COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

WEDNESDAY, 31 MAY 2006

CANBERRA

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SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Wednesday, 31 May 2006

Members: Senator Humphries *(Chair)*, Senator Moore *(Deputy Chair)*, Senators Adams, Barnett, Nettle and Polley

Senators in attendance: Senators Adams, Allison, Barnett, Carol Brown, Crossin, Eggleston, Fielding, Forshaw, Humphries, McLucas, Moore, Nettle, Patterson, Polley, Siewert, Stott Despoja and Webber

Committee met at 9.05 am

HEALTH AND AGEING PORTFOLIO

In Attendance

Senator the Hon. Santo Santoro, Minister for Ageing

Executive

Ms Jane Halton, Secretary
Mr Philip Davies, Deputy Secretary
Ms Mary Murnane, Deputy Secretary
Professor John Horvath, Chief Medical Officer
Ms Wynne Hannon, General Counsel, Legal Services Branch

Outcome—Whole of Portfolio

Business Group

Mr Alan Law, Chief Operating Officer, Business Group
Mr Steve Bell, Acting Assistant Secretary, IT Solutions Development Branch
Ms Joanne Bransdon, Acting Assistant Secretary, Communications Branch
Ms Georgie Harman, Assistant Secretary, People Branch
Mr Stephen Sheehan, Chief Financial Officer, Finance Branch
Mr Mike Siers, Assistant Secretary, Corporate Support Branch
Mr John Trabinger, Assistant Secretary, IT Strategy and Service Delivery Branch
Ms Tatiana Utkin, Assistant Secretary, Strategic Management Branch
Ms Laurie Van Veen, Assistant Secretary, Communications Branch
Mr David Watts, Assistant Secretary, Legal Services Branch

Portfolio Strategies Division

Mr David Kalish, First Assistant Secretary, Portfolio Strategies Division
Ms Shirley Browne, Assistant Secretary, Parliamentary and Portfolio Agencies Branch
Mr Jamie Clout, Assistant Secretary, Budget Branch
Ms Julie Roediger, Assistant Secretary, Economic and Statistical Analysis Branch
Ms Jenny Hefford, Assistant Secretary, International Strategies Branch
Ms Susan Rogers, Assistant Secretary, Policy Strategies Branch

Audit and Fraud Control

Mr Allan Rennie, Assistant Secretary, Audit and Fraud Control Branch

Outcome 1—Population Health
Population Health Division
Mr Andrew Stuart, First Assistant Secretary, Population Health Division
Ms Jennifer McDonald, Assistant Secretary, Food and Healthy Living Branch
Ms Carolyn Smith, Assistant Secretary, Targeted Prevention Programs Branch
Ms Allison Rosevear, Acting Assistant Secretary, Drug Strategy Branch
Mr Peter Morris, Assistant Secretary, Strategic Planning Branch
Therapeutic Goods Administration
Dr David Graham, National Manager, Therapeutic goods Administration
Dr Rohan Hammett, Principal Medical Officer
Dr Leonie Hunt, Assistant Secretary, Drug Safety and Evaluation Branch
Dr Sue Meek, Gene Technology Regulator
Dr Margaret Hartley, Director, Office of Chemical Safety
Mr Michel Lok, Assistant Secretary, Financial Services Group
Professor Albert Farrugia, Senior Principal Research Scientist
Australian Radiation Protection and Nuclear Safety Agency
Dr John Gerard Loy, Chief Executive Officer, Australian Radiation Protection and Nuclear Safety Agency
Outcome 2—Access to Pharmaceutical Services
Medical and Pharmaceutical Services Division
Ms Rosemary Huxtable, First Assistant Secretary, Division Executive
Ms Judy Blazow, Senior Advisor, Division Executive
Dr Ruth Lopert, Principal Adviser, Pharmaceutical Policy Taskforce
Mr Tony Kingdon, National Manager, Office of Hearing Services
Ms Samantha Robertson, Assistant Secretary, Medicare Benefits Branch
Dr Jane Cook, Medical Advisor, Medicare Benefits Branch
Ms Sarah Major, Assistant Secretary, Pharmaceutical Access and Quality Branch
Ms Sue Campion, Acting Assistant Secretary, Pharmaceutical Benefits Branch
Dr John Primrose, Medical Adviser, Pharmaceutical Benefits Branch
Outcome 3—Access to Medical Services
Medical and Pharmaceutical Services Division - See Outcome 2
Acute Care Division
Mr David Learmonth, First Assistant Secretary, Acute Care Division
Mr Charles Maskell-Knight, Principal Adviser, Medical Indemnity Branch
Dr Bernie Towler, Medical Officer, Acute Care Division
Mr Damian Coburn, Director, Acute Care Strategies Branch
Ms Linda Addison, Assistant Secretary, Private Health Insurance Branch
Mr Peter Woodley, Assistant Secretary, Diagnostics and Technology Branch
Ms Yael Cass, Assistant Secretary, Acute Care Development Branch
Primary Care Division
Mr Richard Eccles, First Assistant Secretary, Primary Care Division
Mr Lou Andreatta, Assistant Secretary, General Practice Programs, Primary Care Division
Mr Leo Kennedy, Assistant Secretary, National Health Call Centre Network Taskforce

Ms Jennie Roe, Acting Assistant Secretary, Primary Care Programs Branch, Primary Care Division
Ms Judy Daniel, Assistant Secretary, Primary Care Policy Branch, Primary Care Division
Ms Lisa McGlynn, Assistant Secretary, GP Divisions and Information Branch, Primary Care Division

Professional Services Review

Dr Tony Webber, Director, Professional Services Review
Mr John Jenner, Executive Officer, Professional Services Review

Outcome 4—Aged Care and Population Ageing

Ageing and Aged Care Division

Mr Stephen Dellar, Acting First Assistant Secretary, Ageing and Aged Care Division
Mr Jacquie Maycock, Acting Assistant Secretary, Residential Program Management Branch
Ms Carolyn Scheetz, Acting Assistant Secretary, Quality Outcomes Branch
Mr Peter Broadhead, Assistant Secretary, Policy and Evaluation Branch
Ms Mary McDonald, Assistant Secretary, Community Care Branch
Ms Fiona Lynch-Magor, Assistant Secretary, Office for an Ageing Australia
Mr Iain Scott, Assistant Secretary, Office of the Prudential Regulator
Dr David Cullen, Executive Director, Financial and Economic Modelling and Analysis Group

Aged Care Standards and Accreditation Agency

Mr Mark Brandon, Chief Executive Officer, Aged Care Standards and Accreditation Agency Ltd
Mr Ross Bushrod, General Manager, Accreditation, Aged Care Standards and Accreditation Agency Ltd

Office of the Commissioner for Complaints

The Hon Rob Knowles, Commissioner for Complaints
Ms Jennifer Theisinger, Director, Office of the Commissioner for Complaints

Outcome 5—Primary Care

Primary Care Division – See Outcome 3

Outcome 6—Rural Health

Health Services Improvement Division

Ms Margaret Lyons, First Assistant Secretary, Health Services Improvement Division
Ms Alison Larkins, Assistant Secretary, Health Workforce Branch
Mr Nathan Smyth, Assistant Secretary, Mental Health and Suicide Prevention Branch
Ms Linda Powell, Assistant Secretary, Chronic Diseases and Palliative Care Branch
Mr Tam Shepherd, Acting Assistant Secretary, eHealth Branch
Ms Sharon Appleyard, Acting Assistant Secretary, Rural Health Branch
Professor Rick McLean, Principal Medical Advisor, Health Workforce Branch
Professor Harvey Whiteford, Principal Medical Advisor, Mental Health Branch
Ms Colleen Krestensen, Director, Mental Health and Suicide Prevention Branch
Mr David Dennis, Future Focus Taskforce

Outcome 7—Hearing Services
Medical and Pharmaceutical Services Division - See Outcome 2
Outcome 8—Indigenous Health
Office for Aboriginal and Torres Strait Islander Health
Ms Lesley Podesta, First Assistant Secretary, Office for Aboriginal and Torres Strait Islander
Health
Dr Tim Williams, Senior Medical Officer
Mr Mark Thomann, Assistant Secretary, Program Planning and Development Branch
Ms Joy McLaughlin, Assistant Secretary, Policy and Analysis Branch
Ms Rachel Balmanno, Assistant Secretary, Health Strategies Branch
Ms Haylene Grogan, Senior Adviser, Program Planning and Development Branch
Outcome 9—Private Health
Acute Care Division—See Outcome 3
Private Health Insurance Ombudsman
Mr John Powlay, Private Health Insurance Ombudsman
Private Health Insurance Administration Council
Mrs Gayle Ginnane, Chief Executive Officer, Private Health Insurance Administration Council
Mr Paul Groenewegan, Deputy Chief Executive Officer
Mr Paul Collins, Manager, Statistics
Medibank Private
Mr George Savvides, Managing Director, Medibank Private
Mr Bruce Levy, Group Manager Health Services, Medibank Private
Mr Craig Bosworth, Policy and Industry Affairs Manager, Medibank Private
Mr Chris Wheatley, Health Policy and Economics Manager, Medibank Private
Outcome 10—Health System Capacity and Quality
Health Services Improvement Division – See Outcome 6
Outcome 11—Mental Health
Health Services Improvement Division – See Outcome 6
Outcome 12—Health Workforce Capacity
Health Services Improvement Division – See Outcome 6
Outcome 13—Acute Care
Acute Care Division—See Outcome 13
National Blood Authority
Ms Alison Turner, General Manager, National Blood Authority
Mr Peter De Graaff, Deputy General Manager, National Blood Authority
Ms Sandra Cochrane, Chief Financial Officer, National Blood Authority
Mr Jason Brooks, Management Accountant, National Blood Authority
Outcome 14—Health and Medical Research
Health Services Improvement Division—See Outcome 6
National Health and Medical Research Council
Mr Bill Lawrence, Acting Chief Executive Officer, NHMRC

Mr Clive Morris, Executive Director, Centre for Corporate Operations and appearing for Centre for Compliance and Evaluation
Ms Suzanne Northcott, Executive Director, Centre for Research Management and Policy
Mrs Cathy Clutton, Acting Executive Director, Centre for Health Advice, Policy and Ethics

Outcome 15—Biosecurity and Emergency Response

Office of Health Protection

Ms Cath Halbert, Acting First Assistant Secretary, Office of Health Protection
Dr Moria McKinnon, Medical Officer, Health Protection and Policy Branch
Mr Simon Cotterell, Assistant Secretary, Health Protection and Policy Branch
Dr Leslee Roberts, Health Emergency Planning and Response Branch
Ms Megan Morris, Assistant Secretary, Surveillance Branch

CHAIR—I declare open the Senate Community Affairs Legislation Committee sitting as the estimates committee to consider the particulars of proposed expenditure for 2006-07 for the portfolios of Health and Ageing and, in the last two days, Families, Community Services and Indigenous Affairs. The committee is due to report to the Senate on 20 June and it has fixed 28 July as the date for the return of answers to questions taken on notice.

A program has been circulated for consideration of outcomes in the Health and Ageing portfolio. In a moment I will ask senators to express their views about the way in which that program will be handled for today. First, I will make a few observations about the rules governing the operation of estimates committees. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind senators and witnesses that the proceedings of this committee are governed by the privilege resolutions of the Senate agreed to in 1988. In particular, resolution 1(9) provides:

A chairman of a committee shall take care to ensure that all questions put to witnesses are relevant to the committee's inquiry and that the information sought by those questions is necessary for the purpose of that inquiry. Where a member of a committee requests discussion of a ruling of the chairman on this matter, the committee shall deliberate in private session and determine whether any question which is the subject of the ruling is to be permitted.

Resolution 1(10) provides:

Where a witness objects to answering any question put to the witness on any ground, including the ground that the question is not relevant or that the answer may incriminate the witness, the witness shall be invited to state the ground upon which objection to answering the question is taken. Unless the committee determines immediately that the question should not be pressed, the committee shall then consider in private session whether it will insist upon an answer to the question, having regard to the relevance of the question to the committee's inquiry and the importance to the inquiry of the information sought by the question. If the committee determines that it requires an answer to the question, the witness shall be informed of that determination and the reasons for the determination, and shall be required to answer the question only in private session unless the committee determines that it is essential to the committee's inquiry that the question be answered in public session. Where a witness declines to answer a question to which a committee has required an answer, the committee shall report the facts to the Senate.

The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings:

Any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates hearings.

I remind all witnesses today and tomorrow that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action shall be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

The Senate has resolved also that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. If a witness objects to answering a question, the witness should state the ground upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. Any claim that it would be contrary to the public interest to answer a question must be made by the minister and should be accompanied by a statement setting out the basis of that claim.

We have a program before us. In order to both facilitate the bringing forward of witnesses in a timely way and ensure that witnesses are not being left for long periods in the waiting room before they are required by the committee, I propose that we deal with the program in the following way: we will deal immediately this morning with whole of portfolio and corporate matters and then proceed to outcomes 2 and 3 on the program. Immediately after lunch, which I think we will be taking from half past 12 to half past one, we will deal with the Australian Radiation Protection and Nuclear Safety Agency and outcome 4 before then returning to anything left over of outcome 3. That means ARPANSA will intrude immediately after lunch. We will then proceed with the program that I understand has been circulated to everyone concerned. We will not require professional services review or outcome 12 or 13 officers before dinner. Those outcomes that are listed for tomorrow will not be required before tomorrow.

Are there any suggestions to vary the structure of the program at this point? If not, we will take that as read. Minister, do you wish to make an opening statement before we proceed?

Senator Santoro—No, Mr Chairman, we are at the disposal of the committee.

CHAIR—I welcome Senator Santoro, the Minister for Ageing, representing the Minister for Health and Ageing; Ms Jane Halton, the head of the department; and her officers. I now invite questions of the department.

Senator McLUCAS—I would like to first of all try to ascertain a number of locations of some of the issues we want to deal with. The first one is the funding for the Australian Commission on Safety and Quality in Health Care.

Ms Halton—Outcome 10.

Senator McLUCAS—The second one is the World Health Organisation Commission on the Social Determinants of Health. Is that in whole of portfolio or outcome 1?

Ms Halton—It is wherever you want to take it because it is not a matter for which we are responsible. However, we would be happy to talk to you about it in whole of portfolio.

Senator McLUCAS—GPs in residential aged care?

Ms Halton—In what respect?

Senator McLUCAS—The program that was being run by the Australian Divisions of General Practice.

Ms Halton—That should be 5.

Senator McLUCAS—Does the question of Indigenous health workforce go in Indigenous health?

Ms Halton—Probably, but again it will depend a little on what you want to know. Do you want to give me a bit more detail?

Senator McLUCAS—Medical workforce and Aboriginal medical services and community controlled health organisations.

Ms Halton—Yes, that is in Indigenous health, which is outcome 8. We have just moved all the numbers. I cannot remember them off the top of my head.

Senator McLUCAS—The DOHA funding for shared responsibility agreements?

Ms Halton—We will do it under 'Indigenous'. Some of it comes from other programs, but that is the right place to deal with it.

Senator McLUCAS—DOHA staff that are working in the ICCs?

Ms Halton—We will take that under 'Indigenous' as well.

Senator McLUCAS—The COAG trial in the AP Lands?

Ms Halton—Same.

Senator McLUCAS—And the Indigenous mental health initiative?

Ms Halton—Let me just take advice on when the relevant officer is going to be here for that. I think that will be program 11. If I am wrong, I will correct myself. Given that indigenous is 8, we have a bit of time.

Senator McLUCAS—They are both on tomorrow anyway.

Ms Halton—Exactly, so we can clarify that.

Senator McLUCAS—Funding for public health, hepatitis C stuff?

Ms Halton—That is outcome 1.

Senator McLUCAS—Now I have done that, I hope I come back and find those at the appropriate time. That leads me to the next issue. Why have we changed outcomes again in the Department of Health and Ageing?

Ms Halton—A couple of things have happened. Firstly, we have taken on some additional responsibilities. We now have an Office of Health Protection that you would be aware of. We have also had a significant additional injection of funding. The increasing complexity and size of the outcome that previously combined pharmaceutical and medical has meant that we

decided for the purposes of clarity it was better to disaggregate, if you like, the programs in the portfolio. Essentially, particularly medical and pharmaceutical had become so large that for the purposes of accountability we had decided—and with the agreement of Finance—it would be better if we disaggregated things a little more.

Senator McLUCAS—But that is not the only change that is evident in the new structure, is it?

Ms Halton—No, that is true. Essentially there has been some realignment. As you would well understand, as policy moves on and issues develop, the question of where things are best aligned is something we have been spending a bit of time looking at. There has been some move in some of the components of programs, as there will be in terms of which divisions manage them. I do not know whether we have given you a copy of the document I have in front of me which maps the relevant divisions.

Senator McLUCAS—I do not know if it is exactly the same document, but we were provided a map, which was helpful, but the structure of the department seems to be a moving feast.

Ms Halton—Not particularly.

Senator McLUCAS—Do you expect that you will be continually changing the structure?

Ms Halton—No. We have only had one major change in the last four years. If you think about the additional responsibilities we have taken on in the last 12 months, it was time to have a review.

Senator McLUCAS—There was a change about 12 months ago in the outcomes.

Ms Halton—No, it was probably more like two years—you are probably right.

Senator McLUCAS—About 12 months ago there was a significant change in the structure.

Ms Halton—Yes.

Senator McLUCAS—But you expect that the 15 outcomes we have now will stay in place for a period?

Ms Halton—Yes, that is my expectation.

Senator McLUCAS—How long do you think they will stay in place with this structure?

Ms Halton—One would never like to predict, but I would certainly hope this stays stable for a number of years.

Senator McLUCAS—Does the new structure mean we will have more branch and division heads and managers?

Ms Halton—Yes, that is the expectation.

Senator McLUCAS—How many more?

Ms Halton—We are in the process of finalising the structure at the moment. A proposal is being worked through by the senior management of the department. In fact, that proposal is to be discussed amongst the senior management team probably next week. I would not want to

give you a categorical answer because we have not collectively finalised it, but there will probably be two or three new divisions.

Senator McLUCAS—That means two or three new branch heads.

Ms Halton—Potentially. Again, I would not want to give a categorical answer until we have actually finalised all of the details .

Senator McLUCAS—When that has happened, I wonder if we could get—

Ms Halton—A chart?

Senator McLUCAS—an indication of the number of new positions that have been identified.

Ms Halton—Yes, certainly. One of the things you will understand is that each position may end up with something that existed previously, but I am happy to provide you with an organisational chart—it may be a little tricky to map everything from one to the other—to give you an indication of areas which are predominantly new in terms of emphasis.

Senator McLUCAS—We need to understand how many branch heads and managers we had prior to the change and how many afterwards.

Ms Halton—Yes, I am happy to do that.

Senator McLUCAS—Where does obesity fit in the new structure?

Ms Halton—It sits with outcome 1, but as to where it will sit in the structure my expectation is population health. But, again, we have not finalised the revised structure.

Senator McLUCAS—So you are saying that obesity will fit across two outcomes?

Ms Halton—No. Outcome 1 is population health. As to where it currently sits managerially in the department, it sits in the Population Health Division.

Senator McLUCAS—I am sorry, I am not following you. It sits in outcome 1.

Ms Halton—Yes.

Senator McLUCAS— In population health.

Ms Halton—Outcome 1 is called population health. We have a division called Population Health and the principal responsibility for obesity, recognising that there are multiple aspects to obesity, including the whole relationship with chronic disease, currently sits in the Population Health Division. So the program structure you have does not always necessarily equate with the departmental structure. It is largely coincident, but this is where the revised structure has yet to be finalised. At the moment—and I do not expect any change to this—obesity sits in program 1 and sits in the Population Health Division in the department.

Senator McLUCAS—Will the issues of obesity appear in other outcomes?

Ms Halton—Obesity is dealt with under other outcomes. For example, it is dealt with in Primary Care to an extent, because the issues in respect of chronic disease and obesity are relevant. The principal policy carriage will continue to sit, as I say, most probably in population health and will definitely stay there in terms of the outcome structure. But if you look at a number of areas of the department—for example, we were just talking about where

things sat in Indigenous issues—there is a major obesity issue to be managed in that context as well. So you would see obesity issues being relevant to the work of the officers who are in primary care, rural health and Indigenous health, but the lead for obesity is the responsibility of population health.

Senator McLUCAS—I imagine that they would sit also in Health and medical research—outcome 14.

Ms Halton—We do research on that as well. You are quite right.

Senator McLUCAS—How is that coordinated?

Ms Halton—Remembering that research is the province of the NHMRC and, if we are talking about the peer reviewed research, there is a whole separate conversation to be had about that.

Senator McLUCAS—I am sorry, I think you have misunderstood . How do you coordinate the delivery of service in obesity across all those sections of the department?

Ms Halton—The Population Health Division people have the lead in ensuring that there is a coordinated effort in respect of obesity.

Senator McLUCAS—What about children's health? Where does that fit in the new structure?

Ms Halton—Again, we do not tend to isolate with the exception, I will grant you, of Indigenous issues—individual subpopulations of the population in respect of our structure. We tend to focus on issues such as chronic disease, asthma, diabetes et cetera. But there are a number of areas where we bring together people on something like children's health. Population health, again, has been historically where we have tended to do that.

Senator McLUCAS—Health emergencies appear in outcome 1 and also outcome 15. Can you explain how that works?

Ms Halton—Outcome 15 is biosecurity and emergency response. Again, it is the principal point of carriage in respect of a bioterrorist attack, natural disasters and preparedness for avian influenza. There are some components to do with emergencies which go to communicable medical disease control, which are relevant to population health. The health systems across the world have this dilemma: where do you put the dividing line? So some work is done on, for example, food. If there is an outbreak of listeria or something then there is a food response. We have a network of people who monitor the outbreak of disease that comes from food borne illness. That sits in that particular area, but again the locus, if you like, of responsibility for issues of biosecurity and emergency sits in program 15.

Senator McLUCAS—Where would a malaria outbreak be managed?

Ms Halton—Largely in outcome 1. If it is a communicable disease and it involves the communicable disease network—which is our relationship with all our state and territory colleagues—that is coordinated from outcome 1.

Senator McLUCAS—What was the motivator for the need to establish a new outcome, outcome 15?

Ms Halton—Essentially, there is a whole new area of work which goes beyond what we have traditionally done in respect of, for example, communicable disease. The reality is that, for as long as I can remember, the work that has been done on health and things like communicable disease has been largely around things that were known—things such as malaria, as you mentioned, and other things that might have come across our borders from Indonesia or Papua New Guinea down the Torres Strait et cetera. With the biosecurity emergency response program we have reflected that, unlike the last 20 to 25 years, we are now required to have a far more developed approach to emergency planning. So, if you look at our response to the tsunami and the various Bali bombings and the potential for a bioterrorism attack and avian influenza, you will see that, in a way, these are far more expanded than has been the history of the department for many years.

In these hearings we have talked in the past about the need to establish an incident room, which we did four years ago. This work in the department has become far more of a focus and a priority over the last four years than it has historically. It is a fair question: should you put all of the communicable disease work in there as well? The decision that we have taken—and this is also reflected in a number of the state and territory structures—is that we will not put those issues in the same category because the issues around communicable disease are, in a sense, qualitatively different. We are looking at an approach to control of disease, prevention issues of managing things like mosquitoes, for example, which are not necessarily in the same category as what we do when we have incidents such as a tsunami.

Senator McLUCAS—Why was it not possible to keep all that effort in outcome 1?

Ms Halton—Basically for clarity. It is for ease of administration.

Senator McLUCAS—I imagine, though, there would be people with expertise, who might now be sitting in outcome 1, who, should an avian flu event occur, want to assist in outcome 15.

Ms Halton—Of course, and that is the nature of the department. Outcomes are necessary constructs in order to manage the money and be able to report in an organised fashion to meet our obligations for public reporting. The truth of the matter is that people are entirely fungible across these various outcomes. In the event that there is a major crisis, the one thing I can tell you is that the people from population health division will be neatly shuffled over to program 15 and there is no seam in there, if you see what I mean. Indeed, we use all the expertise of the medical officers we have working on issues such as communicable disease if and when we need it. In fact, people are trained to go and work in, for example, the incident room.

Ms Murnane—We draw from all over the department for staffing needs during emergencies.

Senator MOORE—Are you all in the same building yet?

Ms Halton—No. I should not laugh, should I?

Senator MOORE—You have done the neat shuffling. I understand the movement in terms of people's expertise and being moved into an area. Currently, where are you? We have growth and we have asked questions about that.

Ms Halton—It is nicely called the Woden campus. There is no building that is large enough, so we have a multifarious number of buildings in Woden. Since we have moved into Scarborough House we have numerically fewer buildings, but we have our executive and our conference facilities and a number of divisions in Scarborough House. We have Fishburn, Albemarle, Alexander and Penrhyn—I could go on. The majority of our staff are located in Woden and the advantage, if we were to think about it, is that people get up those steps walking between buildings.

Senator MOORE—Which is part of the obesity work?

Ms Halton—Exactly.

Senator MOORE—I think we have talked—not last time, but a couple of times before—about your property plan for staff and so on. Under the current property plan, is there a move to try to get them all under one roof?

Ms Halton—Absolutely. In fact, it is funny you should ask. I have recently written to Ian Watt. You would recall that there was a process of divestment of capital assets. That means that the leases on a couple of my buildings—Albemarle and Alexander—expire in a few years time. With that in mind, my intention is to go into the market—and we are asking for expressions of interest—to build something sufficiently large to accommodate—if I had my way—everybody other than the people who are in Scarborough, if it is possible. In other words, we would have two principal buildings in Woden. If we could get them connected, it would be even better.

Senator MOORE—It would be good.

Ms Halton—That would be my ideal. I think there are logistical issues, not the least of which would be some issues of the traders in Woden if we tried to leave Woden. Obviously, we are a significant part of the Woden economy but, to the extent that it is possible—

Senator MOORE—You are huge—

Ms Halton—Exactly, so I can imagine there would be some stiff resistance if we thought to go elsewhere, but also people have got their lives organised around where their work is.

Senator MOORE—Rather than take up more time, can we get a list of where your people are and the expiry dates of those leases at the moment?

Ms Halton—We are happy to give it to you.

Senator MOORE—The property aspects of moving people around easily is a limitation, so if we can get that, that would be good.

Ms Halton—It literally took four years. One of the first things I said when I went back to Health was, 'We have to do something about the property; this is ridiculous.' Not that people stand in any sense on their dignity in terms of the quality of the property we are in, but just the physical dispersion of people does not generate efficiency.

Senator MOORE—Absolutely.

Ms Halton—But we have consolidated quite significantly with this recent move into Scarborough House so that has been very good. We are very pleased about that. We have also been able to provide a decent series of rooms. We have an awful lot of meetings in the

department—the NHMRC committees and everything else—as you would well understand. So being able to accommodate people and not having to necessarily traipse to the Hellenic Club or to the Southern Cross Club or other places where we have traditionally used facilities has improved efficiency quite significantly.

Senator MOORE—For work purposes?

Ms Halton—Indeed.

Senator FORSHAW—You are creating more work for the Joint Standing Committee on Public Works, of which I am a member, but that is okay.

Ms Halton—Any assistance you care to give me, Senator, I would be deeply grateful.

Senator FORSHAW—You bring the submission forward and you will get a very fair hearing, for sure.

Ms Halton—Excellent. I am pleased to hear it.

Senator FORSHAW—It is bipartisan, too.

Ms Halton—Good.

Senator MOORE—Ms Halton, in addition to the property update, can we also get the current status of locations in the states, by way of a snapshot of the property aspects?

Ms Halton—Sure. We have fewer issues in the states. Obviously our state infrastructure is much smaller, our accommodation is of reasonable quality and people are in the one location. So that is less of an issue for us than managing Canberra. It is much better than it was, but we have a medium-term objective to make it even better.

Senator McLUCAS—I notice in Budget Paper No. 1 there will be an additional 254 staff allocated to the department. Can you indicate where in the department those people are going to be located?

Ms Halton—The new allocations of staff are in respect of the new responsibilities we have. As you would be aware, there was an additional increase in respect of mental health and some workforce initiatives we have had. We also had the significant increase in issues in respect of health preparedness, bioterrorism—the things we were just talking about. With respect to the increases that come from budget measures for 2006-07, I will just run down the list, if you would like.

Senator McLUCAS—Yes, that would be good.

Ms Halton—Outcome one is 52. I might tell you the total variations, if that is all right; otherwise it gets a little complicated. Total variations: outcome one is 54, outcome 2 went down one, outcome 3 went up one, for outcome 4 there is no change, outcome 5 is 41, outcome 6 is 10, outcome 7 is minus one, outcome 8 is 14, outcome 9 is 17, outcome 10 is seven, outcome 11 is 42, outcome 12 is four, outcome 13 is four, outcome 14 is minus one, and outcome 15 is 29.

Senator McLUCAS—You might want to take this on notice: could you indicate at what level those new positions are.

Ms Halton—We cannot do that. You would understand that we receive our funding from Finance based on an average. We can tell you now what the average funding for the positions is. Total funding is $141,000. So that is the average per ASL. We take that money and we will, in some cases, take on someone who is a slightly more junior officer and in some cases someone who is a slightly more senior officer but within the average of the $141,000. That includes oncosts as well.

Senator McLUCAS—Surely there must be a list of the new positions that are allocated to outcome 1—54 new people.

Ms Halton—Outcome 1 has 54 positions. They are funded at an average of $141,000.

Senator MOORE—In terms of an average ASL what level would $141,000 be?

Ms Halton—Let me come back later in the day to tell you what the salary component of that is. It is probably somewhere between an ASO6 and an EL1.

Senator MOORE—In terms of the demography of your agency, that would seem to be it, but it would just be good for our knowledge.

Ms Halton—Yes. We will tell you later this morning, just to confirm that we are not wrong.

Senator McLUCAS—Could you then explain how many of those 254 are at SES level.

Ms Halton—With the exception of the money we got for the new Office of Health Protection, we do not necessarily get separate allocations for SES. In other words, the average funding we are allocated includes an SES allowance. That would mean that we would be expected to make the average allocation of staff include an SES salary, together with an ASO3 salary, to come up with the average allocation. In other words, no-one approves establishments any more. No-one says, 'There's one SES, there are three EL2s and there are five EL1s et cetera.' That is not the way it works.

Senator McLUCAS—When do you come up with a list that says, 'Out of those 54 new people that we are putting into outcome 1, there will be positions at these various levels'?

Ms Halton—That is what we are doing at the moment. Earlier on I talked about a conversation that we are having about the structure. What we are essentially doing is looking at the aggregate of the resource, the balance of work and the size of our structures. If you compare our senior management structure, you will find that we are relatively undergoverned. It is one of the reasons why we are increasing the number of divisions. If you look at the span of control that people have in this department, you will see that it is very significant.

Senator McLUCAS—When will you be able to understand the level at which each of those 254 people has been employed?

Ms Halton—It will not be possible to separately identify in the new structure each of those positions, because we will add 54 positions into program 1 and then we will take what is there and craft a total structure across. Outcome 1 has 889 positions as at 2005-06, and we are adding in the 54. So we will take the 943 and say, 'This is the structure we are going to have with the 943.' You cannot say that that is necessarily a new position. That is not the way it works. As my colleague is rightly pointing out to me, in some cases they came as part-ASL.

You cannot identify part of a person, so sometimes you will look at the combination of functions in a structure.

Senator McLUCAS—Do you imagine that 54 new individuals will be employed in outcome 1?

Ms Halton—The aggregate number may be more than that because we have a significant number of part-time staff in the department. In terms of what we got, which totalled 54, in some cases it might have been 0.2 of an ASL and in some cases it might have been 0.6 of an ASL.

Senator McLUCAS—I will rephrase the question: will there be 54 EFTs in outcome 1?

Ms Halton—Yes.

Senator McLUCAS—When that happens, can we get an understanding of the level at which each of those EFTs has been employed?

