The Senate

Community Affairs Legislation Committee

Additional estimates 2003-04

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Senator Gary Humphries	LP, Australian Capital Territory
Senator Steve Hutchins	ALP, New South Wales

Substitute Member

Senator Michael Forshaw to replace Senator Hutchins for the consideration of the 2003-04 additional estimates from 16-20 February 2004	ALP, New South Wales

Senate Community Affairs Legislation Committee

Report on Additional Estimates 2003-2004

1.1 On 11 February 2004 the Senate referred the following documents to the Committee for examination and report:

- Particulars of proposed additional expenditure in respect of the year ending on 30 June 2004 in relation to the portfolios of Health and Ageing and Family and Community Services
- Statement of savings expected in annual appropriations made by Act No. 55 of 2003 and Act No. 56 of 2003
- Final budget outcome 2002-03
- Issues from the Advance to the Finance Minister as a final charge for the year ended 30 June 2003.

1.2 The Committee has considered the additional expenditure of the portfolios set out in their respective Portfolio Additional Estimates Statements 2003-2004 and related budgetary documents. Explanations relating to the estimates were received from Senator the Hon Ian Campbell representing the Minister for Health and Ageing and Senator the Hon Kay Patterson, Minister for Family and Community Services and officers from the portfolio Departments at hearings held on 18 and 19 February 2004. The Committee expresses its appreciation for the assistance of the Ministers; Ms Jane Halton, Secretary DoHA; and Mr Mark Sullivan, Secretary DFaCS, and the officers who appeared before it.

1.3 In accordance with Standing Order 26, the Committee has agreed that the date for submission to the Committee of written answers or additional information relating to the expenditure is 1 April 2004.

1.4 The Committee discussed many of the expenditure revisions and information contained in the Portfolio Additional Estimates Statements. These discussions are detailed in the Committee's *Hansard* transcripts of 18 and 19 February 2004, copies of which will be tabled in the Senate. *Hansard* transcripts of the estimates proceedings are also available on the Internet at http://www.aph.gov.au/hansard/senate/commttee/s-commaf.htm Volumes of Additional Information received by the Committee containing answers to questions taken on notice and tabled documents relating to the Committee's hearings, will also be tabled separately in the Senate and be accessible on the Committee's Internet site at http://www.aph.gov.au/senate_ca

Provision of answers to questions on notice

1.5 Senators expressed their disappointment and strong dissatisfaction at the extreme lateness of the provision of answers to questions taken on notice at the supplementary budget hearing in November 2003 and questioned the Secretaries of both portfolio departments as to the reasons why this situation had occurred.[1]

1.6 The Committee acknowledges that a very large number of questions were placed on notice and that the number appears to be growing with each hearing. However the expectation is that every endeavour should be made to have as many answers as possible provided by the due date.

1.7 Although DoHA provided a number of their final answers to the Committee very close to the additional estimates hearing, answers had been provided progressively, with a good percentage provided within four days of the due date.

1.8 Senators expressed to FaCS their strong dissatisfaction at the very late provision of answers, particularly as the first batch of answers was not received by the Committee until a considerable number of weeks after the due date. The remaining answers, of which there was a large number, were only received the day before the commencement of the Committee's additional estimates hearings.

1.9 The situation where the Committee receives large numbers of answers very late is extremely unsatisfactory as it does not allow sufficient time for Senators to fully consider the answers in preparation for the forthcoming hearings. This situation is compounded if Senators are also involved in portfolio estimates relating to other Committees which commence their hearings in advance of this Committee. Nor does it allow time for the Additional Information volumes to be compiled and printed which assists Senators and their staff prepare for the hearings.

1.10 Secretaries of both Departments explained to the Committee that some of the questions were of a very complex nature which required detailed answers and that it was necessary to ensure that the answers provided to the Committee were complete and accurate. This often involved revisions from the Minister's Office requiring the answer to be re-written. In addition, the large number of questions and the intervening Christmas holiday period had accounted for some of the delay.[2]

Issues

1.11 The Committee discussed a range of issues with the Health and Ageing portfolio, including concern at the change of protocol for the release of bulk billing figures for unreferred attendances by electorate. The Department advised that the figures would now be released annually rather than quarterly; explaining that quarter

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1 *Committee Hansard*, 18.02.04, pp.CA5-6; 19.02.04, pp.CA3-7.

2 *Committee Hansard*, 18.02.04, p.CA5; 19.02.04, pp.CA5-6.

by quarter data does not show major variations and the annual series would provide a better picture over a longer period of time because there would be fewer distortions with a more longitudinal data set.[3]

1.12 The issue of the Medicare safety net was also discussed. The Health Insurance Commission (HIC) advised that:

> As at 5 February 2004, in respect of the $500 proposed safety net, 374 individuals would have crossed that threshold and 499 families would have crossed the threshold. In respect of the $1,000 safety net, 152 individuals would have crossed the threshold and 94 families would have crossed the threshold.[4]

1.13 DoHA undertook to provide the Committee with further information as to whether the individuals and families identified above would have met the requirements for the current Medicare Benefits Schedule (MBS).

