank you very much for being here for an 8 am start. Minister, do you wish to make an opening statement?

Senator Ian Campbell—Very briefly, Mr Chairman. I notice you have not yet had your badge changed to ‘Chairman’, but I am sure we are working on it. Firstly, I thank the committee for agreeing to start a bit earlier so we can finish a bit earlier. That is useful for those of us who have to fly a long way to get home.

I was very keen, instead of an opening statement, to allow the committee to see a 6.48-minute DVD about the access card, which I know is a very important issue to Australians and to their parliamentarians. Watching that DVD would have been a terrific use of time.

It strikes me that the Senate should have a very good look at its standing orders if a group of parliamentarians are—and I think most of the committee were—quite keen to see a DVD. It was just the Clerk of the Senate who said we cannot do that; we need to live in the pre-war era before audiovisual became part of the way that the world works. But I have made the access card DVD available to committee members. I would like to see whether we can address any standing orders issues that might stop the committee that is looking at the legislation around the access card from seeing it, but certainly we will make sure that all members of that inquiry into the Human Services (Enhanced Service Delivery) Bill, which relates to the access card, are able to see that.

Secondly, I will make one very small point, because I am sure Mr Evans will read this bit of the transcript. Having been at estimates most of this week, I have heard read at the beginning of every estimates session that blurb about evidence, who has to give evidence and why they have to. It is a bit like the announcements on aeroplanes about stowing your luggage and all that sort of stuff. All of the officers here have heard that over and over again. I think we should see whether there is some way of just saying, ‘I refer people to the following standing orders,’ and then moving on. We are already 10 minutes into the day just to get past the opening niceties. All of the officers who are here know the rules. If an officer or a minister seek to breach the rule, then remind us of it. But reading it at every committee and estimates hearing is a total waste of time.

CHAIR—Thank you, Minister.

Senator Ian Campbell—Good morning, Harry!

CHAIR—Ms Scott, did you have anything to say before we ask questions?

Ms Scott—If we may make an opening statement in relation to the access card, because I imagine that is going to be an area of questioning.

CHAIR—It falls within output 1, Core department activities, does it, Ms Scott?

Ms Scott—It does.

Ms Hartland—Since I last updated the committee in November 2006, the government has placed a huge amount of information about the smart card in the public domain. In fact, I have an arch folder full of it. The government has made key announcements on the details of the card, including in response to the consumer and privacy task force headed by Professor Allan Fels. This has included detail about what is on the surface of the card, on the chip and in the register. We have gone to market with two requests for tender—one in relation to the systems integrator and the other in relation to the card issuance and management. Simplified versions of the requirements and architecture were released.

After six months of consultation, an exposure draft of the bill and subsequently the first part of the package of legislation, the Human Services (Enhanced Service Delivery) Bill 2007, were introduced to parliament on 7 February 2007. The project is going well and is on schedule to commence registrations in early April 2008.

Consultation on the access card is being undertaken through both the Office of Access Card and the Fels task force. Already the Office of Access Card has consulted with more than 600 groups and individuals. The Fels task force, which was established by the Minister for Human Services on 24 May 2006, released its original discussion paper in July 2006. The task force received over 100 submissions, and met with more than 120 community and representative organisations in response to the first paper.

The submissions and consultations informed the task force's first report to the government that was released on 8 November 2006. This report made recommendations relevant to the architecture of the access card and its supporting systems. The Australian government released a response to the recommendations on 8 November and accepted 22 of the 26 recommendations.

At a speech to the National Press Club on 8 November 2006, the then Minister for Human Services released key details on the access card. Following this speech, an initial information program was undertaken. This included an information telephone line, a website, release of brochures through Medicare and Centrelink, and newspaper and radio ads. Sixteen hundred newspaper ads were placed in 559 publications, and 251 radio stations aired the information ads. This included the ads being translated into 22 languages on 44 non-English-speaking radio stations and in 125 non-English-speaking publications; and ads aired on one Indigenous radio station and appeared in five Indigenous publications. Also, 21 radio stations for the print-handicapped aired the ads. As a result, the information line received about 2,000 calls, the website received 76,000 hits and there were 438 specific comments.

Briefings were then held for industry on 13 December 2006, attended by around 400 industry representatives, and a briefing for privacy and consumer groups and individuals who made submissions to the consumer and privacy task force and others was provided also on 13 December. About 60 people representing groups and individuals were there. Information sessions for all state and territory government officials were conducted from 11 to 22 December. To introduce the access card, the Department of Human Services is engaging with the private sector to build key aspects of the system. Management and control of the system will remain with the government.

There are five key procurement activities. First, there is systems integration. The systems integrator will build and support the access card system, and provide the training and equipment to be used for registration. Second, there is registration. This will be undertaken by the Commonwealth using Centrelink, Medicare Australia, the Department of Veterans' Affairs offices and Australia Post. Third, there is card issuance and management. This will cover the card and key management systems, the production of the physical access card, including putting information and the photograph on the card and its chip, and distribution of the card. Fourth, there are transaction delivery providers. This will provide an accreditation process for EFTPOS style terminals used by doctors and pharmacists. Fifth, there is IT infrastructure,

which will largely focus on provision of equipment, including card readers, in the Department of Human Services agencies and the Department of Veterans' Affairs.

Regarding the systems integrator, the request for tender for the first procurement component was released on 5 January 2007 and will close on 1 March 2007. The systems integrator will be responsible for implementing the following activities: the access card customer system, both the hardware and the software; the access card operating system, both the hardware and the software; and the data integration layer that supports the data between access card components, participating Department of Human Services agencies and the Department of Veterans' Affairs.

On card issuance and management, the request for tender was released on 31 January 2007 and closes on 14 March. The successful tenderer will be a prime contractor responsible for implementing a cards and key management system, as well as the design, manufacture, initialisation, personalisation and distribution of the access card.

The successful tenderer will contract to deliver these components as well as provide ongoing support for at least three years. They will be responsible for implementing the three key pieces of access card architecture: the access card itself, the smart card chips, the blank card stocks and card personalisation and issuance services; the card management system, which manages and tracks access cards through their entire life cycle—from manufacture through to personalisation, registration, delivery, use and updates to data or applications and then what is called retirement of the card; and the key management system, which includes the creation or reception of new encryption keys, upgrading existing keys, maintenance of existing keys and deletion of old keys, which is a part of the security system of the card.

Finally, regarding legislation, you would be aware that the Human Services (Enhanced Service Delivery) Bill 2007 was introduced into parliament on 7 February. It is the first part of a legislative package and establishes the framework to support the access card. It will put certainty around some of the issues that are of most interest to the community. The bill addresses many of the recommendations that were made by the independent Fels task force.

As part of the consultative process, an exposure draft of the bill was released for public comment on 13 December. It was widely advertised, as I have said, in 44 advertisements in metropolitan and regional newspapers. As a result, 128 submissions were received. All of the submissions whose authors have given permission to publish have been published on the website. A number of the suggestions from the submissions have been included in the bill. High-level comments on the main issues raised by the submissions have been published on the access card website.

Many of the comments received on the exposure draft related to matters that are proposed for subsequent legislation. Consultations are continuing on a range of these issues and the outcome of these discussions will inform further packages of legislation. The bill limits the purposes for which the card can be used by government agencies and will ensure that the new card will only be required to be produced for the purpose of accessing Australian government benefits and confirming concessional status.

The bill clearly sets out the objects of the bill and purposes for the access card legislation. These purposes will constrain the way the card can be used and the way government officials

deal with the card and card owners. While the bill clearly prohibits inappropriate demands for card owners to present the card, the bill still operates to allow customers to use the card for the purposes which they choose.

It is clear from the bill that the new card will not be a national identity card, will not be compulsory for every Australian, will not be an electronic health record, will not record the card owner's financial details, will not be required to be carried at all times, will not be required to transact normal everyday business and will not be required to be shown to anyone other than for the provision of health benefits, veterans services and social services provided by the Australian government and to confirm concessional status.

The bill sets out a number of offences to protect the card and card owners. Some concern has been expressed about the possibility that businesses would be able to demand the production of the card as a form of identity. This bill creates new offences with significant penalties to ensure that this does not occur. The bill makes it an offence punishable by a maximum penalty of five years imprisonment or \$55,000 or both for any person and up to \$275,000 for a company that requires a card owner to produce their card for any purpose except for the provision of Commonwealth health benefits, for the provision of veterans and social services or for verifying a concessional status.

Any proposal to extend the operation of the card beyond the stated purposes will require an appropriate amendment to the legislation and debate, of course, in parliament. What is being proposed in the bill keeps Australia aligned with the developments in the rest of the world, where service delivery using smart card technology is being used to improve the convenient, secure and efficient delivery of services to citizens and, importantly, to reduce fraud.

Just quickly regarding the next steps, the extensive range of consultations is continuing, including consultations by the Professor Fels task force on the registration process, on the use of the customer controlled section of the chip in the card, on the appeals process and, separately by the department, on all aspects of the card. The Fels task force will release a discussion paper on the registration process in the coming weeks, as well as a paper on the use of voluntary medical information on the card.

On 7 February, the Minister for Human Services announced that he had asked Professor Fels to undertake a privacy impact assessment before issues around privacy are resolved in subsequent legislation. The next two procurement processes will involve transaction delivery and IT infrastructure. It is expected that details on these will be released during the second quarter of 2007.

CHAIR—Before I invite my colleagues to ask questions, I remind my colleagues that this is an estimates hearing and that the main scope of estimates inquiries, of course, is public expenditure. This is not a general examination of the bill. This committee will be examining that in a couple of weeks time. I remind my colleagues of that. We are looking at the program, how it is administered and the financial implications of that. This morning we are not looking at the particulars of the bill.

Senator STEPHENS—Thank you, Chair. I consider myself warned. Ms Hartland, that was a very comprehensive precis of what has gone on so far. There were a couple of things

that you mentioned. You said there are 128 submissions in relation to the exposure draft of the bill.

Ms Hartland—That is correct.

Senator STEPHENS—How many of those are published on the website?

Ms Hartland—I think about half of them are on the website. I think there are around 64. We will check the figure for you, but it is around half of them. As I have said, for privacy reasons we have to obviously seek permission from the individuals and organisations as to whether they want their submissions published. All of the submissions made by people and organisations that have granted permission for them to be published have been published on the website.

Ms Scott—Approximately 80 of the 128 submissions were from individuals, not from organisations. So it may be the case that some people feel more comfortable about releasing their submissions than others.

Senator STEPHENS—Is the process that someone who is making a submission has to indicate that they are prepared for it to be published, or did you have to go back to those submitters and ask them individually?

Ms Hartland—We went back to them and specifically asked them and told them about timing and how they would be published.

Senator MOORE—Ms Hartland, is that standard practice?

Ms Scott—To ask permission?

Senator MOORE—Yes, and the way you did it, instead of actually doing it when you first ask for submissions. In a committee process, people know immediately that, unless they ask not to have it published, it will be public. I am just asking whether how it was done was standard.

Ms Scott—I imagine we will be going to another exposure draft for the second bill, and I think it would be more efficient if we asked up-front. It was omission rather than anything else.

Senator STEPHENS—That has clarified it for me. You said that the requests for tender for the first two stages have been published. I understand the first one for the systems integration closes 1 March and the second one for the card issuance and management closes 14 March. When do you expect a decision to be made about the tenderers?

Ms Hartland—We have made public sort of time frames and documents that I am happy to provide to the committee. In terms of the signing of an agreement, we are looking at early May-June.

Senator STEPHENS—When are the requests for tenders 3 and 4 to be issued?

Ms Hartland—As I have said, in the second quarter of 2007. I do not have a specific date around those.

Senator STEPHENS—Will those requests for tenders be made available publicly?

Ms Scott—We will do as we did with the last two tenders. We have a quite extensive public document setting out the main features of the tender process.

Senator STEPHENS—In an answer to question on notice No. 4776 from Mr Kelvin Thomson you provided information that \$1.29 million has been spent by the department on legal advice. How much of that has been in relation to the access card process?

Ms Scott—Year to date, at 31 December 2006, we engaged Minter Ellison as our legal adviser and to date the expenditure has been \$1.5 million; Australian Government Solicitor for probity advice, \$0.4 million.

Senator MOORE—I have a couple of straightforward questions about the liaison with the Queensland government. We know that there have been talks and I think in the opening statements the other evening we received some information that there had been work done with the Queensland government. I want to find out exactly what the process has been with the Queensland government. I know from their perspective they are looking at an enhanced drivers licence, and I know the minister there is very keen on that. I want to get an update on what has gone on, whether there is cooperation and whether there is any kind of joint activity. That was not particularly in your brief. I am sorry if we are going over old ground.

Senator Ian Campbell—I had a conversation with the minister, whom I know very well from my days as roads minister. He and I talked, I think, last week. I said I am very keen to cooperate with the Queensland government as much as possible. They see enormous benefits in going to a smart card for their drivers licence. Their timing is not dissimilar to ours. He thinks if we can cooperate through their process and ours it will make it easier for Queenslanders.

So, on the face of it, there seems to be potential for cooperation. I am sure the department will tell me what all the pitfalls in that are. If it were possible, for example, for Queenslanders to go somewhere only once in one year to get a photograph taken, instead of twice, because two governments had the brilliant idea at the same time of a smart card, that would be desirable. I am sure there are all sorts of reasons why that will or could not happen. Mr Lucas and I, as minister, would like to see that high-level cooperation to make it easier for Queenslanders.

Ms Hartland—With regard to some of the specifics, the discussions are in terms of the technology and people understanding where things are at generally in terms of smart card technology. So it is a sharing of knowledge, more than anything else, about where the technology is and about international standards. There is a lot of work being done in this space, and evolving work on international standards. Some of it is about comparing notes on those aspects and some of it is around the verification process, the use of Commonwealth or state facilities in terms of verifying births, deaths and marriages information—for example, to have proof of identity verification. So it is around those aspects. It is not about data sharing or anything like that, for example.

Senator MOORE—What about the purchase of equipment?

Ms Hartland—We have not been talking about the purchase of equipment.

Senator MOORE—I listened with interest to your overview, and I know we are going to hear a lot more when we get into the actual inquiry. Has there been any factoring into the work plan cooperative arrangements? I know Queensland has been identified, but it could well be with other states. Has there been any factoring into the work program of joint activities—kind of a mini-COAG or sub-COAG?

Senator Ian Campbell—We are trying to make sure this project gets up on time.

Ms Scott—We are working with the states. We have briefed all jurisdictions on our processes. We have said we will come back. In the case of Queensland, they have been so enthusiastic that we have spent, I think, two days just exchanging information on standards, concessions, verifications.

Senator MOORE—We are like that.

Ms Scott—That is right. Ms Hartland is also a Queenslander.

Senator MOORE—I read that.

Senator Ian Campbell—I am a half-Queenslander.

Ms Scott—Some states are more enthusiastic than others, but all want to be engaged or are engaged. I had not thought of a mini-COAG process, but we will be obviously meeting with them probably in a group and bilaterally. In terms of births, deaths and marriages and how they go about handing out concessions, some of them are at very different stages in their own electronic processes. That is obviously an area of common interest.

Senator MOORE—Did the discussion with Queensland involve the mechanics of mass rollouts? Minister, you did mention the kinds of basic things discussed, but I would like to know the degree of detail, such as whether one state is keen, whether the Commonwealth is keen, whether the actual cooperative arrangements have been any more formalised than that. If not, just tell me.

Ms Scott—I think it is early days of the discussions, but Ms Johnson was actually in on the discussions and it is better to hear from the person who was there rather than the person who was next door.

Ms M. Johnson—Our discussions with the Queensland government have been in relation to a number of processes underpinning the framework of the relative smart card initiatives. It does not talk specifically about equipment or in fact the processes that we will each go through. We were mainly talking about standards. We each participate in the AGIMO smart card forum, so we want to make sure that the way in which we execute on standards is consistent. That is as far as the discussions really have gone at this point in time.

Senator MOORE—At this stage have there been any discussion of costings?

Ms M. Johnson—No.

Ms Hartland—Senator Stephens asked about the number of published submissions on the website and I said I would check. The figure is 66. I thought there were about 64, but 66 have been published.

Senator FORSHAW—How long does the department estimate each registration will take on average?

Senator Ian Campbell—That was on the access card DVD. You must have missed that bit.

Senator FORSHAW—I got waylaid watching the cards flying all through the atmosphere. On that point, thank you for providing that DVD, Minister.

Ms Hartland—The KPMG business study estimated that it would be around 10 to 12 minutes; so around 12 minutes.

Senator FORSHAW—That is across the board. What about for some of the special categories—the aged and frail in aged care homes and people with disabilities?

Ms Scott—There was a range. They thought for more complex cases it might take 20 minutes. Other people might take a shorter time than that. The government have indicated that people in high-care nursing facilities and people in hospices will not be subjected to a full interview process or necessarily have their photographs taken. There is no great risk to the taxpayer associated with people who are sick and frail.

Senator FORSHAW—What about persons of a non-English-speaking background who may not be terribly fluent in English?

Ms Scott—Organisations like Centrelink and Medicare are very familiar with dealing with people who have English as their second language or do not have any English at all. We will have translation services available. We already have issued many of our public documents in different languages. We have one of the largest call centre translation services, I think, in the Southern Hemisphere. We will be calling on all those resources.

CHAIR—Are there any culturally sensitive issues about photographing people?

Ms Scott—Obviously there are. The Australian passport sets the standard that we propose to follow, although Professor Fels and his task force will be looking into the registration process and providing advice to the minister. But we are expecting to adopt the passport standard, which is that, if someone is wearing the veil, the veil is pushed back or pulled back so the face is seen. We do not need people to take the veil off. We just need this part of the face. I have a diagram available if it would assist the committee to see what we are talking about.

Senator Ian Campbell—I think the simple way to describe it is we are using exactly the same protocols that are put in place for passports.

Senator FORSHAW—What is the budget for the registration process? I am particularly interested in the direct—sorry; you are following up the previous answer?

Ms Scott—Yes, I am following up the previous one. That should be available. In relation to your question, the government has stipulated the full quantum of the project. Because we are already in the tendering process—we will in fact have five major tendering processes—we have thought it unwise to stipulate what each of those quantum will be, because otherwise it will be a matter of subtraction and addition to work out what each of the procurement processes should add up to. So it will be a very significant part of the \$1.1 billion.

Senator FORSHAW—You say there are five components. Can you tell me what those components are?

Ms Scott—Yes.

Senator FORSHAW—Answer that, and then I want to follow that up with costing specifically internal to the department and Centrelink et cetera.

Ms Hartland—In relation to the five components, the first procurement module, if you like, is the systems integration. The systems integrator has the responsibility to build and support the access card system and provide the training and equipment to be used for registration. The second one, as you have already mentioned, is registration. We are out to market with the systems integrator module. The third one, card issuance and management, which we are also out in the market for, covers the card and key management systems. It includes the production of the physical access card, including putting information, the photograph and its chip on the card, and the distribution of the card. The fourth area is the transaction delivery providers. This is to provide an accreditation process for EFTPOS style terminals used by doctors and pharmacists. The final module, the fifth module, is around the IT infrastructure itself. This is largely focusing on the equipment, like the terminals and card readers, in the Department of Human Services agencies and the Department of Veterans' Affairs. So they are the five modules.

Senator FORSHAW—Are they discrete packages?

Ms Hartland—Yes.

Senator FORSHAW—Do you envisage that you will end up with all different providers for those packages or is it possible that you could have a company that does more than one?

Ms Scott—In relation to the first two tenders that we have issued, we have made it very clear that in fact the successful tenderers will be mutually exclusive. We do not want to find that we are reliant or over-reliant on any particular firm. Within the card management tender, we have stipulated what proportion of the provision of the card and the chip has to be done by the prime contractor and how much can be done by subordinates. So, basically, we do not want to find all our eggs in one basket with one provider and then find out that their machine is operating a bit slowly and it delays the whole process. So we have based this on best practice internationally where you try to diversify your purchasing arrangement to reduce your risk of over-reliance.

Senator FORSHAW—I appreciate that you are not able to or you do not wish to put figures on those individual packages. What about the cost within the department's resources itself? I am thinking particularly of personnel involved in the registration process.

Ms Scott—We can be more forthcoming there. The government has determined that the registration will occur at the Department of Veterans' Affairs' offices—and we especially think that will be attractive to veterans—at Centrelink offices, at Medicare offices and we will be making use of some Australia Post offices. The minister mentioned his interest in ensuring that we have discussions with Queensland about whether we can work with them. I have had very preliminary discussions with the head of their department of transport, but that is early days. So at this stage, those are the organisations that we are going to be dealing with and have had discussions with to date. I think you are interested in the number of staff involved.

Senator FORSHAW—I am particularly wondering whether you have estimated a cost internally within the department or within those specific agencies.

Ms Scott—We have gone to Medicare, Centrelink and Australia Post and asked them to indicate to us on the basis of a series of scenarios what their costs will be. That information has been provided to us. We are now in the stage of evaluating their propositions and are going to be in individual discussions with them about their cost structures and so on. At this stage I do not have a definitive number because effectively it is only in the last two weeks, I think, that we have had their figuring coming in. We are obviously going to be requiring them to be very cost-effective. We have in our mind what we consider the price should be. I am a little loath to tell you that because I think everyone will be—

Senator FORSHAW—You do not want to tell them.

Ms Scott—That is right. I do not want to tell them because they will be about a cent away from any number I tell you.

Senator FORSHAW—You have me wondering now. Is that cost part of the \$1 billion?

Ms Scott—Yes.

Senator FORSHAW—Why can't you tell us what the overall cost is?

Ms Scott—Registration will be a very significant element of the total \$1.1 billion.

Senator FORSHAW—There has to be a figure if it is part of the \$1.1 billion, surely? It is a large part of the project too.

Ms Scott—There is a figure. All you have to do is divide by X and you get a price.

Senator FORSHAW—Tell me what the overall figure is.

Ms Scott—The \$1.1 billion?

Senator FORSHAW—No, out of the total figure that you do not want to say—

Senator Ian Campbell—The secretary is saying that we are trying to get the best price for this roll-out and a large part of the price of the roll-out is the registration. So if you said it is X hundred million dollars of the \$1.1-something billion and divided that by, say, 17 million people, you would effectively tell all the tenderers who are doing the blank cards, the inscriptions and so forth, 'This is my envelope.' We do not really want to tell them that. We want two, three, five or 10 companies to be fighting tooth and nail—

Senator FORSHAW—Excuse me, Minister. I am not focusing upon that. I am focusing upon the estimated costs, the HR costs particularly, to the departments and the agencies that are going to deliver this.

Senator MOORE—And Australia Post.

Senator FORSHAW—Which are all, essentially, government owned agencies. That is what I am looking for.