Ms Halton—No. That is what I am saying to you. I cannot disaggregate the 54 new from the total. Essentially it is that we do not add to an existing structure 54 new. We take the whole structure, we look at the number of part-time and full-time, responsibilities et cetera and we come up with a structure that equals 943.

Senator McLUCAS—Okay. What is the cost of the additional staff? I suppose it is 144,000 multiplied by 254. Is that correct?

Ms Halton—With the exception of the staff who came in from the Office of Health Protection, who I think came in at a slightly higher rate, we can tell you what the cost is. We will take it on notice.

Senator McLUCAS—How does that increase impact on the department's management of the annual efficiency dividend? What is the net effect of the dividend and the increase?

Ms Halton—We might have to take that on notice. The efficiency dividend is a part of our life, but what the net effect of it is I am not able to say now. If we can come back later on this morning with it, we will tell you.

Senator McLUCAS—Is any of the increase of staff allocated to either of the ministers' offices?

Ms Halton—No.

Senator McLUCAS—Can you tell the committee how many DLOs are currently in each of the ministers' and parliamentary secretaries' offices?

Ms Halton—We have one, one and two: there is one in the parliament secretary's office, one in Mr Santoro's office and two in Minister Abbott's office.

Senator McLUCAS—Is that a change?

Ms Halton—No.

Senator MOORE—Ms Halton, Senator McLucas was talking about the proposed new structure and looking at where things fit—I expect that, for the next two days, I will constantly be asking where something fits and having it in the wrong box, but that is an occupational hazard. Interdepartmental working groups, task forces and those kinds of

structures have become more common, reflecting the complexity of programs and so on. Senator McLucas was talking about obesity and how we seem to think it fits into 'population'.

Ms Halton—As the lead.

Senator MOORE—How would you coordinate the range of inputs into coming up with strategies and proposals around the term 'obesity'. What model would operate there?

Ms Halton—I will talk generically about how we do these things in the department—and I will come back to obesity as an example. This is the problem we have every time we try to decide. It is like the old Sussan's ad, 'This goes with this goes with this goes with that': when you ask, 'Which bit goes with which?' you discover that everything is connected to everything else. We have tended to bring together the relevant components of the department to talk about particular issues. For example, on chronic disease, the relevant division heads would come together and then the relevant brand heads get tasked with particular work. Similarly, on Indigenous issues, one of the deputy secretaries brings together all the relevant division heads to talk through the specific issues and challenges in that area—acknowledging that OATSIH has carriage, but, as I have said in the past, it is not only their responsibility; it is the responsibility of everyone in the department. So we have tended to use a number of mechanisms, including the policy outcomes committee. We have a formal governance structure that allows us to look at those whole-of-portfolio issues, but we also use particular committees—ad hoc and standing—to work across issues within the department.

Senator MOORE—That is within the department.

Ms Halton—Yes, and that quite rightly leads to your question about how this happens across government. If you ask people in the department whether there has been a plague of interdepartmental committees, they will probably tell you yes. But the issues we work on now are essentially pretty complex. That requires us to work with, for example, Family and Community Services and Indigenous Affairs, the Office of Indigenous Policy Coordination and the Department of the Prime Minister and Cabinet—obviously, it depends on the issue.

Senator MOORE—And it seems to me that that would be an intrinsic part of a whole-of-government model. The issue of obesity that we talked about would seem to automatically call up an interdepartmental process. Is there anything already functioning which coordinates the issue of obesity across areas?

Ms Halton—Within the department, obesity is an ongoing issue which has occupied my time, I have to say, and, principally, the time of Mr Stuart, who runs the Population Health Division. It has also involved the Chief Medical Officer and people from Primary Care—I could go on. Historically, it has also involved other departments when there is a series of initiatives or when government is looking for whole-of-government advice. Most recently, work being done on obesity has involved Prime Minister and Cabinet, the Family and Community Services and Indigenous Affairs et cetera.

Senator MOORE—And in some of those cases it goes up through the COAG process?

Ms Halton—Indeed.

Senator MOORE—And there would always be accountability links back to the program area?

Ms Halton—To the extent that these things eventually rest somewhere, yes—for example, the recent COAG work and the stuff that was agreed in terms of the Australian Better Health Initiative, which will have as a major focus chronic disease and obesity. It always has to come back to somewhere in the structure, and this is the point we were discussing earlier—about where things sit in the structure. You have to have somewhere to locate it, even though you acknowledge that the particular issue is germane to a whole series of these programs. The truth of the matter is that, under access to medical services, we fund a large number of interventions which go to issues around obesity. But you cannot put everything in the one place.

Senator MOORE—We are, as I know the department is, always trying to find out what the accountability links are. There are labels all over the place and sometimes they are almost unfathomable when you are trying to work out where something belongs, so just as long as that accountability link is always there.

Ms Halton—That is right. We acknowledge in our structure that a number of our programs are essentially cross-portfolio programs. Population health, mental health and Indigenous issues all cut across the portfolio. It is the nature of it.

Senator McLUCAS—The budget identifies a billion dollars that has been underspent across the whole government. Which programs in the Department of Health and Ageing are facing underspends on a year-to-date basis?

Mr Clout—The estimates as at budget night are the aggregate estimates for programs which reflect the expected end of year spend for each and every program added up then aggregated up to outcome. At this stage, programs are running according to those budget night estimates. Is the question: what is the difference between last year's budget night estimate for those programs and the expected spend that is reflected in the most recent budget night estimates?

Senator McLUCAS—It is estimates from 2005-06 and actuals at the moment.

Mr Clout—I would have to take that on notice to give you a consolidated list. We would have to go back and interrogate each one.

Ms Halton—I think we also need to be clear that a number of our programs are standing appropriations. It is the question of the estimate of what was to be spent and the actual. If one is divergent from the other, it does not mean there has been an underspend. Essentially there are some programs with a fixed allocation which, for particular reasons, may not spend that full allocation, but there are a significant number of programs in this portfolio which are standing appropriations. We spend based on demand. If demand is lower or if it is higher, the funding appears.

Senator McLUCAS—Mr Clout, could you provide us with the list of programs and their position at the moment? I understand what you are saying, Ms Halton. Could you provide us with where you are at the moment compared to what the estimate was for this current financial year and maybe some commentary on why there is a variation?

Ms Halton—I think that would be sensible because in a number of cases between the last budget and this budget there have been a couple of quite significant decisions in a number of

areas which, if there is a variation, do not necessarily equate to underspend. Underspend has a particular connotation.

Senator McLUCAS—Mr Clout, to progress this now, though, is it possible for you to provide us with a list of the 10 largest underspending programs at the moment—and I think we have redefined what underspending means in that discussion—and the 10 largest overspending programs?

Mr Clout—I can make that the focus of my Woden team's efforts this morning and see how we go for you by the end of today.

Senator McLUCAS—In terms of understanding trends, is it possible that you could look back over 2003-04 and 2004-05 at those same programs to see what the trend is?

Mr Clout—That is, potentially, a larger project which could take a bit longer, but we will see how we go. I should say, though, that at the whole-of-portfolio level, the department's estimates have been tracking very well, certainly in the last couple of years. For instance, we might find that when we get into the 10 largest divergences, we might be getting down to some pretty small ones.

Senator McLUCAS—That would be useful to start an understanding of this notion of underspending. With respect to Medicare spending, including the Medicare safety net, we know that there are overspends in the Medicare safety net budget allocation. Can you provide the current status of the Medicare safety net and Medicare generally?

Ms Halton—We should probably do that under outcome 3.

Senator McLUCAS—I hope I remember. And we should do PBS in—

Ms Halton—Outcome 2.

Senator McLUCAS—The *Australian Financial Review* on 12 May this year had a half-page advertisement—I think it appeared in quite a number of newspapers—for division heads and branch heads in the department. Can you tell me how many positions are to be filled?

Ms Halton—Five division heads.

Senator McLUCAS—In the organisational chart, where do they appear?

Ms Halton—When I say 'five,' I say subject to the confirmation about organisational structure within aged care, and subject of course to whether any of the existing team decide that they would like a greener pasture, which—

Senator McLUCAS—I cannot imagine where.

Ms Halton—I was thinking of one division to another. If any of them think they are leaving, there will be a large gap.

Senator McLUCAS—You should see what is happening behind you, Ms Halton.

Ms Halton—There will be a large barricade if anyone thinks they are going anywhere. Let me see if I can get this right. The Office of Health Protection of course is a new position, which is currently filled by an acting incumbent. Our aged care division head took age retirement—if I could use a rude word at this point I would, but we forgive him for that—so we also have someone acting in that position. In the Portfolio Strategies Division and Acute

Care, the two current incumbents have been promoted to deputy secretary positions and then we have a new position potentially to be recruited to, but again that is not yet finalised.

Senator McLUCAS—I have got an organisational structure that is dated December 2005. I dare say that has changed?

Ms Halton—Yes.

Senator McLUCAS—When do you expect that will be completed?

Ms Halton—As I said, there is a working proposal which people have been working on and my intention is, when we have finished estimates and a couple of other things next week, to be talking to people and we will look to finalise it. I will be surprised if we have not actually finalised that top structure inside about a fortnight.

Senator McLUCAS—Could we have a copy of it when it is completed?

Ms Halton—Most certainly.

Senator McLUCAS—Currently, branches without a permanently appointed head would be Ageing—

Ms Halton—You are talking about division heads?

Senator McLUCAS—Yes.

Ms Halton—Yes, Mr Mersiades retired two or three weeks ago.

Senator McLUCAS—Can we pass on—I do not know how—our thanks to him.

Ms Halton—Yes.

Senator McLUCAS—I am disappointed that he did not come to his last estimates. We would have been able to say goodbye nicely and he could have just gone off to greener pastures. That is fine.

Ms Halton—When I have actually forgiven him, I will pass your message on to him.

Senator McLUCAS—So Ageing is without a division head?

Ms Halton—Yes. Office of Health Protection, which is new, so we are recruiting to that; Portfolio Strategies Division, incumbent promoted; Acute Care, incumbent promoted; and a new one.

Senator McLUCAS—And a new one which does not have a name yet?

Ms Halton—Correct.

Senator MOORE—There are two new ones, but movement in the others; is that right?

Ms Halton—That sounds right.

Senator MOORE—Two brand new type positions and others are just looking for—

Ms Halton—Yes.

Senator McLUCAS—Can we go to questions on notice. As of the night before last, we do not have any outstanding answers. How many questions were answered within the allocated time out of the total of 121 that were lodged in the February estimates?

Ms Halton—My understanding is that 55 were lodged on time, 43 were lodged inside four weeks and 23 were lodged inside eight weeks, which adds up to 121.

Senator McLUCAS—The two that came in the other night were about Medicare statistics. Why did they take until the night before?

Ms Halton—I will be corrected if I am wrong here, but perhaps you recall—I think we did have this conversation last time—that there is a process of interchange between us and Medicare Australia about the statistics, and we had the question of when the data was clean. We have been working with our other agencies on those two.

Senator McLUCAS—In October last year I put two questions on notice in the Senate. There were Nos 1299 and 1300. There were straightforward questions, I thought. There were two issues: the implementation of the government's election commitments on cancer and the review of the potential contamination of polio vaccine. I got the answer to the first of those questions, on cancer, from October last year last month, but I still do not have an answer to the question about polio. What was the delay initially in responding to those two questions?

Ms Halton—Those are questions in the Senate to the minister?

Senator McLUCAS—Yes. They are not questions of this committee, but we want to know why—

Ms Halton—I suspect you will have to ask the minister in respect of those. I will take some advice—I am not aware of them specifically—but you would understand that those particular questions are not necessarily within our area. We do not respond directly to you or to the committee on those.

Senator McLUCAS—But I imagine the process is that the minister provides them to the department for a response to be prepared.

Ms Halton—And we prepare a response, yes.

Senator McLUCAS—Has the department prepared a response to question No. 1300, which is about the potential contamination of polio vaccine?

Ms Halton—I will have to find out.

Senator McLUCAS—The answer to question 1299, which is about the government's response to cancer, arrived after we passed the Cancer Australia Bill. It was a very straightforward question. I am trying to understand why it took so long for that to be answered.

Ms Halton—I cannot answer that.

Senator McLUCAS—Could you find out when the request from the minister's office was provided to the department and when the draft answer was provided back to the minister's office for both of those questions, please.

Ms Halton—Sure.

Senator MOORE—How many people do you have in the area that coordinates ministerial responses at the moment?

Ms Halton—You are talking about the number of people in what we call the parliamentary branch. There are 29, I am told, but they do a range of things.

Senator MOORE—There are 29 bodies who do a range of different things. What kind of things—responding to questions, ministerial liaison? Can we get a bit of a dot point coverage of what the responsibilities of that area are?

Ms Halton—They do not answer any questions themselves—

Senator MOORE—Do they coordinate the process?

Ms Halton—unless you ask how many people are in that area. Then they will answer your question.

Senator MOORE—Do you have to get that checked?

Ms Halton—Of course.

Senator MOORE—We are trying to get an idea about exactly what process is followed when we put all these questions on notice and when questions come through to Health and Ageing.

Ms Browne—We have a range of different teams that manage Senate estimates questions and parliamentary questions on notice and ministerial correspondence.

Senator MOORE—Are they separate teams?

Ms Browne—Yes.

Senator MOORE—Can we get an org chart showing how many people?

Ms Browne—Yes.

Senator MOORE—Whether it is broken up by task, by alphabet—that kind of thing.

Ms Browne—They are not that strictly separate because teams tend to help each other out and do a variety of functions, but I can give you an org chart for the section.

Senator MOORE—That information would tell us that a team does this range of things.

Ms Browne—Yes, that is right.

Senator MOORE—If we can get that, it will save to-ing and fro-ing. We are generally following up on the process of what happens when we ask these questions and why some take longer and all that kind of thing. If we can find out what the responsibilities are in your agency, if we have any further questions, then we will come back to the team.

Ms Browne—Yes.

Ms Halton—As I have said in the past, I think you are aware that every Monday morning—the Senate estimates interrogation—I say, 'Shirley, how many have we got left?' Shirley says, 'The list of shame is—' Isn't that right, team?

Senator MOORE—Ms Browne, what is your title?

Ms Browne—Assistant Secretary, Parliamentary and Portfolio Agencies Branch.

Ms Halton—That is known as PAPAB.

Senator MOORE—We have been asking a couple of agencies exactly what that nexus is. That is the unit—Parliamentary and Portfolio Agencies Branch.

Senator FORSHAW—I have a question about meeting time requirements. It is not to do with questions on notice but I might ask it now. Are you aware—I am sure you are—of the audit office report on expenditure on consultants, which is audit report No 27 of 2005-06?

Ms Halton—Yes.

Senator FORSHAW—There is a requirement that agencies under the FMA act report within six weeks of entering into an agreement—details of that agreement within the *Government Gazette*.

Ms Halton—Correct—above a certain size.

Senator FORSHAW—That is right. The audit office conducted a fairly wide-ranging review across a whole range of departments and agencies. I thought I would just ask about this department. According to the table, there were 4,502 gag entries but 3,640 of them did not meet the time requirement. This is for the Department of Health and Ageing, which was about 80 per cent. The total value of those not meeting the requirement was $276 million. It is not the worst department; it is fair to say that the audit office's report was pretty damning of a whole range of departments and agencies, both in compliance with this requirement and in compliance with other requirements such as a Senate order on consultancies. Is there a particular reason you can identify why such a substantial number of entries are not meeting that time requirement with publication in the gazette? What is being done about it?

Ms Halton—Just before we get the technical answer, I would just make one point to you. There has been an extensive process of discussion with the department of finance about what is a consultancy. One of the issues is definition and the question of what is and what is not a consultancy.

Senator FORSHAW—Yes. I am not unaware of that. I am chair of the Senate Finance and Public Administration References Committee. We take a particular interest in these issues. I do not want to transgress there, but it is clear that this department, along with a lot of others, is not meeting those requirements and I am wondering why.

Mr Sheehan—Unfortunately, in 2003-04, which is the year that the review was undertaken by the ANAO, the department introduced a new purchasing system process that included electronic workflow. This was part of our broader business process improvement. For a period of four to five months, the department's downloads from the finance system did not make their way across to the gazettal system and, as a result, we had a very large number of gazettals that were not published within the time frame. Last year, in 2004-05, we had 82.9 per cent publication rate within 42 days.

Senator FORSHAW—Compliance?

Mr Sheehan—Yes. We had a significant turnaround. We had a glitch in 2003-04 when we were introducing a range of other system process improvements.

Senator FORSHAW—Ms Halton, you are confident that you can have that same turnaround in responding to questions on notice?

Ms Halton—Ha ha!

Senator FORSHAW—I take that as a maybe. Is it?

Ms Halton—No. The day that I am able to automate the answers to Senate estimates questions in the way that I am able to automate the compliance with this mechanism, I can give you a 100 per cent guarantee.

Senator FORSHAW—The time frame—

Ms Halton—Regrettably, I think that is not likely.

Senator FORSHAW—Thank you for that information, which was very timely.

Ms Halton—Excellent.

Senator McLUCAS—Ms Halton, at last estimates you indicated to the committee that all questions from the Parliamentary Library have to go through your office.

Ms Halton—No, I did not say that. I gather this is being put about and I think it is important to correct it. We said that we ask that all questions from the Parliamentary Library come through a point of coordination. In fact, I do not see them. They do not come to my office. They go to an assistant secretary in the Portfolio Strategies Division.

Senator McLUCAS—What happens then?

Ms Halton—The assistant secretary in the Portfolio Strategies Division decides where the appropriate area is in the department to ensure that we can give a robust response, and they manage the process.

Senator McLUCAS—The answer then goes back through that officer?

Ms Halton—Yes.

Senator McLUCAS—Where else does it go?

Ms Halton—It goes to the Parliamentary Library.

Senator McLUCAS—I imagine it goes directly to Ms Browne?

Ms Halton—No, it is actually Ms Roediger. She does a number of other things, but she has the management of statistics et cetera.

Senator McLUCAS—They do not cross your desk?

Ms Halton—No, they do not.

Senator McLUCAS—There has been a misinterpretation of what we talked about at last estimates.

Ms Halton—You know that there was a history of a document that was published—and Professor Horvath can wax lyrical about this, if you would like him to—which was basically wrong in respect of avian influenza and a series of other things. It made various suggestions in terms of people who had been approached to talk to them, which were also wrong. We took quite substantial objection to that document. It transpired in correspondence with the librarian and with the head of the parliamentary department that that particular document had not received the same level of internal scrutiny as others might have done that have been released by the Parliamentary Library.

We have had experience in the past where officers in the Parliamentary Library have approached very junior officers in various parts of the portfolio. Information that is being provided, from my perspective, has to be accurate. That is why we asked Ms Roediger to coordinate the process—but I do not see them.

Senator McLUCAS—Does the directive apply to both the department of health and ageing?

Ms Halton—It is one department.

Senator McLUCAS—I know it is one department, but does it apply to all questions from the Parliamentary Library on health and ageing?

Ms Halton—Yes. This issue is also the subject of correspondence between the Secretary of the Department of the Prime Minister and Cabinet and the librarian, who basically said, as I understand it, that if a portfolio wishes to have one point of contact it is quite reasonable for them to so do.

Senator McLUCAS—When a journalist has a question of the department, how do they—

Ms Halton—A journalist is a different issue. We have media liaison area.

Senator McLUCAS—And they go straight through there.

Ms Halton—Yes.

Senator CAROL BROWN—Do you have receive a summary of the Parliamentary Library questions?

Ms Halton—No, I do not.

Senator McLUCAS—Do you keep a track of the time that is taken for answers to come back to the Parliamentary Library?

Ms Halton—No. As I said, this is managed in another area of the department.

Senator McLUCAS—I do not mean you, personally. Does the department track—

Ms Halton—I think the officer concerned does keep an eye on these things, yes.

Senator McLUCAS—Could we get an indication of the average time that it takes for the department to respond to requests from the Parliamentary Library.

Ms Halton—Certainly. We will take that on notice.

Senator McLUCAS—Can we deal with shared responsibility agreements now or does that come under outcome 8?

Ms Halton—That is outcome 8.

CHAIR—Senator Brown?

Senator CAROL BROWN—I have a question about the smartcard. What formal arrangements are in place for the department to have input into the smartcard proposal?

Ms Halton—Are you referring to the recently announced smartcard initiative?

Senator CAROL BROWN—Yes.

Ms Halton—As yet, if the governance arrangements in respect of the smartcard are finalised, I am not aware of them. I know that the Secretary of the Department of Human Services, Ms Scott, has indicated that she will be establishing an arrangement which will include my department, but as yet I have not seen any correspondence. I am not saying that there is not some correspondence around, but as yet I have not seen anything as to what will be involved. You would have to direct that question to Human Services.

Senator CAROL BROWN—Would your department expect to have some sort of input into the proposal?

Ms Halton—I would be surprised if we did not.

Senator CAROL BROWN—Do you have any idea of when you will be advised of the input arrangements?

Ms Halton—My understanding is that the Secretary of the Department of Human Services is actually on leave at the moment, so it was always my anticipation that we would not formally receive correspondence about that until she was back from leave. I could be wrong; it may be that the incumbent is going to put something in place, but it was my expectation that I would not hear anything on that matter until Ms Scott returned from leave.

Senator CAROL BROWN—What formal arrangements are in place for the department to have input into other e-health initiatives, such as Medicare online billing? I believe that is now the responsibility of the Department of Human Services and Medicare Australia.

Ms Halton—There is an IDC in respect of that matter.

Senator CAROL BROWN—Thank you.

Senator EGGLESTON—I wish to ask about the outcomes of the Tasmanian smartcard project. What conclusions were drawn from that project? Has it proved to be broadly beneficial?

Ms Halton—That question is more appropriately directed to Medicare Australia. What I can say is that the smartcard initiative in Tasmania was essentially a different thing to the current proposal, as I understand it, to have a health and social services based smartcard. Essentially, the Tasmanian initiative was married to the arrangement around the trials in relation to HealthConnect in Tasmania. I think it is probably a different quality of beast, if I can describe it in that way. Again, that question might be best directed to Medicare Australia.

Senator EGGLESTON—I will do that. I would have thought the health dimensions, though, would be quite similar. The smartcard as proposed is certainly broader in concept, but I thought the health side of it might have been relevant. But I will certainly direct those questions to Medicare.

Ms Halton—I do not know that that is actually the case. My understanding—though, again, it is not my responsibility—is that the smartcard proposal advanced by Minister Hockey goes to the whole question of entitlement to a range of programs et cetera. The smartcard project in Tasmania was essentially looking at the feasibility of registration and of carrying some basic details on a card. Essentially, as I understand it, it has been a very useful experience for learning what the issues are for people. My understanding of the proposal is that it is intended to be more wide-ranging.

Senator EGGLESTON—Thank you.

Senator BARNETT—Are there any outcomes in which you could advise us of HealthConnect? Is that in your area?

Ms Halton—The relevant people will be here later on. Could you be more specific about the questions?

Senator BARNETT—The HealthConnect trial has been undertaken for the last few years in and around Hobart. There was some connection between the smartcard launch and HealthConnect, and I am just wondering where things are at and the status report in terms of HealthConnect.

Ms Halton—Program 10 is the relevant place so the officers who could do the detail will be here. I can tell you that, as you know, we have very definitely proven the capability of creating a viable electronic health environment, if I can describe it in that way. The issues that we have been exploring through HealthConnect and the projects that we have had in both Hobart and elsewhere in the Northern Territory—I could go on—have taught us a series of absolutely invaluable lessons about what it is necessary to do to develop an electronic health record providing appropriate privacy protections. Since those initiatives were put in place—for example, the establishment of the National E-Health Transition Authority, the work on standards, issues in respect of the health identifier, which renounces part of COAG, and the whole question of the provider index—there is a whole raft of initiatives that are now coming which are all very much grounded in the experience of those HealthConnect projects.

Senator BARNETT—So further questions would be appropriate under outcome 9.

Ms Halton—That would be fine.

Senator BARNETT—Would the same questions on MediConnect be under outcome 9 as well?

Ms Halton—MediConnect, again, is probably best directed to Human Services and particularly to Medicare Australia, but probably the people in program 3 could make some sort of comment on that.

Senator BARNETT—Thank you.

Senator FORSHAW—Can you tell me whether the department has or has had a contract with a company called Royce PR?

Ms Halton—Not that we are aware of. Can you give me a bit more detail? Sorry—yes, we think fractionation.

Senator FORSHAW—Yes, I think fractionation too. Is somebody going to be able to answer?

Mr Learmonth—Outcome 13.

Senator FORSHAW—Can I deal with it now?

Ms Halton—What do you want to know, Senator?

Senator FORSHAW—I want to know quite a few things about this contract.

Ms Halton—In that case, it is outcome 13.

Senator FORSHAW—Let me just establish that there is a contract. Do you know whether it still exists?

Mr Learmonth—I believe it does.

CHAIR—Senator, I think if you have detailed questions about it, it would be better to deal with them in outcome 13 when the officers concerned can be at the table and take those questions. We are really in overview matters at the moment.

Senator FORSHAW—I tend to think it is somewhat of an overview but, if we know the people are going to be here to answer those questions in outcome 13,we will leave it till then.

[10.25 am]

CHAIR—We now move to outcome 2, Access to pharmaceutical services.

Senator McLUCAS—What are the estimates for savings to the PBS due to the 12½ per cent generics policy since the policy's inception? You might remind me how many months ago that was.

Ms Huxtable—At policy announcement in the 2005-06 budget, the estimated savings were just over $1 billion over four years. Following a recommendation by the PBAC in regard to atorvastatin that estimate was revised downward. The current estimate is just under $800 million over the four years.

Senator McLUCAS—That is over 2005-06.

Ms Huxtable—Four years from 2005-06.

Senator McLUCAS—It was revised down because of the statin recommendations?

Ms Huxtable—Because atorvastatin was listed at a higher price than simvastatin, the generic, and that had a flow-on impact onto the level of savings.

Senator McLUCAS—And the recommendation was to do with prescribing that particular statin?

Ms Huxtable—It related to improved health benefits from atorvastatin.

Senator McLUCAS—How many drugs have been affected by the 12½ per cent policy?

Ms Huxtable—The 12½ per cent policy has applied to 42 new brands. That has flowed on to a number of reference pricing groups and therefore a number of other drugs in the same reference pricing groups. So the total number of brands affected across all groups since the policy start is 264.

Senator McLUCAS—The total is 264. These are new brands that have come off patent. Do I understand that right?

Ms Campion—What we have had is 42 new brands that have come in that have triggered the 12½ per cent reduction. They may not have been the first ones off patent but the first ones that have come in since the policy commenced and have triggered a reduction. It has been 42 new brands of drugs that are already listed on the PBS.

Senator McLUCAS—On notice, could we have a list of each product name and those reference pricing groups and the drugs that have been affected?

Ms Campion—Yes.

Ms Huxtable—That 264 figure includes all forms and strengths of the drug.

Senator McLUCAS—You are talking about 100 milligram versus the 200 milligram dose, for example. How many actual drugs is it?

Ms Huxtable—The 264 can explode the impact in some way. The number of new brands is 42. That is the new brands that Ms Campion referred to. The total number of other drugs in the same reference pricing group that have attracted flow-ons is 34. Then the 264 relates to the forms and strengths of the combination of those things. We can break all that down for you.

Senator McLUCAS—That would be good.

CHAIR—We have had a request from Fairfax Media to take photographs. Does the committee give permission to have media of any sort taken during today's proceeding? There being no objection, it is so ordered.

Senator McLUCAS—How many drugs are expected to come off patent in the next 12 months?

Ms Campion—We do not collect information on when patents are due to expire at this stage, so we do not have an accurate estimate of that figure.

Senator McLUCAS—Why do you not collect that information?

Ms Huxtable—The patent status of drugs has not historically been a matter of interest to us. Certainly, in regard to doing costings around the generic pricing policy we made some assumptions about when drugs would come off patent. We can take that question on notice to see if we can give you some indication of what our expectation is. There is another issue though because a drug coming off patent does not necessarily mean that that then results in a generic product coming to market, so what happens will not necessarily reflect that expectation.

Senator MOORE—The patent expiry dates would be somewhere central. It would not be a difficult process for that to come up somewhere—

Ms Halton—It is important to understand that we are not responsible for patents.

Senator MOORE—No.

Ms Halton—It is now a matter that is germane to us but obviously the patent office is responsible for registering patents and maintaining all the records. I am sure you understand that patents are incredibly complex in some areas and that you can have patents on everything from the formulation of a product in all sorts of things, the method of delivery, et cetera. The questions of what a patent is and when it expires can be a technical matter. We would not try to maintain a very detailed record of all of those matters because it is essentially the job of the patent office to track those things. In some cases, as you are probably aware, companies will contest what is a legitimately held patent. Yes, we do have to have an understanding. Indeed, when we did the costing for this area we talked to industry extensively about their expectations because you have a bunch of assumptions that are the foundation for your costs and your estimate—

Senator MOORE—Is there a regular interchange between your area and the patent office of information at this stage or is that not something you maintain?

Ms Halton—No, there is not a regular interchange. Obviously, we do sometimes have a dialogue with the patent office but there is not a steady traffic of information. The way the arrangements work with the Therapeutic Goods Administration there is a requirement for notification. Those things have always been germane but they are probably more germane now.

Senator MOORE—Because of that linkage with TGA and approvals and so on, I just thought there would have been a regular interaction between the patent register and the department. But you are saying there is not.

Ms Halton—We do have an understanding of what is going on but we do not maintain a shadow register is what I am saying to you.

Senator McLUCAS—How did you do the costings for the policy if you cannot predict when certain drugs will come off patent? I am trying to get an understanding of how you modelled the policy and the savings that flowed from that.

Ms Huxtable—As Ms Halton said, we made assumptions on the basis of the knowledge that we had about when we expected generic competition to enter the market. Obviously that is particularly relevant in regard to the very large volume drugs. As with all costings, we go through a process with the Department of Finance and Administration to test the veracity of our assumptions in that regard.

Ms Halton—And we talked to industry.

Ms Huxtable—We talked to industry in this case also.

Senator McLUCAS—I understand that on 1 April the full range of antiepileptic drugs met the 12.5 per cent price reduction. What was the consequence of that in the cost to the PBS?

Ms Huxtable—I am not sure it was in April. My understanding is that it was in August last year. It was at the beginning of the policy that the antiepileptic drugs were affected.

Senator McLUCAS—What was the consequence of that group hitting the 12½ per cent?

Ms Huxtable—We have just started a process with industry to review the 12½ per cent savings measure and to look at what savings have been achieved, what the issues have been with the 12½ per cent policy and whether or not the administrative arrangements that have been in place to support the policy are the most appropriate arrangements. We have not been micromonitoring the impact of specific drugs coming on or generic drugs triggering competition in that way, but certainly as part of that dialogue we are entering into with industry now we will be looking at whether we have achieved the savings we expected to achieve and what implications that may have.

Senator McLUCAS—When do you expect that piece of work—let's call it a review—to be completed?

Ms Huxtable—We have just started that. We have had correspondence with industry on its terms of reference. We have work occurring now preparing a paper for discussion with industry and we expect to meet with them fairly soon. You would understand that my capacity

to say when exactly that work will finish is somewhat limited because we are not the only party to that dialogue. But we anticipate that will occur over the next three or four months.

Senator McLUCAS—Will that have an impact on the forward projections of the policy?

Ms Huxtable—I am not in a position to say at the moment because we have not as yet done that detailed work. The work is under way now, but I have not as yet seen the piece of paper we will be sharing with industry and I have not had an opportunity to delve into the costings myself.

Senator McLUCAS—What issues are on the table in this discussion with industry? What are the points of discussion?

