Australian Government

Department of Human Services

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Submission to the Senate Community Affairs Committee for the Inquiry of the Human Services Legislation Amendment Bill 2010

1 March 2011

Service Delivery Reform

1. Advances in technologies, increasing community expectations and rising demand for services driven by a growing and ageing population have created significant challenges and opportunities for the current service delivery infrastructure.
2. In December 2009, the Australian Government announced the development of a new service delivery approach that would significantly improve the efficiency and effectiveness of service delivery to the Australian people.
3. Service Delivery Reform continues a broader program of reform that commenced in 2004 when the Department of Human Services was created to place greater emphasis on the way government delivers services to Australians. In 2007, this role was expanded to reflect responsibility for the development, delivery and co-ordination of government services, and development of service delivery policy.
4. Service Delivery Reform will transform the way services are delivered by the Human Services portfolio, which includes Centrelink, Medicare Australia and the Department of Human Services (DHS), including the Child Support Agency and CRS Australia. It is about simplifying people's dealings with government, by giving them more control and better support when they need it. It will improve services for customers by delivering one-stop-shops, more self-service and more intensive support for people who need it.
5. The progressive rollout of co-located offices will extend the portfolio's reach by providing one-stop-shops in more places. Increased self-service options will allow people to manage their own affairs, including through expanded online services. People facing significant disadvantage or multiple complex challenges will be offered more intensive support through coordinated assistance with a case coordinator.
6. Already the Human Services portfolio is delivering more effective and efficient services as part of the reform. As at 14 February 2011, 34 sites were providing Centrelink and Medicare Australia services from convenient one-stop-shops. Information about the portfolio's services and benefits is now available from the single portfolio website and telephone number. And the portfolio has already integrated many of its back office functions to free-up staff to focus on customer-facing services. The Local Connections to Work initiative, already being offered in four locations, is providing targeted and tailored assistance to disadvantaged job seekers in selected disadvantaged locations. This is one example of how Service Delivery Reform will deliver specialised services to those who need it most.
7. The Human Services portfolio is working with government, the third sector, the community, staff and customers to ensure the improved service delivery model meets the needs and expectations of the Australian public and is closely aligned with whole-of-government frameworks and other government reforms.
8. Service Delivery Reform will help to:
    - increase social and economic participation by providing comprehensive services to vulnerable and disadvantaged people;
    - contribute to better health and ageing for all Australians by improving access and equity in the health system;
    - extend coverage and improve connections between government, community and private sector;
    - meet the needs of Australians by delivering services and creating more open government; and

- help Australians to be self-sufficient as much as possible and to easily transition to assisted services when required.

Single Department of State

9. A key element of Service Delivery Reform is the integration of the portfolio into a single department of state through the proposed legislation. Medicare Australia and Centrelink will no longer operate as statutory agencies and their functions will be integrated into the single department of state - DHS. The integration will free-up staff for more front-line customer service delivery, result in all Centrelink and Medicare Australia staff becoming employees of DHS, will drive efficiency and reduce the cost of service delivery for government. This will result in better coordination of service delivery and greater outcomes for the community.

10. In order to transition to improved service delivery, it is important to integrate agencies in the Human Services portfolio through the legislation proposed. Essentially, the Human Services Legislation Amendment Bill 2010 (the Bill) will enable the portfolio to better deliver the benefits of the reform and to enable customers to conveniently interact with the one department of state; to 'tell us once' if their circumstances change and to be provided with the information on services they may be eligible for from one website, one phone number or a one-stop-shop.