Ms Scott—You would like the subcomponent of the estimates that Centrelink have provided us to date on their HR element of the costs?

Senator FORSHAW—Yes.

Ms Scott—I will take that on notice.

Senator MOORE—Ms Scott, we are particularly interested in that because of the discussion we had on Tuesday night about transfers of moneys. I do not know about Australia Post—I am sorry, I have not checked them—but there were allocations to Centrelink and Medicare which have now gone back to Human Services because of access card responsibilities. If money was originally given to those agencies under the heading ‘Access card’, and there has been a reconsideration of how it is going to work and now money has to go back to them, which we know it will, we want to make sure that we can trace through those dollars. Does that make sense?

Ms Scott—I understand that. We would want to be transparent about that as well.

Senator FORSHAW—I am not in any way seeking to get details that should not be disclosed in terms of the expressions of interest in tenders.

Senator Ian Campbell—We are on the same page.

Senator MOORE—Commercial-in-confidence.

Senator FORSHAW—Can you take us quickly through the process where a person applies for an access card? Do they have to ring up and make an appointment? Can they bring people with them, such as family members, if they need some assistance with translation or whatever? Will they be somehow advised, ‘You should bring these documents with you so you do not have to come back a second time’?

Ms Scott—It is all set out on our DVD.

Senator FORSHAW—Yes, I know. We all have a copy of it, but it is not actually part of the evidence.

CHAIR—I made a mistake. I should have asked this, Minister, when you mentioned this before. Ms Scott, if you tendered that as evidence, the committee would be delighted to accept it formally.

Ms Scott—I would be happy to. I will just go to the relevant bit of the DVD transcript.

Senator Ian Campbell—We could incorporate the transcript. Why don’t I do that?

Senator FORSHAW—That would be helpful.

Senator Ian Campbell—It is in the document, so we will do that. I need leave to incorporate, I am sure.

CHAIR—I am not sure this committee can do that, sorry, Minister.

Senator Ian Campbell—Of course you can.

CHAIR—I think the Senate has to give leave; isn’t that right?

Senator Ian Campbell—To incorporate a document in *Hansard*?

CHAIR—For the moment, Minister, let us accept the DVD as evidence. Thank you, Ms Scott.

Senator Ian Campbell—Send Harry an SMS and see what he says! We will table it anyway.

Senator FORSHAW—It is just like presenting a PowerPoint presentation in a document form. If it is the transcript of the DVD, it is the same thing, isn't it?

Senator Ian Campbell—It is a written document.

Senator FORSHAW—Anyway, one way or another, we have it.

Senator Ian Campbell—We could go back to World War II and read it into the *Hansard*. That sounds like what we are going to do.

CHAIR—Minister, please don't.

Senator FORSHAW—We have enough wars on our plate.

Ms Scott—I think the voiceover is more professional than mine. The first step involves making an initial application online, by phone, mail or fax, or in person. The next step is an interview where the customer will provide their proof of identity documents, have their signature scanned and have a high-resolution photograph taken. In certain circumstances people, such as patients in hospices, will be granted exemption from having their photograph taken and even having an interview. In those cases where genuine customers applying for an access card are not able to provide the full range of identity documents, they will still be able to receive the benefits they are entitled to, subject to a few checks.

Senator FORSHAW—Do the documents have to be originals, such as a birth certificate, marriage certificate, citizenship certificate?

Ms Scott—We have to sight the documents. A lot of people in New South Wales have more than one copy of their birth certificate because they have to use it quite frequently. If they are able to cite the number of the birth certificate or whatever, we can start verifying that before they make it to the interview. Where we can verify in advance, I think our inclination is we would not require them to bring it along. Where we cannot verify, we will require the originals of the documents. In some cases, birth extracts are actually high-quality documents and are considered acceptable. It depends upon the states. I will probably have to call someone else to the table if we are going to get into that level of detail.

Senator FORSHAW—I think we can—

Ms Scott—Do you want me to keep on going on the process?

Senator FORSHAW—Yes. I am also particularly interested in what you envisage happening in an interview process.

CHAIR—Just to take care of formalities, the committee accepts as a tabled document the transcript of the DVD.

Ms Scott—We would be keen to have bookings, but we know that a number of our customers will want to do things just by walking into a Medicare office. They might be doing a transaction there that day and they may want to start the application process there, so they may inquire about starting the application process and have the process explained to them. Then the next time they are visiting they can bring in the documents they require. When they do come into one of our offices, they will have someone greet them at the door and explain to them the process. We will effectively have a floorwalker asking them to see whether they have their documents in good order so that, if it turns out they do not have one of the

documents, they can identify that early on and see whether they want to go partially through the process or whether they would like to return another day rather than start the process and then have to come back.

Senator FORSHAW—If a person goes into Medicare to lodge a claim for a rebate over the counter, can they say during that transaction, ‘What about this access card?’

Ms Scott—Yes.

Senator FORSHAW—What happens then? Do you envisage having dedicated people in these offices or agencies who might be dealing with access card applications independent of doing other transactions? Like everyone else, I have been to Medicare offices. Some of them in big shopping centres have huge queues at lunch hour. I usually walk out and come back later. There could be some confusion and a lot more pressure put on the staff at the desk if they are dealing with a Medicare claim or whatever and then suddenly they are dealing with an access card process as well.

Ms Scott—We propose to commence the registration process in April 2008, subject obviously to passage of legislation. We expect that we will have more than enough capacity to handle the volume of registrations expected. We have had a high level of interest from the four organisations I talked about earlier.

In most places there will be dedicated staff handling access card processing. But staff in really small offices, say, where there are three people in a Medicare office, will be handling a Medicare transaction and then, if it turns out someone has booked in to do their access card registration process, they will be doing access cards.

If someone in a Centrelink office is making an initial inquiry about applying for a totally new benefit and they have to go through the proof of identity process as part of that, we will be expecting Centrelink to say, ‘Would you be interested in also now registering for the access card?’ In that way, we can move people on to the access card and ensure that process. So in some cases there will be dedicated lines, obviously dedicated staff and trained staff to handle that. In other places it will be opportunistic because people will be there doing other business, and hopefully they will be seeing ads on TV and making inquiries about it.

Senator Ian Campbell—I think the point which you make is the length of the transition period, because it starts in April 2008 and you will not be required to have the card to access services and benefits until—

Ms Scott—2010.

Senator Ian Campbell—1 July 2010?

Ms Scott—It will be the subject of the second bill. At this stage we do not have a date.

CHAIR—So more than two years, Minister.

Senator Ian Campbell—So more than two years. It is not as though it will come in in April 2008 and Medicare queues will be out the door. I am obviously very new to this. I have already been to lots of Centrelink and Medicare offices and I am learning about all the different sorts there are and the different places. The great thing we have at our disposal as a human services department is an enormous amount of information about the customer flows,

where offices do and do not have queues at lunchtime and the sort of people we service. Even though I have got to know this part of the government only very recently, the quality of management in handling the customer flows and the knowledge we have will be of great use in trying to ensure that the right resources are available at those offices.

Ms Scott—After the person presents at interview, early on in the process we are proposing to take their photo. The biometric photo is a key element of the proposal. We do have proof of identity processes in Centrelink that do not involve any photograph. A lot of people have Medicare cards that they got sent out in the mail in the eighties. There are proof of identity requirements for Medicare cards but there is no verification. So the photograph is going to be a key element in tackling fraud. We want to do it early on in the process because we think about that stage some people will say they have to go out and feed the meter, and they will want to disappear, but at least we will have taken their photo because they will realise how thorough our processes are.

Senator FORSHAW—How does this photo process work with regard to family situations where the husband and wife or the mother, father and children are on a Medicare card?

Ms Scott—The card will hold the cardholder's name and the cardholder's biometric photograph, but it will not hold on the face of the card the photographs of the children.

Senator FORSHAW—Let me give you a direct example of my wife, my 15-year-old son and me. Would we each need to get an access card with photos on it?

Ms Hartland—No. It is basically the situation as it is today, that the information of a dependant, such as their name, will be embedded in the card. It will not even be on the surface of the card. For added security and added privacy, it will be on the chip of the card but not on the surface of the card.

Senator FORSHAW—That is for the child. What about for the couple?

Senator Ian Campbell—But your wife would have her own card.

Ms Hartland—Exactly.

Senator Ian Campbell—Which is what you have with Medicare at the moment.

Senator FORSHAW—But the card you have from Medicare is a duplicate with a separate number at the end.

Ms Hartland—Yes. So it would be a separate card for you and your wife.

Ms Scott—Would it be beneficial if we circulated mock-ups of the card?

CHAIR—Very good.

Senator FORSHAW—This is quick; I have not even applied yet!

Ms Scott—I am happy to also table the diagram where we illustrate how we think it would work with a person wearing a headscarf and what the arrangements are with the passport and how we propose to use that as well.

CHAIR—Thank you, Ms Scott. There being no objection, it is so tabled.

Ms Scott—We are up to having the photograph taken. We look at the documents. We check the application record. We ask the person whether they would like a pin number on their card. That will be optional. Then we witness and record their signature and finalise the interview.

Senator, in relation to one of your questions I said we would tell people that, if they could provide the number of their birth certificate, provided we could verify that, they would not necessarily need to have the originals. I have been corrected by one of my colleagues. We still need the originals at interview.

Senator FORSHAW—This is always an issue: the original birth certificate or do you accept an extract copy?

Ms Scott—In some states it is acceptable to have extracts, yes. Extracts are acceptable.

Senator FORSHAW—A lot of people—I do not know whether it is particularly generation X and earlier—tend to have extracts rather than the originals.

Ms Scott—I have an extract. Extracts will be acceptable.

Senator FORSHAW—You are younger than me, I am sure, and I have an extract. Is that the same for marriage certificates and citizenship certificates?

Mr Wightman—Essentially for all our documents we want to see originals, but we will have procedures in place for those customers who do not have original documents. We will have a case management process similar to what Centrelink has at the moment. In some situations we help people to obtain those documents for them.

Senator FORSHAW—What about evidence of residence?

Mr Wightman—At the moment we are looking at a concept of commencement of identity and use of identity. Your commencement of identity is basically your birth certificate or your visa to arrive in Australia. Your use of identity will be a number of wallet documents. If you produce your driver's licence as part of that, we will require that it has your current address on it.

Senator FORSHAW—Do all states have photos on their driver's licences?

Ms Scott—Yes.

Ms Hartland—An Australian passport is also an acceptable commencement of identity document.

Ms Scott—We know that 40 per cent of the Australian population have their passport, and our market research suggests that people can lay their hands on their passports very quickly.

Senator FORSHAW—Yes, when they find out that theirs has almost or has expired and they want to get it renewed in a hurry because they are going overseas.

Ms Scott—Forty per cent have a current passport. We checked that one too.

Senator FORSHAW—There might have been something else you wanted to add, but I think you had got to the end of the interview process.

Ms Scott—I think I got to the end. After the interview is over and they have signed, we will then go through the verification process of ensuring that the documents presented are valid, and then a card will be issued to the cardholder.

Senator FORSHAW—When you say ‘issued’, do you mean at a subsequent date?

Ms Scott—Yes, at a subsequent date.

Senator FORSHAW—It is not done automatically.

Ms Scott—It is not done there and then, because we need to verify. In fact, this is one of the significant differences—obviously the photograph and the verification process. As we finish the interview, we will ask people to look at the details we have obtained from them. They can see the information that will go into the register and they will have a chance to say, ‘That doesn’t look right,’ or ‘That’s wrong.’

Senator FORSHAW—Or ‘That’s not me in the photo,’ or ‘I want another one’!

Ms Scott—Yes, ‘I don’t like that photograph,’ or whatever. So people have a chance there to see what we are going to put into the register.

CHAIR—On that very issue of the issuing of the card, I lost my Medicare card a while ago and the new one just came in the post. That has, I suspect, problems with it. How are you going to issue these cards?

Ms Scott—It is a far more rigorous process than the Medicare card process at the moment because, as I said earlier, a lot of people got their Medicare cards because they are on the Australian electoral roll or we knew their address from the electoral roll. The Medicare cards were sent out in bulk rounds in the eighties. Requirement of proof of identity data to get a new Medicare card is a very light touch because we do not actually then verify it. So we do have a real issue with fraudulent use of Medicare cards. The Australian Federal Police has indicated that 50 per cent of fraud cases involve fraudulent use of Medicare cards. People use them to get points in the 100-point system. They are, in many places, 25 points.

Senator FORSHAW—Are you going to have a points table in this system, with points for people to reach?

Ms Scott—We will have a table which will say, ‘You are to have the following commencement of identity documents: a passport, birth certificate or visa certificate will be sufficient.’ Those can be verified. Then there will be a second category, which is use of your name in the community. That is a bill, a rate notice or whatever. That is a fairly standard sort of thing. We will also ask people to show us, probably right at the start of the interview process, that they are, for example, Michael Forshaw, that that is what is on their drivers licence or on some other photo identification, because otherwise we could have someone come in, have all your documents and then pretend to be you or take on your identity.

Senator FORSHAW—I am trying to ascertain whether different weighting is given to particular documents, particularly those in the second category. For example, banks say, ‘You can have these two but you must have one of these,’ and then you can have one or two of the others as long as you reach 80 or 100 points, or whatever it is.

Mr Wightman—We want to do away with the points model and just have category A and category B documents. Essentially your category A documents are your commencement of identity and your category B documents are your use of identity. Then it will be a simple matter of turning up with an A and two Bs, or two As and a B, but you cannot turn up with three Bs.

CHAIR—Ms Scott, so in the issuing of the card how are you going to—

Ms Scott—Yes, I am going to answer that. If you said towards the end of the interview process: ‘Look, I would really like a PIN on my card because I want to put information on my part of the chip. I am interested in putting stuff there, but I do not want everyone to see it. I would like to PIN-protect it.’ If it is a PIN-protected card, the AFP have indicated to us that sending it out separately in the mail at a later stage, when it is verified and has your photo on it, should be okay. If you do not want to PIN-protect it, we would like you to turn up at one of our offices or we will use registered mail to get it to you. But we are not interested obviously in having cards loosely available. The advantage of our card over the existing Medicare card is that it will have higher quality security features on the face of the card but, more importantly, it will have your photograph on it.

CHAIR—You are right, Ms Scott, but that is of course where some of the privacy issues come in. We will get to that later in the course of this committee’s inquiry. But, nonetheless, I understand the point.

Senator FORSHAW—Have you set some targets for the number of registrations you will see between, say, April 2008 and 2010, and can you give us those?

Ms Scott—Yes. We would like the great bulk of the Australian population who are eligible for a card to apply to have a card. So we want to go for the maximum number. We’re ambitious! This will probably mean that on average we will have around 35,000 registrations on a working day. But we are also expecting that demand could fluctuate quite considerably. So in our market research work we have asked whether people want to apply by phone, whether they want to apply by email, whether they want to apply in person. We have also asked whether they would like to have the registration centre near their work or near their home. So we have done lots of research. We think that people will clearly want to be able to go to registration points over the weekend, so we are planning for that. On average around 35,000 a day would get 16.7 million people registered. We do not know what percentage of people will not necessarily be rushing our doors to get one. But we want to allow for the maximum to get it, and we are planning on that basis.

Senator FORSHAW—Thank you.

CHAIR—Senator Moore, you had a couple of questions.

Senator MOORE—I would like to ask about the link between the tenders, the Senate committee process and the passing of the legislation. A series of tenders have been identified as having gone out. My understanding is that two have been finalised—

Ms Scott—No.

Senator MOORE—Two have been sent out for tender and they are going through the tender process now. Are they due to be finalised in March?

Ms Scott—I think in May-June.

Ms Hartland—We are expecting that the contract signing would happen in May-June. I think you are talking about the date when the tenders are due back to us—

Senator MOORE—Yes.

Ms Hartland—In the case of the first tender it is 1 March and the second tender 14 March.

Ms Scott—Then we go through a process of negotiation and validation.

Senator MOORE—That is the systems integration and registration?

Ms Hartland—No, systems integrator, and the card issuance and management.

Senator MOORE—That is right; registration is further down.

Ms Hartland—I think the order in which I read them out probably confused you.

Senator FORSHAW—Yes, I got two and three around the wrong way.

Senator MOORE—We are just trying to work things out because of our experience of the relationship between systems development and legislation and how it can have a major impact.

Ms Scott—Indeed.

Senator MOORE—The Senate committee is due to meet in early March, and there is also the expectation that the Senate will consider the legislation in March. That is my understanding at this stage. Will any of the tender data that has gone out have to be amended as a result of debate in the Senate or this committee? Is there anything in those tender documents which may have to be amended?

Ms Scott—It is clearly our desire to have the first bill passed and available for us to finalise the processes as soon as possible. That is why we are very keen—and we are doing things in tranches for that very reason. So the answer to your question is yes. It also explains the need for us to move as quickly as we can on the legislation.

Senator MOORE—Ms Scott, have you had legal advice about the legal implications of amendments to tenders and things like that? Is that a standard practice in the department?

Ms Scott—To take legal advice on these matters, yes.

Senator MOORE—And in particular on the impact of the bulk of information that went out in December, I understand?

Ms Scott—We provided industry briefings in December. They were very well attended. Then we released the first tender document on 5 January. The second was on the 29th—

Ms Hartland—No, 31 January.

Senator MOORE—You went through all that, Ms Hartland, and I know I am going to read all of that in the papers we have. My concern is about industry players submitting a tender based on information that is correct now, to the best of your knowledge, but key components of which may change as a result of the legislation debate in March. Has that been written into the tender specs, and has legal advice been taken? This is something that does happen and has happened.

Ms Scott—We have taken this into consideration but, I repeat: clearly we want certainty as soon as possible because having to go back and revise systems would be costly for the taxpayer. We have allowed for some flexibility in the architecture to accommodate some changes to the processes that might need to occur, and there will be a design validation phase. But clearly the sooner we can get certainty in the process the more time we will have to build

the system well and then roll it out and give as much time as possible to customers and citizens to come in and register.

Senator MOORE—That kind of flexibility and the reason for the flexibility have been clearly explained in the industry briefs.

Ms Scott—The documentation makes it clear that there is a design validation phase, and we consider that allows us to finalise finer details of the measure.

Senator MOORE—And legal advice has been taken in terms of liability if something significant changes?

Ms Scott—We have had extensive legal advice both on our liability and, more importantly, on their liability.

Senator MOORE—Sure. That is all documented?

Ms Scott—Yes.

Senator MOORE—That kind of information will be available to our committee?

Ms Scott—In fact, one aspect already in the public documents—I would be happy to see whether I can find the right page and then—

Senator MOORE—We are just wanting to clarify. Because of previous experience, particularly with the IT component, we just wanted to make sure that that is there.

Ms Scott—I have got a line of boxes along the side there, hoping that at some stage you were going to ask us for some document that we have in the public domain.

Senator MOORE—You point me in the direction of the document, Ms Scott, and I will ask for it. That means the boxes will not be wasted.

Ms Scott—All right.

Senator MOORE—But that is fine; we will get there.

Senator STOTT DESPOJA—I am just wondering whether the minister is available. I was going to start with a question specifically on his comments, but I am happy to move on to other matters. Ms Scott, I want to ask a follow-on question from what my Labor colleagues were talking about in relation to the legislation and the process. Can you give us a definitive answer or some indication as to whether or not this is the only bill? You have referred to it as the first bill. How many can we anticipate, and when do you think the parliament will see them?

Ms Scott—There will definitely be a second bill, and there are elements in the explanatory memorandum which are identified that will be in the second bill—for example, the appeals process, the detail on dependant and carer arrangements and so on. So there will be a lot of detail that will need to get sorted out, but we have the consultative processes and we want to listen to people and get the benefit of their views before we finalise that.

We are hoping that we will be able to have an exposure draft around late May, into June, and then, all being well, introduction, depending upon the views of the government, say, around August. We do want to have a longer exposure draft period than obviously we could do last time. We just got sandwiched by the need to have something introduced now. The

earlier we can get introduction done, obviously the more certainty we can have about how we should build the system.

Senator STOTT DESPOJA—Will that be accompanied by a comparable, broader consultative process?

Ms Scott—Yes. We have effectively got the Professor Fels task force looking at the appeals process. This is an interesting issue because we have an appeals arrangement that relates to veterans and an appeals arrangement that relates to the Child Support Agency, Medicare, Centrelink and so on, but this is only the appeal relating to getting a card or not. It is not about whether you should get a gold card versus an orange card or a white card. But we will need to have an appeals process on the card itself. We want to have a system that obviously will not diminish people's rights of appeal; it is just that their rights at the moment are different across the different agencies. So we are looking to Professor Fels to provide advice in relation to access to the card.

Senator STOTT DESPOJA—As you indicated earlier today, that is one of a number of matters that he is still investigating.

Ms Scott—Yes.

Senator STOTT DESPOJA—In addition to those matters, is he also doing his own investigation into privacy matters at the moment? Can you elaborate on that? I understand that there are changes in the legislation, the discussion and even the technology but, given that he has been asked to do another assessment, isn't it time to release the initial privacy impact assessment? You could have guessed that I was going to ask that question.

Ms Scott—The answer to your last bit is: yes, we had anticipated that question. Professor Fels's task force is in the process of finalising a discussion paper on the registration process. The minister has indicated that he would like the task force to look at the appeals process. Professors Fels and Puplick have been looking at whether there should be any constraints on the information that people put on their part of the chip in relation to medi-alerts, such as 'I am a diabetic' or 'I am an epileptic'. That work is well advanced, and they have had extensive consultations with those groups. The minister has indicated that he wants them to do the privacy impact assessment. We know much more about the project than we did in December-January a year ago when the initial work on a privacy impact assessment was done, and the government has indicated that it will not be releasing that first report as effectively the project had moved on.

Senator STOTT DESPOJA—So essentially it is outdated?

Ms Scott—That is the argument.

Senator STOTT DESPOJA—So what is the danger with releasing it? If it is outdated, surely there are not the same so-called security implications to which the government has previously referred.

Ms Scott—I do not see security implications, but it would be like commenting on the first draft of something and finding out that you are now on draft 32. Effectively releasing that information would convey misinformation at the same time.

Senator STOTT DESPOJA—Misinformation?

Ms Scott—It is like commenting on the first draft of something when the project has moved on.

CHAIR—The aims of the card have changed, narrowed or both?

Ms Scott—It is just there are features that are more defined now.

CHAIR—The scope of the card has been narrowed.

Ms Scott—The scope is more clearly defined than it was originally, and therefore the privacy impact assessment work initially done saw the card doing things that the card in fact is not going to do.

Senator STOTT DESPOJA—What about the still hidden parts of the KPMG report? What is the rationale for not making those public? Are they still commercial-in-confidence? Is it sort of a first draft and therefore the government would misinform us?