Ms Huxtable—Obviously, how we have tracked against the savings is an important point. There are also issues around how industry has perceived the 12½ per cent and how they have responded to it. We have obviously had requests for special patient contributions from time to time with regard to the impact of the policy. There have been special patient contributions granted for a very limited number of products and there have also been instances where companies have sought, for example, further PBS consideration of their drug with regard to whether or not they have an improved health outcome and the like. Also, you would recall that the original agreement with industry is that this 12½ per cent policy would be handled administratively rather than through legislative amendment, and that is another issue that needs to be discussed. Whether the administrative processes have worked effectively, whether the guidelines are robust and those sorts of issues will be up for discussion.

Senator ALLISON—Is it possible for the committee to have a list of the products that have been given approval for the special payment contribution and the value of those contributions?

Ms Huxtable—There are five, which I can read out if you wish. I will have to use the brand names of the drugs because I cannot pronounce the other names.

Ms Halton—And Hansard cannot spell them either, I am quite confident.

Ms Huxtable—The brand names are: Keppra, which is for epilepsy, and the special patient contribution range is between $7.38 and $20.50, which relates to the forms and strengths issue; Topamax, which again is for epilepsy, and the SPC range is from $2.40 to $2.70; Lexapro, which is for depression, $3.31 to $5.53; Alimta, which is for non-small-cell lung cancer—

Senator ALLISON—That was for lung cancer?

Ms Huxtable—Also for lung cancer—$460.76; and Zoton, oral solution only, which is a protein pump inhibitor, $375.

Senator ALLISON—Thanks. Are there other approvals which have been sought but not yet determined?

Ms Huxtable—No, Senator.

Senator McLUCAS—I think that is all I need on the generic policy. The final question on that issue concerns the discussion you are having with industry about the review of the

application of the policy. How do issues for patients get put on the table as a part of this discussion?

Ms Huxtable—I guess our purpose in having that discussion will always be to ensure that patients are getting access to drugs at the appropriate value. The nature of this discussion is the administrative arrangements around a policy. It is going to what are process issues between ourselves and industry.

Senator McLUCAS—That is all I need on the 12½ per cent policy.

Senator ALLISON—Concerning the new proposals, the new reforms that come in on top of the 12.5 per cent, is it anticipated that there will be an increase as a result of those in the need for patient contributions? Is this the subject of your discussions with industry and can you give the committee any assurances that you will not see more of those patient contributions as necessary?

Ms Huxtable—They are two different things. In the one case we are talking about reviewing the implementation of an announced budget measure. On the other hand, there certainly has been some wide reporting of a dialogue that the minister has been having with industry around potential areas for PBS reform. That dialogue is in its rather early stages. It is in the nature of some proposals that the minister is discussing with industry. It certainly is not at the stage of any announced policy, agreed measures or anything like that which would then move into more of an implementation debate around that.

Senator ALLISON—So far there is no detail available on those reforms?

Ms Huxtable—A statement was put out by the minister following his discussions with stakeholders a few weeks ago. That was put into the media, so clearly this available. That statement goes to some of the issues discussed at that meeting. If you do not have that, we can certainly provide a copy.

Senator ALLISON—I do not have that press release.

Ms Huxtable—I have a copy here which I can table.

Senator ALLISON—The interdepartmental committee which is working on this committee?

Ms Huxtable—There was an interdepartmental committee which was looking at PBS reform and sustainability issues. We answered a question on notice at the last hearings about the membership of that committee. The committee was chaired by the Department of Health and Ageing and included the Department of the Prime Minister and Cabinet, the department of finance, the Treasury and the Department of Industry, Tourism and Resources.

Senator ALLISON— Were the options put forward by that committee made public?

Ms Huxtable—No, but they have helped to form part of the government's consideration of these issues.

Senator ALLISON—So you are not able to tell us what those options were?

Ms Huxtable—No.

Senator ALLISON—Who was consulted in developing the options?

Ms Huxtable—Obviously, the departments that were involved. There was also another process running almost in parallel to the IDC—a subgroup or working group of the Pharmaceutical Industry Working Group, which is a committee of industry which is chaired by Minister Macfarlane and Minister Abbott. That subgroup also did some work on possible PBS reform options. That work and the work of the IDC have formed part of the intelligence around those issues.

Senator ALLISON—Was the AMA involved?

Ms Huxtable—No.

Senator ALLISON—Were any consumer reps consulted?

Ms Huxtable—The Pharmaceutical Industry Working Group is predominantly made up of industry players and Medicines Australia, Generic Medicines—I cannot remember all the members, but they are along those lines.

Senator ALLISON—What about pharmacists? Was the Pharmacy Guild involved in the talks?

Ms Huxtable—No. They were not involved in the PIWG process, but they were involved in the discussions the minister had with industry a few weeks ago.

Senator ALLISON—Why were they not involved in developing the options?

Ms Huxtable—The Pharmacy Guild is not a member of the Pharmaceutical Industry Working Group, and that is the group that formed the subgroup that did some work on these issues.

Senator ALLISON—I would have thought it was important to get the perspectives of more than just the pharmaceutical companies.

Ms Huxtable—As I said, this is—

Senator ALLISON—A ministerial decision.

Ms Huxtable—No, it is a work in progress—and obviously the Pharmacy Guild is now involved in discussions around possible reform options. Also, this is the beginning of a process. I think it even says in that statement that the minister's intention is to release a discussion paper in the near future which would be open to further consultation and input. There is now a series of bilateral discussions occurring with stakeholder organisations, including other groups such as the AMA.

Senator ALLISON—When will the discussion paper be available?

Ms Huxtable—I cannot say exactly when, but it will be in the near future.

Senator ALLISON—Will there be formal consultations with consumer organisations when that discussion paper comes out?

Ms Huxtable—The minister has flagged his intention to release a discussion paper. How consultations occur at that point would be a matter for the minister. We have not had a discussion with him about that at this stage.

Senator ALLISON—Has there been in any of these discussions a discussion about the effect on these proposals on the growth of the PBS?

Ms Halton—Do you mean in discussions with the stakeholders? When you say 'these discussions', which discussions do you mean?

Senator ALLISON—The discussions that are taking place now.

Ms Halton—No, that has not really been discussed.

Proceedings suspended from 10.49 am to 11.16 am

CHAIR—We will resume the hearings in the Health and Ageing portfolio. Before the recess, we were examining outcome 2, Access to pharmaceutical services.

Ms Huxtable—Senator, before we start, I said that I would table the minister's media statement, and I have that available.

CHAIR—Thank you.

Senator ALLISON—With respect to the new proposal being discussed in the task force that we were discussing previously, are there any other features of it that are different from the 12½ per cent, or will it just be 12½ per cent but a different figure?

Ms Huxtable—The media statement I have circulated refers to a possible measure with regard to a further five per cent price reduction for a second generic drug. These are by way of proposals for dialogue with industry; they are certainly not government decisions.

Senator ALLISON—Are there any estimates at present of the savings that might be made?

Ms Huxtable—No, it is not at that stage of the discussion.

Senator ALLISON—The 12½ per cent was proposed to deliver a saving of $740 million. Can you confirm that that estimate has now been shifted to $1 billion?

Ms Huxtable—It is the other way round. In the 2005-06 budget the saving was, I think, $1.035 billion over four years. The decision with regard to Lipitor, which gave Lipitor a price differential over simvastatin, or the group of statins, had an impact on the 12½ per cent savings and the saving was reduced from $1.035 billion to just under $800 million. The savings that are current, which have not varied, are just under $800 million over four years. I cannot tell you the exact figure, but it is just under $800 million.

Senator ALLISON—I see. I thought it was the other way round. Have there been any discussions about whether patients will be forced to switch to medicines that have a different molecular structure in order to avoid the additional cost? Has that been part of your talks?

Ms Huxtable—No. Again, I would refer you to the minister's statement. There is certainly reference in that statement to the concept of preferred prescribing of medicines for which there is no brand premium and no additional patient contribution, but there we are talking about medicines that are bioequivalent and interchangeable at the patient level.

Senator ALLISON—So you are not anticipating any switch to non-bioequivalence?

Ms Huxtable—Certainly that is not the intention of the ideas behind those proposals. I probably sound like a broken record, but I again stress that they are proposals that are being discussed.

Senator ALLISON—I understand.

Ms Huxtable—The idea behind it is to ensure that patients are able to access medicines at the PBS co-payment rate of $29.50 for the general population and $4.70 for the concessional population rather than them finding that they need to pay additional brand premiums when there is a generic available at the benchmark price. That is the intention behind it. We are in a dialogue with industry and associated stakeholders on all these issues. No doubt the issues will be mulled over and discussed, as they are being now.

Senator ALLISON—Will those discussions on this point be held with doctors as well as consumers?

Ms Huxtable—The department had a discussion with the AMA. We will continue to have those discussions, certainly.

Senator ALLISON—Are the AMA satisfied that the intention is likely to be delivered on in this respect?

Ms Huxtable—We had a very useful discussion with the AMA about what the intention is, and I think there is clarity between them and us around what the intention is. But those discussions are by no means complete.

Senator ALLISON—Is there a way of guaranteeing that intention?

Ms Huxtable—Again, I would highlight the difference between a proposal for discussion and a government position or decision. There is a fair bit of space between the two. In making its decision the government will be informed by the consultations that are now occurring.

Senator ALLISON—What about the generics industry? I am told that they have advised government that this will lead to a lot more uncertainty for their industry. Is that accurate?

Ms Huxtable—They were involved in the consultation that the minister had a few weeks ago and certainly participated in that discussion. At a departmental level we have since had a bilateral discussion with them around their issues. I was not a part of that discussion, but I think it was a robust exchange around the issues as they see them. That forms part of the intelligence that takes this forward.

Senator ALLISON—'A robust discussion around the issues as they see them'—it sounds like you do not agree with them and their concerns have not been satisfied. Is that fair?

Ms Huxtable—I think you are assuming that this is much further down the track than it is. We are at the stage of having discussions with stakeholders. We have had some discussions in a multilateral forum, which the minister led. There have also been discussions in multilateral fora around the PIWG subgroup. They went on for a considerable time last year. There have been bilateral discussions; we anticipate there will be more. There will also be a discussion paper. There is just a flow of information and I could not say categorically that there is a specific firm view. There is a debate, a discussion, an exchange of ideas—it all just becomes part of the intelligence that will then enable government to come to a view about what it may or may not do in this area.

Senator ALLISON—Is one of the objectives of the proposal to improve access to cheaper generics in Australia?

Ms Huxtable—As you would see in his statement, the minister summed up the aim as making greater use of generic drugs, basically to allow headroom for more expensive drugs that are likely to be subsidised by the PBS in the future.

Senator ALLISON—'To allow more headroom'—what do you mean by that?

Ms Huxtable—Basically, if it is possible to get greater value for government out of the drugs that are already listed on the PBS—that is, that government is able to access them at a cheaper price—it follows that the pressures on the PBS into the future will be reduced. As government considers the listing of new drugs into the future there is less pressure on the PBS to enable those drugs to be listed.

Senator ALLISON—Indeed. Have you had robust discussions too about the likelihood that the latest new medicines will be made available here, or is this measure likely to diminish our access to new drugs?

Ms Huxtable—Certainly there have been discussions with industry, particularly the innovator industries, around some of those issues. The PBAC processes continue to make recommendations to government about listing new and innovative drugs and they continue to be listed.

Senator ALLISON—And quite a few continue to be ignored by the minister, I would have thought.

Ms Huxtable—I do not believe that is so.

Ms Halton—No, that is not correct, Senator.

Ms Huxtable—For example, I can tell you that so far this financial year—we are nine months in—over $500 million over four years has been allocated for five or six new drugs that have been listed in that time.

Senator ALLISON—How many are awaiting ministerial approval at the present time that have been through the PBAC and recommended for listing?

Ms Huxtable—I will have to find my piece of paper. While that may seem a fairly simple thing to answer, it is not entirely simple because not only government comes to the table in these discussions. There are drugs that have been recommended for listing by the PBAC in the last few years where there have been conditions around that listing—for example, recommended for listing at a certainly price—and there was dialogue and discussion between the department or the pricing authority and the company. In some cases that can take time and then the drug is listed.

Senator ALLISON—How many would be in that category? These are price-volume negotiations of some sort, are they?

Ms Halton—A significant number; the large majority, Senator.

Senator ALLISON—Do you have the numbers?

Ms Huxtable—We would have to take that on notice in regard to the number of drugs currently listed where there are price volume arrangements in place.

Senator ALLISON—How many are there that are not in that category? How long have then been waiting approval?

Ms Halton—Are we talking about new listed drugs now?

Senator ALLISON—Yes

Ms Halton—We might come back to you. We run the risk of giving you an incorrect answer, so we will take it on notice so that we can be sure we are right.

Senator ALLISON—Is it possible also to give some indication—I know you cannot tell us what the drugs are for commercial reasons—of the anticipated cost to the PBS of those items?

Ms Halton—Not until it is finally decided, Senator. That would be speculating.

Ms Huxtable—I certainly can give you the information that I cited previously about the number of high-cost drugs that have been listed for the past few years and just confirm that in 2005-06, five high-cost drugs have been listed at a cost to the PBS of over half a billion dollars.

Senator ALLISON—Are there any on the list of those still waiting for approval for anything longer than a reasonable period that are not high-cost drugs?

Ms Huxtable—To give you a clear picture, we probably should take it on notice and then we can deal with all the issues around it. I am advised that there are some, where there is still a pricing negotiation occurring, so they have been recommended for listing at a price. We still have to have a discussion about that price.

Senator ALLISON—I am wondering though about the ones that are not in this negotiation process about price but are waiting for approval and are not high cost.

Ms Huxtable—I was referring to that. When we talk about high-cost drugs, we are referring to those drugs that need to be considered by government. There is a threshold, which I think is widely known, under which drugs can be listed by the minister or on the minister's delegation and then there are other drugs above that threshold that need to be considered.

Senator ALLISON—I do not know what that threshold is.

Ms Huxtable—It is $10 million in any year of the forward estimates period.

Senator ALLISON—I know that you are not able to tell us what the drug is or the drug company, but is it possible to get some general areas? Is it arthritis or something else?

Ms Huxtable—There are drugs which have been recommended for listing perhaps with some conditions attached over the past few years by the PBAC. The fact that they have been recommended is known because it would appear in the summary of PBAC decisions. There will be a variety of reasons that those drugs are not listed at this stage. One will be that we are in negotiation with them, another may be that the company has decided not to proceed with the listing. There certainly are a number in that category. There are some that we anticipate will be considered by government in the very near future. Companies have an opportunity, after a period of time, to indicate to the PBAC whether they wish to proceed or not with a listing. There are a whole range of categories that we can provide information to you about. I would say on balance though, at the risk of being proven wrong when I review it in more detail, that with the majority of drugs the company either has been unable to reach agreement

with us in regard to price or has decided not to continue with the listing. We certainly have expectations, which we place on ourselves, about the period of time it takes for a drug to be listed and that has been part of the post PABC processes.

Senator ALLISON—What length of time is that expectation?

Ms Huxtable—It is six months.

Senator ALLISON—A matter I have raised previously in questions on notice was to do with ultra low dose oral contraceptives. As I understand it, four of those were agreed to by the PBAC but never did make it onto the PBS. The five-year window of opportunity now has closed and there have been no further applications. Do you have anything to advise the committee about the status of ultra low dose contraception on the PBS?

Ms Huxtable—There are two parts to the answer to that question. There were recommendations from the PBAC in 1998 but there was no agreement on a mutually acceptable price between the manufacturer and the government in regard to that.

Senator ALLISON—But this is not a high-cost pharmaceutical, is it?

Ms Huxtable—I do not have that information.

Senator ALLISON—It is not a cancer drug or anything of that sort.

Ms Huxtable—There is a price at which they are recommended.

Senator ALLISON—So none of the four that were recommended but not approved had a satisfactory price.

Ms Huxtable—That is correct.

Senator ALLISON—Are you able to give more details about that?

Ms Halton—We do not release details of discussions we have with companies in relation to price. It is considered commercial-in-confidence.

Senator ALLISON—Are there any other examples of any drugs where a full range of applications—in this case four applicants—have failed in price negotiations in this way?

Ms Huxtable—There certainly will be examples where the PBAC has recommended listing at a price—that is, where it has come to a view about cost effectiveness at a certain price and where the company has not been willing to list the drug at that price, which therefore has an impact on the cost effectiveness decision.

Senator ALLISON—Was it the case that the price the PBAC recommended was not acceptable to the drug companies, or was there another negotiation to bring that further down?

Ms Huxtable—I will have to take that on notice. I am not aware of all the details around this; it was some time ago.

Senator ALLISON—Has this been followed through from a public policy point of view? Leaving aside the PBS process, does the department have a concern about the fact that ultra-low dose contraception will have limited affordability and, therefore, many women will not be able to use it for cost reasons?

Ms Halton—A number of contraceptive products are available on the PBS. The fact that we have historically been unable, as I understand it, to reach an agreement with, in this case, manufacturers following a process of PBAC consideration is not unique. I think this has already been said, and it is not the purpose of the department to go around actively canvassing for products to bring onto the PBS; basically it is a question of companies approaching us to try and list.

Senator ALLISON—They are hardly likely to apply for this product if four have previously failed the process even though they were approved by the PBAC.

Ms Halton—No, there is nothing predeterminative about this. The issue is cost-effectiveness and whether a company is prepared to list at a price which is consistent with that cost-effectiveness and it has been negotiated.

Senator ALLISON—Will you get back to me with regard to whether the negotiations were beyond the PBAC's recommendation on ultra-low dose contraception?

Ms Huxtable—I will provide you with what information I can.

Senator ALLISON—I have some more questions on the 12½ per cent review, but so does Senator McLucas.

Senator McLUCAS—To finish off on the 12½ per cent review, is it the view of the department that there will be some changes to the policy as a result of the review?

Ms Huxtable—I do not think I could speculate on the outcome of that review.

Senator McLUCAS—Is there any indication that the 12½ per cent would change?

Ms Halton—Again, we cannot speculate on that.

Senator McLUCAS—Is there a potential that there could be an exemption of some drugs from the policy?

Ms Halton—Again, we cannot speculate. I am not aware of it, but we cannot speculate as to what may or may not happen.

Senator McLUCAS—Ms Huxtable, I already asked you about the length of the review and you said you do not know how long it is going to take. In a general sense, is it a 12-month review or will it happen over a couple of months?

Ms Huxtable—I think I said that I expected it to be a three- to four-month review. That is what I would expect, but we are not the only ones who are part of the dialogue, so it will depend on what comes out of discussions with industry.

Ms Halton—I would say six months, to be safe.

Senator McLUCAS—Thank you.

Ms Halton—I have just been accused of having little faith!

Senator MOORE—I have some questions on the 20-day rule, the change that was brought in. Ms Huxtable, the legislation committee looked at this legislative change, and it has now come in. Is the department aware of concerns that have been raised about the implementation of this change?

Ms Huxtable—Certainly issues have been raised with us leading up to and following that. Some of those issues have been raised by pharmacists and there is some correspondence, I have been advised, from others. It is still early days.

Senator MOORE—Yes, it is.

Ms Huxtable—It took effect from 1 January.

Senator MOORE—What is the process from now on? We had the process of the change coming in. We had the investigation and those issues were canvassed during the legislative process. It has now come in. What happens now with the interaction with the pharmacists, because they have been expressing their concerns about the implementation? Is it just a matter of them writing to the complaints area of your department, their local politicians or the minister? Is that the only way or was there another form of consultation?

Ms Huxtable—This was a budget measure. In responding to some of these concerns we have been keen to restate the objectives of the policy and correct any misunderstanding about the policy. In the process of implementing this policy, you would be aware that a range of medicines were exempt from the policy. We are just responding to the questions and issues that are raised with us at this point.

Senator MOORE—One of the things we talked about during the preliminary round was the education and awareness need that would have to be addressed across the board but in particular for doctors, pharmacists and the community. Can you give us any details on what process was used when the change occurred?

Ms Huxtable—I have in my folder some materials which have been provided. Medicare Australia would be predominantly responsible for putting out this information to those who are affected by the rule. I do not know if this is the sort of thing I can table, but I will see if I can provide it to you.

Senator MOORE—No. That would be good. Perhaps you can just draw our attention to those, because we have particular concerns about the impact of the change and also about the possibilities for confusion. You would have been aware of the range of issues people were concerned about, such as access to the safety net. In particular, there is the computer system Winifred—have you heard of Winifred, the computer system? I have become quite close to her.

Ms Huxtable—Not by name.

Senator MOORE—This system is one that pharmacists use for their own records, and I am sure it is of interest to the e-health people for getting all the computer systems talking to one another. But it seems there could be a particular issue if drugs are given out and recorded in this system as to what constitutes the actual 20-day period. It could create some confusion about where the 20th day cuts in, the 21st day, the 22nd day—that kind of thing. That particular concern has not been raised with you specifically?

Ms Huxtable—Not directly. I am certainly happy to follow that up with Medicare Australia.

Senator MOORE—That would be very useful, because to me it is a key issue with the distribution process. You can only get the drugs through pharmacies. We raised issues

generally before the change came in about all the things that could be taken into account when people are doing this, and if there is a computer system in common usage that could cause some extra confusion it is something that we need to follow up on.

Ms Huxtable—Also, we need to know whether that is an ongoing issue or whether it was an issue at the point of transition.

Senator MOORE—I understand it is ongoing.

Ms Huxtable—I am very happy to follow up on that.

Senator MOORE—That would be good, and if we could get some response back on what you find out.

Ms Huxtable—Sure.

Senator MOORE—Can you remind me so I can get clear in my mind the intent of this legislation: the 20-day rule was to achieve what?

Ms Huxtable—The intention was to discourage stockpiling, to reduce wastage and to reduce risks associated with excess medicines being in the community. I would have to say that there was really no change in the intended prescribing of medicines. It has always been the case that those medicines where there are repeat scripts and where the 20-day rule applies should not be dispensed within that 20-day period. This policy does not mean that a patient cannot get access to that medicine, but that point of access does not count toward their progress to the safety net.

Senator MOORE—So the onus is totally with the patient in terms of the impact.

Ms Huxtable—The patient still accesses the medicine at the copayment rate—in the case of concessionals that is $4.70—but that particular point of access does not count towards the safety net. That is the point of discouragement.

Senator FORSHAW—It is a form of penalty in contrast with an inducement—

Ms Huxtable—I think that would be—

Senator FORSHAW—I know of people who have been to their pharmacist and it has been pointed out to them, 'Look, if you come back in two or three days it will qualify for the safety net.' It could be a financial penalty if they seek to have the prescription made up earlier. They might have a legitimate reason for doing that. They might be going away on holidays or whatever.

Ms Huxtable—And there is already provision in the act, under reg 24, for it to be dispensed more quickly in those circumstances.

Senator MOORE—In terms of a review of this particular change, where it has been introduced and there were issues raised before it came in—it is my understanding that people have still got concerns—is there a formal review time for it? Will there be a 12-month review of how it is going, taking into account the Pharmacy Guild—the GPs in particular, who are the ones who write the prescriptions? Is there a plan for that?

Ms Huxtable—No.

Senator MOORE—Is there a system within your branch to stimulate a review? If there were enough concerns raised, would it be possible to review the implementation?

Ms Huxtable—I think certainly that, to the degree that we get information, we consider that. Many of the things that have been raised with us are about clarifying how the policy is intended to work. I anticipate—and I think we have already seen this—that there will be some dropping off of those issues as people become more used to the new arrangements.

Senator MOORE—That is always the case with new things—breaking down the fear barrier. One of the things we have talked about is the fear aspect, but—

Ms Huxtable—I am sorry, if I could just cut in. For example, a lot of the things that we discussed in the hearing previously, and some of the things that we were dealing with in November-December last year, were around what medicines this would apply to. I think many of those issues have now been resolved to everybody's satisfaction. There was concern that it would apply to medicines where there is not a sort of regular standard repeat regime, and those things have really been put to bed. There are obviously not the complaints now that we were getting early in the piece.

Senator MOORE—Does that mean that when complaints are raised, there continues to be the possibility that things could be resolved?

Ms Huxtable—I would have to say that, in that regard, there was a misunderstanding about how the policy would work. The way the policy was designed, and as it was announced in the budget, was that it was always intended that it would only apply to some long-term therapies, not to every PBS medicine. In that case, it was really a matter of clarifying for people that this was what was always intended. And also it was a matter of people seeing that that was how it was going to be implemented, in case there was any suspicion about a disconnect between what was being said here and what ended up happening. I think those issues are now largely resolved.

Senator MOORE—Is clear information available at the pharmacists counter so that the pharmacists and the client know exactly where they fit when scripts are filled?

Ms Huxtable—Yes, I believe so. I can provide you with copies of what is made available.

Senator FORSHAW—I did not participate in that inquiry and I do not want to go over old ground, but does there have to be 20 clear days between the day a script is filled and the next day a script can be filled? It might seem to be a slightly esoteric or semantic point—

Senator MOORE—It is a very important point.

Senator FORSHAW—But, as we understand it, a concern has been raised that, particularly through the use of this computer system, the 20 days is being interpreted as '20 clear days between the first dispensing and the second dispensing'—so you end up with a 22-day period if you count both days. Is it supposed to be 20 clear days? Is that the interpretation of the provision in the act?

Senator MOORE—That is the Winifred issue. It is Winnie again.

Ms Huxtable—If day zero is the day of dispensing, then day 20 is the day of next dispensing. So it is actually 19 clear days, I think.

Senator MOORE—It is the IT issue.

Senator FORSHAW—The problem is that it is being interpreted by some out-of-control computer somewhere—

Ms Halton—Winifred, I believe. Why is the computer a woman?

Senator FORSHAW—Good question. Hurricanes are, too. I suppose it is because they cause a lot of damage!

Ms Halton—I will certainly look into the Winifred issue.

Senator FORSHAW—I believe this issue may have been raised directly with the minister's office by a member of parliament. If it has been raised with the minister's office, it should have been passed on to you.

Ms Halton—There may be an awareness of it within the division, but I do not personally know of it.

Senator FORSHAW—It seems to be an interpretation of the legislation.

Ms Halton—As I said, I have not heard of it. But the legislation is clear. We will look into it.

Senator McLUCAS—I want to ask about an issue Senator Allison raised which goes to the success rate for new applications to the PBAC. How many applications have been received over the last four years for new listings and new applications—that is, where a cost-benefit analysis has to be undertaken?

Ms Huxtable—Can I take that on notice and think about it?

Ms Halton—It sounds like an easy question to answer. As you would probably understand, the trouble is that sometimes a company puts an application in and then withdraws it, and sometimes a company puts in an application then has a dialogue with the PBAC and resubmits part of it. So trying to decide what a number is in this space—and I think we have talked about this before—is incredibly difficult. Is it a bit like asking how long an application takes.

Ms Huxtable—There would certainly be examples where a company has come to the PBAC, gone through that process, refined its application and come back. Some have a serial engagement with the PBAC, while others just go in and that is it.

Senator McLUCAS—I will ask it in a different way. How many applications have triggered the PBAC to undertake a cost-benefit analysis? I daresay that only happens once per application.

Ms Halton—No, not necessarily.

Senator McLUCAS—So that changes as well, as the discussion continues?

Ms Halton—Yes, sometimes that work will be redone, essentially.

Dr Primrose—The PBAC has to consider three parameters when it makes it evaluation of a pharmaceutical—either a new pharmaceutical for the scheme or a new indication for a drug that is already on the scheme. The first parameters is clinical need: is the underlying disease that is being treated of sufficient severity to have treatment for it subsidised by the public?

The second is comparative effectiveness: how the new treatment compares with existing treatments, which are usually drug treatments but not always. The third parameter that is always considered is cost-effectiveness. So it is a cost-effectiveness analysis rather than a cost-benefit analysis. Typically the output of that analysis is cost per additional life-year gained by the drug or cost per quality adjusted life-year gained.

Senator McLUCAS—So the cost-benefit analysis is iterative as well. Is that what you are suggesting?

Dr Primrose—Yes. Often if companies have been unsuccessful, they will come back with a new application which might target the drug to people who have greater need—in other words, they have a greater risk of developing a major complication or death than the overall patient population. A cancer drug would be a good one. Rather than applying for all patients with this particular type of cancer, they would be looking at a subset of patients who fail other conventional treatments and so those people are at higher risk of succumbing to the disease and therefore the drug may be more cost-effective in that group.

Senator McLUCAS—Is it true that the manufacturer of Enbrel has been asked to 'value add' to 'assist Finance in the preparation of the cabinet submission'.

Ms Halton—From what are you quoting, Senator?

Senator McLUCAS—From my briefing paper.

Ms Halton—So not a document in the public arena. Just checking.

Ms Huxtable—I am not sure what the question was about Enbrel.

Senator McLUCAS—Has the manufacture of Enbrel been asked to value add? And what does 'value add' mean?

Ms Halton—The answer is no, Senator. Are we in an ongoing process of discussing with the manufacturer of Enbrel a request that they currently have in play and whether or not that request meets all the requirements? Yes, we are. The notion of value adding does not mean anything to us, but in terms of what they have brought forward and whether or not that meets all of the requirements is under active consideration.

Senator McLUCAS—What does Enbrel do? What is it used for?

Ms Huxtable—A number of things.

Ms Halton—Dr Primrose can give you all the technical answers.

Dr Primrose—Etanercept—the trade name is Enbrel—is a tissue necrosis factor inhibitor. It acts to block a substance that is produced locally by lymphocytes that causes damage to tissue. Where this is particularly relevant is for inflammatory arthritis, particularly rheumatoid arthritis, for which it is already subsidised on the PBS, after conventional treatments have failed. I think what you are talking about at the moment is psoriatic arthritis, which is a rare complication of the common skin condition psoriasis. They are the types of diseases. There may be other automatic-immune diseases for which etanercept may be useful in the future, once the clinical trial program is completed.

Senator McLUCAS—So you are not used to that language, Ms Huxtable—value adding so that Finance would be assisted in the preparation of the submission to cabinet?

Ms Halton—To start with, Finance does not prepare a submission, Senator; we do. At the end of the day, with proposals that come forward from a company on price and conditions—we talked earlier about the need to ensure, particularly with some medications where it is possible to specifically target who is most likely to benefit—we are looking to ensure that we manage risk to the PBS. We do that and I have to say we get good cooperation from the companies in that respect. The fact that we have an ongoing discussion with this particular company I do not regard as unusual.

Senator McLUCAS—You are going to provide some answers to Senator Allison on the proportion of approved applications and what their status is?

Ms Halton—I believe we are going back over the last few years and categorising the PBAC recommendations that have not resulted in a listing, to the degree that that information is available in the public domain.

Senator McLUCAS—Can you give us an indication of the time taken between the PBAC recommendation and cabinet approval for certain numbers of them?

Ms Halton—Again, the process is that following the PBAC consideration there can be a variety of matters to be discussed—price, specific targeting, utilisation et cetera. So it may well be not a particularly good measure. We can do it but there will be a reason in each case why something has taken a certain time, which will not necessarily be explainable, based on the raw data.

Ms Huxtable—I think it would be misleading to provide averages in that regard because the reality is that there will be a range.

Senator McLUCAS—There is only a certain group of drugs that have to go to cabinet. I think it is a $10 million trigger, is it not?

Ms Halton—That is right.

Ms Huxtable—Yes.

Senator McLUCAS—It is that group that I am wanting to know about.

Ms Halton—The high-cost drugs?

Senator McLUCAS—Yes. What is the time for each of them between essentially leaving the department and achieving approval.

Ms Halton—The PBAC and leaving the department are not the same thing.

Senator McLUCAS—Okay—leaving the department and being placed on the PBS. Is that reasonable?

Ms Huxtable—I am not sure about the concept of leaving the department. The process is that there is a PBAC recommendation. There is then work done within the department with the company, preparation of material for cabinet and submission to government. At that point there may be a decision and an announcement or there may be further discussions with the company in regard to risk sharing arrangements or the like. It is quite a complicated terrain.

Ms Halton—If the fundamental contention here is that somehow this process is used to slow drugs being put on the PBS, it have to say to you that I do not think that is the case.

