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SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION
COMMITTEE

ESTIMATES

(Budget Estimates)

THURSDAY, 28 MAY 2009

CANBERRA

BY AUTHORITY OF THE SENATE

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SENATE FINANCE AND PUBLIC ADMINISTRATION

LEGISLATION COMMITTEE

Thursday, 28 May 2009

Members: Senator Polley (*Chair*), Senator Bernardi (*Deputy Chair*), Senators Cameron, Jacinta Collins, Ryan and Siewert

Participating members: Senators Abetz, Adams, Barnett, Bilyk, Birmingham, Mark Bishop, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cash, Colbeck, Coonan, Cormann, Crossin, Eggleston, Farrell, Feeney, Ferguson, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Furner, Hanson-Young, Heffernan, Humphries, Hurley, Hutchins, Johnston, Joyce, Kroger, Ludlam, Lundy, Ian Macdonald, McEwen, McGauran, McLucas, Marshall, Mason, Milne, Minchin, Moore, Nash, O'Brien, Payne, Pratt, Ronaldson, Scullion, Sterle, Troeth, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Bernardi, Cameron, Jacinta Collins, Cormann, Heffernan, Forshaw, Fifield, Moore, Parry, Polley, Ronaldson, Ryan and Scullion

Committee met at 9 am

FINANCE AND DEREGULATION PORTFOLIO

Consideration resumed from 27 May 2009

In Attendance

Senator Faulkner, Special Minister of State

Department of Finance and Deregulation

Executive

Dr Ian Watt, Secretary

General

Ms Jan Mason, General Manager, Corporate and Parliamentary Services

Mr Colin Plowman, Division Manager, Corporate Services

Mr Michael Burton, General Manager, Financial and e-Solutions Group

Mr Andrew Harvey, Branch Manager, CFO Unit

Mr Brett Quester, Branch Manager, IT Services Branch

Mr David de Carvalho, Branch Manager, Health and Ageing, Social Welfare Division

Dr Jacky Fogerty, Assistant Secretary, Employment and Job Capacity Assessment

Outcome 1

Dr Paul Grimes, General Manager Budget Group

Mr Lembit Suur, Head of Taskforce, Expenditure Review Taskforce

Mr David Weiss, Division Manager, Industry, Education and Infrastructure Division

Mr John Ignatius, Division Manager, Social Welfare Division

Mr Brendan Sargeant, Division Manager, Government and Defence Division

Mr Peter Saunders, Division Manager, Budget Review Division

Mr David Nicol, Division Manager, Budget Policy and Coordination Division

Ms Kathryn Campbell, General Manager, Financial Management Group

Mr Lembit Suur, Division Manager, Financial Framework Division
Dr Tom Ioannou, Branch Manager, Financial Framework Policy Branch
Mr Matthew King, Branch Manager, Financial Reporting Branch
Dr Andrew Pope, Director of the Office of Evaluation and Audit
Mr Alan Greenslade, Division Manager, Funds and Superannuation Division
Dr Greg Feeney, Branch Manager, Funds Branch, Financial Management Group
Mr Tim Youngberry, Division Manager, Financial Reporting and Cash Management Division
Ms Hawari Badri, Branch Manager, Budget Framework Branch
Ms Susan Page, General Manager, Deregulation Policy Division
Mr Peter McCray, Division Manager, Deregulation Policy Division
Mr Darryl Porter, Deputy Executive Director, Office of Best Practice Regulation

Outcome 2

Mr Simon Lewis, General Manager, Asset Management Group
Mr John Edge, Division Manager, Government Business, Special Claims and Land Policy
Mr Rick Scott-Murphy, Division Manager, Property and Construction Division
Mr John Grant, Division Manager, Procurement Division
Dr Guy Verney, Branch Manager, Special Claims and Land Policy
Mr Philip Smith, Branch Manager, Insurance and Risk Management
Ms Laurie Van Veen, Branch Manager, Communications Advice
Ms Stacie Hall, Branch Manager, Government Business Advice
Ms Ann Steward, General Manager, AGIMO
Mr John Sheridan, Division Manager, Business Improvement Division
Mr Graham Fry, Division Manager, Policy and Planning Division
Mr Trevor Smallwood, Acting Division Manager, Agency Services Branch
Mr David Yarra, Chief Audit Executive

Outcome 3

Ms Jan Mason, General Manager, Corporate and Parliamentary Services
Ms Kim Clarke, Division Manager, Ministerial and Parliamentary Services
Ms Suzanne Pitson, Branch Manager, Entitlements Policy
Mr Greg Miles, Branch Manager, Entitlements Management
Ms Carolyn Hughes, Branch Manager, Client Services
Mr Ken Sweeney, National Manager, COMCAR
Mr Stephen Taylor, Branch Manager, Legal Services
Mr Brett Quester, Branch Manager, IT Services Branch

Australian Electoral Commission

Mr Ed Killesteyn, Electoral Commissioner
Mr Paul Dacey, Deputy Electoral Commissioner
Ms Barbara Davis, First Assistant Commissioner
Mr Paul Pirani, Chief Legal Officer
Mr Doug Orr, Assistant Commissioner

ComSuper

Mr Leo Bator, Chief Executive Officer
Mr Marcus Markovic, Deputy Chief Executive Officer/Chief Financial Officer

Australian Reward Investment Alliance (ARIA)

Mr Lochiel Crafter, Chief Executive Officer
Mr Peter Carrigy-Ryan, Chief Operating Officer
Mr Kevin Thompson, Head of Finance

ASC Pty Ltd

Mr Graeme Bulmer, Acting Managing Director and Chief Executive Officer
Mr Ben Osborne, Communications Manager

Future Fund Management Agency

Mr Paul Costello, General Manager, Future Fund Management Agency

MediBank Private Ltd

Mr George Savvides, Managing Director, Medibank Private
Mr Davis Lemke, Manager Policy and Industry Affairs Manager

CHAIR (Senator Polley)—Good morning, everyone. I declare open this public hearing of the Finance and Public Administration Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2009-10 and related documents for the parliamentary departments and for the Prime Minister and Cabinet, Finance and Deregulation, and Human Services portfolios. The committee must report to the Senate on 23 June 2009 and it has set Friday, 10 July 2009 as the date for which answers to questions on notice are to be returned.

Under standing order 26 the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance, the secretariat has copies of the rules. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised.

[9.01 am]

Department of Finance and Deregulation

CHAIR—The committee will begin today's proceedings with the Department of Finance and Deregulation, outcome 3: support for parliamentarians, others with entitlements and organisations as approved by government through the delivery of entitlements and targeted assistance, and will then follow the order as set out in the circulated program. I welcome Special Minister of State, Senator the Hon. John Faulkner, the Secretary, Dr Ian Watt and other officers of the Department of Finance and Deregulation. Senator Faulkner, do you have an opening statement?

Senator Faulkner—I do not. I am happy to answer committee members' questions.

Senator CORMANN—Dr Watt, yesterday you were going to provide me with an answer in relation to the question when the department first provided advice.

Dr Watt—That has been provided.

Senator CORMANN—I was in and out. When I came back at 9.30 pm the meeting had gone.

Dr Watt—From memory, I am not sure whether it was late January or late February. It was provided on record last night.

Senator CORMANN—Yes, I checked with the secretariat and they were not able to get back to me. If it has been provided then thank you very much.

Dr Watt—I think late February, but I am not 100 per cent sure.

CHAIR—It was reported back.

Senator ABETZ—There are two brief areas that I have questions about. First of all, the 1300 numbers that are allocated to MP's offices are a great facility—especially for senators, who cover a whole state—people can ring for the one charge. It has been brought to my attention in recent times that the 1300 numbers only operate from a landline and not a mobile phone. It was brought to my attention because in the state of Tasmania, that I seek to represent, the state government also has 1300 numbers; but they allow mobile phone calls to connect with a 1300 number, whereas the Commonwealth does not. I just hope officials do not tell me that whilst I was Special Minister of State I imposed such a condition.

Senator Faulkner—You are hoping they do not tell you that, but I am hoping they do tell you!

Senator ABETZ—I thought you might.

Senator Faulkner—But I have not heard the substantive. Let's ask an official.

Senator ABETZ—I suppose the issue is with the greater usage and advent of mobile phones, where some people do not actually have landlines in their homes any more and only have a mobile phone—whether that might be revisited. And was it a deliberate decision to begin with, what was the background to it and can it be revisited?

Ms Mason—I am not aware of that particular issue having been raised with us previously, but we will examine it.

Senator ABETZ—It is simply an issue of constituency access and I suppose some of us might say it is a good thing. It means less access by constituents, but in fairness constituents should have access to us and those who operate with mobile phones ought to be able to have that benefit unless there would be a huge cost blow-out associated with it. The other issue I would like to raise is the issue of our arrangements with LeasePlan, which provide motor vehicles to members of parliament. What sort of control or contractual arrangements are involved as to how LeasePlan might deal with motor vehicle accidents? Is it simply a contractual arrangement whereby LeasePlan can do what they want or do we say that if LeasePlan have a contract with the government they would have to act as a model litigant as well?

Senator Faulkner—I will ask officials to help you where they can. I am not certain that this would be defined as a ministerial and parliamentary services issue. But let us assist you where we can in any way we can.

Mr Miles—I am not sure how much I can help you with this other than that the instructions that attach to dealing with accidents by persons who are driving Commonwealth vehicles through LeasePlan are that there is a preferred insurance company, Lumley General Insurance Ltd, and it is required that any accidents and incidents be reported to Lumleys and then the relationship is between Lumleys and LeasePlan. I am not able to help you with what arrangements go beyond that at the moment, I am sorry.

Senator ABETZ—And then does MAPS undertake its own investigations at all in relation to accidents involving motor vehicles that are allocated to members of parliament?

Mr Miles—No, it does not.

Senator ABETZ—So, if there were an allegation, for example, that an MP's car had been abandoned on a commuter road with its tail verging onto the roadway which is alleged to have caused an accident, that is not something that MAPS would be investigating and is left completely to the insurer and LeasePlan?

Mr Miles—I think it would depend on the way that the information was conveyed to us, but it is not something that we have dealt with and it is not something that I think we would be dealing with.

Senator ABETZ—What we have is an allegation—and that is all that it is. I am not trawling anything here, because it has been in the local paper in Tasmania that the member for Bass had a vehicle left in the middle of nowhere. How that occurred nobody knows and nobody will ever know, I dare say. It was slightly protruding, so a pensioner claims. He then collided with it, but he is now being sued for tens of thousands of dollars because he collided with a stationary vehicle. It is something that I am concerned about from the aspect of the Commonwealth acting as a model litigant and undertaking proper and full investigations before pensioners are sued, but you are telling me that that is something that we wash our hands of, if you like, because Lumley, the insurers, and LeasePlan deal with that without any involvement from Ministerial and Parliamentary Services?

Mr Miles—If there was such an incident, it has not been brought to our attention.

Senator ABETZ—In that case, can I draw to your attention, courtesy of the *Examiner* newspaper of Tuesday, 5 May 2008 'Parliamentary vehicle was protruding onto Batman Highway, court told', and another heading 'Pensioner sued over Campbell car smash'. It is quite a sizeable article. I will not trawl it all through the *Hansard*, but it is there for you to have a look at. It is quite obvious that there has not been much departmental involvement in this, if any.

Ms Mason—None that we are aware of. I would also comment that with motor vehicle accidents the local police would normally be involved in attending and doing any investigation as to the cause or liability.

Senator ABETZ—Police do not determine liability. They undoubtedly undertake investigations, but this is a civil action where a pensioner is saying that he is being—

Senator Faulkner—You need to be careful if there is an ongoing action, as you have described.

Senator ABETZ—Absolutely. But he is now being sued for some thousands of dollars because he clipped the protruding car—and he says it was a protruding car—in the night and spun out into incoming traffic. The damages bill is quite substantial. I was just wondering whether there were any requirements set by Ministerial and Parliamentary Services as to how members of parliament should be looking after their taxpayer supplied vehicles—as to them being surprisingly parked on the side of the road in the middle of nowhere. The crash where Ms Campbell's vehicle had been left, between Rowella Road and Deviot Road, occurred of a

night. Why this vehicle was there in the middle of nowhere, allegedly not broken down, is of interest. Are there any rules?

Senator JACINTA COLLINS—Was it a no-parking zone?

Senator ABETZ—No, the issue is that it was actually protruding, or so the allegation is, onto the carriageway.

Senator JACINTA COLLINS—We don't really know what 'protruding' is.

Senator ABETZ—I would have thought that there might be an obligation on members of parliament in relation to housing vehicles or something like that. There are no guidelines in that regard?

Senator Faulkner—By all means talk about Ministerial and Parliamentary Services guidelines, but I mentioned quietly before, and I would say again, that this is the first I have heard of the incident. I accept that you have accurately reflected what was reported, but I think we need, on this side of the table, or all of us here at the committee, to be mindful of that, as you have described—ongoing litigation. We would obviously need to be careful of that, as you have reported it. You have asked about any guidelines, and that is a reasonable question, and I will see if officials can assist you about guidelines.

Ms Clarke—The minister recently put out some guidelines on the provision of non-standard vehicles for senators and members. While the details do not go into where you should park and other legalities that you would normally expect that people would follow, we did put out some details about what constitutes fair wear and tear on cars and what is reasonable when the car is brought back—what the lease plan would accept as acceptable wear and tear and what is not. So we have provided that information.

Senator ABETZ—That would not go to reasonable wear and tear. I think this is a separate issue. The accident occurred, as the chair would know, in Tasmania. We have very dark, long winters, and 21 June is the shortest—

Senator Faulkner interjecting—

Senator ABETZ—In opposition it is, I can tell you, but you have had a longer winter than I have, so you would fully understand that.

Senator Faulkner—If you have a very long and dark winter of discontent in opposition, then I will be full of sympathy for you.

Senator ABETZ—The 21st of June is the shortest day of the year and this accident in fact occurred on 22 June at 7pm, by which time it was pitch black dark.

Senator Faulkner—Yes, but now, Senator, you have helpfully indicated to the committee—and I appreciate that—that, as you understand it from reports, and I appreciate that they are media reports, that there is ongoing litigation in relation to this matter. On this side of the table—and I think, respectfully, all of us—we just need to be careful about that. I do not know the background of this—no official at the table does—but obviously—

Senator ABETZ—I take the tip that Ms Campbell is not sharing it either, but that's fine.

Senator Faulkner—But I hope you would agree with the point I am making—of the need for us to be careful if there is ongoing—

Senator ABETZ—Absolutely, and that is why I have been careful as well with the way I have approached this. But the allegation that it occurred on 22 June at 7pm is publicly reported in the *Examiner* newspaper. I dare say there is not much dispute that Tasmania has dark winter nights and 21 June is the shortest day of the year, and the 22nd is the day thereafter.

Senator Faulkner—I do not know what, if any, facts are in dispute—which is, I suppose, the point I am making.

Senator ABETZ—One wonders what a parliamentary car was doing on the side of this highway at that time of night.

Senator Faulkner—I do not know what facts, if any, are in dispute and cannot assist you with that. I am just being cautious, given that you have indicated to us that there is ongoing litigation.

Senator ABETZ—I can understand that caution and if MAPS can come back with whatever information they can, that would be helpful.

Ms Clarke—To confirm this further, in the guidelines, on the provision of vehicles, which was sent out to senators and members, it does say in paragraph 9, ‘All vehicles provided to a senator or member must be maintained and returned in good condition. To assist with this, scheduled services should be performed when due, any damage should be repaired promptly in consultation with the contracted vehicle supplier and the vehicle’s insurer, and any theft or malicious damage involving the vehicle must be reported to the police.’

Senator JACINTA COLLINS—Were those guidelines circulated with the guidelines for non-standard vehicles?

Ms Clarke—Yes, that is correct.

Senator JACINTA COLLINS—That might not have been very helpful, because those of us who did not have a non-standard vehicle did not bother to look at them. It might be a bit more useful if they were circulated to us in a context that we would understand. I raise that point because I have had an issue that I was querying and I would have looked at that had I known they had come through. If there is damage to a vehicle and you get it promptly repaired, who has the responsibility for the excess costs?

Mr Miles—They are met by the Commonwealth.

Senator JACINTA COLLINS—They are met by the Commonwealth are they? Okay.

Senator ABETZ—Senator Cormann has kindly advised me that I referred to 2008 as the date of the media article. In the event that I did, and if MAPS are trying to source that article, I should have said 5 May 2009, not 2008. I want to correct the record on that.

Senator Faulkner—Thank you.

Senator RONALDSON—My understanding is that there are now Prius motor vehicles in the Comcar fleet. Is that right?

Dr Watt—That is correct.

Senator RONALDSON—Is there an opportunity for senators or members to make a permanent request for those vehicles to transport them when they are in Canberra?

Mr Miles—I am not sure I understand the question.

Senator RONALDSON—If a senator or member requests a Prius to transport them in Canberra, then clearly it is more difficult on the shuttle. Does the opportunity exist for a senator or member to request a Prius to collect them from their home, or where they are staying, to bring them to parliament?

Mr Sweeney—Sorry, I was in transit. Could you repeat the part of the question about Canberra?

Senator RONALDSON—About a Prius?

Mr Sweeney—Yes, I got that. Were you referring to outside travel?

CHAIR—It may assist the witness if you were to ask your question again, Senator Ronaldson.

Senator RONALDSON—Are there Priuses in the fleet?

Mr Sweeney—Yes.

Senator RONALDSON—If a member or senator requested a Prius, where possible, to collect them from the airport on the way in or to collect them from where they are staying in Canberra, to bring them in to the parliament, would that request be able to be met?

Mr Sweeney—It would be difficult under most circumstances, particularly in shuttle.

Senator RONALDSON—I understand that.

Mr Sweeney—That could not be met. Under other circumstances, depending whether or not the workload at the time meant that a Prius was available, that could be looked at. Normally, bookings are taken in advance and it could be that, with workflows, the Prius may not be there at the time of the job that you are speaking of.

Senator RONALDSON—If you were asked specifically for the Prius to be provided, would you try and assist with that? Is it feasible for that request to be met?

Mr Sweeney—We have four Priuses, out of some 70 vehicles, in the ACT fleet. Statistically, outside of parliamentary sitting periods, it would be a distinct possibility that we could meet the request, but during parliamentary sitting periods I believe that it would be almost impossible to guarantee it.

Senator RONALDSON—But you would attempt to do so if requested, would you? Would you dismiss it out of hand or would you endeavour to meet the request?

Mr Sweeney—We always do our best to meet client requests. In that circumstance, if the client were insistent, we would certainly do our best to meet that client need, but I could not guarantee that we would meet it, particularly during a parliamentary sitting period.

Senator RONALDSON—If a senator or member made a permanent request for a Prius to be provided when available, would you endeavour to meet that request?

Mr Sweeney—We could not do that, no.

Senator RONALDSON—You could not guarantee it?

Mr Sweeney—We could not do that because of the workload and the breadth of our clientele. We just could not guarantee that.

Senator RONALDSON—How many specific requests for a Prius would you receive each week?

Mr Sweeney—I do not have that information.

Senator RONALDSON—Could you take that on notice for me, please?

Mr Sweeney—I could take that on notice, yes.

Senator RONALDSON—You clearly understand I am talking about specific requests for a Prius to transport a member or senator in Canberra?

Mr Sweeney—Yes.

Ms Mason—May I turn to an earlier suggestion from Senator Collins that the vehicle guidelines be issued for standard vehicles. That has in fact been done. The circular that went out—2009/15—on 15 April 2009 was entitled ‘Private-plated vehicle guidelines 2009 and non-standard vehicle guidelines 2009.’

Senator JACINTA COLLINS—Okay, I must have skimmed it and only picked up the second part and thought that did not relate to me. Okay, I will go back there.

Can I ask a few questions about Comcar service on the last day of our last sitting session? I was one of at least a few to complain to Comcar that requests for service were not able to be met in Melbourne. Are you aware, Mr Sweeney, of that circumstance?

Mr Sweeney—I am aware of the extreme pressure that was placed on our service on that occasion. As I understand it, parliament sat right through until about 6 pm and a lot of the bookings that had been put in place for that day had to be changed. As I understand it, the exiting of parliamentarians from Canberra was smoothly carried out. However, when all of our good clients arrived at their home destinations, at very short notice, it was not possible for us to provide a Comcar with driver service in each state for everybody. Unfortunately, the prolonged parliamentary sitting period and the short notice that we got about when the House was going to rise did not give us sufficient time to meet that need.

Senator JACINTA COLLINS—Is this the first time this has occurred? It was the first time in my experience, so I was curious as to whether it was the first time.

Mr Sweeney—To my knowledge, that is correct. I cannot recall parliament sitting so long and then so swiftly being adjourned.

Senator JACINTA COLLINS—I can recall several occasions when that has happened. I am just curious as to why on this one occasion Comcar was not able to deal with what you have described as the extreme pressure, because there have been, as Senator Faulkner would understand, countless Senate end-of-session periods which have concluded in such a fashion.

Mr Sweeney—I understand it was a Friday, and I also believe that there were some other events occurring in particular capital cities. They just do not come to mind specifically, but I

think there may have been other demands on the hire car industry given that it was a Friday evening.

Senator JACINTA COLLINS—That was going to lead to my next question. My staff, at first and in disbelief then I, contacted Comcar directly to get an answer that for members and senators arriving in Melbourne I think it was after six o'clock, or it might have been after seven o'clock, on that evening no service could be provided and we would need to queue for a cab. As it turns out, many of us prevailed upon colleagues and, to pick up a discussion we had on the last occasion, and shared cars, but I was somehow curious about how this extreme pressure developed and also curious about the quality of our contracts with hire car services if these circumstances are going to eventuate in the future.

Mr Sweeney—Let me first apologise for that occurrence. For all of our clients, it was an extreme point of pressure for us on that occasion.

Senator JACINTA COLLINS—I have received an appropriate apology. I am more curious about the broader issue of the Comcar service per se, because I know over the years some of my colleagues have decided that it suits them better to make their own arrangements rather than to use Comcar. I have to say that, if I were arriving back in Melbourne at seven o'clock or so on a Friday night and could not be guaranteed a service from Comcar, I would seriously think about making my own alternative arrangement with a Melbourne hire car service. So I am curious about what we need to do to ensure that an incident such as that does not occur. For example, do you have any description of the magnitude of the problem or know for how many people no service could be provided?

Mr Sweeney—In a specific city at a specific time?

Senator JACINTA COLLINS—I am interested across all cities.

Mr Sweeney—It would be fair to say that over 90 per cent of our bookings—and I would have to confirm this exact figure—are done from Comcars with Comcar drivers. Our dependency on the hire car industry and if there are no hire cars available, as you rightly point out, taxis is under 10 per cent, as I understand it, but I will confirm that figure for you. On the basis that we do some 70,000 reservations per annum, including about 20,000 on the shuttle, we believe that the level of resourcing we have meets the majority of the times that we are in operation, which is of course all bar three days per annum. So we believe the resourcing level is about right in most states. Having said that, if we do not have sufficient notice and we cannot give the work that exceeds our internal resources away—that is, to hire car companies or, indeed, to taxis—that is a rare occasion and we would certainly not be keen to try to resource the peaks of that type. We believe that we generally have the right number and I believe that, with over 90 per cent of our work being done by Comcars and Comcar drivers, that level of tolerance is acceptable in a business sense.

Senator RONALDSON—As to the question you took on notice before, perhaps in the last 12 months might be an appropriate time frame.

Mr Sweeney—Okay.

Senator RONALDSON—Despite Senator Collins's comments, the staff at the end of the telephone—I do not know whether they are called the allocators or who they are—do a

fantastic job and nothing is too much trouble. I think they are fantastic. They are a credit to the organisation. They will bend over backwards to help, and I am happy for you to pass my thanks on to them, quite frankly. They are terrific—friendly and helpful.

Mr Sweeney—Thank you very much.

Senator JACINTA COLLINS—I would not want there to be any misunderstanding that I am critical of the allocation staff at Comcar, or indeed the drivers. I have been a strong supporter of Comcar over many years, and the occasion we were talking about was a one-off incident. I simply sought to understand the background to the incident. I think we have received an appropriate response to the issues that Comcar is managing in meeting the service that we request. It is the role of this committee to keep an ongoing watch on those issues.

Senator RONALDSON—What is the travel entitlement of ministerial staffers when they accompany their minister overseas, in the context of the class of travel?

Ms Clarke—The Commonwealth Members of Parliament Staff Collective Agreement and the senior staff guidelines provide that employees of ministers may travel at the same class of travel as the employing minister where travel is on the same scheduled commercial service.

Senator RONALDSON—So that includes first class, does it?

Ms Clarke—According to the guidelines, if the minister is travelling first class then the staff may do so.

Senator RONALDSON—Minister, when you are travelling overseas, do your staff fly first class or have you not been overseas?

Senator Faulkner—Should I treat that as a hypothetical question, do you think?

Senator RONALDSON—I thought that might be the answer.

Senator Faulkner—Only on the basis that my only overseas trip since the Rudd government was elected was half a day to attend Sir Edmund Hillary's funeral, and I was not accompanied by staff. The entitlement is clear, but in my case at the moment I will treat that as a hypothetical question.

Senator RONALDSON—Minister, there was an article on Crikey recently which indicated that Qantas staff were somewhat surprised to see six of Mr Swan's staff returning from London in first class. Are you aware of that article?

Senator Faulkner—No, I was not aware of it, but I am glad that you have drawn it to my attention.

Senator RONALDSON—Given the current economic situation, do you think it is reasonable for six ministerial staff to fly first class from London to Australia?

Senator Faulkner—The first point to be made is that, while I accept that you are accurately reflecting what was recorded on the Crikey website, I do not know what the situation was with the travel. Even though it might not specifically be a matter for this department, I am certainly happy to establish the facts for you. I would prefer to deal with facts, though. I do not know what they are, but we will try and find them out for you if you would like me to go down that track.

Senator RONALDSON—We have a \$53 billion deficit. We have gross debt which is likely to end up at \$300 billion at least. We are going to have an interest bill for the community—the taxpayers, the mums and dads and families of this country—of between \$10 billion and \$15 billion as a result of your government’s cash splash and economic incompetence, yet here we have a report that the person who in conjunction with the Prime Minister has got us into this situation has six of his staff flying first class. Where are the priorities for this government? Is the priority for the taxpayer or for ministerial staff travelling first class? I put it to you that the priorities are absolutely wrong. Why should there not be a great degree of anger amongst taxpayers when they see what the interest bill is going to be and when they see what the generational debt is that you are going to leave them? It is probably the greatest case of intergenerational theft we have seen in this country’s history, quite frankly, and here we have six staffers apparently flying first class.

Senator Faulkner—First of all, I will put aside the editorial comments and the political spin in your question.

Senator RONALDSON—What is political spin about six people flying first class when we have a \$53 billion budget deficit and \$300 billion worth of debt? What is spin about that? At least I can say it.

Senator Faulkner—Let me go to the substance of the issue. I have indicated to you that I appreciate your reporting what was on the Crikey website. I am happy to establish for you what the situation is with this particular matter. I saw some recent press coverage on another suggestion about ministerial travel and it turned out that it was departmental officials, not ministerial staff. This may well be the case here, but I do not know the circumstances. I thought my suggestion to you was sensible in the circumstances. I am happy to follow it through, even though it might not necessarily all fall within this committee’s purview on travel. Why don’t we just ascertain the facts of the matter and then I will be happy, having ascertained the facts of the matter, to make comment upon them. However, just because there was a media report about it, I do not necessarily accept for a moment that the information is accurate.

Senator RONALDSON—You have indicated that.

Senator Faulkner—I acknowledge that I am sure you have and always would faithfully indicate to us what was reported. But I do not take it at face value that the report is accurate. If it would assist you, we will find out the actual situation on the travel.

Senator RONALDSON—Thank you.

Senator Faulkner—That seems to me to be a sensible way to proceed.

Senator RONALDSON—That is about the fourth time you have said that, so can we perhaps move on. A first-class airfare, I gather, is about \$18,000 return, a business class air fare about \$14,000 return and an economy class airfare about \$2½ thousand to \$3,000. Are you aware of whether those figures are accurate or not?

Senator Faulkner—I do not know off the top of my head what the cost of those airfares is, but if you have suggested those are the ballpark figures I am happy to accept what you say. But I repeat to you, before you go into the arithmetic—

Senator RONALDSON—No, I am not going to go into the arithmetic. I am just asking you whether you were aware of it, so if you are not that is fine.

Senator Faulkner—Let me repeat, before you go into the arithmetic, let us get the facts of the situation established. Let us see if what you are alleging is true in relation to the number of staff that accompanied Mr Swan—whether they were in fact ministerial staff, whether they were in fact departmental officials—

Senator RONALDSON—That is now the fifth time that you have repeated it. We can be here all night—it does not worry me. I am happy to stay here until 11 o'clock if you want to keep on—

Senator Faulkner—Respectfully, what I am saying is important.

Senator RONALDSON—You have taken it on notice.

Senator Faulkner—I have taken it on notice—

Senator RONALDSON—That is right. Can I now turn to another matter?

Senator Faulkner—because I would like to give you a factual response and not a response to mere speculation.

Senator RONALDSON—That is the sixth time you have said that. Can we now move on to something else. I want to move to entitlement to travel allowance. What is the genesis of the entitlement to travel allowance? Is it the Remuneration Tribunal which sets travel allowance?

Ms Clarke—That is correct. It is a Remuneration Tribunal determination.

Senator RONALDSON—You determine the entitlement to payment of travel allowance on the back of that determination, I presume?

Ms Clarke—Do you mean for senators and members or for staff?

Senator RONALDSON—Senators and members.

Ms Clarke—The Remuneration Tribunal makes a determination on travelling allowance and the amount in there.

Senator RONALDSON—And you determine when travel allowance is payable on the back of that determination?

Ms Clarke—We implement the determination, yes.

Senator RONALDSON—Who determines what a home base is for an MP?

Ms Clarke—The home base for an MP is actually stated in the determination.

Senator RONALDSON—Is the home base for a member or senator always where their electorate office is located?

Ms Clarke—I will find the determination for you. Part 2.1(c) of the relevant part of the determination says:

The 'home base' of a senator or member shall be his or her principal place of residence. The home base shall be nominated to the Special Minister of State. In the case of a Minister or office-holder required to spend continuous periods in Canberra on official business, the home base shall be the place of residence

which the Minister or office-holder maintains and to which he or she would ordinarily return if the Minister or office-holder was not required to spend the continuous periods in Canberra on official business ...

Senator RONALDSON—That is ministers and office holders. In relation to members and senators, is there a definition for the home base?

Ms Clarke—That was the beginning of that paragraph. It is Remuneration Tribunal Determination 2008/15 and I will just reread that first sentence:

The 'home base' of a senator or member shall be his or her principal place of residence. The home base shall be nominated to the Special Minister of State.

Senator RONALDSON—Do you make inquiries as to where the principal place of residence is? Is that ever crosschecked? Does the department ever write and ascertain whether indeed the home base is the principal place of residence?

Ms Clarke—It is my understanding that we accept a senator or member's word as to where their principal place of residence is.

Senator RONALDSON—So, effectively, the senator or member determines the home base themselves without any accountability. Is that right?

Ms Clarke—The accountability is in accordance with the Remuneration Tribunal determination.

Senator RONALDSON—So the principal place of residence—

Ms Clarke—I am also informed that they are also tabled as part of the tabling document—the principal places of residence—so they are available for public view.

Senator RONALDSON—What is the definition of 'principal place of residence'?

Ms Clarke—The one I just read out?

Senator RONALDSON—Could you just go through it again?

Ms Clarke—Yes:

The 'home base' of a senator or member shall be his or her principal place of residence.

Senator RONALDSON—Is there a definition of 'principal place of residence'?

Ms Pitson—Within this determination, no, there is not a separate definition of 'principal place of residence'.

Senator RONALDSON—No definition at all?

Ms Pitson—No.

Senator RONALDSON—How would you define it? Does the department have any internal definition of 'principal place of residence'?

Ms Clarke—We are just checking the guidance that we provide.

Senator RONALDSON—One would assume that 'principal place of residence' is where you spend most of your time residing. Would that be a reasonable interpretation of 'principal place of residence'?

Ms Clarke—While we are looking through the guidance we provide, the determination is quite clear that it is incumbent upon a senator or member to determine where their principal place of residence is and to nominate that to the Special Minister of State.

Senator RONALDSON—I assume the department would have some expectation that the principal place of residence is the place that you spend the larger amount of your time residing. That is common sense and that must be implicit, surely, in the definition?

Ms Clarke—In the ordinary meaning of the term, you would expect that to be the case.

Senator RONALDSON—If a person spends a night away from their home base on some form of approved business, will they always get travel allowance or would they have to be a certain distance from their home base?

Ms Clarke—The Remuneration Tribunal determination sets out the criteria for the travelling allowance and when it is payable.

Senator RONALDSON—That is, 100 kilometres, isn't it?

Ms Clarke—There are numerous—

Senator RONALDSON—But you cannot get travel allowance if you are within 100 kilometres of your home base, from recollection?

Ms Clarke—That is correct.

Senator RONALDSON—Has there been any thought given to making checks of the nominated home base, as provided to the department or the minister, to ascertain whether that is correct? Have you made any recommendations? Has it caused the department any concern that it might have been abused? Has there been any advice on this matter given to the minister? I am not asking about the nature of the advice, but has there been any advice given to the minister in relation to this matter?

Ms Clarke—As I said previously, we rely on the certification or the advice to the Special Minister of State by the senator or member that somewhere is their principal place of residence. We rely on that advice to pay travelling allowance when it is due in accordance with Remuneration Tribunal determinations. If an allegation is brought to us that someone is saying that they have a principal place of residence and that is not the case, then the allegation will be investigated in terms of the protocol for investigating such allegations. It is not up to MAPS to investigate where people are living unless an allegation has been brought forward.

Senator RONALDSON—There has been an allegation, obviously, in the last three weeks in relation to Senator McLucas. Have you investigated that?

Ms Clarke—Sorry, Senator. I was given a note.

Senator RONALDSON—You said these matters are investigated if there is an allegation that it is not correct. You would obviously be aware of allegations made in relation to Senator McLucas. Have you investigated that?

Ms Mason—We are aware of media coverage in relation to Senator McLucas.

Senator RONALDSON—I would have thought that that probably fits within the definition of allegations.

Ms Mason—Not necessarily.

Senator RONALDSON—What form of allegation do you require?

Ms Mason—Allegations of misuse of entitlement can come to our notice via a number of mechanisms. Certainly I would agree with you that media coverage can be one of those mechanisms. We can also receive at times letters from members of the public or letters from other senators or members. We can, through our own records at times, identify anomalies that warrant closer examination. There can be a range of reasons why we might look into an entitlements matter.

Senator RONALDSON—So, if there is an allegation of misuse, then you will investigate. There are a number of ways these allegations are articulated, and one of those is media reports. There have been media reports in relation to Senator McLucas which would surely have triggered your allegation requirements. I am therefore asking you: have you, as a result of that allegation, triggered an inquiry?

Mr Taylor—It is not appropriate that we offer any comment on any particular case, whether or not it may be under consideration at any time.

Senator RONALDSON—It does not give me any great joy raising this matter, but it is on the public record and I have an obligation to pursue that. I think that is a very simple question which requires a quite simple answer—that you will investigate these matters if certain events are triggered. I am afraid that you just saying that you are not prepared to indicate to this committee whether there has or has not been an investigation, quite frankly, is simply not good enough. I ask you again: given that once there is an allegation then there will be an investigation, given there has been a newspaper report, which you acknowledge falls within the allegation definition, have you or have you not commenced an investigation in relation to this matter?

Mr Taylor—Perhaps I could clarify the term: we do not actually investigate allegations.

Senator RONALDSON—Ms Clarke said to me that you will investigate any breach if there has been an allegation. Do you or don't you?

Mr Taylor—I was just getting to that. It is not actually an investigation. We certainly consider matters that, as Ms Mason indicated, potentially come from a range of sources. But we provide advice and assistance to the Special Minister of State.

Senator RONALDSON—Ms Mason said that they would be investigated. To investigate something, you must have an investigation, surely.

Mr Taylor—I am just—

Senator RONALDSON—To investigate something, there must be an investigation. Has there been an investigation, Mr Taylor?

Ms Mason—I think we are talking about technicalities here. We have a protocol that was tabled in the parliament some years ago about how allegations of misuse of entitlement are handled. The technicality in the use of the word 'investigation' relates to this: MAPS examines allegations in accordance with the protocol; if a matter requires investigation, that is

really something that should go to the Australian Federal Police or another law enforcement agency to conduct investigations as such.

Senator RONALDSON—Right. Well, I will jump on the merry-go-round. Has there been an examination, Mr Taylor, of this matter?

Ms Clarke—Could I just go back to the case which raised this issue. Senator McLucas is actually a parliamentary secretary, so she would fall within the case of a minister or office holder who is required to spend continuous periods in Canberra on official business:

... the home base shall be the place of residence which the Minister or office-holder maintains and to which he or she would ordinarily return if the Minister or office holder was not required to spend the continuous periods in Canberra on official business.

So the definition would be slightly different in that circumstance.

Senator RONALDSON—Are you suggesting that in this instance the home base should be Canberra?

Ms Clarke—No. I will read that out again. It just says—

Senator RONALDSON—No, I am asking you: on the back of that definition you have just read out, are you indicating that the home base in that situation should be Canberra?

Ms Clarke—No, I am not. I have just reading out the definition, which says the:

... residence which the Minister or office-holder maintains and to which he or she would ordinarily return if the Minister or office holder was not required to spend the continuous periods in Canberra on official business.

Senator RONALDSON—So how often do you think they should return?

Ms Mason—That is not a matter on which the department has a view.

Senator RONALDSON—So, for example, if a person is living at a particular address for 144 out of 180 days, would you consider that would be a more appropriate address for someone's home base?

Ms Mason—Again, I do not think we have a view.

Senator RONALDSON—Can we get back to whether there has been an examination or not.

Mr Taylor—I can confirm that there has been an examination of the matter you are referring to.

Senator RONALDSON—What was the outcome of that examination?

Mr Taylor—The outcome is that it did not seem necessary in the circumstances to invoke the protocol because the matter was with the entitlement.

Senator RONALDSON—You made the determination that the matter was with the entitlement?

Mr Taylor—That is correct.

Senator RONALDSON—Just out of interest, why did we have to go through the allegations, investigation and examination? Why did we have to go around that circuitously?

Why didn't you answer that question earlier on, Mr Taylor? We could have saved a lot of time.

Senator Faulkner—I will assist you here so the record is complete by saying that I asked the Ministerial and Parliamentary Services to examine this matter and the details the information that had been in the public arena. MAPS and the Department of Finance and Deregulation reported to me. In the interests of full transparency, I can say to you directly that I asked for MAPS to examine this matter in its entirety.

Senator RONALDSON—Thank you. I actually think it might have been useful if this had been alluded to some 15 minutes ago so that we did not have to go round and round in circles like this. It is a matter that would have been very simply dealt with by that commentary. The fact that we have had to go through investigations, allegations and examinations is, quite frankly, pretty churlish.

Senator Faulkner—You were directing your questions, as is appropriate, to the officials. I am always reluctant to intercede on a matter that is, I am sure, perceived by committee members to be sensitive. I wanted to make sure that the record was complete. That does not mean that MAPS had not undertaken its own action, but I certainly asked them to take that course of action. You have heard from officials at the table about the outcome.

Senator RONALDSON—Thank you. Can I just go back, Ms Clarke, to that home base definition for ministers and officeholders. You said there is a different definition for non-officeholders and non-ministers, didn't you?

Ms Clarke—That is correct.

Senator RONALDSON—Can you just go through that again for me.

Ms Clarke—It says:

The 'home base' of a senator or member shall be his or her principal place of residence. The home base shall be nominated to the Special Minister of State.

Senator RONALDSON—Did you say, 'shall be within the nominated state'?

Ms Clarke—No. I said 'the principal place of residence'.

Senator RONALDSON—So there are no geographic constraints on that?

Ms Clarke—No, there is not.

Senator RONALDSON—Did you say something about in the state they represent?

Ms Clarke—No, I just said the home that shall be nominated to the Special Minister of State.

Senator RONALDSON—Sorry, my apologies. If someone did not have the requirement to be in Canberra as a minister or an office holder—they were outside those definitions—would it still be within entitlement for that person to spend the majority of their time living in Canberra but still claim another place as a principal place of residence?

Ms Clarke—Can you repeat that?

Senator RONALDSON—For someone who is not a minister or office holder, where there are clearly some different definitions of 'home base' in relation to what is allowable in

relation to Canberra travel, if someone was not in one of those positions and was living predominantly in Canberra, but their home base was in another state, would that still be within entitlement?

Ms Clarke—I will need to call on one of my colleagues.

Senator RONALDSON—Is the answer yes because they have nominated a principal home base, which has been submitted to the Special Minister of State and, as far as you are concerned, that is the end of the matter?

Ms Clarke—Indeed. As I said previously, we rely on the certification of the senator or member that somewhere is their principal place of residence, and then we base the TA rules around what they tell us.

Senator RONALDSON—Do you think that is within the spirit of the determination—living in Canberra, but nominating a home base in another state? Do you think that is within the spirit of the determination?

Ms Clarke—We implement and administer the determination as it is written. If there is an issue to do with the spirit or the intent, then it is something that the Remuneration Tribunal would have to take up and elaborate on in a little more detail or perhaps provide some guidance, but none has been provided to us to date.

Senator RONALDSON—No, but you do not even cross-reference whether someone's nominated principal place of residence is indeed their principal place of residence for a non-office holder or non-minister, do you? We have acknowledged that.

Ms Clarke—It is certainly made public in the tabling document, so it is there for everybody to see.

Senator RONALDSON—But I just want to confirm that you do not actually crosscheck whether the home base and the principal place of residence, as advised to the Special Minister of State, are one and the same, do you?

Ms Clarke—Unless an allegation is brought to us, we certainly would not; we would rely on the advice of the senator or member. Senator, can I correct some advice I gave previously? It appears I live in the past. The 100-kilometre rule that you referred to was taken out of the determination some years ago, so I am a little behind the times.

Senator RONALDSON—I suppose, in fairness, given that I also put to you that that was the situation, I may well be in the very same position. Effectively, what you are saying is that someone can have a completely fictitious address as their home base and they would still be entitled to get TA under the guidelines if they are on official business?

Senator Faulkner—With respect, Senator, no-one has suggested for a moment that a member or senator can have a fictitious address for their home base.

Senator RONALDSON—Minister, you asked the department to look into the McLucas matter. They came back to you with what? A recommendation that no action be taken? Is that what I heard before?

Senator Faulkner—No, Senator, let me make it clear. First of all, I make no comment on any action the department may have undertaken by own motion action, if you like; but I

certainly did request the department brief me on this matter. The department did brief me on this matter and the department briefed me that it was unnecessary for the protocol to be invoked. That was the departmental view.

Senator RONALDSON—Can you just explain the protocol?

Senator Faulkner—I can. I think an official can probably give you a better historical analysis—although I have asked many questions about the protocol here over the years. I might ask one of the officials to provide the background to the protocol. As you would appreciate, it is a longstanding protocol.

Senator RONALDSON—Sorry, I thought you were referring to another matter. I will leave that.

Senator Faulkner—I am referring to the protocol that I believe has been tabled in parliament. Certainly it has been tabled at this committee.

Senator RONALDSON—Okay, if you could table it again.

Senator Faulkner—Yes, it is the protocol for handling these matters. I am not sure what it is entitled. It used to be called the ‘Minchin protocol’ but I do not think that was its formal title. You know the one I am referring to. Would you like the precise nomenclature? It is the formal handling protocol. I will just ask an official to give you the precise information—someone will have the protocol with them.

Mr Taylor—I can give you some more information in relation to the protocol. It was introduced in June 1998 and it was for the investigation of alleged misuse of entitlements by senators and members. It was approved, as the minister was indicating, by Senator the Hon. Nick Minchin. On 31 October 2000 it was tabled in the Senate by the then Special Minister of State. It was subsequently extended—

Senator RONALDSON—Could you talk perhaps about the protocol in relation to these sorts of matters. Can you go back to that?