Proposed Legislation – the Human Services Legislation Amendment Bill 2010

11. The Bill proposes to integrate Medicare Australia and Centrelink into DHS.

12. The Bill renames the *Medicare Australia Act 1973* and the Commonwealth *Services Agency Delivery Act 1997* to become the *Human Services (Medicare) Act 1973* (Medicare Act) and the *Human Services (Centrelink) Act 1997* (Centrelink Act). The Bill amends the renamed Acts to formalise the changes already under way for Service Delivery Reform and integrate service delivery agencies in the portfolio by:

    - removing Medicare Australia and Centrelink's status as separate statutory agencies;
    - replacing the statutory offices of Chief Executive Officer (CEO) of Medicare Australia and CEO of Centrelink with two new statutory offices within the DHS structure – the Chief Executive Medicare and Chief Executive Centrelink;
    - giving the new Chief Executives broad service delivery functions in legislation. This will enable DHS to respond quickly and flexibly to requests to deliver new services, for example, in response to emergencies; and
    - allowing both Chief Executives to delegate their powers to Departmental employees, in the same way that the current CEO of Centrelink can delegate their powers to Centrelink staff, and the CEO of Medicare Australia can delegate powers to Medicare Australia staff – this will mean that the Bill will enable front line officers to be delegates of both Chief Executives, to provide customers with a broad range of services in a single transaction.

Schedule 1 - Amendments to the Medicare Australia Act 1973

13. Schedule 1 of the Bill amends and renames the *Medicare Australia Act 1973*. The primary purpose of the amendments is to integrate Medicare Australia into DHS. The statutory office of the CEO of Medicare Australia will be replaced by a new statutory position, Chief Executive Medicare. The Chief Executive Medicare will be a Senior Executive Service officer in DHS who will have broad service delivery functions. The Chief Executive Medicare will retain, and continue to exercise, the statutory powers currently exercised by the CEO of Medicare Australia.

14. These administrative changes do not alter the government's commitment to Medicare. Medicare has provided Australians with affordable, accessible and high quality health care since 1984. The integration of agencies will further extend the reach of the widely recognised and successful Medicare brand in the community. For example, through the co-location of services the number of shopfronts where Medicare services are available will double from 240 today to around 500.

15. The Bill also makes minor amendments to the investigative powers of the CEO of Medicare Australia, in Part IID of the *Medicare Australia Act 1973* to bring them into line with the equivalent provisions in the *Crimes Act 1914*. Importantly, the investigative powers will not be extended in scope and there will be no equivalent investigative powers introduced into the *Commonwealth Services Delivery Agency Act 1997* to cover social security and family assistance related investigations.

16. The Bill also amends section 8ZN of the *Medicare Australia Act 1973.* Currently section 8ZN requires the CEO of Medicare Australia to provide written notification to a patient if the patient's health record has been seized as part of an investigation under Part IID of the *Medicare Australia Act 1973*. The only exceptions to this notification requirement are if notifying the patient would prejudice the investigation or if the patient cannot be located.

17. However, in many investigations, a large number of patient records are seized, particularly in cases where the records are stored electronically. Only some of those records may be relevant to the investigation. Examining officers usually do not scrutinise clinical details of all patients, and in some cases no clinical details are scrutinised. The effect of the proposed amendments to section 8ZN is that the Chief Executive Medicare would only be required to notify a patient that their record has been seized if the record was examined and the examining officer gained knowledge of the patient's clinical details. It is expected that this amendment would reduce unnecessary notifications to patients whose medical records are seized but not scrutinised in an investigation, minimising:

    - needless worry for customers whose clinical details have not been scrutinised; and
    - the administrative burden on Medicare Australia of notifying customers on a broad scale.

Schedule 2 – Amendments to the Commonwealth Services Delivery Agency Act 1997 ('Centrelink Act')

18. Schedule 2 of the Bill amends and renames the Centrelink Act. Schedule 2 replicates, for Centrelink, the governance changes made by Schedule 1 for Medicare Australia. Schedule 2 integrates Centrelink into DHS and replaces the statutory office of CEO of Centrelink with a new statutory position, Chief Executive Centrelink. Like the Chief Executive Medicare, the Chief Executive

Centrelink will be a Senior Executive Service officer in DHS who will have broad service delivery functions. The Chief Executive Centrelink will retain, and continue to exercise, the statutory powers currently exercised by the CEO of Centrelink.

Schedule 3 – Amendments to the Child Support Registration and Collection Act 1988

19. Schedule 3 amends the *Child Support (Registration and Collection) Act 1988*. The amendments align the provisions for the appointment of the Child Support Registrar with the provisions for the appointment of the two Chief Executives.