Senator McLUCAS—I am trying to test that. Let us get some data that shows the price-volume negotiations, you get to a point where the department has an arrangement with the manufacturer and there is a point where that is then transferred to the minister.

Ms Halton—Yes, so the issue is: what is that period?

Senator McLUCAS—From that point to approval, could you give us an indication of how long it takes for each high-cost drug? It is all in the public arena now, so they are named.

Ms Halton—Assuming we have the records, Senator. We will have to look to see whether we have a standard way of measuring that, but we will see what we can do.

Senator ALLISON—I do not know whether it is possible to receive other information in that process—that is, where the cost recommended by the PBAC changes during that process, if you know what I mean. I would be interested to know how many of those drugs are negotiated down from the recommended price by the PBAC.

Ms Halton—I am struggling with how we will operationalise that. Essentially the PBAC have a view on cost-effectiveness and then we negotiate on price and on the targeting of a drug—assuming in most of these cases that we know who the drug should be targeted to. I cannot think of a circumstances where we have listed and where it has been above the range of what the PBAC has considered. I do not know which drugs are going to fall into the category you have nominated.

Senator ALLISON—The reason I ask this is because you indicated earlier that ultra-low-dose contraceptives have not been listed, and you are going to get back to us about whether the price at which they were approved by the PBAC for cost-effectiveness differed by the time the negotiations took place with the applicants.

Ms Halton—We need to go back and have a look at these particular cases. Essentially it is the case, as we understand it, that if the PBAC recommends for listing then it is just a question of us finding an acceptable price. If the company then came in and asked for a higher price than was anticipated by the PBAC—

Senator ALLISON—I understand that. But you understand why we are interested in this. It would be possible through this price negotiation for none of these drugs to be made available just because the product does not meet whatever you, the department or the minister or cabinet, decide should be the price for them, as opposed to the PBAC and its cost-effectiveness. Presumably it says: 'Here is the price. Is it cost-effective at that price? Yes or no.'

Ms Halton—No, we need to understand there is another concept in here, and that is the question of the individual cost versus the total cost. For example, PBAC comes to a view and says, 'In this target patient population on these indications, yes, we will give this a tick.' But then we need to find a way of making sure, firstly, that the price is acceptable but then, secondly, that the aggregate of expenditure on that product is not going to be greater than we anticipate because it ends up being used in a way we did not anticipate.

Senator ALLISON—Leakage. I understand leakage.

Ms Halton—Yes, leakage, so 300,000 people start using this product instead of the 150,000 or the 100,000 that we believe is clinically appropriate or estimated.

Senator ALLISON—So part of your negotiations is not just cost but about how we prevent leakage.

Ms Halton—Yes, which is the aggregate of cost, of course.

Ms Huxtable—Which is the concept of having some sort of cap. So there is an expectation agreed between government and the company about what the cap or ceiling of expenditure is likely to be. Then we often have some arrangement that if it exceeds that then there is some rebate back to government with regard to usage over and above that. I would say that these risk-sharing arrangements are evolving. They are more prevalent now than they probably were in the past.

Ms Halton—Very much so.

Ms Huxtable—And we are finetuning some of those things in discussions with the industry. But certainly the intent is that the total exposure is in the order of that which was expected at the time the PBAC recommended that this drug be listed. So utilisation is a really important part of that discussion.

Senator McLUCAS—Can I come back to the 12½ per cent review. Was that slated from the beginning? Was it always proposed that there would be a review at this point in time?

Ms Huxtable—Yes, there was a commitment early on to review that policy after a year.

Senator McLUCAS—After 12 months?

Ms Huxtable—Yes.

Senator McLUCAS—Could you explain the six plus six or the six and six policy?

Ms Halton—More detail, Senator: six plus six? I know about five and five—that is about female secretaries—but with six plus six I am struggling.

Senator McLUCAS—Is it a policy of the department that six weeks prior to a budget and six weeks after a budget a submission cannot be made to cabinet for the listing of a pharmaceutical?

Ms Halton—I do not think the minus six is part of that six plus six. The first six is relevant. We take things to cabinet right in the run-up to the budget. I know from this budget, because I tested it on several occasions, that the final print deadline for the budget was the weekend before the actual budget. Any decisions taken up until then were in the budget documentation. You would be aware that, under the Charter of Budget Honesty, governments do not take decisions in the period immediately after a budget. If they could have reasonably been expected to know that they were going to take that decision, they therefore should have published the details of such a decision in the budget. Essentially, there is no prohibition on us bringing forward a submission in the run-up to a budget, just as we currently do. Anything can get into the budget right up until the close of the print deadline, and that is the case. If we have something that is unforeseen it can and does get dealt with in periods immediately after budget. I can think of a couple of circumstances where something has emerged relatively quickly, but it was genuinely unforeseen and those matters get dealt with. In terms of the process that we have for submissions, the practical issue can often be having a cabinet meeting to put something on the agenda for.

Senator McLUCAS—Have you heard of that policy?

Ms Halton—We have never heard of such a policy.

Senator McLUCAS—You have a name for it now.

Ms Halton—Yes, it is a good name. If ever I am to have one, I shall certainly call it that.

Senator ALLISON—How much money is anticipated to have been taken out so far by the 12.5 per cent of the PBS? Do we have figures on that?

Ms Huxtable—No. We have talked about the savings that were anticipated across the four years. Part of the purpose of the review that we are about to undertake is to look at those savings and whether those savings have been achieved in the first year. But we are still doing the analysis around that. Obviously, we are still part way through the financial year in which this policy has taken effect for the first time. We are still working through that, but that will be part of that discussion we have with industry as part of the review. The review of savings is the foundation of that discussion.

Senator ALLISON—Is it possible to give us some figures on how much has been paid in the special patient contributions on medicines so far? I did ask you some questions about which ones.

Ms Huxtable—I would have to take that on notice. Medicare Australia, I am sure, would have that information.

Senator ALLISON—Do we know how many have sought and received exemptions through their doctor?

Ms Huxtable—We will get that information at the same time.

Senator ALLISON—Have you received any feedback from the doctors on how difficult or how much of a nuisance, if I can put it that way, dealing with the exemptions has been? Are there some doctors who are not doing it?

Ms Huxtable—I am certainly not aware of that specific issue being raised. In the case of most of these medicines, perhaps even all, they are authority medicines in any event. So, in any event, they would have to ring up to get authority. This is part of that authority phone call they would be making anyway. Certainly it has not been raised with me and I am not aware of it being raised within the division.

Senator ALLISON—Do you have a sense yet whether most of the 12 per cent saving is coming from patented products or most from generics?

Ms Halton—No, we do not make any distinction. Until we have looked at the issue, as we have said we will, I do not think we should speculate. We have not considered it.

Senator ALLISON—We would expect that to come through.

Ms Halton—Potentially. It depends. As Ms Huxtable has indicated, we do not make that distinction and whether we will go to that fine level of analysis when we do look at it, I cannot yet anticipate, but we will certainly be minded of your interest.

Senator ALLISON—Can I ask you how the 12 per cent works with a new drug to be brought to Australia which is already a generic? Does the 12 per cent still apply to it if another

generic then is applied for? I know we are moving from patented to generics, and that is what this whole program is about. I am sure this is fairly rare, but nonetheless, how does it apply?

Ms Halton—If I explain how it works, that might answer the questions. Within a reference pricing group, the first generic to come into that group triggers the 12.5 per cent and it applies once only to that group. In a group you have something on patent, and it goes off patent. A generic manufacturer comes along and says, 'Right, I will now apply to list my generic version of'—whatever.

Senator ALLISON—But I am talking about the circumstances where we do not start with a patented drug. We do not have the patented drug here, for instance.

Ms Halton—You are talking about a group which is not patented?

Senator ALLISON—Has been, but is no longer. The generic drug is applied for through the TGA. They need to put in their fee of $200,000 to get it approved. And then does the 12.5 per cent apply from day one?

Ms Halton—It is just a new brand of an existing drug.

Senator ALLISON—Yes, but not an existing drug in this country.

Ms Huxtable—But then it won't be on the PBS, will it?

Senator ALLISON—Correct.

Ms Huxtable—So it won't be in the reference pricing group.

Ms Halton—So what you are basically saying is—I have to say I don't think there is such a thing but I could be corrected. There is a chemical entity which is not currently on the PBS—

Senator ALLISON—Correct.

Ms Halton—When somebody first applies to get it registered, and when they first apply to have it listed on the PBS, and it is not in any other group, does 12.5 per cent apply? The answer to that is no, because it is not in another group. So it comes on at whatever price is agreed.

Senator ALLISON—What if another generic manufacturer competitor joins the market and goes through the same process, which may take place in a matter of weeks or months or whatever, does the 12.5 per cent again apply?

Ms Huxtable—If there is a drug or a molecule that has been listed on the PBS and it is sitting on its own in its own class, there is then an application to the PBAC for a new drug which is equivalent to that drug and it is cost minimised to that drug.

Ms Halton—So it is a new brand of the same drug. If this new thing, in a new group, is already an off-patent product, I think the answer is no, but I have to say I think the likelihood of this is zero.

Senator ALLISON—Nonetheless, we need to know how it works should it not be zero.

Ms Halton—Sure.

Ms Campion—Senator, just going back to your example, with the first drug that came in, it wouldn't have triggered the 12.5 per cent because it was the first drug of that type. If subsequently a generic version of that same drug were to apply to be listed, it would trigger the 12.5 per cent because it is a new brand of the drug.

Senator ALLISON—That is precisely my question. It does trigger it. It does not trigger it in the first listing. But the second listing, which may be only a matter of a week or two, or a day, for that matter, would trigger the 12.5 per cent.

Ms Campion—It is a new brand of that originally listed drug, yes it would.

Ms Halton—And the originally listed drug is off patent.

Senator ALLISON—Correct.

Ms Halton—Which we think is highly improbable. I am hard-pressed to think of what such a drug would be.

Senator ALLISON—Let me prompt you with mifepristone. It may end up in a group with something else.

Ms Halton—Let us not speculate about that particular drug.

Senator ALLISON—It is it not entirely hypothetical, nor speculative.

Ms Halton—It is in terms of how the PBAC might treat it.

Senator ALLISON—There is an alternative to the PBAC?

Ms Halton—No, we don't speculate about the how the PBAC might regard any particular product coming forward, whether we put it will put in a group or something else.

Senator ALLISON—What we are dealing with here is what is the law and not the PBAC's way of dealing with it. If the act says that the 12½ per cent applies if another generic comes along, then that is what happens. What has it got to do with the PBAC?

Ms Huxtable—We are talking in this case about how the 12½ per cent policy works. It is not in the act. It is through administrative guideline, but that is by the by. We are talking about the administrative process around that.

Senator ALLISON—Does that administrative process allow for some exemptions or some exceptions or variations?

Ms Campion—Yes; we have a guideline developed that we have disseminated to the industry which indicates what particular situations will trigger the 12½ per cent occurring and when the 12½ per cent won't apply and also when the 12½ per cent will flow on to other drugs to which it is linked or which are linked to the drug that is triggering the 12½ per cent.

Senator ALLISON—Can you take me through the processes then that might lead to a decision other than applying the 12 ½ per cent might make? Who makes that decision?

Ms Campion—The administrative guideline defines the two situations where the 12½ per cent will be triggered, which is a new generic brand, or a new pseudo-generic. So a pseudo-generic is where it is still on patent but there is a licensing agreement between the patent holder and the new company. So those are the situations where it will be triggered. If it does not meet those criteria, then the 12½ per cent is not triggered. So no reduction is required.

Senator ALLISON—Would you go through that again? I did not quite catch that process.

Ms Campion—If the new brand to be listed is not a new generic brand, that is, the drug is still on patent—

Senator ALLISON—Which is not the case, not what I am asking about.

Ms Campion—Or not a new pseudo-generic, so it is not a licensing agreement between two companies, then the 12½ per cent will not be triggered.

Senator ALLISON—I still do not understand; I am sorry.

Ms Halton—This is actually phenomenonally complicated, Senator.

Senator ALLISON—Obviously.

Ms Campion—We can provide you with a copy of the administrative guideline, if that would help. I don't think we've got one here to table, unfortunately.

Senator ALLISON—Just say it again, and I'll really focus on it.

Ms Campion—New brands can take a variety of forms. I guess that is what we are talking about. The 12 ½ per cent only applies to a sub group of new brands that apply to be listed on the PBS. It is truly a new generic brand of a drug. It goes back to that patent issue: is the drug still on patent or is it not? If it is on patent, and it is a new brand, then it does not trigger the 12½ per cent. The other situation, as I said, is a pseudo-generic. So if it is a new brand that is a result of a licensing arrangement between a patent holder—

Senator ALLISON—So there is no scope for a variation on the basis of it being a new brand but off patent, and then a subsequent new brand of the same drug also being off patent. There is no scope for any variation to the 12½ per cent applying once that second new brand comes into play?

Ms Campion—No.

Senator ALLISON—So there are no exemptions whatsoever.

Ms Campion—No. The only exception would be if the 12½ per cent has already applied to that—

Senator ALLISON—Which wouldn't be the case in the situation I described.

Ms Campion—No.

Ms Halton—If it were a brand new class second brand it applies. If it is off patent.

Senator ALLISON—You have said there are no exemptions to it, so there are no exemptions. Under any circumstances?

Ms Halton—Not that we have had yet, Senator. We will give you a copy of the guidelines, if you like.

Senator ALLISON—Just to be clear, in those circumstances, the second brand, provided it was bioequivalent, would not need to go through the TGA process. There would not be a reason to—

Ms Halton—There is still a TGA process.

Senator ALLISON—It would still be $200,000 to go through that process, regardless?

Ms Halton—I cannot give you precise figures because they keep updating their schedule, but essentially they have to demonstrate to the TGA's satisfaction that the manufacturing process is acceptable and, indeed, that the chemical entity is actually contained at the relevant strength in the product they wish to bring to the market. So there is a registration fee. Precisely what it is I cannot tell you off the top of my head.

Senator ALLISON—But presumably it would be lower than for the initial application, which has to demonstrate a whole lot of other things as well.

Ms Halton—The first registration application for a product is obviously a more onerous process because you have to demonstrate a whole series of things, but the reality is we do have basically a piggybacking of the same entity if it is moving from—

Senator ALLISON—The TGA will be able to tell us about the different fee structures.

Ms Halton—Yes, they can tell you the costs, absolutely.

Senator ALLISON—We will go to them.

Senator McLUCAS—I want to ask about progress on the listing of statins for an expanded group. I understand there was a report of the PBAC in June 2004 that recommended access to statins for an increased group—I think it is people with high risk of heart disease. Can you remind us about the June 2004 recommendation?

Ms Huxtable—There was some work done by the PBAC that was finalised around the middle of 2004 which looked at the criteria around the lipid-lowering drugs. I am not aware that the outcome of that work has actually been made public, though. I do not believe it has. Government has not yet finalised its consideration of that report.

Senator McLUCAS—Are you aware of a letter from 17 cardiologists that has been sent to the minister about this issue?

Ms Huxtable—I have seen a copy of that letter. I think it came in around last Friday.

Senator McLUCAS—Yes. Is the letter correct when it says, 'Since providing the PBAC with the above recommendations,' which were that statins be provided for three specific patient groups at high risk, 'there have been further studies done that prove the benefit of lipid-lowering drugs and the importance of making them more widely available to patients at risk'?

Ms Huxtable—I have a copy of the letter here.

Senator McLUCAS—This is at the top of page 2. The suggestion is that further evidence has come to light even since June 2004 that statins should be more broadly available. Is that correct?

Ms Halton—As Ms Huxtable has indicated, there is no doubt that the PBAC has on several occasions in the recent past—we have already had the conversation about atorvastatin—considered the issues in this area. This particular issue—I have not seen this piece of correspondence; I am about to read it now—is something which the government has under consideration.

Senator McLUCAS—Could you give an indication to the committee of what the saved expenditure is for the delay in listing on the PBS of statins for these indications?

Ms Halton—No, because essentially there are a range of issues in relation to the use of statins which go to a whole series of things. The questions of statins, the 12½ per cent, what has happened with the delinking of some products and the use of statins in a therapeutic sense more broadly are not just issues for the PBS and for the PBAC. So to say there has been a delay is not a contention which I would agree with prima facie. The reality is there has been a range of evidence over a period of time sought about a whole range of things to do with statins, including, as I have indicated, particular products that are already there and the utilisation that they have and they should have. So to say there has been a delay in something I think is just not accurate.

Senator McLUCAS—But there was a recommendation in June 2004 for increased access to statins by people at risk of heart disease.

Ms Halton—No.

Senator McLUCAS—Those indications have not been approved to go on the PBS?

Ms Halton—No. This correspondence talks about recommendations made by a forum. Fora are quite at liberty to make a whole series of recommendations. The process of considering recommendations and acting on them does not necessarily come at the discretion, in terms of timing, of this specific forum.

Senator McLUCAS—Who called that forum together?

Ms Halton—On that I am not sure. I would have to take that on notice.

Ms Huxtable—The PBAC.

Senator McLUCAS—And the purpose of it? The forum of cardiologists was pulled together on request from the PBAC for what purpose?

Ms Huxtable—The purpose was to look at the use and cost-effectiveness of lipid-lowering drugs.

Senator McLUCAS—So asking the question: would it be useful to increase access by a larger group of people to these statins?

Ms Huxtable—I was not at the forum. I do not know exactly how it was conducted. But my understanding is that the PBAC was interested in looking at the appropriateness of the current thresholds, the appropriateness of the existing models that look at risk with regard to the use of lipids and the cost-effectiveness implications of those things.

Senator McLUCAS—So the forum made a series of recommendations to the PBAC. Is that right?

Ms Huxtable—I am not sure of the exact status of those things but certainly there was an engagement with specialists and stakeholders in the area, which formed part of the information that the PBAC considered when going to government with regard to those things.

Senator McLUCAS—Has the PBAC, following that forum, made a recommendation to government about increasing the access to statins of people with potential heart disease?

Ms Huxtable—As I said, I do not think that what the PBAC said in this regard is publicly available because it is still being considered by government. This is different from the PBAC considering our listings. This was another piece of work they were asked to do by government that does not fall within their—

Ms Halton— Normal ambit.

Ms Huxtable—It is their broader role, rather than their specific listing role.

Senator McLUCAS—This is not following an application by manufacturers.

Ms Huxtable—No. That is right.

Senator McLUCAS—This is being instigated by government. Did cabinet ask the PBAC to do this work?

Ms Halton— The government asked.

Senator McLUCAS—This falls out of the normal advices. When the PBAC makes a decision about an application, that is public, I understand.

Ms Huxtable—Yes, that is right. From time to time the PBAC has asked its views about specific things to inform government, in government itself coming to a view about those things. That is different from PBAC making a recommendation with regard to the listing of a particular drug.

Senator McLUCAS—Can I take it that PBAC has not recommended increased access to these statins for people with high risk of heart disease?

Ms Halton—You cannot take anything, Senator, because the matter is with government for consideration.

Senator McLUCAS—Thank you.

Senator ADAMS—My question relates to some updating on herceptin for early breast cancer patients. Has the TGA reported in its evaluation? When will a decision be made on whether it is on the PBS?

Ms Huxtable—There has been an application for hercerptin to be listed on the PBS, which will be considered at the July PBAC meeting. In regard to the TGA evaluation, a preconsideration of a consideration by the PBAC is the drug has been approved for marketing by the TGA. I am pretty sure it is public knowledge that that has occurred.

Senator ADAMS—It is available now, but it is about the availability for early breast cancer?

Ms Huxtable—Yes, it is available now for late stage breast cancer. The PBAC will obviously be looking at that application at its July meeting.

Proceedings suspended from 12.41 p.m. to 1.52 p.m.

Australian Radiation Protection and Nuclear Safety Agency

CHAIR—The committee will now deal with ARPANSA, and I welcome Dr Loy.

Senator FORSHAW—Dr Loy, I want to take up with you a few of the comments and observations you made in your annual report. I do not think we have seen you at estimates

since June last year due to time pressures which meant that we were not able to deal with ARPANSA on the last two occasions. Firstly, I note that on page 10—I believe you have a copy of the report with you—you made the statement that you hoped that the second edition of the *National Directory for Radiation Protection* and codes of practice would be approved by the Radiation Health Committee and that a mining code and codes of practice in radiotherapy, dentistry and veterinary practice would have been published.

You also went on to say you were overly optimistic in expecting that a second edition of the national directory could have been published during 2004-05. You went on further to say that a condition was imposed on the approval of the first edition by the Australian Health Ministers Conference that required a revised regulatory impact statement. Could you tell me where each of the various directories and codes of practice are at? What has been approved, what is pending approval, what is with the minister and will they be completed within the current financial year?

Dr Loy—Just as background, the *National Directory for Radiation Protection* is meant to be the template for national uniformity of radiation protection in Australia, so it is a document that has to be agreed with all the states and territories and is subject to a regulatory impact statement assessment process. That makes it all quite complicated to achieve.

The first edition has now finally been through all the hurdles. As I said in the annual report, ministers asked for further work on the regulatory impact statement. That has been done, it has been back to ministers and they have now finally signed off on the first edition of the national directory, which sets the basic framework and a number of the important parts of the directory. With the second edition, the Radiation Health Committee has agreed the great bulk of the content. There are still some issues to be finalised that will go to the next meeting of the Radiation Health Committee in July and then it will be out for public comment, together with the regulatory impact statement.

Senator FORSHAW—What is the substantial difference between the first and second editions?

Dr Loy—It is filling out more detail. The first edition established the framework and the second edition, if you like, is putting more flesh on the bones.

Senator FORSHAW—So it is not a replacement—

Dr Loy—No.

Senator FORSHAW—It is complementary.

Dr Loy—That is right. It is a further step down the road to national uniformity, if you will. One of the difficult issues is the degree of coverage of non-ionising radiation to be undertaken in the national directory. That is still something that is pretty new to most states and territories and there is still a fair debate about how far we go with that. It will certainly cover mining and minerals processing because the code of practice on radiation protection in mining and minerals processing has now been agreed and published. The major ones that are still under development are—

Senator FORSHAW—I am sorry, what was that you just said about the mining and minerals processing?

Dr Loy—The first edition of the directory did not apply to mining and minerals processing because there was a new code of practice still under development. That has subsequently been completed. Of course, states and territories can pick it up anyway, but it will be included in the second edition of the national directory.

Senator FORSHAW—I was going to go on and ask you about that. So the code of practice for radiation protection and radioactive waste management in mining and mineral processing has now been completed?

Dr Loy—Completed and published. In relation to the major ones outstanding, we have completed one on dentistry, but the major medical codes of practice—radiotherapy, diagnostic radiology and nuclear medicine—are in an advanced stage. They are essentially completed, but the regulatory impact statement process is taking time to be completed. We are going to try and have one regulatory impact statement covering those three codes of practice.

Senator FORSHAW—That is radiotherapy, dentistry and veterinary?

Dr Loy—No, that is radiotherapy, nuclear medicine and radiology. Dentistry is published. Veterinary practice seems to arouse passions amongst people who are interested in it.

Senator FORSHAW—You said you hoped that it would have been published by now—

Dr Loy—I did.

Senator FORSHAW—so obviously they are very passionate.

Dr Loy—The public comment process brought forth a raft of quite difficult issues to address. We simply have not had the time and resources to address them as yet but, hopefully, we will be able to do so this year.

Senator FORSHAW—In each of these cases, what does the public comment entail? Is it just calling for submissions generally from the public?

Dr Loy—Yes. In each case, once we approve a draft code of practice, we also develop a draft regulatory impact statement, get that approved by the Office of Regulatory Review and then publish the two things together, the draft code of practice and the regulatory impact statement. We call for public submissions, notifying people who we know will be interested, but otherwise it is a public call. The practice is that the working group that has developed the code of practice must take into account all the public comments and provide to the parent committee a response to each of the public comments and how it has dealt with them in the final code of practice that it is putting forward.

Senator FORSHAW—What about the code of practice for security of radioactive sources, which you refer to on page 11? Is that encompassed in any of those others you have just mentioned or is this separate?

Dr Loy—No, that is another new one. That is a general code of practice for dangerous radioactive sources. That has been out for a period of public comment. We have the public comments and the working group developing that code of practice is considering them now.

Senator FORSHAW—I noted you said you were once again too optimistic in expecting that to be completed. You are full of optimism, Dr Loy.

Dr Loy—Yes.

Senator FORSHAW—Again, I say that with respect. I actually do thank you for the summary that you provided on all of that in the report, but it was quite complex in some respects. You also indicated in the report you had sought the advice of the Nuclear Safety Committee on some aspects for the operating licence for the OPAL reactor at Lucas Heights. That was in relation to radioactive waste management and the operating organisation proposed for the reactor. This again is at page 11. Presumably you got that advice. What has happened?

Dr Loy—Yes, I have received that advice. It is available on the ARPANSA web site. I made it available to ANSTO for their comments and received a set of comments from ANSTO, which have also been published on the web site. So that advice is available to me and also in the public arena.

Senator FORSHAW—The radioactive waste management issue is integral to your final approval for the operating licence, isn't it?

Dr Loy—It is certainly one of the major issues, yes.

Senator FORSHAW—What is the latest with the application for the operating licence which has been lodged? I think it was anticipated that it would be finalised in the near future or certainly this year. Related to that of course is whether or not ANSTO will need to make further application for an extension of the HIFAR licence if there is some overrun on time. What is the latest in relation to all that?

Dr Loy—We are certainly at the pointy end of the process. If you like, the last major activity under the construction licence was the cold commissioning of the reactor—that is, the commissioning of all the reactor systems without nuclear fuel. That was completed some time in May. I have received a report from ANSTO on the outcomes of the cold commissioning and, of course, my officers inspected many parts of the cold commissioning and are writing their own assessments of that. A summary of the cold-commissioning report, and a construction and commissioning report are available on our web site. The Nuclear Safety Committee is also getting briefed in detail about the cold commissioning. I think it is meeting on 16 June. It is fair to say that a lot of my technical assessors are still buried under a reasonably small mountain of documents and continuing their assessments, but we are reaching the end game and I anticipate being in a position to be able to make a licence decision in a period that is probably better measured in weeks rather than months.

Senator FORSHAW—You can take my next question on notice—I am trying to rush through my questions in the interests of time and other senators who have questions. I know that a number of public forums were held. Would you provide the committee with a list of the public forums that you held on the application for the operating licence? I am not sure how many there were, but I think there were a number.

Dr Loy—There was one public forum held in Sydney on 8 and 9 December.

Senator FORSHAW—Were there other ones besides that?

Dr Loy—Not for the operating licence, no. There have been two rounds of public submissions, which have now been completed, but there was a public forum in December.

Senator FORSHAW—So there was only the one. I was aware of that one. I thought there were others. There is no need to take it on notice; you have answered that. I do not want to pre-empt your decision, and I am sure you will not tell me what it is going to be anyway. I asked you about the potential for an application by ANSTO for an extension of the HIFAR operating licence. Have you been given any indication that ANSTO may be seeking an extension or has any application been lodged with you in that regard?

Dr Loy—There has been an indication from ANSTO that I guess their planning timetable puts the shutdown at HIFAR into early 2007—from memory, February. That was simply a statement to that effect. If that turns out to be what happens in practice, it really would not give me any significant difficulties

Senator FORSHAW—I know we discussed that at some length back in June last year. Are you able to give me a report on how you have gone with implementing the 19 recommendations of the performance audit by the Australian National Audit Office? I do not expect you to run through each of the 19 now, but maybe you could give me an overall picture and supplement that with some further material, if that is available. You do refer to it in the annual report and that you are hoping to deal with all that in this current year.

Dr Loy—Yes. For the past 12 months I had in place a regulatory review team that was the centre of organising responses to the ANAO recommendations. It completed its work at the end of March. In summary I think we could say that the majority of recommendations we have implemented, but a number are still in progress. Of course, even the ones we have implemented are still matters of continuous improvement. Subsequent to the completion of the regulatory review team's work, I restructured the regulatory area so that there is a regulatory and policy branch that deals overall with the regulatory function; and, separately, a nuclear safety unit that is the centre of technical expertise on nuclear safety. So the regulatory and policy branch are now the leader in further finalising the ANAO recommendations. There is an external committee that works with us to oversee our implementation of the recommendations. We are working with it to bring, if you like, a finality to it by around August this year.

Senator FORSHAW—I also recall from an earlier discussion about the ANAO report that this would involve some extra work for and cost to ARPANSA, which you would have to endeavour to bear internally within the existing budget. I note from your projected figures that you are forecasting a deficit of $536,000 for this year. Can you explain to me the cause of that, how you have managed to accommodate dealing with all of those recommendations and the impact that that has had upon the normal work that you have been otherwise expected to perform?

Dr Loy—The deficit is an artefact of a complicated set of arrangements about our Comcover premium, our insurance premium.

Senator FORSHAW—So it does not relate to—

Dr Loy—No, it was a clawback that was arranged. The Department of Finance and Administration wanted to arrange to claw back some of the excess premium they put in our budget the year before, but they allowed us to run at that loss to overcome it. The readjustment of priorities to tackle the regulatory review team work and further response to

the ANAO recommendations has been managed internally by reorganisation of priorities and some work has simply been put aside.

Senator FORSHAW—What sort of work?

Dr Loy—I really could not be specific. It is just simply a matter of some of the team came out of the corporate area, some of them from the regulatory branch itself. In general, there would have been lower priority work not done, but I could not put my finger on it and say it was precisely this or that.

Senator FORSHAW—Sorry, I have just found that reference to the Comcover premium supplementation. I was slightly askew on that. The other issue I want to touch on is the report prepared by ANSTO for the government and which I understand is going to cabinet. There is a summary on the ANSTO web site. There has been some publicity about it in the last few days. This is about the comparison of nuclear power as against coal for production of electricity. Was ARPANSA consulted by ANSTO or anyone? Did you have any input into the preparation of this report?

Dr Loy—No.

Senator FORSHAW—Were you aware that it was being undertaken by ANSTO?

Dr Loy—I was not, no.

Senator FORSHAW—When did you first find out that it was?

Dr Loy—I think I read it in the paper. That is not to say there might not have been some exchange at officer level, but certainly I was not aware of it, nor did I expect to be.

Senator FORSHAW—Why not?

Dr Loy—The summary of the report indicates that it is an economic analysis of nuclear power versus other energy options, which is not my field.

Senator FORSHAW—But you are charged with the ultimate responsibility of issuing licences under the ARPANSA Act.

Dr Loy—The ARPANSA Act prohibits me from issuing a licence for a nuclear power station.

Senator FORSHAW—That is precisely what I was going to say. At the end of the day, you could have all the studies in the world but under the current legislation you are prohibited from issuing a licence for that.

Dr Loy—And therefore a Commonwealth entity is prohibited from preparing a site and constructing or operating a nuclear power plant.

Senator FORSHAW—I could not have put it better myself, Dr Loy. I would have thought it might have been of some interest to ARPANSA. Again, I am not criticising you. You obviously were not advised about it—that is clear. You are not able to say you cannot recall because you were not advised. I just find it somewhat interesting that ANSTO produces a 400-page report, which you cannot prepare overnight, and at no stage is ARPANSA even made aware that that work is being done—and that work was being done by a consultant to ANSTO. I will no doubt pursue it with ANSTO.

Dr Loy—I will make one remark. If Australia discusses the use of nuclear energy to generate electricity, the issue of the safety of nuclear power plant will obviously be very important in that discussion. I would expect people might ask me what I have to contribute to that part of the discussion. Were that to occur, I would tell them, but ANSTO preparing a report on the economics of nuclear energy is interesting and—

Senator FORSHAW—One of the issues that they went to was apparently—I have not seen the full report—the economics of the safety, that is the insurance cost, of these facilities. I wanted to raise it with you because I wanted to ascertain whether or not ARPANSA have in any way been advised, consulted, informed or asked to make a submission. But clearly you were not.

Dr Loy—Correct.