Mr Taylor—The protocol makes a distinction between matters that are of a less serious variety and matters which are of a more serious variety. In relation to the matters of a less serious variety, the normal process is that on the basis of a brief provided by the department the Special Minister of State writes to the relevant senator or member seeking an explanation. In relation to the more serious matters they are handled by a high-level departmental committee, which is chaired by the secretary of our department and other deputy secretaries from the department. If they were to find or consider that a matter was serious and warranted referral then they have the option open to seek the advice of the secretary of the Attorney General’s Department and, upon receipt of that advice, would then consider whether or not that matter is referred to the Australian Federal Police for investigation.

Senator RONALDSON—So was a letter written, Minister, in light of the protocol? Were there any letters written to Senator McLucas as a result of the protocol?

Senator Faulkner—Not by me. The answer is no. So not by me and not by the department either.

Senator RONALDSON—So was that done on the basis of the department's view that this was a lesser matter, was it?

Mr Taylor—It was certainly a lesser matter. The department makes an assessment in the early stages of this process as to whether it actually warrants making a recommendation to the Special Minister of State to actually write, and in this case there was no such recommendation.

Senator RONALDSON—So did you do that on the basis that there was not a technical breach in relation to the amounts claimed by the senator?

Mr Taylor—I do not understand your question.

Senator RONALDSON—You have viewed this as being not serious.

Mr Taylor—Correct.

Senator RONALDSON—So, presumably, for it not to be serious you must have made the judgment that it was within the guidelines.

Mr Taylor—That is correct; it was within entitlement.

Senator RONALDSON—So do you believe that there should be any alteration to the definition of 'home base' and 'principal place of residence' so that we do not see examples of this sort of behaviour again, where there is a home base nominated that is not subject at all to any scrutiny but as a result of that definition there is effectively a technical compliance with the entitlement?

Ms Mason—Senator, I think that is a matter for the Remuneration Tribunal to consider, and it is open to any senator, member or indeed member of the public to make submissions to the Remuneration Tribunal.

Senator RONALDSON—Okay, thank you. I will just give you an example of the stupidity of this. If I were an officeholder or minister I could change my home base, which is currently Ballarat, to Melbourne, which is where my electorate office is located. Then, as long as I had some official business in Ballarat at some time during each day, I could continue to live with my wife and family in Ballarat and claim travel allowance. That is correct, isn't it?

Ms Clarke—Yes. Again, it depends on what principal place of residence has been nominated as your home base.

Senator RONALDSON—I accept that, but you accept that there is the potential there that I could continue to live in Ballarat and have a nominated home base in Melbourne? But you do not make any definition of principal place of residence anyway to cross-reference that, do you?

Ms Clarke—Certainly the Remuneration Tribunal does not. We are bound to implement and administer what it decides.

Senator RONALDSON—Exactly. I think members and senators get 12 nights a year, don't they, within their electorate or within the state? I am advised by my colleagues that it is now up to 30 nights. Do the distance rules apply in those situations? I know it is a bit unrelated but I am getting back to our discussion on 100 kilometres. I presume those rules still apply, don't they?

Ms Mason—We are just checking the relevant portion of the determination.

Senator Faulkner—I would appreciate it, Senator, if one of the officials gave you some very precise evidence here in relation to the entitlement because one element, from my understanding, is a little different. When we turn it up, I think one of the officials will just read into the record what the precise information is.

Senator RONALDSON—Sure.

Ms Mason—It is the same determination. We are just quickly reading the provisions of that determination and finding the relevant portion for you.

Dr Watt—Madam Chair, while we are waiting, I would like to give an answer to Senator Cormann in relation to a question he asked last night. We gave an answer last night but the officials did not appreciate that you had asked for a specific date and we now have a specific date. The answer to when did we first provide advice in the 2009-10 budget on private health insurance matters was 22 February.

Senator CORMANN—Thank you.

CHAIR—My understanding is that, as a Senator, the number of nights for intrastate travel was increased compared to our entitlement under the previous government. Can you confirm that for me please?

Ms Clarke—There are many questions coming in; the determination is quite lengthy. It is not the government that sets the numbers of overnight stays or the TA. It goes back to the Remuneration Tribunal determination and it updates its determination on a regular basis. We have here: maximum number of overnight stays per year. Senators except from the Northern Territory get 30 overnight stays per year; from the Northern Territory get 66. Members with electorates between 10,000 and 19,999 square kilometres get 16 nights and an electorate between 20,000 square kilometres and 99,999 square kilometres get 25. Electorates between 100,000—

Senator RONALDSON—I am sorry to interrupt, Ms Clarke. Is the 120 kilometre rule still in there?

CHAIR—I think there is a little confusion. I am not sure if Ms Clarke is responding to my question or to yours at this stage.

Ms Clarke—It was a combination of both—reading out what the overnight stays permitted are. Electorates of between 100,000 to 499,999 square kilometres get 35 overnight stays per year. Electorates of between 500,000 to 999,000 square kilometres get 50. The electorate of Lingiari gets 66 and the electorate of Kalgoorlie gets 75 overnight stays per year.

Senator RONALDSON—I will turn to a separate issue at this stage and that is Canberra travel allowance.

Senator JACINTA COLLINS—Before you move onto that, Senator Ronaldson, I want to clarify another aspect of this issue that was raised in some of the press in relation to the nomination of the principal residence. It was suggested in the press that we needed to stay at a location for 30 consecutive nights for it to be regarded as our principal residence. I remember

at the time that I went and looked up our guidelines to try to see where that idea had come from. Is there any history of such or is it simply in the imagination of the journalist?

Ms Clarke—There was quite a bit of misreporting of that whole issue, and we had no idea where some of the information in there came from.

Senator JACINTA COLLINS—Thank you.

Senator PARRY—I have not got an answer as to how far away from your principal place of residence for intrastate. From memory, for Senators, I think it is outside the electorate they reside in, but what is it for members?

Ms Clarke—I will just read the relevant part of the determination that covers the question you are asking. It is 2.13:

In addition to the entitlement in clause 2.10, a member whose electorate is 10,000 km² or more in area, or a senator, who:

- (a) travels in his or her electorate on parliamentary or electorate business; and
- (b) stays overnight in a place other than his or her home base; and
- (c) makes a claim identifying the places and nights of absence,

may be paid travelling allowance at the relevant rate in Table 1A for a senator or member for each overnight stay, subject to the limits in the table below.

That is the clause that covers the questions you are asking.

Senator RONALDSON—Thank you. How much is the amount of travel allowance for Canberra?

Ms Clarke—\$215 a night.

Senator RONALDSON—And for people who live in Canberra or Queanbeyan, how much do they get? Is it \$215 or less for them?

Ms Pitson—It is a lesser amount. Paragraph 2.14 provides that:

A senator or member from the Australian Capital Territory or a member representing an electorate adjacent to the Australian Capital Territory and whose principal place of residence is within a 30 kilometre radius of Parliament House shall be paid a daily expense allowance of \$70 for each day that he or she attends in Canberra ...

Senator RONALDSON—So, for example, if the member for Eden-Monaro wanted to have a dip at the system—and I have absolutely no reason to think that he would ever want to do so—if he changed his home base to Cooma then he would be outside that zone, would he not, and would be entitled to \$215 a night as opposed to \$70. Is that correct? I am making absolutely no reflection on the member. I am using that as an example; nothing else.

Ms Mason—That is a hypothetical question. The rules are set out in the Remuneration Tribunal Determination 2008/15. It is a matter for senators and members as to how they choose to access their entitlements. There is transparency about the home base which is available for the public and members of the media to examine if they wish and to make judgments upon, but that hypothetical situation is not one that we are dealing with at the moment.

Senator RONALDSON—With the greatest respect, Ms Mason, if the member for Eden-Monaro had his home base nominated as Cooma, he would be entitled to \$215 not \$70. There is nothing hypothetical about that. If someone's home base was in Cooma, they would be entitled, would they not, to \$215 a night, not \$70 a night?

Ms Mason—In accordance with the Remuneration Tribunal Determination that is correct.

Senator RONALDSON—Indeed, and as we have said before there is no cross-referencing at all. You make no inquiries about whether someone's principal place of residence is indeed their principal place of residence. You make no inquiries at all about whether someone's home base is actually their home base. So within the guidelines at the moment that would be quite legitimate.

Dr Watt—Except it would require the member to certify to the Special Minister of State that that was their home base. I would have thought that most members would think quite seriously about how they certified that.

Senator RONALDSON—I would hope you are absolutely right. But if they decided not to there is nothing within the rules at the moment that is actually going to make them accountable for that, is there?

Dr Watt—I would have thought that Ms Mason has given you the answer: it is transparency, published in the parliament. Journalists, the public and other politicians are free to scrutinise that material and may comment.

Senator RONALDSON—But it is fair to say, is it not, that under the rules I could actually move my entire family—in the unlikely event that they would want to join me in doing so—from Ballarat to Canberra. I could keep on telling MAPS that my home base was Ballarat. So, in other words, I am living in Canberra but MAPS still has Ballarat as my registered home address. In that situation how much TA would I get a night—it is \$215 as opposed to the \$70, is it not?

Ms Mason—That is correct.

Senator Faulkner—If you did that, as you are suggesting in this hypothetical case, you would be making a false declaration as to your home base.

Senator RONALDSON—But you are not checking it, Minister, and the department is not checking it, are you?

Senator Faulkner—No, but I am not going and knocking on your door in Ballarat to—

Senator RONALDSON—No, but you are not knocking on anyone's door, Minister. You are not comin' a knockin' anywhere to determine whether the nominated home base is indeed the nominated home base.

Senator Faulkner—I am not knocking on anyone's door

Senator RONALDSON—No, you are not.

Senator Faulkner—But we are requiring parliamentarians to certify—which has been, of course, the long standing practice, as you would appreciate. And of course, as you have heard, there is a real strength in terms of transparency here. The greater the transparency in the system in relation to travel entitlements, as I think we established after the events of the mid

to late 1990s, the healthier the system is and the far less likelihood there is of any rotting of the system. I hope you would appreciate that that is the case.

Senator RONALDSON—You are suggesting that there is transparency in this. If it has been brought to the department's attention that there is an allegation that someone's home base is not their home base then do you have an investigation/ examination of that?

Ms Clarke—If we receive an allegation about a misuse of entitlement, we go through the protocol that Mr Taylor previously read out to you and follow that.

Senator RONALDSON—In the case of Senator McLucas, did you undertake an investigation/examination of whether her nominated home base was actually her home base?

Ms Clarke—We were asked to investigate whether the incident that was raised in the press was in accordance with the entitlement and in accordance with the rules. We examined that and that was the case.

Senator RONALDSON—But that is predicated on the home base that is nominated being the actual home base, is it not?

Ms Clarke—It is predicated on the home base being nominated in accordance with the rules.

Senator RONALDSON—That is right. So, technically, there has been no breach but you have not actually examined or investigated whether the home base as nominated was the actual home base—because if it was not then the outcome of your investigation may well have been entirely different, would it not?

Ms Clarke—I cannot comment on what the outcome of the examination or investigation would be but we looked at it and whether it was in accordance with the rules.

Senator RONALDSON—Of course you did. And you came up with this, and I accept it: that within the rules predicated on the back of the home base being where the member or senator has nominated there is not a technical breach—and, yes; that is right. But you have not actually investigated the primary issue which drives whether it is within entitlement or not within entitlement—that is, the nomination of the home base. Why did you not investigate or examine that part of the allegation? Because surely that was fundamental to the outcome of your investigation allegation depending on where the home base was. That is the starting point, isn't it? The starting point of your determination about whether something is within entitlements or not is the home base—is that not correct? That is the base on which you determine whether travel allowance is payable or otherwise under the Remuneration Tribunal's examination.

Ms Mason—Senator, I will again read you the relevant portion of the relevant determination, which is 2008/15. The home base shall be 'the place of residence which the minister or officeholder maintains and to which he or she would ordinarily return if the minister or officeholder was not required to spend the continuous periods in Canberra on official business'.

Senator RONALDSON—But if you are living in Canberra, the only place you can return to is Canberra, is it not?

Dr Watt—No.

Senator RONALDSON—If you are living in Canberra, the only place you can return to is Canberra unless you have nominated a home base that is actually not your home base. That is the only way you would get an entitlement under this. I ask you again, if there was an allegation in the press, which you have acknowledged would trigger an investigation/examination, did you or did you not carry out an examination or investigation into whether the nominated home base was the actual home base of Senator McLucas?

Ms Mason—There are a number of parts to your question. I do not accept that media coverage would necessarily trigger the protocol. We certainly have regard to media coverage—

Senator RONALDSON—Ms Mason, with the greatest respect—and I hold you in the highest regard professionally—you said to me in evidence before that press reports can trigger part of the allegation trigger.

Ms Mason—Certainly, I did say that, and I do not walk away from that in any sense. What I am saying is that it does not necessarily trigger it—it may or it may not. We certainly have regard to media coverage; we do examine allegations that arise from time to time in the media. Sometimes that media coverage will lead us to examine a matter in accordance with the protocol that was tabled in the parliament on 31 October 2000, and we will come to a conclusion as to whether or not that matter should be further examined under the protocol by either writing to the relevant senator or member, through the Special Minister of State, and seeking the person's comment on it. More serious matters will be examined by the high-level department committee.

Senator RONALDSON—I accept that, Ms Mason, but you have examined the allegation in relation to abuse of entitlement—

Ms Mason—We have.

Senator RONALDSON—And you made a determination that there was not an abuse of entitlement. The minister has told us that, if someone is not correctly nominating their home base, that would be a matter that would be investigated—and quite rightly so. So I ask you again: given the media reports that the person's home base was not their actual home base, why did you not also investigate that as part of your investigation?

Ms Mason—We looked at the media coverage. We did not see any grounds to invoke the protocol because the use of entitlement referred to in the media coverage appeared to be consistent with the terms of the relevant remuneration tribunal determination.

Senator RONALDSON—If indeed the home base—

CHAIR—Sorry, Senator, but we are over our scheduled break time.

Proceedings suspended from 10.31 am to 10.49 am

CHAIR—Welcome back, everyone. Senator Ronaldson, you have the call.

Senator RONALDSON—I meant to say this earlier. As I remember to do it now, Dr Watt, can I thank Finance for getting back so quickly after the last estimates on the questions I placed on notice. I thank the department for their quick response to those questions.

Dr Watt—Thank you, Senator; that is very kind of you. Normally we get chided for being late.

Senator RONALDSON—It is fair to say that I probably would chide you, but I do want to say that I thank the department for getting these answers back quickly after the last estimates.

Dr Watt—Thank you.

Senator RONALDSON—It certainly makes our job a lot easier. Dr Watt, has a tax invoice or request for money been raised or made concerning Senator McLucas in relation to these matters?

Ms Mason—No, Senator.

Senator RONALDSON—I take it, therefore, that no money has been repaid.

Ms Mason—No, Senator.

Senator RONALDSON—Can I just take you back briefly to where I think Ms Clarke read out that there are special rules in relation to ministers—and parliamentary secretaries, obviously—in relation to returning to a place if they were not a minister. There are special rules applying in that situation.

Ms Clarke—Sorry?

Senator RONALDSON—The answer is yes. There are special rules for ministers in relation to—

Ms Clarke—There are different rules applying to a minister and office holder than there are to a senator or member.

Senator RONALDSON—Yes. I think those different rules are predicated on the minister or office holder returning to a place—so presumably their home base—if they were not a minister. That is right, Dr Watt, isn't it?

Dr Watt—That is correct.

Senator RONALDSON—Thank you. Are you aware of media reports that in the 2006-07 financial year Senator McLucas had claimed some \$18,000-odd, I think, in relation to taxpayer funded travel allowances for meetings in parliament and sittings in parliament in that year?

Senator Faulkner—As you would be aware, Senator—before I ask officials to answer—the details of any parliamentarian's travel allowance payments are tabled on a regular basis in the parliament.

Senator RONALDSON—Yes, indeed.

Senator Faulkner—Anyway, let me ask the officials if they have an awareness specifically of the media article you refer to.

Mr Taylor—Perhaps I can answer that, Senator. No, I have no awareness of the particular media article you refer to.

Senator RONALDSON—It is clearly obvious that the amount of travel allowance that was claimed in Canberra by Senator McLucas when she was neither an office holder nor a

minister would indicate that she was actually residing in Canberra during that period prior to her becoming a minister. If that indeed is the case then, on the back of the evidence of these claims for travel allowance, it would appear that, in the main, Senator McLucas's principal place of residence was indeed in Canberra and, as such, that the special rules applying to ministers do not apply to her because in fact Senator McLucas—on the back of this being her principal place of residence prior to becoming a minister—was actually not returning to Cairns but was indeed returning to Canberra, where she was living, and therefore those rules do not apply to her.

Senator Faulkner—Before I ask officials to respond, I will say, again, that any member of parliament, whether they be a member of the executive or not, has an entitlement for travel allowance under certain conditions and circumstances and clauses of determinations, as you know. That is an entitlement that is extended to all federal parliamentarians. I am more than happy for officials to respond to any other detail in your question if you like, but of course that entitlement stands for all parliamentarians.

Senator RONALDSON—Minister, what I am putting to you is that, if you look at the travel allowance that was claimed by Senator McLucas between the 2006-07 financial year, when she was not a minister or an office holder, it is indicative of the amount of time she was spending in Canberra. The TA is only an indication of the time that Senator McLucas was spending in Canberra. So, when she became a minister, the place she was returning to was not Cairns; the place she was returning to—which, of course, she could not return to because she was already here—was Canberra. Therefore the rules that apply to her as a minister and the wording 'returning to the place that they reside in' do not apply because Senator McLucas was effectively living in Canberra anyway and her principal place of residence was Canberra.

Senator Faulkner—No parliamentarian is entitled to claim travel allowance outside entitlement. Senator McLucas has not claimed travel allowance for any days in Canberra which she was not entitled to claim.

Senator RONALDSON—Minister, you are missing the point. The point of this is that the TA records show that Senator McLucas was spending a large amount of time in Canberra, and that is a real indication that her principal place of residence was actually Canberra, not Cairns, prior to her becoming a minister. The department has investigated this matter on the basis that Senator McLucas comes within the rules for ministers and office holders which give them greater flexibility in relation to travel to Canberra. The definition is 'where they return to', which is the trigger point for ministers. What I am putting to you is that Senator McLucas's principal place of residence was actually in Canberra prior to her becoming a minister or an office holder under the definitions. As such, those rules that apply to ministers and office holders do not apply to Senator McLucas because she was actually residing in Canberra prior to her becoming a minister.

Mr Taylor—Senator, could I perhaps correct what I said earlier. One of the media articles does actually refer to a reference to a previous report, I think in the *Courier-Mail* in February 2007, in relation to Senator McLucas. So there was certainly some awareness of the prior situation.

Senator RONALDSON—So not only have we got the TA records, but for the first six months of 2006 Senator McLucas spent 105 out of 180 days in Canberra, based on her travel records. This is prior to her being a minister or an office holder. That would indicate to me pretty clearly that Senator McLucas was actually residing in Canberra at that time and her principal place of residence was indeed Canberra.

Senator Faulkner—Senator McLucas is in no different position to any other senator in terms of any claim that is made for travel allowance. A claim cannot be made outside entitlement. A claim can only be made inside entitlement. In this case if the relevant city is Canberra then any member or senator can only claim travel allowance for Canberra for days they are entitled to claim travel allowance for Canberra.

Senator RONALDSON—But if that entitlement is predicated on a principal place of residence or a home base that is actually not someone's principal place of residence or home base then that is outside entitlement. I ask you: given the matters that have been raised in a public sense about the amount of time Senator McLucas had spent in Canberra since she became a minister, which continues a pattern of residence prior to Senator McLucas becoming a minister or office holder, would you now write to her seeking an explanation from her as to why she has continued to retain Cairns as a nominated home base when clearly her principal place of residence is Canberra, particularly when on her register of interest she has indicated that she is receiving rent for her home in Canberra? If you join all those dots up, I think it is clear that Senator McLucas's place of residence and home base is indeed Canberra. As such, she does not have an entitlement to the entitlement that you alluded to before. I ask you: will you write to the Senator McLucas asking her to clarify the situation in relation to where her actual home base is? If that home base is clearly not Cairns then will you take action accordingly?

Senator Faulkner—Thank you for your question. Please bear with me for a moment while I respond because it is an important question. I informed the committee before, although not in response to a question, that, regardless of any action the Ministerial and Parliamentary Services itself initiated, I had asked the department to brief me on the issues that have been made public in relation to Senator McLucas. You have heard the evidence from me and from the offices at the table that it was the view of the department in their advice to me that it was not necessary for the protocol to be invoked in that matter.

Senator Ronaldson, you separately asked me to undertake a course of action. I am always reluctant in these issues for ministers to act without the benefit of departmental advice, which is one reason why I asked for departmental advice on these issues. Part of that goes—and I hope you appreciate this—to consistency of decision making on these matters. Anyone can put their view that I am partisan because I am a member of a political party and a minister in a government, but I am obviously very dependent—I think any minister should be—on the professional advice I receive from departments.

What I am more than happy to do in this circumstance, given that you have widely canvassed this issue this morning, is ask the department to advise me on this matter further. I can respond to any brief from the department. That seems to me to be a much more appropriate course of action than me writing in the terms that you have requested. When any of these issues come up in the media, in parliament or in parliamentary committees, I think it

is reasonable that departments be asked to closely examine them and to brief ministers on them. I am more than happy to take that course of action.

Senator RONALDSON—I appreciate your offer, but given the serious nature of these allegations why would it take two hours of examination in relation to this matter for you to ask the department to conduct an investigation?

Senator Faulkner—You have raised these matters. I am not suggesting for a moment that they are matters that have not been taken into consideration at all. I have already asked the department once to advise me and brief me on this matter. I took that initiative. I took it in good faith and I received a response from the department—I will not go over it again—in the terms that I have outlined to you and other members of the committee today. I am more than happy for the department to have yet another look at this because—

Senator RONALDSON—But, Minister, they are not ‘having another look’ at this. They have not looked at this. They have not looked at the home base question.

Senator Faulkner—The facts of the matter are that much media commentary or discussion of issues in parliament, or in other fora, about parliamentary entitlements does in fact generate action on the part of MAPS and does in fact generate briefing of the minister. I do not treat this any differently. I think I have outlined an appropriate course of action. Do not think for one minute that I have not asked the department to brief me on this matter. I did; I outlined that to you. You did not ask me to, but I provided that information to you. That is not to suggest that the department was not undertaking work on its own initiative—not at all—and I would not suggest that to you for a moment. But I certainly asked the department to brief me on those matters, and they did in the terms I have mentioned. With any additional discussion of these sorts of issues—it would not matter who it was, what position they held, what political party they came from, what chamber of the parliament they sat in or who they represented—what I am outlining to you is, I think, a sensible way of proceeding. I have—

Senator RONALDSON—Thank you.

Senator Faulkner—I want to conclude my comment. There is an important point I want to make to you and the committee. I have worked very hard as the Special Minister of State to ensure there is not any partisanship in the decisions that I am taking and that they are based on professional and considered advice from agencies. That is my approach on these matters, and I do not intend to change it.

Senator RONALDSON—I think the more surprising news, quite frankly, would be if you told the committee that you had not asked the department for a brief in relation to a matter that had received airplay nationally, so I am not entirely convinced that we are going to carry you around and feed you grapes and fan you for asking the department for a brief on this matter. It would have been quite—

Senator Faulkner—If you fed me grapes, Senator, I would probably get an official taster.

Senator RONALDSON—And I think with good reason. It is not surprising that you asked for a brief, Minister. I will go back. Having given the imprimatur now to the department to investigate the home base question, can I again reinforce the point that the department briefed you on the back of an assumption that the parliamentary secretary’s home base was indeed the

one that she had nominated. Ms Clarke, you advised the minister on the back of that nominated home base. Is that correct?

Ms Clarke—We advised the minister on the back of advice that had been given to us by all senators and members as to where their nominated home base was, which we get yearly—

Senator RONALDSON—Indeed. So the answer is yes.

CHAIR—It is unhelpful for Hansard and for the committee if people continue to interject and speak over the top of witnesses. The witness was trying to respond.

Ms Clarke—We get annual advice from senators and members as to where their home base is. We were acting on the basis of the advice that had been given to us.

Senator RONALDSON—Indeed. And, on the basis of the nominated home base that you had been given, you went through the processes to see whether these amounts had been appropriately claimed. Is that right?

Ms Clarke—We determined whether it was in the rules—that is correct.

Senator RONALDSON—Sorry?

Ms Clarke—We determined whether it was within the rules of the determination.

Senator RONALDSON—That is right. But the trigger point for that is the home base. That determines whether TA is payable or not payable in certain circumstances.

Ms Mason—That is correct. When senators and members make their nominations of home bases and other information—other certifications to Ministerial and Parliamentary Services—we accept those certifications as being truthful, and, in fact—

Senator RONALDSON—Indeed. This is no reflection on the department, Ms Mason. I am just getting the process sorted out. You have said that you assess the claiming of TA on the back of a nominated home base.

Ms Mason—Certainly, that is correct.

Senator RONALDSON—Thank you. And that was the advice you gave the minister. What I am saying to you is that not only were there allegations about the amount of TA that was claimed and whether it was appropriate; there were also allegations about where the home base was. Neither you nor the minister, in his request for a brief from you, have actually addressed the home base situation, so I am very pleased today that the minister has asked you to address the home base situation. When you are doing so, would you please take into account the following: that in the first six months of 2006, Senator McLucas spent 105 out of 180 days in Canberra; that Senator McLucas has rented out her home in Cairns; and that Senator McLucas spent 144 out of 188 days over a six-month period last year living in Canberra. When you are taking those matters into account, would you please revisit section 2.1(c), which is the home base question. I refer you back to the statement in relation to ministers or office holders:

... the home base shall be the place of residence which the Minister or office-holder maintains and to which he or she would ordinarily return if the Minister or office holder was not required to spend the continuous periods in Canberra on official business.

In your determination in relation to home base, if the minister or parliamentary secretary is ordinarily returning to Canberra—as in this case—I assume that those rules will not apply to her. Thank you for accepting that the home base question is actually the nub of this. The minister is now, as I think he should have in the first place, asking you for advice on the home base. We have now got that request from the minister. Can you give me a time frame on when you are likely to get that advice back?

Senator Faulkner—Senator, first of all, let me respond to a few of the inaccurate assumptions that are contained within your question. I will say it again: yes, it is true that I asked the department for advice on this matter. It is also true that I drew no limitations on that at all. I think it was a proper request of the department and I believe it was dealt with properly and professionally in the department.

I have stressed on two previous occasions, but it is important for me to say again, that this is not to suggest for a moment that the department would not have undertaken their own inquiries at their own initiative. But there has been no suggestion at all, nor should any suggestion be made, that constraints were put around that, that any issues at all were off-limits. That is not the way things worked on this occasion and not the way they ever work with me, Senator. I am more than happy to be fully apprised of all elements of issues in advice I receive from departments, and I believe the Department of Finance and Deregulation too has an excellent record in providing that sort of advice certainty to me as the minister.

So the issue that you describe as the nub of the issue, you are entitled to your view on that. Of course you are making a political point about that—

Senator RONALDSON—I do not think it is a political point at all.

Senator Faulkner—I do.

Senator RONALDSON—This matter has been raised in the public sense on the back of a claim that travel allowance was claimed by one of your members of the Rudd executive, that TA was claimed on the basis that a member of your executive did not reside where they had officially nominated their place of residence to be. That is what started the media debate about this whole issue. You got the response you wanted by asking the department to come back to you as to whether that TA had been appropriately and properly claimed.

Senator Faulkner—That is untrue.

Senator RONALDSON—The response you got was on the back of the nominated home base and you did not request the department to make inquiries as to whether the home base that was nominated was the actual home base, because there was a risk for the government that had that question been asked then the response you got back might have been entirely different. Was there a technical breach of this by Senator McLucas on the back of her nominated home base? No, there was not. It that the home base of Senator McLucas, which enabled her to claim this travel allowance? That is the matter that is in public dispute. That is the matter you should have asked the department to investigate, and you have not done so. I am pleased that you have done so this morning.

Senator Faulkner—That is absolute nonsense. These are the facts—

Senator RONALDSON—That is not nonsense.

Senator Faulkner—Please let me conclude my answer. I did ask the department to examine issues in relation to Senator McLucas. I am not obligated to do so. I thought it was an appropriate course of action for the Special Minister of State—

Senator RONALDSON—And her home base? Did you ask them to investigate that?

CHAIR—Senator Ronaldson, you have repeatedly asked the same question. Please allow the minister to respond.

Senator Faulkner—You have interrupted me three or four times and repeated your claims, which is fine. That is politics, that is the way it works. Now, instead of having your view of the world, your interpretation, which is wrong, I am going to put the facts on the record.

Senator RONALDSON—Which part of that is wrong? I just want clarification.

Senator FORSHAW—Point of order, Chair. I ask that Senator Ronaldson just be quiet for a little while and allow the minister—

Senator RONALDSON—What is the point of order?

Senator FORSHAW—The point of order is that you are breaching the standing orders by constantly interjecting when the minister is seeking to answer the question and provide clarification. There are other members of this committee who would like to hear the minister's response rather than listen to you.

CHAIR—I remind senators, as I have continually through this round of estimates and since I have been chair, that I have continually asked committee members when they put their question to pay the courtesy to allow the witness to respond in the first instance. We also should be considerate of the fact that Hansard is trying to record these proceedings. I am being constant with my ruling. Senator Ronaldson has repeated his question a number of times. It would be appropriate if the witness, in this case the minister, was able to complete his response to the question. The minister has the call.

Senator Faulkner—I just want to make absolutely clear to the committee: as the committee has heard, I took an initiative to ask the department to advise me on these matters. There is no requirement for a minister to do this, but I certainly thought it was appropriate, given the public commentary on this matter, that that be done. I want to stress to you, Chair, and committee members—and if there is any doubt I would certainly invite committee members to check with departmental officials at the table—I put no restrictions on that advice and I would never put any restrictions on such advice. There is no requirement for me to ask for advice. I did so because I thought it was appropriate. But, having asked for it, Senator, let me assure you, no restrictions were put upon it. I have also stressed—and this is important for the public record—I do not want any suggestion that it was my advice necessarily that initiated departmental activity. The department has explained how they act in these circumstances when these sorts of issues are in the public arena. Unbeknownst to me, regardless of what the department was doing, I certainly requested advice, without any boundaries or restrictions at all. I do not accept the value judgments that are made in the two or three interventions that Senator Ronaldson has just made—not at all; I do not accept those. I do not believe for a moment, on the evidence available to me, that Senator McLucas has done anything other than claim travel allowance in Canberra for days for which she is entitled

to claim that travel allowance. I do not have a skerrick of evidence to suggest that that is not the case and I do not accept for a moment that what Senator Ronaldson says is the nub of the issue is necessarily the nub of the issue.

Senator Ronaldson interjecting—

Senator Faulkner—Senator Ronaldson can make that judgment; others can make that judgment. I am going to ensure that any action I take is based on, as I have said before, considered and professional advice from the department. This is a very proper way of dealing with things. It is perfectly appropriate and it is a standard, I would respectfully suggest to the opposition, that has not always been met historically in these sorts of matters. I would say to the committee: that is the approach that I am taking. I do not want the record to stand on any suggestion that I put any restrictions or boundaries or constraints or limitations on what I requested of the department on this or any other matter.

Senator RONALDSON—What was the wording of your request, Minister?

Senator Faulkner—I asked the department if they would brief me on the circumstances surrounding the Senator McLucas matter. If you are going to ask me a follow-up question on whether I did this by formal memorandum, I believe not. I made my request through the appropriate channels.

Senator RONALDSON—When was that request made? That was made verbally, wasn't it?

Senator Faulkner—Senator, I do not have that date with me. I will try to provide that for you.

Senator RONALDSON—Who did you speak to?

Senator Faulkner—I made my request, as I do on these matters, through the departmental liaison officer. I will find the date for you.

Senator RONALDSON—So the departmental liaison officer spoke to someone in the department?

Senator Faulkner—It would be followed through in the normal course of events.

Senator RONALDSON—Who did the DLO speak to?

Ms Mason—Senator, we would have to take that on notice and check the audit trail on how that request came to us. But I can confirm that, before receiving a request from the minister to examine the matter, the department was already examining it.

Senator RONALDSON—You were not examining the 'home base' issue, but you are now?

Ms Mason—We were examining the media reports about an allegation of misuse of entitlement. In doing so, we relied upon the nomination of the home base that we had received from the relevant—

Senator RONALDSON—Exactly. So you—

CHAIR—Senator Ronaldson, can you please allow the witness to complete her answer, and then you will have the opportunity to continue your questioning.

Senator RONALDSON—Admonishment accepted.

Ms Mason—The ‘nomination of the home base’ form does contain wording which is commonly included on many of our forms in relation to entitlements matters, which is: ‘I understand that knowingly giving false or misleading information is a serious offence under the Criminal Code.’ We put that wording in there so that we can in fact rely on the certifications and the information that is given to us by elected representatives. We thought, in examining this matter, that it was reasonable to rely on a form that contained that wording and the nomination of the relevant home base.

Senator RONALDSON—So, if on any form in the future signed by a member or senator it acknowledges that there are severe penalties for not being truthful that will automatically exclude them from any investigation?

Ms Mason—No. That is not what I said. I said, in this instance, in examining the information that was contained in media reports, we considered it reasonable to rely on the information we had received about the home base and to examine whether the use of entitlement was within the rules in accordance with the home base that had been nominated to us.

Senator RONALDSON—But the take-out of that is that, if you are happy to do so in relation to that form, any other form that is provided by a member or senator, if it has got that proviso on it, you will accept at face value. That can be the only take-out of your comment, surely.

Ms Mason—The starting point is that we do rely on the certifications that we receive from elected representatives about the information they tell us, unless there is a good reason to think otherwise. On occasion, we do have reason to more closely examine matters. That was not the case here.

Senator RONALDSON—Thank you. Minister, you said that you had requested this. We have learnt this morning that it was not a formal request in writing. Is that right?

Senator Faulkner—We will have to check. It probably was, in fact, but we will just check the detail of that for you and come back.

Senator RONALDSON—You have given us a five-minute lecture about transparency—and you moved into this matter without any prompting from elsewhere—and how you have taken the initiative in relation to it: ‘Irrespective of what the department was doing, I went in there and did my bit.’ We are now learning that not only was there nothing in writing, by the sounds of it; it was not communicated by you, and it was communicated to the department via a DLO. I want to know what the nature of the conversation was between the DLO and the department. Was it a 10-second phone call? Was it a 30-second phone call? Was the department told by the DLO: ‘Nothing is out of bounds; I want a full investigation of this’? Or was it a five-second conversation?

Senator Faulkner—It was properly communicated. I also have regular ministerial meetings with MAPS officials. The fact that such a request had been made, I suspect, was canvassed there. But I am going to check the precise record for you and we will give you a

precise date. I can establish that for you, and I will. There is no question that such a formal request was made of the department.

Senator RONALDSON—I will be very, very interested to hear what comes back after these matters have been taken on notice.

Senator Faulkner—I am not sure that it will be that interesting, but I am more than happy to give you a date.

Senator RONALDSON—Thank you.

Ms Mason—I can confirm that a request was made. The thing that we are uncertain about is precisely how that request was conveyed to us. We are checking that.

Senator RONALDSON—I think I probably accept that a request was conveyed. That is not the issue; it is that it was not to the level and extent that the minister indicated. It was not in writing. It was a DLO having a yak to someone in the department. That would indicate to me that it was not taken seriously and the response that came back was the response that the minister was looking for.

Dr Watt—That is incorrect. A request was made. It was made, as far as I can ascertain from listening to the officers here, in a proper form. Officers of the Department of Finance and Deregulation take seriously requests by their ministers, be they through the DLOs or be they direct. There was no sense it was a casual yak and left to run off on something else.

Senator RONALDSON—This is not a reflection on the members of your department but on the method of communication.

Dr Watt—I think it was.

Senator RONALDSON—I totally disagree with that and there is no need for you to come in and defend the actions of the minister in relation to the way this was communicated.

Senator Faulkner—There is certainly no need for Dr Watt to do that because the actions of the minister do not require any defence.

Senator RONALDSON—I accept that there was communication. There was no reflection on the department at all, so do not give me that.

Senator Faulkner—There is no doubt that the formal brief I received from the department noted the fact that that brief had been prepared following my request, which is formalised. That has been communicated to me in writing, if that assists you.

CHAIR—It might be appropriate at this time to remind committee members that we are to wrap up the remaining discussion on outcome 3 by lunchtime. There are a number of senators who still have some questions, so Senator Ronaldson can you wrap up so we can give the call to someone else. I know some of your colleagues need to ask questions.

Senator RONALDSON—I think we were hoping to get it done by lunchtime.

CHAIR—The committee has agreed on this program, Senator Ronaldson, so can you wrap up.

Senator RONALDSON—I have other questions, but not in relation to this matter, so I am happy for someone else to have the call.

Senator MOORE—I am interested in management reports. I am sure you were expecting the question.

Ms Hughes—What particular data would you like?

Senator MOORE—I want to know what the compliance rate is for the latest round of management returns that you have. I do not know which is the latest one you have.

Ms Hughes—Would you like this year's figures?

Senator MOORE—That would be lovely.

Ms Hughes—For July 2008, it was 89 per cent certified, for August 88 per cent certified, for September 90 per cent certified, for October 87 per cent certified, for November 86 per cent certified, for December 84 per cent certified, for January 2009 78 per cent certified, for February 71 per cent certified, for March 57 per cent certified and for April, which only went out recently, 26 per cent certified.

Senator MOORE—So in terms of general compliance, Ms Hughes, it was over 70 per cent for most of those months?

Ms Hughes—Certainly, it was.

Senator MOORE—There seems to be a recalcitrant group. Are they the same group that have not responded? Is it presumptuous to say that if you have 89 per cent and then down to about 70 per cent the same people are not returning?

Ms Hughes—In general, that is correct, yes.

Senator MOORE—Minister, I have asked you before at these inquiries about what can be done in terms of the process. It seems to me that the return rate is higher than we have had in previous times, but there still seems to be a lump of senators and members who, for whatever reason, are not returning the management reports. Do you have a view about what can be done on the process?

Senator Faulkner—I accept the importance of it. This has been a longstanding concern of members of the committee. On the upside, obviously there have been improvements.

Senator MOORE—Very true.

Senator Faulkner—On the downside, there clearly could be greater improvement. I think that is a fair way of summing it up. I am obviously keen to look at any further suggestions that the department or the committee might have about how things can be improved, but I think it is fair to say that the focus this has received has had a positive impact. As I said, the balancing factor, I suppose, is that it has not been as positive as we would have liked. I am open to any further suggestions on this. Otherwise, we will keep ploughing on and will keep encouraging and ensuring an improved response.

Senator MOORE—One of the things that we have talked about generally has been the idea of naming the senators and members who have not responded. We table documents annually regarding what senators and members are responsible for in terms of their travel. If it continues that members of parliament and senators do not respond to the request and the direction that is made to them, that could be an option. I know that is for other areas to talk

about. Thank you, Ms Hughes. I am sure that Senator Murray will be pleased to hear the latest figures. They are significantly higher, which is very good.

Senator RYAN—I have some questions about provision of IT services to offices. Are the right people at the table?

Dr Watt—They will be shortly, Senator.

Senator RYAN—I have some technical questions to start with.

Senator Faulkner—If that is the case, Senator, I certainly will not be answering them!

Senator RYAN—That is why I thought I would give it a couple of minutes.

Senator Faulkner—Which will come as a great relief to you and other committee members, I am sure.

Senator RYAN—I will do my best to understand. I want to start specifically with respect to the internet connections that are provided to offices. What technology do we currently use to provide internet connections to members' and senators' offices? I understand it varies. Are some of them ISDN connections?

Mr Burton—I will refer the question to Mr Quester who has the technical knowledge to deal with that.

Mr Quester—The internet connections provided to the electorate offices of senators and members are provided through the Department of Parliamentary Services. The department of finance provides the data connections directly to the electorate offices. These are all one megabit frame relay links through the Optus communications network.

Senator RYAN—The department of finance provides the internet connection to the front door of the office—

Mr Quester—The actual data connection for all the PCs.

Senator RYAN—Are you certain that all of them are one megabit?

Mr Quester—They are being upgraded. I will correct that. They are upgrading to one megabit. We recently took a decision, last year, to go from 512 k to one megabit. We need to upgrade the exchanges, because some exchanges do not have the capacity to be upgraded to one megabit lines.

Senator RYAN—So it is fair to say there is some variance across the country, between city and metro areas?

Mr Quester—Yes, there is.

Senator RYAN—But you are in the process of upgrading all to one megabit?

Mr Quester—That is correct.

Senator RYAN—Is that going to remain an ISDN based technology?

Mr Quester—It is frame relay technology. We are looking at the technologies that are coming forward through the providers at the moment that will improve the data speed lines.

Senator RYAN—It has been brought to my attention that there is currently a tender in place for provision of new data connections which would involve increased speeds.

Mr Burton—We recently cancelled a particular tender. At the time, that tender was not necessarily looking to increase data speeds; it was to look for provision of services across a whole range of telecommunications activities, both within the department and involved with services to senators and members.

Senator RYAN—That is interesting. The reason I was asking is that I was told something different. Is the one megabit connection planned to be the medium term speed with which you will connect electorate offices?

Mr Quester—At this point in time, yes. What we see on those one-megabit connections is that they very rarely reach their maximum capacity. Where we do run into issues is in the latency across the network, the actual speeds at which the data is transferring across the network. We have previously looked at acceleration technologies. The department of finance have recently trialled those technologies within our own Commonwealth parliament offices to give us an indication of how those work, but, given that the electorate office environment is about 260 offices, that is a lot of equipment to place out in that environment.

Senator RYAN—So any member at the moment can request—presuming that the technology is available where they are—their connection to be upgraded to one megabit?

Mr Quester—They do not need to request that. We are doing that. We have the work with the service providers in place, but it is a matter of whether the exchanges—

Senator RYAN—Yes, I appreciate that.

Mr Quester—have the capacity to upgrade.

CHAIR—Could you give us an update as to how that rollout is progressing, because there are some really lengthy delays in some of our offices in accessing material.

Mr Quester—I may have to take that on notice. Officers in the department are watching this, so, if they can get that information up to me, I will get them to do that, but if they do not have it on hand I may have to take that on notice.

CHAIR—That would be greatly appreciated, thank you. Sorry, Senator Ryan.

Senator RYAN—No worries. Thank you, Chair. Has the department undertaken any comparison? Is that an appropriate sort of network structure or speed compared to other offices that would be relatively IT intense with potentially four to six people or sometimes seven people at work at once? Has there been any benchmarking with comparably sized offices?

Mr Quester—To my knowledge, there has not been any benchmarking against any other size office.

Senator RYAN—Has there been any contact with the Parliamentary Library in particular about IT needs when the department of finance has been setting these targets for speeds and access?

Mr Quester—We do liaise with the Department of Parliamentary Services across the whole breadth, as they provide the back-end infrastructure for the service to the electorate offices. An example of that was the Electronic Media Monitoring Service, where we worked extensively with them to make sure that the media streaming that we were going to push

across that network was not going to choke those links, and we were successful in determining the best possible way to deliver that with DPS and Finance.

Senator RYAN—Are you aware that the Parliamentary Library is informing staff in offices at the moment not to use that very service because of the current network speeds that most offices have?

Mr Quester—No, I have not been aware of that.

Dr Watt—Senator, a point of clarification: the Parliamentary Library or the Department of Parliamentary Services?

Senator RYAN—The Parliamentary Library. I have had staff from numerous offices inform me that, when they have been trying to access some of the technology intensive services from the library, including the new ParInfo search facility, they have been told, ‘Look, a lot of that stuff only works from Canberra.’

Mr Quester—I am unaware of those comments.

Senator RYAN—The reason I ask these questions is that it appears that one megabit—and I am happy to be corrected otherwise—is slower than a lot of home connections these days.

Mr Quester—Yes, in actual size, but—

Senator RYAN—In metropolitan areas, I should add.