Ms Scott—A large document has been released on the KPMG report. It does not contain the detailed costing information that I think some of the senators expressed an interest in before for the very reasons that it goes right down to the cost per card, what they thought some of the equipment would cost and so on. That information has not been released because it would make the tendering process redundant.

Senator STOTT DESPOJA—At the supplementary budget estimates in October I asked this question on notice—and I just apologise because I do not have in front of me the specific number of the question:

Will data be deleted if someone opts out of having the card?

Thanks to the department for replying this week with the answer:

The business requirements for the access card are under development and accordingly there is no definitive response at this time whether a person's records will be deleted if they opt out of having a card, following their registration for the card.

I am just wondering whether someone can provide any updates on that, if possible.

Ms Scott—We will just see whether we have the right person here, and let's see how we go.

Senator STOTT DESPOJA—Has anyone found the minister? I still have a question. It may be question 37, I think. My apologies to the department.

Ms Hartland—It is an issue really to do with the Archives Act. Once we have greater specificity around exactly the documents and that information, we need to have discussions further with the archives people to ensure that we will not then be in breach of any other legislation or other privacy laws in how we treat that. I think your intention is well understood; we just need to be able to have that clear picture so that we can then have those discussions.

Ms Scott—The government is on public record, and the government has placed an obligation on us to look at our record-keeping arrangements to see whether in fact they are over the top. Our agencies are quite diverse. Some of them keep files for a very short period and then delete them, and others keep them for quite long periods. I have written to each of the agency heads and, in accordance with the former minister's public statement, said: 'I want

you to review your public holding of personal documents. You are to have discussions with the archives people and in some cases with the AFP to establish whether there is actually any strong case for retaining files for as long as we do.' We will engage with the agencies and with the archives people on this. The archives people actually want us to give advice. So we should not give the impression that they are dictating to us. They are looking to us to have a definitive view. Then they will say to us whether our view is consistent with their interpretation of the archives arrangements.

Senator STOTT DESPOJA—I get the impression that that is genuinely unresolved.

Ms Scott—It is unresolved.

Senator STOTT DESPOJA—The discussion is taking place, but you can confirm then that someone opting out then having their records deleted is not going to be dependent on business requirements?

Ms Scott—At this stage in quite a large project we have not settled that detail. But if I said that our modus operandi is that we try to keep fewer documents rather than more documents, and that is what the government has asked us to do and that would be guiding our deliberations, that might be all I can offer at this stage and it might be a case of us having to come back to this.

Senator STOTT DESPOJA—That is okay. I will keep doing questions on notice for you, if you like. Can you give me an idea of how many biometric photographs we are looking at storing? Have you anticipated how many?

Ms Scott—All adults, minus those who will have exemptions, who apply for a card will have a photograph taken. We have already indicated that clearly we would not be subjecting people who are very frail, people who are in hospices to a photograph. But we would be expecting a large proportion of the adult population will want one of these cards and will have their photograph taken.

Senator STOTT DESPOJA—Are we aware of any comparable mass storage of biometric photographs? I know that there are other countries with national identity cards. Is there another precedent or a country of which we are aware that has the same level of storage or tried to store the same amount of biometric information?

Ms Scott—Information has been gathered on biometric systems because we are interested in how other places do their biometrics, but we do not have that document with us today. So we will take that question on notice.

Senator STOTT DESPOJA—Maybe one that you could take on notice rather than exploring here, given the lack of time, and a lack of a minister, I might add, at the moment—Chair, is that something that we can do? If we are not going to have the minister for the duration or the rest of the estimates' time allocated to us, I am going to formally request an extension of time.

I would like to ask about perceived deficiencies in biometric data or collection of biometric data. I have a list, and I am happy to put it on record. A recent BBC report in the United Kingdom—I think it was in May 2005, so even that is getting a little outdated—looked at some of the difficulties with storing biometric data and the kinds of photographs, the fact that

perhaps some organisations are overestimating and hyping the use of such biometric data. Are you aware of those deficiencies? Is that something that has been analysed?

Ms Scott—Yes, we have analysed the quality of biometric data, and we have sought advice from a range of organisations, including organisations within Australia and externally. We have been given assurances that the design as we are outlining it will be very high quality. We will not be reliant on an individual providing their photograph. We will be taking the photograph under controlled circumstances. We are going to have a system that will allow us to update the algorithms. So it is not the case of having one algorithm and then finding that algorithms have moved on. So we consider that we will have a system that is very secure. Our chief technology architect might add further detail which you might find of interest.

Ms M. Johnson—Just to add a couple of comments to the answer, the Department of Foreign Affairs and Trade and DSTO, Defence Science and Technology Organisation, are undertaking research into biometric technology, and we are working with them in refining our requirements in that area. We have also been consulting with a range of government agencies overseas who also deal with biometric technologies. The reason we keep the photo on the database is so that, as technologies advance and upgrade, we can generate further improved biometrics from those photographs. So we have positioned ourselves to take advantage of the advances as they occur. But we are quite confident—in fact, I have seen it in operation overseas.

Senator STOTT DESPOJA—Again, it is one I am happy to put on notice and get more information on from you, but I am curious as to whether or not our agencies have encountered some of the deficiencies that have been acknowledged around the world, whether it is the difficulty in scanning irises of people who may be over 59 or there may be racial differences in terms of—

Ms M. Johnson—I understand.

Senator STOTT DESPOJA—I have read about fingerprints. They cannot scan fingerprints if your fingers are too big. So I am just wondering, given that a lot of faith is being placed in some of these technologies, whether you can provide us with additional information.

Ms M. Johnson—I understand. We will get the information back to you.

Senator STOTT DESPOJA—Minister, can I ask you about your comments earlier in the week regarding Cornelia Rau? You said that—

Senator Ian Campbell—No, they were not my comments. I was repeating what Minister Lucas from Queensland said. I was paraphrasing him. I have not formed my own view. Mr Lucas said that, had they had a smart card, the identity problems in relation to Ms Rau would not have occurred. I was paraphrasing, but I tried to accurately reflect what Mr Lucas said.

Senator STOTT DESPOJA—I am aware that you were referring to his comments. When you say you have not necessarily formed a view, I am genuinely curious as to whether or not you feel that way.

Senator Ian Campbell—To be frank, I repeated what he said. I have not looked at the complex issues around Cornelia Rau's case. Before I formed my own view, I would want to do that. I am generally cautious in these matters.

Senator STOTT DESPOJA—I am just wondering whether you believe in that case, for example, the fact that someone like Cornelia—

Senator Ian Campbell—I think Mr Lucas may well have been referring to the Queensland drivers licence.

Senator STOTT DESPOJA—Indeed. Wouldn't Cornelia Rau have had a drivers licence and a passport?

Senator Ian Campbell—I am not sure. As I said, for me to form an informed view, I would like to know about the whole case.

Senator STOTT DESPOJA—It was an interesting decision to quote him then.

Senator Ian Campbell—It was a Queensland Labor Party minister saying, 'I wish we had a smart card in Queensland because this would not have occurred.' I presumed he knew more about it, because my vague recollection of the public reporting of it was that there were issues that related to the Queensland government that were involved in her detention in the first place.

Senator STOTT DESPOJA—We have been talking about those adults who would be eligible for application for the card and go through the registration process. Would 16- to 18-year-olds receive their own card automatically?

Ms Scott—The word 'automatic' is the one that we—

Senator STOTT DESPOJA—Sorry, the question was not intended to be loaded.

Ms Scott—At the moment people are able to get Centrelink benefits where they are eligible for them. Some people under the age of 18 are eligible for benefits—obviously youth allowance and things like that. There is a relatively small number of people under the age of 18 who have Medicare cards. Some are of a very young age. Some are in the Indigenous community. The easiest way to handle their health needs is to have a card issued to them.

At present, if a parent wants their child to have a Medicare card in their own right, the parent can give permission for Medicare to issue a card. For example, if your son or daughter were heading off to boarding school or they were part of a rugby union team or an ice-skating competition and you thought there was a chance of injury, you might well want them to have a card. So cards are issued for those reasons. It is also the case that people over the age of 15 can approach Medicare and get a card in their own right. If they are under the age of 15 and they can furnish a letter from a social worker, police, teacher—

Ms Hartland—If they are in foster care or are a ward of state.

Ms Scott—There are a series of conditions. If they can furnish a letter which explains that they need a card then they will be issued with a Medicare card. There are a number of people who have cards because they have asked for them, but we do not issue cards automatically to 13-year-olds or whomever. Hopefully that is clear.

Senator NETTLE—You made some comments about the tender documents. I note that in your overview about the access card procurement process you talk about the data not being held offshore but being held in Australia.

Ms Scott—Yes.

Senator NETTLE—Has the government had to seek an exemption from the US free trade agreement?

Ms Scott—We have sought advice on that. I am probably going to need a lawyer to whisper in my ear, but in the meantime I can table a review document on the procurement process and the one on the card issuance and management. I think this is the document that Senator Nettle is referring to.

CHAIR—There being no objection, the committee accepts those as tabled documents.

Ms Scott—I did have extensive advice at the time on this because you always need to be careful in these areas. We have advice from the Australian Government Solicitor and we have been in consultation with the relevant areas in the Commonwealth that confirms we are allowed to quite clearly stipulate for security reasons and privacy reasons that this data will not go offshore and we are not in breach of the US free trade agreement.

Senator NETTLE—If an American company tenders for the contract, would they need to operate in Australia? Is that how that works?

Ms Scott—They will need to personalise the card in Australia.

Senator NETTLE—There is a conference coming up, Cards and Payments Australasia, that I note Ms Johnson is speaking at. The speech is entitled ‘Towards a Cashless Australasia’ and is reported as covering the retail implications foreseen by project leaders. The conference document talks about the question on everyone’s mind in industry circles being whether the private sector is able to get in on the act in relation to their card’s technology. That sounds pretty different to the government explanation that we have had about the card. Can you explain this conference, which seems very much about the retail and private industry being able to use the access card?

Ms M. Johnson—The conference organisers have the habit of coming up with some pretty attractive titles for presentations. My presentation will be on the access card.

Ms Scott—It is a furphy. They have just gotten carried away. I had this happen to me as well. You get invited to speak, you see the documentation and they have you down as giving a speech about something you have no intention of speaking about. That is a ridiculous title.

Senator NETTLE—What are the retail implications that could exist for the access card?

Ms Scott—Retail in what sense? I want to be careful because we might end up having different versions of it. There is an emergency payment feature for the card in case we have, say, another Cyclone Larry. In Innisfail the banks were not able to operate immediately but one of the retail shops was operating immediately. If people had our card, we would know from the state emergency service that the following homes were destroyed. The government did want to make a payment to those people. We had difficulty getting cash into Innisfail at one stage to help people out. We wanted to make payments.

We have an emergency payment card. Once our access card is out and about, we will be able to activate the card through back-end systems through the banks so that people in emergency situations will have the capacity to use functioning EFTPOS and ATM machines. That is a retail function, but it is quite a specific one related to emergency management. Could you clarify what other areas of retail you are interested in?

Senator NETTLE—I will give you another example. From what I understand, your concession card status will not be on the front or back of the card.

Ms Scott—Once a person establishes they are eligible for an age pension, it is very rare for their status to change—for example, they suddenly become ineligible for an age pension. If aged pensioners, self-funded retirees or veterans wish to have an identifier on their card which indicates their concessional status, we will give them that option.

Senator NETTLE—But not for young people?

Ms Scott—For example, people might go on Newstart then get a job and then two years later find that they are unemployed for a short time. One of the advantages of the card over the existing paper, plastic and cardboard cards that we have issued at the moment is that the Australian Audit Office has identified that 25 per cent of the health care cards circulating at any time should not be in circulation because people have come off benefits but have kept their cards because their cards are hardcopy cards and cannot be updated.

CHAIR—Twenty-five per cent?

Ms Scott—Twenty-five per cent of healthcare cards circulating at any time entitle people to benefits that they are not entitled to at the time they have those cards. So, Senator, coming back to your question, it is not an age thing. We are not proposing to give people who are in groups where they come on and off benefits a card that will be in their wallet for five years and then their status changes. We would be using the chip to indicate their concessional status and then using the EFTPOS system to simply identify that the person is concessional, or, where it has gone out into the market, we are interested in personal card readers that could also achieve the same thing. If you would like us to show you the different types of readers that are available on the market, we have them with us. Would you be interested in having a look at those?

Senator STOTT DESPOJA—Yes.

Senator NETTLE—I want to get to the retail question, which is about people with a concession card. People use their concession cards when going to the movies and for a whole lot of things.

Ms Scott—Yes.

Senator NETTLE—If their concessional status is not on the face of the card then people need a reader in order to be able to access that. So, if it is not on the face of it, will retail companies have readers which will allow them to access the Commonwealth information on the chip in order to assess whether or not someone is concessional?

Ms Scott—No. A privacy-enhancing feature of the card for some individuals—they might see it this way—is that the card does not show their concessional status, unless they particularly want it to and if they are in a stable group. But if they want to go, for example, to

the movies and there are concessions because they are on Newstart, unemployed, then our design idea is that they would dock the card in a reader and the card would simply indicate on a very small screen, which you tend to have in commercial centres, that they are concessional. That would be it. They would not be able to see the other parts of the card.

Ms Hartland—It might be as simple as just the letter ‘C’ for ‘concessional’, and that would be all that they would see.

Senator NETTLE—Who will buy those card readers for all the retail outlets that might want to determine whether or not someone is a concession card holder or not?

Ms Scott—Card readers are increasingly becoming smart card compatible now. I was in Australia Post the other day. They can swipe the card. There is a place in most of the readers to insert a smart card. My ANZ credit card is a smart card. The banks are all going to smart cards because of the need for additional security. So smart card activated readers will be more widely available than they are now by the time we come along.

Senator NETTLE—Giving people card readers is not part of the Commonwealth budget in relation to the smart card, is it?

Ms Scott—Businesses will be moving or have already moved to smart card compatible readers because mag stripes are becoming—

Senator NETTLE—Yes, I know. I have the same situation. I was asking about the budget. That is not part of the budget?

Ms Scott—That is not part of the budget.

Senator NETTLE—You talked about people putting a PIN on their card if they wanted to put information onto their part of the chip. So people will need to buy a smart card reader. You talked about people putting information on their part of the chip. Will they do that at home or online, having bought a smart card reader?

Ms Scott—It depends on their circumstances. They may do it at home. I might get the chief technology architect to explain all the different readers that are available now. In some computers there are ports for the reading of the cards. Other people will not have computers at home; we know that. When you go into a Centrelink office at the moment there are facilities there that enable people to go onto the systems to see what jobs are available, details on benefits and so on. One of the things the Fels task force is doing is looking at what arrangements should be in place for people to be able to put their own information on the card, what protections or controls should be around that. The technology is available.

Ms M Johnson—There are a number of different forms and types of readers for different scenarios. First up, for the scenario where the cardholder is—

Senator NETTLE—I do not mean to be rude, but we have only five minutes left on this. I have other questions I would like to ask rather than hear about the different types of readers.

Senator Ian Campbell—That is fine. We will have plenty of time to go into that when the committee looks into the legislation.

Senator NETTLE—I want to ask about the central database and the information that is stored there. I want to ask about who will have access to that database. In particular, I want to

ask about police and ASIO. I note the answers that were given at previous estimates. Can we be any clearer now about what level of access police and ASIO will have to the central database?

Ms Scott—The police will need to have a search warrant to have access to the database. From time to time, police approach some of our agencies to have access to information. We follow strict privacy and secrecy arrangements. They will need a search warrant.

Senator NETTLE—Both Federal Police and state police will have access to the database if they have a search warrant?

Ms Scott—The Australian Federal Police will be required to have a search warrant to access the database. But if they are responding to a threat to life, a threat to injury, an investigation of missing persons, a disaster victim identification or an emergency response then clearly in those circumstances we would be trying to facilitate their faster access.

Senator NETTLE—What about state police?

Ms Scott—I will take that question on notice. I do not have a piece of paper that covers that.

Senator NETTLE—Do you have an answer in relation to ASIO and ASIS? These are all from the last estimates.

Ms Scott—This states:

Subject to the existence of overriding provisions in the legislation governing the activities of ASIO, their officers are generally prevented by the access card bill, as it is drafted, from requiring access card for identity purposes. However, where a search warrant is issued in respect of premises and documents, the access card may be within the terms of such a warrant. In these circumstances, a database would be made available on a search warrant arrangement.

Senator NETTLE—Can you read me the opening caveat on that?

Ms Scott—It has been written by lawyers. It states:

Subject to the existence of overriding provisions in the legislation governing the activities of ASIO, their officers are generally prevented ...

I think you are taking us into an area where we would have to know everything about ASIO, which I do not.

Senator Ian Campbell—The important point—and, if I am wrong, I am happy to be corrected by lawyers or anyone else—is that access by ASIO or any of the other agencies, such as the Federal Police, to information is not changed by the access card. Either they would have legislative power to get access to the information because the parliament had passed a law giving them that or they would not. We are not going to give them any more powers.

Senator NETTLE—Yes, I am just trying to work out—

Senator Ian Campbell—Yes, I am just trying to get my head around it as well. They are very legitimate issues for public debate and concern.

Senator NETTLE—Would the search warrant need to be for that individual's name, in order to be able to access information? You were talking about a search warrant for premises; would that include all the individuals related to those premises?

Ms Scott—I am advised that the search warrant would need to be specific.

Senator NETTLE—Have the individual's name on it?

Ms Scott—Yes. That is an example, yes.

Senator NETTLE—You gave an example before about a search warrant for premises. Would that include all the individuals associated with those premises?

Ms Scott—Now I have two lawyers advising me! I think I will take that on notice.

Senator NETTLE—All right. So ASIO or whoever will get access to the database. I am presuming that the database is where you will have the information about the dependants. The photos of the kids will not be on the card?

Ms Scott—No. There are no photographs of dependants.

Senator NETTLE—So information about dependants would be stored in the central database because it would not be on the card?

Ms Scott—Correct.

Senator NETTLE—What level of information about dependants will be stored on the central database, in terms of their relationship to the primary name on the card? 'De facto'? 'Same sex'? What kind of information on the relationship to the dependants will be stored in the central database?

CHAIR—Senator Nettle, it is 10 o'clock. I will let you finish this run of questions, but you will not be long, will you? These time limits have been agreed. So that will be it for the access card today, okay? I am not asking you to be happy.

Senator NETTLE—Yes, I know.

Ms Scott—Senator, I indicated earlier in answer to a question that the second bill would also look at the appeal rights and dependants and carer arrangements. On page 63, the second last page of the explanatory memorandum, it indicates that the matters not dealt with in this bill but subject to further consideration, deliberation and consultation, and which will be the subject of work for the second bill, relate to dependant carers and other linked persons. I think that goes to the heart of your question.

Senator NETTLE—I do not think that is satisfactory, because you are asking parliamentarians to make a decision on an access card when they will not know what level of personal information about people's dependants will be on there. But I accept that is the answer you are able to give me.

Ms Scott—I think there are 63 pages of explanatory memorandum setting out what is in the first bill. I think there is a higher level of documentation about what is in the register than there would be about existing databases within our agencies now. So there is a level of transparency that may not meet your expectation, but it is certainly very much documented and very new relative to the databases that exist in any number of places.

Senator NETTLE—That issue of people's relationship to their dependants is something people are, rightly, quite interested and engaged in, and that is the part you are saying will not be dealt with in the first bill.

Ms Scott—We know that we will list dependants, because we do that for Medicare now. We need to know that people have dependants because that affects, in some cases, their entitlements. In some cases, agencies record relationships as they do now—for example, mother-daughter and so on. I cannot give you the details now because we do not have that part of the documentation finalised. It is the subject of further consultations and deliberations.

Senator NETTLE—Just so that I understand the process: if I put questions on notice today, can we have those answers for this committee's inquiry into the legislation?

Senator Ian Campbell—I will make an offer. It helps us and it helps the people of Australia to have this as a successful Senate inquiry. My will was to ensure that the bill was before the Senate committee for as long as possible but to still allow passage before Easter so we could keep the program on schedule for the roll-out of it. I had very good discussions and cooperation with the opposition and Senator Stott Despoja. I did not speak to Senator Nettle about it. I apologise.

It would be very useful if Senator Nettle directed to me the issues she would like us to address prior to your hearings. You can direct them to me, as the minister, or the committee office, if that is a better process. Get your questions to us as quickly as possible and we will address them as quickly as we can. We are very keen to know what the issues are and to deal with them in an open, honest and fully accountable way. I do not know about putting them on notice to this committee for a future inquiry. Get them to the committee secretary and have them transferred to the department in the lead-up to that inquiry.

Senator NETTLE—That is fine.

CHAIR—Senator Nettle has been good enough to draw this to your attention, Minister: we have only two weeks before we commence hearings into the bill itself. So there is only a fortnight to go.

Senator Ian Campbell—If you can get your questions to us, we will attempt to get answers to them before the hearing date, if that is possible.

CHAIR—Thank you, Minister. We appreciate that.

Senator NETTLE—Will ASIO and the AFP access the central database through their own systems—

Ms Scott—No.

Senator NETTLE—or would they need to do that through you?

Ms Scott—There is no link between our system and ASIO or the AFP.

Chair, I know that people wanted to maximise their time with questions, but we did get some questions the other night and I now have some answers. I thought Senator Moore particularly might be interested in them.

Senator MOORE—Always, Ms Scott.

Ms Scott—I did not want to gobble up the time available on the access card. The questions were related to our chief information officers getting together, how often they got together, what they talked about and who attended. I have information about that.

In brief, they meet together basically every two months. They split the meeting into two areas of interest. The first is on-line activity—what different people have been doing to try to get customer service into a modern era and make things available on-line. Then straight after that meeting they go into a group that looks at whole of government issues, including retaining and attracting technical staff, IT security requirements and so on.

Then there is a separate group that meet on procurement activities. They have got to the stage where we have joint procurement for things like interpreters, light probes, whiteboards, vehicle hire in the short term, cut sheet paper, leadership training. But it does not go to common platforms, which I think might have been an area that you were expressing concern in.

Senator MOORE—Interest.

Ms Scott—Interest, yes. In fact, our agencies and the Department of Veterans' Affairs do not share a common IT platform and they all have quite diverse IT environments. They are supported by a range of service providers, including a wide range of firms. I have a list. There was a series of questions asked last night about IBM. Not all of our agencies are reliant on IBM. Centrelink, as you know, have their mainframe, which is M204, which was provided by the Computer Corporation of America. It is a high-volume transaction process but it is controlled and operated by Centrelink. I have more information on that.

Senator MOORE—That would be lovely.

Ms Scott—It is not quite in the state where I could say it is plain English, but it will hopefully be plain English by about Monday or Tuesday.