Senator FORSHAW—Thank you, Dr Loy. That is all I have at the moment.

Senator CROSSIN—I want to go to the issue of the waste dump in the Territory—I could probably sneakily say we might just sort of muck around on this for a little while, given developments here—north of Tennant Creek. Where is the process of finalising the guidelines up to now that public comments have been received?

Dr Loy—Yes, the public comments have been received. I think they are now on our web site as well, though I think we have a promise of a couple more still to come. But we have published the ones we have received so far. The process from hereon in is to examine the draft guidelines in the light of each of those public comments and respond to them. To be honest, all I can say now is that, while I have quickly read the public comments, I really have not had the time to go through and evaluate them at this point simply because of the OPAL licensing project.

Senator CROSSIN—So you personally respond to each of the comments and provide comments back to people who have submitted to you?

Dr Loy—We would prepare a new version of the guidelines and a response to the public comments. That response may be that the comment said, 'Change the guideline this way,' and the answer is, 'The guideline is changed that way,' or it may be some other more discursive response to the comment. But there will be a response to every public comment, and again we will publish that on our web site.

Senator CROSSIN—How long do you expect that process to take?

Dr Loy—I think I have tended to err on the side of optimism too often, but I would expect it to take another—

Senator CROSSIN—By Christmas?

Dr Loy—Certainly, yes. I would talk about another two or three months.

Senator CROSSIN—How many comments or submissions were received?

Dr Loy—I think the total was—and I am going from memory here because I do not have the paper in front of me—of the order of 370. Again, as you would expect in a process like this, the majority of them were the same letter that people had signed. The substantive

submissions numbered about 14 or 15 and, as I said, I think we will be receiving a couple more later.

Senator CROSSIN—I have asked you before about who in fact was sent those guidelines and you have supplied an answer to me: Greenpeace, Friends of the Earth, ACF. As I recall, there were no organisations in the Territory, and the guidelines were not released with a press release. Can you give me an explanation for the lack of action on both parts?

Dr Loy—We certainly were not trying to hide them. That is not the point of the process. To the extent that we can get people to comment on them, that is good from our point of view. So there is no intention to try to sneak them under anybody's radar. The people whom we notified were, if you like, on our list of people we normally notify about issues that we have out for public comment. Of course, we also brought it to the attention of the state and territory regulators through the Radiation Health Committee. So we were operating in our normal style, telling the people whom we normally tell, putting it up on the web site and trying to draw attention to it as far as possible.

Senator CROSSIN—Did you end up sending a copy of the guidelines to the land councils in the Northern Territory? Given that this is a most unusual situation where we have had legislation amended that allows the land councils to nominate a site, were they sent a copy of the guidelines? They would not be your normal constituency, but this has not been a normal process.

Dr Loy—No, I am not aware of their being sent a copy in the first instance. It may have happened subsequently. But, as I said, we are not hiding from anybody. We put this up on the web site and made it something that anyone could respond to.

Senator CROSSIN—So you are saying the land councils subsequently did get the guidelines to comment on?

Dr Loy—We certainly have a public submission from, I believe, the Central Land Council. I might be wrong there, but I believe so.

Senator CROSSIN—You may well have. I am not sure whether it is because you sent the guidelines to them. We also alerted people through the media that they were out there.

Dr Loy—Good.

Senator CROSSIN—I am just wondering whether I am doing your work for you.

Dr Loy—Thank you.

Senator CROSSIN—Will each and every other stage be notified by press release? How will people know when you have actually responded to those responses?

Dr Loy—Given that we have now received a set of public submissions, we know we have another audience that we will communicate with. So, when we have something that is a response to those public comments, we will obviously go back to those people and say, 'Here is our response to your comments,' and inform them of that. Bear in mind this is a piece of the process whereby it is a statement of our regulatory guidance, what we will be looking for in an application from DEST for these facilities. Once we get that application, that will then go through the process laid down in our act.

Senator CROSSIN—Assisted by the guidelines you are now developing; is that right?

Dr Loy—Yes. The guidance is there as guidance both to the people who will assess the application and to the people who make the application so they know the information they need to provide in their application.

Senator CROSSIN—Have you drawn on any other guidelines that have been used internationally?

Dr Loy—Yes. The guidance does draw upon a number of the IAEA safety standards, which are referred to in the document.

Senator CROSSIN—Any other country that has specifically developed guidelines like you have?

Dr Loy—Yes, I think most regulators would have more or less general guidelines on the assessment of radioactive waste management facilities. They would just be done somewhat differently in each jurisdiction, depending on their custom and practice and their legislation approach.

Senator CROSSIN—You have not specifically gone to, say, America or France and modelled your guidelines on theirs?

Dr Loy—No. We are using as a basis, if you like, the internationally drawn-up safety standards in which each of those countries participate. While the specifics of the way the French do things might differ from the way the Americans do things, which differ from the way the Canadians do things, nonetheless the international guidance has been developed as a consensus by all of those countries. So that is really where we primarily look. But there can be value in looking at different countries; I would not deny that.

Senator CROSSIN—In your draft guidelines you mention active institutional control of the site. There is a reference in the guidelines to 'a time period during which institutional controls can be relied upon'. What sorts of information or signage about the site and its contents would be made available at the site should active control break down, for example?

Dr Loy—I think the approach to a repository is that the applicant needs to demonstrate that the material is kept from the environment for a period, and one of the important ways of doing that is to keep control of the site. It is this notion of institutional control. So you would expect there to be systems of people actually being there, fences, gates, access controls and so forth or, if it is a remote site that may not have people there, there would still be some form of remote surveillance, access controls and so on.

At some point into the future you do not rely upon those institutional controls in terms of your demonstration of the safety of the facility. So then it is a question of: if there are no institutional controls, what exposure could occur by means of human intrusion and so on into the remaining radioactivity in the repository? During the period of institutional control you would have expected all the radionuclides with half-lives of, say, up to 30 years to have very significantly decayed. Therefore, it is also a question of: after that, what is the likely or possible exposure of humans if they come upon the repository accidentally? That is the kind of philosophy that is inherent in all of the international guidance: there is a period of strict control of the repository whereby you can be sure that, if you like, there is not access by

people who should not be there; that does not continue or is not assumed to continue for more than, say, something between 100 and 300 years. The applicant needs to say, 'We will keep institutional controls for 150 years,' or 200 years, and that feeds then into the waste that they can accept. Am I making myself clear or just more obscure?

Senator CROSSIN—Yes, you are, having read what I have read about all this in the last 12 months. If an applicant is saying, 'We are going to rely on institutional controls for 50 years,' do you then examine what happens post 50 years to see whether the reliability which is not institutional control is sufficient after that period?

Dr Loy—Yes.

Senator CROSSIN—As part of the licence requirement?

Dr Loy—Yes.

Senator CROSSIN—So they will need to demonstrate ongoing long-term control of the site beyond reliance on institutional control?

Dr Loy—No, it may not be control of the site. It may be that the radioactivity that is there after the period of institutional control, together with the engineered barriers and so on, is such that the material is isolated from the environment and, if there were accidental human intrusion into the repository, there would not be a significant exposure. It is not continued direct control. It is saying, 'After a period, we will assume there is no control.' It is closed.

Senator CROSSIN—Yes.

Dr Loy—Then what would happen if there were human intrusion or what would happen if—

Senator CROSSIN—Will an applicant need to outline what will happen in those instances?

Dr Loy—Yes.

Senator CROSSIN—Are you aware of the report about the radioactive waste leak into the aquifer in Normandy in France?

Dr Loy—No, I am not.

Senator CROSSIN—I will bring it to your attention. Last week it was reported that radioactive waste from a storage site in Normandy in France leaked into the ground water used by dairy cattle. I am just wondering whether your organisation would or should take an interest in that and look at the controls and mechanisms that were in place at that radioactive waste repository, at what has gone wrong and at what that might mean for a repository here in this country. Is that something you would then take up and actively investigate?

Dr Loy—Yes. Certainly, if it is a major incident, it will be reported through a number of mechanisms, both formal and informal, and we will hear about it and look at it.

Senator CROSSIN—The report suggests that the radioactivity in the water is in fact seven times higher than the European safety limit.

Dr Loy—That may be so. That is obviously a regulatory issue. Whether it is a significant health issue is another question.

Senator CROSSIN—When you say you will hear about it through your channels, what happens there? Does the IAEA alert you to that or put out articles in bulletins?

Dr Loy—Yes, all of that. If it is a very significant accident, then there are certainly formal notification mechanisms. If it is a less serious one but still of significance, then it will certainly be written up in various journals and technical magazines and discussed at meetings.

Senator CROSSIN—The radioactivity near the aquifer site was in fact 90 times above the safety limit. I would have thought that was pretty significant. I am just hoping or suggesting that someone in your organisation might actively pursue what has gone wrong.

Dr Loy—We would be happy to pursue it and provide some more information in a response on notice.

Senator CROSSIN—I would have thought it has some fairly significant implications for what is planned for the Territory.

Dr Loy—I am happy to look at the incident and respond to the question on notice.

Senator CROSSIN—I want to revisit one of the issues I raised in February, and that is your comments about the unknown dangers of the waste site of the dump on wildlife. Can I just remind you of your comments in issuing the OPAL reactor construction licence. You expressed grave doubts about the current state of knowledge of the radiation dangers to wildlife, especially in—this is a quote I think from your report—'environments where non-human species are likely to be those most exposed, as may be the case for a waste repository'. You also said, 'I consider that there is not yet an established radiation protection system for non-human species that can be regarded as international best practice.' I also asked you or ARPANSA about this, and answer EO6-021 states that ARPANSA discussed the little-known effects of radiation on flora and fauna in the environment of the long-term waste facility. Do you have any update or can you expand on why there are difficulties in this area?

Dr Loy—To take a step back, the general understanding has been that, if people are protected, non-human species are protected at least at the population level. That is a paraphrase of the authorities of international guidance from the ICRP in 1992. That is not surprising insofar as the major impact of radiation is cancer. It is a statement based upon a degree of understanding and knowledge, but one would have to say that the degree to which the impact of radiation on non-human species has been studied needed a lot more data from then, and certainly a lot more work has been done subsequently. I do not think it has fundamentally challenged that view—that basically if you protect humans then you have protected non-human species at least at the population level.

But the argument is that that is not sufficiently well demonstrated and therefore there should be a process of being able to actually assess the impact of a radiation facility on the non-human species and to directly answer the question that, yes, this species or even this individual animal or plant will not be affected by this amount of radiation. That process is still being worked on. But, if you like, the rough rule of thumb that I have actually put in our regulatory guidance for the radioactive waste management facility of exposures of 1 in 10 millligray per day is, if you like, that—a rough rule of thumb that people think is a reasonable measure for assessing the impact on biota.

More work is being done. There will be a developing international framework which will enable people to answer these questions much more directly and satisfactorily. Nonetheless, the current state of the art is that, while it is still generally regarded that if you protect humans you will protect the non-human environment, you still need to make that assessment in circumstances where there is likely to be more exposure to nonhumans than to humans. The UNSCEAR rough rule of thumb is about right, but obviously you want to refine that over time.

Senator CROSSIN—The developing international framework will be done by the IAEA?

Dr Loy—No, it will be done in the first instance by a group called the International Commission on Radiological Protection, which is kind of the high priesthood of people in radiation protection. A lot of the data, however, is being gathered by some projects funded by the European Commission. They have completed one large project and are completing another. But the kind of framework, if you like, for actually dealing with the issue is being worked on by the International Commission on Radiological Protection.

Senator CROSSIN—If we talk about site-specific assessments and screening tests on flora and fauna being needed to give an indication of whether there is a potential problem, what kinds of screening tests are we talking about, and will that require groundbreaking research that might cover specific Northern Territory species found in these regions?

Dr Loy—I think the view I take is you would need to do some estimates based upon reasonably approximate screening tools. If a particular area were occupied by some form of desert rat, you would not necessarily examine in great detail the habits of that animal, but you might do a conservative assumption about what such an animal of such size and shape might eat and what its habits are and estimate the dose that such an animal might receive. If you get close to that screening level that I have talked about, then you would need to do more detailed work. If you are a long way from it, then I would say you have demonstrated that it is highly unlikely that further work will tell you much more.

Senator CROSSIN—Given the potential that this site, which is one of three or maybe four areas that have been talked about, will be smack bang in the middle of an area where people actually rely on food from it, particularly all forms of reptiles—

Dr Loy—That is a different issue, if I might interrupt. That is the impact on humans. One of the ways humans might receive doses is by consuming food from the area. But that is the impact on humans.

Senator CROSSIN—So there are two things here: the impact of the radiation on the animals in the area and the impact of the radiation on animals that humans may well eat. Is that correct?

Dr Loy—Correct.

Senator CROSSIN—What sorts of tests or research will be done to look at both of those potential impacts?

Dr Loy—If you were in an area where it was known that people might consume food, plants or animals, you would need to do some estimate of the dose they would receive from doing that, based upon the estimates of what radioactivity might be in the environment as a

result of the repository and what dose people would then receive. There are very well-structured and well-known models for doing this. So that is not new science or anything particularly complex. But it would certainly need to be done if you knew that that was an issue for the particular site.

Senator CROSSIN—Would you look for evidence that research has been done before you issued a licence?

Dr Loy—Yes, that would be an important part of the safety case the proponent would be presenting.

Senator CROSSIN—In answer EO6-021 that you gave me you also say: ... contamination of plants and animals which are part of 'bush tucker food' would be assessed as part of the impact on humans.

You have just explained that. What are the effects of eating contaminated food?

Dr Loy—It gives you a dose of radiation. If the material has radioactivity in it and you ingest that, then it will give you a dose of radiation while it is in your system. You can estimate how much that dose of radiation will be by knowing the radionuclides involved and having models of how long food stays in people and provides a dose to them.

CHAIR—Senator Crossin, we have another 15 minutes and there are two other senators waiting to ask questions.

Senator CROSSIN—I have two questions.

CHAIR—Okay. Finish them off, please.

Senator CROSSIN—In relation to the emphasis on species that might be especially at risk, are we talking about species that are more vulnerable to radiation or do we not know that?

Dr Loy—There is a general understanding of the vulnerability of animals and plants to radiation. I guess, in the overall environmental assessment, it is conceivable—and I am not saying it will happen in any of these places—there would be an endangered species there.

Senator CROSSIN—Plenty in the area we are talking about.

Dr Loy—Obviously you would want to look at that specifically. That is not saying they are more or less in danger from radiation; it is just that if they are already endangered then it would be beholden upon people to examine them more closely.

Senator CROSSIN—You will be looking for evidence that all of those aspects have been addressed in any application for a licence?

Dr Loy—Yes.

Senator CROSSIN—The ANSTO Amendment Bill, which is currently before the parliament, permits ANSTO to condition, manage and store other radioactive materials, including radioactive waste arising from the overseas reprocessing, of course, of ANSTO's own spent fuel. The casks, I take it, from France and Scotland could be legally stored at Lucas Heights while preparation of the temporary store proceeds in the Northern Territory. Would that satisfy ARPANSA's concerns about substantial progress being made to house the waste before you grant the OPAL licence?

Dr Loy—I do not think it is one thing or another in that sense. I guess it was probably everybody's understanding that what returned from Dounreay and COGEMA was ANSTO's 'waste' and therefore could have been stored at Lucas Heights anyway. However, legal opinion said that they are not the same molecules that left Australia but different molecules and therefore may not be ANSTO's waste and hence the need for the amendment. I do not think that in itself fundamentally changes anything.

Senator CROSSIN—But this specifically allows ANSTO to store the waste at Lucas Heights if the dump is not built.

Dr Loy—Yes, and I think that is a sensible thing to do.

Senator CROSSIN—Doesn't that in itself not satisfy your statements now for quite a while that you would want to be satisfied that substantial progress is being made towards housing this waste? That is pretty substantial progress, isn't it, if you are going to store it back in Sydney?

Dr Loy—No. In terms of the picture that is being presented by ANSTO and by the government in the context of the OPAL application, the intention is that those materials will go to the store in the Northern Territory. If it were necessary or convenient for them to pass by Lucas Heights and be stored there for a small period, then that would seem sensible to me. But the overall policy intention is for them to be transferred to the facility in the Northern Territory.

Senator CROSSIN—It might seem sensible to you, but does it satisfy your requirement that you would want to see substantial movement towards storing that waste in order to issue the licence?

Dr Loy—All I can say is that you will have to wait and see. I am sorry to sound flippant but, honestly, that is part of my decision making in terms of the licence. I am in the midst of thinking all that through.

Senator NETTLE—I have some questions about 3G mobile phone towers and how the emission levels standards in Australia compare internationally. I have seen some reports suggesting that China has an emission level set at 10 times lower than the ARPANSA standard and Switzerland has one eight times lower. Can you comment on how our levels compare internationally.

Dr Loy—I can do that to some extent, though if you wanted a more detailed answer I would probably need to give you one on notice. But, briefly, our standard is very similar to the standard that is promulgated by the International Commission on Non-Ionising Radiation Protection, which are the group of the great and the good in terms of scientific knowledge about non-ionising radiation protection. They have published their proposals for a standard. Essentially, our standard is the same. There is some technical detail, but it is basically the same.

My understanding is, like yours, that there are some countries with significantly lower standards. There is some question about whether they actually enforce those standards. But my understanding is that a number of countries—and I think China is amongst them—do have a lower standard. When I say 'lower', that is the exposure levels are more restrictive. In

developing the Australian standard, we did a lot of work in looking into the literature on health effects of radio frequency radiation and made the decision that, by and large, the ICNIRP level standards were the appropriate ones.

Senator NETTLE—I understand there has been some change in that the level used to be around 200 and is now 1,000. Is that correct?

Dr Loy—This goes back quite a long way in terms of the existence of an earlier interim Australian standard by Standards Australia which at some frequencies was more restrictive than the standard that we have ultimately adopted. Again, that was looked at in the development of the ARPANSA standard and it was regarded as saying there was not a good scientific basis for that level. So the levels that we have adopted in the ARPANSA standard we regarded, after some detailed examination, as being appropriate.

Senator NETTLE—When did that change occur?

Dr Loy—Senator Allison will probably remember a lot of this stuff about the RF standard. Certainly there was a Senate committee that looked at it in some detail. So I think we are talking about 2001. If I am a year out, do not hold it against me.

Senator NETTLE—Was there a relaxation in limits before 3G technology was introduced to Australia.

Dr Loy—The Australian standard was certainly in force well before 3G was being implemented.

Senator NETTLE—Do you mean the original lower standard or the subsequent—

Dr Loy—I will call it the ARPANSA standard—not necessarily out of ownership, but it is an ARPANSA publication. So the ARPANSA standard was in force prior to 3G implementation. Of course, it is derived from or it is largely similar to the ICNIRP standard, which was developed well before 3G was probably even thought of.

Senator ALLISON—We did anticipate 3G. We knew 3G was coming at that stage.

Dr Loy—Yes, perhaps. But the point is it was looked at in immense detail by a group of people who worked enormously hard and looked at a vast range of scientific literature. The issue of 3G or not 3G I do not think had any influence.

Senator NETTLE—Was that a group of people within ARPANSA?

Dr Loy—No, it was organised through ARPANSA and the Radiation Health Committee, but it was a working group of a number of experts.

Senator NETTLE—I might put on notice some questions about the details of that.

Dr Loy—I think that would be good, and I could respond in more detail then.

Senator NETTLE—Is there a precautionary principle taken in that decision-making process when looking at the international standards?

Dr Loy—Yes. In fact, the RF standard has a precautionary statement basically saying—and I am caricaturing it a bit—'Don't use any more radiation than you need to. To achieve your communications objectives, use the amount of radiation you need to do that and no more.' So, if you like, 'Don't be careless of the exposure; be careful of the exposure.'

Senator ALLISON—That is not the real meaning of the precautionary principle, Dr Loy, though, as you would know.

Dr Loy—I think we could debate the precautionary principle well over the chairman's hour, and it was certainly debated at great length in the context of this standard.

Senator ALLISON—Indeed.

Dr Loy—In fact, that statement, if you think it through, is quite a strong one.

Senator NETTLE—It is about how it operates rather than the level, I suspect. I understand the European regulations prevent 3G antennas being within 300 metres of a school. Was that something that was ever considered here?

Dr Loy—I am not aware of that being the case with the European regulations. In fact, I am not even sure there is an EU directive on this. There may be some European countries that do that, but I am not aware of any sort of overarching European regulation to that effect.

Senator NETTLE—Has their placement around child-care centres or schools been considered here?

Dr Loy—I guess this is something that is debated every time there is a controversial issue about the siting of an antenna. We would take the view that the emissions from these antennas are so low when you are at a distance from them that the issue of the health effects is not a significant one. That is not to say there is not concern and that, when a site is being examined, people should not have the information about it. If convenient steps can be taken to reduce people's anxiety and concern about it, that is sensible. But a rule simply saying an antenna cannot be within 300 metres of a school, when in fact the maximum exposure might be at 300 metres, does not necessarily achieve what you are looking for.

Senator NETTLE—There have been recent media reports regarding tumours in staff working in a building at RMIT University. ARPANSA may have commented on this issue in the media, and you can confirm that for me. Is this an issue that ARPANSA is investigating? If so, what is it doing?

Dr Loy—We are certainly interested in it, of course, and people have asked us for comment. Our only formal role in the investigation, however, has been on the side of ionising radiation, where we were asked by the company that was doing the job for RMIT of looking at all possible causes to look at whether there was some ionising radiation in the building. So a team of people from ARPANSA did that. We have not done measurements of the non-ionising radiation—the RF or ELF. So, in that sense, we have not had any direct investigative role. But we are obviously interested in it.

Senator NETTLE—Is that because you have not been asked to?

Dr Loy—That is correct.

Senator NETTLE—Who would need to ask you in order for you to be able to do such investigations? Would it require the federal government to ask you to do such investigations?

Dr Loy—No. We would certainly help RMIT and its consultants if they wished us to do that. At this point, for example, if they wanted us to examine the work that has been done and give them a view on it, we would be happy to do that. I do not think it falls within a direct

regulatory responsibility of ours. So it is a matter of saying, 'We have this information, knowledge and expertise. It is available, but on request.'

Senator NETTLE—You have not been directly requested at this stage?

Dr Loy—No.

Senator NETTLE—The last question I want to ask is about your EMR Health Complaints Register and the number of complaints you have received, the nature of the complaints and the kind of follow-up that you have done. Maybe you can take that on notice.

Dr Loy—Yes, I will take that on notice and respond.

Senator ALLISON—Is the Northern Territory nuclear waste repository suitable for depleted uranium?

Dr Loy—It would depend perhaps on the form. That question has really taken me a little by surprise. Any repository would have to have waste acceptance criteria. Clearly, uranium is very long-lived material. The issue of disposal of long-lived material in a repository, as we have discussed with Senator Crossin, might have a control period of 300 years. Long-lived material becomes the issue beyond that time. If the material were in a form such that were it disposed in a repository there would be, if you like, to use the technical word, lumps of it that might be accessible, then that would be a problem.

Senator ALLISON—What would be a problem?

Dr Loy—It would be a problem if the material were in a form such that, if someone were accidentally to intrude into the repository in the future, they would come across a large amount of material that might give them a significant dose. So that is the question.

Senator ALLISON—No, the question was whether our repository is suitable to accept depleted uranium.

Dr Loy—It depends.

Senator ALLISON—On?

Dr Loy—The form of the material.

Senator ALLISON—Depleted uranium is the product of enrichment, as I understand it. Is that right?

Dr Loy—Yes, but it can be in different forms.

Senator ALLISON—What are the different forms?

Dr Loy—It could be dispersed such that in a cubic metre of material—

Senator ALLISON—I will put the question in a different way. Is the waste repository suitable to accept the sort of depleted uranium that is the product of enrichment of uranium for export? That would not be in a dispersed form, presumably.

Dr Loy—I think my answer has to be a bit unsatisfactory in saying it depends. Perhaps it would be better if I went back and thought a little more about it and gave you a more considered answer on notice.

Senator ALLISON—It depends on what?

Dr Loy—It depends on the waste acceptance criteria for the repository, the amount of material per cubic metre of the repository. Perhaps in some forms it would not be acceptable. In other forms it would be. You could change the nature of the form in which the material was in in order to make it acceptable. I probably need to think a bit more about it and give you a better answer on notice, if you do not mind.

Senator ALLISON—For at least four or five weeks the subject of Australia's prospect of enriching uranium has been canvassed. I am surprised you do not have a more ready response to a pretty obvious question.

Dr Loy—I honestly have not directed my attention greatly to the issue of the safety of a fuel cycle facility since I am prohibited from issuing a licence for one.

Senator ALLISON—Those currently conducting this debate have not consulted you about questions like the waste and what would happen to it?

Dr Loy—Under the current legislation, a uranium enrichment facility could not be established by a Commonwealth entity.

Senator ALLISON—I understand that. But it is a question of changing the legislation to make that so. If ARPANSA is not the appropriate agency because this is currently prohibited, which agency would be able to give advice on questions of waste?

Dr Loy—Honestly, if my officers and I turned our attention to the issues of the waste from a uranium enrichment facility, we would be able to give you a more considered answer.

Senator ALLISON—Do you have any knowledge about what happens overseas where uranium is enriched? What is done with the waste, apart from putting it into bombs, fortifying weapons and tanks and so forth? What is the storage method? I understand there is quite a lot of it around.

Dr Loy—I honestly am not well informed about that. Depleted uranium does have a commercial value for other applications because it is so dense—ballast in aircraft and shielding in various radiation applications. So it does have some commercial value and is used in a number of applications.

Senator ALLISON—I understood that we do not use it in Australia.

Dr Loy—I think you would find depleted uranium is used in a number of applications in Australia.

Senator ALLISON—Can you give some examples?

Dr Loy—Not in defence.

Senator ALLISON—Yes, I understand.

Dr Loy—As I am aware, it is not used by the Australian Defence Force.

Senator ALLISON—Ballast in aircraft?

Dr Loy—I understand so, and some shielding of some very large radiation sources. The shielding itself might be made of depleted uranium.

Senator ALLISON—How much depleted uranium is produced, typically, in the enrichment process for nuclear power? How much DU is left per tonne of uranium such that we export?

Dr Loy—I would have to take that on notice. It would depend on the amount of enrichment undertaken.

Senator ALLISON—Would you be able to also calculate what the annual quantity would be if all the uranium exported were exported in an enriched form on the basis of the current export figures and whether that would match the commercial demand for it in Australia? In other words, would we need to store it or would we sell it to aircraft manufacturers or the like?

Dr Loy—I can probably, with some careful thought, give you some advice on that, something more specific. Probably the better experts on enrichment in Australia belong to the Safeguards and Non-Proliferation Office who are knowledgeable about the enrichment process in much greater detail than we would be.

CHAIR—We will have to leave it there. If you have other questions, Senator Allison, would you put them on notice, please. Thank you, Dr Loy, for your appearance here today and for looking after the questions you have taken on notice.

[3.03 p.m.]

CHAIR—We have agreed we will turn now to Outcome 4—Aged care and population ageing. Officers of the Aged Care Standards and Accreditation Agency are here as well. If we can ask questions of both those areas at the same time, that would be most convenient.

Senator McLUCAS—I first of all want to go to the issue of indexation. I raised that issue at the last estimates and in the chamber. What percentage has been used to calculate the indexation for the 2006-07 budget?

Mr Broadhead—The calculation of indexation for the forward estimates for that period is the same as it has always been—that is, it is using wage cost indices constituting partly the most recent safety net adjustment from the Industrial Relations Commission and the CPI. The most recent safety net adjustment was in, I think, June 2005. That has been used to make up that index and that has been used to index the forward estimates for that period.

Senator McLUCAS—The wage index from June 2005 was what percentage?

Mr Broadhead—I could not tell you off the top of my head the actual figure for the safety net adjustment, but I could find it for you.

Senator McLUCAS—What indexation have you applied to this budget?

Mr Broadhead—I understand we do not normally make available the actual parameter that is used.

Senator McLUCAS—I asked a question on notice on 15 December and asked over time what indexation was used and that detail was provided to me.

Mr Broadhead—I will find the answer for you then.

Ms Halton—What answer was that?

Senator McLUCAS—It is Senate question No. 1452 asked on 16 December. I asked Minister Minchin, and he passed it on to the Department of Health and Ageing. I was given the indexation and the amount of indexation from 2000 through to 2005.

Ms Halton—The total quantum?

Senator McLUCAS—And the index.

Ms Halton—The value?

Senator McLUCAS—Yes.

Mr Broadhead—Again, my understanding is it is not usual practice to provide the parameter for future estimates. That is a distinction that is made.

Senator McLUCAS—Why not?

Mr Broadhead—It seems to be a policy adopted across all programs. I believe on Wednesday last week this was outlined by answers to Senator Evans in the relevant committee.

Ms Halton—I think that is right. I think the historical figures are a matter of record. The issue is the forward estimate. We can provide what we have used this year, because it is now a matter of record—or the number is. That is what you are looking for, isn't it, the value of the index?

Senator McLUCAS—I am still bemused as to why the committee cannot know what is the indexation being applied to residential aged care subsidies. I cannot see why that is an issue. If you are using the CPI—and I have not got to that yet—and the most recent national wage case, which was from June 2005—

Ms Halton—We are using a wage cost index, which is a combination of wages and CPI. That has not changed; that is exactly right. We can tell you what we have used. We can tell you what the component figure is for the budget for this year.

Senator McLUCAS—Good.

Mr Broadhead—If you like, I will take the question on notice and come back to you.

Ms Halton—We will get it in a minute.

Senator McLUCAS—We will come back to it. There was an announcement that $600,000 had been allocated for police checks. How many people currently volunteer through the Community Visitors Scheme?

Ms Scheetz—At the moment we have 6,588 volunteers under the Community Visitors Scheme. That will increase under the new budget measure to 7,500.

Senator McLUCAS—How much has the government allocated for the police check of each of those volunteers?

Ms Scheetz—$50 per place per year, which will be added into their total subsidies for the year.

Senator McLUCAS—That money will be allocated to the organisation that—

Ms Scheetz—The auspice, yes.

Senator McLUCAS—On what basis did you come to that figure?

Ms Scheetz—We have advice from the police that police checks range between $28 and $49. There is some churn in the number of visitors. So we did the estimation based on the factor of the churn and the cost of the checks.

Senator McLUCAS—What is the total number annually of people who would require a police check funded by the department?

Ms Scheetz—We think it could be up to 10,000.

Senator McLUCAS—Where did you get the advice that a police check costs between $28 and $49?

Ms Scheetz—From the relevant police services. It varies between states. We have also received advice that there can be lower prices negotiated if there are a high number of police checks.

Senator McLUCAS—Does the department have an understanding of the number of volunteers in residential aged care who are not members of the Community Visitors Scheme?

Ms Scheetz—No.

Senator McLUCAS—Is there a requirement for people who are not members of the CVS to undertake a police check?

Ms Scheetz—That is still being negotiated.

Senator McLUCAS—By whom?

Ms Scheetz—In the context of the development of the policy about the implementation of police checks.

Senator McLUCAS—When will we know what that negotiation will result in?

Ms Scheetz—We expect to have all of our consultation and discussions around the detail of that finished within the next couple of months.

Senator McLUCAS—Who are you consulting with?

Ms Scheetz—We are consulting with a number of people about the whole police checks measure—Department of Employment and Workplace Relations, Attorney-General's, Human Rights and Equal Opportunity Commission, Privacy Commissioner. I think that is it. There are a number of complex factors about introducing police checks.

Senator McLUCAS—In the aged care sector?

Ms Scheetz—In all sectors.

Senator McLUCAS—When will these police checks be operational? When will there be the requirement for people who are members of the CVS to have had their police checks?

Ms Scheetz—We are still discussing those issues internally and with the police forces. We have been asked by the police to give them sufficient time to be able to process the number of police checks that are likely to come through. So, once those consultations have been completed, we will make a recommendation to the minister on timing.

