

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Human Services and agencies

Budget Estimates 2006-2007, 25 May 2006

Question: HS35

Outcome 1, Output 1

Topic: Office of Access Card – Various questions

Hansard Page/Written Question on Notice: Written

SENATOR EVANS asked the Minister for Human Services, upon written notice:

1. Was the KPMG person that Mr Leeper referred to as being of “extremely high standing and gave us significant confidence” (F&PA pg. 56, 25 May, 2006) Mr Chris Jordan?
2. Does DHS envisage the number of face to face transactions that its agencies administer will decrease over the next 4 years? If so, what is the estimate?
3. What proportions of the estimated Smartcard savings (\$3 billion over 10 years) will be achieved by addressing a) ID fraud, b) over claim fraud, c) false claim fraud, d) human error, e) transaction efficiency, f) staff cuts, g) improved database management and h) other (please define)?
4. In what year is it estimated that the total projected savings enabled by the Smartcard will equal the total projected costs of the Smartcard?
5. Is there a difference between the types of projected savings between Medicare, Centrelink, and Veterans’ Affairs services? What are these differences?
6. Does the Smartcard business case (KPMG?) consider the impact of other anti fraud initiatives announced in the federal budget and also those currently being implemented and operated?
7. Can DHS rule out the use of personal identification number (PIN number) to aid Smartcard security?
8. Can DHS rule out the employment of Radio Frequency Identification (RFID) technology within the Smartcard?
9. As the Smartcard will be compulsory after 2010, what provision has been made for people, upon applying for a card, who cannot (unable to provide enough ID points) establish their identity, eg. homeless or indigenous Australians?
10. Will all the recommendations made by the Australian National Audit Office (Audit Report No. 29, 2005-06) for improving data accuracy / integrity be adopted by the Office of the Access Card?
11. Who will own the data on Smartcards?

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12. Will any government department not have access to the Smartcard database? Which ones?
13. Can DHS rule out Smartcard database access by foreign governments?
14. Will Smartcards use an Australian made operating system?
15. Do Smartcards have any potential to be used for taxation compliance and anti-tax fraud purposes?
16. What % of Australians hold more than 4 of the 17 cards the Smartcard will replace? What % of Australians holds none of the 17 cards? What % of Australians holds only a Medicare card?

Answer:

1. Yes, the KPMG person Mr Leeper referred to at the Budget estimates hearing on 25 May 2006 was Mr Chris Jordan.
2. No.
3. The health and social services access card was not introduced as a savings measure. The savings estimate of up to \$3 billion over 10 years was developed on the basis of high level estimates of fraud and leakage, particularly in Centrelink and Medicare Australia. Further work will be undertaken to refine these estimates and determine the level of savings that can be expected to arise from the measure.
4. The health and social services access card was not introduced as a savings measure.
5. Please refer to the publicly released KPMG Business Case Available on the DHS website (www.humanservices.gov.au).
6. Fraud savings anticipated to arise from the introduction of the access card in the KPMG business case are separate to those that will arise from the *'Fraud and Compliance – Improving cross agency activities'* measure announced in the 2006-07 Budget.

As the KPMG *Health and Social Services Smart Card Initiative, Volume 1: Business Case* notes:

“The HSS initiative probably represents the most significant platform that Medicare and Centrelink has ever had to combat leakage, including fraud, by re-focussing their efforts to combat leakage from the current approach, which relies heavily on detection and investigation activities, to one which includes substantial prevention and deterrence activities.” (Public Extract, Page 12).

7. Whether or not the access card uses PIN technology is a matter for decision by government.
8. Whether or not the access card uses RFID technology is a matter for decision by government.
9. ‘How to register’ will be communicated to all consumers prior to the registration period,

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along with special arrangements for those Australians who may have difficulty registering – either because of their geographic location or mobility status or because of their ability to provide the necessary identifying documentation.

The government will continue to consult with all interested groups to ensure that the implementation of the access card meets the needs and expectations of all Australians, including indigenous Australians, the elderly, ill and those in remote communities.

10. ANAO's recommendations dealt exclusively with Centrelink's existing data integrity arrangements. Lessons learned from the Audit findings will be applied to the development of a common registration database for DHS agencies and the department of Veteran's Affairs.
11. This is a matter for decision by government.
12. The registration system underpinning the access card will be established separately from Medicare Australia, Centrelink and the Department of Veterans' Affairs information systems and will not hold any sensitive or agency specific information.

It is not expected that sensitive agency specific information will be held on the access card or in the supporting registration system. The information contained will be the basic demographic information required to administer health and social services benefits common to all DHS agencies and the Department of Veterans' Affairs. Agencies will not have access to other agencies' information as a result of the access card.

The strict privacy and other protections that currently apply to the information held by agencies, including how information is collected, stored, accessed and disclosed are expected to remain in place following the implementation of the access card. Thus, it is anticipated that only government departments that currently access the basic demographic information held by all DHS agencies and the Department of Veterans' Affairs will access the secure customer registration system for the access card.

13. The strict privacy and other protections that currently apply to the information held by agencies, including how information is collected, stored, accessed and disclosed are intended to remain in place following the implementation of the access card.
14. It is not possible to answer this question yet. This will be decided as a result of the necessary open tendering process that will take place to obtain the best value for money for the Australian Government.
15. The current scope is focussed on the introduction of the access card to facilitate access to health and social service benefits administered by the Department of Human Services Agencies and the Department of Veterans' Affairs, existing arrangements with the ATO are intended to remain in place.
16. (a) The answer would require extensive business analysis requiring multiple data matches between 3 or more agencies and would require resource devotion that cannot be justified.

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- (b) It would be difficult to identify Australians that don't have any of the 17 cards. It would require a significant data matching exercise with cross agency capability that doesn't currently exist.
- (c) It would be difficult to identify Australians that only have a Medicare card. To do so would require a significant data matching exercise that has not been undertaken to date.

Evidence from Medicare Australia's annual report for 04-05 indicates that there were 20.5 million people enrolled and 11.4 million active cards. The Australian Bureau of Statistics website indicates that the Australian resident population is approx 20.5 million.

Young adults over the age of 15 years may be enrolled on their own Medicare Card. The Australian Bureau of Statistics website indicates that as of 30 June 2005, 80% (or some 16.4 million of the current 20.5 million population) of the Australian resident population was aged over 15 years and thus eligible to be enrolled on their own Medicare Card.

To prepare this answer it has taken approximately 6 hours and 45 minutes at an estimated cost of \$355.