Senator MOORE—That will be fine, Ms Scott. Senator Lundy has particular interest and knowledge in that area, so she will be interpreting it.

Ms Scott—It requires some interpretation.

Senator MOORE—Could the particular question about the current HR numbers in each of the IT areas be added to it?

Ms Scott—Yes. I do not have that here today.

Senator MOORE—When that comes in will be fine.

Proceedings suspended from 10.08 a.m. to 10.28 a.m.

Centrelink

CHAIR—Ladies and gentlemen, I call the committee to order. Before I invite Senator Nettle to ask some questions in relation to Centrelink, I will quickly go through the batting order. The committee has many questions on Centrelink. I think Senator Wong has some questions on CRS. But in relation to Medicare Australia and the Child Support Agency there may be fewer questions than we anticipated. So there may be a concentration on Centrelink, and indeed Centrelink and the access card. That is just to let you know, Ms Scott, how we are going to proceed, if that is all right. So the program as outlined this morning may be varied.

Senator Ian Campbell—Just on scheduling, I indicated when talking to Senator Moore earlier that I am seeking to catch a certain flight out to the west, if it is at all possible. These flights are many hours apart, so I was going to try to leave just after 12. Clearly, if the committee requires me to stay longer, I will. But, if we could try to get questions of a more political nature that require a ministerial answer out of the way while I am here, that would be useful. But it sounds as though your schedule matches mine perfectly.

CHAIR—Great. We will do our best to accommodate you, Minister.

Senator Ian Campbell—Thank you.

Senator NETTLE—I just want to ask about the concession card part of the access card that we were talking about before. I want to understand something about cinema operators who have smart card readers in order to find out whether to give people a concession. When they check whether or not a person has concession card status, are they going to have access to the central database? How are they going to get the updated information about whether or not a person has concession card status if there is not some link to the central database?

Ms Scott—The government information will be accessible only if they have authorised readers, except for the bit about the concessional status, which is on the chip. When people dock their card in an authorised reader, for example at Medicare or Centrelink, it will be updated there. If you go to your Hoyts theatre, their reader will be able to say ‘concessional’, but when you go to Centrelink their reader will be able to update the chip with their new concessional status.

Ms M. Johnson—That is correct.

Senator NETTLE—So cinemas or other people who are going to use it to see whether you have a concession card will need some kind of reader to be able to—

Ms Scott—We are looking at other readers. That is why we wanted to show you those other readers, but you did not have time, Senator. Some readers are handheld and they just simply enable someone to see that the chip has ‘C’ for ‘concessional’ on it. They are very thin. They are very thin, lightweight readers. We have gone out to the market and said, ‘We are interested in the market’s response on these issues.’

Senator NETTLE—I am just trying to think about it from the point of view of a cinema operator. They will need some kind of reader to be able to determine whether or not people get a concession. Obviously, I do not want young people not to be able to get a concession at the movies because the cinema operator has not bought a reader, and similarly at video stores or wherever else.

Ms Scott—But, as I explained before, a number of banks have already moved to smart card chips—chips on the card—so a lot of readers are smart card enabled now. More readers will become smart card enabled. In the event that rollout is not as we expect, we are looking at these handheld readers.

Senator Ian Campbell—Isn’t it the case that a lot of bank terminals at Hoyts, for example, or other cinemas will be smart card enabled—ANZ’s are already—well before 2010? So it will not be an issue for those. I think what Marie was telling us earlier is that the readers are

now potentially as cheap as \$15 or \$20, so even your little fruit and vegetable shop or health food shop can have one.

Ms M. Johnson—Those readers will read just the concessional status. In the instance of a Hoyts operator, for example, one of the options would be for the cardholder to present their card and the card reader would read just the concessional status. There would not be any read back to the database; it would read just the concessional status from the chip on the card—that is, if they have one of those terminals. Alternatively, there is a range of simple off-line readers that would be available, and they would simply, again, read the concessional status from the chip on the card.

Ms Scott—This is my smart card ANZ card.

Senator NETTLE—I have one, too.

Ms Scott—There is an MBF smart card. People will still have their student cards and their uni cards issued by their institutions. But, in terms of our concessional status, there are now readers for this out and about.

CHAIR—We were hoping you were going to table that, Ms Scott.

Ms Scott—No, I do not have one of these to table for the committee. It is a pity.

Senator Ian Campbell—I have just pulled out my health benefit fund card. HBF in Western Australia are rolling that out. One of the issues that Senator Nettle is getting at, I think—if I am on her wavelength, which would be slightly scary—is that there will in fact be a huge incentive for the smallest of businesses to be smart card enabled because it is a way of attracting business. HBF's business model, I think, was to go smart and to do concessions with other businesses. I think HBF might have a tie-up with a cinema chain so that, if you are a member of HBF, you can go along and get a concession at Hoyts, for example. I might be wrong there.

CHAIR—Thank you, Minister.

Senator NETTLE—I want to ask about the current level of access that the AFP has to Centrelink information in order to understand the level of information they have for the access card. Before, when you read out the AFP explanation you said that, if it were a missing person's investigation—and I think national security was in there as well—

Ms Scott—No, I would have to check. I do not think it was.

Senator NETTLE—I will ask the question. What I want to work out is what level of access the AFP have. In a missing person's investigation, presumably if they do not have a particular name the AFP will get access to and be able to trawl through a lot of data to see whether they can find the person they are looking for. So I want to know in what kind of criminal investigations the AFP have access to information on a range of different persons without the AFP having a name, because they will need a search warrant. Their having a search warrant with an individual's name was one explanation you gave. But there were the caveats there, which were other types of investigations in which, if I heard you correctly, they may not have an individual warrant for. Does it include criminal investigations, where they can go through a range of different individuals?

Ms Scott—I have found the piece of paper. No, I do not think it does. I will read it again. We talked about search warrants by the AFP. Then I talked about where they were responding to threat to life and threat of injury situations, investigation of missing persons, disaster victim identification and emergency responses. National security was not down there.

Senator NETTLE—Threat to life instances I suppose could be where you are going through a range of different data rather than that for an individual—probably for emergency responses. I suppose that is what those caveats are; they are all ones—

Ms Scott—I am relying on my memory now, but I know that one of our agencies, the Child Support Agency, was approached one time by a police force. I cannot tell you which one it was because there was concern about someone threatening a political figure and the police wanting to have access to the database. There was a threat of injury. We insisted on a search warrant and specificity about the matter. So we are quite diligent about protecting people's privacy and secrecy.

Senator NETTLE—I am just trying to address that issue. You talked about search warrants. Clearly there will be instances where there is an individual name that you are providing on a search warrant. I am trying to look at those instances where a search warrant may not have an individual name because it might be related to a number of individuals that are part of an investigation.

Ms Scott—I am not even a bush lawyer, but the advice I have been given in the past is that it very much depends upon what the legislation currently says on the AFP's powers and what specificity a magistrate or court is going to insist on in a search warrant. Our experience is that we are very diligent in ensuring that we respond and assist very quickly when people are threatening to kill themselves. We do not allow wholesale, carte blanche arrangements where people can just willy-nilly get into our data. I think that is where your question is heading. I am trying to be helpful.

Senator NETTLE—So AFP and other missing persons investigations might involve the department of immigration or other government departments in that process. How will access by them work? Will they have an authorised smart card reader that allows them to get into the database in those kinds of instances?

Ms Scott—This is more about the access card than Centrelink, so I think I will get a different part of the team up.

CHAIR—Bear with us, Ms Scott. It will be interchangeable this morning.

Ms Scott—That is all right. The bill as it is being introduced makes it clear that the purpose of the card relates to our agencies and not to wider government. We will be in contact with the department of immigration because we want to verify citizenship data or, if people say they have a visa, we want to be able to confirm they actually do have a visa. But we are not operating in a way such that the department of immigration officials would be able to automatically access our database for their purposes. We have confined it. In the second bill we will have to, and we have foreshadowed this, indicate in greater detail who authorised users are. At this stage, the bill makes it very clear that it is for the purposes of health, veterans and social services. So we have very neatly drawn a boundary around access to the database.

Senator NETTLE—I asked Immigration questions about this as well, so I am aware of some of the interaction with Immigration. The example that I gave was of a missing persons investigation where the AFP and other government agencies might be involved, but I am using the department of immigration in this example. In those instances where you are doing a specific investigation and you have the AFP and the department of immigration needing access to the database, how will that work? Will they need to physically come to you to access the database, or will they be able to do it from where they are?

Ms Scott—We were discussing this the other day. In a missing persons investigation where the police are involved—we are not talking about where two brothers have not seen each other for 25 years but where there is police involvement—if the police had, for example, a photograph of a person who was missing, we think we would have the technical capacity to find that person in our database, provided they had registered.

Senator NETTLE—So could the police do a search of the database with a photo?

Ms Scott—No. We would do the search of the database.

Senator NETTLE—Would the police need a warrant in order to do that?

Ms Scott—We are thinking that they would need a search warrant, although if it is a person at great risk—as I indicated earlier in my answer, if there were threat to life—then we would try to facilitate things. It depends upon the circumstances. If you could give me a specific case, I would probably be able to respond to it better than a series of general circumstances. If someone was missing and the police were after the information very urgently, that would be a reason why great urgency could be involved. In other cases, they have provisions in their legislation indicating that they can have access to our information. So it is going to depend upon the circumstances.

Senator NETTLE—We could use Cornelia Rau as a specific example. In that case the Queensland police have a person. So either the Queensland police or the department of immigration could contact you with a photo of Cornelia Rau trying to work out who she was. Are you saying there would be a—

Ms Scott—There is an arrangement already, and Medicare and Centrelink can talk to you about the current arrangements. My recollection is that in either the Rau case or the Solon case they had been approached. But the trouble was of course the name they had for Cornelia Rau was not in fact the name that we knew her by. Having a biometric photo will dramatically improve situations. But we would expect that we will have very detailed discussions with the police about the arrangements, that we will explore what provisions are in their existing powers and legislation. We very much want to facilitate people who are in danger or in harm's way, but we also want to protect privacy and secrecy. Our thinking on the Cornelia Rau case is that we are confident that, if Cornelia had been registered and had a card, we would have been able to find her in our system.

Senator NETTLE—The only people whom you would have registered would be Australian citizens; is that right?

Ms Scott—Some people do not take out citizenship but they have sufficient residency to be eligible for benefits. Some people have reciprocal health care arrangements. So our customer

base extends beyond citizens, but they do not extend to Japanese tourists who are here for a fortnight.

Senator NETTLE—I am just trying to work out how the department of immigration might interact with you if they have someone in detention and are trying to work out whom they are. Only if they were getting some form of benefit would they—

Ms Scott—We do have the department of immigration on a committee that I chair, and we are in discussions with them. It has not got to this level of detail, but it is our expectation that, if we ever had a Cornelia Rau situation again and the person was registered, we would be able to quickly identify her for authorities. Whether that approach would be made through the Federal Police, whether or not they would have a search warrant, we have not got to that level of specificity. We have only looked at whether a technical capacity exists. But, as I said, we would not be making that generally available. It has to be a serious case.

Senator NETTLE—Another example would be where ASIO were looking into some terrorist organisation and they had a photo off a CCTV camera of somebody they were trying to identify. Putting that in the ‘serious threat to life’ category, would that be another example? Where they would give you a biometric photo off CCTV footage and be able to, if it is a threat to life—

Ms Scott—I am not an expert on ASIO legislation. I really think you would need to direct your question to ASIO about ASIO’s powers. I indicated earlier to refer to their provisions in their powers. I am not really able to answer those questions.

Senator NETTLE—I think you have in part given the answers in what you have said about the AFP and the threat to life and what you have said about ASIO in those circumstances—that they would be looking to facilitate access. I actually think you have answered the question about what would happen if there was that kind of circumstance. I am putting it specifically in the kind of language that you have used—that you would have the capacity to do a photo trawl.

Senator Ian Campbell—I was just thinking, Mr Chair, about your raising the issue of going into aspects of the access card here when we are discussing the broader estimates. I just asked my secretary whether these are issues that could be discussed in thorough detail at your committee hearings into the legislation. The answer, of course, is yes. One of the suggestions is your committee could ask the AFP or other relevant agencies to appear before the committee so you could get a more whole-of-government perspective. It might be a better way of fleshing out these issues, which we are incredibly happy and keen to flesh out, but will also allow this committee more time on the estimates that are before us. I do not want to cut off Senator Nettle’s questions, but I am trying to be helpful.

CHAIR—Ms Scott, you were talking before about the bill itself and so forth. I heard what you said. I did not pull you up, because in a sense this is going to happen. There is always trespassing on the bill. But if we stick to government process, as it were, that is fine. If we start talking about provisions of the bill—

Senator Ian Campbell—It is not even that so much as that you are going to have a substantial time to look into the access card through the rubric of the bill.

CHAIR—You are right, Minister. We will certainly be looking into provisions of the bill and examining how the bill works.

Senator Ian Campbell—That will cover everything. You will have more of a chance rather than in the relatively limited time we have before us today.

CHAIR—Minister, I agree. But if senators want to ask questions about process, I cannot—

Senator Ian Campbell—I am just trying to help.

Senator NETTLE—Is it envisaged that all public transport police, the guards on the trains, from all the different state governments will be carrying concession card readers to check your concession card? Will the department be providing those readers to state transit police?

Ms Scott—State transport operate on very different systems. I think it took 100 years for us to get the common rail gauge happening. Our discussions with the states already have suggested that they not only operate different systems from each other but also operate different systems between bus, ferry and train. It is not like there is a system in every state. They are very different. Some places allow you to buy a ticket on the vehicle and others have prepurchase tickets. Where people are dealing with prepurchase tickets, normally there is an EFTPOS machine available and you would be able to show your concessional status in the way I explained with the Hoyts cinema ticket. For example, a lot of people prepurchase their tickets for transport on ferries, buses or whatever. That will be fine. Where they purchase tickets on an ad hoc basis by hopping on or buying a ticket at a railway station, we will be in discussion with each of the states on that. But I think the first premise is there is not a universal system.

Senator NETTLE—You are absolutely right. A federal concession card does not get you the state entitlements. In New South Wales, if you were a young person who has a New South Wales concession card, you would still need that card to buy your concession railway ticket, wouldn't you? This card would not help you get a concession.

Ms Scott—If you were a school student?

Senator NETTLE—Yes.

Ms Scott—The states and some of the institutions, such as schools and particularly universities, issue their own concession cards. This is not covering every concession card in the country. Apparently water world offers concessions as well. I found that out only this week. We are not covering that. We are covering only 17 types of concession cards. I have the list, if you would like it.

Senator NETTLE—No, it is all right. I have seen the list.

Ms Hartland—Of course, as Ms Scott said before, those stable groups will have coloured cards. So that is an immediate identifier for those concession purposes, including on public transport.

Ms Scott—That is the gold veterans.

Ms Hartland—Yes.

Senator MOORE—Mr Whalan, because of our limited time, I will go issue by issue rather than go through the sequence in your outcome statement, because we simply do not have enough time. With your indulgence, I will ask you the question and then you can see which particular people you may need to assist. I want to ask some questions about the surveillance aspects. In particular, I want to ask some questions about the optical surveillance of clients. Senator Chris Evans had put some questions on notice, and I want to talk about his response.

I want to talk about a particular process that got some media coverage, about the involvement of Centrelink officers in a Victorian police incident, and find out a bit about that. It did not get a great deal of media, which was disappointing to me. I would have thought it demanded a lot more. But, from the small bit of media it did get, my understanding is that it was an unusual situation to have Centrelink officers at a road blitz. Can you tell us about that—the background to it—and whether that is going to be standard practice in the future?

Mr Whalan—I will make some introductory comments and then pass across to one of my officers. This was an operation that was run by the Victorian police. The Victorian police approached Centrelink to be involved. Across Australia in any year we are involved in a number of what we would call cash economy operations where we are looking at particular groups of customers who are higher risk in terms of operating in the cash economy—that is, people who we find are on benefits and not declaring income that they have.

Senator MOORE—Is that the kind of industry blitz that used to happen in terms of focusing in on a particular industry—taxi drivers or people who work in show areas? Is it an extension of that kind of process?

Mr Whalan—That is correct.

Senator MOORE—It fits into the same box?

Mr Whalan—Yes. In this case we were looking at people who drive commercial vehicles.

Senator MOORE—What do you mean by ‘commercial vehicle’ in that sense?

Mr Whalan—Delivery vans and large trucks.

Senator MOORE—That was part of an industry look at that kind of process?

Mr Whalan—That is right.

Senator MOORE—How successful was it?

Mr Whalan—In that operation, 10 people have had their benefits suspended pending a full investigation.

Senator MOORE—What is the hit rate? You got 10 who were questionable out of how many?

Mr Whalan—I do not believe we have the number of vehicles that were pulled over. But, to give you a sense of what happened, the police were pulling over a larger number of vehicles. We had issued the police with the authority to provide us with information about selected drivers. Those drivers were driving delivery vehicles where they were the only person in the vehicle. For privacy reasons, we would not pull aside a vehicle with more than one person in it. We did not detain the people longer than they otherwise would have been

detained by the police. Where we did have a driver referred to us, we would ask them a set series of questions.

Senator MOORE—How many Centrelink staff were involved?

Mr Whalan—I understand there were 12 Centrelink staff involved.

Senator MOORE—Can we get the details of when and how the Victorian police contacted Centrelink?

Mr Whalan—Yes. I will check whether we have those details here.

Senator MOORE—Is this a one-off?

Ms Andruska—Victoria Police contacted Centrelink and invited us to be part of the operation.

Mr Whalan—When?

Ms Andruska—I do not have the date.

Mr Whalan—We will take on notice the time.

Ms Andruska—One of the things that were of particular interest in that operation was that the Victoria Police were using new ways of identifying people and pulling them in. They were scanning number plates.

Senator MOORE—I am trying to get in my mind the linkage between the state police organisation and Centrelink, and to embed that into the ongoing relationships and whether this will be a one-off or whether other state organisations will pick up on it. Was the interaction between Victoria Police and one of the area offices in Victoria or was it with the national office of Centrelink? Where is that liaison?

Mr Whalan—They would have approached our area office. It was a Victorian-to-Victorian initiative, but we would have been aware of it nationally.

Senator MOORE—Where would the approval for such an exercise—the internal Centrelink approval that would say, ‘Yes, this is how we are going to operate’—come from?

Ms Andruska—As I understand it, it is part of the way that we operate that this was not a one-off; we do get invited to be part of operations.

Senator MOORE—With the police?

Ms Andruska—With the police. It is not just Centrelink. A number of organisations are a part of that. It is just the way we operate. In doing so, we follow all the requirements we need to under the Social Security Act.

Mr Whalan—We have national guidelines, but the approval would have happened locally.

Senator MOORE—The national guidelines would have come under which branch? This is debt recovery?

Mr Whalan—It would come under the Business Integrity Division. In the last financial year, the cash economy teams conducted 110 operations Australia-wide which have resulted in savings of over \$34 million to the taxpayer.

Senator MOORE—Mr Whalan, when you say the organisation has conducted a number of operations, that would cover a wide range of operations, would it not?

Mr Whalan—A great range, yes.

Senator MOORE—How many operations have involved immediate liaison with a police force?

Mr Whalan—Virtually all of them. Some of them will have involved workers in the sex industry, taxi drivers, fruit pickers or cotton chippers.

Senator MOORE—You work with the state police in all of those?

Ms Scott—Normally where cash income is involved.

Senator MOORE—So when you go to an orchard?

Mr Whalan—It is more likely to be Immigration and Tax if we are out in a fruit orchard or a cotton farm, for example.

Senator MOORE—Mr Whalan, can we get from you state by state how many police related—how many instances the cash business—I am sorry; I wrote it down and I cannot read my own writing.

Mr Whalan—We will take that on notice.

Senator MOORE—That would be great. If we could get that, that would be useful. The people who were working for Centrelink were Centrelink staff and not private investigators?

Mr Whalan—That is correct.

Senator MOORE—Which leads me on to my next series of questions, which regard private investigators. Is that the same group of people?

Ms Scott—This relates to question on notice HS28?

Senator MOORE—Yes and no. They flow on. HS28 was specifically on optical surveillance. They flow over, so it would be the same thing. In the general area of fraud control, how many private investigators are currently employed by Centrelink? I know that in the response to HS28 you have given us the firms as of 31 October 2006. Do you have information by numbers or just by firms, Mr Whalan? When I ask how many private investigators, do you normally just list the agencies that you contract to or do you say—and I will not breach confidentiality because I will just name the top one on the list—'MG Baker Investigation Services, 15'?

Mr Whalan—Normally we would give information about the number of firms that we have engaged and the total number of investigators rather than the number by firm.

Senator MOORE—Is there any reason it would be more sensitive to give me the actual numbers or is it just that that is how it is done?

Mr Whalan—We have a panel of providers. They are competing for business. We would not normally give information about what share of the business each provider had received in this area or any other area.

Senator MOORE—The data contained in the answer as of 31 October, even the list of the panel, would be for the year 2005-06; is that right? The answer to the question about how much Centrelink spent on optical surveillance was given in the year 2005-06.

Mr Whalan—The answer was at 31 October 2006. If it was not 2005-06, it would be as good as.

Senator MOORE—If that was the answer to what was happening up until July 2006, has there been any change? We are halfway through 2006-07.

Mr Whalan—Let us just check on two fronts. On the number of companies, as of 1 January there were 13 companies and there are 14 on this list.

Senator MOORE—Can we know which one has dropped off?

Mr Whalan—We will take that on notice.

Senator MOORE—Are the terms of their contract standard? Is it for a 12-month period? What is the process for that contract?

Dr Browne—We go to tender periodically for those.

Senator MOORE—Is there a set tender or is it as required? Is it every 12 months or every two years or as required? I take it these are national firms.

Dr Browne—We tender nationally. I would need to take on notice—

Mr Whalan—We go on a set schedule. I am not sure we have the answer to how regularly.

Senator MOORE—I do not know how Senator Evans missed that in his very detailed questions. Can we find out what the tender schedule is—the process for when it comes on?

Mr Whalan—We will take that on notice.

Senator MOORE—And perhaps you can confirm whether they are national and whether an investigation firm in a place like Charters Towers would be necessarily a national contract or whether it would be someone from Queensland—that kind of thing. I imagine with most things it would be where people have the capacity to provide the service.

Mr Whalan—We will take on notice the question on the duration of the tender and whether successful tenderers are operating nationally.

Senator MOORE—Regarding the total cost for specialist fraud investigation, is specialist fraud investigation the same as optical surveillance services or does specialist fraud investigation cover a wider range of options?

Dr Browne—There are a range of methods used. It is a more general term.