Senator McLUCAS—What will the police check seek to ascertain about any applicant?

Ms Scheetz—There is a standard police check which provides information on convictions that is available through CrimTrac. There are issues around spent convictions. That is all covered in the police check that is provided through the service. It is provided nationally. Each of the states is included in any police check that is provided by the AFP or any of the state services.

Senator McLUCAS—Some offences that people have been found guilty of would not trigger advice to the applicant or the potential employer or the potential place of volunteering?

Ms Scheetz—All convictions are recorded on the police check. But there is a spent convictions scheme operated through the Attorney-General's Department which means that some crimes are time limited. So anything older than 10 years where there has been less than a certain period of incarceration, I guess, is not reflected on them.

Senator McLUCAS—Something that is 10 years old does not appear?

Ms Scheetz—Unless it is a serious crime. It comes back to life if they reoffend.

Senator McLUCAS—These are criminal offences only?

Ms Scheetz—Yes.

Senator McLUCAS—So minor shoplifting would not appear?

Ms Scheetz—Anything where a conviction is recorded would appear on the record.

Senator McLUCAS—Traffic offences?

Ms Scheetz—I think so. Anything that has a conviction.

Senator McLUCAS—Any conviction?

Ms Scheetz—Yes.

Senator McLUCAS—You alluded earlier to the $4.7 million to expand the CVS. What is the policy intent of that allocation?

Ms Scheetz—We undertook a review of the CVS and realised that there were some gaps in coverage. Based on the recommendations that we received, we sought and achieved more funding to spread the coverage more widely across the country.

Senator McLUCAS—Is that review public?

Ms Scheetz—Not as yet, but it can be made public.

Senator McLUCAS—Could you provide it to the committee?

Ms Scheetz—Sure.

Senator McLUCAS—Does that identify the areas where there are gaps geographically? I dare say it does.

Ms Scheetz—Yes.

Senator Santoro—In relation to police checks, can I expand on the answer provided by the departmental officer. Your questions are very pertinent and are very relevant to the sector. I think you in a subtle way asked whether the sector has been consulted. You will recall that I convened initially a meeting of the ministerial advisory committee, which I have contended

and still contend is a very representative committee of the sector. At that point I received broad consensus from the sector, through the opinions expressed by members of that committee, that police checks were something that should be seriously considered by government.

You will recall that I went to cabinet with a recommendation that we institute a formal system of police checks within the sector. Cabinet in fact gave that approval. As you would have noted from the budget, some funding provision was in fact made for police checks. Once the cabinet decision was made, I was very keen to make sure that the implementation of the decision was applied in a sensitive and effective manner, because a lot of the questions that were asked reflect the questions you are also asking.

There obviously are some very complex issues to be considered. For example, if a minor crime were committed by somebody when they were very young, and 30 years later they found themselves working within the aged care sector, should the crime or conviction still be on the record? The difficult questions need to be asked. Has rehabilitation occurred? Is the crime of such a serious nature that the sector, upon its gaining knowledge of that crime and the penalty or the conviction that applied, considers that person is unsuitable to work within the sector? So there are those sorts of very complex questions which I think still require some exploration, consideration and consultation with the sector.

I convened a second meeting of the advisory committee in Brisbane. I think it was the Friday after the last day of the last sitting period. Again, we received much good advice on the implementation and we made a further commitment to additional consultation. The questions that were asked again related to the detail of implementation. If you are looking for a definitive answer on the categories of crime, sexual assault and aggravated physical assault, for example, are the sorts of things one would have to seriously consider as to somebody's eligibility to work within the aged—

Senator McLUCAS—It is pretty obvious, Minister.

Senator Santoro—They are pretty obvious. But there may be others that the community and the legislature would consider disqualify somebody from working within the sector. I sincerely welcome suggestions from anybody—and particular you, Senator—who has an interest in the sector. If you would like to make submissions, they would be very seriously considered. Having made the decision which the community expected us to make, we want to make sure that it is implemented in a way that does not compromise operational efficiencies and some other considerations, particularly within Aboriginal communities, which are fairly sensitive and need to be treated with sensitivity.

Senator McLUCAS—The question is where do you draw the line.

Senator Santoro—Absolutely.

Senator McLUCAS—That is what I am trying to find out.

Senator Santoro—Can I be honest with you: we are all trying to find that out. We are trying to, obviously. Having accepted that the legislature expects from us a certain level of response—in this case defined as mandatory police checks—we need to agree with the community, if I can put it that broadly, as to what the appropriate level of offence is.

The other point you made was about the cost of police checks. You may recall that I also convened a meeting of relevant ministerial colleagues from the states. The advice they provided was that the cost could vary between $25 and $50, as the departmental officer has stated. The advice I have been receiving from providers who already implement police checks is that they pay between $20 and $36. I should stress at this point that there are many providers who already do implement a system of police checks on all of their staff.

Senator McLUCAS—We will talk about the staff in a minute.

Senator Santoro—But that is roughly the figure that was given to us by the ministers, by the bureaucracy. Just to give you a bit more detail as to how deeply we are going into this, we also had an Australian Federal Police officer advise the ministerial advisory committee. He gave us a very good insight into how police checks can be administered effectively and operationally. There is also the consideration of how is the system to become fully operational. State ministers did say that, unless it is conducted in a staged way, it could come to pass that we become an encumbrance on the system of police checking that could compromise the operational efficiency of that exercise.

So we are working through a lot of issues. The sector is very keen to cooperate. I am keen to move as fast as possible, and we are doing that. I just wanted to add to the advice you have received to make it clear to you that we really want to consult and get it right. But there are tricky issues and tricky definitions that we have to consider. I again want to say to you with a lot of goodwill that we would welcome your input as we arrive at those definitions.

Senator CAROL BROWN—You indicated, I think, that after 10 years some types of convictions would be spent. What types of convictions are they? Does it depend on the amount of time the person was sentenced to for the crime or is it defined by the actual crime itself?

Ms Scheetz—It varies between the states. It is quite a complex matrix, so I think we would need to get specific advice from Attorney-General's on what the specifics are for each state.

Senator CAROL BROWN—Would you be able to provide that?

Ms Scheetz—Yes, we can get advice from Attorney-General's.

Senator McLUCAS—Mr Broadhead, you were going to give me an answer.

Mr Broadhead—We are busy getting clarification on whether or not there is a position on the release of the figures.

Senator McLUCAS—All right. I will come back to it.

Ms Halton—Consultations are going on.

Senator McLUCAS—Does the department have an estimate of the number of staff in aged care facilities whom the requirement for police checks will impact on?

Ms Scheetz—It would be any staff who have direct access to residents. We do not have up-to-date numbers of how many staff that is. I can give you the figures in the census and survey that we did in 2004. There were 116,000 direct care workers at that time.

Senator McLUCAS—That was in 2004?

Ms Scheetz—Yes.

Senator McLUCAS—So around 120,000.

Ms Scheetz—Some of those would already have police checks.

Senator McLUCAS—That is where I was heading. Do you have a notion of how many employees currently have police checks? It depends on the policy of the provider and, clearly, some providers are doing that now.

Ms Scheetz—That is true, and we have only anecdotal information about what the number may be.

Senator McLUCAS—What will be the cost of requiring all people who have direct access to residents to undertake a police check?

Ms Scheetz—I do not think we could give you that information.

Ms Murnane—That would differ from state to state.

Senator McLUCAS—Who is proposed to carry the cost of undertaking that check?

Ms Scheetz—It would be an employment condition, an employment issue, between the employer and the employee.

Senator McLUCAS—So it is quite feasible that an employer would say, 'We will offer you this job; you have to go and get a police check'?

Ms Murnane—That is what happens with child care.

Senator McLUCAS—That will be carried by the staff member?

Ms Murnane—That is up to the arrangement between the employer and the potential employee.

Senator Santoro—We have received quite a lot of feedback from employers who will be willing to subsidise the police check. They may even carry the whole cost. Bear in mind that it is not an overly onerous request in a financial sense. There is a tax deductibility factor that would have to be favourably considered by people who want to work in the sector and are required to take on a police check. There is a lot of goodwill out there within the sector from employers towards their employees. As the officers have said, we cannot give you a precise number, but anecdotally employers have suggested that they are happy to assist.

Senator McLUCAS—Currently some do.

Senator Santoro—Absolutely. I am reluctant to say that the majority do checks, but my understanding from listening to the talk around the sector is that a substantial number of employers do. I see your reaction; I think you are right—it is difficult to ascertain, but I do think a substantial number do checks, just for their own peace of mind. Also, a lot of them probably saw that this move would come eventually, so they feel they might as well get in there and be totally ready for it when it is mandatory.

Senator McLUCAS—Will the check have to be in place prior to taking up a position in aged care?

Ms Murnane—Yes, indeed.

Senator McLUCAS—So there could be delays between the offer of a position and the taking up of a position?

Ms Murnane—We have not heard that raised as something that has emerged in child care. With all these things you are balancing what may be—although I am not saying that it would be—a somewhat less speedy process with the protection that gives to residents, which is of course the overriding concern.

Senator McLUCAS—I accept that; I am just trying to work out how this implementation is going to occur. If we are potentially going to ask 120,000 people—I am sure it is nowhere near that, but it could be up to 80,000 people—to go and get a police check—

Ms Murnane—The minister did refer to phasing before—

Senator Santoro—The question you raise about new employees is a good one. It has been raised with me by the sector director and through the advice that I get through the advisory committee. People have to put to me the suggestion that, if an employer has an urgent need for staff and somebody applies for a position but has not yet had a police check, it would be possible to consider them employed subject to a police check. Particularly in an emergency or urgent situation, I see that it is better to have somebody there with professional judgment in the selection or hiring process who can say, 'From everything that I can reasonably ascertain, this person is a safe person to employ within the aged care facility. We need somebody, so let's employ him or her subject to the result of the police check.'

So some flexibility will be required in the system, particularly within communities where labour is not as abundant as in a built-up metropolitan area, for example. The more I talk with people about the practicalities of introducing it, the more I am finding out that the policy has to be applied not only with sensitivity but also very practically, because otherwise it can lead to some hardship. I want to stress the point that Ms Murnane has made: ultimately the most important consideration is for the welfare of the residents we are caring for.

Senator McLUCAS—So employment could be conditional upon achieving a police check in, say, three months?

Senator Santoro—How long does a police check take to come through? We heard from the Australian Federal Police officer that sometimes they can come through very quickly and in some cases the process of discovery can be quite complex. I am not sure that it would be overly complex in most cases—I do not think it would—but in some cases it could be complex and might take longer than a day or two or even the week that has been suggested. In most cases that is all the time that the police checks would take to come through.

Senator McLUCAS—I will keep watching that one. Is the department going to require that owners of residential aged care facilities also undertake police checks?

Ms Murnane—All key personnel have to undertake a police check.

Senator McLUCAS—But 'key personnel' does not necessarily mean an owner—or does it?

Ms Murnane—If the owner effectively has a management position, yes, the owner does have to have a police check. That is the definition of 'key personnel'.

Ms Halton—It is in the legislation, Senator.

Ms Murnane—Yes, it is.

Senator McLUCAS—Yes, I am aware of that. How does the department test whether a person is in a management position? How do you know?

Mr Dellar—The act has role descriptions. It says that if you are performing one of these roles or functions—for example, making a decision, sitting on a board, sitting at the top of the administration or the delivery of care; those are the roles—then you are a key personnel. It is not a named position so much as a role within the organisational structure.

Senator McLUCAS—I understand that the licence holder simply advises you who the key personnel are. Is that correct?

Mr Dellar—That is correct. They maintain and adjust that from time to time as key personnel change.

Senator McLUCAS—How do you test that? How do you know that that is the case?

Ms Murnane—It is an obligation under the act that they do.

Senator McLUCAS—Yes, I understand that from their end, but how does the department confirm that what you have been advised is in fact correct?

Ms Murnane—It is fairly hard to get positive proof on an ongoing basis that it is correct. However, if we get any information—if we have any reason to believe at all—that somebody is acting effectively in a decision-making role and is not on our key personnel list, that is immediately investigated and that person is given a choice either to remove themselves from their effective decision-making role or undergo the checks required under the act for key personnel. That is something we do. That comes up a number of times at least every year.

Senator McLUCAS—Have you got current investigations afoot?

Ms Murnane—We did have one, but I think it has been concluded.

Mr Dellar—I think we have at least one matter running currently.

Senator McLUCAS—Is that to do with a person who is an owner of a number of facilities who could not achieve a clear police check—because we know that that person has been convicted of fraud? The allegation is that they are in fact managing the business.

Mr Dellar—I am aware of that case. I can say that there is a current investigation running there. I would prefer not to say anymore.

Senator McLUCAS—That is Mr and Mrs Bishop?

Mr Dellar—That is correct.

Senator McLUCAS—Is an investigation occurring?

Mr Dellar—There is an investigation occurring.

Senator McLUCAS—Which branch of the department is conducting that?

Mr Dellar—The department has an Audit and Fraud Control Branch and it is the fraud unit within that branch that is conducting that investigation.

Senator McLUCAS—When do you imagine that that will be completed?

Mr Dellar—I was advised just before the hearings that we could expect finalisation of that in the next two to three months.

Senator McLUCAS—Why does it takes so long?

Mr Dellar—It is not a question I could answer directly.

Ms Halton—It is fair to say that you have to have a certain standard of evidentiary proof in relation to these matters. You would understand that these can be quite technical matters. The audit and fraud people take this responsibility quite seriously. To the extent that, as you would understand, we find material which in some cases can lead to prosecution, we have to be absolutely certain that the approach we have taken in terms of the gathering of evidence is appropriate. We can talk the audit people. It may well be the advice that they would give you if they were here is that it will take less time. They tend in my experience to give an outside limit of the likely time this takes because they want to do the job properly, and very often the evidence can be gathered in a more timely fashion. But they never like to mislead the program areas in terms of our approach. As you say, this is a matter we are aware of.

Senator McLUCAS—Mr and Mrs Bishop were key personnel prior to their conviction for fraud on the Commonwealth?

Ms Halton—Yes, they were.

Senator McLUCAS—After that conviction, I understand that they transferred ownership of the facilities to their children. What analysis did the department do at that time to feel confident that they were not continuing to operate as key personnel?

Mr Dellar—This is getting perilously close to talking about the investigation. I would prefer that we did not go into details on this case at this time, if that is possible.

Senator McLUCAS—I understand, Mr Dellar, and I would not want to compromise an investigation either. But I am talking historically now. It was in 1999 that they were convicted.

Mr Dellar—That is correct.

Senator McLUCAS—I am trying to understand how the department made a decision at that time that simply the transfer of ownership removed them from being key personnel under the act.

Senator Santoro—Could I just highlight to you that the officers want to help but they really do feel that there are some strong legal considerations. I would be more than happy for a private briefing to be provided to you in relation to that specific case, if that would be helpful. I sense a great discomfort about going any further on the public record. If you could help us by allowing us to provide you with a private briefing in relation to the matter, I think that would be of assistance to the process.

Senator McLUCAS—I understand, Minister. I do not want to compromise this investigation. It is a significant investigation. But it is a policy question. For any individual who is identified as key personnel and then convicted of a fraud against the Commonwealth, a fraud against the Department of Health and Ageing, and who simply transfers the directorship

to somebody else in their own family, how does the department as an entity confirm or feel confident that there is actually a change in the key personnel of that provider?

Ms Halton—If I can answer in the abstract—

Senator McLUCAS—Yes.

Ms Halton—and underline the minister's offer of a private briefing: there are requirements in relation to the act as to who is registered as key personnel and who, in our understanding, is undertaking particular tasks. We do take quite careful account of those matters, and we have to be satisfied that there has been that change. In some cases, it is a legal change; in some cases, it is a practical, day-to-day change. In this particular case, we would prefer not to say anything else on the record.

Senator McLUCAS—That is fine. I just want to get the understanding of how you test a change of advice about who the key personnel are.

Ms Halton—Certainly, in some cases, if it is an ownership change to a completely different entity that has already been approved, that is fine.

Senator McLUCAS—That is a completely different question.

Ms Halton—Yes, exactly. In the abstract, if undertakings are given and legal changes are made, then the question is: are those changes actually given effect? Again, this is where we start to get into the particular.

Senator McLUCAS—I suppose I am trying to understand whether, if you get a letter from somebody that says, 'We've changed the key personnel,' you say, 'Terrific; we'll just put it on the file,' and that is the end of that. I want to know whether some process is put in train that says, 'Let's find out if this is in fact true,' especially when you are dealing with providers that have been convicted of fraud or something else. There must be a process to make sure that what you have been told is correct.

Ms Murnane—But I think that not only is this getting dangerously close to an investigation but it is dangerously close to inviting us to assume that, because somebody is related to somebody who is convicted, they themselves might also be party to some sort of collusion and malfeasance. What we did with this was to take it, consider it and approve them as key personnel. Later, we got information that the former key personnel might in fact be acting in a decision-making capacity. That is now subject to an investigation, which is, as the secretary said, quite a complex investigation.

Senator McLUCAS—Ms Murnane, you said that when you receive the advice you take it and you consider it. How do you consider it?

Ms Halton—There are few cases where we end up with a fraud conviction—

Senator McLUCAS—I am sure.

Ms Halton—and so, whilst we can talk in the generality about a change of ownership et cetera, as soon as we start to talk about a question of fraud we actually start talking about this case, and that is my point. It is very difficult for us to talk in the abstract about this kind of case because the abstract becomes the particular in about three seconds.

Senator McLUCAS—Maybe at the next estimates I can confirm how you consider—

Ms Halton—And we are happy to brief you privately.

Senator McLUCAS—It is clearly an issue that the public needs to understand in the long term.

Ms Halton—I understand that. In the medium term obviously we agree with you that to put this on the public record would be a good thing, but we would not want to jeopardise this investigation at this point.

Senator McLUCAS—Did we want to talk about COPO again?

Mr Broadhead—I can tell you that the value of indexation in percentage terms in 2005-06 was 1.9 per cent.

Senator McLUCAS—And what proportion is the CPI and what proportion is the wage component?

Mr Broadhead—I am having a head shaken at me—apparently we do not reveal the make-up of the various indices. But the value of it for the current financial year was 1.9 per cent.

Senator McLUCAS—I want to now turn to the decline in the increase of aged care subsidies, if you can track what I am saying. Between 2004-05 and 2005-06 there was an increase of $317 million, but between 2005-06 and 2006-07 the increase is $248 million, which is $79 million less than the increase in the previous year. Could you give us an understanding of why that is the case?

Mr Broadhead—I am not clear how you have arrived at the figure for $317 million. I am aware that you put out a media statement outlining this and when you did we went looking to see how you had arrived at the figure of $317 million and we could not arrive at it ourselves. So we are not quite sure how you got to that figure. The closest we could get was $327 million, and that involved taking the estimated outcome for 2005-06 and comparing it to the projection in the 2004-05 PBS. I think that gave us a figure of $327 million but not $317 million. We thought that possibly—

Senator McLUCAS—That was close enough.

Mr Broadhead—Not close enough but that might be how you got to your figure. The difficulty we had with that is that the estimate in the earlier year had been revised subsequently. As you know, we revise the estimates three times during the year, so the actual outcome was different from the one expected at the beginning. It is not really a comparable figure, I do not think, that $317 million, if it was arrived at in the way that we think it was.

Senator McLUCAS—Without using the figures, can you explain why there is less growth in aged care subsidies for 2006-07 than 2005-06?

Mr Broadhead—I do not believe there is. I think that the growth in expenditure is pretty comparable. It is just below $300 million in both cases, I think. From memory, I think it was $280 million in one year and $290 million in the other, or thereabouts. So I do not think that there has been a drop.

Senator McLUCAS—What happens when the Fair Pay Commission makes a decision later this year? How will that channel into indexation for all sorts of things but aged care in particular?

Mr Broadhead—My understanding is that there has been a recent decision that the decisions of the Fair Pay Commission will replace the safety net adjustment that the Industrial Relations Commission has made to date, so the way in which the very wage cost indices are comprised, the safety net component will be replaced with the Fair Pay Commission's decisions.

Ms Halton—I think in the finance and public administration committee, the Department of Finance and Administration gave evidence on this matter. I think Mr Bowen was illuminating, to the extent he was able to be illuminating, when he talked about this issue. I can read you back the transcript, but I am sure you could find it.

Senator McLUCAS—No. I am quite capable of finding Mr Bowen's comments. Indexing will be begin on 1 July at the 1.9 per cent rate.

Mr Broadhead—Correction: the 1.9 per cent is for 2005-06; the 2006-07 figure is two per cent.

Senator McLUCAS—Sorry; I did not note that down. So it is two per cent for 2006-07.

Mr Broadhead—Yes.

Senator McLUCAS—That will be applied as of 1 July.

Mr Broadhead—In broad terms, yes. There are a number of different movements in the way in which rates are paid. The minister generally makes a determination in June of each year about the rates that will apply from 1 July forward. They do not necessarily exactly reflect the overall figure. There is, for example, a program that has got this coming year to run, which is bringing all of the different states and territories to national rates. There has been some variation in the way in which rates are adjusted for each state and territory so that over time all states and territories will be on the same national rates. There are various things that affect the specific rates that apply but, overall, the effect is based on that parameter in terms of indexation. There is also the so-called CAP—conditional adjustment payment—which is rising from 1.75 per cent in the first year up to seven per cent in the fourth year. That also gets applied.

Senator McLUCAS—I am just looking at the question of indexation at the moment. What might occur when the so-called Fair Pay Commission brings down its decision later this year? If they bring down a wage decision that is less than the component of wages in the two per cent, what happens?

Mr Broadhead—It is my understanding that, once the rates are struck, the rates are struck. They are struck on the information available at the time, which, under the current arrangements, is the most recent safety net adjustment, and that is the basis of the two per cent in part. To my knowledge, we do not make mid-year, as it were, rate adjustments to reflect revised decisions. The next point at which they would be adjusted would be the subsequent year, and that is when the Fair Pay Commission's determinations would be taken into account.

Senator McLUCAS—Thank you. The minister, as he explained, after the meeting with the Australian ministers for aged care, put out a statement with four elements. The first was that there was going to be an improvement in the culture surrounding the reporting of abuse so that people who come into contact with residents of caged care understand their responsibilities and their duty to act on abuse cases. How is that proposed to be implemented?

Ms Scheetz—I think that is around the range of measures that the minister has announced that he is considering that relate to police checks, the consideration of compulsory reporting and the strengthening of the complaints resolution scheme, which will, in combination, lead to a culture of reporting.

Senator McLUCAS—The fourth dot point said that we were going to ensure protection for whistleblowers within the residential aged care industry. How is that going to happen?

Ms Scheetz—We are currently considering how that would work in conjunction with a compulsory reporting scheme, but there has been no decision made on either of those measures at this point.

Senator McLUCAS—That is happening internally in the department?

Ms Scheetz—Yes.

Senator McLUCAS—When do you expect that those deliberations will be able to be completed?

Ms Scheetz—Over the next couple of months.

Senator McLUCAS—Is there a general time line for the implementation of these proposals?

Ms Scheetz—We have a time line for consideration of the issues. One of those issues is the time frame for implementation. That will all be considered in the context of the further discussions about the measures.

Senator McLUCAS—What does that time frame indicate at the moment? I suppose it depends on what you find out.

Ms Scheetz—Yes. Some of the measures will require legislative change and some will have requirements for providers to do things differently. The consultations we are having at the moment will inform us and will lead to recommendations about the time frame for implementation.

Senator McLUCAS—What elements would require legislative change?

Ms Scheetz—If we require compulsory police checks on staff, that will have to be a requirement. If we introduce a compulsory reporting regime, it may be something that could be subject to legislation. There are elements of whistleblower protection which could also be subject to legislation. If we make changes to the Complaints Resolution Scheme, that may also require some change.

Senator McLUCAS—Thank you.

Mr Broadhead—Going back to my earlier answer about the level of change, I have the precise figures in front of me now. Between 2004-05 and 2005-06, residential subsidies

increased $298.2 million, based on the expected outcome for 2005-06. The difference between the expected outcome this year and the projected outcome for next year is $299.6 million. So they are very similar figures.

Senator McLUCAS—The 2004-05 is actual, though.

Mr Broadhead—The 2004-05 is an actual. The 2005-06 is where we expect to end this year. Then, taking where we expect to end this year and what we are projecting for next year, the difference is $299.6 million. The earlier figure is $298.2 million and the later figure is $299.6 million. So there are very similar levels of growth.

Senator McLUCAS—Thank you.

Ms Murnane—Senator, if I could just go back to a question you asked and Ms Scheetz answered, I think we should also bring into the answer to that question the increased number of visits, and particularly unannounced visits, to aged care homes, which will do a number of things. It will serve in heightening awareness, which is incredibly important. That in itself will confer support to staff who might otherwise be reluctant. We should say also that, for anything that is likely to come under a state crimes act, there is an obligation on the home to report that. We have always said that, and many homes do that.

Senator McLUCAS—That is an obligation one carries by being human, but we have learnt about other things in the last few months. There was an ABC report on 26 April this year that said that a 51-year-old aged care worker had been charged with assaulting three elderly residents in a facility in Buderim in Queensland. What is the government doing, and in fact what can the government do, to investigate where else this individual may have worked or do to ensure that, while that investigation is occurring, that person is not employed in residential aged care?

Ms Scheetz—In that particular case the care provider was aware that the person may have been employed in another place and advised that home. The process that would enable that to happen is that, if somebody attempts to seek employment in another home, the home would have a requirement to follow up previous employers and receive information from the provider about the suitability of that person in their checking of that person to become an employee. So it would generally be something that is governed by the industry.

Senator McLUCAS—But that is only if the potential employee told them that they had previously worked somewhere else.

Ms Scheetz—That is correct.

Senator McLUCAS—They would have no other way of knowing.

Ms Scheetz—That is correct.

Senator McLUCAS—So in that case there is really very limited scope for the department.

Ms Murnane—There are compulsory police checks. I think that in this case though, going back to what Ms Scheetz said, the previous employer heard that man was likely to be or was employed by another home and alerted that home.

Senator McLUCAS—In the case of Buderim, which is a small community, the number of providers is small and obviously they talk to each other a lot. But in a larger centre that

capacity is not necessarily there. I know it is not a huge sector but these things can happen. Do we have any understanding of what the level of conviction of people who are charged with assault of older Australians is compared with the level of conviction of people charged with assault of people who are not old?

Ms Murnane—Are you talking about assault and whether it is in an aged care home or in the community in general?

Senator McLUCAS—Yes.

Ms Murnane—No, we do not have that figure.

Senator McLUCAS—Is it an issue that you are contemplating? Are you thinking about developing a response to the allegations that we have heard?

Ms Murnane—Our focus at the moment is on vastly giving visibility to an improved situation in aged care homes. There is a view in the wider community and that has been raised. A number of groups and people have raised it. It is not necessarily our direct responsibility. It is certainly something that we have an interest in. We are happy to see if such a figure is available but it might be hard to get.

Senator McLUCAS—It goes to the question of the alleged abuse of elderly people who have dementia or are disabled in that way. There is a real issue in terms of a charge being brought and resulting in a conviction. That has to be considered in informing policy responses to this.

Ms Murnane—I agree with what you are saying as a matter of principle, but if you are getting at the effectiveness of the laws in this matter and enforcement and the decisions of the courts, it is something we cannot go into, but it is something we can talk about. The minister has said he has a representative of the AFP on a committee, but that is not something we have direct influence over.

Ms Halton—Senator, it is a well-worn path and I do know if anyone has found the final destination, which is how you get evidence, where alleged events have occurred, from people who are in some way challenged in providing that evidence. We can see that in any manner of difficult cases. It is something we are not unsympathetic to but it is not our direct responsibility.

Senator McLUCAS—In the *Courier-Mail* on 29 May, there was a quote from the minister, who said that the staff member under investigation—I think this is a different staff member—no longer worked at the home and he was satisfied that no resident was in danger. How could the minister be assured that no resident was in danger, given that we have identified that we cannot track staff through the system?

Senator Santoro—The briefing I was provided reassured me that was the case, so I was very happy to be quoted.

Senator McLUCAS—So a briefing from the department assured you that no resident was in danger?

Senator Santoro—Not once the discovery was made.

Senator McLUCAS—No, those were not the words that you used.

Ms Murnane—I think you are getting into a very interesting area. It really is an area of negative proof. The minister was talking in the context of this home, where there had been an allegation and then somebody had been removed from the home. Can any of us answer a general question like: 'Are you always safe? Is anyone in danger?' Of course we cannot.

Senator McLUCAS—That is right. That is essentially the point I am making, too.

Ms Murnane—But what we can do—and this is the way we live our lives—is reasonably and proportionately be able to accept what is assurance, in the circumstances. We cannot be certain that, when we drive on the road tonight, somebody will not cross the line and drive right into us. Nevertheless, we assume that because we have reasonable confidence in the normal order of our society. I think we have to live and engage in the administration of aged care homes with this assumption, while taking all precautions. And that is what we are doing.

Senator McLUCAS—Did the brief to the minister on this issue say that the department was satisfied that no resident was in danger?

Senator Santoro—Every brief that I get that advises me in relation to an allegation in a nursing home or aged care facility should not come to me without an assurance that every possible step to protect residents at that aged care facility has been taken. A brief to me in relation to a specific incident, as Ms Murnane has just stated, would not be acceptable. A brief should not come to the minister if it does not contain that assurance.

Senator McLUCAS—So the brief said that the department was satisfied that no resident was in danger?

Senator Santoro—I again refer you to the answer given by Ms Murnane—that is, in relation to that specific allegation, I was satisfied to the point that I was able to make that statement. However, as Ms Murnane says, you cannot give an absolute guarantee that any resident in any aged care facility is absolutely free from danger 24 hours a day. When I have been challenged to explain precisely what I mean by that, I instance a situation where we make it mandatory for every staff member to have a police check. At any time, according to a police check and other precautions that are taken at hiring and induction, we are satisfied that a carer who comes in direct contact with a resident is 100 per cent safe. From that point onwards, provided there is no change in the workforce, you should assume that in those circumstances that resident is safe. I say that, even under those circumstances, as a responsible minister I cannot give the guarantee that every resident from that point onwards is safe.

Senator McLUCAS—But you did, Minister.

Senator Santoro—No, we are talking about a specific incident here. With respect, I do not want you to put words in my mouth or construe a meaning that (1) I did not intend and (2) I do not believe I conveyed. But let me get back to the analogy. So you have a workforce that has been there, unchanged—and I know that I am talking hypothetically, but I want to stress the point—for, say, two years. What happens if somebody mentally snaps under pressure and stress and becomes, to some extent, demented? I am just talking about carers. What happens if a resident also—for whatever reason, including medical reasons—decides to become violent, as some residents do under certain circumstances? Does that mean that I can say categorically that no resident will be in danger? Of course I cannot. No minister—Liberal, Labor or

Callithumpian—would ever make that guarantee, because people do snap. Even the most virtuous, at times may in fact fall into a bad temptation. So I say my mantra to you: we take every reasonable precaution, but we cannot guarantee total safety in aged care facilities, just like you cannot guarantee total safety in this place, on the roads or in any other place where human beings mix, particularly in large numbers. It is a sad fact of life—

Senator McLUCAS—I do not want to labour the point.

Senator Santoro—You have been labouring the point.

Senator McLUCAS—I was astonished at your absolute, unequivocal—

Senator Santoro—But I was talking in relation to a specific person. I do not know why you cannot grasp that particular point. I was asked a question—

Senator McLUCAS—You are absolutely sure there is no way this person could take up a position in another facility that you would have no idea about?

Senator Santoro—I was talking about whether the residents would think—the question was in relation to residents in the facility in question. I was able to give that unqualified assurance based on advice. I think I now see where you are coming from. You are asking me can I provide an assurance for every other resident in every other possible facility where this person may go. Hopefully, because of the reasons contained in the answers already given to you, that person will not be practising in any other facility. I think that is the best answer we can give you there. But I was referring specifically to people residing in the facility where the alleged acts took place. I hope that clarifies it for you.