Transfer of Employees

20. Centrelink and Medicare Australia employees will become employees of DHS under the machinery of government provisions in the *Public Service Act 1999*. Departmental employees will be able to assist both Chief Executives to perform their functions, enabling consolidation of back office functions and greater focus on front-line service delivery.

21. It is intended that a single enterprise agreement will be in place for all Departmental employees (other than CRS Australia employees) from 1 July 2011. If the single enterprise agreement is not in place on 1 July 2011, the Bill contains transitional provisions that will continue the existing Medicare Australia and Centrelink collective agreements until the new single enterprise agreement is negotiated.

Transitional Arrangements

22. The Bill also contains transitional arrangements to facilitate the transition from the current governance arrangements to the new integrated DHS, with no interruption to service delivery. One of the key goals of the integration is that it will be seamless for customers and other consumers of services currently delivered by Medicare Australia and Centrelink. Given the size and scope of services delivered by Centrelink, Medicare Australia and the Department of Human Services, some transitional arrangements are required. The Bill therefore includes transitional provisions relating to assets and liabilities, appropriations, contracts, instruments, reports, legal proceedings, investigations and administrative decision-making.

Schedule 4 – Consequential amendments

23. Finally, Schedule 4 makes consequential amendments to a range of legislation to reflect the new governance arrangements. References in legislation to Medicare Australia, Centrelink or the CEOs are amended to refer to DHS and the new Chief Executives.

Amendments to the secrecy provisions

24. Some of the consequential amendments relate to program secrecy provisions. These ensure that the permitted transfer of information within DHS after the formal integration is similar to the transfer of information currently permitted across DHS, Medicare Australia and Centrelink.

‘Medicare programs’ and ‘Centrelink programs’

25. Some secrecy provisions in program Acts are premised on the existence of Medicare Australia and Centrelink as separate entities. The concept of Medicare programs and Centrelink programs is used in the Bill to amend these secrecy provisions so that the permitted information flow after the integration is the same as it is currently.

26. A list of Medicare programs is set out in the Bill – additional programs may be added by regulations. It is intended that all of the programs currently delivered by Medicare Australia will be listed as Medicare programs by regulations.

27. Centrelink programs are any programs delivered by DHS that are not Medicare programs or programs delivered under the child support law.

Multiple secrecy provisions

28. After the integration, it is likely that DHS will hold the same piece of information about a person under more than one program (and consequently more than one secrecy provision may apply). The Bill inserts a new "multiple secrecy provision" into the (renamed) *Human Services (Medicare) Act 1973*, the (renamed) *Human Services (Centrelink) Act 1997* and the *Child Support (Registration and Collection) Act 1988* to clarify how the secrecy provisions should be applied in this circumstance.

29. The effect of the multiple secrecy provisions is that where DHS holds the same piece of information about a person under more than one program Act (such as family assistance and Medicare), DHS is able to use and disclose that information if it complies with one of the secrecy provisions applicable to that information.

30. The multiple secrecy provisions will apply to information that has been obtained by two programs delivered by DHS independently, and to information that has been transferred from one program to another as an authorised use or disclosure of that information.

Customer Privacy

31. In his address to the National Press Club on 16 December 2009, the former Minister for Human Services, the Hon Chris Bowen MP, committed that "apart from the limited data that is already shared between agencies like Medicare and Centrelink, no more information will be shared, unless the individual concerned asks us to share the information for their convenience."

32. The Government is particularly aware of the trust Australians place in Medicare Australia's management of their clinical health information and the need for this information to be held separately and securely. For this reason clinical health information will be excluded from any data sharing under Service Delivery Reform.

33. Privacy is a key enabler to achieving Service Delivery Reform deliverables and objectives, including the creation of a single department of state. Embedding and promoting information protections will give customers confidence, as they take up new modes of service delivery, that the portfolio will meet their expectations of affording appropriate choice, control and good personal information handling.