Senator MOORE—Do we know whether the private investigating companies are all in capital cities? Mr Whalan said he would be able to find out whether they are national providers. I am trying to refine that information to whether firms are Queensland based. I imagine we would be able to find out what their home addresses are—where they are based.

Mr Whalan—We will try to get you an answer to that before the committee rises.

Senator MOORE—Senator Evans asked particularly about numbers of people in receipt of different payments and the surveillance that was used on them. We got 2004-05 figures and

2005-06 figures for age pensioners, 2005-06 figures for carers, and 2005-06 figures for people receiving Newstart and then parenting payment, both single and partnered. We got the number of people who were the subject of optical surveillance. Are figures available on the number of people who, as a result of the optical surveillance, were found to be in breach in some way, which led to either a suspension or an action on their payments?

Mr Whalan—I think that is going to be very difficult to answer. The reason is that the optical surveillance provides one input to an overall investigation. There would be a range of sources of information from the individual record. There might have been a tip-off from a third party or statements the individuals made themselves.

Senator MOORE—How then do you assess the effectiveness of the use of optical surveillance if you cannot draw a link between the use of optical surveillance and finding some fault in someone's payment?

Mr Whalan—We do look at the amount of reductions in payment that occur where optical surveillance has been a contributor. I do not think you can draw a causal link completely, but we know where optical surveillance has been a contributor.

Senator MOORE—Can we get that information? If you can tell us that, in 2005-06, 118 people in receipt of age pension were the subject of optical surveillance, can we find out how many age pensioners in 2005-06 were then found to have the need for some arrangement with their payment?

Mr Whalan—In 2005-06, those 2,348 people who were subject to optical surveillance resulted in a raising of \$24.1 million in debts or subsequent savings.

Senator MOORE—That is the global figure?

Mr Whalan—Yes.

Senator MOORE—Can we get it payment based?

Mr Whalan—We will take that on notice.

Senator MOORE—Because there has been much made of the successful processes of raising debt and the methodologies to obtain that, it would be good to refine the information to see what has been most effective. It seems to me there must be something in the database that would give us the global figure of the savings from all of them and the figures of the people who were under surveillance. You can take that on notice.

Regarding the knowledge of the client base that this is a possibility, how does Centrelink let people know that this form of surveillance is there as a deterrent? We have talked about this before with other methodologies. The best outcome is if people do the right thing and get their right payments. If being advised that this could happen is one incentive to doing the right thing, you have won. For instance, has there been anything in the age pension news that tells age pensioners that the department does use optical surveillance and that optical surveillance has resulted in a number of people losing their payment?

Mr Whalan—We will get some advice on that. Meanwhile, a program like 'Support the System that Supports You' is an example of a broader approach to that—'Please make sure

you provide the right information because then we can make sure we give you the right payment.’ The tip-off line is another initiative, and we have used the media.

Mr Jongen—The whole issue of deterring fraud is one of the key objectives of our media management strategy. So, firstly, in answer to your specific question, there has not been a reminder, as I recall, in recent editions of *News for Seniors*. However, I am aware that there has been some dialogue about the deterrent issue. We are always competing for space and priorities.

In addition to that, we have worked with programs such as *A Current Affair* and *Today Tonight*, where this approach has been highlighted as a deterrent. It has been at their initiative, but we see it as important to cooperate. In addition to that, as part of our ongoing engagement with talkback radio, this whole area is one of the key areas of messaging, along with other key issues such as appeal rights. We have a set of priorities that we work to in terms of what we see as important messages.

Senator MOORE—Could we get a list of those priorities, Mr Jongen?

Mr Jongen—I will take that on notice.

Senator MOORE—It would be useful to see. We consistently ask questions about the media approach; if we knew the key messages that you were seeking to send, it would help us in our process. You talked about the use of talkback radio and various things. Has there been any feedback from people in different payment groups about how they feel about the different methodologies of compliance processes?

Mr Jongen—Most of the feedback we receive—and of course I do not have data; this is based on my personal experience—is positive, bearing in mind that we are targeting the broader community and the broader community have concerns about maintaining the integrity of the system. I am not aware of any significant negative feedback.

Senator MOORE—Earlier, I used the term ‘hit rate’. I am concentrating on the age pension, because people receiving Newstart payments and those sorts of things are more aware of this form of compliance. In 2004-05, in relation to the age pension, 122 people were the subject of optical surveillance. Dr Browne, can you tell us the kind of risk that would identify someone to be selected for this process? It seems to me there would be some guidelines for selecting someone for it.

Secondly, I know the department will try to find out how many people were found to be in breach, but if 122 people were selected for this form of intensive scrutiny—and I would think that would not be the first thing you would do—and some were found not to have been in breach, would they be made aware that they had been under surveillance and scrutinised?

Dr Browne—I will take your specific question on notice, but I make it clear that optical surveillance is very much a last resort.

Senator MOORE—That is what I thought.

Dr Browne—You do that when you are not able to get evidence by other means such as contacting third parties, talking to the customer and that sort of thing. I will take your question on notice.

Ms Scott—Last time I looked, I think there were 1.2 million age pensioners in Australia.

Senator MOORE—If 122 people were of such high risk that we did this, it seems to me that we would expect a very high number of those 122 to be in breach. I am trying to find out what happens to the people who have been selected. If you have been selected and you are found to be in breach, you will find out that you have been under optical surveillance because that will come out in the process of interaction. If you have been selected and it comes out that you have been doing the right thing—there was just some confusion or people were not sure—are you advised that this process has taken place and you are all clear?

Dr Browne—We will take that on notice.

Senator MOORE—Thank you for the answer to Senator Evans's points, because it enabled us to ask more detailed questions, which is good.

Mr Whalan—On one more piece of information that you asked: in 2006-07, to 31 December, 809 investigations that used optical surveillance have been completed.

Ms Scott—If I have the decimal point in the right place—I think I have—that is 0.006 per cent.

Senator MOORE—In many ways that is a testament to the system.

Ms Scott—Indeed, and you would not think age pensioners were a high-risk category.

Senator MOORE—No. The other figures we have are that, in 2005-06, 2,348 people were the subject of surveillance and, of that, only 118 cases were in relation to the age pension.

Mr Whalan—It is what you would expect.

Senator MOORE—Yes. Dr Browne, can you take on notice the question about the guidelines that lead to someone being selected for this process? Can we get some information about what processes your branch goes through to stimulate the process? Is optical surveillance always done by outside contractors? Are any Centrelink staff involved in this process?

Dr Browne—No, it is done by outside bodies.

Senator MOORE—Centrelink do the work of identification? The teams do that, probably at the area bases?

Dr Browne—That is correct.

Senator MOORE—Then, depending on the risk, it is given out?

Dr Browne—That is correct.

Mr Whalan—As a general comment, a lot of these cases result from tip-offs—people ringing up and saying, 'Did you know that the person down the road is claiming and not eligible?' Not all of those claims are true, but that is often where it starts.

Senator MOORE—Do you have any data on how many tip-offs there have been in the last 12 months? You should never give me that information because then I will ask you about how much has come through.

Mr Whalan—Let us see whether we can get that for you.

Senator MOORE—How do you keep that data now? I have the annual report, which gives me the data to the end of last year. What is happening now?

Ms Scott—We did have a particular campaign to encourage tip-offs and it was highly successful. I will see whether I can find you the figures.

Senator MOORE—I have that information. That was for the last year?

Ms Scott—Yes.

Senator MOORE—There has been nothing since then?

Ms Scott—We have the continuation of the tip-off line.

Senator MOORE—That is a special line? It used to be place by place. They would go to the local office.

Mr Whalan—You can do both. You can go directly into an individual agency or you can go through a DHS tip-off line.

Senator MOORE—If I went to my local office and said, ‘The lady down the road is doing that,’ would that then be fed automatically to the tip-off line so you could keep that in centralised data?

Mr Whalan—That is right.

Senator MOORE—It is not all over the place?

Mr Whalan—No. There are centralised teams who deal with all tip-offs.

Senator MOORE—Do you do tracing to see what stimulates more calls so that, if you suddenly had a peak number of calls in one week, you would be able to see what caused it?

Ms Scott—Mr Jongen will correct me if I am wrong but, whenever we advertise or whenever there is a story on *Today Tonight* or radio, we find that that generates increased activity on the hotline.

Senator MOORE—I have some questions on how assaults on staff members are handled and I have one question on debt recovery. Dr Browne, this may or may not be in your area. We have had a number of calls in various offices about debt recovery processes, and the liaison service has been particularly helpful in working through those. If clients are negotiating debt recovery processes by phone, as people now often do to get them through, do they automatically receive a written notice to confirm whatever arrangements they have made?

Dr Browne—It is my expectation that they do, but I will take that on notice.

Senator MOORE—Particularly when they are amending their arrangements. My understanding is that some very detailed negotiations can happen by phone and there can be confusion. I want to make sure the paper chase continues. If you could take that on notice, it would be very useful.

Dr Browne—I will do that.

Senator MOORE—I have a number of questions that relate to question No. 3943, which Mr Thomson asked in August 2006. It related to some assessments of customer aggression

numbers and processes. At the moment, how many Centrelink offices or locations across the country employ security staff?

Mr Whalan—There are 32 offices.

Senator MOORE—Is that more or less than this time last year?

Mr Whalan—I think it is marginally more. Referring back to that question on notice by Mr Thomson, in July 2006 there were 29.

Senator MOORE—Is the arrangement to bring in that service done at the area or the national level?

Mr Whalan—It is done at the area level.

Senator MOORE—The payment for that comes from what budget?

Mr Whalan—It would come from the area budget.

Senator MOORE—Is there any special allocation for that kind of thing or is it just out of their global budget and they have to find the money?

Mr Whalan—No, it is from their global budget.

Senator MOORE—I know you keep figures about identified assaults if a staff member comes forward and says, 'This happened.' I know you have to make decisions about whether or not that is going to happen. Over the last 12 months, how many were in places where there were security guards and how many were in places where there were not security guards?

Mr Whalan—I do not have that information.

Senator MOORE—Can you take that on notice?

Mr Whalan—Yes, we will take that on notice.

Senator MOORE—It would be fairly straightforward to get that information if we know where they occurred.

Mr Whalan—My only hesitation is that the numbers of security guards change over time. Some offices bring them in just for parts of the year when they think there are particular issues. It might be during different peaks of the year. Some offices bring them in because they have had an incident and they are looking to see what happens in the period after the incident. The numbers do change. That is my only hesitation.

Senator MOORE—If I took an office as an example, you may say that office had a security guard when, at the time, it may or may not have—that kind of thing?

Mr Whalan—Correct.

Senator MOORE—I will not follow up in any detail about that.

Mr Whalan—We will take that on notice.

Senator MOORE—See what you can find. Where issues have been followed through, do you have any information about what has happened to people who have been found guilty of assault or creating an issue in a Centrelink office? Do you have any record?

Mr Whalan—We do not track that information. Depending on the circumstance, people often get referred to the police and some of them get charged, some of them get warned.

Senator MOORE—There is no record in Centrelink of what happens when something like that happens? You do not follow through to find out what happens to a perpetrator?

Mr Whalan—Not in a collective sense. We track issues in terms of individual customers. We will keep an eye on customers who we believe may cause a problem in the office, but we do not track the final outcome, other than their interaction with a Centrelink office.

Senator MOORE—Has that always been the case, Mr Whalan? It seems odd to me. If a case in an office has been bad enough to refer it to the police and charges have been laid, it seems there would be some feedback role in saying to the staff, 'So-and-so has now been charged.'

Mr Whalan—An office may very well track that themselves and provide advice to staff about what occurred, but we do not collect that information nationally.

Senator MOORE—It has never been asked?

Mr Whalan—Not to my knowledge.

Senator MOORE—You have told us before about training for local offices in responses and about the local response guidelines, which I believe we have seen. I think I have seen a copy of the local response guidelines. What controls does Centrelink use in its workplaces to prevent assaults from occurring? The local response guidelines are about what to do once something has happened. The training is also much about what happens if something occurs. What kinds of processes are in place to minimise the risk of a situation where an assault could happen, particularly in offices of high sensitivities? I am sure you have some awareness, across all the areas, that some offices have histories.

Ms Hogg—We have guidelines for staff in dealing with what we call difficult customers. It is stepping through a process of escalation. Often we will know from past interaction with the customer that there is a potential for the customer to be very anxious or concerned about issues affecting their relationship with Centrelink. The staff have direct guidelines that, if that is evident in an instance when a customer comes to the office, we refer the customer to a senior person within the office. It may be a professional person within the office. At that point, a decision is made about the impact on the office and the impact on other customers in the office. It is not just the situation in relation to the customer and the staff relationship; we have to consider other customers as well in terms of the potential trauma to them.

A decision is made then in terms of how to respond or deal with the customer in future. We put in place several options then that we would like to discuss with the customer about their future relationships or dealing with their issues with Centrelink. That might range from dealing with us through a third party or dealing with one particular officer in all circumstances or going to a different office. So we do have the procedures in place to step the customer and the staff through.

Senator MOORE—Ms Hogg, that kind of process you have outlined has been evolving for many years.

Ms Hogg—Yes.

Senator MOORE—Is there any kind of process within the department that specifically looks at this as an issue across the whole organisation, looking at the kind of work Centrelink does? Do we have liaison with outside agencies, such as people who have particular awareness of security issues?

We heard earlier that we have liaison with the police when we are looking at debt recovery. Is there a process that looks at police advice about taking preventive action rather than being reactive? What we have heard has been very much about once customers have been identified as risks or about people who need particular handling for various reasons. I think most regional offices would have to deal with a few of those people.

Many years ago there used to be a process that looked at office design. There was debate about what was the optimum way to design an office to make people feel more comfortable. What is the current arrangement in the department? Is it a national arrangement? Is it by area? How does the department maximise the comfort level of each place?

Ms Hogg—We do not do that at a local level site by site. It is nationally researched through specific design companies in terms of the actual environment in the office. The environment of the office is one of the key points of focus for our customers. We have eight areas that they talk to us about constantly when we go to them and say, 'How should we improve?' The office environment always appears in that list.

We constantly seek advice nationally. We look at other organisations. We talk to other big, if you like, transaction type processing organisations. We talk to our colleagues in the rest of the department. We talk to banks. Obviously we talk to professional design companies where we have to design an environment which is comfortable and which suits the needs of vastly differing customer groups in terms of their availability of time and the level of service each customer group might demand—because it does vary—all the time bearing in mind the throughput in the office, making that as short as possible, and the security of the staff involved.

As you know, over a number of years our advice has been not to set up barriers in the environment, to make it appear open and accessible so that we are not hiding behind any walls or barriers, and that this will often create more of a sense of relaxation and comfort in our customers. So we do take that advice nationally, including from the police.

Senator MOORE—Which branch is responsible for that?

Ms Hogg—Our communications branch will look at that.

Ms Scott—It is true to say from the visits I have made that staff and managers comment positively whenever there are office upgrades and refits, saying that calming colours and more space and better waiting facilities and Centrelink's good progress on reducing queues have certainly produced good dividends in that regard.

Mr Whalan—We have taken a further step recently and agreed to trial a lot of new innovations, including design, in one office in Tuggeranong.

Senator MOORE—Work through some special issues there?

Mr Whalan—Yes.

Senator MOORE—I have a couple of questions on the budget, and then I will put the rest on notice. We started on Tuesday night. As of 1 February 2007, where is the Centrelink budget? Is it running on track or is it above or below what you hoped it would be?

Mr Whalan—Broadly, I expect it will come in on budget, but we would be running slightly ahead of budget at the moment.

Senator MOORE—Does that mean you have slightly more people on staff than your plan would have? What does ‘running ahead of budget’ mean?

Mr Whalan—In terms of the funding that we will have across the full year, we will have spent slightly more than pro rata at this point.

Senator MOORE—I know it is very difficult, Mr Whalan, because it is a national process and I am sure there are ups and downs across the whole process. What budget was allocated for the change to a business line structure?

Mr Whalan—We would have to take that on notice.

Senator MOORE—What budget has been spent in that process? I will put these questions on notice because they are going to be like that. One thing I am particularly interested in, as you would be aware, is the current staffing level across the country. What is the variation as of now between the figures that go area by area, by gender, by ongoing and non-ongoing in the annual report—which is very detailed; I would like to see the report even more detailed—and the most recent snapshot? When could we have the most recent snapshot?

Ms Ritchie—Of staffing levels?

Senator MOORE—Yes.

Mr Whalan—We will give you the most recent figures we are able to. As a broad comment, the figures will be lower now and at the end of this year than the figures in the annual report. The reason for that is that we are always estimating in annual reports the level of customer numbers we expect by payment in the next year. In some ways you could say that we are predicting the strength of the economy in the next year.

What has happened so far this year is that the unemployment rate, which is one of the biggest things that vary, has been lower month on month than we predicted. Therefore, the customer numbers have been lower. Therefore, when we come to reconcile Centrelink’s funding for the year, the funding will be lower than we predicted. Throughout the year we are always trying to monitor that and adjust as we go. So, very broadly, because there are lots of ons and offs, we will have had to have progressively reduced the number of staff in Centrelink as the level of unemployed has continued to decrease.

Senator MOORE—The model that is based on customer numbers that I know you have been working on for a long time is very much based just on throughput, isn’t it, in terms of actual numbers?

Mr Whalan—Correct.

Senator MOORE—Is the complexity of clientele—an argument I think we may have had here before, but I know we have had in other places generally—being considered and factored into the process you are discussing with Human Services and through Treasury?

Mr Whalan—In the current funding arrangements there is some acknowledgment of that. We would wish there was greater attention to that.

Senator MOORE—Certainly, when you look at the numbers in your annual report, and from my own experience at various regional offices across the country, it is an ongoing concern. The current modelling arrangement is back through Human Services as your parent department, of course. You have the purchase element. It then goes back through Treasury, doesn't it?

Mr Whalan—It is an arrangement which is overseen by the department of finance and the policy departments that provide us funding. Human Services is also involved.

Senator MOORE—You will probably have to take this next question on notice. In the period July 2006 to February 2007, were there new payment programs that were administered by Centrelink? Has anything come on line to you in that period? Has anything changed from when the annual report was provided and the figures there, which were a snapshot of the end?

Mr Whalan—Yes, there are some. I will list some now and then we can add any that I miss. The LPG grants, I believe, have come on during that period, and some drought related payments, firstly, in terms of an extension of a number of EC declared areas and, secondly, some payments for small business in EC declared areas. There would have been some other announcements that I have not covered.

Senator MOORE—Can you take that on notice, Mr Whalan.

Mr Whalan—Yes.

Senator MOORE—Mr Thomson, I think, had asked in a question on notice about Australian workplace agreements, to which you responded. I will be asking on notice for an update on that and a number of other questions about staffing. We have run out of time.

Chair, again I will put on record and whinge about the amount of time we have for this portfolio, even though we have a carryover day. I am pleased the minister is here and as a new minister. We have been struggling with this since the portfolio changes. In this particular Senate process we do not have sufficient time to look at the particular complexities of the Human Services area.

Senator Ian Campbell—It is new to me, so I am happy to sit down with the chair and deputy chair and try to work through a way—

Senator MOORE—That would be very good. We appreciate that, Minister.

Senator Ian Campbell—I am very happy to do that. I have had, as you know, some informal chats with Senator Wong and you. I am very pleased that you are able to help my own personal circumstances. In the short time I have been in the portfolio, I am very excited about the structure of it. The more interchange we can have on it the better, quite frankly. I will undertake that between now and the next estimates we will sit down with the chair and deputy chair and try to structure a system so the opposition in particular can get to focus on the area they want to focus on.

Senator MOORE—Thank you, Minister.

CHAIR—Minister, thank you for that offer.

Proceedings suspended from 11.47 am to 12.07 pm

CHAIR—Before Senator Wong commences her questioning, I have just a couple of procedural matters. I have two letters from the Clerk, one dated 14 February 2007 to me regarding procedural issues and one dated 16 February—today—regarding other procedural issues. Is it the wish of the committee that they be tabled? There being no objection, those letters will be tabled.

Senator WONG—I have some questions in relation to privacy breaches within Centrelink. I understand that in August of last year some 600 privacy breaches occurred whereby Centrelink staff accessed customer records without proper cause or authorisation. Can you tell me what measures are in place to discipline Centrelink staff who have accessed customer records without appropriate cause or authorisation?

Mr Whalan—Where an employee is suspected of having browsed customer records, an investigation is undertaken to determine whether they have breached the Australian Public Service Code of Conduct. Those investigations are done at a local level initially but are then looked at on a national basis.

Senator WONG—As at the date of the breaches, was the only protocol, guideline et cetera in place to prevent such breaches the code of conduct, or was there a more specific set of guidelines in relation to Centrelink staff?

Mr Whalan—There is a chief executive instruction which outlines the approach.

Senator WONG—And when was that chief executive instruction issued? I was asking: as at the time of these breaches, what instructions were in place?

Mr Whalan—The breaches have occurred over a couple of years. Investigations, of course, have occurred far more recently, so it would depend on the date of the breach. I will confirm this, but there would have been guidelines in place during all of that period and chief executive instructions in place for part of the period.

Senator WONG—Let us do the guidelines first. What form do the guidelines take?

Mr Whalan—Each staff member signs a declaration of confidentiality. I will need to confirm for you what the guidelines were before the chief executive instructions were put in place.

Senator WONG—I would like to get some time frames around this. How long have guidelines been in place?

Mr Whalan—I will have to take that on notice in relation to the Centrelink guidelines, but the Australian Public Service Code of Conduct—

Senator WONG—Just to be clear, I am asking questions exclusive of the code of conduct at this stage. That is a general code that is applicable across the Public Service. I am trying to work out specifically what regulation applies to Centrelink staff in relation to the accessing of private information. Are you able to give me a time frame about when, for example, a chief executive instruction was issued, when it was updated and when guidelines were put in place? Those are the sorts of time frames I would like.

Mr Whalan—Why don't I see if we can get their information for you within, say, the next 30 minutes.

Senator WONG—That would be very useful. When was the chief executive instruction issued?

Mr Whalan—What I am going to get for you is the guidelines that were in place within Centrelink prior to the chief executive instructions and what date they went out.

Senator WONG—Do you know the dates of any chief executive instructions issued in 2006 or subsequently relating to this issue?

Mr Whalan—Yes, that is what we are going to find for you.

Senator WONG—Including any updates or alterations.

Mr Whalan—I will get you what I can in the next half-hour, including that.

Senator WONG—I might come back to that issue when I have that documentation. I have quite a few questions about that. So what is the time frame? I am hopeful that if we can get through this quickly we can all go home. Do you think about half an hour? I am dangling an incentive in front of you.

CHAIR—Grab it, Mr Whalan, grab it!

Senator WONG—I will turn to financial case management then. In October last year I asked questions of you, Mr Whalan: HS9. I asked for a list of the successful NGOs that had been placed onto the financial case management register.