Senator McLUCAS—You might just want to read the sentence in the *Courier*. The way it has been printed, it seemed to be an unequivocal guarantee that this man would not hurt anybody else.

Senator Santoro—In that facility.

Senator McLUCAS—It does not say that.

Senator Santoro—I regret that it did not say that. I did not intend to convey that exclusion.

Proceedings suspended from 4.11 pm to 4.29 pm

CHAIR—The Senate Community Affairs Legislation Committee will reconvene for the Health and Ageing portfolio estimates. Before the break we were dealing with outcome 4. Senator McLucas has more questions.

Senator Santoro—With the indulgence of Senator McLucas and the committee, as I finished giving my answer I thought about the quote that Senator McLucas was referring to in that article. For the benefit of the Senator McLucas and the committee, I will read what the journalist thought that I said. I would like to quote directly from the article. It says:

Senator Santoro said the staff member under investigation no longer worked at the home and he was satisfied no resident was in danger.

Clearly, first of all, it is not a direct quote, and, even though it is not a direct quote, it is certainly, in my view, pretty unambiguous in terms of the fact that it is referring, I would think, to residents in that home. In the back of my mind I thought that I was pretty clear, but I wanted to check it. I just inform the committee of that.

CHAIR—Thank you for clarifying that.

Senator McLUCAS—I do not want to labour this point.

Senator Santoro—Neither do I, so I am happy for the record—

Senator McLUCAS—But it is in the context of the fact that we have no method of tracking any employee from one facility to another. We established that earlier today. I know that you are talking about that particular residential aged care facility. When I was a teacher I used to teach children to read. It is quite plain if you read that word for word that there is a guarantee in there that no resident is in danger. We could argue about this for hours.

Senator Santoro—We could, but I do not want to do that.

Senator McLUCAS—Good.

Senator Santoro—I just want the record to stand as it is.

Senator McLUCAS—I could have read it out myself. We just have a different take on the same issue.

Ms Halton—While there is a pause, we were asked for the list of office locations for the department. I have that list and I am happy to table it.

CHAIR—Thank you.

Senator McLUCAS—Can I go to the process of when an accreditation audit occurs and what happens after that. When you complete an audit and you find that the facility has not passed all 44 outcomes, what is the process after that?

Mr Brandon—I will give you some background to give you the context. The assessment team provides a report to the agency. The assessment team, as you are aware, is an independent team. The decision maker in the agency then takes into account a number of things which are set out in the legislation. Those things include any information we have from the provider following the audit; the audit report itself, of course; the history of the home; any information we have received from the department and any other information that we happen to have about the home. The decision maker then forms a view as to the compliance with the expected outcomes.

The decision maker then forms a view as to whether the home will be accredited or not accredited. If the decision maker determines that the home will be accredited, he or she determines the period of accreditation. In doing that, the decision maker takes into account the level of compliance, the history of the home, the activities or the improvements or otherwise that the home has made since the audit—in that period between the audit and the decision—and the sense of the likelihood that the home will meet any timetable for improvement that we apply to that home. Once that is done, the home is advised of the outcome. As a matter of administration we place the report with the decision on the website.

In that picture, the home has an opportunity to seek a reconsideration of our original decision—that is, they can ask us to consider new information they would provide. I stress that the reconsideration is a decision made at the time of the reconsideration decision; it is not a review of the earlier decision. Subsequent to that, they can then apply to the AAT for review of the reconsidered decision.

Senator McLUCAS—The time in the sequence that I am looking for is when you place the report on your website. Is that after the home has an opportunity to respond to your findings?

Mr Brandon—Yes.

Senator McLUCAS—There is no prescription about the time that it takes for the audit to be conducted and a report is placed on your website, is there?

Mr Brandon—That is correct.

Senator McLUCAS—What is the average amount of time that it takes?

Mr Brandon—I would have to take that on notice because it varies. If the home lodges a reconsideration, that will delay it. If they lodge an AAT, that will delay it further. I would also advise you that, when the report does go up, the attachment to that report also sets out any changes that have been made in the intervening period.

Senator McLUCAS—So the report is not amended; it is just added to?

Mr Brandon—No. The legislation is quite clear on that: the report is the report of the assessment team.

Senator McLUCAS—You then provide that report to the department—is that correct?

Mr Brandon—Yes. The legislation sets out our obligations to report things to the department.

Senator McLUCAS—And then the department makes a decision about whether or not a sanction is applied?

Mr Brandon—I would have to ask the department to answer that.

Ms Scheetz—That is correct.

Senator McLUCAS—How do you make a decision about whether or not a sanction is applied?

Ms Scheetz—The legislation prescribes when the department can go directly to sanctions, and that is where the department or the delegate determines that there is an immediate and severe risk. In other cases, the department can issue a notice of non-compliance, based on the level of non-compliance. Generally, the consideration is that, if the agency has the home on a timetable for improvement, we will wait until the home has worked through that timetable for improvement and, if they fail to meet the timetable, we would generally then issue a notice of non-compliance. There are some cases where there is significant non-compliance and we would issue a notice at the same time that they are on a timetable from the agency.

Senator McLUCAS—How do you make the judgment that there is immediate and severe risk?

Ms Scheetz—The legislation prescribes the considerations. I would need to get a copy of that to give you the specific wording. It is made on a case-by-case basis and it is based on the detail of the agency report. The agency is able to find serious risk, and generally where the agency finds serious risk we then make a judgment about whether that is also immediate and severe. It is a slightly different test. If there is significant non-compliance that we believe

could add up to a significant and immediate risk then the delegate has the option of placing a sanction.

Senator McLUCAS—Regarding the last 25 homes whose reports were placed on the website, I am trying to understand whether a trend is happening. Of those 25 homes in the past year, seven received a sanction and 18 failed very similar outcomes to those that were sanctioned. It is hard to understand why some were and some were not sanctioned. I am trying to understand when a sanction is applied as opposed to limiting their period of accreditation or some other—

Ms Scheetz—It is a judgment in each case. We have delegates who make those decisions and they all come through the central office so that there is consistency in the decisions. Each one is looked at as an individual case so it is difficult to comment without knowing the cases that you are referring to. But we slavishly follow the legislation and each delegate takes into consideration the issues in the particular case.

Senator McLUCAS—Do you monitor to see if there are trends appearing in the application of sanctions?

Ms Scheetz—There is not a huge number of actual sanctions so we, in an ongoing way, monitor the homes that are under sanction and the reasons for those sanctions, so we are very closely involved with our state offices in those decisions. Any home that has a significant amount of non-compliance we keep a very close eye on as well, so we do try to maintain consistency in those decisions nationally.

Senator McLUCAS—How do you do that?

Ms Scheetz—It is generally by looking at each of the cases and having a look at the issues around the cases and the previous decisions, and making a judgment.

Senator McLUCAS—Would you have a look back over the last few years and simply provide the committee with the number of homes that were found to be non-compliant with 44 out of 44 outcomes, and the number of sanctions that have been imposed after that period of time?

Ms Murnane—That is also something that, when I was an observer on the agency board, I asked the agency to look at. Mr Brandon has looked at that and might be able to answer that question.

Mr Brandon—I do not have the statistics with me. I will have to take that on notice, I am sorry.

Senator McLUCAS—Given that that work has been done and there has been a discussion at your board about it, can you talk generally about trends that you may have observed since the inception of the act?

Mr Brandon—Are you asking about trends in sanctions?

Senator McLUCAS—Yes, trends in applying sanctions.

Mr Brandon—I do not have those figures, I am sorry.

Ms Murnane—I thought your question, Senator, was in relation to—and that was what my answer was in relation to—homes that had met the full standards at accreditation and got

three years accreditation, and then had sanctions applied to them. I thought that was what you were asking and that was what my answer was to.

Senator McLUCAS—No, what I am trying to understand is if there has been any change in the number of facilities that have been sanctioned over time. It seems to me in the snapshot that I have been able to research that a much smaller number of facilities with quite similar problems are sanctioned, and there are other facilities that fail the same outcomes that have similar problems in them but do not get sanctioned. It is, firstly, the issue of consistency, which you have answered—it is a difficulty, it is a judgment—but it is also the issue of whether there are any trends appearing in the application of sanctions.

Ms Scheetz—We will look at that and get back to you.

Senator McLUCAS—Thank you. Mr Knowles, I appreciate your coming today. I think it is your first visit to estimates?

Mr Knowles—Yes, Senator.

Senator McLUCAS—Welcome. These questions you may be able to answer and the department might want to take as well. In program 4.3, Ageing information and support, can we get a breakdown of the funding that goes to the CVS, the advocacy service and then the CRS? Can you break down those three elements?

Ms Murnane—I do not think Mr Knowles would have that information.

Senator McLUCAS—No, I am not asking Mr Knowles to read the budget for me.

Ms Scheetz—In relation to the CVS, in 2005-06 the total funding was $6.529 million. In relation to the advocacy program, the total funding in 2005-06 was $2.37 million, and I am advised that the funding for the CRS was $912,000.

Senator McLUCAS—That was 2005-06?

Ms Scheetz—Yes.

Senator McLUCAS—Could I have the estimates for 2006-07 for those three programs?

Ms Scheetz—I am trying to get the total funding figures. I have the additional funding for 2006-07 but not the total.

Senator McLUCAS—While you are looking for that, I think Mr Knowles might know the answer to this question: for funding allocated to the CRS for 2006-07, has there been any increase in your budget from last year?

Mr Knowles—I do not actually manage the CRS. That is managed through the departments.

Senator McLUCAS—I do have some questions for Mr Knowles. We can come back to that, Ms Scheetz.

Ms Scheetz—We will get those figures for you, yes.

Senator McLUCAS—Mr Knowles, the reason I have asked you to come to the hearing today is to talk about the comments you have made about the need for change to the model that the CRS operates. I wonder if you could explain to the committee the basis of your

concerns and what you think is required in order to allow the CRS to operate more efficiently or operate better.

Mr Knowles—My starting point would be that for most complainants the existing scheme works well—and the surveys that we undertake following people's interaction with the scheme tend to support that—but there is a group of complainants and some providers who feel that the alternate dispute resolution model on which the scheme is currently structured does have limitations. Some complainants have a sense that they are prosecuting the case on their grievance. Some providers feel that they are forced to establish their innocence through that process.

Two years ago, my office and I did detailed, in-depth consultations with both complainants and providers who had interacted with the scheme in the previous 12 months. There was a strong view amongst both groups that the scheme would be enhanced if we embraced a more investigatory model, so that the first initial contact would be trained to establish the facts around the particular complaint and establish whether or not there had been a breach on the provider's part. So I have advocated that I think that would be an improvement.

Secondly, because the scheme is managed through state and territory offices—we currently have eight intake points—I have argued that, for consistency and providing even better support to those complainants wanting to lodge matters with the scheme, if the scheme operated with a central intake it would enable more experienced staff to be used and, at the first point of contact, if you like, to establish much more detail around the experience about which the complainant is complaining. They are the two major changes that I have suggested would improve the scheme.

Senator McLUCAS—Regarding the ability of the scheme to investigate, would that require a change to the legislation?

Mr Knowles—It would certainly require, as a minimum, changes to the principles under which the scheme operates. The principles currently very much embody the alternative dispute resolution model. In practice, we have, if you like, strengthened as far as we can the initial assessment, but it still does not reach to the point of an investigation. It is more that it takes the information provided by the complainant and the provider's response and an assessment is made, rather than what we see in the processes of most of the state health commissions, where they undertake more of an investigation around the issues.

Senator McLUCAS—You would think that the next step past an investigation would be a point of arbitration or a finding.

Mr Knowles—If one establishes that a breach has occurred, then the judgment is: what is the nature of the breach? Is it a one-off issue where the best outcome is to reconcile the two parties and, therefore, would some form of conciliation or mediation be appropriate? At the other extreme, if it represents a more serious breach, then I think it requires a change on the part of the provider. If it points to wider systemic issues, clearly that is a matter that ought to then be referred to the agency.

Senator McLUCAS—You said that you undertook a review two years ago—I do not think you used the word 'review', but can we use that word?

Mr Knowles—Yes.

Senator McLUCAS—Did you instigate that yourself?

Mr Knowles—Yes.

Senator McLUCAS—When you completed it, did you provide that report to the minister?

Mr Knowles—It really followed a process after we started collating the satisfaction surveys that providers and complainants submitted. We did it as an exercise to delve a little deeper than the information we had been able to achieve. It was an exercise structured more to the operation of the scheme, and so I used the review to brief the staff of the scheme. I think I referred to it in my annual report and indicated that, out of that review, there was support for looking at an investigatory model. Then, with the department, I subsequently looked in greater detail at how that might be achieved.

Senator McLUCAS—Was that report provided to the minister?

Mr Knowles—Yes.

Senator McLUCAS—When was that?

Mr Knowles—It was provided to the current minister on his appointment. It had been completed just prior to that.

Senator McLUCAS—Did that report cover the discussions you had had with the department subsequent—

Mr Knowles—It was a jointly developed report with the department around some of the implications of moving to an investigatory model. It was more a working paper than a report.

Senator McLUCAS—Going to the question of consistency, what is the problem now with the fact that, as you said, there are eight intake points? Why does that present a problem?

Mr Knowles—We list statistics either as information calls or as complaints. Over recent times we have been working hard to try to ensure that all complaints that are lodged are listed. I have a sense that some of what we might describe as anonymous complaints are actually listed in the data as information calls. The department and my office have worked hard and we have a manual for the way matters ought to be treated, but you always get some variation. In some states, particularly some of the smaller states, staff who are handling complaints also have other responsibilities and that leads to a change. The states have slightly different structures with the way they deal with compliance/complaint matters. That can all happen. At the edges there is some impact on the way the scheme operates. From time to time, I receive reports from both advocacy services and providers that they have a sense that some issues are handled slightly differently in one jurisdiction to what they are in another.

Senator McLUCAS—That has certainly been brought to my attention as well. How do you define an information call?

Mr Knowles—Essentially, it is any call that comes through that is not a complaint. But often people will ring and convey seek information—they may say that a certain event happened and ask whether that is something that ought to have happened. It might well be that they are just seeking information about where they go if they have a problem. Sometimes people will actually talk about an experience, but, when asked whether they will make a

complaint, they say, 'Not yet—I want to go back and talk to the director of nursing,' or some other person, or, 'I will think about it.' They would be listed as information calls.

Senator McLUCAS—But you are saying that anonymous complaints were registered as information calls?

Mr Knowles—If someone rings up anonymously and, to take an extreme example, says, 'There are no staff on at night in X home,' that might be recorded as an information call and that information would be referred to the compliance section of the department. It could be lodged as an anonymous complaint, which would then be formally transferred to compliance.

Ms Murnane—I have a different view on that sort of example, which I would regard as a very serious example. Anonymity does not mean that we do not investigate in the compliance function the department has. Very definitely we do. The recent claim about rape in Melbourne, for example, was an anonymous complaint and the department was out there that very day. It had gone to the police, told the provider they were going to the police and advised the provider to go to the police. So I do not think that there is a correlation between an anonymous complaint and being logged as an information call. Sometimes it might happen—I am not saying that it would not. But I think that, once you reach an anonymous call that provides information that is prima facie grave and definite, my experience of talking with our state officers is that they will investigate that or they will start to. That will go into the compliance flow. It will not go into complaints resolution or the mediation type processes.

Senator McLUCAS—Who do you mediate with? It is anonymous. I do not think you are talking at cross purposes, to be frank.

Mr Knowles—Absolutely. I certainly did not wish to infer that anonymous information is not acted upon.

Senator McLUCAS—No, and I did not take that from what you said either. In terms of getting myself an understanding of this issue of consistency and logging, it is a statistical issue rather than one of what happens with the information once you receive it. Can you provide the committee with the state-by-state cut between information calls and complaints? Are they the only categories of call that we have?

Mr Knowles—Yes. They are listed in my annual report each year.

Senator McLUCAS—By state?

Mr Knowles—Yes.

Senator McLUCAS—I will go and look it up there.

Mr Knowles—We do it state by state.

Senator McLUCAS—And that is what led you to think that there might be a consistency question?

Mr Knowles—Yes, because there is some variation year on year and between jurisdictions, which I guess led us to question why we are getting these inconsistencies. There has been a decline in the number of anonymous complaints over recent years, and yet we do not have a sense that that reflects serious issues coming to the notice of the department.

Senator McLUCAS—The staff who manage the phones, do they have a script?

Mr Knowles—Yes—

Senator McLUCAS—It is a bit hard to script.

Mr Knowles—Yes, you cannot script, but they certainly have a manual, and each staff member is provided with training about how best to draw out information, provide explanation. We are very keen, at the assessment stage, to help complainants understand what the scope of the scheme is, and that we can really only take matters into the scheme that represent a breach of providers' responsibilities as set out in the legislation. Sometimes it is a matter of providing advice. People might wish to complain about a doctor; that is more a matter for the medical registration board. If it is a criminal matter, that is a matter for the police.

Senator McLUCAS—What about your data collection methods. If someone rings up and makes the complaint that you talked about, for example—that is, no staff is on at X place overnight. If it is not anonymous, the person will give their name. Is there a method of tracking that? If Julie Brown rings up and makes that allegation, and then she rings back, what happens to your data set then?

Mr Knowles—That next call is simply added to the existing file, if you like, of that particular complaint. We track each complaint through the data set at the various stages, or the department does.

Senator McLUCAS—The first call would have been, quite rightly, called an information call.

Mr Knowles—No, not necessarily. If the person actually made a complaint and indicated they wished it to be a complaint, then it would be registered as a complaint and the process would start.

Senator McLUCAS—Sorry, I think we are talking at cross purposes again. If someone rings up and says: 'This is what's happening at the place where my mum is. Tell me about it.' You simply provide information, and ask them if they wish to make a complaint. They say: 'No, I don't. I want to go away think about it.' They eventually ring you back. What happens then? Is that then registered as a complaint?

Mr Knowles—Yes, when they ring back and say, 'No, I wish to pursue it.' Depending on the initial information, if it points to serious concern, then that information will be transferred to the compliance section, but it will not be listed as a complaint under the person who just rang. If the person then rings back and wants to go to complaints, they proceed with their processes. If a person rings back and says, 'I want to lodge a complaint,' then it is registered as a complaint, and the process, as set out in the principles, can then commence.

Senator McLUCAS—I understand there is going to be a review of the CRS. Is that correct?

Mr Knowles—The minister has indicated that he is prepared to consider it.

Senator Santoro—The continuation of the CRS as it currently exists is certainly under review in my office, and obviously I am taking advice from the department in relation to it.

Senator McLUCAS—Has a decision been made about who might conduct that review?

Senator Santoro—I am considering the commissioner's original working document, and I am taking advice from the department and I am also consulting the industry.

Senator McLUCAS—So no decision about whether or not a review will be—

Senator Santoro—At this stage, a final decision has not been made as to what will be the outcome of that review, no.

Senator McLUCAS—Sorry, you have made a decision that there will be a review. Is that correct?

Senator Santoro—As I have indicated in the Senate, I am certainly considering alterations to the complaint resolution scheme, yes.

Senator McLUCAS—And that will be informed by a review?

Senator Santoro—It will certainly be informed by the advice of the commission, it is informed by the advice that I am getting from the department and it is also informed by advice that I am getting from the sector.

Senator McLUCAS—So what will the process be that you undertake or the department is asked to undertake to lead us to a changed activity for the CRS?

Senator Santoro—The process is the serious consideration of all the material before me, and at some stage I will formulate my own views and take a submission to cabinet.

Senator McLUCAS—Is there any opportunity for input from people in the community?

Senator Santoro—There will be ample opportunity, absolutely. I intend to consult the sector extensively. As I have said, I have already started the process of consultation. I have flagged the potential for reform of the CRS with the advisory committee. The prospect of reform after the experience of three or four years of operation is certainly welcomed. People—including the commissioner, obviously—think that the scheme can be improved. We will take key suggestions and responses to his suggestions from the broad sector and we will prepare a cabinet submission and go forward. But there will be ample opportunity for the sector to continue.

Senator McLUCAS—Will there be a formal process, Minister? It has been an issue that the Senate Community Affairs Committee made comment about. Obviously the commissioner is worried about it. I need some comfort and I think the community needs some comfort that there will be opportunity for comment and input.

Senator Santoro—Absolutely. I can assure you that the views of the Senate inquiry are also being considered, and I suppose when government makes its decision that will be the definitive response by government to the commissioner's working paper, I think he called it, the community views and the Senate views. It will be a very definitive response.

Senator McLUCAS—You are not describing to me a formal process of consultation yet?

Senator Santoro—I think you would observe that I am one of the most consultative ministers in the government. I am out there talking to the sector, going to meetings of peak bodies, presenting views, accepting and receiving views and accepting feedback as valued and valuable. You must be under no misapprehension, and I want to give you as much comfort as I

possibly can, that the community will have no complaints in relation to the consultation processes that I have in place.

Senator McLUCAS—We must feel very confident that the whole of Australia is listening to this estimates and therefore they know about it, Minister.

Senator Santoro—The whole of Australia does not have knowledge, I wish to stress, just from listening to this particular estimates committee hearing. In fact, I doubt that much of Australia is listening to the proceedings here—although I hasten to add that, if they were, they would benefit greatly from it and be reassured that the aged care sector of the country is in very good hands, if I can say so in front of the departmental people who do a wonderful job in helping me to manage it. But the point that I make is that the sector knows. I have been at meetings of the peak bodies as well as with many individuals and many individual leaders of the sector. I have been talking and consulting, but there will be an intensive degree of consultation at some time in the near future.

Senator McLUCAS—Commissioner, I wonder if you could explain to the committee what has happened since 2000. There was a report, I understand, that was made by you. I do not know if you were the commissioner in 2000.

Mr Knowles—No. You might be referring to the Commonwealth Ombudsman's own-motion report from 2000.

Senator McLUCAS—Yes. What has happened within the CRS since then?

Mr Knowles—All of the recommendations that the Ombudsman made have been taken up and implemented. A lot of that work revolved around the establishment of a manual which clearly established the appropriate processes. There has been a lot more training. The department has made significant investment in the training of staff which was recommended by the Ombudsman. We have been much clearer on the actual focus, the processes, of what issues can be taken into the scheme. There have been some amendments to the principles of the scheme which have allowed the scheme to cease to deal with matters rather than being totally captive to the wishes of the complainant. That was one of the limitations. One of the consequences of that limitation was that it discouraged the scheme from taking on matters where they were unsure of how they were going to handle them. The implementation of 'cease to deal' has enabled the scheme to take more issues into the scheme. In that process, if they establish that there has not been a breach then the scheme can cease to deal. I think a significant number of improvements have been made to the scheme since the Ombudsman's report.

Senator McLUCAS—I go back to the definition of a complaint. When people log a complaint with you, you make a judgment at that point to accept it or not accept it as a complaint.

Mr Knowles—Yes, after assessment.

Senator McLUCAS—How do you do that?

Mr Knowles—Generally, the complaints resolution officer will make contact with the provider, ascertain their perspective on the issues and gain whatever information is possible. The real judgment comes to: does what is being complained of represent a breach of the

provider's responsibility? That is the assessment. It is not that it is a breach but, if the issue can be substantiated, does that represent a breach? It is very much the initial assessment of the issue as to whether the issue will be taken into the scheme as a complaint.

Senator McLUCAS—You referred earlier to what you thought was a good satisfaction rating. Twenty-seven per cent of complainants feel that their complaint has not been satisfactorily resolved.

Mr Knowles—Yes—not completely.

Senator McLUCAS—I understand that the terminology is 'not satisfactorily resolved'. How does that compare with other complaints authorities? People tend to be unhappy if they have come to you, and to make someone feel competent is pretty hard work.

Mr Knowles—Absolutely. It goes to the point: what is creating the dissatisfaction? Sometimes it is the length of time that the complaint has taken. Sometimes they are dissatisfied because what they set out to achieve is simply not possible. People will sometimes express at the time of lodging that the outcome they want is the dismissal of the director of nursing. It is not possible to provide that outcome through the complaints resolution scheme. I would make two points. Our rate of return of satisfaction survey forms is very high for a voluntary scheme—it is around 50 per cent—whereas for most voluntary schemes it ranges from about 10 per cent to 20 per cent. So it is quite high. You indicated 27 per cent. Survey percentages can be interpreted however you will, but about 87 per cent last year expressed a view that they were satisfied or partially satisfied as a result of their interaction with the scheme. While one would always aim to try and achieve a 100 per cent satisfaction rating, that is a relatively good result given the nature of the scheme and the sector that we are dealing with.

Senator McLUCAS—Sure. Is the 27 per cent of complainants the people whose complaint has been accepted as a complaint?

Mr Knowles—Yes.

Senator McLUCAS—Do you survey the people whose complaint is not accepted as a complaint?

Mr Knowles—No, we would not where the complaint has not been accepted. They do have the right to seek a review. If they seek a review then the issue comes to my office and I provide a report on the initial decision. But that is not registered then as a complaint which would be subsequently concluded. Those surveyed are those whose complaint has been finalised through whatever means.

Senator McLUCAS—What is the split between complaints and issues that are potential complaints—between those that were accepted as complaints and those that were not?

Mr Knowles—In the current year, of complaints lodged, the scheme has not accepted five per cent. To this point 1,103 complaints have been lodged and five per cent of those were not accepted as complaints. So it is a relatively small amount. Of those, 40 per cent appealed and in 62 per cent of those cases where an appeal was held I recommended confirmation of the original decision.

Senator McLUCAS—Sixty-two per cent confirmed—so 38 per cent were then accepted as a complaint?

Mr Knowles—Yes.

Senator McLUCAS—Is there consideration of amalgamating the phone staff in one location, as the commissioner has recommended?

Mr Knowles—I was not recommending that; what I have suggested is a central entry point. I certainly would be of the view that one requires staff spread around the country to manage the actual complaints. My suggestion did not go to locating all staff in one location but simply to develop a central entry point so the first call would come to more experienced designated staff. With the use of technology, they do not have to be all in the one location. You would have more experienced designated staff who would be the first point of entry for the complaint so that there would be a consistent approach with more experienced staff and they would, because of their experience, be able to draw more material out and get a clearer understanding as to whether the issue was something that could be managed by the scheme.

Senator McLUCAS—What proportion of those staff who are receiving phone calls have a background in aged care?

Mr Knowles—That is not a criteria. These are departmental officers in the various state and territory offices. As I said, it is not so much that they have a background; they are provided with departmental training once they are allocated to the complaints resolution scheme.

Senator McLUCAS—I think you would agree there is a lot to learn? I have learned a lot in the last two years.

Mr Knowles—Yes, absolutely. Some of that comes with experience.

Senator McLUCAS—What is on the complaint file—I dare say there is a pro forma form?

Mr Knowles—The database is an electronic one which details the nature of all the conversations the officer has in trying to negotiate an outcome for that complaint. It will also record any correspondence and the nature of that correspondence between both the complainant and the provider through to finalisation. The complaint may be finalised after negotiation and both parties are satisfied that the issue is finalised. It might be finalised through mediation or, if that is not possible, it could be referred to my office for it to be determined by a committee.

Senator McLUCAS—Does it have a field where the facility being complained about is identified?

Mr Knowles—Yes.

Senator McLUCAS—Is there any other sort of pro forma information on that form?

Mr Knowles—No. What is on the file is the nature of the complaint that is being managed.

Senator McLUCAS—Did it used to show or does it show the electorate that the residential aged facility is in?

Mr Knowles—No, I do not think so.

Senator McLUCAS—Did it ever?

Ms Murnane—To my knowledge, no.

Mr Knowles—No, I do not think so.

Ms Murnane—It is simply not relevant.

Senator McLUCAS—I would hope so. I wonder if you could investigate that for me.

Ms Murnane—We will. We will confirm it, but I am absolutely sure.

Mr Knowles—None of the tapes from the data set that I have seen have ever shown that. The only time it might is if a member of parliament has made representations on behalf of the complainant. But it would have the name rather than the electorate.

Senator McLUCAS—That is right. I would just like you to follow that up and find out if the form ever identified which electorate the facility was located in. What policies do you have in place for when a staff member or former staff member makes a complaint to your hotline?

Mr Knowles—They are treated in exactly the same manner as any other complainant. The principles make it very clear that anyone is able to complain. The benchmarks, if you like, are that there is a named care recipient and, as I have already mentioned, that it goes to the responsibilities of a provider.

Senator McLUCAS—Some complaints will only be made by someone who is clearly working in the facility.

Mr Knowles—Yes.

Senator McLUCAS—Do you have any systems in place that protect the identity of the complainant?

Mr Knowles—There are two options open. The person lodging the complaint can lodge it as an anonymous complaint or as a confidential complaint. With an anonymous complaint it is very hard for us to progress that through the scheme because it is an alternative dispute resolution model. So that information is generally referred to the compliance section. If the person lodges it as a confidential complaint, the scheme will seek to resolve the issue but within the bounds of not providing any information which would lead to the provider being able to identify the complainant.

Senator McLUCAS—But I daresay they do from time to time? Even given your best efforts, that will occur?

Mr Knowles—Yes, but the staff would go to significant lengths to make sure that it was not as a result of any information they provided. Sometimes providers will make judgments about who raised the issue.

Ms Murnane—I think there is a significant degree of trust in our holding of that information because we continue to get information from staff. That is probably the major source of information on serious complaints. That would immediately go into the investigative stream through the compliance function of the department.

Senator McLUCAS—How many anonymous complaints are referred to the compliance section of the department?

Mr Knowles—The information would all be referred to compliance, which would then make judgments about the nature of that information.

Ms Murnane—Can I describe it to you, Senator. Mr Knowles is aware of this. What we have in each state and territory is a triage system. In the large states or in most of the states, the state manager chairs a committee. At the end of each week there is a complete accounting of all of the complaints and information calls that have been received that week and their disposition. If they are regarded as a reasonably simple complaint they can go through the negotiation and mediation process that is the complaints resolution scheme. If, prima facie, even if they are a single complaint, they are serious or look to be systemic, they then go into the compliance pathway, which is an investigation. Then there are a number of functions open to us and they are not mutually exclusive.

Depending on the seriousness, the department would visit the home the next day. If their initial visit gives them grave concerns, they will then task the Aged Care Standards and Accreditation Agency to conduct a review audit. Sometimes they may go straight to the Aged Care Standards and Accreditation Agency to conduct a review audit, which is an investigatory audit. When the results of that audit are with the department, the department then considers, if there is serious risk, what sanctions if any need to be applied.

Senator McLUCAS—Mr Knowles, you might be aware that data is also collected by the advocacy groups funded by the Commonwealth. Have you compared the complaints data from the advocacy services with the complaints received by your organisation?

Mr Knowles—No, not directly. I do meet the leaders of the advocacy services on a regular basis, where we discuss issues of mutual concern. While there is some interaction, the advocacy service would handle some complaints without any reference to the scheme at all. On other occasions, they act as an advocate for the complainant through the scheme. Once complaints are accepted, the scheme will advise the complainant of the existence of the advocacy service in their state if they wish to seek that support.

Senator McLUCAS—To use South Australia as an example, South Australia's complaints data comprises almost as much as your data nationally. Do you put that down to a definitional problem?

Mr Knowles—It may be a definitional problem; it may also mean that people are much more comfortable in accessing the advocacy service to pursue the issue they want resolved.

Senator McLUCAS—It is an issue that you have not really had a close look at, though?

Mr Knowles—No, not in the sense of why people would use the advocacy service more than the complaints scheme. Given that the Commonwealth is funding both, I guess that of itself is not of great consequence. It is more a question of through which method people get the best outcome.

Ms Murnane—And there is a feed-through loop to the department. The advocacy schemes will also report anything that they cannot deal with to the department—and they do that—and we use the advocacy schemes quite a lot in serious issues to consult with residents.

Senator McLUCAS—Has the department looked at that seeming inconsistency between the complaints data from the advocacy services and the CRS?