1.14 The Committee discussed the impact of the Free Trade Agreement with the US on the Pharmaceutical Benefits Scheme (PBS). DoHA explained to the Committee:

> It will not change the current situation where the PBAC has the legislative power to make recommendations to the minister. So the PBAC will remain the pre-eminent body and the minister will continue to be bound by the legislation. With the way it is at the moment, the minister cannot list a product unless it has been positively recommended by the PBAC. So there will no change to that process at all.
>
> We envisage that there will be more opportunity for comments to be heard and considered, and it may be a possibility that those comments go back to the PBAC prior to a final recommendation being made. It will open the process up to more scrutiny publicly so that the actual reasons for decisions will be more transparent.[5]

1.15 When questioned concerning the prescription shopping project DoHA advised the Committee that the program focuses on the total range of drugs which are available under the PBS because it became very clear in the previous program that people shop for more than just drugs of dependence. Discussions were continuing with prescribers and their representatives concerning the provision of an information line but there had not been a great deal of support for it so far. It was explained that the reason was because the prescribers felt that:

> if they were to obtain information, they would be taking on an area of clinical responsibility which might not be appropriate for making a decision that is not entirely within their control. If you have someone in front of you who is visiting a number of prescribers and you, as that individual

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3 *Committee Hansard*, 18.02.04, pp.7-11.

4 *Committee Hansard*, 18.02.04, p.16.

5 *Committee Hansard*, 18.02.04, p.28.

> prescriber, take it upon yourself to act, you are intervening or taking on responsibility in that clinical situation that may be more than what you would want to do. That is what has been expressed to us by them.[6]

1.16 The issue of whether people were deliberately stockpiling prescription drugs and the wastage that might occur was also discussed. The Department advised that a study had shown that 49 per cent of medicines in the homes of people reviewed for the study were out of date or obsolete and, besides being potentially dangerous, it was reasonable to assume that there is wastage occurring in the system.[7]

1.17 The Committee discussed the issue of private health insurance participation rates by age group, and in particular noted the decrease in participation in the under 55 age group. DoHA confirmed they were monitoring the situation.[8]

1.18 In relation to aged care, DoHA was questioned in relation to the announcement by the Salvation Army of the proposed sale of a number of their aged care facilities. The Committee was informed that the Department's expectation was that the facilities would be sold as going concerns. Furthermore, the Department's role would be to ensure that prospective purchasers meet the criteria under the Act dealing with approved providers and key personnel.[9]

1.19 The report on the pricing review being conducted by Professor Hogan was also discussed. Due to the complexity and size of the project Professor Hogan had sought an extension and there would be a final report provided to Government shortly. In the interim the Government had been provided with an outline of Professor Hogan's views on the matter.[10]

1.20 Standards and management in particular aged care facilities were also discussed in some detail and the Committee was informed of the action undertaken to remedy the situations which had occurred.[11]

1.21 In the Family and Community Services portfolio the Committee discussed at some length progress with the Employment Services Contract No. 3 (ESC3). The Department advised that 'one of the features of the new ESC3 arrangements is much more flexibility for Job Network contracts in remote parts of Australia, and that is certainly important in addressing the needs of those customer groups'.[12]

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6 *Committee Hansard*, 18.02.04, pp.34-35.

7 *Committee Hansard*, 18.02.04, pp.35-36.

8 *Committee Hansard*, 18.02.04, p.39.

9 *Committee Hansard*, 18.02.04, pp.49-50.

10 *Committee Hansard*, 18.02.04, pp.54-58.

11 *Committee Hansard*, 18.02.04, pp.59-67.

12 *Committee Hansard*, 19.02.04, p.10.

1.22 The Committee questioned the DBM research report *Evaluation of mistakes with Centrelink experienced by customers* and the manner in which Centrelink 'mistakes' were reported by the media. It was explained to the Committee that:

> There is an important point of clarification that we were never able to make with the journalist because he did not approach us prior to publishing the story. That point gets to the heart of the matter that Sue Vardon has made, and that is that the 14 per cent does not relate to actual errors. It relates to customer perception of an error. In fact, errors may not have occurred. So to then apply that 14 per cent across the whole of our payments system and relate it as errors is not correct.[13]

1.23 The Committee also questioned FaCS on a number of other areas including the work and family task force, child care, child care benefit (CCB) and family tax benefit (FTB).[14]

1.24 In addition to the above issues a number of administrative and process issues involving both portfolios were also raised during the estimates discussions and are detailed in the *Hansard* transcripts of evidence.

Senator Sue Knowles
Chairman

March 2004

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13 *Committee Hansard*, 19.02.04, p.28.

14 *Committee Hansard*, 19.02.04, pp.78-98.