Mr Whalan—I understand we have provided an answer.

Senator WONG—I am asking you to get the answer so I can ask questions about it. Can you tell me of those listed—I think it was some 68—which have indicated either publicly or privately to the department that they no longer wish to participate in the financial case management activities? Or would it be quicker to say which are still participating?

Mr Whalan—Of those 68 there are 12 organisations that have indicated they would no longer like to participate.

Senator WONG—Would you identify those?

Mr Whalan—Just to clarify, those 68 are 68 organisations that are still participating. In other words, of 80 organisations 12 have indicated they no longer want to participate. Those 12 organisations are: in Western Australia, the Geraldton Resource Centre Inc., the Roman Catholic Bishop of Geraldton Centacare Family Services, and Gowrie Inc.; in Victoria, Broadmeadows Uniting Church, Eastern Access Community Health, Springvale Community Aid and Advice Bureau, Community Connections, and Geelong Ethnic Communities Council; in Queensland, Centacare Catholic Family and Community Services, and Logan East Community Neighbourhood Centre; and, in New South Wales, Centacare Port Macquarie, and Bellingen Neighbourhood Centre.

Senator WONG—So it is your assertion that the various local Anglicare and Uniting Care organisations listed in HS9 are continuing to participate in this?

Mr Whalan—Correct.

Senator WONG—By the way—and this might have been asked while I was at another estimates hearing today—is the new minister going to continue this practice of costing estimates answers?

Ms Scott—I discussed the matter with the minister the other day and he expressed interest in it continuing.

Senator WONG—Are you going to cost your advice to him?

Ms Scott—I guess that is part of our total costs. Would you like to know how much our questions on notice have cost this time around?

Senator WONG—It is very interesting that that is the information you choose to offer the committee, Ms Scott. Usually, in my experience, getting information from you has required me to ask you questions for quite some time. I am not asking you that question. I am sure the minister, if he wishes to make an issue about providing information on the public record to the parliament and through it to the Australian people, can do so.

CHAIR—To be fair, Senator Wong, it is standard practice in this committee.

Senator WONG—In this committee and in relation to this department. Can we turn now to JCAs?

Mr Whalan—Can I just confirm: are these questions about JCAs broadly and therefore relevant to the Department of Human Services?

Senator WONG—That depends on the answers, I suppose. One question, Ms Scott: do you cost the costing?

Ms Scott—We include in the figuring the cost of doing the costing.

Senator WONG—So your costing for the answers includes how much it costs you to cost the answers?

Ms Scott—It is quite a simple formula. It is just a spreadsheet—

Senator WONG—It seems a little unfair, doesn't it? At least in writing, debited against the committee is the cost of costing, which we did not ask for! Has DHS conducted a review of JCA providers against accessibility guidelines?

Mr Dolan—Yes, we have reviewed accessibility of sites.

Senator WONG—When did you do that?

Mr Dolan—We have done it over the last few months.

Senator WONG—When did you commence that?

Ms Frame—We commenced that in October or November last year.

Senator WONG—Against which accessibility guidelines?

Ms Frame—We worked closely with the Human Rights and Equal Opportunity Commission, we had an accessibility consultant and we also consulted with Welfare Rights. As you would be aware, it is hard to get a consensus about accessibility guidelines, but with those stakeholders we developed a checklist that we then took out to our providers.

Senator WONG—Can you provide us with a copy of the checklist?

Ms Frame—Yes.

Senator WONG—Do you have it here?

Ms Frame—I do not, I am sorry. We will take it on notice.

Senator WONG—I am not sure if it was you or another departmental officer who at a public forum I attended asserted in relation to, I think, the Mr Pearce issue that the job capacity assessment provided there was disability accessible. I assume you were aware of the view that was put by Mr Innes, the Disability Discrimination Commissioner, about his experience of accessing that site.

Ms Frame—Yes, I was.

Senator WONG—You disagree with him?

Ms Frame—No. As I alluded to earlier, there is no consensus about what accessibility is. If I remember correctly, at that conference what I expressed was that the assertion in the newspaper was that there was no accessible entrance at all for the person to access the site when in fact there was an accessible entrance.

Senator WONG—You disagree with the Disability Discrimination Commissioner's assessment or view that was put publicly that there was not a reasonably accessible entrance?

Ms Frame—Accessibility is not a binary state, as you would know. It is either fully accessible or partially accessible—

Senator WONG—I do not recall you qualifying that in your public statement.

Ms Frame—I would have to look back at what I said at the conference, but I know I did make it clear that there was an accessible entrance specifically designed for people in wheelchairs around the back of the building. It was not used, in the example.

Senator WONG—My recollection, and I have to say I do not have the documentation here, is that there was some suggestion that the sign telling people how to get in had only been recently put up. That was aired publicly. Was that ever canvassed with the provider?

Ms Frame—Certainly it was.

Senator WONG—And their response?

Ms Frame—Was to immediately rectify the situation and improve the disability signage situation.

Senator WONG—Was there a sign advising people where the disability entrance was, prior to this issue being raised in the media?

Ms Frame—I would have to check, but I can certainly be very direct that there was not a sign that met our requirements. I think there was a sign around the back, but it was not a clear sign around the front that met our specifications.

Ms Scott—Senator, if it helps you, we have now gone out to each of the sites and asked them to document again for us the signage they have, including taking photographs. Also we do spot visits, but it is the photographs that I think are particularly useful in ensuring that the signage is as clear as it can be.

Senator WONG—I agree, and I am pleased the department is doing so. My point was that the public response of the department did not, to be frank, take into account or recognise some of the issues with disability access in that case. Certainly the comments that I heard at this public event and also in public statements were far more clear that there was disability access and did not take into account the issues which have been raised and which you appear to be aware of.

Ms Scott—I think the issue is that there was disability access but—

Senator WONG—You are doing it again.

Ms Scott—it was not necessarily signed as we would expect it to be.

Senator WONG—Did you say that bit publicly? Did you acknowledge that publicly? Did you indicate that in your response to Mr Innes?

Ms Scott—I am alerting you to the fact that we have gone out and taken photographs of all—

Senator WONG—That was not the question, Ms Scott.

Ms Scott—That was my response.

Senator WONG—We are having one of those situations where you do not actually respond to the question I am asking.

Ms Scott—Senator, I think we have answered all the questions that you have asked.

Senator WONG—Did the department in any of its public statements recognise some of the failings in relation to disability access at the site Mr Pearce attended?

Ms Scott—I think your first question related to whether there was disability access, and I think Ms Frame indicated that there was. I do not think that is actually in dispute.

Senator WONG—Have you had any discussions with Mr Innes regarding this issue, Ms Scott?

Ms Scott—Not me personally.

Senator WONG—Has anyone in your department?

Ms Frame—Yes.

Senator WONG—You have, Ms Frame, or your section?

Ms Frame—Yes, that is right.

Mr Dolan—We have done 209,000 assessments since 1 July and we have had no complaint registered with us about disability access. Sites are accessible. We have had photographic evidence of the 1,070 sites and the sites are accessible or there are alternative arrangements. We have had no complaints about access.

Senator WONG—I am not asserting that at this point. I think my point is this: an issue was raised that the public statements by the department really do not recognise the issues that were raised both by Mr Pearce, his family and the Disability Discrimination Commissioner. We are obviously not going to agree on that.

Ms Scott—I think that is clear, Senator—we are not going to agree on this.

Senator WONG—Show me where, in any statement the department or its officials made, there was recognition of the problems associated with disability access for Mr Pearce or those that have been raised by Mr Innes.

Ms Scott—I think we have demonstrated our commitment to ensure accessibility.

Senator WONG—You will provide me with the checklist. Has that altered at all?

Ms Frame—No, it has not.

Senator WONG—When was that finalised?

Ms Frame—I think it was November, but I will check that.

Senator WONG—Have you collated the data in relation to checking off various providers against the checklist?

Ms Frame—Yes, we have.

Senator WONG—Can you tell me about the results of those surveys?

Ms Frame—We found that, of the 1,070 sites around Australia for which the checklist was required to be completed, there were 12 sites with which we had lingering concerns about accessibility. They still were accessible—we can get to that same issue before about what constitutes accessibility—but from the responses that were given on the checklist they were sites with which we had concerns about the level of accessibility. We have contacted those providers concerned directly and have required action plans from them as to how they are going to improve the accessibility situation in those 12 sites.

Senator WONG—How many items are on the checklist, approximately? I am just trying to get a sense: is it five or six, or 100?

Ms Frame—It would be over 20.

Senator WONG—What was your benchmark? In order to be on the ‘lingering concern’ list—I think that was the phrase you used—do you have to have 19 or do you have to meet less than half? How does it work?

Ms Frame—I would have to take that on notice. I would have to talk to the person on the team who was working directly with the accessibility consultant. I know it was not a threshold checklist one way or the other; we just looked at the responses and, working with the accessibility consultant and the director in the branch responsible for it, made our determination about how those sites were measuring up.

Mr Dolan—In some of the 12 sites issues were raised by some of the photographs where some of the photographs showed inconclusively the degree of access, so we followed up those accessibility issues with the providers directly. So we have a number of sources.

Senator WONG—Thank you. I am just asking questions about the checklist now, though. So you are taking on notice the provision of the checklist?

Ms Frame—Yes.

Senator WONG—Just to make sure that you are clear about what I am seeking, I would like to know whether the department identifies a threshold to determine the acceptability of accessibility in terms of how many checklist items had to be reached for a positive finding.

Ms Frame—Certainly. I have a summary behind me—one moment. What it says expressly is that 12 sites required further investigation.

Senator WONG—Yes, but what I am trying to determine is what criteria are utilised to determine which sites require investigation.

Ms Frame—Yes, certainly; I will take that one on notice.

Senator WONG—That might be a better way of describing it. Is this an ongoing program, or an ongoing activity? Essentially, as I understand your evidence, subsequent to November you have done an accessibility investigation, undertaken some activities. What is the intention in terms of ongoing monitoring and subsequent assessment?

Mr Dolan—On their checklist, the providers have undertaken to make some improvements, so there will be an ongoing checking with them that they have made the improvements they promised. It is about moving to best practice.

Senator WONG—So that is in relation to the 12?

Mr Dolan—No, it is in relation to the checklist.

Senator WONG—Sorry, you just said ‘providers who identified ongoing improvements’. Are there providers other than the 12 sites where you have requested ongoing improvement?

Ms Frame—No, there are not. The 12 sites were where we specifically requested improvement and required action plans.

Mr Dolan—We do have an ongoing program of site visits, where our staff members go around the country and visit sites. There is an ongoing process of checking accessibility and other issues.

Senator WONG—But this was a specific task to check against this checklist—yes?

Ms Frame—That is correct.

Senator WONG—I am asking: is there an intention to redo this at a subsequent time, during the life of this contract?

Ms Frame—Yes, there is.

Senator WONG—When is that going to be?

Ms Frame—We do not have a time frame for that at the moment. Certainly, whenever a new site is taken up for JCA purposes, it would as a matter of course be required to be completed for any new site.

Senator WONG—Thank you. I am sure we will discuss that again at some point. Is the department aware of any circumstance in which a person applying for the disability support pension on the basis of a psychiatric condition would be assessed by a physiotherapist?

Ms Frame—I am not personally aware of that. That has not been raised with me as an issue, but it is certainly within the parameters of the JCA model that that could occur.

Senator WONG—So it is government policy that somebody with a psychiatric condition could be assessed for their disability by a physiotherapist?

Mr Dolan—It is government policy that someone is assessed, in terms of the impact of any conditions on their ability to work, by an allied health professional.

Senator WONG—Can you explain to me, Mr Dolan, how a physiotherapist can assess the ability to work of somebody with a psychiatric condition?

Ms Scott—They certainly have the benefit, in most cases, of the medical practitioner's report. Maybe we should go back to square one so we can explain the features of the job capacities.

Senator WONG—Let us not do that again, Ms Scott. We have had arguments about this for a number of estimates rounds. I understand what you are buying: you are buying outcomes.

Ms Scott—The allied health professionals encompass psychologists. They encompass occupational therapists. They encompass physiotherapists. And they bring to their position a range of skills. So someone presenting saying that they are unable to work because of a bad back is not entirely reliant on the assessment of the person they present to, because other information is available to that assessor.

Senator WONG—In the context of medical reports—is that what you are saying? Ms Scott, that was a question to you. In the context of medical reports—is that what you are saying? You said information would be readily available to the allied health professional.

Ms Scott—Yes, that is right. That is correct.

Senator WONG—Are you suggesting that that is in terms of the provision of medical reports?

Ms Scott—That is correct.

Senator WONG—Okay. So that we are clear: under the JCA model it is acceptable for a person with a psychiatric condition to be assessed by a physiotherapist?

Ms Scott—Our experience has been that a lot of people who present, for example, to CRS, who present on the basis that they have a physical condition, also have an underlying mental illness. In fact, many of our clients in certain groups present with one feature but in fact they might have a degree of mental illness that is either reported or not reported. So our staff, whether it is in JCA or in one of our service providers, are used to dealing with people who have complex conditions including mental illness.

Senator WONG—I am going to ask the question again: under the JCA model, is it acceptable for a person with a psychiatric condition to be assessed for work capacity by a physiotherapist?

Ms Scott—Because they are doing a work capacity assessment and they are not doing a psychiatric assessment, it is acceptable. They are doing a work capacity assessment. They have been assessed as suitable to do a work capacity assessment.

Mr Dolan—We have done 209,000 assessments since 3 July. There are a lot of people with a range of conditions. They have been assessed under the allied health professional model, and we have had no systemic feedback that that model is not working. The feedback we get is

that the model of a comprehensive assessment that looks at the impact of all of a person's conditions is a good model.

Ms Frame—There are actually a few—

Senator WONG—This is my fifth day of asking questions and I am having trouble keeping things in my head. I should not have told you that, because now Ms Scott will keep responding quickly, so I will not be able to remember what I was trying to ask. Are all of the 209,000 assessments undertaken by allied health professionals? What proportion would be?

Ms Frame—Yes, they are all undertaken by allied health professionals.

Senator WONG—So there are no assessments by medical practitioners?

Ms Frame—There are a very small number that are. When I said allied health professionals—or a medical practitioner, which is a very small number. I think it is approximately two per cent.

Senator WONG—So about two per cent are medical practitioners. Can you break it up for me?

Ms Frame—This is from memory. I am happy to provide it on notice.

Senator WONG—I am happy to take it on the basis that you might want to confirm it on notice.

Ms Frame—And I would have presented it at the conference where you alluded to me speaking.

Senator WONG—I was probably trying to finish my speech off, so I do not know that I listened to everything.

Ms Frame—I know we provided this on notice as well. Approximately 70 per cent are from a psychological background. The next biggest group are social workers, then rehabilitation counsellors. I do not have the percentages here. I know we gave you the numbers.

Senator WONG—When you say 70 per cent are from a psychological background, does that include physiotherapists?

Ms Frame—No.

Senator WONG—In relation to the issue I was raising earlier, which is the assessment of someone with a psychiatric issue or condition by a physiotherapist—and I take your point, Ms Scott—would you agree that, in circumstances where the lack of working capacity was primarily as a result of the psychiatric condition, having a physiotherapist evaluate somebody would seem to be inappropriate?

Ms Scott—No, it is not inappropriate. They are asked to do a work capacity assessment and have been trained in work capacity assessments, and the person is able to do a work capacity assessment.

Senator WONG—Do you not believe that psychiatric conditions can affect work capacity?

Ms Scott—I think they can.

Senator WONG—Then how does a physiotherapist determine the extent to which a psychiatric condition affects work capacity?

Ms Scott—They have the benefit of information available to them. They are assessing work capacity. They are not providing prescription drugs or anything other than a work capacity assessment.

Senator WONG—No, but the primary issue affecting someone's work capacity may well be their psychiatric condition. You would agree with that, wouldn't you?

Ms Scott—Maybe it would be better if we went through the stages and the information that goes to the job capacity assessor so you would have greater comfort in the rigour of the process. I will ask Ms Frame to go through that process.

Senator WONG—No, I would like to move on. In relation to the referrals from JCAs, could you tell me whether you or DEWR track the numbers and proportion by income support type and by destination—that is, employment service stream?

Mr Dolan—Job capacity assessors do not determine someone's income support payment. That is done by Centrelink.

Senator WONG—It is the point at which a range of decisions are made. I am trying to work out who tracks this data: who is going through a JCA, what income support they are on and then their destination in terms of what service they are then sent to. Is that something you do?

Mr Dolan—Yes. We have information on the broad customer groups that are referred for job capacity assessment—those that are going for, say, a DSP claim or a DSP review and so forth. We record the hours of work assessment where that is appropriate. Where it is a disability claim, we will record the medical impairment rating; it does not necessarily imply anything about the ultimate decision, because that is with Centrelink. We do record the recommended referrals to employment services.

Senator WONG—Okay. In what form can I get that data? What is the best way?

Mr Dolan—We can take that on notice. Given the numbers at stake, we can provide you on notice with some tables showing types of inflows for all destinations.

Senator WONG—That would be good. I am interested in income support type and referral destination.

Mr Dolan—For example, the percentage being referred to the Job Network—the percentage of assessments, where there is a referral to the Job Network.

Senator WONG—Or to DEN.

Mr Dolan—Correct.

Senator WONG—Or to PSP.

Mr Dolan—Exactly.

Senator WONG—That would be useful. You have income inflow as well—income support type?

Ms Frame—Certainly not as much as the Department of Employment and Workplace Relations.

Senator WONG—I am talking about inflow into the JCA process, not into the income support payment. Do you know who is coming into JCAs?

Ms Frame—Yes.

Senator WONG—How do you track that? What are the details you track about that?

Mr Dolan—About one-fifth are for disability support pension related reasons; it could be new claims or reviews, and that is about 22 per cent. About 23 per cent are for reasons such as Newstart customers claiming medical incapacity. Thirty-three per cent, about a third, are income job seekers who have been shown to Centrelink's job seeker classification instrument—that is a streaming instrument—as having personal factors or work impairment. The rest are things like changes of circumstances or where someone is directly registering with the vocational rehabilitation provider, for example, for assessment.

Senator WONG—Is that point-in-time data?

Mr Dolan—That is the percentage of referrals up to 2 February—it is a cumulative percentage. I can also read out to you the referrals to employment services, if you want.

Senator WONG—Is it best to do this or would you prefer to—

Mr Dolan—I can read them out, if that suits your purpose, Senator.

Senator WONG—I would not mind getting—and I am happy to take this on notice—the percentages you have just read out and the raw numbers, and also the percentages and numbers into particular employment services and destinations.

Mr Dolan—We can give that to you on notice.

Senator WONG—I appreciate that. And if you could just indicate the point in time to which that relates.

Mr Dolan—Yes, we can do that.

Senator WONG—The next two questions are probably for Mr Whalan. In terms of your IT system—and I will not take a long time on the actual system—in relation to people with a partial capacity and those who are principal carers, is there a default setting in your IT system requiring that such persons must do internet and kiosk based job searches prior to being referred any further?

Mr Whalan—No, there isn't.

Senator WONG—It has been put to me that a person on Newstart partial capacity who is vision impaired—unable to use the internet or touch screen kiosks—was told by the relevant Centrelink office that the default IT setting meant that they had to do internet and kiosk based job searches.

Mr Whalan—If that occurred, that is incorrect information.

Senator WONG—Okay—thank you. Does Centrelink receive or have a process for dealing with complaints from customers in relation to any providers of Australian government employment services?

Mr Whalan—We do have a process. If a customer comes to us and says that they are unhappy with the page that they are dealing with, we refer them to the DEWR business line. DEWR have a hotline number, a call centre, that people can ring, and they will work that through with them.

Senator WONG—Do you track that information—how many contacts about an issue and how many referrals there have been to the business line, if that is what it is called?

Mr Whalan—To the DEWR hotline—it is a dedicated phone number.

Senator WONG—Do you track that data?

Mr Whalan—I do not believe so.

Senator WONG—So there is no information collected about the number and type of complaints against any particular providers?

Mr Whalan—Correct. Centrelink does not collect that information. I assume DEWR would collect that information.

Senator WONG—Mr Whalan, do you have any of the documentation we described earlier?

Mr Whalan—I have not got everything I wished for.

Senator WONG—Could you hang on for one minute and I will see whether I have anything more for Ms Frame or Mr Dolan?

Ms Frame—Is it possible to add to an answer we gave earlier about the physiotherapist scenario that you raised with us?

Senator WONG—Yes.

Ms Frame—I want to mention that the JCA model does specifically allow for a physiotherapist in that situation to call in a psychologist from their organisation to consult on the assessment with them if indeed they made the decision that that was required.

Senator WONG—Yes, I think in previous briefings to me and also in estimates hearings you have gone through the model. I was aware of that.

Ms Frame—There is one more thing to add. Since we last spoke to the estimates committee we have also added two compulsory training modules on DEWR's Learning Centre that were prepared for us by Dr Geoff Waghorn on mental health issues and job capacity assessment specifically. They are required to be completed by all assessors and they are designed specifically for people who do not have a background in psychology, to increase their awareness, understanding and appreciation of the impact of psychological and psychiatric conditions on work capacity.

Senator WONG—When did that occur?

Ms Frame—They were put on DEWR's Learning Centre in November last year.

Senator WONG—And they are compulsory?

Ms Frame—They are compulsory.

Senator WONG—May I say—you might want to write this down—I think that is a good initiative.

Ms Frame—Thank you.

CHAIR—Senator Wong!

Senator FIERRAVANTI-WELLS—Senator Wong!

Senator WONG—You are still here; I did not realise that—a shadow in the corner.

Senator FIERRAVANTI-WELLS—I am listening intently to your compliment.

Senator WONG—I said that mainly because there has been so little attention paid to mental health issues, including the fact that the Minister for Workforce Participation does not have anybody with mental health expertise on the Disability Advisory Group, but we probably do not want to go there, do we, Senator? Ms Frame, the capacity to get a psychiatric report—it was raised with me previously and I confess I may not have the up-to-date information on this. What is the funding arrangement for the provision of a psychiatric report or assessment in the circumstances you alluded to?

Ms Frame—Are you referring to a specialist report by a psychiatrist?

Senator WONG—I am referring to the first part of your additional answer where you indicated that a physiotherapist would be able to get further information or a further report or call in a psychiatrist—I cannot remember the phrase you used. That would be, as I recall, something that the particular provider would have to cover within the existing contract payment.

Ms Frame—That is where there is a distinction between a psychologist and a psychiatrist. The JCA organisations primarily—and they are recruited on this basis—have a range of allied health professionals on staff and would be able to bring in a psychologist. That would be funded under the standing JCA funding arrangement.