Mr Quester—what we are talking about with a frame relay or any style network is that we are providing a dedicated one-megabit bandwidth to those offices. Where at the moment with home connections you can get eight megabits or 16 megabits, that is shared across the whole environment, so as more people access that service your speeds decrease, whereas we have a guaranteed one-megabit data throughput to those offices.

Senator RYAN—Do you test this often?

Mr Quester—It is actually a managed service, so it is constantly monitored. If a service goes down, our provider generally let us know that the service is down before the office does, and they are actively monitoring and repairing if something goes wrong. So at any stage, if an office reports to us that it is experiencing slow data speeds, we can get up-to-date reports, including what traffic is actually traversing that network, at any time.

Senator RYAN—It particularly concerns me that major investments have been made in the Parliamentary Library service at the moment which are effectively not accessible from electorate offices, I understand, in metropolitan areas. I would imagine that regional areas have much more significant challenges.

Mr Quester—Effectively, the network we are using across the whole graph of the network offices is the same network, so, whether it is metropolitan or regional, they are dependent on the rollout as to what is available in the area at the time—

Senator RYAN—That is what I was referring to.

Mr Quester—leading up to the one megabit. We do not go straight to the metro area to try and upgrade; we actually try and space it across the country so that the provider can do it in the fastest possible manner.

Senator RYAN—I am not sure whether it is appropriate to ask you to chase up the issue of the views of the Parliamentary Library on the current network infrastructure and speeds. I appreciate that you have probably had formal consultations with them, but informally staff have been told that they should not try to access particular services.

Mr Quester—We do meet with DPS on a regular basis so that we can have those discussions.

Senator PARRY—I want to follow up with IT. Perhaps you may be able to answer, Dr Watt. Please correct me if someone has already asked this question, but the chair does not believe it has occurred. It is on the merger of the IT provisions for senators and members into one unit rather than being split with Finance and the Department of Parliamentary Services. Can we have an update as to where we are heading with that?

Mr Burton—We are working with the Department of Parliamentary Services to shift the OIT services, where we currently provide the service from Parliament House, to the electorates and to make that part of the DPS services—to shift across the responsibility for that activity. I think Mr Kenny referred to this when DPS was being examined recently, at the moment there is a process in place. We have a number of issues to resolve with them about how we do that—for instance, which staff will transfer and how we will continue to manage entitlements that are electorate office based as a part of that process. But the process is underway and should be completed—I think Mr Kenny was doubtful as to whether it would be by the end of June but we are certainly looking to complete it some time shortly thereafter.

Senator PARRY—So it is full speed ahead as far as you are concerned and everything is rolling into DPS.

Mr Burton—Yes.

Senator PARRY—Thank you.

Senator BERNARDI—I have some questions in relation to the staff help desk.

Mr Quester—Would that be 2020?

Senator BERNARDI—No. This is called the staff help desk. It would not be 2020 because that would be related to IT. It might be somewhere else.

Mr Quester—Are you referring to the Department of Parliamentary Services staff help desk on entitlements?

Senator BERNARDI—To be frank, I am not sure.

Senator Faulkner—I think that is a DPS matter. The committee could always take the question on notice.

Senator BERNARDI—I am happy to put it on notice.

Senator Faulkner—It is not a Finance issue.

Senator BERNARDI—It is not going to bring down the government.

Senator Faulkner—If we are talking about the staff help desk in the Department of Parliamentary Services, which I think it is—

Senator RONALDSON—There is a staff help desk under the ministerial and parliamentary service guide.

Senator BERNARDI—That is what I would have thought it is. It is for staff.

CHAIR—Do you want to ask your question and that will determine the issue? It is not about IT?

Senator BERNARDI—No, it is not about IT.

CHAIR—It is about staff entitlements?

Senator BERNARDI—It is about who is manning the staff help desk.

Senator Faulkner—Shoot, Senator. If it is DPS we will soon let you know.

Senator BERNARDI—Only one barrel, please, Minister. One of my staff called the staff help desk and was told that no-one could help them because they were all somewhere else. The date was 19 May.

Ms Mason—It is Ministerial and Parliamentary Services, and Mr Miles should be able to assist you with your question.

Senator BERNARDI—Mr Miles, on 19 May one of my staff members sought help from the staff help desk and was informed that no-one was there, that they were all somewhere else. Clearly they were informed by an individual but the consultants were somewhere else and the person said that they could not help.

Mr Miles—On 19 May, Tuesday two weeks ago, the employees of the staff help desk were at a training exercise offsite for about 3½ hours. We made arrangements for persons from the Client Services branch to look after the phones and to take messages, which would have been followed up and answered that afternoon.

Senator BERNARDI—How many people work in the staff help desk area?

Mr Miles—It varies between three and five people. It is currently four.

Senator BERNARDI—So it is quite a small team.

Mr Miles—It is a small team, and that would be the first time in at least 12 months they have had such a session off site.

Senator BERNARDI—That is fine. I just wanted to clarify that.

Dr Watt—It is certainly not a normal position, I can assure you of that.

Senator BERNARDI—I accept that because it is a very good service, I am informed by my staff. The concern was that everybody was off site. But if you have three, four or five people then it is not practical to take them and deal with them individually for training, I would concede.

Mr Miles—That is correct.

Senator BERNARDI—Thank you, I am sorry to cause such a flurry of activity.

Senator Faulkner—We are here at the desk to help.

CHAIR—I turn now to the issue of our PDAs—the BlackBerries. It would not be Finance estimates if we did not talk about BlackBerries. I just want to get an update, if I could, in terms of the trial of the BlackBerries—has that proceeded and what the uptake has been in response from senators and members.

Mr Burton—Since the rollout of BlackBerries started, we have rolled out 87 BlackBerries. Apart from some issues around the length of passwords and the timeout that is built into the device, the general advice that we have had from senators and members has been that the BlackBerry devices are working very well.

CHAIR—My recollection from last estimates and personal use is that we had three options previously of PDAs. Not all those features are available on the BlackBerries. Is that going to change?

Mr Quester—What options were they? The option of device selection?

CHAIR—No, the option of services that were available through the other models of PDAs in relation to the program that was used. With BlackBerries it is a different program. So our emails and an ability to use some of the functions are not available on the current BlackBerries. That is my understanding. What I am asking is: do we still have access to the same programs and the same PDAs and suites available to us on the new PDAs as opposed to the three previous options?

Mr Quester—Without referring to or knowing the actual specific programs people were using, the BlackBerry devices are able to be controlled more extensively than the Windows mobile PDA devices. A service that I know that was being utilised on the PDA was the MMS service, the multimedia messaging service. The MMS service is not actually an entitlement. It was not able to be locked down within the mobile PDA environment. Within the BlackBerry environment it can be locked down and as such it is currently not an entitlement but it has been locked down in that environment. So there may be some instances along those lines where security policy is able to actually control the device and that service may not be available.

CHAIR—In terms of the timeout issue, this has been raised by a number of senators and members. We have been told that that will be looked at. Can you give us an update as to whether or not that timeout length of time can be extended?

Mr Burton—I assume this is the timeout when the device automatically locks and the password has to be—

CHAIR—Yes, it locks out. So if you are in the middle of sending an email then you have to put your password in and continue on. Some 10 or 15 minutes later you have to do the same thing. We were assured that that would be looked at.

Mr Burton—We have looked at the process. We operate the devices in terms of the DSD guidelines. I think this is something we have talked about before. Those guidelines require us to have a timeout where there is data on there that is government data. It needs to be protected in case the device is picked up. It stops that information being available to others who might not require it. What we have done is set the timeout period at 15 minutes, which is the maximum allowable. The data on the devices, particularly with the PDAs of senators and

members, is emails they may have received from members of the public. There is a requirement in the DSD guidelines that we protect that information as private and confidential. Because that information is likely to be there, we at the moment are unable to extend the 15-minute lockout beyond that period.

Senator PARRY—When you say that you are not able to, who makes the decision? DSD only give advice. Who actually makes the decision as to what the security timeout will be? Whose ultimate decision is it?

Mr Burton—The ultimate decision is the ministers.

Senator PARRY—So DSD just gives advice. It is not a locked-in requirement. When you say, 'We are not able to,' it is only based upon advice.

Mr Burton—If the minister was to go beyond the DSD guidelines, there would have to be clear reasons why that was done and there would have to be an acceptance of the risk that that involves in terms of breaches.

Senator PARRY—But that risk exists with the current phones that have email capability. I had a phone that I could access email with—a Nokia phone—prior to the BlackBerry and there was no timeout. Our computers we can set to timeout as long as we want to—so people could walk into our officers and see information. It is the same issue. We are only talking about emails received by senators and members; were are not talking about highly secret issues. It is the risk of the senator or member. Senators and members can lock their phones any time they wish. So why is this advice provided that it is a 15-minute timeout?

Mr Quester—I can answer that. Laptops that can leave a secure environment such as Parliament House have encryption software running on them. So if they are lost or so on then the data is not available to someone picking up that laptop—plus it has network password lock down. PCs within a controlled environment will not have encryption on them in some cases. With BlackBerrys the way that the protective security manual advises to provide these services is a series of 'musts' and 'shoulds' depending on the classification of the data that is to be held on the device. With unclassified data it is a maximum allowable timeout of 15 minutes but it is a 'should' classification. To be able to take that 15-minute lockout out would require a threat risk assessment by an IT security adviser and then an agency head or the person responsible for the delivery of that service actually taking the decision to take that out. So in this case, yes, the minister could make that decision but we would have to provide him the risks around doing that. The other concern, as Mr Burton raised, was the component of the treatment of information provided by private citizens. That actually can be rated up to higher than unclassified in terms of an email sent from a private citizen to that device. We need to be able to protect that information.

Senator PARRY—But, again, those are guidelines. Minister, could I ask you: if you receive representation by way of petitions from senators and members would you adjust the security timeout?

Senator Faulkner—I have already had a couple of meetings, and one quite recent one, with the POITAG group; and this particular issue is one that was raised. I think POITAG is planning to put a more formal request to me at some stage. To my knowledge I have not received that yet. I did point out to POITAG that it is a very serious decision for a minister to

make to overturn strong advice from an intelligence agency on these sorts of issues. It is a matter that I expect POITAG to formalise with me and it is a matter about which I expect to receive further agency briefing. But I do not underestimate this, and I said this to parliamentarians from both sides of the parliament and from both chambers of the parliament. I think you would know, Senator, that I have a long record of treating these sorts of security concerns and advice from security agencies very seriously. I will certainly do that. If I am to make a change, it will not be done lightly. That is where the process is up to at this stage.

CHAIR—Just further in terms of the features that we currently are entitled to, could you tell me whether or not through the BlackBerry the Google Map feature is available—and, if not, why it isn't when in fact that is a very useful tool when you are travelling to appointments and finding your way as part of your duties and responsibilities?

Mr Quester—Offhand, I cannot tell you if it is available or the reasons behind that. I will be able to get that information but I will probably have to take it on notice. It would be around the GPS component of the device—if that is available and whether those Google maps do not work. I have had advice previously—and I do not know if this has changed—that the Google maps were not working within the Australian environment. I do not know if that is still current.

CHAIR—They are available and they do work through the BlackBerries but we do not have access to them. It is the same issue with the camera. Having it as a feature is great but the problem is that if you are out in the electorate and you take a photo that you want to use, you cannot then forward it to your electorate office. So that is where the MMS service is actually an advantage for elected members—that if you are at a function and you are doing some follow up on it, you have access to the camera via your BlackBerry or your PDA. But we are not entitled, as you have said, to be able to download that and send it back to the electorate office. Is that therefore something we would have to go through the minister to—

Mr Quester—For an MMS service to be made available it would be a new entitlement and it would have to be an approach to the Special Minister of State. With taking photos, I believe that you can actually attach those photos to an e-mail. Once you can send e-mails you can get those photos through that way. But, yes, an additional entitlement would need that approach.

Senator Faulkner—It might assist you, Madam Chair, if I say that I am expecting some sort of formal request at some point from the POITAG group. I probably should just say also, in closing the loop with the questioning that Senator Parry was involved in a moment ago, that I believe that, as has been said, the current status of those, for want of a better description, security settings—and I will be corrected by an official if I have not got this precisely right—are determined by me as Special Minister of State. I think it is also very fair to say that that has been done on the basis of very strong advice from the Department of Finance and Deregulation and that that advice is based on DSD guidelines and advice as well. I think it is important just for the completeness of the record, and given the spirit of Senator Parry's question, that I do say that to the committee.

CHAIR—I have one final question. Will senators and members be given options other than the BlackBerry so that they will be able to continue to use the range of PDAs that were previously available?

Mr Quester—Because they are completely different systems and there is a cost in supporting both systems we are looking at decommissioning the mobile PDA service six months after the BlackBerries go into service. At this point of time that is October but, because we want to be flexible and allow the transition for senators and members, we will push that out if required until we can transition all mobile PDA holders over to the BlackBerry service.

CHAIR—Would this one model of BlackBerry then be the only option?

Mr Quester—At the present time that is the only 3G model available in the environment for RIM provided Blackberry services. As more become available, yes, we will release those for senators' and members' use.

CHAIR—I think the trial was very worthwhile. That is all the questions I have on BlackBerries. Senator Ronaldson?

Senator RONALDSON—I have some standard questions which I think I will put on notice to save some time for the committee.

CHAIR—Thank you. As there are no further questions, I thank you and your officers, Dr Watt. We look forward to seeing you back at the next round of estimates.

[12.06 pm]

Australian Electoral Commission

CHAIR—Welcome to the committee. Do you have an opening statement?

Mr Killesteyn—No, Madam Chair.

Senator RONALDSON—I wonder whether the AEC has seen press reports about alleged undeclared campaign gifts made by the Health Services Union to the campaign of Mr Craig Thomson when he was a candidate for Dobell.

Mr Killesteyn—Yes, we have, Senator. We are aware of the allegations.

Senator RONALDSON—Is the AEC at all concerned that internal investigations by the HSU indicate there may have been \$53,000 of undeclared donations to Mr Thomson?

Mr Pirani—I received an email last night. I have had contact with the national secretary of the Health Services Union and also the president of the Health Services Union about those articles in the newspaper. The contact that I had last night from the national secretary included the comment that the investigation is continuing and no conclusions have been reached regarding the matters the subject of the investigation or the conduct of any officers of the union. The advice I also received was that at this stage they are still awaiting the results of the audit from BDO Kendalls and the report that they will be commissioning from the law firm Slater and Gordon. When they have that information available, they will then be in a position to determine whether they have failed in meeting their obligations to lodge a return with us from the 2007-08 financial year. So at this stage the advice that I have received from the national secretary is that the quantum of any obligation that may have been required to be included in either an annual return or a third party political expenditure return has not been established and they are still awaiting the results of the audit that is being conducted on their behalf by BDO Kendalls.

Senator RONALDSON—So your determination about whether you will investigate this matter will be on the back of the outcome of an internal union examination?

Mr Pirani—At this time we are making inquiries with the union. Given that it was the union executive that instigated the BDO Kendalls audit, that we are expecting that the results of that audit will be made available to us and that any reporting obligation will be in accordance with the results of that report, we still reserve the right to exercise our powers under section 316 if we are not satisfied the information that they have provided is in accordance with their obligations under the act.

Senator RONALDSON—What contact did you have with anyone in relation to this matter prior to the conversation last night?

Mr Pirani—I had had previous contact with the national secretary of the union on two occasions. I also had previous contact with Mr Michael Williamson, who is the president of the union.

Senator RONALDSON—Who made the initial allegation? Can you remember?

Mr Pirani—The allegation was recorded in an article in the *Sydney Morning Herald*.

Senator RONALDSON—Who in the union made the allegation? Can you remember?

Mr Pirani—I do not recall that. I am not sure whether Mark Davis, a reporter with the *Sydney Morning Herald*, reported who his source of information was, but certainly in the article of 11 May he indicated that there was information in that article which came from Mr Michael Williamson, the secretary of the New South Wales branch of the union.

Senator RONALDSON—Will you be speaking to all people who have been involved in this matter, including those who have made the allegations, or will you be relying only on the national secretary of the union for your source of information?

Mr Pirani—At this stage, my main point of contact is with the national secretary of the union. I do not propose to change that unless I have some evidence to the contrary. But, again, the union have sent their records to BDO Kendalls for an audit. They will also be getting legal advice, and we have seen a copy of a letter they sent to the law firm Slater and Gordon. We will await the outcome of that inquiry. I have been advised that they hope to have that information within several weeks, in early June, and we are keeping a watching brief in relation to that.

Senator RONALDSON—Mr Williamson, I think, has confirmed that none of that national office spending was included in the disclosure of political expenditure lodged by the union state branch. Is that right?

Mr Pirani—In the article that was reported in the *Sydney Morning Herald* of 11 May that was certainly the quote that was included in that article, and that article was one of the reasons why I phoned Mr Williamson to confirm the accuracy, or otherwise, of the contents of that article.

Senator RONALDSON—I gather that an Australia Post invoice, for example, was made out to Craig Thomson, ALP candidate for the federal seat of the Dobell, according to the same *Sydney Morning Herald* article.

Mr Pirani—Some specific invoices were mentioned in the article in the *Sydney Morning Herald* of 8 May. My recollection is that they were not included in the article of the 11th. There were several amounts mentioned in some of the articles. We have not seen any invoices. We have not seen a copy of the general ledger. We have been assured that that is the subject of the external audit that is being done by BDO Kendalls, and we await with interest the outcome of that audit.

Senator RONALDSON—Mr Killestyn, these are very serious allegations, aren't they? Any allegation of failure to disclose donations is serious, and I have no reason to think that you would not think so. But I should formally ask you the question, I suppose.

Mr Killesteyn—Indeed. That is why I have Mr Pirani looking closely into this matter.

Senator RONALDSON—Are you in a position to make any external inquiries apart from those coming from the union?

Mr Killesteyn—I think, as Mr Pirani has explained, our approach at the moment is to allow the investigations that have been initiated by the union to proceed. It would seem to me that if we launched our own review and/or investigation into the matter at this point it would simply confuse the situation as it exists. Our preferred approach is to allow that investigation by the union to continue, to allow them to communicate to us the results of that investigation and then to make an assessment based on that communication from the union as to whether we in the AEC need to take the matter further.

Senator RONALDSON—On what basis would you make the decision as to whether to continue the investigation further?

Mr Killesteyn—I think it would be a bit hard for me to speculate on what information might be coming forward from the union at this point. That is a hypothetical question that I just cannot guess at this point.

Senator RONALDSON—I understand that. If I can put another hypothetical: if you received a letter, saying, 'It appears that all these press reports might be wrong. We don't think it's a big deal anymore,' I presume that that would not satisfy your requirements for a proper reporting back by those who you are speaking to at the moment? Have you set out a series of matters that you want them to address, a series of questions that you want answered?

Mr Killesteyn—It is a hypothetical question and, to that extent, it is dangerous to speculate. But, to the extent that we receive communication that reaches a particular conclusion, then what we would obviously do is go behind that and determine whether there are any matters of evidence, if you like, that are used as the basis that forms their conclusions. Because it is serious, it is not a matter that we would not take a very keen interest in ensuring that there is a basis for any conclusion that is reached.

Senator RYAN—From the answer you just provided, presumably any answer from the union, other than, 'Yes, we breached' or, 'Here's a confession or a litany of breaches' should spark a formal investigation on your part?

Mr Killesteyn—Not necessarily. I think the powers under section 316 are to be used carefully. They certainly do not provide the authority for the AEC to go fishing for

information, but we will make a judgment at the time as to whether that is a proper exercise of the powers under section 316.

Senator RYAN—You mentioned there that you needed to consider the evidence. If the answer was, ‘We don’t think we committed a breach’ or even if the allegations in the media are not true, how do you consider the evidence without conducting your own investigations?

Mr Killesteyn—One would expect, given the publicity that has been made about this particular allegation, that any response from the union would no doubt address those sorts of allegations.

Senator RYAN—To clarify, you are relying on the response of the union—

Mr Killesteyn—No, I did not say that. I said to the extent that any response comes from the union, one would expect that the allegations that have been aired in public would be addressed. At that point, we will look at what is said and then make a decision about whether we believe that is adequate.

Senator RONALDSON—But you have no guarantee that the report back from the union will address all those matters in the public domain unless you—

Mr Killesteyn—I do not know. All you are drawing me on is continuing down the path of a hypothetical set of examples about what may or may not proceed. My preferred view at this stage is to allow the investigation by the union, which is being done by an independent group, to proceed and then to act on the basis of the information that we receive.

Senator RONALDSON—You are viewing the particular union as an independent group?

Mr Killesteyn—I am referring to BDO Kendalls. There is a process by which the union have engaged another party to conduct their investigation. On that basis, based upon the information that comes back from that particular process, as I said, we will then make a determination as to whether we take it further.

Senator RONALDSON—What conversations or communications have you had with BDO Kendalls?

Mr Pirani—We have not had any conversations or discussions with BDO Kendall at this stage.

Senator RONALDSON—They are doing an independent examination, and you have spoken to the national secretary of the union, interestingly, just prior to the night before Senate estimates, but you have not actually spoken to BDO Kendalls and told them what your requirement might be in relation to the outcome of this investigation?

Mr Pirani—Our requirements will not be any different from those of the union. The actual referral letter that we have seen that was provided to me by the national secretary of the union indicates the issues they have concerns about. They relate to expenditure that was incurred on behalf of the national executive of the union in a particular time frame in the 2007-08 financial year. They have referred that matter to BDO Kendalls and to their solicitors for advice. One matter they have included in that relates to their reporting obligations under the Commonwealth Electoral Act. We are awaiting with interest the outcome of that report. If they were to come back in the hypothetical and say that there was no reporting obligation then

I would indicate to you my personal view is that we would probably then exercise the power under section 316(2)(a) to seek a copy of the report from BDO Kendalls. We want to actually see the evidence on which it was based.

Senator RONALDSON—I do not think you could approach it any other way realistically, could you?

Mr Pirani—No.

Senator RONALDSON—I would not have thought so. I was going to talk about the level of penalties. If indeed Mr Thomson was to be charged under the act in relation to any offences for nondisclosure and found guilty, would that void his election?

Mr Pirani—I think you are talking about section 44 of the Constitution. My recollection is that it has to be a 12-month penalty under the Constitution to be no longer qualified as a candidate. Once a person has been elected, my recollection is that a subsequent offence may not invalidate their actual candidature and the fact they were elected. It would not amount, in my view, to be an illegal practice within section 352 that could be used to go to the Court of Disputed Returns, so I would have some reservations that it would actually impact on the lawfulness of his candidature or of his election.

Senator RONALDSON—So it would be a section 444 issue, as opposed to a section 352 issue?

Mr Pirani—That is my understanding, because the Court of Disputed Returns period only lasts for 40 days after an election. You cannot bring it outside that period, so it would have to be a section 44 of the Constitution issue.

Senator RONALDSON—To sum it up, you are keeping a very close eye on this, you are in contact with those who are involved and you will make a decision in due course based on the matters that I have given to you?

Mr Pirani—That is correct.

Senator RONALDSON—But you will insist on a copy of the report if it is not provided in response—

Mr Pirani—Yes.

Senator BERNARDI—In the budget papers there is reduced funding for the AEC. Savings will be achieved through closing the electoral education centres in Melbourne and Adelaide and through ceasing financial support for the Western Australian educational centre. Have you currently shut those centres?

Mr Killesteyn—No, they are still continuing and they will be open until 30 June. But the funding for the centres expires after 30 June.

Senator BERNARDI—What role did the centres fulfil?

Mr Killesteyn—They played a very valuable role in one of the mandates of the AEC in delivering electoral education.

Senator BERNARDI—Clearly, it is not that important because they have been shut down.

Mr Killesteyn—They play a part but not the only part in delivering electoral education. I think it is important when looking at this particular issue and the implications of understanding the part that they do play. I would like to provide you with some statistics in relation to the centres.

Senator BERNARDI—I am happy if you would like to table those, or would you specifically like to read them into the *Hansard*?

Mr Killesteyn—I think what has been happening with the electoral education centres is that, over some time, the usage of the electoral education centres, particularly in Melbourne and Adelaide, has been falling. At the same time, usage of the centre in Canberra has been rising. I have the statistics now for the three centres—the centres in Adelaide and Melbourne and the national education centre, located here in Canberra—over the period 2006-07, 2007-08 and 2008-09, if you can imagine that small spreadsheet. For Adelaide, in the financial year 2006-07, the number of students that visited the centre was 7,504. For 2007-08, that number was 9,297. For 2008-09, to date—that is to the end of April—the number is 5,270. We expect that number to finish at around 7,000 for 2008-09. For Melbourne, in 2006-07, the number was 20,126. For 2007-08, the number was 16,676. For 2008-09, to the end of April, the number is 10,841. We expect by the end of the financial year that that number will reach around 15,000. The number for the national education centre, here in Canberra, in 2006-07 was 76,284. In 2007-08, it was 78,081 students. For 2008-09, to date, the number is 63,148, but we expect that that number will exceed 80,000 for the financial year. That is the first issue in relation to the relative position of the electoral education centres.

Secondly, electoral education centres are part of a pretty healthy outreach program, if you like, or electoral education program, that we have that includes not only the electoral education centres but also a very active school and community visits program. I will provide you with some statistics in relation to what is going on with the school and community visits program. For 2008, the calendar year—my apologies that I cannot give you the precise alignment of financial years—for the school and community visits program we had contact with and delivered electoral education to more than 100,000 students, both primary and secondary students, across Australia. We visited a substantial number of schools. Indeed, the number of schools visited, both primary and secondary, was more than a thousand.

Senator BERNARDI—You painted a reasonably bleak picture of these centres—

Mr Killesteyn—I am not painting a bleak picture; I am painting a picture which is trying to put the electoral education centres in the context of all of the programs that the AEC is delivering. Apart from the electoral education centres and the school and community visits, we also have a very healthy teacher-training program, where we have delivered and continue to deliver annually to some 1,500 trainee teachers a year a program that we call ‘Your vote counts’. That is used, obviously, as part of their delivery mechanism into the schools. We are expanding that program by increasing the number of people within the AEC who deliver that program to teachers. We also distribute to teachers, as part of a very innovative set of learning materials, a program known as ‘Democracy rules’. We have now put 17,000 of those particular learning materials into schools. Quite apart from that, there are some emerging strategies which we are very keen to explore and are on the back of some approaches that the government has commenced in relation to delivering education.

Senator BERNARDI—Going back to the centres—

CHAIR—Sorry, can we have an indication of how much longer? I am not sure whether the minister is available after lunch. Perhaps we can continue on to wrap this up.

Senator BERNARDI—I have some continuing questions, Senator Fifield has questions and Senator Ronaldson has questions. My suggestion would be that we come back after lunch.

CHAIR—In that case, now is an appropriate time to take lunch. We will recommence at 1.30.

Proceedings suspended from 12.31 pm to 1.32 pm

Senator BERNARDI—We were speaking earlier about a case being made as to why there was declining attendance at these education offices in Melbourne and South Australia. Can you tell me the difference between closing down those two offices and no longer funding the Western Australian office?

Mr Killesteyn—There is no electoral education centre in Western Australia that is run by the Commonwealth. We make a small contribution to the EEC managed by the WA electoral commission. That contribution, I am advised, is \$15,000. So we have no responsibility at all for what happens there.

Senator BERNARDI—In total, what is the amount of money that is going to be saved by closing the Victorian and South Australian offices and no longer funding the Western Australian office?

Mr Killesteyn—The annual saving associated with the two electoral education centres in Melbourne and Adelaide is \$620,000.

Senator BERNARDI—Will any staff be losing their jobs as a result of this?

Mr Killesteyn—I have given an assurance to all of the staff involved that if they wish to remain in the AEC we will find a position for them. We are currently in discussions with all of them; there are personal discussions going on to try to determine what their aspirations and desires are. We will meet to accommodate those individuals and absorb them into the offices of the AEC in Melbourne and Adelaide. That includes only those staff members who are AEC employees. There are a number of contracted teachers associated with both of the electoral education centres. They are generally employed on the basis of a certain number of hours per year, and those staff will no longer deliver that service after 30 June.

Senator BERNARDI—When was the decision taken to close those two centres?

Mr Killesteyn—That was a decision of government in the context of putting the budget together.

Senator BERNARDI—But the decision of government was to expect the AEC to find \$6.1 million worth of savings. Isn't that correct?

Mr Killesteyn—In the context of framing the budget all government departments and agencies were approached to provide options for government as to what savings measures might be available. Like any other department and agency, we went through a process and identified a number of potential options. In our case they were submitted through the

department of finance, which was the coordinator for the portfolio. That went through to government, and ultimately decisions were made.

Senator BERNARDI—They instructed you to close those two offices?

Mr Killesteyn—The decision is to close the two electoral education centres in Melbourne and Adelaide, and as a consequence the appropriation amount associated with those has been withdrawn.

Senator BERNARDI—As a consequence, I guess some 22,000 students will not be able to access education initiatives that they otherwise would have been able to.

Mr Killesteyn—As I tried to illustrate in my remarks prior to lunch, the electoral education centres are a component only of our outreach activities. In the particular cases of schools which may, for example, have already booked to go to the electoral education centres after 30 June, we have been in contact with the relevant schools and offered them the option of having one of our divisional returning officers go out to the schools and use the learning materials that I mentioned before to deliver electoral education as it would normally be done.

Senator BERNARDI—I am interested in the information you provided before we went to lunch. I wrote down the figures, which I am trying to locate now. You gave us information for the Adelaide office over three years—I think it was for 2006-07, 2007-08 and 2008-09. Is that correct? Whatever it is, I need the middle one. The figure I wrote down was higher in the middle year than in the years on either side. Is that correct or did I write it incorrectly?

Mr Killesteyn—That is correct.

Senator BERNARDI—So it actually went from 7,000 and something to 9,000 and something?

Mr Killesteyn—That is correct, and then it dropped. The only thing that might explain that is that 2007-08 was the election year. That possibly stimulated interest in attending the electoral education centres, and so the numbers may have gone up. The numbers in the following year have obviously dropped. You will probably see that sort of pattern of movement up and down, but you will also see a long-term trend where the numbers seem to be falling away. That is part of the issue about a static display, in a sense, located in the middle of the city, which is accessible to relatively few students, and trying to have a strategy which is ubiquitous and flowing out to where the students are.

Senator BERNARDI—I would be interested in the long-term trend with regard to these. Clearly you must have maintained some data over more than three years. Could you table that for us?

Mr Killesteyn—We can take that on notice, yes. Would you care to nominate how many years you would like?

Senator BERNARDI—I do not know. If you have 20 years worth of data I am interested in that. We want to see a long-term trend.

Mr Killesteyn—I think we will start maybe at five because I am not sure whether the records go back—

Senator BERNARDI—You have given us three. Five is hardly going to tell me that there is a long-term trend. For example, I would say that next year we could probably have had even more because there is possibly an election coming. So those figures would hardly say that it is declining in use.

Mr Killesteyn—The Melbourne centres opened in 1990, so I will attempt to go back to that point.

Senator BERNARDI—What about Adelaide?

Mr Killesteyn—Adelaide was opened in 1999, so we will attempt to go back to those two dates.

Senator BERNARDI—There you go; there is a start. That will be terrific. Thank you.

Senator RONALDSON—Mr Killesteyn, I presume you would agree with me that there is really nothing more fundamental than our kids having an understanding of our democratic system and our electoral system.

Mr Killesteyn—I obviously do not disagree with you. It is important, and that is why I outlined in my remarks before lunch the range of programs that we already undertake to ensure that kids do get electoral education.

Senator RONALDSON—Are you aware that a number of country children used to visit this Melbourne centre?

Mr Killesteyn—I think there are probably kids from all around each of the states, and equally there are schools that come to Canberra.

Senator RONALDSON—Would it be fair to say that there are probably a lot of kids in a lot of schools who simply cannot afford to come to Canberra and that this service in Melbourne and Adelaide was providing a lot of kids whose parents were in a position where they could not afford to send them to Canberra to view the Canberra centre the opportunity to learn about our system at these two offices?

Mr Killesteyn—Indeed. You will find that the AEC is particularly attuned to that. That is why we expanded considerably during 2008 our program of divisional returning officers visiting schools. They take with them a comprehensive learning program around electoral education.

Senator RONALDSON—You did indicate that before. In the *Age* of 18 May 10 Ben Doherty wrote an article on this. He said in a that the centre in Melbourne costs about \$400,000 a year to run. Is that pretty accurate?

Mr Killesteyn—The total savings from the two centres is \$620,000.

Senator RONALDSON—What is the breakdown, do you know?

Mr Killesteyn—The only thing I can tell you is that in the \$620,000 is a component that covers rent but most of the savings are associated with the staffing. But I can take on notice the breakdown between the two centres.

Senator RONALDSON—No, let us just split the difference and say it is \$310,000 for Melbourne and the same for Adelaide. In relation to Melbourne, how much did you spend on

refurbishing this new Lonsdale Street office and putting in interactive teaching aids? Was it about \$1 million?

Mr Killesteyn—Yes. The refurbishment which was completed in February 2008 cost approximately \$1 million.

Senator RONALDSON—Is there still about nine years left to run on the lease?

Mr Killesteyn—The lease has not been formally executed. It was intended to go into a 10 year lease, but it has not been formally executed. We will be undertaking negotiations obviously with the landlord to see whether that lease can be changed. But I might make the point that this is not dead space, if I can put it that way. We will be looking to use that space for a range of other purposes if the lease cannot be modified. Those purposes will include extra training rooms, because we have a range of new systems on which our staff need to be trained. There is the potential for using it as storage, and, probably more importantly, during election time we tend to rent a lot of premises for a range of electoral purposes. For instance, one of the things that we will probably do in Melbourne is look to use that space for the Senate central scrutiny system.

Senator RONALDSON—What was the refurbishment cost? What was the breakdown of that?

Mr Killesteyn—I will have to take that on notice.

Senator RONALDSON—All right. I gather there were interactive teaching aids; is that right?

Mr Killesteyn—That is correct. My intention with those interactive teaching aids is to transfer the technology from Melbourne to Canberra. The Canberra centre has not been refreshed for some time, so we will take advantage of the technology that has been introduced and use it elsewhere.

Senator RONALDSON—So we will shift it out in Melbourne to deny children in Victoria—country kids and those who cannot afford to travel to Canberra—the opportunity to visit this centre and we will use it to upgrade Canberra; is that the proposal?

Mr Killesteyn—We are not denying any kids the opportunity to receive electoral education. I have explained before that we have a very strong outreach program. In this particular case, faced with the decision to close the centres, we will utilise the technology that has already been put in place and paid for by transferring it to another centre. But there should be no implication of denying any children their opportunity to receive electoral education.

Senator RONALDSON—So we have spent a million dollars upgrading it and it is costing about \$310,000 a year to provide education for about 16,000 visitors, you thought, in this year. It is around \$15,000 to \$20,000 a year, so \$300,000 is the savings in Melbourne on a building that you have refurbished at a cost of million dollars. We have had information today that there was \$120,000-odd spent on putting public servants and ministerial staff up the front of the plane on a trip to the UK. That cost about \$120,000, and you are telling us you could not find \$310,000 to keep open those centres in Melbourne and Sydney that were providing a service which I think you acknowledge was a very good one and that had operated for some time.

Mr Killesteyn—Like every agency, we were asked—I guess against the background of fiscal restraint associated with the global financial crisis—to find savings. I made some judgments on where those savings could be provided. This is against the background of an agency that has for the last 12 years been required to provide efficiency dividends and I increasingly am concerned about the core capability of conducting elections and managing the roll. I made a judgment in relation to what options might be provided. They are never easy, but this judgment was one by which I needed to ensure that I did not erode that capability to properly conduct an election and properly manage the roll.

Senator RONALDSON—Wouldn't it be better, while you are spending money on the conduct of elections, to have a very good guarantee that the people who walk in there at the age of 18 to cast their vote—into that centre that you are going to put these resources into—actually understand what they are doing when they go there? I put it to you that it is a fairly miserly amount of money, when you take everything into context—\$58 billion budget deficits and the fact that there was \$120,000 spent to put people up the pointy end of the plane for one trip to the UK. You have actually made the decision that you would prefer to get the campaign aspects of it right rather than educating the young people who will be going in there to cast their votes—who in my view deserve the opportunity and the right to actually have a good understanding of what they are doing and why they are there.

Mr Killesteyn—No. 1, I did not make the decision. I responded to a request to provide options. I am now implementing that decision and I am doing that in a way which ensures that all the kids have an opportunity to receive that education. The other aspect that I should point to—and this is, I think, extremely important—is that the AEC is now working with the Department of Education, Employment and Workplace Relations, as part of the development of a national curriculum, to ensure that civics and citizenship education are embodied in the development of that national curriculum. That, to me, gives a much greater assurance that electoral education and the responsibilities and obligations of entitlements that citizens have will be taught to them through the national curriculum. It is an effective strategy and one that I fully intend to work very hard and very closely on with the Department of Education, Employment and Workplace Relations.

Senator RONALDSON—You indicated that these budget reductions are eroding your capabilities as the Australian Electoral Commission.

Mr Killesteyn—I said I had to make a judgment about what options might be available to me, against the background of efficiency dividends that have been applying now for some 12 years.

Senator RONALDSON—But you said it was putting significant pressure on the organisation.

Mr Killesteyn—Indeed. I think I made that point in my submission to the joint standing committee. As we saw in the last evidence, the application of the efficiency dividends over several years has reached the point where any of the changes that have been made to our resourcing base have essentially been eroded.

Senator RONALDSON—Minister, what is your view on this?

Senator Faulkner—It is true that the AEC were asked to recommend savings to government. It is true, as the commissioner has mentioned at the committee, that the Adelaide and Melbourne electoral education centres were submitted to government. They were agreed by government. Of course I hear your point about the possible impact in Melbourne and Adelaide. These issues are never easy. At the commission level, as Mr Killesteyn has said, from the AEC's perspective they have to make some hard-nosed decisions and recommend savings options to government. While I hear what you say, I note that there is a fairness issue here too. There are no such centres in Brisbane or Adelaide or Hobart, for example. In a perfect world governments would make, I suppose, no savings decisions. So the sorts of balances that Mr Killesteyn has talked about are the ones that certainly government had to consider on this. It is also true, as the commissioner has pointed out, that in relation to these centres, apart from the fairness issue of where centres are located, the pattern that you have heard about visitor numbers is another issue or perspective to take into account. I think the Adelaide numbers have fallen by a little over 30 per cent and in Melbourne it is about 14 per cent, from the figures that have been made available. That is this financial year when compared to last financial year. But I accept that governments make decisions about these sorts of issues. On the other hand, as you would appreciate, the government was also able on a positive note to establish an Indigenous electoral participation program in this budget.

Senator RONALDSON—Minister, I put this to you. In your view, what is more important: providing members of the Public Service with the services of the Weight Watchers organisation, or actually giving kids the opportunity to learn something about our democracy and our electoral structure? This is all about priorities. How you can justify spending that money on Weight Watchers in the Public Service? \$310,000 in each is the full extent for 12 months to educate 16,000 kids, but this government is happy to spend money on Weight Watchers in the Public Service. You are happy to let ministerial staff and public servants spend \$120,000 on airfares to the UK. In the space of one flight you have spent a third of the operating costs of this centre in Melbourne and the centre in Geelong—a third in the space of one aeroplane trip. I put it to you that you have got your priorities all wrong. To force the Electoral Commission to pull out of Adelaide and Melbourne, and indeed the states of Victoria and South Australia, a service that has been accessed by a lot of children, I think your government's priorities are all wrong.

Senator Faulkner—Let me respond to that, Senator, because I do not accept for one moment what you have said. The first thing I should say in response to that is that the issue of the flights has been taken on notice and obviously will be responded to at an early opportunity, but I have no reason to suspect that the figure you have provided is correct. You might have more information than I have available to me, but I try to deal with facts in these sorts of issues, not speculation.

In the Department of the Prime Minister and Cabinet you raised an issue in relation to some of the provisions of the CA in that portfolio. It is true that the access to Weight Watchers programs was part of that. You know as well as I do that that agreement was made during the life of the previous government, and there is no criticism intended by that. I think governments have responsibilities to the health and wellbeing, the occupational health and safety, of—

Senator RONALDSON—Yes, but people have control of their own health. These kids do not have access to these—

Senator Faulkner—No, let me finish, Senator. You have asked me a question drawing some unrelated threads together, and I am just trying to deal with it. I believe that those sorts of issues are important, and I think that all good employers could and should take account of the wellbeing of their employees in that way.

You finally draw a third unrelated thread together in relation to the electoral education centres. Sure, in an absolutely perfect world, perhaps the Melbourne and Adelaide electoral education centres could stay open. It was not a perfect world. The AEC were asked to recommend savings to government. This was recommended. It was agreed to. There are issues of access. There are issues of fairness. I went through a whole range. You can go through the length and breadth of Australia where kids do not have access to the electoral education centres, except of course that we will now have the national Electoral Education Centre here in Canberra. Sure, there will no longer be one in Melbourne or Adelaide, but there is not one now in Sydney, the state that I represent. There is not one in Queensland, the state that Senator Moore represents. There is not one in Tasmania, the state that Senator Polley represents. And so it goes on, going around the table.

I do accept that these balances are made. I think it is fair to say that this one was made with the benefit of advice from the AEC, but I do not stick the AEC with that responsibility; it was the government that made the decision. Mind you, the AEC has to make its own assessments about what, in circumstances not of its own making, it provides to government. But I do not think it is really fair to draw together those other threads of evidence that either was or was not adduced at this committee and lump that on the AEC.

Senator RONALDSON—If I could respond to that commentary, please—

CHAIR—Is there a question? You can ask a question, Senator.

Senator RONALDSON—In the context of \$300,000 for the Melbourne education centre, your government in the last four months has splashed around \$23 billion, \$23,000 million dollars, that has not created one job, and yet we have the AEC, which on the commissioner's own acknowledgement is now under significant pressure to maintain its service.

CHAIR—Is there a question?

Senator RONALDSON—We have \$300,000 into Melbourne and Adelaide, where an education centre that is looking after kids and teaching them about the way we operate goes, but you are quite happy to throw around \$23 billion that did not create a job. In fact, by doing what you have done, you have actually cost the jobs of, I think, about six or seven part-time staff. So for 300,000 bucks you have lost six or seven jobs, and for \$23 billion you have not created one. I think your priorities are all absolutely wrong.

Senator Faulkner—Thank you for what I think was actually a nonquestion. I do not think there was a question mark at the end of those sentences.

Senator RONALDSON—I thought yours was a nonanswer before too, so we are probably even.

Senator Faulkner—I have put to you what I think. I am not attempting to put any political spin on this. I am not trying to sugar-coat the situation. Yes, the centres are closing. Yes, attendances have been dropping, as you have heard. In a perfect world I suspect we would have such centres in every state of Australia, but we do not at the moment and those two centres will close. It is a matter of priorities, as I have suggested. I want to assure you that neither the government nor the AEC—and I know the AEC have recommended some possible approaches to government—have come to these decisions lightly. It is a question of agencies making their own contributions to the savings task of government. This is an outcome of that consideration within the AEC that has been, in the end, determined by the government.

Senator BERNARDI—I want to continue on this particular line of inquiry. The expected savings are about \$600,000.

Mr Killesteyn—\$620,000.

Senator BERNARDI—On what Senator Ronaldson said—that five or six people may find themselves out of a job—you said earlier that the opportunity would be offered to them to all to be retained within the AEC.

Mr Killesteyn—That is correct.

Senator BERNARDI—So there would be no staff savings?

Mr Killesteyn—Those people who are ongoing employees of the AEC network—for example, those who have been managing the centres—have all been offered continuing employment inside the AEC. It is only the contracts for the contracted teachers who were employed on a contract basis for a specific number of hours which will not continue after 30 June.

Senator BERNARDI—Could you detail the value of those contracts?

Mr Killesteyn—The contracts for the teachers delivering—

Senator BERNARDI—Yes.

Mr Killesteyn—I will take that on notice.

Senator BERNARDI—I would like to know the actual staff savings that are going to be made. You mentioned that for the one in Lonsdale Street in Melbourne and the one in Adelaide you have lease commitments for both of those premises.