34. The Government is conscious of the need to protect customer data, therefore the individual databases of each agency will not be merged. The Department of Human Services will not use customer information collected for the purposes of one program for another program, unless the use of information in this way is authorised by law and already occurs or, alternatively, the customer gives informed consent to the additional use.

35. The portfolio has worked closely with the Office of the Australian Information Commissioner (OAIC) (previously the Office of the Privacy Commissioner) to progress the development and design of Service Delivery Reform, and this will

continue throughout the life of the reform. The portfolio signed a Memorandum of Understanding with the OAIC. A privacy framework has been developed to ensure that privacy considerations are consistently managed across the reform.

36. Preliminary Privacy Impact Assessments have been conducted for new services and have found that in general there are low privacy risks associated with Service Delivery Reform as the reform is based on informed customer consent in relation to the use and disclosure of personal information. Privacy Impact Assessments will continue to be conducted as projects progress further to ensure privacy considerations are embedded in their development. Customers who chose not to have their information shared will be able to deal with the Department in a similar way to the way they currently deal with portfolio agencies.

37. To ensure that information is appropriately managed and shared, a consent model is being put in place. This model enables the sharing of customer information across programs and emphasises adequate levels of notice, control and choice for individuals.

38. The portfolio is highly mindful of pending privacy law reforms, which may occur during the lifespan of Service Delivery Reform, and will handle health information as intended under the proposed Australian Privacy Principles. The portfolio will:

    - protect people's Individual Health Identifiers and any associated Individual Electronic Health Records; and
    - protect people's clinical health information held by the portfolio in a way that reflects its sensitivity and continue to keep it separated from other personal information.

39. On 16 December 2009, the former Minister for Human Services, the Hon Chris Bowen MP announced:

    > *…this reform is not… a central database*
    >
    > *We will not house an individual's personal, sensitive information in one place, vesting control with one body or one card.*

40. Privacy protections built into the projects include commitments to database separation and integrity and respect for sensitive information, including clinical health information. All personal information will be handled in a way that is consistent with the *Privacy Act 1988* and program secrecy provisions.

Staff consultation

41. Staff have been consulted and involved throughout the reform and the portfolio has been meeting with the Community and Public Sector Union to ensure that staff and employment impacts across the portfolio are appropriately considered. Where staff are impacted by the changes, or relocated to different offices, they are advised well in advance and supported by a structured change process.

42. The co-location of Human Services agency shopfronts is not about closing offices or staff cuts but extending services and making it more convenient for Australians to deal with government. The portfolio's reach will be increased and give greater access to portfolio services in communities where one agency is currently not represented. Co-location will increase access to Government services and expand the range of services available in one place by bringing together Medicare Australia, Centrelink, Child Support program and other services into one physical location. This will also improve the career opportunities and

pathways for staff in capital and regional areas. There will be no reduction in services at existing Centrelink or Medicare offices when staff are retrained or redeployed to alternate sites. Indeed as these services are offered in additional sites there will be an increase in services across these locations.

Passing this Bill

43. The Human Services Legislation Amendment Bill 2010 is an important step in the long term vision of reforming service delivery for the Human Services portfolio. The Bill supports reform and formalises the commitment to delivering world class family, health, education, employment and financial programs, benefits and services for all Australians.

44. If the Bill were not to pass, then Service Delivery Reform could not be delivered in a way that fundamentally transforms how services are delivered to the Australian public. The Bill is not about changing policies or eligibility criteria for the programs and benefits our portfolio delivers but is about making access to these services easier and more convenient to customers in a comprehensive and tailored manner. The Bill is about reducing the administrative burden on customers and maximising the portfolio's resources and capabilities to assist customers manage life events or difficult circumstances. Should the Bill not be passed, then the portfolio would not be able to deliver many of the benefits of the reform in a coordinated, tailored approach; agencies will remain separated and services fragmented and less cohesive.

45. Passing this Bill will enable the portfolio to implement Service Delivery Reform in its entirety and allow benefits of the reform to be realised more quickly. It will deliver to the community more targeted and comprehensive services, more customer-facing staff, more community involvement in the design of services and easier, more convenient ways to deal with government.