Senator WONG—If they had them on staff. If they chose to bring someone in from outside, they would have to pay a fee.

Ms Frame—Yes. I am not aware of any that do not have psychologists on staff.

Ms Scott—Seventy per cent of the allied health professionals have training in psychology.

Senator WONG—Seventy per cent?

Ms Frame—It is approximately 70 per cent. Well over 50 per cent are primarily psychologists, and then there are another group on top of that that are not reflected directly in the data because they are non-registered psychologists, who are undergoing all the appropriate supervision arrangements but have a psychology degree.

Senator WONG—I am sorry; I thought you said 70 per cent were allied health professionals.

Ms Scott—No, they are all allied health professionals, a small proportion are doctors and the great bulk of them are psychologists or have a background in psychology.

Senator WONG—You were saying a psychiatrist, presumably, would be covered by Medicare.

Ms Frame—The JCA has provision to purchase that assessment. If they deem that a psychiatric assessment is required to complete a JCA and make an appropriate referral and to inform an income support decision, they have funding available to them to purchase that service and that report on behalf of the client.

Senator WONG—They have the funding available?

Ms Frame—They are able to make requests to DHS for reimbursement for a report that they have purchased.

Senator WONG—What are the guidelines associated with purchasing specialists' reports?

Ms Frame—The guidelines are essentially unchanged from what was in place prior to JCA. It is not particularly prescriptive; it puts it onto the assessor to make the determination as to whether that report is required to inform an income support decision or a correct employment service referral.

Senator WONG—Presumably you have some threshold or gateway. You are not going to want everybody commissioning a psychiatric report.

Ms Frame—We gave them the historical figure from what had been noted under previous assessment regimes, which was, from memory, slightly over one per cent. We increased that and told JCAs that we anticipated it may be in approximately two per cent of cases but we made it clear that it was not a cap. If they could demonstrate that that assessment was required, DHS has the facility and we are able to reimburse.

Senator WONG—But presumably your budget appropriation for this program is based on an assessment of approximately two per cent?

Ms Frame—That is correct.

Ms Scott—Senator, your questions earlier related to physiotherapists?

Senator WONG—Yes. I was intending to move on, Ms Scott. If you want to correct an answer, obviously you should, but I was intending to move on to Mr Whalan. Mr Whalan, have you received that documentation?

Mr Whalan—I have some information for you.

Senator WONG—Do you have anything I can look at?

Mr Whalan—I have just received a number of things that you can look at. Let me make a series of comments and then we will come to these. I have been CEO of Centrelink for just over two years. One of the things I was worried about upon arrival was the issue of unauthorised access by some staff to customer records. With respect to the range of information that is available to staff about that, one of the things that every new staff member who joins Centrelink does is to sign a confidentiality statement. Most staff also go through an induction—I believe all staff now do. Part of the induction is information about their obligations in terms of confidentiality. Every time you log on or log off the computer, up comes a warning message. So every day, every time you log on or off, up comes the warning message about confidentiality, security and privacy. I can table a screen shot of that, which basically reminds staff of their obligations.

There is a privacy and confidentiality manual which is on the system and available to all staff. It has been there certainly for the last two years. There are training modules in privacy that are provided to staff as part of that induction package. Also, we have screensavers that come up on the PC. If you don't touch the keyboard after a certain number of seconds, up comes a screensaver. We use different messages, and a regular message is about privacy and confidentiality.

Prior to my arrival, my predecessor sent out a message to all staff in January 2003 reminding them of their obligations in terms of privacy, confidentiality and unauthorised access to customer records. I have sent out three all-staff messages—I need to confirm that; at least two or three.

CHAIR—By email, Mr Whalan?

Mr Whalan—By email to all staff. Ms Hogg has sent out one since I arrived and Ms Lewin has sent out one to all staff over that period. We have been worried about this issue and have been making sure there has been one message to everyone to bolster the fact that there is so much other information available.

Senator WONG—Is this the only peak documentation you are going to give me, Mr Whalan?

Mr Whalan—We can also give you a copy of the declaration of confidentiality, privacy, security and fraud awareness and conduct—

Senator WONG—It would be useful if you could table that.

Mr Whalan—responsibilities, which are signed by all staff. We will give you a copy of the note from Ms Lewin to all staff; from Ms Hogg to all staff; a newsletter from me to all staff—that will all be tabled.

Senator WONG—While I am waiting for that, let us go through this: we have established that one of the frameworks to manage this is the APS Code of Conduct, which obviously applies to all public servants.

Mr Whalan—Correct.

Senator WONG—You indicated to me that there may be guidelines. Do I understand these emails to be formal guidelines or are they messages from the CEO?

Mr Whalan—They are messages and they refer to obligations, the APS values, the code of conduct, the manual that is on the—

Senator WONG—Are there any specific guidelines in relation to the accessing of privacy information within Centrelink?

Mr Whalan—I mentioned that the most recent ones were the chief executive instructions.

Senator WONG—What are the chief executive instructions? Is that the email you are referring to or is this a formal instruction?

Mr Whalan—No, it is a formal instruction.

Senator WONG—What was the date of the most recent instruction?

Mr Whalan—We are just getting a copy—I have not got the date but I can give you the date on notice.

Senator WONG—I would like to come back to this because it is important. How many instructions are there?

Mr Whalan—This is a judgement: there would be some 40 or so instructions.

Senator WONG—No. On this issue.

Mr Whalan—One.

Senator WONG—You are coming back to me on this. Was that issued by you or your predecessor?

Mr Whalan—By me.

Ms Scott—It is a requirement under the financial management act that there are chief executive instructions, which are procedural rules that each organisation covered by the act follows. In relation to some of the JCA questions, I think Ms Frame has got the additional information you were after.

Ms Frame—I was going to add that, based on the records we have about occupational groups that have completed assessments, two per cent of JCAs to date have been completed by a registered physiotherapist. I also have a checklist with me.

Senator WONG—I would appreciate that—thank you.

Ms Frame—I am able to confirm that there were six overarching categories and 33 points under those six overarching categories on which they were required to report.

Senator WONG—What was the benchmark for the tick-off or the nontick-off?

Ms Frame—It was not actually written that way. To give you the first point, it says, ‘Accessible paths of travel to the main door,’ and you have to indicate whether you meet criteria underneath.

Senator WONG—I understand that there is some sort of qualitative assessment but I am trying to work out what criteria you use to put someone on the list of ‘more work needs to be done’ as opposed to the list of ‘acceptable’ in terms of how you apply that checklist.

Ms Frame—The criteria were the standards that we agreed upon in our consultations with HREOC, welfare rights and the accessibility consultant working with DHS. They were the areas we agreed we wanted more information on and we went out and sought qualitative information on the accessibility of sites.

Senator WONG—The standards to which you refer were the things which were used to develop your checklist?

Ms Frame—That is correct.

Senator WONG—I am asking a different question. Perhaps I am not making myself clear. How did you apply the checklist in order to determine which sites needed more work?

Ms Frame—I will have to take that on notice and talk expressly to the director who was involved.

Senator WONG—I will come back to that when I have a copy if I need to, Ms Frame. Was there anything else you wanted to add?

Ms Frame—No.

Senator WONG—Thank you.

Mr Whalan—Could I add another piece of information to that issue about unauthorised access?

Senator WONG—I would prefer, if it is possible, to get the documents in front of me and go through it a bit more comprehensively. I am happy for you to add the information if you want to, but that is the process I would like to undertake.

Mr Whalan—Noting that, there is just one thing—a document—which I will note. We have only been taking action since the date in 2003 when Ms Vardon's all-staff message went out. We have not gone back and taken action on any breach prior to that.

Senator WONG—This is in terms of the investigations?

Mr Whalan—Correct.

Senator WONG—I was going to come to them. Would you like to deal with them now while we are waiting for the instructions?

Mr Whalan—Yes. That is unless there is a subsequent breach. I previously mentioned to Senator Moore that I would provide her with some information within the hearings. Are you happy for me to provide that now?

Senator WONG—Sure.

CHAIR—What was the information related to?

Mr Whalan—It related to contracts for optical surveillance. Just briefly, we noted that there was a change. There is one provider fewer operating now. That is because a provider by the name of Maurice Kerrigan had previously been listed twice and now is listed just once. Each provider can operate nationally, but we tend to use them in the localities where they are based. It is a requirement that they can operate nationally.

Senator MOORE—At a later time, could you provide me with the information of where they are based?

Mr Whalan—Yes, I can.

Senator MOORE—That would be great.

Senator WONG—How are we going with the documentation?

Mr Whalan—I tabled that documentation.

Senator WONG—Is that the one that is being copied?

Mr Whalan—The only issue outstanding was the date of the chief executive instruction.

Senator WONG—Okay. Let us go back to—

Mr Whalan—I stand corrected. We have not given you a copy of the chief executive instruction. It is just coming.

Senator WONG—Okay. Let us go through this. On the APS Code of Conduct, you said that, to your knowledge, there was one message by your predecessor, one by you and one by Ms Hogg to staff regarding confidentiality—correct?

Mr Whalan—Correct.

Senator WONG—Can you provide me on notice with copies of those and the dates of those messages?

Mr Whalan—We have provided those with the exception of the chief executive instruction.

Senator WONG—Is that the one we are waiting on?

Mr Whalan—Yes.

Senator WONG—Are there no formal guidelines or protocols other than what you have described?

Mr Whalan—I mentioned that there is a privacy and confidentiality—

Senator WONG—Yes, the declaration upon employment.

Mr Whalan—No. In addition to that there is a manual which is available electronically to all staff. There is a section in that manual that specifically goes—

Senator WONG—You described it as a training manual.

Mr Whalan—No. I mentioned that there was a training module and that, separately, there is a manual online.

Senator WONG—What is the status of the manual?

Mr Whalan—That manual is guidance to staff about how they are to operate.

Senator WONG—What is the status of the guidance? Is it incorporated into their terms and conditions of employment? What is the consequence if something in the manual is breached? What is the status of it?

Mr Whalan—It basically provides them with additional guidance within the Code of Conduct about how they are to operate.

Senator WONG—Is there any consequence to breaching a guidance in the manual?

Mr Whalan—Yes, there is.

Senator WONG—What is the consequence?

Mr Whalan—The consequence is that they can be in breach of the Code of Conduct.

Senator WONG—So it is a question of assessing whether or not the failure to follow what is in the manual would indicate a breach of the APS Code of Conduct?

Mr Whalan—That is right. So, where an employee is found to have breached the Code of Conduct, a sanction may be imposed.

Senator WONG—Yes, I am aware of that, but the point is that the actual legal imprimatur or requirement—

Mr Whalan—Sorry, Senator.

Senator WONG—I was waiting for you to finish your conversation.

Mr Whalan—Can you ask that again, please?

Senator WONG—The actual breach is of the APS Code of Conduct.

Mr Whalan—Correct.

Senator WONG—Failure to follow the manual is only evidence of a potential breach you have to assess against the Code of Conduct. In other words, there is not a rule, an employment condition, that if you fail to adhere to what is in the manual that would automatically comprise a breach of the Code of Conduct, and no disciplinary proceedings flow from a breach of the manual. I am not going to be able to repeat that question again, Mr Whalan, so maybe Ms Scott could have a discussion with you in between questions. I am happy to wait.

Mr Whalan—That is my belief, but I would like to confirm it, Senator. As you know, we take an absolutely no compromises approach to what we believe is any breach in this area and we have ended up with a significant number of people being dismissed and a number of people being demoted for anything that we believe has compromised our approach.

Senator WONG—Did you understand my question? I am just trying to clarify the status of the manual and get confirmation. As I understand Mr Whalan's evidence, any sanction would flow from a breach of the APS Code of Conduct, in relation to which failing to follow what is in the manual may be evidence of such a breach or may be used in terms of considering whether a breach of the Code of Conduct has occurred, but failing to follow the manual in itself does not initiate of itself any disciplinary action or any consequences.

Mr Jacomb—That would be my understanding.

Senator WONG—Thank you. Can you tell me what the dates of these emails are?

Mr Whalan—The dates are on top; we have given you a copy.

Senator WONG—16-3-2006, 15-9-2006, and what is the date of this—is this a newsletter?

Mr Whalan—That newsletter would have been this year, Senator.

Senator WONG—This is an '07 document, is it?

Mr Whalan—If it was not '07 it would have been at the end of '06. It is in the last few months.

Senator WONG—Mr Whalan, when we first raised this issue you said that when you became CEO of Centrelink you had concern regarding unauthorised access of private information. Did you raise this with the then minister?

Mr Whalan—I would have, yes.

Senator WONG—Was any instruction in relation to that provided to you by the minister?

Mr Whalan—No. I raised it with the minister in terms of my concerns and, as I do in all these areas, I explained the approach that I intended to take.

Senator WONG—When did that conversation occur?

Mr Whalan—Broadly, it would have occurred probably April/May 2005.

Senator WONG—And subsequent to that discussion did you receive any direction from the minister in relation to unauthorised access?

Mr Whalan—No.

Senator WONG—At any point have you received any direction from the minister in relation to unauthorised access?

Mr Whalan—No.

Senator WONG—And the action post—

Ms Scott—I do not want to be rude to the Senator, but I would like to consult my colleague on one matter.

Mr Whalan—There was no instruction to me, Senator. What we did agree was that a ‘no compromises’ approach and an aggressive approach was the right approach.

Senator WONG—Subsequent to this ‘no compromises’ approach and this aggressive approach—is that what you said?

Mr Whalan—Correct.

Senator WONG—What did you actually do?

Mr Whalan—What I was doing, and continued to do, was to look carefully at the information that we had available in relation to individuals where we believed there may have been a breach and then allocate the resources to investigate those thoroughly.

Senator WONG—None of these emails seem to be from you, Mr Whalan. They are from Ms Hogg as acting CEO and Ms Lewin as general manager, people and planning. Have I missed one? There is the 2007 newsletter from you. I just want to clarify, in terms of your previous evidence where you said you sent an email, whether we have everything or whether there is something yet to come.

Mr Whalan—Let me just confirm that. There is a message here which is dated 21 August 2006 which is from me. I will just table that now, if you do not already have that.

Senator WONG—Okay, let me just get this in order. So in April 2005 this issue was raised with the minister. An email was sent in March 2006 by Ms Lewin. An email was sent in September 2006 by Ms Hogg.

Mr Whalan—And in 2003 one was sent by Ms Vardon.

Senator WONG—And when was the one sent by you which you have just referred to?

Mr Whalan—That was sent on 21 August 2006.

Senator WONG—When did these breaches become public? Was it August 2006?

Mr Whalan—That is correct.

Senator WONG—Subsequent to that, were there any alterations to the manual?

Mr Whalan—I have no doubt that there would have been some updates.

Senator WONG—Sorry, I should focus the question better. Subsequent to the privacy breaches becoming public, were there any alterations to the manual in relation to the accessing of unauthorised information?

Mr Jacomb—I would need to check that.

Senator WONG—Have there been any changes to disciplinary consequences associated with unauthorised access subsequent to these matters being made public?

Mr Whalan—The only change, and it would have occurred either before or just after this became public, was our approach to how we dealt with the investigations. We made a decision that we would have one person as the principal decision maker to make sure we had a nationally consistent approach.

Senator MOORE—Mr Whalan, that is unusual, isn't it?

Mr Whalan—Yes, that is unusual. We thought it was an added safeguard in terms of consistency and fairness to make sure that we had one person who was ultimately the final decision maker.

Senator MOORE—Where was the delegation?

Mr Whalan—It was with a national manager.

Senator WONG—Ms Scott, I should indicate that, unless other senators have any questions, I do not have any further questions of Mr Dolan and Ms Frame.

Ms Scott—Thank you very much.

Senator WONG—We can get them out of the spotlight.

Ms Frame—Senator, can I just say that I have one more document here.

Senator WONG—You are very persistent, Ms Frame!

Ms Frame—It is pursuant to your question about how we applied the checklist. It is actually the information sheet that we gave to providers explaining how the checklist was to be applied.

Senator WONG—I am happy for you to table that. Because of the time, I do need to try and get across a couple of other areas. I do not want CRS to have sat here all this time and not have any questions.

CHAIR—Are you tabling that, Ms Frame?

Ms Frame—Yes.

Senator WONG—Mr Jacomb, you were going to get back to me on disciplinary consequences.

Mr Jacomb—I was going to check whether the privacy and confidentiality manual had been changed since August.

Senator WONG—And also whether or not there was any change to disciplinary consequences.

Mr Jacomb—I mentioned the one change.

Senator WONG—You mentioned the principal decision maker, yes. Have there been any additional Audit Office random sample surveys since the one we have been discussing?

Mr Whalan—Senator, is that the end of any questions about people issues?

Ms Scott—I think you have moved topics.

Mr Whalan—Yes, you have moved to random sample surveys.

Senator WONG—I asked whether there had—possibly not.

Ms Scott—Your earlier questions were about browsing. I think your next question is about the random sample survey. I think you have moved topics.

Senator WONG—I am sorry; I have jumped topics. I told you I was tired!

Ms Scott—Yes, I can understand.

Senator WONG—What initiatives is the department proposing, such as changes to the manual? Actually, I will come back to that. Do the emails that you have given us include the chief executive's instruction or are we still waiting on that?

Mr Whalan—The chief executive's instruction is here. We can table that.

Senator WONG—So you have not tabled that yet?

Mr Whalan—No. We can table that now.

Senator WONG—Okay, thank you. I thought that is what we were waiting on.

Mr Whalan—It is available to all staff on the intranet.

Senator WONG—What is the date of that, Mr Whalan?

Mr Whalan—It is dated 2006.

Senator WONG—When in 2006?

Mr Whalan—The date of effect is 18 December 2006.

Ms Scott—For explanation for senators: under the FMA Act the required chief executive's instructions are constantly updated. So there would have been a version predating that version.

Mr Whalan—This is version 2. We would need to take on notice at what point version 1 went up.

Senator WONG—Can I move now to the Centrelink random sample survey. The only proviso on that, Mr Whalan, is that I may want to ask you some questions about the document you are tabling now. As I understand, I am now reading the correct part of what I was supposed to be reading. About 30 per cent of Centrelink records were found to contain an error in the Audit Office report released in June 2006. Sorry, 30 per cent contained an error resulting in wrong payment; 45 per cent of all records contained at least one error. Have there been any additional Audit Office random sample surveys since the one to which I referred, released in June 2006?

Mr Whalan—Just to clarify, the random sample surveys are done on a regular basis and occasionally the Audit Office does an audit of those.

Senator WONG—So how many of your internal Centrelink random sample surveys have you done since June 2006?

Mr Whalan—They are done on a rolling basis. On any day across Centrelink we are doing random sample surveys of different payment types. We work with each policy department about the approach that is taken for the samples of their particular payment types. So it is a rolling program of surveys across the year.

Senator WONG—Okay. Presumably you do some analysis of the results?

Mr Whalan—We do.

Senator WONG—Can you tell me, since June 2006, what the department has found in relation to errors in payments as a result of its RSSs conducted in that period.

Dr Browne—I have figures for the financial year 2005-06. They are not what we call confirmed figures; they are preliminary figures. They are based on analysis that Centrelink has done, but they are not official figures in the sense that they have not yet been confirmed by the policy departments. So I would have to offer that caveat.

Senator WONG—I appreciate that.

Dr Browne—So your question then was in relation to—

Senator WONG—What do your 2005-06 preliminary figures show in relation to the prevalence of errors resulting in wrong payment or other errors?

Dr Browne—For reviews with an error with a dollar impact, the unconfirmed figures are 3,313, or 33.1 per cent. Of those, 423 were Centrelink errors, or 4.2 per cent, and the rest were customer errors.

Senator WONG—Those are errors resulting in a dollar impact?

Dr Browne—Yes.

Senator WONG—What about records which contained at least one error without a dollar impact?

Dr Browne—For reviews with an error with no dollar impact, it is 2,320 or 23.2 per cent.

Senator WONG—Okay. Can you explain the difference between these preliminary figures you have given me and the 30 per cent figure the Audit Office found?

Dr Browne—The 30 per cent figure the Audit Office used related to 2004-05 and it was in fact precisely 29.8 per cent. It is reviews with an error with a dollar impact that includes both customer and Centrelink error.

Senator WONG—So what was the Centrelink error component for that year?

Dr Browne—It was 3.4 per cent.

Senator WONG—So it was slightly lower than the 4.2 per cent you have given me for this financial year.

Dr Browne—Yes.

Senator WONG—Have you done any RSSs in the current financial year?

Dr Browne—Yes, we have. As Mr Whalan explained, we do them constantly, but for some departments it is three times a year and for some it is two; there are different cycles.

Senator WONG—What do the results thus far indicate in relation to—what was your phrase, errors with a dollar impact?

Dr Browne—I do not have figures beyond the end of the last financial year, so I cannot give you figures for 1 July onwards.

Senator WONG—Meaning you personally do not have them, Centrelink does not have them or what?

Dr Browne—I can give you a payment correctness figure for the first survey period for 2006-07 broken down by department. I do not have an overall figure—and again these are unconfirmed figures, so the policy departments have not signed off on these figures.

Senator WONG—Okay.

Dr Browne—For the first survey period for 2006-07 for working age payments—that is, DEWR payments—the correctness rate is 95.9 per cent. So the error rate would be the difference between that percentage and 100 per cent. For student payments—that is, for DEST—for the same period, it is 97.6 per cent. I do not have the FaCSIA figure here at the moment.

Senator WONG—If you could take that on notice. You said these figures relate to the financial year; to what date are they accurate?

Dr Browne—With the working age payments, the DEWR figures, they are as at 13 December. They are both as at 13 December 2006.

Senator WONG—Thank you.

Dr Browne—Preliminary figures.

Senator WONG—Mr Whalan, I understand you might have covered some of this on Monday night: the reason for errors in inputting process.

Mr Whalan—That is correct.

Senator WONG—And I think there was some discussion about human error plus IT error.

Mr Whalan—And complexity. I was explaining that one of the design features of the Australian system is we have probably got some of the most complex social security policy.

Ms Scott—Because it is highly targeted, you end up with taper rates.

Senator WONG—Are you able to give some indication of what proportion of errors are human error and what proportion of errors are IT malfunction?

Mr Whalan—We can take that on notice.

Senator WONG—Are you able to tell me what proportion or percentage of correspondence or other communication from Centrelink to customers relates to incorrect information? In other words, you indicated a certain proportion of error.

Mr Whalan—I do not believe we would be able to tell you that, Senator.

Senator WONG—Do you ascertain the cost of rectifying the errors to which we have been referring?

Mr Whalan—The closest I can come anywhere in that space, I believe, is we do have a lot of activities which try and identify errors that have occurred. We could look at the cost of it.

Senator WONG—Perhaps you could take that on notice. I had some questions regarding the trial sharing of offices between Medicare and Centrelink.