Mr Killesteyn—It is a slightly different situation in each centre. In Adelaide, the electoral education centre is inside the offices of the Electoral Commission. So in the calculation of the savings associated with this particular measure there are no rental savings associated with that particular facility. In Melbourne, however, a separate lease has been under discussion and negotiation. The savings only include a rental component for Melbourne. There was no rental savings component for Adelaide.

Senator BERNARDI—Thank you for that, but didn't you say earlier that you might use the facility for storage or something like that?

Mr Killesteyn—Absolutely. That is correct. Essentially what we would be doing is transferring costs that we otherwise would incur under other programs, such as electoral

expenses, and covering them through the continuation of this facility. From that perspective, it is a saving; it just rises in other parts of our budget.

Senator BERNARDI—That is the clarification that I wanted. Thank you. I understand that. Onto another matter—

Senator RONALDSON—Sorry, just quickly: what were the relocation costs? The refurbishment cost was a million dollars; what were the relocation costs to Lonsdale Street?

Mr Killesteyn—I will take that on notice.

Senator RONALDSON—Thank you.

CHAIR—Can I just check something. We appear to have moved on to outcome 3. Have we?

Senator BERNARDI—I think they are just general questions. We have just put them all together.

Senator Faulkner—I think most of the senators are just trying to address the questions as general questions. If it assists you and the committee, we are happy to be flexible.

Senator BERNARDI—Part of the process the AEC undertakes in order to get people on the electoral roll is to send them letters. How do you measure the success of your campaigns in that regard? Do you actually track re-enrolments or people who amend their enrolments accordingly?

Mr Killesteyn—Essentially, the core measure that we use for any activity around roll management is what we call the participation rate. It is a measure of the number of registered voters over the eligible population, and all of the activities are designed to achieve a continuation of that particular measure. At the lower level, if you like—at the next level, essentially—the letters will generate a range of responses from people to whom the letters are sent. One of those responses, that we obviously are keen to get, is a new enrolment form; either for an individual who has not been on the electoral roll so far or a person who has changed their address and needs, as a consequence of changing their address, to submit a new enrolment form. So essentially it is a higher-level measure overall, which we monitor very carefully, and then there are individual initiatives we take that have their own assessment and evaluation as to how effective they are.

Senator BERNARDI—That is what I want to come to. Your website says you sent over 550,000 letters last year to—

Mr Killesteyn—We sent 550,000 letters this year.

Senator BERNARDI—Yes, this year. I beg your pardon. You sent them to people who are not on the electoral roll and people who have moved house.

Mr Killesteyn—Just to clarify, the 550,000 was one mail-out for the April/May period. So, on an annual basis the number of letters that we would send out—

Senator BERNARDI—I do not want you to get hung up on it—

Mr Killesteyn—I am just trying to clarify it.

Senator BERNARDI—I know. I accept that and I will accept the figure when it comes across but I am interested in how you measure the effectiveness of that and what sort of response rate you get to the outcomes you want.

Mr Killesteyn—For every hundred letters, for example, that we might send out initially we would get probably a 25 per cent response rate, either by way of new enrolment forms or in the form of other advice from individuals that the person to whom the letter was addressed no longer resides at that address. Based on that, for the remaining 75 per cent we would then probably proceed to a second reminder. I would expect that we would get a similar sort of response. It starts to decline after that; there is a progressive decline. But in the initial phase it is a 25 per cent response rate.

Senator BERNARDI—Okay. If I could ask you to make an educated calculation, how many Australians of voting age are not on the electoral roll right now?

Mr Killesteyn—I have put that on the record before, and my estimate is that 1.2 million Australians are not on the electoral roll. That is based on an estimate, provided by the Australian Bureau of Statistics, of the eligible population that are over 18. We simply deduct from that number the number of registered voters on our electoral roll.

Senator BERNARDI—What about cases of electoral enrolment fraud? How many cases of that have you seen or received complaints about?

Mr Killesteyn—There is little if any evidence of electoral roll fraud that comes to the attention of the AEC. If there was evidence then I would certainly be keen to see it.

Senator BERNARDI—Do people complain about what they perceive as fraudulent enrolments to the AEC?

Mr Killesteyn—From the perspective of someone who was already enrolled, I think they would probably not know whether there was electoral fraud. Certainly, in my time here there is no evidence of any fraud taking place.

Mr Pirani—I might be able to assist here. We do get some complaints about enrolment fraud. It normally relates to a person who is enrolling for a particular address for some other reason. For example, we have a couple of matters at the moment where objections to a person's enrolment at a particular address are being investigated. Quite often it relates to local governments—eligibility to be elected in local government—that they have residential qualifications. In the past 12 months I have probably had about half a dozen complaints where it has been suggested there was some evidence that a person's enrolment was fraudulent solely because of the address issue. It was not that the person was not an eligible elector; it was purely in relation to the address under which they sought to be enrolled.

Senator BERNARDI—Thank you. Just continuing down that path: what is the process of your investigation once a complaint is received?

Mr Pirani—It normally goes through the divisional returning officer, who will conduct a preliminary investigation. They will then provide me with any evidence that they may have in relation to that, and then we would refer it off to the Australian Federal Police.

Mr Dacey—Notwithstanding Mr Pirani's remark, there are very few cases where we have actual allegations or any evidence of electoral fraud that we have in fact referred to the Australian Federal Police over the many years I have been in the organisation.

Senator BERNARDI—Okay. Going back to the investigation, though: when you have received a complaint, what is the typical turnaround between receiving a complaint, conducting an investigation and advising the complainant of the results?

Mr Pirani—There are some cases where we do not advise the complainant—and that involves privacy issues—other than to say that the matter has been examined and addressed by the Australian Electoral Commission. I put that upfront. But in certain circumstances, where the person has actually raised an objection, there is a process in the act that we have to go through, where the person is entitled to be told and to know the outcome of that decision. At the moment, I have one in New South Wales where I think the process has taken about three months.

Senator BERNARDI—Could you just explain to me 'an objection'?

Mr Pirani—Under section 114 of the Commonwealth Electoral Act, a person can be objected from the roll. Anybody can object another person from the electoral roll by lodging a complaint, an objection, to the relevant divisional returning officer that a particular person is not eligible to be on the electoral roll at a particular address. There is a whole process that is set out there in section 114 for dealing with an objection. Those decisions become reviewable decisions before the Administrative Appeals Tribunal.

Senator BERNARDI—With regard to eligibility to be on the electoral roll at a particular address, there is a fixed time of abode that people have to be there before they are eligible to enrol at that address. Is that correct?

Mr Pirani—Section 101, in subsections (3) and (4), refers to 30 days for a person living at the address.

Senator BERNARDI—How do you define 'living at the address'?

Mr Pirani—That is one of the issues, because there is not much case law on this. We use, in general terms, the law relating to residency that is well known in income tax law and social security law. But the actual wording of section 101 refers to place of living.

Senator BERNARDI—So the person would be expected to be sleeping there, to have their bills sent there, to have their mail sent there?

Mr Pirani—Those are the sorts of factors that you would look at in relation to making the decision, yes.

Senator BERNARDI—So, if there were a complaint about someone purporting to live at a particular address and there was no evidence to support it—such as there was no mail redirection, their bills were still being sent to their previous place of abode et cetera—it would give you a prima facie case to continue to investigate further. Is that correct?

Mr Pirani—It would give us prima facie evidence that we would need to go to the person and say: 'These are the sorts of factors that have been brought to our attention. We have had a

complaint to have you objected from the roll.' Then the decision maker would look into that and seek the person's response, to afford them natural justice.

Senator BERNARDI—Let us go back to the time issue. Do they have to be living in the residence for 30 days prior to their being allowed to change their enrolment?

Mr Pirani—The requirement in section 101 is that the person must, within 21 days of moving, give notice of the address change to the Australian Electoral Commission. That is in section 101, subsections (4) and (5). Section 114(4)(a) refers to a period of at least one month as the basis for objecting a person from the electoral roll. So there are two different tests. The obligation to change your address if you have changed your place of living is 21 days in section 101. In relation to being objected from the roll, the grounds for it are that the person has not lived at that address for a period of at least one month.

Senator BERNARDI—I just want to put this in simple terms: if someone changed their enrolment to an address and then back again in the space of a month or so, it would be very hard for that to meet the criteria of the AEC?

Mr Pirani—To meet the criteria in the act?

Senator BERNARDI—In the act, yes. Is that right?

Mr Pirani—Yes.

Senator BERNARDI—So one could only perceive there was something improper being done in those circumstances?

Mr Pirani—Not necessarily. There may well be other explanations. We had a case last year which went to the Administrative Appeals Tribunal where the person was having their house renovated. The AAT held that, even though the person was out of the house for that period of time, it was still their place of living because they had the intention to return to it. So there are myriad possible factual scenarios that might result from a person moving out of their premises for a period of time. Whether or not they will come to us and tell us that they have changed their address to meet the 21 days requirement in section 101 is maybe debatable. Under section 114, though, we cannot object them from the roll unless we have evidence that they have moved out for a period of more than one month and that their place of living has changed.

Senator BERNARDI—I do not want to play hypotheticals all day, because I know that is improper. The scenario where someone wanted to move for local government purposes and they changed their enrolment on the electoral roll and they do that on 1 July, they change it to 400 kilometres away from where they had previously resided and then, before the end of July or early in August, they change it back to where their original place of residence was, would arouse some suspicion, would it not?

Mr Pirani—As I said, not necessarily. There is a whole realm of possibilities. They could be renovating their house, they could have had to move out for a particular reason, they might have been caring for a relative et cetera and they regard their place of living as having been changed.

Senator BERNARDI—But how could they fulfil that criteria if they have done that within five weeks, for example, when the requirement is for 30 days you have to be living—

Mr Pirani—No, it is 30 days for being objected from the roll; it is 21 days in relation to notifying us of the enrolment in relation to section 101. There are two different time periods—it is actually backed up by a criminal offence in section 101—to notify the AEC of a change of address, it is 21 days and that is set out in section 101. For us to object a person from the roll, we cannot object a person from the roll unless we have got evidence that the person has not lived at that address for a period of at least a month. So we are talking about two separate things here.

Senator BERNARDI—Is there some further information that is relevant?

Mr Pirani—My colleague was directing my attention to section 99, subsection five, which is a further factor, which says:

5) The validity of any enrolment shall not in any case be questioned on the ground that the person enrolled has not in fact lived at the relevant address in the Subdivision for a period of one month.

So, if we had a change of address that was within a one-month period, we could not question the validity of that enrolment. That is section 99, subsection five.

Senator BERNARDI—Would it make any difference if the person from several hundred kilometres away had rented out their house or something like that?

Mr Pirani—If that person also happened to be a member or a senator in the parliament, the answer is no.

Senator BERNARDI—You are jumping to conclusions.

Mr Pirani—Because section 99, subsection four—

Senator BERNARDI—You are jumping to conclusions.

Mr Pirani—Possibly not. Their real place of living—there are numerous cases, for example, under income tax law, where a person has been held to have two places of residence at the same time. The most famous case is probably Gregory, in the FCT, going back to World War II.

Senator BERNARDI—Where was he living?

Mr Pirani—It was a tax thing—I believe the person was actually in Papua New Guinea and there was an issue about whether the person was still an Australian resident for the purposes of income tax liability. So there is a range of case law and it really depends on the particular statute. There was another case involving a scheme called the Isolated Patients Travel and Accommodation Assistance Scheme under the National Health Act where, under that scheme, it was held that a person was not capable of having two places of residence at the same time. It really depended on the legislation. But, again, we have had a recent decision of the AAT which held that, if the person had moved out of their place—and this one was out of their house for more than 12 months—nonetheless, their place of living was still the place that was being renovated.

Senator BERNARDI—It is a pity you are not a criminal barrister; I think you would do an excellent job defending your clients. Well done!

Senator JACINTA COLLINS—Can you give us a summary of this case law?

Senator Faulkner—You do not have it with you, I hope!

Mr Pirani—No. The only reason it sticks in my brain is that I have done some advising work for clients in relation to that. Nonetheless, on the case of residency, there is a common thing in a lot of Commonwealth law about whether residence is the relevant test as opposed to—under veteran’s affairs law, for example—domicile and not residence.

Senator JACINTA COLLINS—What does ‘domicile’ mean?

Mr Pirani—Domicile is a very old concept that when you are born you inherit the domicile of your parents and that domicile continues as the domicile of choice. When you are 18 you can change your domicile if you have the power to, but in immigration cases if you are not lawfully entitled to be in the country where you are saying you want to be domiciled you cannot be regarded as so domiciled. So there are a whole litany of related concepts but the issue we have in the act he is ‘living at place’. That is the test and that is the requirement in both section 101, which is the enrolment requirement, and section 114, which is the objection requirement.

Senator BERNARDI—If someone is questioned about their living at a particular place, there should be some evidence to support them living in that place in the form of bills or rental payments or something like that.

Mr Pirani—The normal situation is we get an enrolment form when the person says they are doing that. Quite often we would run checks with assistance from the national system for dealing with motor vehicle licences and we can potentially confirm the address from other sources. So, yes, there would be some evidence in relation to data. When we get to the objection process, the evidential burden is placed on the objector in relation to what evidence is required. The decision maker still has to make inquiries but if we have no prima facie evidence before us that would indicate the person was not living at a particular address we would not be able to object to a person on the electoral roll.

Senator BERNARDI—I will place a series of questions on notice. I appreciate the information you have provided. It is crystal clear right now—to me, at least!

Senator RONALDSON—How long does a person have to live at a location before they are required to enrol at that location?

Mr Pirani—Section 101(4) says 21 days.

Senator RONALDSON—Okay. Thank you.

Senator FIFIELD—I was not going to ask a question along this line, but I have been prompted to by Mr Pirani. Just following on from my colleagues, Mr Pirani, you hinted at different enrolment requirements for members and senators.

Mr Pirani—That is correct.

Senator FIFIELD—What are they?

Mr Pirani—Section 99(4) allows a senator or an MP to retain their enrolment in the relevant division that they represent. So it is a specific power in section 99(4) that allows senators and MPs to retain their initial electorate address, despite the fact they might be living somewhere else.

Senator FIFIELD—Didn't the AEC receive some legal advice some time before the 2004 election which called into question the particular circumstances in which members and senators could be enrolled at an address other than where they actually lived?

Mr Pirani—Not that I am aware of.

Senator FIFIELD—I had a recollection that there was.

Mr Pirani—I will take that on notice, but I do not recall specific advice.

Senator FIFIELD—According to the section that you referred to, could a member or senator, for instance, have their electorate office as their enrolled address?

Mr Pirani—No.

Senator FIFIELD—Presuming that the place of enrolment is not where you live, what is the address for where you are enrolled? Or are you just deemed to be on the electoral roll in a particular division but without an address?

Mr Pirani—I will take that on notice. The provision in the act is not that clear in relation to that. I do recall that I have read something that appeared to indicate that you could not have your electoral office if it was not a place where a person was entitled to live, and so that would be inappropriate. But I would prefer to take that on notice while I just check on this.

Senator FIFIELD—That might actually be what I am thinking of—I have a recollection that there was legal advice that the AEC received in relation to the validity of having your electorate office address as your enrolled address.

Mr Pirani—I seem to recall something like that. But I will take that on notice so I do not risk misleading the Senate.

Senator FIFIELD—If you could, I would be interested as to whether a member or senator is entitled to have a virtual address—sort of floating in the ether—whether the entitlement is to just be on the electoral roll in the division in which you live without any reference to an address.

Mr Pirani—I will take that on notice.

Senator FIFIELD—That would be helpful.

Senator FORSHAW—I would like to just clarify the question you are asking.

Senator FIFIELD—Sure. There is, from what we have been told, an entitlement to have to be enrolled in a division in which you may not live—

Senator FORSHAW—Providing you represent it—isn't that the case?

Mr Pirani—That is correct.

Senator FORSHAW—So we are talking about members of the House of Representatives here who may be living in an electorate that is not the one that they are the elected member for.

Mr Pirani—No, section 99(4)(a) also applies to senators.

Senator FORSHAW—Yes.

Senator FIFIELD—My question is: is an address relevant for enrolment in that circumstance where you do not live in your electorate and where you are not—

Mr Pirani—The actual wording of paragraph (a) seems to suggest that it can be any place. It says:

(a) a Senator is entitled to have his or her name placed on the Roll for any Subdivision of any Division in the State or Territory the Senator represents instead of the Subdivision in which the Senator lives;

Senator FIFIELD—But do you have to provide an address, either in that electorate or in another electorate, or are addresses completely irrelevant for this purpose?

Mr Pirani—I will take that question on notice

Mr Dacey—We will take it on notice. My understanding is that, in the particular case I am aware of, the address is the actual address at which they live which is not in the division for which they wish to be enrolled but that address is then applied to that division so it is a sort of virtual address.

Senator FIFIELD—So let us take the Prime Minister, for instance—

Mr Dacey—I was not speaking about anyone in particular.

Senator FIFIELD—I know you were not, but I am just saying let us take the Prime Minister as an example—

Senator FORSHAW—Why don't you take the former prime minister—he might be a better example.

Senator FIFIELD—I will pick whichever Prime Minister I choose, thank you.

Senator FORSHAW—I am just saying, if you want a real example—

Senator FIFIELD—The Prime Minister lives in Canberra so his address at the Lodge—

Mr Dacey—If the Prime Minister wished to have an enrolment in his division of Griffith in Queensland then my understanding is, which we will confirm, is that it would be the Lodge but showing in the division of Griffith.

Senator Faulkner—I think by taking it on notice we can assure you of a very accurate—and, I suspect, erudite—answer on these matters.

Senator FORSHAW—I would like to follow that up, and I am obviously interested in the response, but the reason I raised the House of Representatives issue was that, putting to one side the Senate, the issue can arise when a member of the House of Representatives is enrolled, say, in the electorate that they represent and they actually live in that electorate—and their address on the roll is within that electorate. You may get a boundary change where their electoral roll address is now outside that electorate. They have an option, don't they?, under this provision to put themselves on the roll in the electorate that they represent—not any other electorate in the state; but the electorate which they are elected to represent.

Mr Pirani—That is correct.

Senator FORSHAW—Which I think has been the case in respect of previous members of parliament.

Mr Pirani—That is correct.

Senator RONALDSON—Mr Pirani, have you been asked by the minister to give advice in relation to the living arrangements and enrolment arrangements of Senator McLucas?

Mr Pirani—I have not personally. There has been a brief that was provided and that brief indicated that it was a matter for our colleagues in Finance as it was an issue relating to parliamentary allowances and entitlements not to enrolment.

Senator RONALDSON—Just so we are clear, did you actually make a determination in relation to the enrolment issue?

Mr Pirani—My advice has been that Senator McLucas is on the electoral roll for an address in Cairns—that is on the publicly available electoral roll—and that under section 99(4) she would be entitled to retain that address.

Senator RONALDSON—So were you asked specifically to give an opinion on this question of residence and this question of enrolment?

Mr Pirani—No, we were asked to give a briefing on the issue that had been raised in the media. The issue that we identified was that, because of section 99(4), there was no prospect of it being regarded as in breach of the Commonwealth Electoral Act.

Senator RONALDSON—Can you run me through section 99(4) again?

Mr Pirani—It says:

(a) a Senator is entitled to have his or her name placed on the Roll for any Subdivision of any Division in the State or Territory the Senator represents instead of the Subdivision in which the Senator lives;

Senator FIFIELD—Just before I go on to the questions I have, was a determination made as to where Senator McLucas lived? Was that part of it?

Mr Pirani—The answer is no.

Senator FIFIELD—Commissioner, I have some questions on the trial of electronic voting for blind and vision impaired people which took place at the 2007 election. I am acquainted with the report by JSCEM into those matters. At the outset I just wanted to confirm the parameters of the trial. I think there were 29 locations at which it was trialled.

Mr Killesteyn—That is correct.

Senator FIFIELD—And the cost was \$2.2 million. Was that \$2.2 million purely for the blind and vision impaired trial or did that also include the trials which were done with overseas posted ADF personnel?

Mr Killesteyn—The \$2.2 million was only in relation to the trial of BVI facilities. There was a further amount, I think it was around \$1.75 million, associated with the defence trial.

Senator FIFIELD—Was this \$2.2 million from within the AEC's existing budget or did you receive funding?

Mr Killesteyn—No, that was money appropriated especially for the trial. It only related to the 2007 election—there is no further legislative authority for us to conduct a trial at this point.

Senator FIFIELD—So the capacity for the AEC to continue with those technologies or that approach at subsequent elections would require additional appropriation?

Mr Killesteyn—Not only appropriation but also legislation.

Mr Dacey—So there was basically a sunset clause in relation to that.

Mr Killesteyn—That is correct.

Senator FIFIELD—I think there were 850 votes cast?

Mr Killesteyn—Yes, I think it was a 859. It was in that ball park but we can give you the precise number.

Senator FIFIELD—Yes, if you could.

Mr Killesteyn—It was 850.

Senator FIFIELD—I think the JSCEM report said that that worked out at a cost per vote of \$2,597.

Mr Killesteyn—That is correct.

Senator FIFIELD—Did the AEC form the view that the trial was a success?

Mr Killesteyn—I think from the perspective of a person being able to cast their ballot in a secret manner, and in terms of the technology, on those parameters the answer would be yes.

Senator FIFIELD—So it went smoothly and you had some happier voters?

Mr Killesteyn—We certainly had a small number of happier voters who chose to exercise that option. Equally there were many other voters who chose to cast their ballots in the normal manner in which they have done for many elections.

Senator FIFIELD—Indeed. And they are always happy.

Mr Killesteyn—Yes.

Senator FIFIELD—Not with the outcome but with the process, I am sure. How did the AEC seek to promote the trial amongst the blind and visually impaired community?

Mr Killesteyn—I was not part of it. I was not there at the time.

Senator FIFIELD—I appreciate that you are recently on board.

Mr Dacey—We dedicated staff and did a lot of work in speaking with the peak bodies or organisations representing that community. We also went out into the community where we had the 29 sites and basically talked in general to that community—media releases et cetera. Mr Killesteyn has just reminded me—even though he was not here at the time—that we actually discussed with the peak groups the appropriate locations for those 29 sites. We did quite an extensive PR campaign, I guess.

Senator FIFIELD—Was the onus on the peak groups to communicate with their members or—

Mr Dacey—Us as well as the peak groups—a combined effort.

Senator FIFIELD—But was there any form of direct communication from the AEC with individuals? I appreciate it might be hard to identify the people who may wish to access that technology.

Mr Orr—As Mr Dacey has already indicated, there was a peak reference group set up as part of the implementation of the legislation. That involved peak bodies. Shortly after that peak group was formed, Radio for the Print Handicapped came on board as part of that reference group. They assisted us in identifying relevant locations across Australia. The team that was set up to implement the e-voting for the blind and vision impaired, when we identified those locations, visited each site to talk to the groups in the areas. These might be the relevant blind groups, local councils or any people we thought would be the best to help us identify the locations for an appropriate site and help spread the word amongst the community. Once we had an e-voting solution, we then took that solution out to the same communities again to give them the opportunity to trial that in their location so that people would become familiar with the electronically assisted voting. We also had, as part of the funding provided, a targeted advertising campaign to suit people with that particular disability. Subsequently we had an independent consultant review the whole program, including consultation with relevant electors in those groups.

Senator FIFIELD—Did that include ads on the RPH stations?

Mr Orr—Yes, there were some ads on RPH. I do not have the details of the full advertising campaign with me, but RPH were very supportive of the trial.

Senator FIFIELD—I appreciate that the AEC cannot continue with the trial or extend access for blind and vision-impaired people without fresh legislation and without additional funding. Does the AEC have a view as to whether that would be a good thing to do? Is it something that the AEC would like to be able to do—to provide that opportunity for a secret ballot for blind and vision-impaired people?

Mr Killesteyn—Indeed. This gives an opportunity for people to cast a ballot in a secret way, which is certainly one of the things that the Human Rights Commissioner has suggested is in the interests of those individuals. Bear in mind, of course—as I mentioned before—there are people who are choosing that particular facility and did so, but others that continue to exercise happily their vote in an assisted manner.

Senator FIFIELD—Sure, but you would agree that facilitating a secret ballot is your core business—as core as it can possibly get?

Mr Killesteyn—We would certainly support continuation of the facilities for blind and visually impaired people to cast a secret ballot. I guess the point, though, is that it does not always require the sort of technology that was trialled. That is the reason it was a trial. There may be other ways in which that can be facilitated, not necessarily incurring the same level of cost.

Senator FIFIELD—Is the AEC doing work on cheaper alternatives?

Mr Killesteyn—The recommendation is there with government at the moment and we will wait until the government has considered the recommendation.

Senator FIFIELD—The recommendation from the AEC?

Mr Killesteyn—No, from JSCEM.

Senator FIFIELD—As you would know, JSCEM's recommendation is that the government not continue—

Mr Killesteyn—We are waiting for government's response to that recommendation.

Senator FIFIELD—Are you hoping that government will have a vigorous disagreement with JSCEM?

Mr Killesteyn—We will explore what alternatives there may be.

Senator FIFIELD—You are currently exploring those alternatives or—

Mr Killesteyn—Indeed. As I have already mentioned in a more recent submission to the joint standing committee there are a number of other options that ought to be looked at and, hopefully, we can provide some useful advice to government about what those options might be.

Mr Dacey—We would also be aiming to explore those options in consultation with the relevant peak bodies such as Human Rights and Vision Australia.

Senator FIFIELD—So when you talk about other alternatives, are you talking about such things as magnifiers for those who—

Mr Killesteyn—I think that is one—

Senator FIFIELD—You are talking about alternatives for people who are totally blind?

Mr Killesteyn—That is right. There may be some interesting and novel approaches to achieving the same outcome.

Senator FIFIELD—Are you able to share any of those?

Mr Killesteyn—I do not particularly want to go into those at this point, because they are thoughts that we have had and I think it is important that we engage with the particular representative groups. They may or may not be useful to those groups, but there are ideas around.

Senator FIFIELD—You would certainly be very aware that Vision Australia, for instance, is very unhappy, to say the least?

Mr Killesteyn—Indeed. And Vision Australia will be one of the groups we talk to.

Senator FIFIELD—You would also be aware of the views of Graeme Innes, the Disability Discrimination Commissioner and also the Human Rights Commissioner?

Mr Killesteyn—Mr Innes is another person whom I will be talking to shortly.

Senator FIFIELD—That would be good. You are probably aware and you, Minister, are probably also aware that Mr Innes, after the JSCEM report was tabled, made clear that he was angry, but he also said, in reference to his experience of voting on election day in a genuinely secret ballot, and I quote:

I had tears in my eyes. I was able to exercise what I regard as a very important democratic right.

Senator Faulkner—Yes, I am aware of that. I can say to you that, in fact, I met Mr Innes last week. I had a long and what I thought was a fruitful discussion with him about all the issues involved and I have recommended to Mr Innes that he follow that through with a more formal discussion with the AEC. I have mentioned that to the commissioner and his senior staff and they are also very keen to do that. I had a very good meeting with him.

Senator FIFIELD—Minister, is the government keen to explore some of the options that the commissioner is talking about to ensure that at the next election there can be the opportunity for a larger number of blind and vision-impaired people to cast a secret ballot?

Senator Faulkner—Obviously, I am well aware of the recommendations of the JSCEM report. Obviously, it was a bipartisan report; I acknowledge that. I would also acknowledge that it is a critical issue for all of us before the next election to see what services can be offered to blind and vision-impaired voters. We are certainly engaged with the AEC on that. My last discussion with the commissioner, which was quite a detailed one, about this very issue was yesterday. That probably gives you an indication that, from my perspective, it is certainly a front-of-mind issue. That is not to say there are not difficulties, as I am sure you will understand, some of which have been addressed in relation to this matter, but it is certainly a matter that I have high on the agenda.

Senator FIFIELD—As a member of the executive, you would not be shy or hesitant to disagree with the recommendations of a parliamentary committee, I am sure. You would take their work on board.

Senator Faulkner—No. The executive reserves its right to do that, but I am also respectful, and I said this to Mr Innes. I am respectful of the fact that this is basically a bipartisan recommendation of the committee. I have seen the public comments made by members of the committee from both sides of the parliament, and I think I have a good understanding of the issues. I think we are all interested—I know the AEC is interested—in seeing what can be done in progressing these matters before the election. It is fair to say—this terminology I am about to use is often used at parliamentary committees—that this is genuinely under active consideration. The fact that I met and had a discussion with the Australian Electoral Commissioner, his deputy and senior members of the commission yesterday about this very issue is, I think, a clear indication of that.

Senator FIFIELD—Thank you for that. Commissioner, has the AEC done any work to establish what the cost would be if the arrangements at the 2007 election for the 29 sites were expanded to one for each federal electorate, 150 sites? I assume that—

Mr Killesteyn—The answer is no; we have not done any work to estimate it. I can certainly take it on notice, but I would suggest that it is a large cost.

Senator FIFIELD—Sure. It would just be, I think, useful to know the figure. I am sure that the cost would not be \$2.2 million for each 29 sites, because there would be certain costs which are needed to establish it.

Mr Killesteyn—That is right. Part of the \$2.2 million covered the development costs of the system itself. The only issue with that is that the development costs were a one-off and, with that particular system, there is intellectual property that the Commonwealth does not own, so there may be a need for us to incur some of those costs again. Of course, the costings charged by the supplier in that case were based on a trial, so as the thing expands, clearly, the provider might see—in sort of a licensing fashion, if you like—that the costs should also expand. I think this is the point about exploring other options. There may be options that are just as good for meeting the desire of having a person being able to cast a secret ballot without necessarily going to the lengths of very expensive equipment and technology which is rolled

out to every polling station on the basis that a relatively small number of people might attend that particular polling station. So we have to look at this in a different way, I believe.

Senator FIFIELD—Sure. But perhaps you could take that on notice. Obviously, with the figure that has been quoted of \$2,500 per vote, if you had something that was rolled out at, say, one site in each federal electorate then that cost per vote would no doubt come down, so although that figure is relevant for the trial I do not think it is necessarily of assistance in looking at whether it would be feasible to expand electronic voting nationwide.

Mr Killesteyn—True.

Senator Faulkner—Cost is obviously one of those issues that I mentioned. There are a range of matters that need to be assessed here, but I will give you an indication that next week I am planning to meet with Blind Citizens and Vision Australia on this very issue to also hear some other perspectives. So that is certainly going to happen in the very near future.

Senator FIFIELD—That is certainly good to hear. I guess I take the view, as many would, that in a modern industrialised nation there is something wrong if we cannot find the capacity and technology to deliver secret ballots in a reasonable and cost-effective way to people who are blind and vision impaired. I always come back to the point that if we can put a man on the moon then we must be able to do a few things short of that as well in a fairly reasonable and cost-effective way. I note Mr Melham's comment as the chair of the Joint Standing Committee on Electoral Matters that he did not feel good about making the recommendation that he did, so it would be good if we could help Mr Melham feel a bit better as well, I think.

Senator Faulkner—I always like to make Mr Melham feel better.

Senator FIFIELD—Indeed. He is a good man. Thank you, Commissioner and Minister, because this is an issue of genuine concern.

Senator Faulkner—Do not underestimate; this is a difficult issue. There are all sorts of perspectives, not the least of which is that any change effectively now requires legislation. Of course, the other legislative provisions had a sunset clause and so forth. So there are a range of difficulties and issues that need to be addressed. I use the terminology I used before: we are having a close look at this and doing so right at this time—and that is true.

Senator FIFIELD—You are the man for the job, Minister. I have confidence in your capacity to deliver here.

Senator Faulkner—Thank you.

Senator FIFIELD—Commissioner, in the submission of Vision Australia to the JSCEM inquiry, they had a number of recommendations, one of which was that AEC related television advertising should contain essential information such as phone numbers, dates and times in a verbalised fashion. The television ads are constructed on a vision-only basis at the moment. Is the AEC giving any thought to doing that?

Mr Killesteyn—The answer is obviously yes. We have learnt a lot of lessons in relation to the trial last year, not only about the technology but equally about how to communicate with blind and visually impaired groups, and we will take those lessons into account as we move into the next phase for the next election. Indeed, I should mention as well that Mr Dacey is

my representative on a group that meets with the disability lobby groups. Those matters, through that committee, are up for discussion.

Senator FIFIELD—Hopefully, next estimates we may have a little more news that you are able to share, but I appreciate you taking a number of matters on notice as well.

CHAIR—Senator Ronaldson, you have a question.

Senator RONALDSON—I think there were questions raised about whether an electorate office could be used as your address—this is in relation to the former Prime Minister. My understanding was that you might have given advice in the past that an electorate office address could not be used and that, as a result of that, you must use an actual address—for a senator—of where you live, but you can still be listed on a roll elsewhere, with the address of the place that you actually reside. Is that correct?

Mr Pirani—No. Senator Fifield asked me whether there had been advice around 2004. I was referring to a recollection about reading advice that related to whether an electoral office could be used as the address. But I have agreed to take it on notice and I will examine the issues raised by Senator Fifield and respond with a considered response that addresses all of the issues.

Senator RONALDSON—When you are providing that, can you give us advice, please, in relation to your ruling as to what must be nominated—whether it must be your actual address where you live but you can be listed on another roll using that actual address.

Mr Pirani—We will take it on notice.

Senator RONALDSON—Thank you. I have just one more matter. On 14 April this year, Ben Schneiders, in the *Age*, broke a story about a secret meeting held two years earlier, on 12 April, I think it was, between senior trade union officials and then ALP secretary Tim Gartrell. Are you aware that the reported purpose of the meeting was to seal a cash-for-policy deal in which the CFMEU Victorian State Secretary Bill Oliver and the Electrical Trades Union Victorian State Secretary Dean Mighell handed over \$500,000 in return for an explicit promise that a victorious Rudd government would abolish the Australian Building and Construction Commission? Are you aware of that *Age* report?

Mr Pirani—Yes, I do recall having read that report.

Senator RONALDSON—Are you aware that, according to the *Age*, it was stated that this large union donation to the ALP's election war chest was explicitly contingent upon a promise from the Prime Minister to eliminate the ABCC?

Mr Pirani—I am in aware that was stated in that media report, yes.

Senator RONALDSON—Did you investigate that?

Mr Pirani—I was not aware that there was any allegation of a breach of the Electoral Act that would have given me grounds to investigate it.

Senator RONALDSON—Are there any rules against electoral bribery in the act?

Mr Pirani—You are correct that there is an overall law, in part XXII of the act, dealing with bribery. But this is a general issue to do with—as I understand it—election promises or

nonpromises. It did not amount to an actual bribery in relation to a vote in parliament which, in my view, would fall within the scope of section 326.

Senator RONALDSON—You do not think that the Australian Building and Construction Commission, having been established by legislation, would also need to be abolished by legislation?

Senator CAMERON—I think it should anyway.

Senator RONALDSON—Exactly.

Mr Pirani—Can I take that on notice, and I will reread the article. I can advise you that at this stage I have not conducted an investigation into that issue.

Senator RONALDSON—If the only basis on which you would not investigate was whether there was going to be a legislative matter, clearly that the ABCC would be required to be abolished by legislative change. On that basis, that then triggers, in my view, your investigation into the matter—or it must trigger it, on the basis of what you have said.

Mr Pirani—Section 326 of the act sets out the bribery requirements. Without going through all of them, it refers to a vote of the first mentioned person, any candidature, support et cetera. It just was not clear from the contents of the article that there was any allegation of actual bribery that would fall within the scope of section 326. I will take it on notice.

Senator RONALDSON—Can I reiterate: the support was the donation of \$500,000, so I think it does very much come within that purview. There was \$500,000 on the table as support for the Labor Party if the ABCC were to be removed.

Mr Killesteyn—We will take this matter on notice, because you are essentially seeking an opinion against a set of facts which are not at all clear and which are simply based on media reporting. I think the further we go down this path, the greater the danger is that we are providing incorrect advice.

Senator RONALDSON—Yes, I accept that at face value, but my question is probably a step back from that, as well. This is a very serious allegation; it was confirmed by the very people who were handing the money over that that was the basis on which they were handing the dough over. They were handing the \$500,000 over conditional upon that legislation being abolished. The jury and the judge are sitting at the same table, effectively.

Mr Killesteyn—I am not doubting that the allegation is serious; I am suggesting that we will take it on notice and give it full and proper consideration.

Senator RONALDSON—Just very quickly, Mr Pirani—and I promise that I will finish on this note, Madam Chair—did the request for advice in the McLucas affair come formally, informally or via a DLO? Was it in writing? Who was it communicated to, and by whom?

Mr Pirani—I would have to take all of that on notice. I do not have that with me and, indeed, I was not in the country when the original brief was provided. We do act proactively. I regularly go through the media clips of a morning to see if there are any issues that may be raised, particularly when parliament is sitting, so that we can have, hopefully, a question time brief prepared to deal with these issues. But I will take that on notice to see the basis on which the question time brief was prepared.

Senator RONALDSON—Can that be by way of an indication as to whether this was a brief requested? Perhaps I will withdraw that. It would be unusual for you to receive a brief in relation to parliamentary allowances, wouldn't it?

Mr Pirani—That would be correct.

Senator RONALDSON—So, for you to have received a brief, one would assume that it would have to relate to things other than parliamentary allowances. I think it is also reasonable to assume that the only other thing that you could have been asked to provide advice on was in relation to enrolment details. If it is something else that you were asked to provide information on, thank you. Clearly it was not in relation to travel allowance matters. In my view, it could then only be one other thing, but if it is not then you have taken it on notice and I would be interested to get your response.

Mr Pirani—Thank you, Senator.

Senator BERNARDI—Mr Pirani, Senator Ronaldson mentioned the term 'bribery', and I just have a question about the act for your legal brain in your current capacity. If someone offered a financial incentive to a political party to endorse, preselect or de-preselect a particular person, could that be construed as a breach of the act?

Mr Pirani—There was an actual allegation made in Tasmania in the lead-up to the last election about a particular candidate being deselected and whether that amounted to bribery. That matter was referred to the Australian Federal Police, and a response was provided to Senator Barnett in relation to that.

Senator BERNARDI—Okay. It was not about that particular case.

Mr Pirani—No, but there is a particular case that is on the record, which is why I have referred to that one.

Senator BERNARDI—Okay, thank you. Was that raised in estimates?

Mr Pirani—No, it was raised in a letter from Senator Barnett in the lead-up to the November 2007 election.

Senator BERNARDI—I will ask him, and if I do not get that answer then I will ask you again.

Senator Faulkner—Chair, I realise that questioning has finished, but just before we leave the table I table the review of government staffing prepared by Mr Alan Henderson.

CHAIR—Thank you very much. Thank you, officers and Minister. We now move on to the Human Services portfolio.

[3.07 pm]

HUMAN SERVICES PORTFOLIO

In Attendance

Senator Ludwig, Minister for Human Services

Department of Human Services

Core Department – Outcome 1, Output 1

Ms Helen Williams, Secretary
Ms Kerri Hartland, Deputy Secretary, Technology and Corporate
Mr Jeff Popple, Acting Deputy Secretary, Delivery Policy and Compliance
Ms Jennifer Gale, First Assistant Secretary, Chief Finance Officer
Mr Alex Dolan, First Assistant Secretary, Employment and Compliance
Ms Jenny Thomson, Acting First Assistant Secretary, Families and Income Support
Ms Di White, Assistant Secretary, Health Business and Delivery Policy
Ms Marie Johnson, Chief Technology Architect
Mr Phil Lindenmayer, Acting First Assistant Secretary, Corporate Operations
Mr Patrick Hadley, First Assistant Secretary, Chief Information Officer
Dr Gary Rumble, General Counsel

Child Support Agency – Outcome 1, Output 2

Ms Jennifer Cooke, Acting General Manager
Ms Barbara Bennett, Deputy General Manager, Business Strategy and Development
Ms Katrina Baird, Acting Deputy General Manager, Service Quality and Systems Improvement
Mr Bill Lodge, Acting Deputy General Manager, Service Delivery

CRS Australia – Outcome 1, Output 3

Mrs Margaret Carmody, General Manager
Mr Michael Robinson, Deputy General Manager – Corporate
Mr Paul Cain, National Manager Finance
Dr Jacky Fogerty, Assistant Secretary, Employment and Job Capacity Assessment

Centrelink – Outcome 1, Output 1.1

Mr Finn Pratt, Chief Executive Officer
Ms Carolyn Hogg, Deputy Chief Executive Officer, Service Delivery and Emergency Management
Mr John Wadeson, Deputy Chief Executive Officer, Information Technology
Ms Aurora Andruska, Deputy Chief Executive Officer, Capability and Corporate
Mr Grant Tidswell, Acting Deputy Chief Executive Officer, Customer Service
Mr Gary Dunn, General Manager, People and Ministerial
Mr Hank Jongen, General Manager, Communication
Mr Trevor Burgess, Chief Financial Officer
Mr Brian Silkstone, Acting General Manager, Network Operations
Ms Sheryl Lewin, General Manager, Network Performance
Ms Natalie Howson, General Manager, Client Business
Mr Paul Cowan, General Manager, Families, Seniors and Service Delivery Support

Ms Moya Drayton, General Manager, Education, Employment and Support Programs
Mr Peter Searston, General Manager, Remote Servicing
Mr Tuan Dao, General Manager, Corporate IT Systems
Mr Darren Box, General Manager, Audit, Governance and Assurance
Mr Mark Withnell, General Manager, Business Integrity
Mr Tony Gargan, Acting General Manager, Strategy and Capability
Ms Karel Havlat, National Manager, Budget and Management Accounting
Ms Kathryn Johnson, National Manager, Legal Counsel – Administration Law and Privacy
Ms Jenny Teece, National Manager, Emergency Management Branch
Mr Peter Cornish, National Manager, Business Process Design Branch
Mr Dennis Mahony, National Manager, Families and Child Care Programs
Mr Stephen Kelly, National Manager, Seniors Carers and Supplementary Payments Program
Mr Graham Maloney, National Manager, Income Management
Mr Trevor Jones, National Manager, Centrelink Call Performance
Mr Sheldon White, National Manager, Business Integrity Programs
Mr Brendan Jacomb, National Manager, Legal Counsel – Commercial and Procurement
Ms Vicki Beath, National Manager, Education, Employment and Disability Programs
Mr Brad Clark, National Manager, Financial Management and Services
Mr Jason Ryman, National Manager, Fraud and Intelligence
Ms Michelle Lees, International National Manager

Medicare Australia – Outcome 1, Output 1.1

Ms Philippa Godwin, Acting Chief Executive Officer
Ms Rona Mellor, Deputy Chief Executive Officer
Mr Mark Jackson, Acting Deputy Chief Executive Officer
Ms Linda Holub, General Manager, PBS and Aged Care Programs
Ms Leonie Whiting, Acting General Manager, Medicare and Associate Government Programs
Ms Ellen Dunne, General Manager, People and Values
Ms Sheila Bird, General Manager, Business Futures and e-claiming
Mr Colin Bridge, General Manager, Program Review
Mr Graham Gathercole, General Manager, IT Operations and Projects
Ms Lynne O'Brien, General Manager, Financial and Corporate Services
Mr Geoff Mutton, Chief Operating Officer

Australian Hearing

Mr Steven Grundy, Managing Director
Ms Margaret Dewberry, Executive Manager, Indigenous and Multicultural Services

CHAIR—Good afternoon. I welcome the Minister for Human Services, Senator the Hon. Joe Ludwig; the Secretary of the Department of Human Services, Ms Helen Williams; and other officers of the Department of Human Services. Senator Ludwig, do you have an opening statement?

Senator Ludwig—No. Good afternoon to the committee, thank you.

CHAIR—Ms Williams?

Ms Williams—No, thank you.

[3.08 pm]

Senator SCULLION—Welcome, Joe. In terms of the process, there are a couple of bits and pieces around, but in terms of the core human services department material I notice that in the previous two budgets we have identified the staff numbers and broken them down into core department, Child Support Agency and CRS. As I try to follow the current budget so we can see if there are some changes, that does not appear to be the case; I am not able to identify that as a specific line. Could you first of all explain to me why that is the case. Is there any particular benefit in changing the way that you lay out the budget estimates?