Mr Whalan—To clarify this, Senator, I think there are four Centrelink offices and four Medicare offices in which we are trialling doing a broader range of work. Is that the trial you are referring to?

Senator WONG—Yes.

Ms Scott—Would you like details of that?

Senator WONG—Yes. Can you tell me the cost of that and where it is occurring?

Ms Scott—The Centrelink services for seniors and carers have been rolled out into the following Medicare offices: Box Hill, Victoria, 2 October; Hillarys, Western Australia, 6 October; Port Macquarie, New South Wales, 11 October; Marion, South Australia, 6 November. Medicare non-cash services have been rolled out into Centrelink in the following locations: Sutherland, New South Wales, 4 October; Earlville, Queensland, 9 October; Broome, Western Australia, 23 October; Launceston, Tasmania, 13 October. I do not have any costs figures with me, but I do have take-up if that is of any interest to you.

Senator WONG—Can you get costs on notice?

Ms Scott—I will take it on notice.

Senator WONG—Where is it being funded from—your appropriation?

Ms Scott—It is being covered by Centrelink and Medicare.

Senator WONG—Right. Is there any additional estimate variation relating to this program?

Ms Scott—No.

Senator WONG—Mr Whalan, are you able to tell me which output it is being funded under?

Mr Whalan—It is coming from our global budget.

Senator WONG—And how much is that from you?

Mr Whalan—We do not have figures on the cost of it.

Senator WONG—You do not have them here or you have not done them?

Mr Whalan—We do not have them here.

Senator WONG—Could you take that on notice?

Mr Whalan—We will take that on notice.

Senator WONG—Medicare is not here currently. I will be traversing some questions on the section to Medicare, so it might be useful for those officers to come to the table.

Ms Scott—The trial is still continuing, so we have not got to the stage where we would have final costs. But I am sure the agency can take your question on notice.

Senator WONG—But presumably, if you are funding it out of global, that has to then have some costing associated with the trial.

Ms Scott—Yes, indeed.

Senator WONG—That is what I am seeking.

Ms Scott—But the trial has not finished.

Senator WONG—No, but ahead of the trial occurring you must have had to work that out.

Ms Scott—Yes, that is right.

Senator WONG—Also, are there any estimated savings?

Ms Scott—There will be redirection of traffic. The number of customers who have taken up Centrelink services in Medicare is 2,887 and the number of customers taking up Medicare services in Centrelink is 3,886.

Mr Dolan—That is up to 31 January this year.

Senator WONG—If there are any savings that you have identified or projected in terms of your net costings, can you provide those on notice?

Ms Scott—This is part of a trial process on flexible service delivery. We will be completing the trial and then doing an evaluation. You are just a little ahead of us in relation to getting final outcomes. It has been well-received by customers, and that is one of our primary focuses. It is not seen as a savings measure; it is seen as a customer service delivery improvement.

Senator WONG—Thank you. I am inquiring as to whether there are any savings assumed in the costing process.

Ms Scott—We will take that on notice.

[1.34 pm]

Medicare Australia

Senator WONG—Are Medicare able to tell me what costs associated with this trial are coming from their budget?

Ms Argall—We do have the costs of the project with us. The total cost is \$1.3 million.

Senator WONG—Is that for this current financial year?

Ms Argall—That is right.

Senator WONG—Is there costing beyond the financial year?

Ms Argall—Not at this stage because it is a pilot.

Senator WONG—Are there any savings assumed in that cost? I assume that is a net figure.

Ms Argall—It is a total figure and there are no savings included.

Senator WONG—Chair, I now have questions only of Medicare. I realise I have jumped around the program, so I am in your hands as to whether you want me to do this and then come back to CRS.

CHAIR—Whichever you find more convenient. We are really in your hands at this stage.

Senator WONG—I am happy to do Medicare now. Has the Commonwealth Bank been awarded any contract in relation to electronic Medicare claiming?

Ms Mellor—The Commonwealth Bank signed a contract to deliver Medicare electronic claiming on 21 December. It is the first bank of a number, we hope, that will sign up to deliver that service.

Senator WONG—Did that go to tender?

Ms Mellor—The process for procurement for this contract was to offer an open approach to members of the Consumer Electronic Clearing System under APCA, the Australian Payments Clearing Association. These are organisations that can provide EFTPOS services in Australia. There are a number of banks involved and some other organisations.

Senator WONG—So there was a limited tender approach taken.

Ms Mellor—Yes. It does involve a uniform contract, so every organisation that chooses to sign that contract signs the same contract under the same terms and conditions.

Senator WONG—Fixed price?

Ms Mellor—Yes.

Senator WONG—What is the price?

Ms Mellor—It is 23c per transaction.

Ms Scott—It is like an accreditation process whereby you stipulate the quality and the quantity.

Senator WONG—When did the government announce the Commonwealth Bank's signing up to this process?

Ms Mellor—The government did not announce that it signed up; the Commonwealth Bank did. I think it was interviewed over the Christmas period.

Ms Scott—The Prime Minister announced the initiative on 13 August last year.

Senator WONG—What services are they providing?

Ms Mellor—Basically they are providing a messaging service and a crediting service through the EFTPOS network. So a patient who pays to go to the doctor will be able to pay in whatever manner they normally do now and then will be able to claim their Medicare rebate through the EFTPOS network at the point of service. A doctor will be able to make a bulk-bill claim through the EFTPOS network from the EFTPOS terminal in their surgery. This would be subject, of course, to the terminal being provided by a bank providing this service under a contract.

Senator WONG—And for that the bank is paid 23c per transaction.

Ms Mellor—That is right.

Senator WONG—Has the Commonwealth Bank been promised any minimum level of volume of transactions?

Ms Mellor—No. The number of transactions that is open to the market is about 174 million.

Senator WONG—Is there any indication of volume of transactions in any of the contracts?

Ms Mellor—No. Information has been provided to all the CECS members—all the members that are entitled to participate in this agreement—about the volume. The volume that a bank will carry depends on which doctors use that bank as their EFTPOS provider.

Senator WONG—So there is no minimum volume level or any guaranteed service payment in the contract. It is a straight fee for service.

Ms Mellor—Yes.

Senator WONG—What is the budget for the electronic rebate payment?

Ms Mellor—Do you mean for the transaction fees?

Senator WONG—Yes.

Ms Mellor—In the first year there is a budget of around \$15 million. That is for the next financial year.

Senator WONG—That is 2007-08.

Ms Mellor—That is right.

Senator WONG—So where is the money for the Commonwealth Bank being paid from now?

Ms Mellor—There are no transactions at the moment. In the contracting process, as the secretary indicated, the bank needs to know go through an accreditation process with Medicare Australia to ensure that the service that they are going to offer through doctors meets all of our requirements. In that case that will take some time, and they have indicated that they will be ready to issue the service subject to accreditation from the middle of this year.

Senator WONG—What are the outer year indications for this contract? Is the \$15 million the totality of the program?

Ms Mellor—No, that is the transaction fees expected, based on the volumes.

Senator WONG—For all providers?

Ms Mellor—Yes, that is right.

Senator WONG—Not just the Commonwealth Bank?

Ms Mellor—No, not at all.

Senator WONG—So it was \$15 million for 2007-08?

Ms Argall—The transaction fees were \$37.147 million in 2008-09 and \$43.437 million in 2009-10.

Senator WONG—What are the other costs associated with this initiative?

Ms Argall—In terms of the internal costs?

Senator WONG—Yes.

Ms Mellor—This year total operational expenses are \$3.349 million. There are transaction fees of zero this year, obviously, because of the process that we are going through. There are savings this year of about \$290,000 and there are capital appropriations of \$1.66 million. The impact for this year is \$4.7 million.

Senator WONG—Net?

Ms Mellor—Yes. In future years it becomes a savings measure.

Senator WONG—Can you take me through that? You can just give me the net figures, if you like.

Ms Mellor—Next year we will have savings of \$700,000, the following year \$6.599 million and the following year \$15.3 million. Over the forward estimate period it continues to grow.

Senator WONG—Explain to me how that occurs. Where are the savings?

Ms Mellor—The savings are basically in operational costs. Assuming that the take-up is achieved, by offering a point of service claiming methodology we would expect fewer people to visit a Medicare office.

Senator WONG—What is the operational cost component of the savings over the three out years?

Ms Mellor—As I said, the savings are \$290,000 this year, then \$23 million in 2007-08, \$52 million in 2008-09 and \$60 million in 2009-10.

Senator WONG—Do I assume that operational costs would include reduction in staffing levels?

Ms Argall—Yes.

Ms Mellor—FTE savings, anticipated, are about 683 staff over four years.

Senator WONG—What else is that \$23 million, \$52 million and \$60 million saving made up of, in operational costs?

Ms Argall—The major part of the savings are staff savings because of the activity that is currently conducted in Medicare offices.

Senator WONG—The full-time equivalent saving is only 683 staff; that does not equate to \$52 million.

Ms Mellor—There will be other savings as we move through the period of those years looking at the different channels that are offered. We will not have as much cash handling or as many cheques. Different channels will reap savings as well.

Senator WONG—Can you provide details of those savings?

Ms Argall—We can provide those on notice.

Senator WONG—Will GPs have to buy new technology to allow patients to use this new rebate system?

Ms Mellor—It uses the current EFTPOS network, which is a widespread technology. A doctor with EFTPOS who banks with the bank that signs up to provide this service will be able to provide it at no additional cost.

Senator MOORE—I would like to follow up on the issue of staff savings because it is the key component that has been identified. Is that identified in the network or at the state office level?

Ms Argall—The majority of the staff savings are in the Medicare office network. It is offset to some extent with increased inquiries, which could be either in the state office network or in the branch network, depending how we organise our activities.

Senator MOORE—Will there be a call centre?

Ms Argall—Yes. There will be processing as well as call centre activity.

Senator WONG—Can you provide any of that savings information detail now?

Ms Argall—We can provide it.

Ms Scott—We will table it.

Senator WONG—That would be appreciated.

Ms Scott—You were discussing a document earlier—the chief executive instructions. There are two chief executive instructions relating to customer records. I am happy to table the second of these instructions from Mr Whalan.

Senator WONG—I have not done Medicare estimates before but, as I understand it, subsequent to the introduction of the Medicare safety net there was an administrative procedure put in place to flag the number of procedures which charge three times over the schedule fee. Is that right?

Ms Argall—Can I have the question again? I will seek some assistance from my colleagues on that.

Senator WONG—After the introduction of the Medicare safety net was there an administrative process put in place whereby if a procedure were charged three times over the schedule fee it would be flagged?

Ms Argall—I am not personally aware of that and it has not been raised in the two years I have been there, but I will ask my colleagues to assist me as to whether anyone is aware of it. We are not aware of that. I will take it on notice and check.

Senator WONG—To sum up the question, is any data collected by Medicare which identifies procedures which are charged in excess of the schedule fee? In particular, is there any data collected or identified which indicates procedures which charge three times over the schedule fee? That can be taken on notice. I have a range of other questions. Given the time frame I propose to move to CRS. Before doing so I will ask a question about the Child Support Agency. There was a question on notice that Mr Bowen asked on 22 June 2005. I

understand an answer has now been provided. I want to express our concern at the length of time the answer took.

Ms Scott—It was not an estimates question?

Senator WONG—No, it was in the House. It related to a Crosby Textor research strategy contract.

Ms Scott—CRS are coming to the table now.

[1.49 pm]

CRS Australia

Senator WONG—I refer to the contestability arrangements which are currently before the parliament. Is there any variation to your appropriation to reflect the proposed introduction of contestability and, if so, can you take me to it?

Ms Carmody—We do not get paid an appropriation directly.

Senator WONG—I assumed that, but is any variation to the budget reflected in the appropriation for the department to reflect contestability?

Ms Carmody—Yes, the appropriation reduces slightly in the 2007-08 and 2008-09 years. It only reduces by a lesser proportion in the first year because the funds also cover the existing work in progress.

Senator WONG—What is the extent of the reduction?

Ms Carmody—It is about \$15 million in the first year.

Mr Scott—As a clarification, we are talking about an appropriation to the Department of Employment and Workplace Relations.

Senator WONG—What is happening to the money in CRS's budget as a result of contestability? That is what I want to know.

Ms Carmody—In the additional estimates document you have a total revenue figure for us which includes revenues that we receive from the Department of Employment and Workplace Relations and also other purchasers. When you go to the breakdown of that, the current year figure for DEWR that we estimate we will receive from them in milestones and outcome payments is around \$210 million. In 2007-08 we estimate that it will reduce to \$175.9 million.

Senator WONG—And 2008-09?

Ms Carmody—We estimate that it will be around \$168 million.

Senator WONG—And 2009-10?

Ms Carmody—Around \$154 million.

Senator WONG—DEWR's evidence is of a 30 per cent contestability, which does not quite correlate to your figures. Could you explain that and also explain why it continues to decline?

Ms Carmody—At the end of each year there are still very many jobseekers who are still in the program. On 1 July this year we had about 16,000 still on the program.

Senator WONG—So it is an inflow issue?

Ms Carmody—Yes, the average program length is about nine months.

Senator WONG—But the inflow issue would be resolved after 2007-08, so why does it continue to climb in the out years?

Ms Carmody—There is a gradual reduction of work in progress right through to 2009-10. So in the first year, 2007-08, the reduction relates to the work in progress for previous years working through and, again, in 2008-09 there will still be people on program who will be closing and who started up to two years prior. Under the memorandum of understanding with DEWR, we are being asked to retain people for up to two years. The average program length is nine months.

Senator WONG—Were you asked for any advice in relation to the tender document for contestability?

Ms Carmody—We had been working with DEWR to ensure that they understood the issues around vocational rehabilitation and how clients progress. Prior to the current year, CRS Australia has managed that overall vocational rehabilitation service provision.

Senator WONG—Yes, I know that. I am asking—

Ms Carmody—DEWR did not have good data in that area, so we have worked with them to give them data. However, they have very much held us at arm's length in terms of the drafting of the RFT.

Senator WONG—Has CRS indicated any position in relation to contestability?

Ms Carmody—No, we have not.

Senator WONG—Do you have any concerns regarding service delivery under contestability?

Ms Carmody—No. I think that is better answered by DEWR, the purchasers.

Senator WONG—But, as you pointed out, you are the ones with the expertise in the area. Were you asked to provide advice or input into the removal of the approval requirement in the bill—the approval of rehabilitation plans?

Ms Carmody—Only to the extent that they spoke to us about it being necessary so that they could engage with the broader market. At the moment we exercise those delegations for DEWR, and for them to be able to purchase from the market that approval process was not going to operate effectively.

Senator WONG—What was CRS's response?

Ms Carmody—We did not have any negative response; it was simply that we had done it in the past and we longer needed to do it in the future.

Senator WONG—The Senate has undertaken an inquiry into the contestability legislation. Are you familiar with any of those submissions?

Ms Carmody—I have read some of them, yes.

Senator WONG—Were you asked to provide advice in relation to any of the views put in the submissions, for example of the Mental Health Council, who raised some concerns about the framework that was being suggested?

Ms Carmody—No, I was not asked to.

Senator WONG—Has CRS provided any advice to government, to DEWR or other departments in relation to the issues raised through the Senate committee process?

Ms Carmody—No, we have not been.

Senator WONG—Is it CRS's intention to tender in all geographic areas?

Ms Carmody—CRS is excluded from tendering.

Senator WONG—Yes, I knew that. One of the issues that was raised in the inquiry and in discussion is that CRS would have to continue to provide in a whole range of geographic areas—

Ms Carmody—That is correct.

Senator WONG—and private providers can just take the more lucrative areas. I suppose that is how one might put it. What is CRS's understanding of its continued obligation to provide services in a range of geographical areas?

Ms Carmody—At the moment the memorandum of understanding for 2007-08 is under negotiation and we expect that that will be fully clarified in that process.

Senator WONG—The MOU between yourselves and DEWR?

Ms Carmody—Yes, but I would like to add that there have been a range of areas excluded from the request for tender that is currently under way. CRS will remain the sole provider in those areas.

Senator WONG—Would you say that those areas might be somewhat less profitable?

Ms Carmody—Most of the areas are rural and remote areas, and they do attract higher costs.

Senator WONG—Yes.

Ms Carmody—We talked to DEWR about the issues in rural and remote areas and they then identified those areas that would be excluded from the RFT process.

Senator WONG—Have you identified the extent of any job losses associated with the reduction in effective funding due to contestability?

Ms Carmody—Contestability is being introduced at a time of significant growth in the vocational rehabilitation program. We expect that by July 2009 we will return to being an organisation of similar size to what we were in 2005-06.

Senator WONG—What does that mean in terms of the net?

Ms Carmody—2005-06 is pre the commencement of the growth that was announced as part of welfare reform, and in 2006-07 and 2007-08 we are handling a greater number of programs and we have increased staff to accommodate that.

Senator WONG—Are you anticipating, or not, any loss of jobs in your area?

Ms Carmody—Compared to 2005-06, no.

Senator WONG—What about your current level of staffing?

Ms Carmody—In terms of full-time equivalents we have 250 extra staff on top of what we had in 2005-06. We have brought them on deliberately to handle the increased demand in the current year and next year. We have around 280 non-ongoing staff in our current profile.

Senator WONG—So what is total staffing?

Ms Carmody—Total staffing in terms of body count is slightly under 2,100.

Senator WONG—And FTE?

Ms Carmody—And FTE is 1,769.

Senator WONG—Or thereabouts. And you anticipate a reduction of around 250?

Ms Carmody—Sorry, the FTE for the full year of 2006-07 is 1,859 and that is currently 250 above where we were in 2005-06.

Senator WONG—And what is the anticipated FTE reduction as a result of contestability?

Ms Carmody—At this stage it is all an estimate and a forecast for us because what eventually flows through depends on the demand, but we expect to return to around 1,600 by 2009. So by June 2009 we need to be back—

Senator WONG—What about in the earlier years—is there a dip?

Ms Carmody—The earlier years?

Senator WONG—It is from 2006-07 to, you indicated, 2009.

Ms Carmody—No, it just declines gently. There is no sudden fall-off.

Senator WONG—So it is 1,600 FTEs. You have not done it by body count, as it were—that is a dreadful term but you know what I mean.

Ms Carmody—I know. It would equate to around 1,900 compared to 2,100. We have 40 per cent part time in our profile, so it is not an easy direct translation.

Senator WONG—On one last area, you made the point earlier that the range of areas excluded from the contestability RFT were primarily rural and regional, where CRS will continue to be requested to provide services. I assume in terms of your current arrangement there is some effective cross-subsidy, given that the cost of providing services in rural and regional areas and remote areas is generally higher than in metropolitan areas. Is it the intention of DEWR to reflect that in terms of additional funding so that similar levels of service can continue to be delivered in rural, regional and remote Australia?

Ms Carmody—In the new funding model there is a remote and rural loading. In the large majority of areas that will cover the costs. There are some isolated areas where our costs are higher, in particular in the very remote areas.

Senator WONG—Has that loading been finalised?

Ms Carmody—Yes, it was part of the RFT.

Senator WONG—But your funding?

Ms Carmody—We are paid in this current financial year and in future financial years exactly the same way as the market will be funded.

Senator WONG—Is it your view that that loading sufficiently offsets the additional cost of offering services in regional and remote areas, particularly in the context of the competition you face in the less costly areas?

Ms Carmody—In the large majority of rural areas it will cover it. Some of the remote and very remote areas do have higher cost structures. It will be interesting because we will not have another point of negotiation with DEWR on this until we know how well the market has responded across the board on the RFT.

Senator WONG—The extent to which you are missing out in some of the areas—is that what you are referring to?

Ms Carmody—Yes.

Senator WONG—When is the MOU going to be finalised with DEWR?

Ms Carmody—I would expect that we will have it finalised by May this year.

Senator WONG—Will the tender have been finalised at that point?

Ms Carmody—The tender is finalised. I understand it will be announced at the end of March or early April. That was what was in the RFT.

Ms Scott—Chair, on a matter of clarification: I may have said Computer Corporation of Australia when I meant to say Computer Corporation of America. I would like to correct the record.

CHAIR—Thank you, Ms Scott.

Senator FORSHAW—Ms Scott, can I just check what was the last document you provided—and I am sorry if this was covered while I was not here. You said you tabled the second of the two lots of instructions.

Ms Scott—Yes, that is what I am advised here. Mr Whalan passed it to me and my notes are: ‘There are two chief executive instructions relating to customer records. I am now tabling the second of these.’ I think the first one went around earlier.

Senator FORSHAW—Okay.

CHAIR—Ms Scott, I thank you and your officers, and we will see you in a few weeks. Is there anything else to add before we close?

Ms Scott—Yes, Chair, a point of clarification. Ms Argall would like to clarify one of her answers.

Ms Argall—I would like to clarify the issue around staff losses. In the brief conversation that we have had, it could be taken that this represents an ongoing loss to our Medicare office network. The government has been very clear that it intends to retain the Medicare office network post the implementation and take-up of electronic Medicare claiming. We have been preparing for this for some time. The additional services that are now being offered out of Medicare offices—family assistance services—are an important part of our future. We have taken on additional functionality around the government’s LPG scheme. As the secretary

spoke about earlier, it is also expected that Medicare Australia will be part of the registration of access cards. The excess capacity we have will be available to undertake a considerable amount of work on access card registration. I know how these things can be taken out of context—

Senator WONG—You were worried I was going to put out a press release saying that you were going to close all the offices?

Ms Argall—I just wanted to clarify that.

Senator WONG—The figure you gave me is the reduction in staff numbers?

Ms Argall—As a consequence of one particular measure.

Senator WONG—But there is no guarantee of job retention?

Ms Argall—There is not a nexus between the staff attached to that saving and expectations about whether staff will actually be lost from the Medicare office network.

Senator WONG—Let us be clear about what you are saying in relation to that. Is it your position that there will not be staff reductions? Is it your position that the extent of staff reduction is as yet unascertainable but it is the case that the savings measure contemplates a reduction in FTEs of around 683?

Ms Argall—It contemplates a staff reduction from that particular measure, but we have a realistic expectation that excess capacity will be absorbed by other government activities. The previous minister has made public statements to that effect.

Senator WONG—Is there any guarantee of no job reductions?

Ms Argall—I do not know that there is an explicit guarantee, but there is sufficient work available into the future at this stage.

Senator WONG—But no commitment is being made by government on that point?

Ms Argall—I am not sure that there is an explicit government commitment to retain the Medicare office network as it is today—that is, 238 offices.

Senator WONG—There is no explicit commitment?

Ms Argall—I would have to check the public statements.

Ms Scott—I table the chief information officer activities for Senator Moore.

CHAIR—Thank you very much.

Committee adjourned at 2.07 pm