Ms Williams—Yes. The CRS and the child support program have always, as you know, been part of the department. When I looked across the department, I was concerned about a couple of things: firstly, that as head of the department I did not have proper accountability for the whole department—it was not pulling together properly—and, secondly, that I could see that, as we are all pressed for resources, we would get a lot more efficiency and effectiveness if, in fact, I brought together the enabling areas of the department—that is, things like human resources, financial planning, information technology et cetera.

I started this with the child support program. The child support program is now in the enabling divisions, fully integrated with the rest of the department. So the child support program, as a program delivering, is delivering as it always was, and to people outside the department it is exactly as it always was. But we have now integrated those enabling functions because we are bringing together the expertise. It is a lot more efficient and a lot more effective.

Senator SCULLION—Thanks for that, Ms Williams. Obviously the changes were entirely for your benefit. It is just that I am one of those people who sit outside, and I am taking it that the Child Support Agency, for example, remains entirely the same to people like me.

Ms Williams—Yes.

Senator SCULLION—Would you be able to provide the number of people who get out of bed in the morning and turn up at the Child Support Agency? Do we have a number for that?

Ms Williams—Do you mean by that the number of people who are actually delivering on the ground?

Senator SCULLION—No. The number of people in the Child Support Agency in 2007-08 was provided as 3,930. In 2008-09 it was 3,520. I am not sure exactly how you came to that number, but one would assume that they are the people who get out of bed and if you asked them, 'Where do you work?' they would say, 'I work in child settlement' or 'I work here'. There is obviously some process to work that out. How would I come to that figure so we can have some comparative analysis, given that for all those people outside, like myself, it effectively has not changed? How would I come to that number?

Ms Williams—It has not changed for all those people outside because the people actually delivering the service are the same people. But it is very difficult to give you an absolute comparison because I have integrated those enabling functions. I have brought together the HR. It now does not have two HR and two finance areas; it has one across those two bits of

the department. So it is very difficult, I am afraid, to give you an exact comparison because it is now a different beast, if you like.

Senator SCULLION—So what you are telling me is that you have added, I suppose, those constants that are there that would have been considered external to the actual delivery. In terms of counting, the administration and finance are now functions that were not included in those numbers last time?

Ms Williams—No, they were included. What happened last time is that, for example, there would have been some financial people in the Child Support Agency and some financial people in the departments. There would have been human resources people in the Child Support Agency, even though it is not an agency, and some human resource people in the department. These are the enablers, if you like, for the whole department. They are the ones who actually allow it to run. Those have been brought together because we have brought together the expertise and built a firmer, stronger base in information technology, human resources and finance for that bit of the department as a whole. It is now very different. Those enabling functions are brought together.

Senator SCULLION—Are you able to separate out those staff members in each area who have been allocated an enabling function—just in terms of the numbers?

Ms Williams—We could bring together the ones that have been allocated. I will hand over to Ms Hartland.

Ms Hartland—I have actually got the total numbers for the enabling services. If that would help you, I am happy to go through those.

Senator SCULLION—Basically I was just attempting a leap of arithmetic. If you could provide me with the enabling numbers, I was hoping that at some stage we would be able to get down to some sort of comparison with the original numbers. My motive behind that is that there have been predicted changes in these numbers and there have been some pretty substantial fluctuations in both predicted numbers and actual numbers. If in the middle of all of this we have actually changed the process—and I can understand why you have done it; there is no mischief there—I am just wondering if there is some way, if you have allocated these others in administration and finance, that you can identify them in a way that enables some comparative analysis between both the 2007-08 and 2008-09 years.

Ms Hartland—It becomes a little bit tricky in that in the media and communications areas, for example, we have integrated across the portfolio. So it is a bit hard to get a comparison because, as the secretary said, where there were a number of different areas performing well, we have integrated them and brought those areas together to make them more efficient as well. So it is a bit hard to get a direct comparison but we could show those areas broken down into the enabling services and the child support program, for example.

Senator SCULLION—Across each of the groups? That would be the core department, the Child Support Agency and CRS, which was the original budget line. Would it be possible to provide the people in each of those who are enabling people and those people who remain?

Senator Ludwig—One challenge will be that it will not be comparing like with like. I will let the secretary bring out as many figures as she can, but bringing the core department

together with the Child Support Agency, which was not in fact an agency but part of the department, and then bringing the enabling functions together meant that instead of having two areas to do core HRM functions you only need one area. So the figures with which you then try to do a comparison back to 2007-08 will not be comparing like with like.

The second issue will be where, as part of the whole-of-portfolio approach, we have tried to bring together a range of functions for efficiency, to streamline and to provide a better outcome for customers. Again, it will not be the same comparison. We will try to achieve what you are seeking, but I add the caveat: bear in mind that it will not be an easy, like-with-like comparison and we might try to qualify that with a statement that we are not comparing apples with apples.

Senator SCULLION—Indeed it will not be, Minister, when you are looking at the last two budgets, but it will be very useful in the following budget. I am just trying to find some kind of currency which in the future we can actually follow. You can understand the wider public interest and my interest in looking at it section by section. For example, under the core department you went from what you predicted, 220, to 145—that is, you went down 75. The Child Support Agency prediction was down 410. CRS was up 40. Often having movements in staff numbers enables us to perhaps get a signal of why that was—what sort of plans you have made for things in the future, what sorts of trends there are. I would have thought that would be of interest not only to the public and people like me but to the department. From my perspective, it is much easier to follow individual lines than it is to follow a single number.

Senator Ludwig—If we took what we had got to and tried to break it down as to where they are now, that might be able to provide a point in time.

Senator SCULLION—For the future?

Senator Ludwig—Yes. Bear in mind that we will put some caveats round those that are whole of portfolio but try at least to nominate those that are in that category. That might provide at least the picture for now. Would that be what you are seeking to achieve?

Senator SCULLION—That would appear to be the best I am able to achieve, given the changes in the way that we allocate things. As I said, from my perspective, the principle is that there will be people who are the externals—the people who run the department, if you like; its machinery—but, whilst there will be some fluctuations in that machinery, the sort of fluctuations we are looking at here are really a function of demand. I know some machinery changes will have to take place. If you employ 410 fewer people it will be 410 fewer people to pay, and there will be some impact on those things. But I think it would be useful, if you have had a substantive change, to have some measurements and benchmarks that are not a single number. I think it would be useful to be able to explore what those numbers are and what they mean.

Ms Williams—We cannot do that for you right now. We could see what we could come back with. I should say, however, that I have started the bringing together process with the child support program but at this stage there is very little of that with the Commonwealth Rehabilitation Service. So we could give you separate numbers on that now if you were interested.

Senator SCULLION—That would be useful.

Ms Hartland—So a headcount at the moment for CRS Australia?

Senator SCULLION—Yes.

Ms Hartland—The figure as at 31 March is 2,090.

Senator SCULLION—That is 2,090?

Ms Hartland—That is a head count as at March 31.

Senator SCULLION—That was for CRS. What about the Child Support Agency?

Ms Williams—We cannot give you that.

Senator SCULLION—Why is it that we can get that for CRS—just in terms of the process—why is it available for one lot and not the other?

Ms Williams—Because this is a very big exercise bringing these together. I started with the child support program, so that is now fully integrated. I have not yet integrated the Commonwealth Rehabilitation Service because I wanted to do one and then the other. It is a very big undertaking to integrate like that.

Senator SCULLION—Thank you for that. We will leave that. We now have an opportunity to simply operate with the one number—about how that has gone. It appears that we have not shed the number of jobs, in a general sense. I am not able to make a direct comparison—but with a single number, the staffing numbers for 2008-09 were reported to be 5,549. Obviously, the predictions were slightly down from that, but I understand you were going to further increase the staffing numbers to 6,174. Is that right?

Ms Williams—We had an increase in budget for delivering the child support program.

Senator SCULLION—It certainly appears that you are predicting a substantial increase, over 600, in staff numbers within this aggregate of the department—since you are unable to take smaller parts of that?

Ms Williams—The enabling divisions have not increased, but we did have a staffing increase for the child support program.

Senator SCULLION—How many was the child support program increased by?

Ms Williams—I will ask the Ms Gale to give you those figures.

Ms Gale—Apologies, Senator, I was just out of the room. Can you please restate the question?

Senator SCULLION—Somebody just said that they were going to provide to us the increase in numbers of the CSA?

Ms Gale—Child support went from a budgeted ASL from 3,477, as published in the yellow book to 4,161.

Senator SCULLION—If you could hand just give me the differential and save my head.

Ms Gale—689. And that is an estimate at this stage.

Senator SCULLION—Are you able to provide, in the same way, any increase or decrease in the number of staff in CRS?

Ms Gale—From budget to budget, CRS actually went down by 14.

Senator SCULLION—Do you have a number for the core department or the remainder?

Ms Gale—The core after the removal of JCA goes down by 37. Job Capacity Assessment has moved to the department of education, as one of the measures.

Senator SCULLION—So there seems to be a net increase of around 600—a bit over that. There is a lot of movement in people. I guess we think about numbers, but they are actually people who are having a bad hair day or wearing a different suit or driving a different car. They are people who come to work somewhere. So, with this ‘minus 14’, ‘minus 37’ and ‘plus 689’, it seems like there are a lot of changes. Does this reflect changes in the demand environment, as it normally does?

Ms Williams—It is a complex matrix, if you like. Would you like to hear about CRS Australia first? Because that has gone down by 14.

Senator SCULLION—Indeed. Could you perhaps talk to me about the rationale and why CRS has lost 14 people.

Mrs Carmody—The staffing levels in CRS have depended on what demand flows through to us from a range of contracts. People on the rehabilitation program will be on the program for up to two years, so we have a significant flow-on effect from year to year of jobseekers who remain in our system. The combination of that and new demand will impact on our staffing levels. In addition, about 20 per cent of our turnover and workload is linked to work which we earn through a range of small contracts, including for the private sector and also the state governments. Depending on the demand in that area, our staffing will need to fluctuate up or down. The variation of 14 is a tiny variation in the whole scheme of things, with the 2,000-odd staff on deck.

Senator SCULLION—Do you do any modelling to predict how many staff you are going to need, given these variations?

Mrs Carmody—We do. Some of that modelling is a little bit more informed than other elements of it. If, for example, we model and forecast that we will need so many staff in a certain site and demand is significantly greater than what we model, the manager at that site is then given approval to increase staffing to meet the demand. It is a very fluid environment for our managers. Our forecast for next year is based on what we think will be the demand for the coming year, but then we always adjust to the actual flow as it comes through the door.

Senator SCULLION—How often do you do this modelling?

Mrs Carmody—We do the major forecast twice a year, but we then track on a monthly basis through the year and give managers approval to increase staffing or ask them to contract staffing, depending on what trends are evident.

Senator SCULLION—Probably just the last year would be sufficient for us to understand the process. Can you provide that modelling to us?

Mrs Carmody—The modelling is really an internal document. It contains a lot of commercial-in-confidence information.

Senator Ludwig—Because CRS Australia is in the contestable market, 20 per cent of it is in the commercial field. They bid for work. What that means is that you are asking for what would be described as commercial-in-confidence information that would be valuable for competitors in the marketplace who bid against CRS Australia. Therefore, public interest immunity could be invoked not to provide that modelling. The modelling is used to determine what numbers would be forecast for the future, depending on the workload and the work that they have in the market. Therefore, it would be unusual for us to provide it.

Senator SCULLION—I accept that. What I was looking for, and you may be able to provide it notice, is an understanding of what sort of process you would use. If you think there are aspects that would impact on your commercial-in-confidence, I am happy for you not to provide that. I would appreciate if you could at least examine the circumstances where you may be able to provide us some sort of a framework that did not impact on those things.

Senator Ludwig—We can take that on notice and see what we can find. We apprehend the question. What forecasts were used to determine our throughput may be in the public domain or may be able to be put in the public domain. I would have to take advice on that. I am not as familiar with it as Mrs Carmody would be.

Senator SCULLION—Thank you for that. Perhaps we can go to the Core Department and the 37 fewer people turning up.

Ms Williams—We have had a transfer, as Ms Gale mentioned, of the Job Capacity Assessment program to the Department of Education, Employment and Workplace Relations. We have lost staff because that program was transferred.

Senator SCULLION—Where have these staff gone? Are these staff that have simply been transferred?

Ms Williams—Yes.

Senator SCULLION—So there has just been direct transfer in terms of responsibilities, and the staff have just gone.

Ms Williams—Yes, and the staff have followed function.

Senator SCULLION—In terms of the overriding staff, these other people who hold it all together, when you transferred the 37 staff across to DEEWR, did any support staff go with that?

Ms Williams—No, not in this case. It was too small a program.

Senator SCULLION—Were there any other changes?

Ms Williams—The main change was the new child support program funding agreement. I think that is the one you are picking up with the big increase. This was delayed for a year last year, but this year—

Senator SCULLION—I am sorry, you have lost me a bit there. I was asking specifically about the 37 people who moved across. Were there any other—

Ms Williams—Sorry, 15 people moved across to DEEWR, not 37. My apologies.

Senator SCULLION—So there were 15. In the core, I was told that you were—

Ms Williams—I am sorry, I have made a mistake. Ms Gale will do it correctly.

Ms Gale—Twenty-four positions have been transferred from the department to DEEWR. The entire 24 positions, along with the people, will move across. The rest of it is just movements in our appropriations as agencies are required to cope within the appropriations.

Senator SCULLION—So the differential between 15 and 37—

Ms Gale—Twenty-four and 37.

Senator SCULLION—Sorry, the differential between 24 and 37 represents normal fluctuations in movements. There is no real—

Ms Gale—As we are required to cope within the appropriations, there are movements of non-ongoing staff.

Senator SCULLION—You have sort of said, ‘This is about what it’s going to be.’ How do you work that out?

Ms Gale—At this stage, it is an estimate, because we have to do in an internal budget process to make sure we are able to live within our means. But we look at existing staff and then try to extrapolate, based on measures, what is required to perform the functions.

Senator SCULLION—Thank you for that. CSA—

Ms Williams—Sorry, I started this when you were asking another question. There was a new funding agreement that applies for four financial years from 2009-10. This was reviewed early in 2009 in preparation for the budget. Cabinet approved an increase in funding of \$239.7 million over four years, firstly to maintain customer services for separated parents; CSP is funded according to the size of the case load and the complexity of cases. There was also a further amount to prevent growth in uncollected child support debt on 2008-09 levels. This measure also ensures that CSP has dedicated resources to support its efforts in pursuing those parents who are non-compliant and not paying or minimising their child support. So the major increase in staffing was through that redone funding agreement.

Senator SCULLION—I have got some other questions about some of those specific matters. I was really just looking at some of the staff. I am always very interested in how you come to this. Has someone suddenly sat down and said, ‘There’s an uncollected amount of money and I am not sure how many people it takes to get a recalcitrant payee’? How do you go about working that out and coming to that work load?

Ms Williams—I will just give you an overview. It is a very careful process done with the Department of Finance and Deregulation. It is based on complexity of cases and average workload. In this case, it took into account our learnings from the new funding agreement, which is now in place and which is very different from the previous funding agreement in terms of the kind of detail that it goes into. So it was really a collection of all those issues.

Senator SCULLION—So, in a practical sense, I understand from a previous answer that the 689 increase that has been allocated to the CSA is specifically to deal with the uncollected debt that we have heard being talked about.

Ms Williams—Partly that and partly to maintain customer services at the new level, taking into account the differences between the new child support program and the old one.

Senator SCULLION—So how many of the 689 would be allocated to ensuring that the uncollected debt is looked after?

Senator Ludwig—We have now stretched into child support questions. I know we are talking about general matters, but I will bring the Child Support Agency witnesses to the table to answer that, I think. I am happy to keep doing this, but I just thought it might be easier if we actually—

Ms Williams—While the Child Support Agency witnesses are coming forward, at page 23 of the PBS you will see at the top that there are costs per child support case across the years and then costs per dollar of child support transferred across the years.

Senator SCULLION—Okay. So when you talk about 17.3c, that is the cost to the department to actually get each dollar transferred over. Is that what that means?

Ms Williams—Yes, or a rough average.

Senator SCULLION—Thank you for that. Just going back to the process of collecting the debt, I am trying to work out what part of the 689 is allocated specifically to the debt and what other part of the 689 increase is allocated to providing for the new arrangements in child support cases.

Ms Williams—I am not sure that we have got that split. I will just ask Ms Cooke if we have.

Ms Cooke—We are still in the process of working through the exact allocation across the areas, but it is important to say that there is the debt collection aspect as well as maintaining our customer service standards. We will also be looking at areas of work in terms of our reactive customer service work, if I can call it that, as well. These are, for example, the people who are receiving 7,000 to 10,000 phone calls a day. There is some element of that work, obviously, where people are following up on debt, but it is also providing information to customers and working through assessments. It is certainly a process for which we will be looking at increasing our proactive debt collection. These are people who are primarily working on following up where there are significant debt issues. We will be looking at a significant amount. Probably around at least half that amount will go into that proactive debt work but it will also be going into other associated areas within child support that are also maintaining our core work.

Senator SCULLION—So you would have people now who, if you asked them, ‘What do you do?’ would say, ‘I am in compliance’.

Ms Cooke—That is right.

Senator SCULLION—They would concentrate, I imagine, on those areas. So about half of this amount—and I understand that might be a bit rubbery at the start—would then go and join the demographic of those who were in compliance.

Ms Cooke—When we talk about compliance, we are talking about people at the further end of the spectrum. They might be following up litigation or some of the harder end follow-up as well as the proactive debt collection—for example, when the person may miss their first collection. So there is a whole spectrum that goes through from the proactive debt collection

right to the extreme end of litigation or intensive investigation of somebody's income. It is within that whole spectrum that we will be looking at improving our resources.

Senator SCULLION—So the 17.73c would be, as an illustration that you have put there—and I think it is very useful—how much it costs people to receive a dollar. Is that in the middle of the spectrum? I can imagine that, for the guy who is absolutely being a pig and refusing to pay, it is going to cost you an awful lot more to get every dollar out of them.

Ms Cooke—Yes, that is right.

Senator SCULLION—I am wondering about the revised budget target of 17.73c. Where would that be in the spectrum? Is that just an average across the spectrum? If we are talking about the spectrum and we are talking about having to deal with this uncollected debt, I would have assumed that the uncollected debt is at the far end of the spectrum. It would be at the angry end and it would be more expensive. Is that a reasonable assumption?

Ms Cooke—It certainly takes more time, that is right. It takes more time and effort, and the further you go down that spectrum the more effort is required.

Senator SCULLION—So 50 per cent, roughly, are being employed to deal with this uncollected debt. I noticed that the increase has made a slight difference. Last year it was 16.5c for every dollar you collected, now it has gone up to 17.73c and next year it is going to be really easy to collect because it will go down to 16.13c, which is a significant difference. Are we just expecting a big windfall and that everyone is going to fall over and agree this year?

Ms Cooke—I think it is what you were saying before—it is a reflection of the fact that we are anticipating more intensive work in terms of debt collection and follow-up. That takes more resources, it takes our people more time and that is going to be reflected in that calculation.

Senator SCULLION—When talking about the level of debt and this particular demographic, we would all acknowledge that these are quite difficult areas. I think you have acknowledged that there has been an increase in the cost over that period, and you have obviously dealt with it by putting over 300 people specifically into the task. I know you spend more money on these people but, reading the budget figures, it looks like you are going to have this resolved in a year. Some of these cases, as we well know, have been going for many years. How is it that you have come to this idea that at the end of this budget period it will be cheaper to get the money back than it was even last year?

Ms Williams—This, of course, is not only collecting debt. This is the normal transferring of payments. Minister, you were saying that, by putting that money in, we hope to get an easier process; therefore, as you will see, it comes down across the years.

Senator Ludwig—What we have is \$223.2 million over four years, and that is to reduce the growth in child support debt and maintain customer service standards and telephone response time. The increased workload associated with implementing the new reform, the cost interactions of clients and the range of work that has gone into moving the three stages of building a better CSA have all led us to the point where we are now. What we now have is a new funding agreement for the next four years, which will give us a greater ability to reduce

the growth in debt. If we reduce the growth in debt then the average must, as a consequence, come down. That makes sense; it follows. The core costs are always inherently there, so it will not come down as far as you might otherwise hope. We have negotiated the \$223.2 million to allow us to address some of this.

The child support program is about transferring money from the paying parent to the receiving parent. How much it costs per dollar is a reflection of the funding over the four years, how efficient we are, how much we dedicate to debt reduction, how much we dedicate to ongoing business, how many other costs we have and the increases in ongoing variables that might face the child support program. There were also costs which were previously incurred as a result of a separation from the Australian Taxation Office, which demonstrated why it was, in part—and correct me if I am wrong—at the level of 17.3 cents. All of those things brought it to that level. Now we have separated from the Australian Taxation Office, so we will not incur those costs again; then we have an increase, plus additional staff, which is reflected in that increase. That will enable us to address some of the growth in debt, which will then bring the average down. That is as I understand it, although I am sure Ms Cooke can provide a more succinct answer than that.

Proceedings suspended from 3.44 pm to 4.01 pm

CHAIR—Thank you. We will resume with questions from Senator Scullion.

Senator SCULLION—Minister, you had just finished explaining to me how you had come to the conclusion that there were a number of cost increases in the budget but that in forward years this would somehow decrease. For the moment I would like to explore that in terms of uncollected debt. I agree with you that this is not an ongoing task. It is a task that may grow, but if, as you say, we are going to deal with the growth in the uncollected debt and we are going to deal with the uncollected debt itself, one would think that when that is over then the task will be much less.

In forward estimates, 2010-11, we have estimated that it is going to cost us less than it in fact did last year. Given that generally things seem to cost more as years go on, I think that is a remarkable effort. Does this mean that you are predicting this demographic will have either disappeared or been dealt with by the time we reach the budget year 2010-11—that is, the start of the next budget year?

Ms Cooke—Some of those changes reflect what I was saying about the debt being a spectrum. Some of that work is with people when they perhaps miss their first payment or early on in their time with the Child Support Program. With the investment that we put into dealing with people—getting them into sustained payment arrangements, perhaps linking them with their employer, if they have an employer—early in the process, we expect that when those arrangements are in place we will be dealing with the problem at its earlier point rather than having to put in the extra resources that are required later. Obviously, as the debt gets older the resources you need to put into it become greater and the debt becomes harder to collect. So there is some reflection of the fact that we will be putting more effort into early follow-up and early compliance as well.

Senator SCULLION—I acknowledge it is not only about the uncollected debt; it is also about getting in early so that we do not have this—

Ms Cooke—It is also a reflection on getting people negotiating well early and supporting people to get into negotiated good arrangements in their payment of the assessment, so that they basically pay their assessment. It is also about putting a lot of emphasis, at the point of registration, on putting people into private collect arrangements—which are obviously the preferred arrangements—where people will transfer the funds between themselves.

Senator SCULLION—What is the number of the uncollected debt, roughly?

Ms Cooke—The current debt is \$1.0678 billion. That is at 30 April.

Senator Ludwig—That includes both domestic and international debt.

Ms Cooke—So it is \$793.4 million for domestic debt; and \$274.4 million for international debt.

Senator SCULLION—Given the size of the debt and what you have just explained to me—that we are not only dealing with this debt but also dealing with putting other processes in place—again, I am not sure why in the forward estimates, in just simply one year, we appear to have dealt with that demographic. The information you have provided me with is: the longer debtor is a demographic that is much harder to deal with, so it is more expensive. It costs more to manage that per dollar than otherwise would be the case. I am just trying to get at how you worked out that it is going to take a year and how, after trying hard for a year and putting an extra over-300 people on the job, the cost of getting one dollar off someone is going to go down to less than it was last year. I am just wondering how you came to that conclusion.

Ms Williams—The collection rate is already improving from the work that the child support program has done. I do not know if Ms Cooke has the figures?

Senator SCULLION—I was not referring to the collection rate; I was referring to the amount it cost the department to collect a dollar. That is the number I was referring to.

Ms Williams—I think it is really the areas that Ms Cooke was referring to. There has been a real effort from the child support program—particularly from the beginning of this year when it cranked it up to really think through a debt improvement strategy—to investigate things like: outsourcing targeted cases with debt to private collection firms; a range of options to enhance customer compliance, perhaps using late payment penalties; alternative compliance activities; different ways of collecting; a lot more proactive collection, as Ms Cooke said; and really trying to look into the figures and identify the relationship between sources and collection performance outcomes. There has been a lot of work done on that. I think the fact that already that rate is improving leads to quite a bit of optimism that it will come down.

Senator Ludwig—It is not only optimism in a broad sense. If you look at the nature of the two types of debt—

Senator SCULLION—I reckon it's looking pretty optimistic, Minister.

Senator Ludwig—If you go back to page 23 of the portfolio budget statement and you look at the cost per dollar of child support—which you are focusing on—in 2008-09 it is 16.1, in 2009-10 it is 17.73 and it is projected to be 13.95 in 2012. In those earlier iterations it was also those other costs that I went through, which were separation from the ATO and the

finalisation of the scheme—because they all add to the administration of the child support program. Then you look at your total pool of funding. So that was the previous four-year agreement. We now have a new four-year agreement which increases the money, which increases the number of staff available for addressing debt. Not having the separation costs of the ATO—not having the administration costs of implementing the previous scheme—means that you can then look at how you support more people on the front line dealing with the debt. Given that the focus was on implementing the previous scheme, you can focus more on getting the paying parents to pay earlier in the scheme and, when they start to fall behind, addressing that much earlier in the process, because, as you know, much of that debt is long-tail debt, which means that the longer it sits there, the harder it is to collect, the more difficult it is to collect and the more costly it is to collect.

So if you then have increased funding, have more people to assist with debt-reduction strategies and you also have some thinking, which we have been doing, around debt reduction strategies to address short-term problems where people start to fall off the rails early—if you start to address that early, it is much more efficient, it is less expensive to tackle in that phase than to let it blow out—you can have a lot more confidence. You can reduce the growth in debt over time, plus it is more efficient to collect the administration costs at an earlier stage than to allow them to grow into long-tail debt.

What we did last year in July 2008 was really part of the consequence of looking at growth in international debt. We held a national debt summit to formulate strategies to effectively manage international child support debt, to mitigate growth and a range of options to address that international debt. That comprises—you can correct the figures—about \$281 million of the total. In some cases, action was already underway to address some of them. About 68 recommendations were generated, and action is underway in relation to about 57 of the 68. It is about how you deal with that overseas debt.

In addition, in March this year we commenced a debt-improvement strategy, which I mentioned. This has not been looked at for some time and that is why this government is moving to address it. It is about considering a comprehensive way of taking a strategic approach to address the continuing rise in domestic debt. You have to take a strategic approach, you have to work through the ways, just like we did with the international debt summit, to look at how we can address it whilst also reviewing the progress of international debt. You have to do both at the same time. It is also about consolidating previously conducted research and analysis. There is a range of analyses that already exists in this area about how we address debt but, ultimately, the earlier we do so the better.

Senator SCULLION—Thank you, Minister. I will just go back to this indicator. I think it is an important indicator. Basically, how much it costs to go and get a dollar back from someone is a good indicator. You have indicated that we have had an increase. The reason I am a bit concerned about it all falling down the next year is that there is an offset. Yes, there is an increase in dollars that have come back. The offset is currently some percentage of over \$1 billion. Remember the investment we are making in 300 people and the other costs associated with that—and all these wonderful things you are doing, and I acknowledge that—but in terms of dollars recovered, if you are thinking it will all be finished, the offset we have is over \$1 billion that we have now got back. That has been transferred to the people it should go to. I

am a bit miffed about this indicator. I understand why you have made this investment—so it will be more costly per dollar—but it would appear that the offset is per dollar. If we think this is in the short term and it will be fixed, we should remember the offset is over \$1 billion. I would have thought that in terms of dollar for dollar that it would in fact be more efficient. If we were making a big hit of \$1 billion on this side and an extra 300 people on this side, that \$1 billion will not always be around. I would have thought it would have worked the other way and there would have been a significant decrease in the dollars per return. Because the return is so big, it is one demographic. I am sure you have it right about having a real focus on getting this debt back but, Minister, can you see my quandary?

Senator Ludwig—I have another variable which may assist. The child support program is now transferring more than it has ever done before, so there is more child support being transferred from paying parents to receiving parents. As a comparison, in 2006-07, about \$2.02 billion was collected and a further \$1.08 billion was collected in the 2007-08 financial year. We are on track to exceed that result, with \$949 million collected as at 30 April. So the amount we are collecting is growing as well, which we are then transferring. So if you roll that forward by projection you would get to around the \$1.130 billion. As I have said, we have to look at how we can tackle a range of options to enhance customer compliance. It is about getting the paying parents to meet their obligations, to pay on time and to pay the correct amount. That is the core business of the child support program and the new funding agreement goes some way to assist us in that.

Senator SCULLION—You said that the amount that you are collecting goes up. Is that a function of arrangements or is it simply a function of compliance? Is there more money being transferred because there are more people coming into the system to transfer funds or is it a function of simply being more efficient at collecting from those people who are already in the system but have not been paying?

Senator Ludwig—Unfortunately it is not a simple picture.

Ms Cooke—It would be across the whole spectrum. It is about, as I said before, getting those early arrangements in place, negotiating the right amount, increasing the private collect arrangements and then being able to very quickly pick up when the first payment is not made. So it is right through the spectrum. The total child support debt is the debt that has accumulated since the beginning of the scheme. We are not saying that that debt will go away in this year; we are saying that we will be putting the investment across that whole spectrum, which will certainly deal with some of that hard-edge debt, but it will be more about setting us up and setting up the whole scheme so that we are able to further increase our collection and cut down on lack of compliance. It is really a positioning for the future as well as dealing with the proportion we can of the longstanding debt.

Senator SCULLION—Notwithstanding what you have said about ‘process’—and I will acknowledge that there are some process changes that are going to deliver some efficiencies—are there any other anticipated cost efficiencies apart from this general process?

Ms Cooke—We have been making some significant changes in the way we deliver, for example, our phone services. These are services where we deal with customer inquiries and they are really case management services—it depends on what the customer needs, but they

can be quite involved phone calls or they can be reasonably straightforward phone calls. As well, we have a dedicated phone line for new customer registrations as it is quite an involved process to actually register a child support case. For this significant part of our work, we have been looking at how we can deliver that more efficiently and we have a national call routing. This means that instead of the calls going through to one particular state, and whoever is available in that state answering the calls, we now manage them on a national basis, which allows greater flexibility. We have made some changes in our rostering arrangements and there are some efficiencies that happen from the consolidation of the sites from seven to four. This has been a major area we have been looking at. We are also particularly looking at our change of assessment function, which is quite a complex function, where customers want to change the assessment under the formula. We are looking at how we can streamline that and how we can simplify it. We are gradually working through our major processes looking at making them more efficient, more effective and looking at them from a customer perspective. This will be an ongoing process but we have certainly already made some significant efficiencies in relation to our phone services.

Senator SCULLION—I think it was Ms Williams who earlier said that there was quite an extraordinary number of phone calls taken in a day or in a week.

Ms Cooke—We take between 7,000 to 10,000 calls a day.

Senator SCULLION—That is astronomical. Is this national phone service all done in house?

Ms Cooke—Yes, it is all done within the child support program.

Senator SCULLION—Do you assess from time to time customer satisfaction with the service?

Ms Cooke—We do. We have a system that is called ‘Customers having a say’. A random sample of those customers that call us are asked at the end of the call whether they want to give us a rating, and they go through a series of questions.

Senator SCULLION—Are you able to tell how long people have to wait? Do they get straight through or do they have to wait for a while?

Ms Cooke—Yes. We have a service standard of 80 per cent of callers getting through within 30 seconds, which is actually a very high standard. Year to date, we have been achieving that standard. Part of those changes I talked about—in terms of the national call routing and managing our phone calls on a more national basis and through the rostering arrangements—was to equip us better to meet that standard.

Senator SCULLION—If you have actually conducted these self-assessment processes about customer satisfaction, you may have some material on this. Would you be able to provide us with that material?

Ms Cooke—We do it on a number of levels. On one of the levels, we ask the customers, immediately after the call, ‘How satisfied were you with the service that was provided to you during that call?’ In April this year, about 83 per cent of people were satisfied with the service that was provided by the customer service officer. That is the direct feedback on the service they were provided.

Senator SCULLION—You will be able to table this later, but what percentage of people were actually asked the questions?

Ms Cooke—In April we did 1,756 customers.

Senator SCULLION—So every month there is somebody who is in charge of just doing this sample? You will be able to provide us with this information.

Ms Cooke—It is an automated system. We have just made some fairly significant improvements to make it more effective.

Senator SCULLION—Are you able to provide us with those results? It is a model that you obviously are pretty proud of. Unless they are in the 20 per cent, obviously people are pretty happy to be answered in 30 seconds.

Ms Cooke—As I was going to say, there are a number of levels to this. That is the feedback in terms of the direct service that they have provided. The survey does not stop at that. The survey also asks another range of questions which pick up more broad issues for the customer—that is about their whole experience, the amount they are paying or the amount they are receiving. It is broader.

Senator SCULLION—So it is an ongoing process that happens randomly and automatically?

Ms Cooke—That is right.

Senator SCULLION—Would you be able to provide the results just for the last year?

Ms Cooke—Yes.

Senator SCULLION—Thank you. It just gives us a starting point to look at in the future. I would be very interested in that. For those unfortunate chaps that are in the 20 per cent that do not get in there, is it because it rings out? Do you know why it is? Have you gone further than that and actually worked out what the circumstances are in which they are unsatisfied or they do not get an answer?

Ms Cooke—As I say, generally it is not about our response times. What we have found in our research is that, because we have generally been fairly consistent with meeting that 80 per cent in 30 seconds—although it does happen occasionally, through an extreme number of calls or other things, that that becomes a factor in dissatisfaction—generally the major concerns that customers express to us are the general concerns around the amount they have to pay or the amount they are not receiving or whether they believe that the child support staff have actually done the follow-up actions that they should have done. As I said, sometimes it is quite a complicated process and the whole transaction cannot be dealt with in one call and there are two parents involved, so we may be saying, ‘We need to ring your ex-partner; we need to follow things up.’ We do know from our research that, even though people may be very satisfied with their first contact with us, if we do not follow through—

Senator SCULLION—So there is a qualitative as well as a quantitative element to the survey?

Ms Cooke—That is right. So we have a strategy and we are putting in a lot of effort in terms of our training of our staff and follow-up to say how critical it is, when we give an

undertaking to a customer—particularly when we give an undertaking in terms of a time frame—that we actually do follow that up, because a good initial interaction can go very badly wrong if you are not actually following up and delivering on what you said you were going to deliver.

Senator SCULLION—Indeed. Thank you for that. Again, I have to say I find it difficult to understand that we had this jump for one year in how much it costs us to actually return a dollar. Whilst I am dissatisfied, I know you have had a bit of a crack at it.

Senator Ludwig—Can I give you another way of looking at it which may help? The transfer amount is rising. If you go to Budget Paper No. 2 on page 326, the funding is over four years. Then you transfer the amount, which is rising, so in the first year, 2009-10, the total is 36.8 and then you add amounts each year after that. As a consequence, the ratio falls. So it is not a difficult concept. As you add the money, the ratio will fall.

Senator SCULLION—Yes, I understand that, but I think my concern was that whilst it has gone up and you can say ‘Yes, it’s because we have made a significant investment to change process and to deal with this uncollected debt, which is a lump, over a year,’—

Senator Ludwig—It is not over a year,

Senator SCULLION—No, it is not over a year but last year it was 16.15, over this next budget it is 17.73 and then it goes back, in 2010-11, to 16.13. It is just that the currency of this is how much it costs to deliver a dollar back. That was why I had the difficulty with the currency. It is going to cost you more because you have an input, but I just do not know where the offset is when you say ‘It is over a billion dollars that is going to be taken.’ I am assuming some of these collections have been around for a while, so there would be quite a large amount of debt there. I am not so confused to think it is all going to happen at once and a billion dollars will be amortised before next year. It is to me still anomalous or particularly optimistic to say 2010-11. I suspect that is more likely to be the case—

Senator Ludwig—Each year of the four years, the amount gets added. So the first year it is 36.8, the second year is 19.5 net, which is the total amount, the third is 26.7 and the fourth in 2012-13 is 28.7. As those transfer amounts rise then the ratio must fall. Mathematically it adds up.

Senator SCULLION—I acknowledge that, but there were some other issues.

Senator Ludwig—The other variables around that are that we have separated out those administrative costs from the Australian Taxation Office and we have finished a significant reform agenda, which had costs associated with it.

Senator SCULLION—That will not have costs in the following year.

Senator Ludwig—That is right and so over time those costs are ending. So using those two parts then, as the transfer amount is rising, the ratio then falls. In addition, we are not bringing forward the costs that we had in the last period which were separation from the ATO, the other administrative costs that go with finishing the reform agenda and all those costs that went with that and then the new staff, who will come on board, which will address the reduction in growth of the debt. That is how you will get to, notwithstanding the maths, a better outcome for receiving parents.

Senator SCULLION—One of the principal costs is the half of the 689 new staff. Are we expecting them still to be around in 2010-11?

Senator Ludwig—The staff?

Senator SCULLION—Yes. I am sure they will want to know.

Ms Cooke—There will be, at the end of 2009-10, projecting, around 4,189 staff.

Senator SCULLION—We have been sort of vague about ‘half’; I am dealing with 689. So half of those were going to go into the area to deal with the process and to deal with the uncollected debt?

Ms Cooke—I should clarify: when I was talking about roughly those 300 I was talking about them in terms of that dedicated debt collection work, but we do debt collection work across the whole spectrum of services.

Senator SCULLION—These were an increase in that?

Ms Cooke—I was talking before about the people on the phones, who are taking the direct calls; they are also doing debt collection work. In fact, they do most of our debt collection work, because they are talking to the customer; they are following up on a debt when a customer rings up with a query. The debt collection goes through that whole spectrum. So I did not want to leave the impression that it is 300 people. Most of our direct service delivery staff, in one way or another, are involved in minimising debt or actively collecting debt. So some of those resources will also go into, for example, getting our registrations right—making sure we have the right assessment and the right payment arrangements—and that will in fact probably be our most effective way of managing and minimising debt. We are still doing the modelling, obviously, because it starts from July and we are still working through exactly how to manage that. But it will be on the basis of the resources across that whole spectrum, from registration right through to the more concentrated litigation—following up intensive examination of people’s incomes and things.

Senator SCULLION—So the roughly half, whatever it is, that have gone into all of those things: that is not just a burst; that is going to be a recurrent cost, every year from now on. We have just had added another 689 people to the staff. Half of those are in the areas that you have been talking about, and I think that is fantastic. But, in terms of forward estimates, I just want to ensure that we are intending to maintain that level of staff.

Ms Williams—It is a four-year funding agreement, as I said. The amounts over the four years are \$66.3 million in 2009-10, \$51.8 million in 2010-11, \$59.1 million in 2011-12 and \$62.4 million in 2012-13. So over that four-year funding agreement the money is maintained for additional staff.

Senator SCULLION—So all of the staff in those areas will be maintained over that four-year period?

Ms Williams—Well, it is not a directly straight line, as you can see; the funding varies.

Senator SCULLION—Yes.

Ms Williams—But we will have staff over those four years—a considerable number.

Senator SCULLION—Okay. Those particular fluctuations are predicted around something. I am not sure how you got there. How did you get to those numbers?

Ms Williams—This is the funding negotiation I mentioned to you, with the Department of Finance and Deregulation on the four-year funding agreement. I had to admit to you that I was not intricately involved in those negotiations, but it was an agreement with the Department of Finance and Deregulation.

Senator SCULLION—You have told me that the other half of the staff deal with providing the extra work that is going to be conducted through the new funding agreement. Is that correct?

Ms Cooke—I am sorry, Senator?

Senator SCULLION—Roughly half of the 689: we have talked about what they are doing in your workplace—and I understand that, to a greater or lesser degree—

Ms Cooke—Most of those staff will be involved with, as I said, the whole range of activity—all our core child support program activity, from registration right through to the end. So there will be resources across the spectrum. It will not be just—

Senator SCULLION—I was just going to the other half simply because in my own mind I had dealt with the half we were talking about—how we rationalised it and the motive for the increase in staff. So I turned to what the remainder did.

Ms Cooke—That is what I am saying. It will be from registration, from our phone services that I talked about before and from our proactive debt work that I talked about. It will also come from more intensive compliance work.

Senator SCULLION—Without verballing you, I think you are trying to tell me that it is not that simple to break it into compliance and the other half. Generally there is an injection of 689 across the board.

Ms Cooke—That is right.

Senator SCULLION—Would you be able to give me, on notice, any sort of breakdown within areas? Do you have certain areas within CSA? I understand what you said about people being flexible enough in and outside of jobs. Someone might be, say, a phone operator but they are involved in a range of things—counselling and the compliance end of things; I acknowledge that. Do you have categories? I am just trying to set some benchmarks so we can see where the work is needed in the future. Do you have categories of employment—where these extra staff would be going? Would you be able to provide that on notice?

Ms Williams—That is quite difficult at the moment because we have not yet settled the final budget for next year. It is within that overall amount but I will be talking to Jennifer about exactly where the pressures will be over the next year. So it is not actually settled for next year.

Senator Ludwig—There is a bit of negotiation to go yet.

Senator SCULLION—I do appreciate that within the one department that may be a bit difficult. Given that we have had some changes about the reporting, I would like to go back to having some benchmarks that make it easy for everyone to make some comparisons and to

understand some of the trends. Over that period of time we had a big injection of staff. If you can provide for me a breakdown in a general—it might only be two or three areas; I am not sure. I know how difficult that can sometimes be. I have no real understanding myself of areas within your department. I would like an understanding of what the sorts of staffing levels would be in one department next to another. I am not sure whether you can break that down. If there is a natural breakdown—how people would see themselves operating— then I would appreciate getting information on that.

Ms Williams—We will see what we can do and get back to you.

Senator SCULLION—Yes, if you can do that on notice. It is something that could be provided that way each time so we can see whether there are movements across the board. I have further questions of the Child Support Agency, seeing they are at the table. Then I will deal with CSR.

CHAIR—That would be very helpful.

Senator SCULLION—Minister, you mentioned a little earlier in one of your remarks the increased costs of the program of \$223.2 million. I understand that over four years that is going to be partially offset by a reduction in family tax benefit outlays of \$106 million. How are these savings going to be made?

Senator Ludwig—I can get the department to go through it but ostensibly the more child support you collect there is a corresponding decrease in the amount of family tax benefit you have to provide. For those people who are on a Centrelink payment, such as family tax benefit, the way the formula works is that if we can collect more through the child support payment then that is provided to the receiving parent and as a consequence there is less FTB that has to be paid. That is why we have the child support program. Parents have to take the responsibility to look after their children. That is the financial obligation that underpins the whole concept of the child support program itself. But I can get Ms Cook to take you through the numbers.

Senator SCULLION—I can understand where you are coming from, Minister, in a general sense. But given some of the dire predictions that you, amongst others, are always reminding us of—the global financial crisis—I would have thought that as unemployment continues to rise, as has been predicted, wouldn't it be a reasonable prediction that family tax benefit and other support payments are also going to increase?

Senator Ludwig—The costs of the child support program will be offset by reduced family tax benefit outlays of \$106 million over four years. These offsets occur as the measures to combat noncompliance will lead to a greater child support payments being made. So more child support payment is being made and child support payments are taken into account for calculating FTB entitlements.

Senator SCULLION—It is only in the context of the people in the room—we ignore what is going on outside?

Senator Ludwig—That is a different question. Your question was: where do we get the idea that the family tax benefit outlays will go down? They will go down as the child support program collects more money. That has to be taken into account; you cannot simply ignore it.

We collect more child support and we cannot ignore that. Those people will receive less family tax benefit because child support payments are taken into account in the FTB entitlement. Your question about projections indicating that unemployment will rise goes to Newstart payments. That is a different area.

Senator SCULLION—We are relying on the efficiency of the organisation to ensure an increase in compliance—and that is fantastic. The number of people who are paying is going to have an impact—I acknowledge that. But out of that demographic there is a percentage of them that will no longer have a job to pay. So I was not talking about the general issue—the ‘in the room issue’. If there is a percentage of those people who lose their jobs then there is no capacity to pay—no matter how much we beat them on the head. If they are without a job and genuinely cannot find one even though they are seeking work, they will not be able to make those payments and therefore go onto the other side of the ledger.

Senator Ludwig—Your circumstances could change for a number of reasons—job loss or temporary unemployment. There are also a range of other reasons. You may choose to leave the market; you may be in confinement. A range of things can happen. Then you can apply for a change of assessment. The formula takes that into account for the payment of child support; both incomes are taken into account. As a consequence, your circumstances change. For argument’s sake, if income goes down on one side it might go up on the other. You then may have a change of assessment. As a consequence of that the child support payment that you will be making reduces.

But, for another person, a change of assessment might mean a person’s income goes up. If, for argument’s sake, there is an income rise with CPI, a new certified agreement or other circumstances—a change of jobs into a high-paying job—that will be taken into account in the formula and, if someone applies for a change of assessment, as a consequence that will mean the person will pay more child support, if all things are equal. So the system has automatic stabilisers in it for that.

Senator SCULLION—Thank you for that. But the circumstances I was specifically talking about were when, for example, someone on Monday is paying support to an individual and everything is going right, but on Wednesday he is not; he does not have the capacity to pay. So the individual who was receiving the payment therefore is worse off and will remain at the level we were talking about in terms of the family tax benefit or other supplements. When you did the sums and said, ‘There is an offset here of \$111.6 million,’ did you take into account the fact that, because unemployment is increasing, there are going to be an increasing number of people who are in the circumstance—not out of choice—that they are not going to be able to make the payment, so FTB will in fact increase? The savings may not be the savings that you—optimistically, I think—have indicated here. So, when coming to the figure of \$111.6 million as a saving or an offset, did you take into consideration the impact of rising unemployment and, more generally, this unattractive economic future?

Mr Popple—Perhaps I can help you. The calculation of the \$111 million is done by FaHCSIA. It is based on FaHCSIA calculations, based on the current parameters, looking at how the family tax benefit is going to be paid into the future. It was done earlier this year, so it would have included some of the new unemployment rates in it, but it would have to be adjusted over time like other parameters are adjusted over time.

Senator SCULLION—So that modelling was provided by FaHCSIA.

Mr Popple—From FaHCSIA to the department of finance, because it is their appropriation.

Senator SCULLION—Since it is something that has been done for you, would you be able to provide that modelling for us?

Mr Popple—As I said, it was provided to Finance from FaHCSIA; it was not provided to us.

Senator SCULLION—When was that conducted?

Mr Popple—In the budget process earlier this year.

Senator SCULLION—Do not take it as a question on notice, but I put you on notice that, at the next set of estimates, those are the sorts of models that it would be useful to have. We can go and ask for that specifically but it would just be useful to set in train another benchmark: 'This is the background against which we provide the framework to work out what the offset is. These are the inputs: unemployment,' or this and that. It would just be useful to see how that is actually figured. I am not sure where we are up to in Senate estimates about the others. Invariably it always seems that the thing we want desperately happened four hours ago. I know there is no mischief there, and I acknowledge that.

Senator Ludwig—In this instance, we are in a positive position. FaHCSIA are on next week, and the question about how they calculate that figure is really best addressed to them.

Senator SCULLION—Indeed. I know they will be listening to our every word and they will be very well prepared next week.

Senator Ludwig—I may very well be there on Monday, answering the question.

Senator SCULLION—Indeed. Thank you for that. The department budget increased from last year by \$53.4 million. Is that the correct figure?

Senator Ludwig—Where is that figure from, Senator Scullion? That may assist.

Senator SCULLION—Perhaps you can just tell me if there has been an increase in the department's budget.

Ms Williams—Yes. As we mentioned, it has come from the additional money for the Child Support Program.

Senator SCULLION—And you have identified where that all belongs. That is the only increase?

Ms Williams—Yes, that is the only increase in the budget. I apologise—we also got some additional money for bushfires.

Senator SCULLION—Are there any capital expenditures? I could not see any in the budget. I mean no mischief; I was just checking.

Ms Williams—Not specifically, no.

Senator SCULLION—The forward estimates show budget cuts of \$43 million in 2010-11 and a further \$27.5 million in 2011-12.

Senator Ludwig—Where are you reading that from?

Senator SCULLION—I am reading that from my notes.

Senator Ludwig—We just want to make sure you are reading accurately. We use the PBS and Budget Paper No. 2 as relevant places to start from.

Senator SCULLION—The process used, no doubt, was to transfer millions of little sticky notes onto a couple of sheets of paper, which I have done. The reverse process is sometimes a little difficult.

Senator Ludwig—I appreciate that.

Senator SCULLION—Perhaps Ms Gale will be able to assist.

Ms Gale—On page 29 of the budget book there is an appropriation revenue line. You can see estimated actual appropriation of \$504 million.

Senator SCULLION—Yes.

Ms Gale—And there is an increase to \$558,258 million. That is the increase in the actual appropriation to the department.

Senator Ludwig—I am curious as to where you got your figures from. They do not add up to ours.

Senator SCULLION—Indeed.

Senator Ludwig—We have had an increase, as I understand it.

Senator SCULLION—Yes, indeed. The note I have made here is that the departmental budget has increased from last year by \$53.4 million. Obviously, I cannot point that out to you, and you say that is not the case or that there is a different set of cases. You have an estimated actual figure of \$504,237 million, which has gone up to the budget estimate of \$558,258 million.

Ms Gale—On page 16 of the yellow book you can actually see all the measures. All the increases in appropriation are listed there. They will match up to the budget announcement.

Senator SCULLION—In any event, this is an opportunity to establish that there has been no capital expenditure, which was really what I was keen to know. But you do not—

Ms Gale—In the appropriation, no, we did not.

Senator SCULLION—Thank you for that. Perhaps I will provide questions on notice when I sort out my little sticky notes. I will go now to the CSA. As the minister will attest, we seem to get demographics of difficulty coming through. They get resolved and they go away again. I would like to talk about a demographic that I know the minister will be involved with. We probably get similar sorts of correspondence, because these things seem to come and go. I am interested in how we treat redundancy and termination payments. It is particularly interesting because we are going into times when people's employment will change markedly, as we have a difficult economic situation.

Say a person is made redundant. Let us say we have this individual who has a weekly income of \$1,200 and he pays \$200 a week in his child support obligation, he is made redundant and he gets a 10-week payout of \$12,000 or whatever—a lump sum. A lot of people

are in the demographic where, if you have actually had a breakup, often it is a bit of a life-changing experience. Sometimes people move. They may want to change jobs. It seems to happen around that time in life. And there are circumstances where people would seek to re-educate themselves; they want to start off in a brave new world: 'I want to be a lion tamer; I am sick of working in the Public Service'—similar skills involved, no doubt.

So how do you treat that payment? It could be a lump sum. It could be something to sustain someone over a period of time so that you continue to take the payments out as if nothing had happened until that lump sum stops. I have had a number of bits of correspondence that operate around that about how people treat that payment and how people have different payments made.

How do CSA assess, in general terms? I know it is difficult when there are no specifics. How do you assess the child support obligation, given they do not actually have an income, they do not work, but they have received some sort of a payout as a lump sum?

Ms Cooke—I will answer in general terms, Senator.

Senator Ludwig—We enjoy that area!

Ms Cooke—I will answer in general terms and then, if there are more specifics needed, I can call on somebody who might have some greater expertise in this area.

We were speaking before about the process of change of assessment. If somebody's circumstances change—for example, they have lost their job—from the child support perspective, we want to know that information as soon as possible. As soon as that information is known, then we go through a process of estimating what the person's likely income is to be. Will they be unemployed and on benefits? It might be changes in terms of the amount of overtime they are going to have available to them. There is a whole range of things.

That then is really the reassessment of that person's child support obligations. It is a very responsive system in that sense so that, from the time that person's circumstances change, their total picture is looked at. Obviously we have to look at that total picture in terms of both the paying parent's situation and the receiving parent's situation, and the assessment is then redone. Then we follow up and work with both parents on saying, 'This is the amount that is now due to be paid.' We continue in our normal processes to ensure that amount continues to be paid.

Senator SCULLION—Perhaps I will be more specific. We are moving into an economic environment where people are losing their jobs, not by choice, so they need to retrain and do something. So, in the circumstances where somebody receives a redundancy and they now need to train themselves so they can go and do these things again, there seems to be some tension around the issue of: 'You are training yourself. But that's not very useful because you're not actually making any money and you're not making a payment.' I know these are all Solomon things, and it is very difficult for you to decide without a specific case but, in those circumstances and given that it has been put to me that those circumstances will be increasing—

Ms Cooke—I think there is a continuum here. For example, we do look at each case in some detail—obviously you have to, because there are those circumstances. Remember we

are dealing with both parents and trying to be fair to be both parents. Theoretically, there could be situations where a person may say, 'I want to retrain, and for a period of time my income is going to be significantly reduced.' The receiving parent may come to us and say, 'I really don't think that is a fair arrangement, in terms of the renegotiation of child support.'

It becomes very complex. It is not exactly the scenario you are talking about, but I am trying to explain that there is no one answer. We take into account the circumstances of the case. If there is an allegation that the person is undertaking a particular change in their life circumstances to avoid their child support obligations, obviously we have to follow that up because that is being fair to both parents.

So the answer is that we deal with each case on its merits. Where somebody has, through external circumstances, lost their job we are very responsive in terms of renegotiating and reassessing their situation, but in a situation where perhaps it is more that the person is making a change in their circumstances through changing roles or giving up full-time work to do full-time study we have to deal with both parents.

Senator SCULLION—Over the last 10 years there have been plenty of jobs.

Ms Cooke—That is right.

Senator SCULLION—You can understand in that circumstance that there is some potential mischief. You would have to question why people are suddenly going without work for this period of time, and I can understand that. But in a different environment—more than ten years ago and, it appears, in the near future—it is harder to get a job and unemployment is higher. There has been much correspondence, and I am sure the minister has had plenty of it, about where we have pursued people in the past—and this is all very subjective—because they have been told: 'You may be unemployed but you're not trying. So we'll just continue to give you the bill for the amount of money we think you can earn.' That is not really, I suppose, a policy but it is something of a convention.

I admire the work you do. It is very difficult work at times. I do not want to talk about policy, because the minister will belt me and tell me to stop; maybe I will find another word for it. But what I am getting to is the convention about how you do business. The question really goes to this: we have been doing business in a different employment environment. How would you try to take that into consideration in those matters? It is a very difficult matter; I acknowledge that. A number of people have come to me and got a bit of a flea in the ear about it because they are obviously trying to avoid their responsibilities. But in the new environment I think it is going to be a lot more difficult to establish that, and I wonder what work you have done not necessarily in changing policy or parameters but in how you are going to deal with this and what resources you have put into dealing with it. I think it will be quite clearly an increasing demographic which is going to be more difficult to resolve.

Ms Cooke—I think it goes back to what I was saying before about the responsiveness of the system. Clearly, in the training we provide to our staff we ensure that our staff looks at the total circumstances. We have already started putting in place and looking at a number of indicators of people having more difficulty in their child support arrangements. In a broad sense, are we actually seeing more people registering for child support—more separations? Those rates of estimates are probably very significant. We will be looking at whether more

people are coming to us and saying, 'The assessment that was set for me when my child support case began is now no longer relevant.' You would think that there would be some increase there as, in your scenario, more people become unemployed.

So we are watching that. We are making sure that our ongoing training is ensuring that our staff are responsive to the particular circumstances of the case. That is really the answer—but there is no one answer here; it is about making sure that our staff understand the circumstances. We are not seeing any of those indications yet. Obviously there may be a lag effect. As unemployment may rise, we need to be aware that we may be dealing with more customers who will be making more estimates and we need to be responsive to that—but responsive to both parents as well in explaining the situation. In the scenario you talked about where somebody loses their job and goes on benefits, unless there is some indication that they have some other form of income then clearly their assessment would be reduced because they would no longer be able to meet their previous arrangements. That is a very straightforward arrangement that happens every day for a lot of people.

Senator SCULLION—It may not serve as a suggestion rather as an observation, but many of the people who come to me say, 'What will happen in these circumstances?' I say, 'I don't know. The best thing is to see CSA. They will give you the test.' It is like asking, 'Will this business work?' The answer is, 'Go and ask the bank, they will give you a test.' It has been suggested to me that there is perhaps a standard scenario, so that you could go through it. If you were in these circumstances and these were the only circumstances, then this would probably happen and in these circumstances, this would probably happen. Even if you were to describe maybe 15 different circumstances in terms of scenarios and the most likely outcome, it would give people some guidance. I am not capable and I definitely try not to give advice on all those sorts of things, I listen, but I think there does appear to be almost a self assessment, 'Is this right, isn't this right?' I am not sure whether you have any material of that nature.

Senator Ludwig—There is a range of information when someone wants to know about the Child Support Scheme. There is material that we send to them plus the newsletter in which we provide additional information and we advise them about changes in things like assessment and what they can do. In addition, we encourage people to go to the website. The website has a wealth of information. It also has an online estimator, so it has the formula there which you can then work through to work out what your obligations are. In addition to that there is a range of educative material. It is not only about payment; it is about being responsible to your children.

There is also a range of other booklets and publications on the web that can be downloaded and that we can send out in addition. It is about meeting your obligations, but it is also about how you interact with your children and how you then build those relationships. That is why, if you do all of that work, there is a greater certainty, at least in my mind, that people will continue to support their children both financially and emotionally. That is what the child support program does. It is the financial arm, but we also provide a range of information that assists parents post separation or as separating parents, which can be quite difficult times. It is about providing that support, but it is also about making sure that they do not self assess, they need to contact us and look at the website. This will ensure that, if their circumstances do

change, they have clear information so that they can apply if they qualify or if they are eligible for a change of assessment, say, if their income has dropped by 15 per cent. If you lose your job it is a pretty sure thing that is what will happen, but you may have other resources and other income so it is not always the case. If you are paid a redundancy payment and you have an outstanding obligation that will provide an opportunity to pay off some of that obligation that may have accrued. So there are also benefits to looking and talking with the child support program.

If your prospects change, for example, you might have finished work to go to university to upskill, or to do a whole range of different life events, then it is important to talk to the child support program to make sure that you remain fair as a paying parent or as a receiving parent. Receiving parents' circumstances may change as well. They may remarry or repartner; their income or the family income may change. That does not mean though that the obligation from the paying parent changes. It is those life matters where the child support program is very complex, but they deal with them on a day-to-day basis and they deal with a range of customer circumstances. It can be very difficult but what they do in the publications is provide scenarios about—I forget the names exactly—say Jane and Tom who were married and have now separated, here are their incomes, here are their circumstances and this is the outcome. There is a range of that type of material on the web as well and in other booklets. The child support program also provides new people to the scheme with a booklet about their obligations, how the scheme works and it has those scenarios are all the way through it. We do think that providing those examples are of great assistance to people in identifying with and being able to work through them and understand the circumstances.

Senator SCULLION—It might be useful if you can table some of that information for me.

Senator Ludwig—We would be only too happy to.

Senator SCULLION—As part of this potential demographic and some of the issues that I and some of my colleagues are dealing with, there has been this underlying accusation of some sort of inequity between the custodial and non-custodial parent. If the custodial parent wants to change what they are doing and go and get training, they are treated differently than the non-custodial parent. It would appear never to happen but, rather than going into any specifics, there are quite a number of them. Could you explain to me whether there is any difference between the custodial and the non-custodial parent in terms of how they are considered when changing their jobs—or are they treated exactly the same?

Ms Cooke—The change with the new scheme is that the income of both parents—the receiving parents—is taken into account as well as that of the paying parent in terms of working out the total child support obligation. So the circumstances of both parents would be taken into account. It would be the same features that would be taken into account.

Senator SCULLION—I guess what they have said is that if the non-custodial parents decides: 'I am not going to work now; I am going to go and better myself. I am stopping work and I am going to book into training, which clearly indicates that I am going to be able to provide better for my future.' It has been put to me that the consideration for the custodial parent, if they do that, is a different one. I am just giving you an opportunity to say on the record that that is not the case.

Ms Cooke—That is right. It is the same scenario that I talked about before. Where the paying parent may be changing their circumstances—and it can be challenged by the receiving parent—similarly the same dynamic applies.

Senator SCULLION—Whether you are custodial or non-custodial it is not an issue that is taken into consideration?

Ms Cooke—No, because both parents' incomes are taken into account when that assessment is made. So any change has to be considered.

Senator SCULLION—Thank you very much. That is it from me.

Senator BERNARDI—Can I raise the issue of the optical surveillance trial. I will address this question to you, Ms Williams. The trial has been going since 1 July 2008 and I understand it was expected to go for 12 months. How many people have been monitored by the CSA through this trial?

Ms Williams—In terms of that detail I am going to have to pass back to Ms Cooke.

Ms Cooke—As at 30 April 2009 we conducted optical surveillance on 11 customers and there is consideration for a further 20 customers. As a direct result of the CSP conducting surveillance, six cases are being investigated for prosecution action. There is evidence that suggests that there may be employer-employee collusion. Another three cases have been referred to other areas of the Child Support Program with collection options identified. Other cases have ended or ongoing payments are being received.

Senator BERNARDI—Just let me confirm. In the last 10 months or so until April, you have only dealt with 11 cases or you have 11 active cases now?

Ms Cooke—We have completed optical surveillance on 11 customers and there are a further 20 that are being considered.

Senator BERNARDI—Eleven in 10 months and you have got 20 and the trial is expected to conclude in July this year; is that correct? Someone is nodding behind you.

Ms Cooke—I am just making sure I am right here. We certainly did conduct a trial but my understanding is that this is now ongoing.

Senator BERNARDI—So this is a continuing program; it is not expected to conclude?

Ms Cooke—That is right.

Senator BERNARDI—How many people are involved in this part of the agency's work?

Ms Cooke—I am not absolutely sure of the number; I can take that on notice. Sorry, I need to make a correction. There was a pilot. It is the difference between a pilot and a trial.

Senator BERNARDI—It is described in my papers as a trial—so a pilot.

Ms Cooke—But my understanding, from the work that we have done to date, is that this is expected to be an ongoing part of the Child Support Program.

Senator BERNARDI—Expected to be. The information that I have is that it was announced that it was to start on 1 July 2008 and was expected to go for 12 months. Has a decision then been reached that this will continue past 1 July 2009?

Ms Cooke—I would have to take that on notice.

Senator BERNARDI—It is not far away. It is only a month away. Someone must have made a decision as to whether it is going to continue or not.

Ms Cooke—When I gave you my answer I was giving that answer on the basis that, from my understanding of the program and its outcomes, it is a successful program, it is doing well and—

Senator BERNARDI—I take your answer in good faith but surely someone must know whether this is going to keep going in a month's time. Minister, do you know?

Senator Ludwig—I would be keen to see it continue.

Senator BERNARDI—Well, you don't know?

Senator Ludwig—If you look at what the pilot has found, because there are a range of privacy issues associated with it, they have to be cases which are those which are necessary for this type. So you have got to select those types of cases that will benefit from this type of work. In addition, of course, the pilot that was run found that the use of surveillance in a controlled and closely managed way can add significant investigative capability to the current investigative tools that are available to the Child Support Program. So it does provide assistance in the identification of previously unknown facts. It is about using it in a way that brings outcomes—new avenues or new ways to examine material. It also provides information, as I think you have heard, about employee-employer relationship, lifestyle issues. It also provides evidence that disproves claims that customers may make when they provide information to the Child Support Agency. I would be keen to see the current model continue. But that information and the request for it to continue has to come from the Child Support Program.

Ms Williams—I wonder, Senator Bernardi, if we could get back to you with the exact details on this. We seem to have slightly different views on exactly when the pilot was and exactly when the trial was. I have got to come back to you with actual facts.

Senator BERNARDI—Ms Williams, you and I have different views or there are different views across the agency?

Ms Williams—No; I mean there are different views about exactly when the pilot was and exactly when the trial was and when it finishes. If we could come back to you with details and how many cases.

Senator BERNARDI—We have had information about the number of cases. In the last 10 months 11 cases have been dealt with, which is 1.1 a month.

Ms Cooke—These cases are the cases at the very extreme end.

Senator BERNARDI—So they are easy cases?

Ms Cooke—No, they are extremely difficult cases.

Senator BERNARDI—We are talking about people abusing the system. That is what we are talking about, aren't we?

Senator Ludwig—We don't know; that is why we use—

Senator BERNARDI—Well, we suspect they are abusing the system.

Senator Ludwig—If you look at the outcome of those, nine have resulted in significant action—prosecutorial work. So at first blush it seems highly successful in achieving that result.

Senator BERNARDI—I want to see you do more of it, Minister. I want to see you do more than 11 in 10 months. I would like to see you having a go at doing 110 in 10 months.

Senator Ludwig—You have got to put it in perspective. It is done in those cases where it will provide a benefit. There is no point in doing covert surveillance just for the sake of it as a random thing. Privacy has to be one of the paramount considerations that we take into account. So you have to use it for those circumstances which warrant it, which also would benefit from it. In other words, the type of case that would benefit from it might be for an income minimiser or alternatively someone who reports no income but you might have information that they have a relationship with an employer or they might have a company, and you might then say, ‘How can it be?’ Not all cases are going to fit the criteria.

So having discovered what criteria you might want to address it to reduces the number of cases that are available for the use of this work. Then you will have to use your trained investigators to determine ‘will this benefit’—in other words, will it provide an outcome—because if you are going to then commit resources such as covert surveillance to this area, you would want to expect a result. So far what we have seen is the trained staff have been very good at committing these resources to those areas which will maximise the outcome—that is, in nine cases out of the 11 we have seen the action lead to prosecutorial action and, therefore, it is successful for that area. If you then say we should expand it, I am keen to use it and continue to use the work, but I want to make sure that we do not come back next year and you say, ‘Well, you’ve have done X number, and it has not produced a result.’ All of those matters have to come in line first. You have to have the cases that will benefit from this type of work because it is intrusive. Let us recognise that, it is intrusive work and it may not work in every circumstance. You will not want to use it in a broadbrush approach. In fact, I would argue against that.

Senator BERNARDI—Let me make it easy for you, Minister, I agree with what you have just said. We are in agreement, so you can take that *Hansard* and wave it around the Senate chamber if you need to at any future point.

Senator Ludwig—Sorry, I want to correct something: there have been six prosecutorial works and three collections. I wanted to correct that. Eleven cases have had the benefit—

Senator BERNARDI—And nine results.

Senator Ludwig—Yes, eleven cases and nine have had a benefit.

Senator BERNARDI—I agree that the sentiments behind this are good and I think it is fantastic. I am concerned because I have asked if it is continuing in a month’s time and everyone says: ‘We hope so. We think it might, but we don’t know.’

Senator Ludwig—No, we have not said that. What we have said is that we will take it on notice and get back to you. As I understand it, you then said to that answer, ‘Well, you’ve got a month to go’. We do. We do not make these decisions without an assessment as to their

benefits and whether we are getting value for money for the taxpayer. We do not make these without ensuring that we will get a good outcome, and so far the indication is reasonable. But you do not make that on a whim, either.

Senator BERNARDI—If you have not made a decision now, and the program completes on 30 June, you will be making a decision on a whim. You will be either stopping a program that, in your own words, is working quite well, or you will be deciding to continue it because of research you have done in the last few days of the program.

Senator Ludwig—But as you have heard, Ms Cooke is still doing a budget. When Ms Cooke sits down and does her budget, she will look at what money she can apportion to what work and talk to the secretary about what work they want to do, what action they want to undertake and work through all of those outcomes. If you say that the program concludes in July, well we have till July. The work is still being done. It is unfair to characterise it in the way that you are. The work has been done. It was a pilot and now it is a trial. We are looking at now sitting down—the DHS secretary and Ms Cooke—to work through the budget and all of these types of issues will be examined and settled before July, as you would so that you can then have decisions from 1 July onwards.

Senator BERNARDI—I was very generous in agreeing with you before; I do not agree with some of the sentiments you have just expressed, Minister. I would like further information about it. I would like to know how many people are involved in it and what the costs are of running the pilot and the trial. I appreciate you have 20 potential future—sorry, let me just clarify this: the 20 people, are they people you have identified may be subject to surveillance, or are they people who are currently under surveillance?

Ms Cooke—No, we are considering the use of surveillance on them.

Senator BERNARDI—In the case of this trial, has it been across the entire agency, or has it been focused on a particular demographic or a particular people of a particular residential location or anything else?

Ms Cooke—To my knowledge, it is certainly not on particular residential locations. It is, as the minister was saying previously, predominantly where we have some strong suspicions—or enough suspicions to warrant the surveillance—that there is income minimisation, or we are being given false information, or we are being given false information by an employer in relation to the amount an employee is earning or whether that employee is actually employed in that company. So there would be a range of factors that would be considered.

Senator BERNARDI—I do not want you to misunderstand what I was asking. Often trials are tests of the effectiveness of a measure, and sometimes it is inappropriate to run them across the entire population which you are dealing with. So I want to know whether you have said: ‘Okay; let’s trial this on people in’—for example—‘New South Wales; let’s focus on that, because we’ve got limited resources, to see whether this is effective or not,’ or whether you have just taken it across all the potentially suspicious characters.

Ms Cooke—We have a group of staff who work on existing cases where we have some suspicion that we are not getting the full information we need—the income minimisation cases, if I can use that term. That has predominantly been the pool from which we drew the

cases for the pilot and trial, to see in which of these cases it would be effective; in terms of our pilot, to look at whether we actually get the results. We have been working with these cases without the use of optical surveillance, so we have a baseline. It has really been from that group that the cases have been drawn.

Senator BERNARDI—I recognise that in some projects or trials like this there is a law-enforcement aspect: you want to make sure that people are not ripping off the system. But I want to go back to something that I think Senator Scullion referred to before. I am interested in the cost of it. Is the benefit worth the money? Or is it more about the enforcement of the law? Do you understand what I am asking?

Ms Cooke—I think so, and I think the answer is ‘both’. Clearly we get a result—we talked about the fact that three of those cases had been referred to other areas of CCSP with collection options identified, so that there is now a prospect of those funds being collected. So, from the receiving parent’s point of view and for the children in those cases, there is certainly a benefit. I think there is also a benefit in terms of the integrity of our system when we refer cases for prosecution action, because it shows that we do take our obligations seriously and we will follow through. I think also that where there is prosecution and that is a public action that also shows that, where people deliberately set out to falsify their income, we will follow up, we will investigate and we will take action.

Senator BERNARDI—My next question—and I am not trying to score a political point, so I do not want the minister to jump in here—goes to this: the net cost, excluding the potential law enforcement benefits, of this surveillance is always going to be more than the quantum of money received back. Is that a reasonable statement?

Ms Cooke—I am not sure what you are asking.

Senator BERNARDI—Well, if you have this trial and it costs a million dollars a year to do it, you are not going to claw back a million dollars worth of payments, are you? That is unlikely.

Ms Cooke—I can take on notice the question you asked before, about the full details of what it costs and the amounts we have collected; I am happy to provide the answer to that.

Senator BERNARDI—Yes, but it is more a general question. Is there a belief or has there ever been modelling or anything else to show that it is actually going to pay for itself, or is that a completely unreasonable expectation? I suspect it probably is, but I am interested in your view on that.

Ms Cooke—I think—

Senator BERNARDI—Here is the minister—he is going to pop in!

Senator Ludwig—I will, and I am not popping in in a political sense. The system is a transfer system, so every dollar we collect from a paying parent goes to the receiving parent. For the receiving parent, in their circumstance every dollar that we can collect, in covert surveillance operations or through the tax minimiser, we are working hard to recover that money and I have to say it is a benefit to the receiver and it is good news. If it is money that the receiving parent would otherwise not have paid, then it is good news for the receiving parent. So the cost that you are seeking is not cost to the paying parent or the receiving parent;

it is an obligation that the paying parent has to meet, should have met and has not met that we are then collecting for the benefit of the receiving parent.

The cost of the scheme—that is, the administration cost—is what I referred to earlier. It is how you focus your resources, how you budget for your resources and how you maximise the outcome for doing exactly that: administer the scheme for the transfer from the paying parent to the receiving parent. The majority of parents do the right thing. The majority of parents are keen to support their children, to meet their obligation and to make the payment. The continuum goes from those parents to those who do not pay on time or who pay irregularly to some who do not pay in full and then, at the other end of the spectrum, to some who minimise their income and drive themselves away from the ability of the child support program to get them to meet their obligations by a range of avoidance activities that we could spend hours going through. It never ceases to amaze me how inventive people can get. Our investigators have to use a range of skill sets to chase that money down and take action to do a whole range of things. That is why we have also entered into arrangements with the Insolvency and Trustee Service Australia to look at how we can sell up assets or get the receivers in—a whole range of work. This is just one of those pieces of work that we want to do for those hard cases, if I could call them that, to ensure that we can continue to transfer money from the paying parent to the receiving parent. That is the cost of the administration of the scheme. If you are a receiving parent who is benefiting from one of these covert surveillance actions that we have taken and has received additional support, it is of benefit to them and their child while the child still needs that income support.

Senator BERNARDI—Minister, we are agreed on that.

Senator Ludwig—Earlier you heard evidence around why we have a new funding agreement, why we are serious about reducing the growth in debt and why we now have, as I announced last year, a range of agreements with ITSA and began covert surveillance to see if it might prove useful to the investigators. There are a number of other measures, including salary sacrifice arrangements and one other that escapes me for the moment—I am sure I will be reminded. We took all of those actions to tackle those people who are at that end of the spectrum and seem to want to avoid their child support obligation. I am reminded we have entered into arrangements with DIAC as well—immigration—to identify those people who are not meeting those obligations. I know that has taken a couple of minutes, but I just wanted to put it in context. I do not want people to confuse the cost to the paying parent and the administration. It is not a cost; it is a direct transfer.

Senator BERNARDI—I understand that and I appreciate you clarifying it. My question was: is the administration really expected to result in a transfer of an equal quantum of money to receiving parents? But you can take that notice; that will come into your budgetary analysis. On another issue concerning fraud, I will address this question to you, Ms Williams. Have you prepared a response to the Ombudsman's recommendations about the CSA's handling of child support fraud allegations?

Ms Cooke—Senator—

Senator BERNARDI—I addressed this to Ms Williams because that is what I understood, but I am happy to listen to your answer.

Ms Williams—I could start, but I think Ms Cooke would have more of the detail.

Senator BERNARDI—Let us expedite the circumstances here.

Ms Cooke—You want further information on our response to that report?

Senator BERNARDI—Yes.

Ms Cooke—We received the report in November 2008, and the ombudsman made five recommendations: that CSP reviews its fraud control plan; develop new procedures for staff responding to customer fraud allegations, including better record-keeping; educate all staff about their role in identifying appropriate cases for referral to the Commonwealth Director of Public Prosecutions; consider further action in relation to the particular complaint that was highlighted in the report; and provide further guidance to senior case officers about authenticating documents and the circumstances where it is necessary to investigate and verify contradictory evidence.

We have been working on our response and we have taken a number of actions in relation to it. We reviewed the particular customer case that was referred to. We implemented a specialised investigations unit from 1 July 2008 to focus on serious customer non-compliance and fraud matters. We have developed an internal communications plan for staff designed to raise their awareness of fraud and other offences. In June and July we have a major training program that will actually impact on all child support staff. It is a continuation of a previous program we had called Customer First that looks at a whole range of how we deal with customers, but this program will have a particular focus on how our front-line staff deal with allegations of customer fraud, so how to deal with the allegations, how to refer them appropriately. It is a bit significant investment particularly in time for us, because every staff member is doing that. We have developed new procedural instruction, the guide that staff use when they are dealing with a particular customer situation. We have released that in early May. Again the emphasis is on identifying and referring suspected customer fraud to the specialised investigations unit that we have set up. We have also commenced the development of a new fraud investigation procedural instruction and a new investigation manual to provide improved guidance for fraud investigators on the investigation of customer fraud and other offences. This manual is expected to be completed by the end of this month. We have updated the Child Support Program fraud control plan and fraud policy statement and they are in the process of being finalised. I have mentioned the training. We have really escalated the importance of the issue in terms of making sure that we have kept a focus on this implementation through regular reports to the Child Support Program national executive. It is being seen as a priority. We have also improved customer communications through progressive updating of customer forms to include consistent warning on knowingly providing false or misleading information, publication of articles in *Child Support Matters* newsletter, and development of a specific page on our website. We will certainly be covering this issue in our next annual report.

Ms Williams—I could add that this is something that we really are going to follow through in a very major way. It is an ongoing program and this is the start. I think the ombudsman brought up issues that we have not been dealing with enough and it is very definitely a focus from here on.

Senator BERNARDI—Notwithstanding what you told me, you are well along the way of implementing or responding to the ombudsman's concerns.

Ms Cooke—Yes.

Senator BERNARDI—Would it be a reasonable expectation that you would have implemented some of the ombudsman's recommendations within the next financial year?

Ms Cooke—Certainly. Many of these measures will be this financial year. We have got them in place. The specialised investigations unit is actually in place. The training is all set and organised to go for June and July. The procedural instruction is in place already.

Senator BERNARDI—That is good. I have a couple more questions. I would like to discuss departure prohibition orders. How many DPOs have been handed out since January 2009, which are the last figures that I have?

Ms Cooke—I will check. I do not think I have the numbers here.

Ms Williams—We will take that on notice, Senator.

Senator BERNARDI—All these tough questions I am asking.

Ms Cooke—I can give you some figures. From 1 July 2006 to 30 April 2009 we have issued 2,175 departure prohibition orders.

Senator BERNARDI—You do not have any for the last six months?

Ms Cooke—I can take that on notice to break it down.

Senator BERNARDI—The last financial year I understand 924 separated parents were issued with a DPO. Since July 297 parents have been handed a DPO. I am interested really from January this year, because that was the six-month figure. There was some talk about strengthening the DPO program with an agreement with immigration department citizenship where it gave the CSA direct access to DIAC's movement database. Is that right? Has it been fully integrated into your system so far?

Ms Cooke—Yes, in August 2008 we signed a memorandum of understanding with the Department of Immigration and Citizenship, and that gives us online access to passenger movement information so we can identify customers with substantial child support debt who travel frequently and we can attempt to negotiate suitable payment arrangements. If no satisfactory agreement can be reached then a DPO can be issued.

Senator BERNARDI—You said who travel frequently. Those words alarm me because they refer to a particular subset of potential offenders. How do you define 'frequently'?

Ms Cooke—A departure prohibition order can also be issued in a circumstance where perhaps a receiving parent tells us that the other parent is going to travel. They may not be a frequent traveller. In terms of the information, I think what I am trying to say is that the information through the memorandum of understanding means that we have got significant information on the movement of people who have debts with us, so we can identify those people who may be likely to be travelling frequently and so they would be people we certainly would be getting that information on. But it is not confined to those people.

Senator BERNARDI—No. What about the individual who has a significant debt with the CSA and is just going to pack up and go overseas? They are not frequent travellers, they are one-off travellers.

Ms Cooke—In those circumstances we might be told that this person is going to travel, we may not have any evidence that they are going to travel, but on that basis we will seek to issue a departure prohibition order to prevent them from travelling. That is correct.

Senator BERNARDI—How does the system then work? Do you have to be tipped off that someone is travelling before you can go down the DPO path?

Ms Cooke—The circumstances where we issue a departure prohibition order are where we have some information that issuing a departure prohibition order would be relevant, so it is most likely in circumstances where we have some information that the person is either a frequent traveller, and so that will be an opportunity, because we know they are regularly leaving the country, or we get information from some other source that this person is planning or has made some plans to travel. Certainly both circumstances would trigger consideration of the issuing of a DPO.

Senator BERNARDI—I do not have as in-depth an understanding of the processes as you do, but you would have a list of substantial debtors on your books—is that correct?

Ms Cooke—That is correct. We have a significant number of people who have child support debt, obviously.

Senator BERNARDI—All right. I couched it in business terms rather than bureaucratic terms. Shouldn't it then be relatively easy to speak to the Department of Immigration and Citizenship and say, 'These people owe money; don't let them leave the country'?

Ms Cooke—Well, in effect that is what a departure prohibition order is.

Senator BERNARDI—I know that.

Ms Cooke—But we do not do it on a blanket basis for everybody who has a child support debt, obviously.

Senator BERNARDI—Why not? Or why not for a significant child support debt?

Ms Cooke—Because a subset of people who have a child support debt are people who either travel regularly or about whom we have information that they are going to travel, so we need to target that particular tool, the departure prohibition order, appropriately. That is the basis on which we make that assessment.

Senator BERNARDI—Perhaps I have missed something, but wouldn't this simply be advising—I see Ms Williams is putting her hand up. That is very courteous.

Ms Williams—I have just one addition, which is that the people who travel frequently—and I think it may be one reason they are in there, but I get the point you are making—have actually got the ability to pay their debt. Some people may not have that ability, but it is clear that the people who do travel frequently have probably got the ability to pay the debt.

Senator BERNARDI—I accept that but—

Senator Ludwig—Think of a pilot who is a child support payer.

Senator BERNARDI—This is a pilot. Pilots fly the plane as they are leaving the country.

Senator Ludwig—A person who flies an aeroplane is a pilot, a captain of an aeroplane, and they may regularly do overseas trips. You would not want to issue a departure prohibition order on them, would you, or have a blanket which would catch them in the system? That would not be sensible. If you think about it, there are people who regularly move between Australia and New Zealand, between Australia and Asia, between Australia and a whole range of countries, for a range of reasons which are legitimate—they might do business or work or a range of other things—and who also have a relationship with the child support program. They may be a paying parent or they may be a receiving parent. They may be making regular payments.

Senator BERNARDI—But we are not talking about the ones that are making payments.

Senator Ludwig—But what I am correcting is that you were saying, as I understand it, ‘Why don’t we just issue a blanket DPO on all those people who have a child support obligation and who have a debt and prevent them from leaving the country?’ A person may have a debt, maybe a small debt, but they may have still made arrangements with the child support program to meet those obligations. If you stop them leaving the country because they have a small or minor debt, then you actually are harming the prospects of recovering that debt because they may be going overseas to make their income. We understand that and know that—because they have that relationship. I am just trying to make sure that you appreciate the broader picture.

Senator BERNARDI—You have been very helpful. The flaw in what you are saying, though, is that we are talking about significant debt. That is the first thing. We are not talking about someone with minor debt; we are talking about someone with significant debt, as identified by the agency. Secondly, Ms Cooke has told me that the frequent departures are the ones that are targeted. To me, it would make more sense—

Senator Ludwig—I thought Ms Cooke corrected that. Be that as it may, I will let Ms Cooke deal with that.

Senator BERNARDI—Is that what you said or did I misunderstand you, Ms Cooke?

Ms Cooke—When I was talking about the information we get from DIAC, it involves a two-stage process. As part of our overall compliance program and working with these customers, we have identified that there is a significant child support debt and, as well, we have information from DIAC that they are frequent travellers, so the two come together in terms of assessing whether it is appropriate to issue a departure prohibition order.

Senator BERNARDI—If there is a group of people who have a significant debt, it would be a number of entries on a computer terminal between you and DIAC to say that these people cannot leave the country unless special circumstances exist, such as if they are a pilot or are required to travel for business and there is a reasonable expectation that they are going to come back, rather than waiting for a tip off—would you not agree?

Ms Cooke—It is the total context that we are dealing with in our compliance work. We are looking at how we can ensure that the debt is paid. One subset of that is looking at whether

there is an opportunity and whether it is appropriate for a departure prohibition order. It is one of the many tools that we may take into account in relation to it.

Senator BERNARDI—Okay. I do not want to go around in circles. I think you understand what I am saying and I understand what you are saying. We might just be approaching it from a different point of view. Do you have any powers to get parents who are already overseas to come back to Australia to make payments? If someone has already left the country with a debt and they do not come back, do you have any powers to pursue them for that debt?

Ms Cooke—We do. They relate to arrangements with particular countries, not all countries. That really goes to our international arrangements. Where we can, if we have the arrangement with the reciprocal jurisdiction, we will attempt to have that country collect the child support debt on our behalf.

Senator BERNARDI—With how many countries do we have that arrangement? You might just table that list of countries.

Ms Cooke—I can table it.

Senator BERNARDI—Is it a long list or a short list?

Ms Cooke—It is a long list.

Senator BERNARDI—Perhaps you could table that at some point for me.

Senator Ludwig—We do work with other countries to recover debt, but we have to use the existing infrastructure—in other words, the system that is in that country, and that is always a challenge. It is not ex territorial effect of the child support program in another jurisdiction; we have to use their system. Similarly there is reciprocity, where we enter into arrangements so that the same thing can occur: a paying parent can come to Australia and reside. The country of origin then, if it so chooses, requests us to look at that circumstance and engage with that paying parent to make sure they meet their obligations for their children who reside overseas. The same thing occurs with those agreements. The reciprocity means that if a person goes to another country then we always seek to see if we can put in place arrangements. Of course, they are always a challenge, because they exist under some overseas jurisdictions. The benefit of the Australian scheme, of course, is that ours is an administrative scheme. Other countries have court based schemes. Others do not have the same circumstances we have in Australia. They may have a code jurisdiction, which means that they have different circumstances. We have to work with those overseas jurisdictions. We have an international unit in Tasmania which spends much of its time doing these types of arrangements and agreements, and pursuing the circumstances overseas so that we can make sure that paying parents overseas meet their obligations. They have to work with a range of challenges. I hope that helps.

Senator BERNARDI—Going back to the agreement with DIAC and the DPOs, are you aware, since the program was strengthened this year with the agreement with DIAC, of whether any parents who have significant debts have managed to go overseas in an attempt to avoid their obligations?

Ms Cooke—Am I aware of any particular circumstances?

Senator BERNARDI—Have any gone overseas where you have become aware that the intention is not to return, to continue to avoid their obligations?

Senator Ludwig—You may want to rephrase that in a number of different ways. Are you saying we will not be aware of it if we are not aware of it now? I do not think you are saying that.

Senator BERNARDI—No, I am not saying that, that is for sure. Have any people who are significant debtors left the country about whom, subsequent to when they have left the country, you have received an indication that they are refusing to continue to pay or they have done it to avoid pursuit by the CSA?

Ms Cooke—I am sure there would be circumstances where people have left the country owing child support debt.

Senator BERNARDI—There is no question about that; we are clear that some have left the country for professional reasons or for holiday reasons. I am just wondering if you have had any evidence that someone has left it and just said, ‘No, I’m not coming back because I don’t want to pay this money.’

Senator Ludwig—I am not sure for that valid reason at the end, but that is why we have an international branch. There are people who do move overseas, but then that obligation still exists. So the child may reside in Australia, the person moves overseas. If they move into a jurisdiction where we have an arrangement in place, then we can ask the agency in that country to seek to recover the amount on our behalf and then remit it back through to us. Does that make sense?

Senator BERNARDI—Yes, it does make sense. I am more informed about that now. I am sure you will look forward to the next line of questions when we come back.

CHAIR—Is that all now for Human Services?

Senator Ludwig—Chair, could I table the *Parent’s guide to child support*. It was the program that I mentioned earlier to Senator Scullion about what information we do provide to parents who have separated or who are separating who join the child support program.

Senator Scullion—Thank you. I think the agreement was that we were to go to CRS Australia. Hopefully we still have the people here.

[5.57 pm]

CRS Australia

Senator SCULLION—I hope we have not blown whatever meeting it was. It was a bit later than we suspected. The principal issue I would like to explore with CRS Australia is the change in the responsibilities in terms of the job capacity assessments. I will preface this by saying that everything I hear as I get around the place is very positive about the relationship that many of your clients seem to have. It is one of those areas that nobody beats us up about too much. By and large, they say they are quite happy with that. Have you any way of measuring how your ex-clients—and I heard with some comfort earlier that the same people who you are dealing with are gone—are going? How are you communicating with clients about this change and what it will mean to them and how they feel about that?

Mrs Carmody—The transition of JCAs from the DHS to DEEWR will not make any difference as to how we work or how we work with our jobseekers. At the moment we

currently log on to the DEEWR-DHS system to enter the assessment, and that would be the same system that we would be keying into in the future.

Senator SCULLION—Can you briefly run me through what a job capacity assessment would involve?

Ms Williams—We have got a job capacity assessment area, if you would like to run through that in detail?

Senator SCULLION—No, we would rather do this first.

Ms Williams—I can add to your earlier question, however. Although it may not be evident—and hopefully it is not—to the actual people who are subject to job capacity assessment, it is certainly something the providers would be interested in, and I have written to all the providers to explain the move.

Senator SCULLION—So effectively the same people who are dealing in this area of job capacity assessments have gone over to DEEWR. As I recall from my questions, basically everything that went with them as a package, except for some of the administrative things, went over as well. Is that correct?

Ms Williams—Will go from 1 July.

Senator SCULLION—I will perhaps come back to job capacity a little later on. A policy change that was announced as part of the budget is that the government are moving the retirement age from 65 to 67. I acknowledge that this will be at some stage in the future and that it was only announced a few weeks ago. I have been provided with something anecdotal evidence that, in this process of extending the time that people are required to work, some people sometimes will not make the extra two years. They say: 'I've been laying bricks with my left arm and basically 65 is it. The arm just doesn't handle it anymore.' I know it is only a two-year extension, but have you done or are you proposing to do any work on assessing the effect that moving the retirement age up two years would have on the benefits that people may apply for and receive?

Mrs Carmody—I can really only talk about the work we do with mature age job seekers. Impacts on their alternative benefits and so forth would be a matter to put to FaHCSIA. We do work with mature age job seekers, and quite often our mature age job seekers have been in manual work up until the time they have come to us. We do a rehabilitation program with them to reinvent a career for them and we do that by focusing on what they are able to do. We top up with training if that is necessary and we very carefully job match them to ensure that their injury—quite often a bad back, an amputation or restricted movement—is accommodated well in their new work. For example, Bunnings is a very good employer of mature age workers who previously have been in the building trade.

Senator SCULLION—And very helpful they are, too.

Mrs Carmody—They love our mature age job seekers because they are fountains of wisdom and they fit in very well with their team. We have had a very successful relationship with Bunnings and similar stores in getting people into new careers. Talking recently to a couple of workers who have gone into the Bunnings stores, I found they were very happy with their new career and had found the alignment with their history very rewarding. They

were able to help all those handymen on the weekend and give them good advice. I think there are opportunities for mature age workers with injuries from their past careers to reinvent their future life and continue to participate in the workforce.

Senator SCULLION—You indicated that somebody else might be able to answer this question. How often are the job capacity assessments conducted?

Mr Dolan—I understand you are seeking some background on how the Job Capacity Assessment program works. Is that correct?

Senator SCULLION—Indeed, just in broad terms, yes.

Mr Dolan—The program was introduced on 1 July 2006. We have 18 providers that provide job capacity assessment services. When a job capacity assessment of an individual is undertaken, it depends on the circumstances. An individual may come to Centrelink claiming the disability support pension or claiming to have some job barriers that may mean they cannot work full-time. Depending on the circumstances, a Centrelink officer may refer them to have a job capacity assessment, to have the impact of their work barriers on their job capacity—for example, for a disability support pension claim—or to have their work hours and medical impairment assessed. As a result of that assessment, which is an interview which takes into account medical background on the client, the job capacity assessment provider fills out a report on the electronic DEEWR system which is an indication of the assessment of the person's work capacity. They can then do two things. If appropriate, they can refer the person to an employment service—and 80 per cent of people who go through a job capacity assessment are referred to an employment service. It could be for vocational rehabilitation with CRS Australia. It could be for the Job Network sort of service, depending on their circumstances. The report also goes to Centrelink to inform the Centrelink income support decision, which could be in respect of a DSP or their Newstart claim. About 400,000-odd job capacity assessments are performed each year on individuals coming through the system. Some people might have more than one assessment.

Senator SCULLION—So those people who are, say, on some sort of disability payment—

Mr Dolan—About a third of people coming to a job capacity assessment are claiming disability support pension or something related, and two-thirds of the remainder may have a medical incapacity or other incapacity preventing them from working full time.

Senator SCULLION—I will be cautious about how I couch it, but some of the motive for the question, in a previous iteration, was an issue about cultures, I suppose. If you talk about disability services, for example, DEEWR deal with part of it and FaHCSIA deal with another part of it. If you talk to people in the business, they just tell us: 'Don't give us to DEEWR. Let us be FaHCSIAed out.' There is a difference because one is sort of workplaces and the other is—I guess my concern was not that it was moving; I just wanted to have a better understanding of some of the processes to ensure that, even under a different organisation and a different culture, the work that is being done by the Commonwealth Rehabilitation Service would not change. Somebody asked me, when this was happening: 'Will this mean that I will be assessed by different sorts of people?' Obviously that is not the case. So, I am just saying—if I am looking a bit odd—that the motive for the questioning is to really have a look

and to maybe demonstrate so that I will be able to say to them, 'Look, I've asked all those questions and there really is probably no reason for you to be concerned.'

Mr Dolan—We are working hard with the Department of Education, Employment and Workplace Relations to ensure that the transition of the program to DEEWR is as effective and seamless as possible for the providers and stakeholders.

Senator SCULLION—I am very pleased to see that the principals, who obviously gained this good reputation, are going across to them.

Dr Fogerty—I will just add that we work very closely with FaHCSIA and will continue to do so when we move over to DEEWR on running the program, because obviously 33 per cent of our customers are DSP customers.

Senator SCULLION—I do not know how often it happens, but I can remember a man who had a double amputation above the knees saying, 'Look, I have been asked now twice this year if I still have a disability.' In those circumstances, you can imagine that they are particularly unhappy with that. They say, 'How do I have to tell the government that my legs are not going to grow back?' Those are obviously not frequent circumstances, but it does not take many of those for people to get a bit cynical about a culture within an organisation, whether it exists or not.

Mr Dolan—The purpose of the assessment is to determine what support the person may require to help them into work, so they focus on what they can do. The guidelines we have developed since July 2006 have been about assessing the information to help them have that focus on what the individual is able to do and to support them to find themselves a job. That has been quite an important part of the assessment program.

Senator SCULLION—Thank you. I do not have anything else for the Commonwealth Rehabilitation Service.

Senator BERNARDI—I am happy to go on to Centrelink, if everyone else is.

CHAIR—Thank you very much. We will now move on to Centrelink.

[6.10 pm]

Centrelink

CHAIR—I would like to welcome the Chief Executive Officer of Centrelink, Mr Finn Pratt, and other officers of Centrelink. Mr Pratt, would you like to make an opening statement?

Mr Pratt—No, thank you.

Senator BERNARDI—Mr Pratt, I will address my question to you. The quote I have in front of me says:

THOUSANDS of Australian pensioners who also get a British pension will be forced to repay money to Centrelink after an investigation found they were getting more money than they were entitled to.

And then I have information that 175,000 Australian pensioners also get a British pension. Using UK data, it was found that 14,000 pensioners were being overpaid because they had underdeclared their income from the UK. Has the department managed to reclaim money from those 14,000 pensioners?

Mr Pratt—I will try and get an expert to come and answer your question.

Senator BERNARDI—Thank you. I just presumed you were an expert, Mr Pratt. I am sure you are, in any number of areas.

Mr Pratt—Thank you. Not to that level of detail, unfortunately. I am advised that we will have to take that on notice, Senator, but we may be able to answer you over the course of the session.

Senator BERNARDI—That would be good. I might come back to that course of questioning after the dinner break, if you could provide me with that information.

Mr Pratt—Yes, we will attempt to have that data ready for that.

Senator BERNARDI—I have another question, this time on Greek pensioners. Senator Ludwig has said:

Australian Age Pension customers who have spent part of their working life in Greece, may be entitled to additional money through a Greek pension ...

I think that was in a press release. I understand that a letter was sent to 56,000 customers in Australia and Greece in October last year suggesting that they might be eligible to receive a Greek pension under the agreement. Do you need an expert for that one, too, to confirm that that is the case?

Mr Pratt—I think that is sensible, Senator.

Ms Drayton—I did not quite hear your question.

Senator BERNARDI—I am just confirming that in October 56,000 letters were sent to customers in Australia and Greece whose records suggested that they might be eligible to receive a Greek pension under the agreement. Is that correct?

Ms Drayton—Yes, it is.

Senator BERNARDI—How long did customers have to respond to that letter or to return the forms that they were sent?

Ms Drayton—We may have to get the exact information. What I can tell you, Senator, is that the letters went out in October and people started having action taken as a result of those letters in January 2009.

Senator BERNARDI—Could you please explain to me the content of the letter that was sent out?

Ms Lees—In terms of the content of the letter, I do not have the exact detail with me but the letter would have explained that, under the terms of the new agreement which came into effect from 1 October, there was a requirement for them to consider whether they might be eligible for a Greek old age pension and that, if they felt that they would be eligible, they were required to lodge a claim for that pension. If they did not feel that they would be eligible, then they were required to notify that as well.

Senator BERNARDI—So they had to take action?

Ms Lees—Of some description, yes.

Senator BERNARDI—If they were eligible for a Greek pension that would have an impact on their Australian pension? Would that be correct?

Ms Lees—That is right, once the Greek old age pension had been assessed.

Senator BERNARDI—How many of those 56,000 customers responded within the time frame? I could make it easier for you and ask: was it 43,500?

Mr Pratt—You can ask how many did not.

Senator BERNARDI—I understand that 43,500 people responded by returning a claim form to Centrelink or by contacting Centrelink. I am just seeking your confirmation that that is correct.

Mr Pratt—Approximately 480 out of the 50,000 are in that situation.

Senator BERNARDI—Four hundred and eighty out of the 56,000 are in what situation?

Mr Pratt—Out of the 50,000 who were invited to claim a Greek pension, they are yet to actually comply with their obligation.

Senator BERNARDI—Only 480.

Mr Pratt—That is correct.

Senator BERNARDI—To this point?

Mr Pratt—Yes.

Senator BERNARDI—They had nine weeks from the date that the letter was sent, which was in October—

Ms Drayton—Two reminder letters were also sent to people—

Senator BERNARDI—Within that nine weeks?

Ms Drayton—One was sent in December and another in January.

Senator BERNARDI—In general terms, nine weeks covers October, November and the first week of December. You gave them nine weeks to respond, and they had to; otherwise, there were implications for their pension. And then you decided to give them a couple of extensions. That is very generous.

Ms Drayton—Yes, there were extensions granted.

Senator BERNARDI—Why did you tell them it was nine weeks in the first place, if it wasn't true?

Ms Drayton—During the break, I want to get a copy of the letter to see exactly what was advised to the customers so that we can be precise with those dates.

Senator BERNARDI—Sure.

Mr Pratt—There is another aspect to this. Keeping in mind that we are the service delivery agency, we are responding to policy requirements of FaHCSIA. Ultimately, they determine these sorts of things. I understand that their requirements may have changed during this period as a result of representations they received from the Australian Hellenic Council.

So I suggest that, subject to whatever else we may be able to come back with following the break, these are things that you may also wish to raise with FaHCSIA.

Senator BERNARDI—I will. You can be assured of that, Mr Pratt. Four hundred and eighty people have not responded thus far.

Mr Pratt—That is correct.

Senator BERNARDI—That is seven months after the event. Have you stopped the pension for those people?

Mr Pratt—About 100 customers have been suspended.

Senator BERNARDI—What happened to the other 380? Just lucky, I guess.

Mr Pratt—It depends on their circumstances, I guess.

Senator BERNARDI—What circumstances would they be? They had been required by letter and then they given a couple of extensions with reminder letters that they had to respond, otherwise it would impact their Australian pension. Could you tell me what those circumstances would be?

Ms Drayton—We also suspended things during the Victorian bushfire period to try and give customers there a bit of extra time to organise their situation. There was certainly a period of time through that disaster that we suspended all of the activity in relation to this.

Senator BERNARDI—Okay. Thanks for that.

Mr Pratt—I do not want to speculate, but people could be travelling or they could be ill; there could be a range of things which might be taken into account here. Clearly, the fact of the Victorian bushfires is a big issue, as you know. There is a substantial Greek community in Victoria and no doubt many of our customers down there were affected. Ultimately, our suspension action was subject to the policy requirements of the policy department.

Senator BERNARDI—So 100 have been suspend out of the 56,000.

Mr Pratt—Fifty thousand.

Senator BERNARDI—I was told it was 56,000. In Senator Ludwig's statement it says: During October, Centrelink sent 56,000 letters to customers in Australia and Greece ... I am relying on the accuracy of the minister's press statement.

Ms Lees—The information I have in front of me says that we had issued, as at 15 May this year, Greek claims to customers in Australia—51,188; and to customers in Greece—6,088.

Senator BERNARDI—So it is actually 57,276.

Ms Lees—Yes.

Senator BERNARDI—If that is accurate, I will be very impressed with myself. Only 100 people have lost their pensions as a result?

Ms Lees—Yes, in terms of failing to comply with the requirements.

Senator BERNARDI—I have nothing further on that particular issue at this point.

Senator SCULLION—I would again like to talk generally about some of the figures in the budget so that I can get a better understanding of them and how they work. I understand that you have had an increase in the Centrelink budget of about \$111.8 million from 2008-09. Is that about right?

Mr Pratt—That is correct.

Senator SCULLION—There also appears to be a projected increase in staff of about 950. Is that right?

Mr Pratt—The average staffing level across the 2009-10 year is expected to be 950 higher than the average staffing level across the 2008-09 year. I am emphasising the ‘average staffing level’ because we will not increase by a further 950 staff in 2009-10 because we took on an extra 1,500 staff late in the 2008-09 year. So that will contribute to the 950 increase on average over the entire year.

Senator SCULLION—Taking that into consideration, could you give me a clearer idea about the 950 figure? I acknowledge that it is going over time so it will average out. Would you have anything more specific on that? I will accept an average; it is just to give me a better indication.

Mr Pratt—I do not want to rule out that we might not, over the course of the year, increase further; that is possible. In terms of our average staffing level, I believe it takes us to 25,400 in 2009-10. That will translate into approximately 28,000 staff on the ground. We have a reasonably large number of part-timers in the organisation. I would expect that we would be at that level or a little bit above 28,500—something like that—during the course of the year.

Senator SCULLION—Can you just run me through what you expect the extra staff to do?

Mr Pratt—I will make some general points on that and then Mr Burgess might give you the specifics. Largely, we have been funded for additional staff to reflect the increase in workload, particularly with unemployed customers but also with the increase in both age pensioners and disability support pensioners. In addition, in the budget the government announced a substantial raft of new measures—things like paid parental leave and changes to the pensions—and a range of measures on the labour market side of what we do. Of course, to implement those there are requirements for additional staff, both on the ground and for developing systems, work practices and the like. As a general summary, that is how those staff will be utilised.

Senator SCULLION—You indicated that those staff are a response to specific policy announcements—and I can understand that. Have you done any modelling of your whole client base? Obviously it is a changing base and, as economic circumstances change, a whole range of issues arise around predicting required staff numbers and resources. How do you go about that? Do you look at your client base from time to time and model the changes so you can keep up with it?

Mr Pratt—For many years we have been doing exactly that. We are largely funded through what is known as the Centrelink funding model, which looks at workload levels across our various customer groups. The resources we get go up and down depending on movements in customer numbers. We do exactly that sort of analysis on a very regular basis.

We liaise with the department of finance and the Treasury around forecasts of, for example, unemployment. That is the basis on which our funding is provided.

Senator SCULLION—You say ‘from time to time’. How often do you do that modelling?

Mr Pratt—In a typical year the Centrelink funding model is run twice, at the start of a financial year and midway through the financial year, but we examine the data which contributes to that model on a fairly regular basis, at least quarterly.

Senator SCULLION—I wonder if you would provide on notice your analysis of, perhaps, the last four quarters. You obviously are going to do this modelling every quarter and I know you work with others on it, but would you provide something so we know what the model looks like and what sort of assumptions you have made—all those sorts of inputs. Why don’t we make it over the last couple of quarters and if we require something more we will look at that later on.

Mr Pratt—We will take that on notice and give you a breakdown of what goes into the Centrelink funding model.

Senator SCULLION—And I would be interested to know how you measure some of those changes. Clearly, none of this is retrospective; it is all predictive modelling and you have to rely on other departments, but I am interested in whatever is in your area of responsibility. Would that be possible?

Mr Pratt—To some extent, yes.

Senator SCULLION—When you say ‘to some extent’, what parts of that do I have to be nervous about? I am just making sure—are there other departments I need to speak to?

Mr Pratt—Firstly, you may wish to also direct some questions to Treasury, because they do the forecasting into the future. We, of course, work with Finance on things like workload associated with assisting different customer types through different programs. This is fairly detailed and complex stuff and has been in operation since Centrelink was created. With respect, I do not think you need to be too nervous about that. We will give you whatever we can.

Senator SCULLION—I appreciate that.

CHAIR—This is a good time to suspend for the dinner break.

Proceedings suspended from 6.29 pm to 7.45 pm

CHAIR—Welcome back.

Senator SCULLION—Mr Pratt, I think you had just finished answering my question with regard to the 950 staff and what they did. I note on page 63 of the budget papers that it appears we have a reduction in 2010-11 to 2.824, which is exactly \$34.7 million less than last year. This is terrific—either it is great work or, again, it is a bit optimistic. Can you explain to me why it would be the case that next year we are going to do things even more efficiently than last year, given some of the modelling you have already done? I would have assumed that this perhaps would be part of the modelling. The modelling you have got that indicates, for example, that we might have the odd drop of unemployment increasing around the traps—

Mr Pratt—Just to confirm—you are talking about the 2010-11 year?

Senator SCULLION—Indeed.

Mr Pratt—That is the drop off you are talking about.

Senator SCULLION—Yes, indeed. Basically, 2008-09 was 2.859. We have gone up this year, and I understand from the modelling that we have had an injection; we have predicted that these issues are going to happen so we have gone up to 2.971. But forward estimates show that we have dropped back to 2.824—even less than last year. Have these forward estimates come because of some of the modelling? Is it the unemployment figures, for example—

Mr Pratt—I will let Mr Burgess explain in a second. I do not think so, because we are using Treasury projections which of course were released as part of the budget and which show our continuing increase in unemployment into the 2010-11 year. I suspect it is to do with the cessation of various measures which are being implemented in the 2009-10 year and that is why there is that drop back.

Senator SCULLION—Perhaps Mr Burgess can enlighten me on that.

Mr Burgess—What Mr Pratt has outlined is essentially correct. From a modelling perspective with our customer numbers in this modelling we were talking about earlier, the impact for 2010-11 is not adversely affected in numeric terms. The reason there is a reduction from this current year, 2009-10, to 2010-11 is predominantly around budget measures that spread over a number of years. If we look at Centrelink's budget measures, even going back many years, we have a large number of ons and offs. For 2010-11, notwithstanding that we still await next year's budget, and there may be new budget measures that come around next year, there are a number of measures that either lapse or have reduced funding for that year. That would account in the main for that reduction.

Senator SCULLION—Can you give me an idea of which measures that have been implemented this year will not be needed in the 2010-11 forward estimates?

Mr Pratt—I can take it to start with. If you look in the middle of page 53 there is a measure: increased pension payments. In 2009-10 there is \$22.9 million in that year, it drops down to \$7.889 million in the following year and then it continues to trend down. That is largely because the departmental expenses related to the implementation of that will be felt most in the first year. Similarly, if you look over on page 55—at the top there—student income support. Again, departmental expenses in 2009-10 of \$20 million drop to \$6.6 million in 2010-11. Again, it is because of the implementation costs in the first year.

Mr Burgess—And if you do go to page 57, down the total view, we will see in total form a drop from \$321 million down to \$152 million. So, in effect, all of those measures, in some shape or form, vary from one year to the next in their funding.

Senator SCULLION—I can understand that there is a significant drop and that in the second year it has dropped even further. Notwithstanding what you have indicated about the potential for other budget measures to do the same sort of thing, there is an increase in some funding to recognise the circumstances that Centrelink finds itself in and the fundamental role it is going to play in engaging new people who have fallen out of the system due to the economic situation. Notwithstanding the programs—you have said some programs start here a

little bit more expensive and everything else is flat—would that reflect some of the modelling, from what you can remember? Because, as we know, the projection for unemployment is that it is steadily rising, and here we have three years out to 2013 in which you are predicting that annual department expenses will actually decrease each year. You can understand the reason for my question given the general circumstances. If one was to say, ‘Will Centrelink’s budget need to go up over that period of time?’ I would have thought that of all departments the answer would be, ‘Absolutely.’

Mr Pratt—Yes, that is understandable. The issue is, if I can try to do this pictorially—and good luck to the Hansard to get this—

Senator SCULLION—I am sure they will cope!

Mr Pratt—Our budget is increasing in relation to staffing numbers associated with increasing unemployment as a result of the global financial crisis. So it is going up there. Also in terms of this coming financial year it is going up further because we have the implementation of a number of measures that were announced in the budget. But while the staffing numbers continue to go up into the 2010-11 year, the drop-off effect on the budget measures is greater. It has a greater impact and therefore the net effect is a slight trend down. We are still over the next financial year, and the following financial year, expecting additional resources as a result of increased demand.

Senator SCULLION—But we will obviously not be cognizant of what those are until the next year?

Mr Pratt—That is correct.

Senator SCULLION—But you would expect, given the modelling that you have done, that that would be the case.

Mr Pratt—From the modelling that we have done and also the Treasury projections.

Senator SCULLION—So if I was just having a look at that, I would need to tell myself, almost as a given, that it is probably not going to be that because of the circumstances you have just described. It is going to be more than that.

Mr Pratt—Well, if nothing else changes between now and then it will be this. If unemployment increases at a greater rate than anticipated then it will go up. If it increases at a lower rate, it will come down.

Senator SCULLION—I would like to go on to the call centre issues that we spoke about. We are very lucky this time. I think it is one of our functions to use the time we have well, but we are normally stuck with about an hour and a half and it has been very difficult to get some of the process things out of the way. I understand that the budget has allocated \$120.5 million over two years for the call centre supplementation. How many positions are going to be created under that initiative?

Mr Pratt—We will get Mr Jones to come up and talk about specific numbers. The measure actually maintains, at a general level, the effort we have in the call centres currently. That is what it does. It is a supplementation to maintain us at the level we are at now.

Mr Jones—Essentially, the supplementary funding that we will receive over the next two years—in next year, \$60 million—very much mirrors what we have received this year. In the current financial year, we received an amount of \$59.1 million and so, in effect, as Mr Pratt has pointed out, it is really continuing that level of funding into future years. The funding we received this year was for one year only, and this is a new measure for the next two years. In terms of the flow-on to staffing, you would expect that provides a similar level of staff, given those arrangements.

Senator SCULLION—So what you are telling me is that the \$60 million a year basically provides exactly the same level for services, but these are incremental issues about staff pay and so on. Why would we pay \$60 million more a year for the same? It is a pretty ordinary question.

Mr Pratt—The government funded us this financial year—I forget about the previous financial year—an extra \$50-odd million to boost the number of staff in the call centre as of now and through this year, and the \$60 million in 2009-10 and the further \$60 million in 2010-11 will maintain that extra level of staff across that period.

Senator SCULLION—Okay. So the provision this year was actually for the extra staff, and the rest is simply recurrent funding to maintain it at that level.

Mr Pratt—It is to maintain our call centres at a certain level of staffing to maintain certain standards of answering calls and—

Senator SCULLION—The \$50 million that went to the provision of extra staff to supplement the call centre—how many staff was that?

Mr Jones—I will just clarify it was \$59.1 billion. I do not have a break-up of what that is in staffing terms, but, just as an idea, we would normally fund somewhere between 16 and 17 customer service agents per million dollars. So, if you multiply that out, it would be about that figure, and that is round figures.

Senator SCULLION—When you decided to embark on a supplementation of the call centre—and I think you have ably described the motives for that, the need and the demand in the current environment—how did you work out how many people you actually needed? How did you go about working that out?

Mr Pratt—It is based on estimates of the number of people who are going to call, how long we are going to spend with them on the phone and the time we think is reasonable for them to potentially wait in a queue till their call is answered. It is an analysis of a whole bunch of variables like those.

Senator SCULLION—You may recall—and I know you probably have a life so, if you do not, I am not going to hold it against you!—that at the last estimates I asked how many minutes a day the Centrelink phone system was congested and at the point where it could not take any further calls, when it is dealing with the capacity it can. I think you said at the time that you were unable to provide me with that data. Is that still the situation?

Mr Jones—That is correct, Senator, and it is because we do not measure it in that way. I think the response that we gave is that the measure we use is what we call ‘unmet demand’.

That is basically when a caller receives a busy signal, which means they could not get through into our network.

Senator SCULLION—So you can record every time someone was unable to get through; is that what you are telling me?

Mr Jones—Yes, we do measure that, and that is the unmet demand figure.

Senator SCULLION—So how do you go about capturing the unmet demand? Is it in percentages? What is the currency? I obviously got it wrong last time—right answer, wrong question. How do you normally couch that?

Mr Jones—It is defined as the number of callers that could not get through into our call system, and basically, through our telephony data, we capture that information—the number of callers that were in that situation.

Senator SCULLION—So you have a raw number. As a percentage of the number of people who call, how many would be unable to get through? I think you have some stuff on that from the last estimates.

Mr Jones—For the last financial year that figure was around 1.2 million.

Senator SCULLION—How do we equate that to the \$59.1 million which was required to ameliorate the however many million people who are left muttering unthinkables down the phone? How are those connected? How do you model the need? Do you have the number of peak calls you can handle in an hour? How is all that done?

Mr Jones—To connect it back to the supplementary funding, we model that a reasonable level of service is 70 per cent of calls in 150 seconds.

Senator SCULLION—So 70 per cent of the calls are answered within 150 seconds?

Mr Jones—That is the target. That is essentially what we have provided the funding to achieve as a level of service.

Senator SCULLION—Does that mean that if you increase that \$59.1 million you can increase the percentage and decrease the seconds? You said it is basically predicated on how much money you get. Should I assume from that that if you increased the amount of money you would be able to increase the percentage of calls within that time?

Mr Jones—As a general proposition, that would be correct.

Senator Ludwig—What may help is that in the annual report, in chapter 4, on page 72, there is an overview of the call centres. It deals with the calls answered and the growth in call numbers. In 2007-08 Centrelink call centres successfully handled around 32.8 million calls. It gives you a range of figures. Also, table 18, on page 73, provides the key performance indicators that they are designed to meet. Table 19, on page 73, also gives you the results, such as the call centre outcomes against key performance indicators. So the annual report gives you a good understanding of what the challenges are, what the key performance indicators are and how they have gone against those indicators.

Senator SCULLION—Thank you, Minister. How many calls would you receive a day, on average? Obviously it is different in different places.

Mr Jones—That clearly varies. We do have peak times and have to count emergencies as well, so it is quite variable. But a normal call load would be about 100,000 calls a day. Monday is our busiest day, so you would expect that to be a little more than that—maybe 110,000 to 120,000—in a standard sort of week. We have not experienced a standard week for the last little while, but that is about average.

Senator SCULLION—Minister, is it the case that Centrelink are just poor cousins? They have told me that 70 per cent of calls are answered in 150 seconds. I can recall someone telling me earlier this evening that the Child Support Agency answers 80 per cent of calls in 30 seconds. We have just been informed by your officers that that is a function of funding.

Senator Ludwig—That was the target, if you recall, that was set by the previous government. We provided funding—

Senator SCULLION—Come on, Minister. The line about the previous government is starting to go on a bit.

Senator Ludwig—to supplement it out of the last budget. We have continued that supplementary funding. There has also been a significant growth in the number of calls and Centrelink continues to perform quite well against those measures. You are trying to make a comparison with the child support program, which deals with different issues.

Senator SCULLION—They are far more difficult issues, I would imagine.

Senator Ludwig—I take issue with that, in the sense that it is designed to answer calls in relation to the child support program. Centrelink, on the other hand, has 25 call centres, one which is a 24/7 call centre and is designed to take calls across a minimum of 20 program areas—and I am sure there are more. They are required to be able to answer question across a whole range of information areas, so quite a skill set is contained within the call centres themselves.

Senator SCULLION—I do not disagree with any of that. What I am talking about is answering the call.

Senator Ludwig—Let me finish. Then you will have your go. You are comparing apples with oranges. This is not a comparison that should be made. These are the performance standards that have been set and they are the performance standards we meet. It is as simple as that.

Senator SCULLION—I acknowledge that when you pick up the phone there is substantially different content, and I accept all of what you have said. Mr Jones, how many people did not get their call answered?

Mr Jones—The unmet demand figure was 1.2 million last year.

Senator SCULLION—So 1.2 million Centrelink clients did not have someone answer the phone. I was simply reflecting on the fact that in another department we have 80 per cent. As you say, maybe it is a matter of funding, although I am not sure. We have provided another \$60 million for this year and next year. Has that increased the target?

Senator Ludwig—Those calls have not been made yet. Let me also go through a couple of other issues. There are a range of complexities around call centres in terms of the length of

calls. That will vary depending on the particular area that is required to answer the call, depending on whether the call is on an Indigenous area, a pension or a families matter. There are not only a range of calls that cross a range of programs areas but also variable events which will also impact upon the customer making the call and on the person in the call centre picking up the next call. These are the performance indicators that we meet. If you also look at the growth in call centre calls, they have been significant over the period.

There is a limit, quite frankly, to how much money you can spend and still receive value. We are looking at taxpayers' money, so we want to get value for money. You could improve that by saying, 'Let's answer more calls in less time.' You might then have people sitting around not answering calls because there are no calls, so you then have spare capacity. Then you would be criticising me, asking, 'Why have you got so many call centres not answering calls,' and my answer would be, 'There's no call to answer.' But to meet the level of service that you require—for argument's sake, 100 per cent of calls in 10 seconds—you would have to have that spare capacity sitting there idle in parts of the day, which would be completely inefficient. So you have to look at both value for money and the KPI, and the KPI has been set around a reasonable level of service—what is capable of being answered and, for the given amount of money, getting value for the taxpayer. I am sure you do not want to have a call centre sitting idle, waiting for a call to come in. That would be a waste of taxpayers' money. It is difficult to judge how long each call will be and there is a complexity to it, which I am sure Mr Jones can explain in more detail than I. If you look at the growth over the years and the number of calls they take, they do a fine job of answering the amount of calls.

There is also a range of circumstances that can come up. There are floods in North Queensland, where they had to use capacity to meet extraordinary demand. There were the bushfires in Victoria, where they had to meet the exigencies there, which required them to provide additional support. All of that is unforeseen. It is also a call centre that will stand up in the case of a natural disaster or a significant event, which will also put significant demand on the call centres. You cannot have a clear picture each year about what those events might be. You can do a best guesstimate, and that is what they do. You also have to have a standard that you meet so that you can then work through all of that to meet that standard, and the standard you set is a function of the price you pay.

Senator SCULLION—Would you be able to tell me how many calls were missed or were not answered?

Mr Jones—1.2 million last year.

Senator SCULLION—Would you be able to tell me what it was in 07-08?

Mr Jones—That was 07-08.

Senator SCULLION—You do not have any figures for this year? I know that was the last—

Senator Ludwig—That includes the standard under your government, I think. Is that right, Mr Jones?

Mr Jones—That is right.

Senator SCULLION—We will get to that in a moment. The first tranche to supplement the call centre was paid last year and there are another two years to go—is that correct? The 59.1 million.

Mr Pratt—The 59.1 was paid this financial year.

Senator SCULLION—Whilst we have not come to the end of it, I am simply looking at the difference between the 1.2 in 07-08 and now. What are you able to tell me about any of the trends, in terms of the calls that were not able to be answered this year?

Mr Pratt—Would it be helpful if we were to look at a number of years and look at a table which shows the number of calls taken and answered and the numbers missed? I suspect that leading up to this year—and of course we have not finished this year—our performance over time has improved in relative terms in the number of calls answered. Can you confirm that, Mr Jones?

Mr Jones—Yes, I can. I have some figures here on the calls answered. If we compare this time to this time last year, as at 22 May we had answered 25.5 million calls compared to last year when we had answered 23.7 million calls. That would be a product of some of the things that the minister has mentioned in terms of the demand coming from announcements, emergencies and other things.

Senator SCULLION—Indeed. Are you able to tell me how many calls were unanswered in that same period?

Mr Jones—I have given you last year's figure already.

Mr Pratt—Would it help, Senator, if we took this on notice?

Senator SCULLION—Perhaps you can get back to me; that would be fine. I appreciate that, Mr Jones. Minister, it does seem like a lot of people. I acknowledge the work that has been done to reduce that. You say there is a standard, that you work towards that standard and there is an amount of money you put towards that standard. I am not sure why, historically, one agency would have a standard for answering the phone, just for ensuring that someone actually picks up the phone, within 150 seconds—and I do not think the seconds really matter; people would be delighted to have the phone ring for two minutes as long as someone picked it up—and yet in another agency there is a different standard. I am not being mischievous about that, but this is a common complaint that I am sure you have been made aware of. When you really need to find out something and you cannot get through, it is a permanent annoyance. You have gone to some of the different issues in terms of what is provided, but why would we have different standards in terms of answering the phone?

Senator Ludwig—They may very well have existed for some time under the previous government and this government—those standards that we aim for. You will recall that, as a service delivery agency, Centrelink will work to the standard that is set by policy departments, and so will the child support program. So it will depend a lot on what the policy department will then specify as the standard and what is a reasonable number of calls to be answerable and what is a reasonable level of service which will be required to be met. They will work within those parameters and come up with an amount which will support that and provide that level of funding. Of course in the CSA there are different motivators as well. Half of them

might be ringing up to provide a change of information so it might be a very short interaction. Whereas in terms of Centrelink it may be a longer interaction around a pension inquiry.

You also have to look at the way the figures have grown even from 2002-03, where there were 25 million calls made in that year, to 2007-08, when there were well in excess of 32 million. There has been significant growth so still meeting that reasonable level of service is a pretty good effort, quite frankly, from Centrelink. So that is the position as to why you might have different levels. We can see if we can find out any other information that might be helpful. The child support program is not here now so I cannot ask them how or where their standard came from.

Senator SCULLION—I think we both appreciate these percentages—the 80 per cent and the 150 per cent. What I know is that there are 1.2 million people—and it may be a little less than that now—who could not get through. Do you think that is acceptable?

Mr Pratt—In responding to the series of questions around this, something which may actually be helpful in terms of giving an insight to the experiences of our customers who have been ringing our call centres is that over the last three years and for this year until March our satisfaction levels where customers have rated the service in the call centre as good or very good—

Senator SCULLION—So these are the ones who got through?

Mr Pratt—This is from all customers.

Senator SCULLION—How do you speak with the customers who did not get through?

Mr Jones—We actually look at a number of service levels and ways of looking at the service. I mentioned one—which is the 70 per cent of calls answered within 1.50 seconds. But the modelling around the 70 per cent also takes account of things like customer complaints. So if we look at that for 2007-08, we see that, compared to the relative number of calls—as we have said, we answer well over 26½ million calls—there were only 3,600 customer complaints or what we call access complaints; people complaining about that. It also recognizes that we have a number of channels and a number of ways that you can actually tap into Centrelink. So you can approach Centrelink face-to-face, through the call channel or through online services. So the call centre is not the only avenue through which you can deal with Centrelink.

Senator SCULLION—I acknowledge that 300,000-odd actually complained about it and you were able to talk to them. That leaves over 600,000 who just simply gave up.

Mr Pratt—I have two things to mention. To just complete my answer from before, in 2005-06 some 87.4 per cent rated the service as good or very good. In 2006-07 it was 88.4 per cent. In 2007-08 it was 90 per cent and so far this financial year it is 90.9 per cent. That is a good indicator or proxy for people's satisfaction with the service. The other thing I should point out is that in terms of the 1.2 million it is not actually 1.2 million callers; it is 1.2 million call attempts. So it is actually a lower number than that which is the number of people who attempted to call.

Senator SCULLION—I acknowledge that that would probably be the case—it would possibly be a lower number. I acknowledge that this is a survey that looks at the satisfaction

rates of people who deal with Centrelink, and Centrelink do a fantastic job. But my concern is with those people who do not get through. They are the people who ring us and talk about the frustration of not being able to get through when they really need to. Minister, whether it is 1.2 or 1 million, it just seems like an awful lot of people.

Senator Ludwig—We cannot identify the number of people, because these are people who might do redial, redial, redial 10 times over a very short space of time and then they might get through 10 minutes later or five minutes later or one minute later. It is very difficult to be able to then say how many people relate to this number. They might seek to get the same service. You can go online. As they mostly do, they may be ringing up because they have already received a letter from us and are seeking an explanation of the particular letter. So the letter may actually provide all the information; they do not need to call. But sometimes it happens that you generate a letter and you also generate a call to go with it. It is not correct to say, with respect, that this will all amount to these people who cannot get through. They may very well have gotten through at another time or in another way or alternatively they may go back and read the original letter and realise they do not actually have to generate a call because the letter explains what they may need to do as a consequence.

The other thing I want to do is to make the point that when you talk about the service standard in the Child Support Program, of course if you do not answer that call very quickly it might very well be a payer who was trying to make a payment, who was trying to connect with the CSA. So there are different metrics which could be explained in that way as to why they have different service standards. So the point I am making is that you could see why, using that analogy, you would have a different service standard for here and you might have a different service standard for the Child Support Program. The Child Support Program is basically telephony based. There is no other means to contact, by and large, the Child Support Program. So it is all telephony focused. In their customer base they have about—I will hazard a guess here—1.4 million children and then the corresponding number of paying and receiving parents. So there is also a limited population. The way each of the call centres is structured, there is usually a person who has a range of customer clients. So their main job is not to sit there and answer telephony services day in, day out. They have a range of other work that they go on with. When one of their customers rings they answer it and then deal with that. That is the way the interaction goes. In Centrelink you sit there in a call centre and you answer the call that comes to you. They are not then usually going about doing other work or sitting idle. If I could use the phrase and if they will forgive me, they have their noses to the grindstone. They are working constantly on answering telephones.

I think the comparison you make is wrong. I have gone to a bit of length to explain why, to show you that one is a call centre—a proper, dedicated call centre. There are 25 across the nation, which do exactly that. The Child Support Program, with which you are trying to make the comparison, answers calls in relation to its customer base. I am sure the Child Support Program will correct me if I have described that incorrectly. They do a pretty good job. That is why they do launch themselves at that phone to answer it, because it could be a paying parent wanting to make a payment. So the drivers are somewhat different. I have covered, by and large, the number of calls that have been unanswered. It is not people; it is calls.

Of course, across the Centrelink spectrum it is not only telephony based. They have e-services, they have face-to-face and they have online. All of those offer the customer a whole range of options. So they may have rung up, not got through, changed their mind and decided to go online and do the interaction. They may have gone face-to-face and done the interaction. Or they may have rung 151 seconds later and got through. All of those are possibilities, but it is about providing a reasonable level of service. That is why there is the standard and that is why I took you to page 72 to explain what the standard is and what they are designed to meet.

Senator SCULLION—Thank you for that, Minister. Whilst you do not often volunteer to go into hypotheticals, I do acknowledge that. But one thing we do know is that 1.2 million Australians picked up the phone and could not get through. All the other things may or may not have happened.

Senator Ludwig—No, we don't.

Senator SCULLION—But we do.

Senator Ludwig—I just explained to you. I am not sure you were listening at all, quite frankly.

Senator SCULLION—I was listening very carefully, Minister. Mr Jones has provided us quite clearly—

Senator Ludwig—They are unanswered calls.

Senator SCULLION—That is right. It is an unanswered call.

Senator Ludwig—I am happy with that expression.

Senator SCULLION—Absolutely. So 1.2 million Australians rang up Centrelink—

Senator Ludwig—No, you keep saying that. It is unanswered calls.

Mr Pratt—There might be 600,000 who called twice.

Senator SCULLION—Hang on. We know that for sure. What you are doing is hypothesising: they might have rung up twice or 10 times and got on the internet. We know nothing about that. That is all we know. What I am asking you, Minister, is: do you think that is satisfactory?

Senator Ludwig—That is the reasonable standard of service, the reasonable level of service, that we achieve to get value for money for the taxpayer. If you want a higher standard then it will cost more. The question we have to ask ourselves is: will that mean there will be a range of call centres that will not be utilised, that will not be value for money? The other thing is that we have to look at how we deal with spikes such as unforeseen events. All of that means that we have been successful—this is a good news story—in maintaining the supplementary funding to continue to meet those 150 seconds to get 70 per cent, which is quite an achievement for the call centres. They are busy, yes. They have also had to meet some pretty big circumstances. They have had to meet ESS last year and in November, where calls were spiked. Around this time of year when the budget comes through and there are a range of circumstances that change it usually generates a spike. I am sure Mr Jones might nod and say, 'Yes, it did.' It may not have but it usually does. All of those things mean that the call

centres are working efficiently and effectively and that the Australian taxpayer is getting value for money. That is what I think.

Mr Pratt—If I could just go back to one of my earlier answers. The other good news is that it is getting better. In 2007-08 there were 32.8 million calls successfully answered and 1.2 million calls unsuccessfully answered. In 2006-07 there were just on 30 million calls answered and 1.2 million calls unanswered. So the proportion being answered has been improving over the years.

Senator JACINTA COLLINS—Has the proportion of access related complaints remained stagnant?

Mr Jones—If we just look at the comparison between 2006-07 and 2007-08, for which I have figures here, in 2006-07 they were 9,297 and they reduced down to the figure I mentioned before of 3,634. So we had a reduction in access complaints over the last couple of years.

Senator JACINTA COLLINS—So that has gone down to three per cent from maybe about nine per cent; is that what you are suggesting?

Mr Jones—I am just talking about the raw figures, Senator.

Senator JACINTA COLLINS—I know, and I am just trying to get my mind around how they relate to the total population. You do not know the rough percentage?

Mr Jones—I do not have a percentage figure as such.

Mr Pratt—But that fits with the increasing proportion of satisfied customers over that time.

Senator SCULLION—It is an initiative you support. Mr Pratt, do you know why it has only gone out for two years?

Mr Pratt—That is a government decision, Senator.

Senator SCULLION—I thought it might be part of the modelling—something is going to happen in two years, something is going to get better.

Mr Pratt—No, Senator, I think it is a government decision.

Senator SCULLION—If I could just go to your online service infrastructure. There is \$5.7 million for one year to maintain Centrelink online customer services. What would the \$5.7 million pay for?

Mr Wadson—We had a significant build program that went over five years up until the end of last year. It was known as the IT Refresh program. It actually built what we call this mid-range in terms of the way we manage online services. Basically, this money allows us to continue to develop that layer in our architecture. The number of people using online systems is growing strongly and we continue to develop our infrastructure to meet that demand, and the range of services is also broadening out.

Senator SCULLION—In terms of IT, is this something new or more friendly?

Mr Wadson—We hope it is more friendly.

Senator SCULLION—What about the specific items?

Mr Wadeson—No, it is really a general amount of funding that is used to cover that whole mid-range area. Sometimes specific budget initiatives require development of a specific service which is associated with a budget measure, but the underpinning systems that support all that are provided through this money.

Senator SCULLION—Have you conducted any work to refresh the Centrelink webpage? Some perhaps unkind people have mentioned to me that it is not as friendly as it could be. Are you looking at upgrading the website and making it more user-friendly?

Mr Pratt—As a general response, yes.

Senator SCULLION—How is that being done?

Mr Pratt—We are looking at the architecture of the website. We take feedback from our customers as to how they view it and the ease of their access to different aspects of it. We review it based on our own knowledge of what customers currently are particularly interested in. Obviously, given the change in the labour market over the course of the last year, it is apparent to us that we need to ensure that upfront on the website is more information about how you actually access job services, how you claim for unemployment benefits and that sort of thing. We are constantly reviewing the content of our website to try and make it relevant to the needs of customers at a particular time.

Senator SCULLION—If I want a visa, I just get on the web. I do not speak to anyone and there is no paper involved. Do you think it will get to the stage where you can do that sort of thing on your website rather than just providing information on the website?

Mr Pratt—I certainly know that the minister has a strong interest that we get to that stage. We already do some services online in that way and—I hate to speculate, but I certainly will on this occasion—I think that is in our future.

Senator SCULLION—Have you explored that future at all? Do you have a consultant looking at that? Is some other aspect of government looking at that for you?

Mr Pratt—No, we are looking at it ourselves.

Senator SCULLION—When you say you are looking at it, that is terrific but could you expand on that? What are you actually doing? Do you have a group of people examining these options?

Mr Pratt—Yes.

Senator SCULLION—Do you have some models in mind?

Mr Wadeson—One of the big projects we are working on which is a progressive one is in the families area. The families online claims system has been around for a while. We are progressively improving the way in which that system works and working on reducing the number of times they may have to come into the office. The key with the families system, and the problem we are really struggling with and continue to work on, is that you still have to prove the birth of the baby, which means that, basically, we need a piece of paper. Despite the fact that we are building a very friendly, in my view, though I am probably biased, way of getting into the system, we are about to also segment it. Where we get a claim, we will use

scanning to put that claim into the same system. We still have this issue of how we get that last bit of paper out of the process.

We are doing some work with some hospitals now about notification of birth. The trouble is that there are a lot of hospitals all around the country. We are trying to work out a way in which we can overcome that last problem. There is work in every program line. Often the online system has meant that instead of having to come in three times in a process, people have to come in once or twice. We continue to try to knock those problems over.

Senator SCULLION—When Centrelink have a policy change and you are going to have to make a new payment or facilitate a payment to a different demographic—all the normal things that change in policy—what is involved in an IT sense? There are different connections and there are all these databases. What is involved? How do you go about changing it?

Mr Wadeson—Changing the system?

Senator SCULLION—We are now doing this—rally, rally—John runs out! Do you do all that in house?

Senator Ludwig—I have heard you do it that way!

Mr Wadeson—It depends very much on the initiative. If you look at some of the measures in this budget around pensions, for example, they sit in the heart of our system. They require access to the big mainframe databases and there are a rather select group of programmers who get involved in that work. The work goes on in the back-end system. Basically, on the day, the system does something different with the data that is entered into it and there is not much else to do. It is in these newer areas—one of the obvious examples coming up will be paid parental leave—where you are talking about links with employers which are a much bigger issue than just building a payments engine at the back, which is our more traditional business. We look at every initiative that comes up. We are trying to move the thinking in the organisation more to the position that the main option should be online. Rather than see the online system as, ‘Can we build it online?’ we need to think ‘Let’s do it online and see over time whether we can make that the primary way in which we develop the systems.’ It is not a process you can jump to tomorrow and it is one where we continue to learn but we are heading in that direction.

Senator SCULLION—Someone was talking to me the other day about a patch or something. They said that, generally, they can put a patch in the system. Perhaps Mr Pratt can help me, when the call comes and you say, ‘Not another policy change.’ What is the cost involved in that sort of change?

Senator Ludwig—What generally happens is that the policy department will work with Centrelink very much earlier in the process to work through costings. Costings are very critical to delivery of programs. They will work very early around that exact issue. Mr Wadeson will then work with them to get what the IT cost will be right and then there is what the administration part will cost. There will be a whole range of inputs into finalising that costing because it is also about how you deliver it. It will vary whether you deliver it online or face to face or whether you require telephony services.

Senator SCULLION—I was talking about the actual deliverable—

Senator Ludwig—Even online you will need people to do end-to-end testing and the construction of the webpage because that will be different from the IT environment and the changes you need to make there. All of that will have to be worked through to get a costing before implementation. That will then mean that the policy department will be able to decide whether they want to go ahead with it, whether they can secure funding for that particular proposal, and then that will go into the usual budget process if it becomes a new policy proposal that the policy department wants. That is the broad process.

The other thing I wanted to mention, which is coming back to the IT environment, is that DHS is part of service delivery reform. We have a customer access committee which is looking at exactly that: customer access. It is about how you become citizen-centric: you look at what they need, what they require; the online environment; what sort of rules engine you might construct to then assist the customer in that interface to make it easier for them. Because what you know regarding telephony face-to-face and online is that online is going to be cheaper, and it is going to be much cheaper where the customer is also finalising all of their transactions online go to whoa; they don't have to bring a piece of paper in.

A lot of the work we talk about is, of course, how the portfolio integrates and talks to itself. Within the FAO you have the baby bonus, so therefore there is information coming into the organisation at various points. We can use Mr Wadeson's example, which may say, 'There is a baby, because they've applied for a baby bonus.' How do you then transfer that information across to verify somewhere else? These are challenges that need to be met, and DHS is working with Centrelink to work through all of those challenges.

In addition to that, you then have work we achieved out of the budget this time round, as to how you work with the Child Support Program and Centrelink about the calculation of the carer nights for a person so that you can then share that information around. That will require both processing plus online plus Mr Wadeson and his IT people to come up with systems.

Senator SCULLION—Thanks for that. Rather than me giving an example of a change that would require an IT change in the department, if you could find one and provide me an answer on notice, in terms of what that actually costs. From all the processes that the minister described, the edict comes down, you will then go and deliver it—what does that actually cost? Perhaps you could take that on notice.

Mr Pratt—Yes, sir.

Senator SCULLION—Thank you. Minister, you could probably recall this. We were debating the potential changes to the seniors health card, particularly in regards to the superannuation income changes and how these would affect people. And I can recall the legislation just did not come back. I do not know what happened, but obviously it was a government decision to go some other way. I asked that we waited until the Harmer report had come out and we could make a more informed decision at the time. That was all OK, but I have had reports from a number of your clients that they received a letter and that the letter was basically explaining what was going to happen: 'These are the changes. What we want you to do is respond and, if you do not respond, there will be these changes. If you do not declare these things, you might be breached.' Are you aware of that, Minister?

Senator Ludwig—I do not think I got sent the letter, if that is what you mean. Paul will be able to deal with this.

Mr Cowan—That initiative has a number of elements to it. In the first instance, we have sent letters to ask people for their tax file numbers. That is all we have asked for, at this stage. As you say, the rest of the initiative, with respect to changing the treatment of income, has not been passed.

Senator SCULLION—Indeed. So there was no letter sent out informing people that the way they treated the income was going to change?

Mr Cowan—Not to my knowledge. I am happy to have a look.

Senator SCULLION—Obviously I will need to provide you the letter on notice. I have had quite a few people, so I made that terrible assumption that you would in fact be aware of it. What I will do, on notice, is provide you the letter and you can provide me—

Senator Ludwig—Sorry. Unfortunately Centrelink does a lot of letters. Something I would say—I would not normally volunteer this—is that you might want to then follow up in Families on Monday or Tuesday as well, because the policy is being generated out of FaHCSIA. They may have further information that may assist.

Senator SCULLION—Indeed I will. And thank you for volunteering that.

Senator Ludwig—That is fine.

Senator SCULLION—I have just a couple of general questions. Have there been any additional resources provided to regional areas and regional offices? Relatively, given the potential for increased unemployment in those areas, has there been anything done particularly about those Centrelink offices in regional Australia?

Mr Pratt—Yes, Senator. Essentially, I mentioned earlier this evening that during the course of this financial year we have taken on an extra 1,500 staff to deal with the additional demand that we are facing as a result of the global financial crisis. We have allocated those resources to the areas of greatest demand, and so if that demand is in a regional area extra resources will go into that area.

Senator SCULLION—Thank you. I understand that you have opened some new offices in Belmont in Western Australia.

Senator Ludwig—And Medicare.

Senator SCULLION—Sorry?

Senator Ludwig—It was not opened. We have got Medicare coming afterwards.

Senator SCULLION—Indeed. I appreciate that.

Senator Ludwig—Unless you have—

Senator SCULLION—No, I just recalled that when I was looking at you, Minister. You can recall that there were a number of self-funded retirees who had had their funds frozen as a consequence of the bank cap and the oft remembered note from the Treasurer: ‘They can just go to Centrelink.’ It is that demographic. Would you be able to identify how many of those people you are able to provide assistance to?

Mr Cowan—People can come into Centrelink at any time, seek assistance and ask for a reassessment of their entitlement on the basis of their changed circumstances. So if someone cannot access their investments they can come in and seek assistance. Unfortunately, there are a number of cases where investments have ceased to perform, I suppose you would say. Minister Macklin can provide a deeming exemption on these with respect to the income derived from those investments. We can assume that there is no income being derived from them. With respect to the actual value of the assets, we really rely upon the administrators or liquidators or whoever else is in a position to administer a fund, a company or whatever.

Senator SCULLION—So they can possibly be in the situation where they are not able to access a benefit because they do not pass the assets test but they cannot get access to the assets?

Mr Cowan—That can happen. We cannot unilaterally reassign a value to an asset; we have to wait till it goes through the process of administration.

Senator SCULLION—I would have thought the identifier would have been relatively obvious. That may not be the case. How would I find out just how many of those people have come to Centrelink?

Mr Cowan—Do you mean people whose funds are frozen who have actually come and asked? That would be very hard for us to extract, but we could probably give you an indication of customers who are affected by investment houses or companies which we are aware have perhaps gone into liquidation or are not trading anymore. But, on that particular issue of customers for that specific category you are talking about, we would not be able to give you a figure.

Senator Ludwig—Bear in mind a couple of things. There is that group; there are also self-funded retirees where there has been a re-evaluation, which means that in their assets being revalued they may then be entitled to obtain a part pension from Centrelink. There have also twice now been changes in the deeming rate, which means that they may then be entitled to a part pension. That is why we always say, ‘Don’t self assess; come into Centrelink and check.’ That is why we use that phrase. If you are a self-funded retiree and your income stream has dried up or changed significantly you might have found that you were not entitled to a Centrelink benefit at that point but, given the changes in deeming rates and the re-evaluation of assets, you may then find yourself able to access a part pension to assist you through that period until your finances change.

That is why the Treasurer says that, and that is why we were very concerned when, in your press release of 24 October, you told Australians to go to Centrelink to see what taxpayer help they could get while their independent income had been placed in jeopardy by the government and that that was a disgrace. What you were doing was intentionally denying people who would otherwise have been able to access a part pension that part pension. What you were doing was saying to people: ‘Self assess yourself to nothing. You may not have an entitlement to a pension.’ That is what you were telling them. You also went on to say: ‘Most people with an income from investments are not, will not and should not be supported by the taxpayer and are being turned away from Centrelink, despite being urged to attend by the Treasurer.’ The truth is, people should not self assess. They should come in and talk to Centrelink, because

those three things that I mentioned—the re-evaluation of people’s assets, the change in deeming rates and the change in their income streams—mean that they might be entitled to a part pension. What you were effectively doing was shutting the gate on those people when they would otherwise have gained valuable support from Centrelink. Also, Centrelink has financial services officers, or FISOs, who can assist people in working through their current circumstances and the way they have structured their assets and the way they have worked out their income streams to different circumstances which might then give them an income stream. That is the value of Centrelink, and that is why people should not self assess. You should not tell people not to go to Centrelink. They should come to Centrelink in those circumstances, because they might in fact be entitled to assistance, as I have just outlined.

Senator CAMERON—We will accept your apology, now, Senator Scullion.

Senator SCULLION—Actually, I accept some sort of admonishment from you in terms of any advice I may have given to people on going to Centrelink. But I think the thrust was that we would much have preferred that the Treasurer had not placed those people in a situation where, when they had saved all their lives—these were self-funded retirees who had saved all their lives—they had to go to Centrelink. And I tell you what, Minister: they all agreed with me. But thanks for the lecture!

Senator CAMERON—I enjoyed it, too!

CHAIR—Senator Scullion has the call.

Senator SCULLION—Those are all the questions I have at the moment for Centrelink.

Senator BERNARDI—Mr Pratt, is there any forthcoming data on UK pensioners, or would you rather not explore that?

Mr Pratt—I will just check. We have been attempting to get some extra data but we were having trouble in doing so during the meal break. Unfortunately the time of day, or night, is not helping.

Senator Ludwig—I can give you some.

Senator BERNARDI—I am sure it will be very helpful, Minister!

Senator Ludwig—It is what we would have obtained from Centrelink as at that time. About 400,000 of Australia’s three million age pension recipients receive a foreign pension. The United Kingdom is one of those countries to provide information under the international pensioner data matching program, and the UK government has provided Centrelink with British pension details for about 175,000 Australian residents who are also on the Australian age pension. The data matching process will result in up to 14,000 overpayments being identified, along with about 3,500 rate increases. This will obviously provide savings for the Australian taxpayer. It will also ensure that dual pension recipients get the right payment.

Senator BERNARDI—I realise that that is from your press release, Minister; I am aware of that. My questions are a follow-up to your press release, and I want to ascertain whether the department or the agency is in a position to answer questions.

Mr Pratt—I apologise; unfortunately, we do not seem to have any useful data at this stage.

Senator BERNARDI—All the people in this room, Mr Pratt, and no useful data amongst them?

Mr Pratt—Well, just not that useful data, unfortunately! Would you mind, Senator, restating your question, just so that we have got it on the transcript?

Senator BERNARDI—There is a range of questions in relation to the minister's press release about the clawing back of overpayments and any additional payments to people. I am happy to put them on notice because, clearly, to ask them now is of no benefit.

Mr Pratt—I would appreciate that.

Senator BERNARDI—And I would appreciate a prompt response when it is available.

Mr Pratt—Yes, Senator.

Senator BERNARDI—Chair, I am happy to put the rest of my questions to Centrelink on notice.

CHAIR—Thank you, Senator. Are there any further questions? There being none, we thank you, Mr Pratt, and your officers.

Mr Pratt—Thank you.

[8.57 pm]

Medicare Australia

CHAIR—I welcome the acting chief executive officer and officials of Medicare Australia. Officers when called upon to answer their first question should please state their name and position for the *Hansard* record. Will there be an opening statement, Ms Godwin?

Ms Godwin—No, Senator.

CHAIR—Senator Scullion.

Senator SCULLION—I understand from the budget papers that Medicare has announced a cut to the staff of some 138, and I understand that previously I have said that and people have correct me and talked about averaging and all those sorts of things. Perhaps you can tell me what that actually is. I know it is 138, but every time I say that it is actually not, it is some more intangible thing.

Ms Godwin—It is a point in time figure—

Senator SCULLION—I have got 138 shirts on the floor here. I might get a couple left over—

Ms Godwin—Well, when the budget is constructed there is a point in time where we have to identify those things that are confirmed in the budget, and at that point the budget is constructed that was the figure, that is the confirmed budget and the ASL effect of that. However, it does not take account of what generally happens each year, which is a range of projects and contracts that come to us. If those processes are not concluded at the time of budget construction the figures are not included. For example, they do not include some figures for the aged care program that we administer on behalf of the Department of Health and Ageing because the figures were not concluded at the time of the budget construction. They also do not include some figures for other work that we are proposing to take on on

behalf of the Department of the Environment, Water, Heritage and the Arts. So, although at the point of budget construction the ASL figure looks like a reduction of 138, that is not the figure that we expect for the year going forward.

Senator SCULLION—That is not the figure? It does not make it as useful as the budget statements make out, then. I appreciate the things you are saying. Just to grapple with the number, is it going to be a fair bit less or a fair bit more when you take all those things into consideration?

Ms Godwin—I will point you to what happened last year, and I am sure one of my colleagues will point me to the actual numbers. At PBS time last year, the ASL figure was 5,286. At PAEs, we expected that the staffing number would be 5,201 across the year, but the full-year effect at the end of this year, going into 2009-10, is 5,352. What tends to happen with us is that we have an underlying budget for the things that we routinely manage—the Medicare program, the Pharmaceutical Benefits Scheme, veterans processing, aged care processing and a variety of other things like that—but we also manage a number of projects, which results in the numbers moving around. That is a typical picture, and as a result we would expect that, as we already know, there will be some additional work coming in, and that will change the overall staffing figure. We would expect our overall staffing during the year to be considerably—

Senator SCULLION—Better?

Ms Godwin—Better, yes.

Senator SCULLION—Which would make the number less?

Ms Godwin—Yes.

Senator SCULLION—Would you have a crack at it. I will not press you; I am just quite sincerely curious. Is it closer to 75 less or to half that many less? If you cannot have a crack at it, that is fine.

Ms Godwin—I really do not want to speculate.

Senator SCULLION—All right, but it will still be less?

Ms Godwin—We do not expect our average staffing across the year to be under by 138, because, as I say, we have other projects that we already know about and that we are concluding discussions on now.

Senator SCULLION—Okay. The budget announced that Medicare is going to open three new offices. Is that right?

Ms Godwin—Yes.

Senator SCULLION—At Warrawong in New South Wales and at the two Belmonts? How many staff will be employed in each of these new offices?

Ms Mellor—The numbers will be small; the demand in those areas will be met by an average of 3½ staff. But in each office we are looking to see whether Centrelink wants to join up some of their services with us or whether we can join up with them, so that may smooth the numbers around a little bit.

Senator SCULLION—So is the total of the three offices—I know we cannot have half shirts, but let us call it that—about 10 people? Would that be reasonable?

Ms Mellor—We are an organisation that has a very high part-time workforce, so it will depend on what happens with the staffing in those sites.

Senator SCULLION—Okay. So there will be nine people there. Obviously I am concerned; I am just trying to establish whether it is 138 less or some other number. It just appears wherever I look that Medicare is doing more. Perhaps I will just go through a couple of things. Ms Godwin, if when you have an opportunity you just say, ‘This is where we’re getting the money for this, and it’s extra; it comes with the program,’ that will provide me with some relief.

Senator Ludwig—They got funded for three new Medicare offices. We are delivering on the promises that we made.

Senator SCULLION—I have no problem with that; I am just saying it because they have generally lost a number of staff. Just in terms of Belmont, there is a terrible urban myth—I am not sure if you know, Minister—and

Senator Ludwig—There are two Belmonts, so you might have to tell me which one. In the

Senator SCULLION—There are. This is about the Belmont office. There is a story—

Senator CAMERON—The only urban myth is that you are going to get to the point!

Senator SCULLION—No, I am going very fast with the urban myth. They tell me that the only reason at there are two Belmonts is that it was supposed to be in Western Australia, but the department—this is how the story goes—actually went and developed the Belmont office in New South Wales. The only reason we have got two offices now is that they got it wrong and were not able to walk away from it. Now, someone told me that with some sincerity the other day. I am not saying you should even comment on it, but—

Senator Ludwig—Let me put all that to rest. There is also a Belmont in Tasmania.

Senator SCULLION—Yes, indeed. That was also pointed out.

Senator Ludwig—An election commitment was made by the previous shadow minister, when in opposition, for a Belmont in WA. So there was an election commitment for a Belmont in WA, and we are delivering on that promise.

Senator BERNARDI—May I ask, Minister, when it will open?

Senator Ludwig—Its funding has now come out of the budget, so it—

Ms Mellor—We are aiming for openings in January 2010.

Senator BERNARDI—Thank you.

Senator SCULLION—On page 82 of the department portfolio budget statements, I see that we have got the pink batts insulation rebate, and it is going to be dealt with by Medicare.

Ms Mellor—Yes.

Senator SCULLION—What would be Medicare’s requirements for facilitating this, particularly in terms of staff?

Ms Mellor—We are not delivering the whole program on behalf of the Department of Environment, Water, Heritage and the Arts. We are delivering a major component, which is the registration, claiming and payment components for installers. We will be providing an online solution for installers to register, to claim and to be paid, including some payment reporting for them. We will be providing a help desk for people who are seeking assistance in those processes. We will be going live with registration on 1 June and, subject to the volume estimates by the department, we are expecting 10 staff over the year to manage that program.

Senator SCULLION—Okay. When you pay the rebates, will those payments be in cash or cheques?

Ms Mellor—No, no. This will be a fully electronic program. They will be paid into bank accounts.

Senator SCULLION—So the only way that they can get access as an installer will be electronically.

Ms Mellor—That is right.

Senator SCULLION—Okay.

Senator Ludwig—It is building on the back of the aged-care provider system, which is part of Medicare as well. Medicare is multifaceted. It not only delivers the Medicare Benefits Schedule; it also has a range of other programs that it delivers, including the LPG gas conversion rebate. It also has a provider focus, which is the aged-care provider focus, so it can utilise its skills and experience in those areas to develop an online environment for the installers of the pink batts and provide a seamless, if I can use that word, web interface for them. I think it is now on track.

Ms Godwin—Yes, Minister, it is.

Senator Ludwig—So it is quite a good-news story.

Senator SCULLION—Perhaps you would explain to me—I am not sure where they would be—where any details of the payments made by DEWHA to Medicare would be?

Ms Godwin—It is typical in these sorts of programs for us to enter into a service arrangement with the relevant policy department, and that is what we will do. Once that is settled, a payment mechanism will be settled between us. But the program is fully costed, and the service arrangement will ensure that we are paid for the work that we do.

Senator SCULLION—That being the case, the administration of the pink batts program has basically been dealt with in terms of additional resources for you, apart from—

Ms Godwin—We will certainly be resourced to do it, and that resourcing will be on top of what is already listed in the budget papers. That is one of the projects that I am—

Senator SCULLION—So the 10 FTEs that you mentioned will be imported? When I asked how many staff you thought it would take to run this, Ms Mellor indicated it would be 10.

Ms Mellor—Yes.

Senator SCULLION—So where will those 10 positions come from?

Ms Mellor—In simple terms, we will create 10 new positions, but we will use existing staff to do that work.

Senator SCULLION—Okay.

Ms Mellor—We will shift them across from other activities onto that work.

Senator SCULLION—Where does the funding for those 10 positions come from?

Ms Godwin—From the service arrangements.

Senator SCULLION—I have some general questions on some of the strategies indicated in the budget. I understand you will receive \$6.5 million and a total of \$10.3 million over four years for the rural health workforce strategy.

Ms Godwin—Yes.

Senator SCULLION—What is your role in that measure?

Ms Godwin—We already administer a rural health program for the Department of Health and Ageing. One of the budget measures that was announced as part of the health portfolio involves some changes to that program. The costing that we are getting is to administer the changes that will be necessary, including the back-end systems changes to support the changes that are being made to the rural workforce measures.

Senator SCULLION—Over half the budget has been allocated for the first year. Is there any particular reason why it is being done that way?

Ms Godwin—It is mostly related to the systems build, because we have to change the systems that support it. There is a particular mechanism that is used at the moment to identify rural and remote areas and people are paid according to which classification they fall into. There is a new classification system coming in, so we have to shift the system that we have got from the old classification system to the new classification system. There are also some grandparenting arrangements, so we need to maintain some of the existing arrangements as well as introduce new arrangements.

Senator SCULLION—What impact will that have on your resources? What level of resources will you need to provide for all that?

Ms Godwin—Those changes are costed and funded. They are covered in that measure.

Senator SCULLION—What is your role in the nurse practitioner workforce expansion measure?

Ms Godwin—Similarly, some changes have been announced in the nurse practitioner area and they will require us to do a number of things. We need to change some of the back-end systems to support nurse practitioners being able to enter into a prescribing relationship with a patient. There are rules around the prescribing relationship. We will need to make sure that the system encompasses all of those rules. As well as that, we will need to change the prescribing stationery that is available to doctors and to practice nurses so that the appropriate regulations can be applied and can be recognised by the dispensing pharmacist when they dispense the medication so that they know they are dispensing something that is authorised and can therefore claim appropriately from PBS.

Senator SCULLION—Is that completely covered in the costings?

Ms Godwin—Yes.

Senator SCULLION—The budget papers show funding for 2009-10 for new and enhanced Medicare functions of a bit over \$31 million. Over four years it is budgeted as \$55.7 million. Going back to my initial underlying concern about a decrease in human resources, is it going to be well within the agency's capacity to do all these new and extra tasks, notwithstanding that most of them appear to be funded?

Ms Godwin—We believe so.

Senator SCULLION—On page 105 there is a statement which says that supplier costs will rise by \$44 million. Would you be able to advise us what those supplier costs are?

Ms Godwin—Is this under the 'Expenses' heading? I am not sure I can attest to every one of them. I might ask whether the CFO can assist.

Senator SCULLION—If you can take that on notice. Under 'Supply' I just wonder what the particular costs are in regard to. It just seems that there is an awful lot more tasking that has come to Medicare. Some of it appears to be funded, some of it appears to be new work which perhaps you have not done before. Notwithstanding your initial comments that there are probably not that many spare shirts but there will be some, how will you deal with the fact that there will be fewer staff—I think you will acknowledge that—and effectively some more work, notwithstanding the funded policies?

Ms Godwin—I probably need to clarify: I cannot speculate at this point whether there will be fewer staff across the year. There may be but there may not be. Certainly, during 2008-09 our staffing predictions have moved around a lot and we have ended up at the end of the year at a higher number than was predicted at this time last year. I do not know whether there will be fewer at all. I do believe the additional work that is coming in is appropriately costed and funded and that, across the organisation, there is an appropriate balance between new work coming in and resourcing and other areas where workload is reducing, so that that sort of balances across the organisation.

Senator SCULLION—It will be interesting to see perhaps at the next set of estimates how we are going with that, and I will come back to that. So perhaps you can take it on notice. I know it is difficult as we go along, but it is very difficult for us to look at a number that says, 'You will be 138 less'—and that is what it says—and to have an appreciation of the amount of work you have and this apparent shortfall in staff, but we will keep a watching eye on it.

Ms Godwin—Certainly.

Senator BERNARDI—I would like to touch on the incidence of fraud within Medicare. The minister put out a press release on 4 September, stating:

- Medicare Australia is currently investigating 209 individuals for suspected fraud.
- Perhaps I should address that question to Mr Bridge: 209 individuals for suspected fraud. How many cases are currently being investigated?

Mr Bridge—I do not have the actual number of criminal fraud cases at the moment, but I can tell you that we have about 2,000 compliance cases, if I can put it that way. They look at a

range of factors. They look at fraud matters, incorrect claiming matters as well. Within that pool would be the fraud matters. On average, about 300 or 400 a year might go to criminal fraud.

Senator BERNARDI—Regarding the minister's press release—I am not having a shot at him—209 individuals is less than normal?

Mr Bridge—No. There are different sets of the types of cases we are looking at. In our ambit we look at criminal fraud, and the way we refer to that is quite explicitly around those matters where you have intentional, deliberate fraud. In addition to that, there is a range of other non-compliance activities, so we do a range of general audit stuff, focusing on incorrect claiming. Across that whole pool there is quite a bit of activity, but the level of outright criminal fraud matters that are under formal investigation where it is possible they would go on to, for example, prosecution is a relatively minor number. In recent years we have found that to be a relatively static number.

Senator BERNARDI—You are not able to give me that number now?

Mr Bridge—I do not actually have that split with me.

Senator BERNARDI—You just said it has been a relatively static number over the years

Mr Bridge—As a proportion—that is, in the sense of outright criminal fraud.

Senator BERNARDI—That is what we are addressing here. I accept that mistakes happen and that you deal with those things.

Mr Bridge—Sure.

Senator BERNARDI—Outright criminal fraud is a relatively static number. Does that not suggest that any message is not getting through?

Mr Bridge—It is a very small portion of the overall size of the transactions we are dealing with, and we think that, as a major risk in relation to compliance programs, outright fraud is not one of the bigger ones. There are a number of reasons for that. The majority of the type of fraud we encounter is actually by members of the public as opposed to providers. The system is actually quite constrained. For example, it is actually quite difficult to set up a fraudulent income stream as a member of the public. You actually have to front an office with a constructed scenario each and every time. It is not like an ongoing payment stream. So you expose yourself to detection every time you turn up at a Medicare counter, for example. The system is relatively well built with sufficient internal checks and balances to hold it off. So outright criminal fraud has not traditionally been a major issue in managing compliance.

Senator BERNARDI—If it is difficult for members of the public, is it less difficult for the service providers?

Mr Bridge—Potentially, but the thing we have with service providers is that it is a very defined group. There are about 86,000 between all the different sectors. We are actually able to profile their entire claiming pattern. We are able to monitor each and every one of those service providers. So we can very quickly detect if there are unusual or strange circumstances that we need to pay attention to. It is a very tightly focused system in terms of being able to detect those outright fraud matters.

Senator BERNARDI—And yet we read in the papers about significant frauds that are operated against Medicare. If it is a doctor, what happens to the doctor? Do you recommend them for criminal prosecution if it is a clear-cut case?

Mr Bridge—If what we have encountered, on the basis of a detailed investigation, is a matter which appears to be outright criminal fraud, we would refer it to the Commonwealth DPP, who would consider whether it is suitable for prosecution and pursue it through the courts if that were the case.

Senator BERNARDI—If it is pursued through the courts and they are found guilty or they are forced to repay the funds—and sometimes I know that is done without a criminal prosecution taking place—do you continue to allow them to use a Medicare service provider number?

Mr Bridge—It can depend on the circumstances. There are provisions within the act for us to disqualify or suspend a doctor from being able to service under Medicare as a result of having a criminal conviction. We look at the various details, the nature of the case and the types of things that are involved in it. You often get quite a wide range of things. Sometimes it is a relatively small amount—admissions. You can get outcomes like suspended sentences. We need to take all that into account. But we can and do from time to time suspend a person who has been found guilty.

Senator BERNARDI—But you are only allowed to do that where there has been a criminal conviction.

Mr Bridge—That is correct.

Senator BERNARDI—So, if someone fesses up and says, ‘I’m terribly sorry, I’ve done this; I’ll pay restitution,’ you have no ability to take away their Medicare service provider number?

Mr Bridge—No, but what we would do there is look at recovery of any correct claims of moneys that they have received and we would look at monitoring their behaviour into the future so that we can see that there has been a change in that behaviour for that party.

Senator BERNARDI—I realise this is a comment, but I am interested in your opinion on it. Don’t you think it sends entirely the wrong message when, if someone gets caught doing something deliberately wrong, they can somehow, because they are a doctor, pay the dollars back and continue to operate in one of the most hallowed professions—when, for all intents and purposes, they are an unconvicted fraudster?

Mr Bridge—Certainly the deterrent value is reduced in that context. That is actually part of matters which are currently being considered in relation to the new proposals that the government have put out as an exposure draft, where we are looking at the proposition of having administrative penalties apply in those circumstances. When you are not dealing with outright fraud, you would still be subject to a financial penalty. That would, we believe, have a great deal of value as a deterrent.

Senator BERNARDI—I raise this because I have questioned for three years that there is a high level of fraud in the private health insurance industry. Even if it is a relatively low

percentage against Medicare, can you give me an estimate of what level of fraud there might be within Medicare?

Mr Bridge—No, I cannot, Senator.

Senator BERNARDI—I know you hate that question. It has been said that it is one per cent, which is low as a percentage—

Mr Bridge—There is a range of predictors. There are different levels of fraud internationally. It is extraordinarily difficult to put a figure, with any soundness, in relation to that.

Senator BERNARDI—But, Mr Bridge, it is your job to have an idea of the level of fraud that is operating there. If you say there is a range of predictors, surely you are familiar with them.

Mr Bridge—What we can look at is the level of fraud/noncompliance that we are detecting. We keep an eye on what developments there are internationally, for example, for some background framework in relation to that. If you look across all that spectrum—and bearing in mind that systems are very different around the world—the types of figures that are put about, usually not by the regulatory agencies, can range anywhere from a few per cent to 10 to 15-plus per cent. In our case, we have an ANAO report that looked into this issue in, I think, 1996 and did in fact put a figure of about 1.3 to 2.3 per cent as a figure to cover fraud and incorrect claiming. That is somewhat dated and it is difficult to do a direct comparison in relation to it, but certainly that is one indicator in the domestic sense.

Senator BERNARDI—Let me be generous and just say that it is one per cent. Can you do the maths for me?

Mr Bridge—At the moment, for example, the Medicare MBS system is about \$13 billion a year.

Senator BERNARDI—That is a fair bit of money, isn't it?

Mr Bridge—It certainly is.

Senator BERNARDI—And there has not been a study done since 1996—an internal study commissioned by any government or your department? Is that right?

Mr Bridge—Not that I am aware of, Senator—to look at trying to quantify the totality of what might be in the system.

Senator Ludwig—That is why we are looking for your support in the Medicare compliance audit bill. It ranges from a continuum, if you do not mind me saying so, from those who make mistakes, those who are careless and those who are reckless right through to those who use what I call inappropriate practice—which get referred to the PSR—and to those who are committing intentional fraud. That is always hard to determine because there is that continuum where they might fall within, or very close to, inappropriate practice of being reckless but not intentionally. Of course, to prove intention is always a challenge. That is why I think Mr Bridge is really saying that a number of who are potentially defrauding the system is always difficult to quantify. But we do know that there is a range of compliance that will assist. If we do a sample of about four per cent—which is about 2,500, which is in the

compliance audit—we know that, on average, we will recover about \$145 million over the four years, I think, to be precise. That is about protecting the integrity of the \$13 billion that we do spend on providing the Medicare Benefits Schedule. It is an important thing, and that is why we are—or I am—spending a lot of time with Medicare about how we get this right, because it is \$13 billion that we have to protect.

Ms Godwin—I would just add—picking up the point that the minister is making—that it has traditionally been difficult in this program to establish outright fraud, because it is a high bar, as it ought to be because it is a criminal offence. As Mr Bridge was saying, generally speaking, the numbers of outright frauds are at the lower end. We do however know that there are much larger levels of noncompliance in what you would call the incorrect claiming space. That is why we are so concentrating on how we really make some inroads in the incorrect claiming area, as opposed to trying to pick out those cases that might be able to pass that very high threshold of outright fraud. It is in that area of incorrect claiming, of course, where we have what we would regard as gaps in our ability to make real inroads.

Senator BERNARDI—Mr Jackson, you were going to say something earlier? Have you reconsidered?

Mr Jackson—The minister has covered it adequately.

Senator BERNARDI—I am sure he has.

Mr Bridge—If I could go back to the suspension issue and clarify one point. Doctors can be suspended after there has been a criminal finding against them.

Senator BERNARDI—By Medicare or the AMA?

Mr Bridge—No, a separate body altogether. It is a party called the Medicare Participation Review Committee, which is a committee of doctors and a lawyer. We refer them there. They have the power to suspend.

Senator BERNARDI—How many doctors have been suspended through that body?

Mr Bridge—I do not have the figure with me.

Senator BERNARDI—Would you be able to find it for me? I would be interested in that.

Mr Bridge—Yes.

Senator BERNARDI—The media release by the minister of 4 September 2008 also said that 74 individuals had been referred to the Commonwealth Director of Public Prosecutions. I am interested in how many of those people were actually taken to court and/or have been convicted or have results still pending. I would like to know how many individuals have been referred so far in 2008-09 and I would like you to compare that over the last, say, five years. Can you take all that on notice and provide it to me?

Mr Bridge—Yes.

Senator BERNARDI—I want to establish a pattern of where you are going with this.

Mr Bridge—Yes, we can provide all that data.

Senator Ludwig—Senator Bernardi, can I offer you and Senator Scullion a briefing on our audit compliance legislation? I am happy at some stage to get Medicare along to provide you with an overview of the legislation, the direction we are taking and why we are taking it.

Senator BERNARDI—I would enjoy that, but you must realise that I have no influence in the coalition. Senator Scullion, of course, has all the influence!

Senator Ludwig—I did include both.

Senator BERNARDI—That is very generous of you.

Senator CAMERON—You fixed them up on climate change.

Senator BERNARDI—There were some small concessions.

Senator JACINTA COLLINS—You did all right there.

Senator BERNARDI—That is all from me, Chair.

CHAIR—If there is nothing further for Medicare, I thank all the officers very much.

[9.33 pm]

Australian Hearing

CHAIR—I welcome the managing director, Mr Steve Grundy, and other officers from Australian Hearing. Do you have an opening statement, Mr Grundy?

Mr Grundy—No.

CHAIR—Senator Bernardi?

Senator BERNARDI—Welcome. At the time of printing your 2008 annual report, 100,000 calls had been made to the Telscreen telephone hearing service. Can you give us an update on how many have been made since then?

Mr Grundy—We do not have that number on us at this time. We would like to take that on notice.

Senator BERNARDI—Okay. Can you tell me about the costs associated with running that service?

Mr Grundy—I do not have the exact costs for that service but the Telscreen is a 1800 service which is free to the clients. The cost is borne by Australian Hearing from the revenues obtained by our commercial operation. I do not have the exact figures available at this time. I can come back to you and take on notice the actual costs.

Senator BERNARDI—Can you tell me this: are the costs fixed costs or is it dependent on how many calls you have because it is 1800 number and the technology you may be using?

Mr Grundy—I do not have the exact data on that but I believe it is a fixed cost for that period.

Senator BERNARDI—Mr Grundy, I thought you would be so enthused about coming to estimates you would have all this data ready. Never mind. Let us talk about your clients. In your annual report your clients have been growing quite solidly, frankly: from 2004 you had 335,000 clients, adults and children, up to 383,000. How many do you have this year?

Mr Grundy—I will check the annual report. I do not have the current figure.

Senator BERNARDI—The number of clients has steadily increased. Do you have any information about why more Australians are having hearing impairment?

Mr Grundy—Yes. There are a number of reasons, with the ageing population and the incidence of technologies such as iPods and other hearing devices. So with our clients who are eligible to be seen by us via the hearing services voucher scheme the ageing population and some of the access to industrial noise has been increasing the number of clients coming through.

Senator BERNARDI—Even with improving standards of occupational health and safety and ear protection and those sorts of things, you are still finding that people are, what, flouting those laws or ignoring them?

Mr Grundy—I cannot give you examples but the hearing services scheme is via the eligibility criteria. We are just noticing that some of the numbers are increasing.

Senator BERNARDI—As the numbers have increased, have you been receiving additional support from the government in terms of staff or administrative overhead or funding? I have not looked at the budget papers in regard to it, I am sorry.

Mr Grundy—We are a CAC agency. We are part of the Department of Human Services. We provide services to children 21 years of age and under and also for persons who are either part of the CDEP or Indigenous Australians or veterans, serving personnel. But primarily a large portion of our clientele are from personnel who are eligible for the pension.

Senator BERNARDI—That was not my question. My question was, your clients have increased in number over the last five years, you say to the tune of 50,000 or so. Have you been receiving adequate resources in terms of funding to pay for increased personnel or are you making do with the same level of funding and personnel and resources that you had two years ago or three years ago?

Mr Grundy—We are funded in part by the community service obligation. That funding has increased over that period of time.

Senator BERNARDI—Here is the \$64 question: is it adequate?

Mr Grundy—Yes, Senator.

Senator BERNARDI—So you have got enough money. I know that Lindsay Tanner will be watching that for the razor gang for next year. I am not sure if that is the right answer or the wrong answer, quite frankly. We will leave that to you. You conducted a survey in the 2007-08 financial year. It was in your annual report, a thousand people. How much did that survey cost?

Mr Grundy—I do not have that figure available. I would like to take that on notice.

Senator BERNARDI—If you do not mind. And I am interested in whether you received any additional funding to conduct that survey.

Mr Grundy—I would have to take that on notice as well.

Senator Ludwig—You might want to explain that they are not funded out of the budget.

Ms Williams—Except for the community service obligation.

Senator Ludwig—Which is funded out of the budget. So the community service obligation, office of ONA. You might want to go through your funding of the CAC agency. It might help Senator Bernardi.

Senator BERNARDI—It might help me.

Ms Dewberry—Australian Hearing has two streams of funding. Predominately funding comes through the voucher scheme that is run by the Department of Health and Ageing. That is a demand driven program, so as services are provided you claim and are paid for each service that you—

Senator BERNARDI—Thank you. I have got that now.

Ms Dewberry—A proportion is community service obligation funding, as the minister said, which is also through the Department of Health and Ageing.

Senator BERNARDI—Thank you.

Senator SCULLION—I read with some interest your 25 per cent increase in outreach sites. You are to be commended for that. Many of those outreach sites are in my part of the country. Can you tell me how a specific outreach site for Indigenous work, rather than some of the other sites, works?

Ms Dewberry—Yes. We often get referrals through Aboriginal medical services. They are usually what prompt us to talk to the communities, see if hearing is a priority for them and whether they would like Australian Hearing to bring a service to the community. And then we negotiate how often we would visit. That obviously often depends on other factors, such as weather, as well. Basically it is on-need and also ensuring that we have ongoing commitment to sites that we have already established.

Senator SCULLION—That is a capacity issue. Do you have any issues with capacity? When you find there is more demand are you finding it difficult? I know you have to make an assessment, but I know there is a lot more need out there, I have to say, from my own constituency. Where are you up to in terms of the capacity? Do you have any challenges with extending, and do you think that as demand increases you will be able to cope with that?

Ms Dewberry—The funding for the outreach service is through the community service obligations from the Department of Health and Ageing. That funding is fixed each year. The department sets the funding levels and the number of sites we are to visit. At the moment we have actually exceeded the number of sites that they have funded—

Senator SCULLION—Well done.

Ms Dewberry—through managing our resources very carefully and efficiently. So, yes, it is always a challenge to meet the demand.

Senator SCULLION—Is the normal voucher system not available through the outreach sites?

Ms Dewberry—No. The outreach sites are purely done through the community service obligations funding.

Senator SCULLION—Since you are already operating beyond your scope, just in terms of a general assessment, do you feel that there are a number of places that you are aware of that need this sort of services you provide that you have not been able to, given you have some fiscal responsibilities?

Ms Dewberry—There are not any sites that I am aware of where we have not been able to meet the need when it has been raised with us. Through the Australian government intervention in the Northern Territory, although we have been limiting the expansion of the program, we did actually establish 18 new sites based on the referrals we received through the intervention. So we do try and meet demand where it is brought to our attention.

Senator SCULLION—Being tied to the intervention process I am assuming that the fact that you exist is well known and that if there are people out there aware of a hearing issue or a need for the services you are fairly confident that network is going to be able to deal with that and pass it on.

Ms Dewberry—We work very hard to work collaboratively with other health services because we are not in the primary health area. We work very closely with, for example, Northern Territory Hearing Services and often visit outreach sites with them to maximise the time on the visits. So, yes, we do rely on the other agencies to refer to us and consequently we raise our profile with those agencies.

Senator SCULLION—On the hearing assistance in classrooms across particularly the intervention areas in North Australia, often the children's ears have been damaged. It is not a management issue; they have actually been damaged. I am not sure who supplies it but I know there are different sorts of audio equipment, such as headphones, that are specifically made for people with hearing impairment. Many of the demographics there are such that entire classrooms are set up that way. Do you provide advice on the sorts of materials or do you have anything to do with the provision of that sort of infrastructure?

Ms Dewberry—For the sound field amplification systems or classroom amplification systems, they are not funded through the community service obligations. However, we are knowledgeable in the area and would always share our knowledge and provide advice where we can to teachers, principals and so on about how they might access that through the funding they have available to them through education systems and so on.

Senator SCULLION—I note you have a research arm, the National Acoustic Laboratories. Do you provide standards or advice to government on standards? They seem to be changing how many decibels you are allowed and now a lot of machinery has to be marked with that. Do you provide advice to government on those standards? I am just wondering what the connection is to our National Acoustic Laboratories.

Ms Dewberry—Certainly staff from the National Acoustic Laboratories have participated with Standards Australia in the setting of standards for various things.

Senator SCULLION—That is interesting. I read the other day that in both New Zealand and the United Kingdom they have introduced suppressors on rifles as a work health issue. It has something to do with the particular frequency. The suppressor looks like a silencer but it is not. It still makes a noise but it does not damage your hearing. I am not sure if you are aware that a laboratory in the United Kingdom was used to bring those issues to bear.

Obviously, technology is a big part of keeping Australians up to the level. Is National Acoustic Laboratories involved in developing technology?

Ms Dewberry—Under our legislation the National Acoustic Laboratories is limited to specific areas of research, predominantly to do with hearing assessment, hearing aid fitting and prescription procedures, rehabilitation programs and prevention. They concentrate their research in the prevention area, and less on the technology, I would think, other than looking at hearing aid features—that is certainly part of what they do research. I am not aware of any research in technology relating to prevention. I am happy to take that on notice.

Senator Ludwig—Professor Harvey Dillon is the lead in that area, probably world regarded in that field.

Ms Dewberry—Yes, Minister, that is very true.

Senator SCULLION—I was hoping to talk to them about the suppressors, but that is probably a matter for another time. Thank you very much.

CHAIR—There are no further questions. Thank you both very much for attending. Thank you, Minister. Thank you, Ms Williams and officers. We now stands adjourned until 10.30 am tomorrow.

Committee adjourned at 9.47 pm