Ms Murnane—To my knowledge, no, but it is something that we will look at. I think that the explanation is almost certainly around definition, as you suggest. A lot of calls to the advocacy service will be for assistance and additional assistance in some way, and they will provide that. But I accept—it is a fair point—that we should do a bit of a drill-down into the data and see if there is an issue there.

Senator McLUCAS—I am not suggesting that we necessarily need to change things, but let's understand why it is.

Mr Knowles—The other point is that the advocacy services are less constrained in their responses. We have quite a prescriptive legislative framework within which the CRS has to operate.

Senator McLUCAS—That is all I wanted to ask on the CRS. Thank you.

Senator FIELDING—I am not too sure which area to direct this to. I would like to know what progress is being made on the issue of reporting of abuse in aged care. Could you just outline what progress is being made in that area?

Ms Scheetz—Are you asking about a specific area or the measures that the minister is talking about taking forward?

Senator FIELDING—At the time when this came up, in March, there were some statements made, I think, by the minister about mandatory reporting. I just want to know where that is at.

Ms Murnane—The minister has had two consultations with his advisory group on this. As well as that, he established a task group that he put me in charge of. We received over 300 letters, some claiming that there were specific instances. If those instances were not already investigated or under investigation, they were put under investigation. On top of that, the minister has announced a number of measures that he was successful in getting money for. They are a significant increase in the number of visits to aged care homes by the Aged Care Standards and Accreditation Agency and, most importantly, in the number of unannounced visits—spot checks.

On top of that, the aged care homes have been reminded by the minister and by the department in these and other consultations that they have a responsibility under the current standards to comply with all state laws. That means that if something happens there like physical, sexual or emotional abuse, or theft, that is an infringement against a state law and that should be reported.

The minister has said—and he is on the public record in this—that there are complex things in relation to mandatory reporting. At those two consultations I referred to, he has discussed with the representatives from the industry—that is, consumer representatives, provider representatives and some other groups: for example, guardianship groups and some union groupings—the issue of mandatory reporting. That is not off the table. He is still looking at that and considering whether there is something there that can sensibly be done.

One of the issues about mandatory reporting is that, while it makes everything clear—it may make things more explicit than they are in the current standards—it can create a flood of reports that can make it difficult for both the police and the department to wade through and distinguish what is unimportant from what is important. This is one of the things that have been found in the issue of mandatory reporting of child abuse. But I think I can say that there has been a huge heightening of awareness of this issue and of the aged care providers' current obligations and an increase, through the measures the minister has taken, in unannounced visits and police checks, giving real traction to that heightening of awareness. As well as that, mandatory reporting is not off the table. It is something he is still considering and talking to consumers and industry about.

Senator FIELDING—I appreciate the answer you have given. Could you just outline what is stopping the department making reporting of abuse in aged care mandatory?

Ms Murnane—There are a number of things. I referred to one earlier, something that has been found in all mandatory reporting systems: being overwhelmed by information through a telephone system and the difficulty in identifying what is critical and needs immediate action and what does not. The other issue, and this is an important matter and is something that has to be considered, is that there are state responsibilities here, involving state justice departments and state police, and if we were to introduce mandatory reporting it would have to be with their cooperation. As well as the other consultation fora and the many more informal discussions that the minister has had, he has also had a meeting with the states about this. There are some differing views and I think this is an area where a change of policy does need to be looked at very carefully to make sure that it can be implemented and that it can be implemented in collaboration.

Ms Halton—I think it is fair to say that there is not a universal view that mandatory reporting is the answer. I think there is an agreement about what the problem is. I think the consumers and the industry—everyone—agrees on what we are trying to deal with here and there is no difference of view. But I think it is fair to say that in meetings with the industry, consumers and a number of other people—and this is actually a policy decision for the minister, not the department; obviously, we will cheerfully and very willingly implement whatever is ultimately decided—the issue is exactly as Ms Murnane has explained: it actually is phenomenally complicated and what one wants to do is make the right response to actually tackle the particular issues. In all the meetings that have occurred the complexity around mandatory reporting has certainly become quite evident, so the minister is very carefully sifting his way through those issues.

Senator FIELDING—Sitting here listening to that, I am just not convinced that we should shirk the issues, considering the amount of federal funding we put into aged care, and that we should not be asking for mandatory reporting of abuse in aged care. We have mandatory reporting of child abuse because children cannot stand up and defend themselves. We have had this issue on the table for a long period of time. I am not so sure why you have differing views: abuse is abuse that should be mandatorily reported.

Ms Halton—Senator, you are actually now asking us for opinions about policy matters. Regrettably, the minister has had to go to an appointment, and no doubt he will be happy to talk to you about those matters.

Senator FIELDING—Let me try another way.

Ms Halton—On indulgence, can I make a comment. The reality is we all agree it is a very serious issue. But even a number of consumers have said to us that some of them do not actually support mandatory reporting. What they say is that older people in nursing homes are not children and that many of these people are quite competent cognitively and do not want to be treated like children. So that is a matter which we have to be mindful of, and the minister has been told that very clearly.

Senator FIELDING—I appreciate that response.

Ms Halton—No-one is shirking—the department is not shirking, the complaints resolution scheme is not shirking and the commissioner is not shirking—the need to actually make sure that our elderly residents are protected. Everyone agrees on that. The minister is trying to grapple with what is a very complex issue.

Senator FIELDING—Let me come from another angle as I cannot ask why it is not being done. What research or studies have you undertaken about mandatory reporting of abuse in aged care facilities?

Ms Murnane—We have looked at this internationally, and Ms Scheetz can answer that.

Ms Scheetz—We are aware of schemes that are in place in the UK and in the US. Mr Brandon has had some discussions with some of the people in those countries. In the UK, they have a system where they have a protection of vulnerable persons list. They maintain a list of anybody who has been under suspicion or has been convicted of some assault on elderly, vulnerable people. That is a relatively new measure and we are watching to see how it works. I am not sure what is happening in the US. We do not have that information with us, but we have some research in the department. If you like, we can put together a brief for you on the information we have collected.

Senator FIELDING—That would be useful. Please continue with what you were saying about what the UK is doing.

Mr Brandon—I think it is more of a related topic. It is about the legislation which is about the protection of vulnerable adults and employment arrangements in the UK for people who have been convicted of offences which have been prescribed, which therefore means they are no longer able to work in the residential aged care sector. The work I have is more akin to the police checks discussion than it is to compulsory reporting.

Senator FIELDING—Just so I can be clear: what research has been done on mandatory reporting, other than you looking at the UK?

Ms Scheetz—We might need to take that on notice and give you a report on the information we have in the department.

Ms Murnane—Perhaps I could sum up. The research we have done there is very active research in the discussions that we have had that the secretary and I have told you have come out without consensus. There are also the insights that we have got from looking at some of the problems that mandatory reporting in child abuse has thrown up. As well as that—and this is not the end of this journey—we have got information on what the international scene is. It might not be as solid as it will be in three or four months time, but I think that is a reasonably

robust answer to your question as to whether we have engaged in a serious consideration of this matter that is informed by what is happening internationally.

Senator FIELDING—I do not think it make sense to me. I will pick it up further with the minister directly. Mandatory reporting on abuse should be there, if we are going to spend money at the federal level. I do not understand it.

Senator POLLEY—Will the tripartite agreement between the federal government, the Tasmanian state government and the Local Government Association of Tasmania announced in August 2003 by the then minister Kevin Andrews finally be signed this year even though, according to the initial agreement, it was due to expire this year?

Mr Dellar—That is a matter that the minister is considering.

Senator POLLEY—There was a lot of fanfare over the announcement of it.

Mr Dellar—My recollection of the original matter back in 2003 is that there would be an exploration of the possibility of a tripartite agreement. Some time has elapsed and the minister has now been asked by the state government and the Local Government Association of Tasmania to consider agreeing to finalising an agreement. That is the position at the moment.

Senator POLLEY—My understanding is that both the Local Government Association and the state government have agreed to sign it.

Mr Dellar—It is a question for the minister. I accept that the state government and the local government have put a proposal to the minister. The minister is considering that proposal.

Senator POLLEY—Through you, Chair, is the minister likely to respond to that today?

CHAIR—I am sure, yes. The minister has just been called to an urgent meeting. He will be back in a little while and you will be able to ask that question of him then.

Senator POLLEY—I would like to know, if he is going to sign it after three years, if perhaps we could be informed about what the benefits will be.

Mr Dellar—I could just say that it is not a matter the minister has had in front of him for three years.

Senator POLLEY—No, but the government has.

Mr Dellar—I do not accept that either. There was an original agreement to do some work and the work proceeded. When the work was completed, which was late in 2005, from memory, a proposal was put to the then minister, Minister Bishop. That got caught up with things you would appreciate. Now that proposal has been put to the current minister and it is a matter that he will consider.

Senator POLLEY—I look forward to his response.

CHAIR—Do we have further questions on aged care?

Senator McLUCAS—I wanted to ask the minister some questions. Do have an indication of when he will return?

Ms Halton—He did not indicate that it was necessarily going to be a long meeting, but he did not give me a precise time.

Mr Dellar—Senator McLucas, you asked a question about some figures that Ms Scheetz has, and we can give you those figures now if you like.

Ms Scheetz—It was a question about the Community Visitors Scheme et cetera.

Senator McLUCAS—Thank you.

Ms Scheetz—The 2006 figures are $8.657 million for the CVS, $2.45 million for the NACA and $916,000 for the CRS.

Senator McLUCAS—You got $4,000 more. Use it wisely! I want to ask some questions about workforce, but for some of them I will wait for the minister to come back. There was a report that went to the question of workforce issues in community care. I forget the name of that report.

Ms McDonald—Can you give me a bit more information about the nature of the report you are talking about?

Senator McLUCAS—Sorry, I said 'report', but it was a strategy. It was a strategy for community care workforce issues. Does that ring a bell? I cannot remember the name of the document.

Ms McDonald—No. I can tell you the things I am aware of that are happening in relation to workforce that may assist in answering your question.

Senator McLUCAS—In community care?

Ms McDonald—Yes. Work is being done under a new strategy for community care, 'the Way Forward', in conjunction with state governments. As part of that work, we have started looking at the issue of the community care workforce. A literature search is being undertaken at the moment to look at the Australian literature and also international literature around what is known about the community care workforce and the issues at the moment. That is close to being finalised and there is information on our website about that work. That also draws on some information the state governments have looked at in relation to their own community care workforce issues. In the budget, there was also a budget initiative that looked at two areas. One area was the extension our census on the workforce, which previously focused on the residential workforce, into community care. The other component was some funding to assist with training to lift skills in the community care workforce.

Senator McLUCAS—How much was the second allocation?

Ms Scheetz—It was $13.4 million over four years.

Senator McLUCAS—How is it imagined that will be applied?

Ms Scheetz—It was hoped that it would train around 2,700 community care workers in a process similar to our 'Better skills for better care' strategy for aged care workers, which concentrates on certificate III, certificate IV and enrolled nurse qualifications.

Senator McLUCAS—What is the total Commonwealth funded community care workforce?

Ms McDonald—We do not have those figures.

Senator McLUCAS—I know that a lot of people work in HACC, but we do not know how many people—

Ms McDonald—That is one of the reasons why part of this measure was to extend our survey to cover that workforce.

Senator McLUCAS—Are surveys being undertaken?

Ms Scheetz—There was a census and survey of residential aged care staff done in 2003-04. That is going to be repeated in 2007 and it will take into account the community care work force this time.

Senator McLUCAS—So we do not have a base line of workers in community care.

Ms Scheetz—No.

Senator MOORE—But you will have after the survey?

Ms Scheetz—We will have after the survey.

Senator MOORE—How do you know you have reached workers if you do not know how many there are?

Ms Scheetz—It will be done through service providers whom we fund. We know who the service providers are.

Senator MOORE—So you will just send it to providers and hope that they will send it to all their workers—that will be the expectation? That would be the only way you could do it.

Ms Scheetz—Yes.

Senator MOORE—How do we do it for the aged care facilities? Is it the same method—we send it to the aged care facilities and then rely on them to give it to the residential care workers?

Ms Scheetz—We actually tendered that process out to the Institute of Labour Studies. They came up with a methodology which we regarded as the best possible way of getting the information out to workers and of getting the information back.

Senator MOORE—What was the response rate to the original survey, which we have talked about for other reasons at estimates before? If we use the model of using a direct survey to the providers as the methodology of getting input from each of the workers, what was the response rate to the aged care component of that?

Ms Scheetz—The response rate to the whole survey was 62 per cent. We do not have figure on the actual number of workers.

Senator MOORE—Did your consultant believe that that was a good result?

Ms Scheetz—They thought that was a good result.

Senator MOORE—I am always fascinated by consultants' views of what a good response is. But 62 per cent was considered a good one. That was the benchmark for the survey for aged care workers. You are going to repeat that methodology for aged care workers again but this time extend it to the community area and then create your benchmark for community workers in 2007.

Ms Scheetz—Yes.

Senator MOORE—What part of 2007—early or late?

Ms Scheetz—The tender would be done in early 2007 and, depending on the results, the department will need to go through a process to develop the time line.

Senator MOORE—So it will hopefully be concluded in the calendar year 2007.

Ms Scheetz—Yes. One thing I might add is that, under the CAP program, there is a requirement for residential aged care homes to participate in the survey to continue to receive the CAP funding. Hopefully that will increase the response.

Senator MOORE—You think that could be an incentive?

Senator McLUCAS—Can I go back to the agency. I want to go to the budget measure on spot checks for residential aged care. Mr Brandon, $2 million has been allocated to ensure that every residential aged care facility in Australia gets at least one announced spot check per year. Do you have, in your accounting and budgeting process, a unit cost for a spot check?

Mr Brandon—The budget initiative is for one unannounced visit. That will be a combination of support contacts and review audits.

Senator McLUCAS—Let's not go there again, Mr Brandon!

Mr Brandon—We have a budgeting model which takes into account the type of transaction we are doing, the number of people who will be on it and, what is more important, of course, the location of the home. With 3,000 homes all over Australia, there is no sensible one price for a visit because there are significant influences in the cost of delivering those services. One of those is very much the travel time. We have services which are a day's travel away. Depending on the size, we will put on one, two or maybe three assessors. So we have a funding model but there is not a unit price.

Senator McLUCAS—How does the funding model work? I understand there are three elements. How do you use that funding model?

Mr Brandon—We plan each visit, because we know where all the homes are of course. We form view about how many people we will sending to them. We know the travel time. So we develop a cost for each visit.

Senator McLUCAS—So you could tell me what the cost of doing an unannounced spot check at Mornington Island would be.

Mr Brandon—I could. Not right now. I could take that on notice.

Senator McLUCAS—No, I do not want to know. What I am trying to understand is your methodology. The $2 million that has been allocated for 2006-07 will fund almost 3,000 unannounced spot checks?

Mr Brandon—All our revenue—that is the total funding received from the Commonwealth plus accreditation fees—will fund an average of 1.75 visits per home per year, which includes one unannounced visit to each home in the year.

Senator McLUCAS—So 1.75 visits per year—

Mr Brandon—It is the average, which is set out in the PBS.

Senator McLUCAS—That is what you are predicting in 2006-07?

Mr Brandon—Yes, that is set out in the deed of funding and in the budget initiative in the PBS.

Senator McLUCAS—How many visits were proposed to happen in 2005-06?

Mr Brandon—The budget figure for 2005-06 was an average of 1.25 visits per home.

Senator McLUCAS—So we are increasing the number of visits by 0.5?

Mr Brandon—We are increasing the budgeted number of figures by 0.5. I should tell you that during the 2005-06 year we expect to exceed the 1.25.

Senator McLUCAS—How many visits will that be all-up, because you have your regular schedule?

Mr Brandon—Approximately 5,200 during 2006-07.

Senator McLUCAS—That is up from what number in 2005-06?

Mr Brandon—We have not finished 2005-06.

Senator McLUCAS—What number did you indicate that you would undertake in this current financial year?

Mr Brandon—We budgeted for 3,700.

Senator McLUCAS—What was the total income for the agency with appropriation from government plus fees received in 2005-06?

Mr Brandon—The 2005-06 figure for revenue from ordinary activities will be $26,320,000.

Senator McLUCAS—What is predicted for 2006-07?

Mr Brandon—For 2006-7 it will be $29,405,000.

Senator McLUCAS—So $26 million up to $29½ million?

Mr Brandon—Correct.

Senator McLUCAS—That is an increase of $3½ million?

Mr Brandon—It is an increase of $3 million—$26.3 million to $29.4 million is $3 million.

Senator McLUCAS—With an increase of $3 million you are going to increase the number of visits—and this includes the whole range of visits?

Mr Brandon—Yes, but it is not quite that simple because we do not have an even workflow. Because of the accreditation cycle, in some years we do more accreditation audits than in other years. So the comparison year on year on the bland figures is not an accurate one.

Senator McLUCAS—Where are we up to in the three-year cycle?

Mr Brandon—This round—round 4—will probably finish around late this year. I will give you an indication of the number of accreditation audits we do. In year 1—that is, in the first

financial year, we do around 300; this financial year we will do around 1,800; and next financial year we will do around 1,600 to 1,700.

Senator McLUCAS—That is the rolling program of normal accreditation audit?

Mr Brandon—Yes.

Senator McLUCAS—You have got quite a piece of work to do in terms of rolling accreditation. How many did you say will have to be audited this year?

Mr Brandon—This calendar year I think it is 1,800.

Senator McLUCAS—The problem we have is that you work on a calendar year and these figures are on a financial year.

Mr Brandon—No, they are on a financial year.

Senator McLUCAS—So you have 1,800 regular audits.

Mr Brandon—I will give you a more approximate figure, if you will.

Ms Halton—That would be the technical term!

Mr Brandon—In 2005-06 there were 1,700 accreditation visits. In 2006-07 there are 900 accreditation visits. In the previous year, 2004-05, there were 350. That is the accreditation cycle.

Senator McLUCAS—The figure I know is that you did 563 unannounced visits in 2004-05.

Mr Brandon—That is correct.

Senator McLUCAS—And your budget then would have been around $20 million-odd—around $25 million.

Mr Brandon—In 2004-05 our revenue was $20 million.

Senator McLUCAS—That has decreased because fewer fees are being paid.

Mr Brandon—That is correct. That is the year in which we did 350 site audits.

Senator McLUCAS—What I am trying to get to, Mr Brandon, is: have you got enough money to do the job?

Mr Brandon—Yes. The funding from the Commonwealth is adequate to do the task.

Senator McLUCAS—We have had this discussion about the names of these things. There is the normal review audit that happens on a three-yearly cycle.

Ms Murnane—The accreditation audit.

Senator McLUCAS—That cannot change; it is legislated and it has to occur. Is that correct?

Mr Brandon—Yes, that is correct.

Senator McLUCAS—Then you have unannounced spot checks, and there are two types of those. Will the unannounced spot checks that the minister has indicated in the budget be unannounced—with less than a day's notice? What is the nature of those?

Mr Brandon—The definition of an unannounced visit will remain as a visit with less than 30 minutes notice.

Senator McLUCAS—Less than 30 minutes?

Mr Brandon—An unannounced visit is a visit with less than 30 minutes notice. The reason for that is that we are required by legislation to provide advice in writing that we will be there. So the process is that the assessor turns up and says, 'Hello, here I am and I'm here to do an unannounced visit.'

Senator McLUCAS—So every facility will get one of those?

Mr Brandon—That is correct.

Senator McLUCAS—And, of the 563 from 2004-05, how many of those visits were of that nature—that is, with less than 30 minutes notice?

Mr Brandon—All of them. The 563 unannounced visits were all of less than 30 minutes because, by definition, a visit of less than 30 minutes notice is an unannounced visit.

Senator McLUCAS—I wonder if you could go back and look at the *Hansard* from last time, because it did not read like that.

Mr Brandon—Yes, I read that a couple of times.

Senator McLUCAS—Were you confused at the end?

Mr Brandon—Am I required to answer to that?

Senator McLUCAS—No.

Ms Halton—Is that one of the questions that was covered by Senator Humphries's introduction at the very beginning—that you should not answer a question if you might incriminate yourself?

CHAIR—It might be!

Senator McLUCAS—In 2004-05, which is the last full year we have, there were 563 unannounced spot checks—that is, less than 30 minutes. There were 350 accreditation audits. What else did we have that year?

Mr Brandon—There were 83 review audits. The exact figures in 2004-05 were 339 site audits, 83 review audits and 4,016 support contacts.

Senator McLUCAS—Can you advise the committee what number of audits in those same categories have been undertaken year to date for 2005-06?

Mr Brandon—We have done 970 site audits, 45 review audits and 2,469 support contacts.

Senator McLUCAS—How many spot checks?

Mr Brandon—There have been 526 unannounced visits.

Senator McLUCAS—Can you go through what is proposed to be undertaken for 2006-07?

Mr Brandon—In 2006-07 we will do a total of 5,200 visits made up of 900 site audits. The number of review audits will be driven by the need, which means that we will do approximately 4,300 support contacts and review audits.

Senator McLUCAS—And almost 3,000 unannounced spot checks.

Mr Brandon—That is correct. Senator, I will just correct something that has been brought to my attention. That last set of figures I gave you was at 31 March, not year to date. They are our most recent figures.

Senator McLUCAS—Thank you. I also have some questions on your quality control. You are tasked with the job of ensuring that standards in residential aged care are on a quality improvement footing. How do you assess your success at doing that?

Mr Brandon—We have certification under the International Standards Organisation for quality management systems, which is conducted by SAI Global. They do a complete audit every couple of years and every six months they turn up for what they describe as a surveillance audit. They audit us in each of our offices. We have a national office and offices in Brisbane, Sydney, Melbourne, Adelaide and Perth.

Senator McLUCAS—Who do they report to?

Mr Brandon—They report to our board.

Senator McLUCAS—Does the board provide that information to the minister?

Mr Brandon—We provide the information to the department. Under our deed of funding with the Commonwealth we are required to be certified. We provide information that we have achieved and retained certification on the review by SAI Global.

Senator McLUCAS—Can the department provide the committee with the most recent document?

Mr Brandon—We provide the department with advice that we have been certified. We do not provide them with the SAI Global reports.

Senator McLUCAS—Are those reports comparative?

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

Senator McLUCAS—I am sorry, 'comparative' is the wrong word. Is it is as simple as you have been certified or not or are there degrees of compliance?

Mr Brandon—The process with SAI Global is that the auditors turn up at our site, do their audit and then give us a report, which tells us where we have achieved compliance and where they have suggestions. They include improvement suggestions, which then feed in as part of our own internal improvement system which we are required to have under our certification.

Senator McLUCAS—Mr Dellar, that information that is provided to the department—

Mr Dellar—I do not think Mr Brandon said the department gets that information.

Mr Brandon—The department is advised that we have achieved certification.

Senator McLUCAS—Have you achieved certification?

Mr Brandon—Yes, we have. My recollection is it was two years ago. We have undergone six-monthly audits at every site ever since then and we have been successful at all times.

Senator McLUCAS—Could you give an indication of how successful you have been? Are you improving or is it static?

Mr Brandon—I think we are improving, not just because of the certification but because we have our own internal quality assurance measures. We also have a number of ways in which we accept feedback from stakeholders. As I described before, the information they provide us feeds into our internal improvement system, our quality improvement system.

Senator McLUCAS—You would be aware of the issue of consistency between assessors. Could you explain to the committee how you ensure consistency between assessors?

Mr Brandon—The discussion of consistency comes up frequently for the providers. Most often it is a discussion about how they go about their work rather than the outcomes that are achieved. It is put to me that they get it right but there are issues about how they approach it. We take steps to ensure that there is consistency in both approach and accuracy of audit—after all, in our business, it is accuracy of the audit which is most important. We have a training program, which all assessors must go through. Every two months we have a learning seminar, or up-date training, for all assessors, both those who are employed and those who are contracted.

Senator McLUCAS—Is there consistency in the way the reports are presented?

Mr Brandon—The reports are presented according to the template that is provided by the agency.

Senator McLUCAS—I am sorry, I do not mean presented; I meant consistency in how the description of the facilities is written up.

Mr Brandon—The nature of the description is dependent on the auditor knowing the audit methodology, which they all do. Most have some sector background and they will tend, from time to time, to put an emphasis on that. That is why the decision makers are so important. It is their job to sift through the reports, plus all the other information they get, to come to the conclusion of whether the home should be accredited or otherwise.

Senator McLUCAS—You clearly get complaints about the issue of consistency.

Mr Brandon—We do. It is more in meetings that I have where people raise it. To be perfectly frank, I say: 'Can you tell me what you mean? If I can understand what you mean, then we have something to work with.' Almost inevitably, it comes down to, 'I didn't like the way she asked the questions,' or they have different ways of asking questions. It is more to do with the approach individual auditors take to the task at hand. I can also add something that we have discovered in recent times. It is also largely driven by the expectation of providers. Providers have quite different expectations of the audit process and quite different expectations of auditors. So, it is a combination of factors. It would be quite wrong to assume that all providers had the same expectations of us and of our auditors. They have demonstrably quite different ones.

Senator McLUCAS—Chair, do we know when the minister is going to be back? Ms Halton, do we know when the minister is going to be back?

Ms Halton—I do not, I am sorry, Senator. Basically he told me he was going to be back as soon as he was finished the urgent meeting he was called to.

Senator McLUCAS—I wish the National and Liberal parties would get over it and then we could get on with something else. Mr Brandon, I understand the agency is exempt from the Freedom of Information Act.

Mr Brandon—That is correct.

Senator McLUCAS—Can you explain why?

Mr Brandon—That would be a question for government.

Senator McLUCAS—Ms Halton, why is the agency exempt from the FOI Act?

Ms Halton—I do not know that I know the answer to that question; I will have to find out.

Senator McLUCAS—Could I put that on notice.

Ms Halton—It may be to do with the fact that it is a company structure. That is my off-the-cuff response. There will be something in the history of it. I will have to find out, but I suspect it will be it is a company structure.

Senator McLUCAS—I am keen to speak to the minister before we finish this section, but it is difficult when he is not here.

Ms Scheetz—Senator, in relation to comments to you about how we know what the impact of accreditation is, you may be aware that the department is currently undertaking a project to evaluate the impact of accreditation on quality in care and quality of life. That project is due to report at the end of the year. At that point we will have a better understanding of some of the impacts of accreditation.

Senator McLUCAS—Who is doing that work?

Ms Scheetz—Campbell Consulting won the tender.

Senator McLUCAS—The report will be to the department?

Ms Scheetz—That is right.

Senator McLUCAS—Then we will go through the process of finding out whether it is made public and whatever, as you do. I turn now to fire safety certification.

Ms Scheetz—Building certification?

Senator McLUCAS—Fire safety. How many facilities are now in breach of the requirement to be compliant with the fire safety standards that was meant to happen at the end of December last year.

Ms Scheetz—As at 29 May, 396 services had not demonstrated compliance with the higher standard, the 1999 instrument.

Senator McLUCAS—How many of those are noncompliant with the lower level of standards?

Ms Scheetz—State and local government laws?

Senator McLUCAS—Yes.

Ms Scheetz—The fire safety declaration. There are 20.

Senator McLUCAS—That has gone up.

Ms Scheetz—We have had another round of fire safety declarations. You might recall that at the last Senate estimates there were, I think, eight outstanding from the 2004 fire safety declaration. That number is now down to three.

Senator McLUCAS—So there are three who are noncompliant with the state and local government standard from last year, still?

Ms Scheetz—Yes. They are undergoing building works which are due to be completed in August this year.

Senator McLUCAS—All three of them?

Ms Scheetz—Yes. They are all one provider.

Senator McLUCAS—They have continued to receive subsidies from the Commonwealth in the period?

Ms Scheetz—They have.

Senator McLUCAS—How can that happen, in a legislative sense?

Ms Scheetz—The requirement to submit a fire safety declaration in the legislation is around submitting that declaration. The jurisdiction for decisions about action if they do not meet state and local government laws is with local councils. The local councils and the fire authorities are working very closely with those homes and have made decisions to leave them open.

Senator McLUCAS—So there are three from the last round and 20 which are not compliant?

Ms Scheetz—A further 17. So there are three from the previous round plus 17 from the current round.

Senator McLUCAS—I will ask this although I know the answer. Can you give me the names of those facilities?

Ms Scheetz—No.

Senator McLUCAS—Can you tell me what states and territories they are in?

Ms Scheetz—I can do that. There are two in Queensland, seven in New South Wales, three in Victoria, one in South Australia and four in Western Australia. We have information that each of those homes has some action in train to meet the risk standard. You will be aware that the year before they had met the local government laws. Most of the issues around those are maintenance of fire equipment. Four of those homes have building works in place to address these issues. Twelve have been inspected by the local authorities and the maintenance issues are currently being fixed. One has had the building work done and they are awaiting approval by the local government.

Senator McLUCAS—When do you expect those 17 to be compliant?

Ms Scheetz—We are still working with them on the time frames. Given the nature of the issues, we do not expect it to be a long time because they are equipment maintenance issues rather than structural building issues.

Senator McLUCAS—Has there been any consideration of imposing some sort of sanction?

Ms Scheetz—Be aware, Senator, that we only received the information about them in March. We have been following up with those homes about the sorts of work they have been doing. The process is that we provide the information to the local authority so that we can ensure they are under supervision. We are in the process of providing that information to the accreditation agency so that they can make assessments against the accreditation standards.

Senator McLUCAS—I think this issue only came to the fore because Mr Santoro misunderstood a question of mine in the chamber. The March declaration in 2006 showed that 20 all up were noncompliant with the very basic standard. What was the total number of facilities that were noncompliant at the time of the 2005 March declaration?

Ms Scheetz—Initially, when the form came in it was in the hundreds. I might have to provide that to you later; I thought I had it here but I cannot find it right now.

Senator McLUCAS—Which was the first year that the fire declaration was required?

Ms Scheetz—The first declaration was the 2004 declaration, which was received in March 2005.

Senator McLUCAS—So some hundreds were noncompliant.

Ms Scheetz—Initially, and then within a very short space of time those numbers were reduced. I think you might recall it went down to eight.

Senator McLUCAS—I will then go to the higher level of fire safety standards.

Ms Scheetz—The 1999 instrument.

Senator McLUCAS—Yes. We still have 396 facilities that are not compliant with that. What are you doing with them?

Ms Scheetz—We are closely case managing each of the services. We have building plans and time frames for all of those except for four, which we are still following up.

Senator McLUCAS—We will put those four to one side. When do you expect those 392 to be compliant?

Ms Scheetz—On the advice they have given us, 197 expect to have building works completed by 30 June, 86 by 30 September and a further 45 by 31 December this year. Then there are 22 by June 2007 and 19 by the end of 2007.

Senator McLUCAS—These facilities got $3,500 for every resident, conditional on them being able to provide certification that they had complied with those 1999 standards. Are we just going to let this roll along? For the 22 and 19, they have had that money for a very long time. What sort of reasons are they giving for why they cannot comply?

Ms Scheetz—There is a range of reasons. Some of the homes are being rebuilt to meet the 2008 standard as well.

Senator McLUCAS—How many of them are rebuilding, then?

Ms Scheetz—I do not have those specific figures with me, but each of these homes are being case managed. We have information on what all of them are doing, whether they are

refurbishing or rebuilding, and we are keeping a close eye on whether they are meeting the time frames that they are giving us. You need to be aware that they are all certified under the 1997 standards, so it is not that they are not certified; it is that they are still to meet the higher standard.

Senator McLUCAS—Yes, I understand that. I wonder if you could provide on notice how many of those facilities in the five deadlines for compliance—let us call it—are rebuilds. I think that would be useful, then we could actually get down to where we are talking about.

Ms Scheetz—We can take that on notice.

Senator McLUCAS—Of the four that you have no indication about what they are doing—let us call them the recalcitrants—what is the story on those four?

Ms Scheetz—Those four and a number of other homes are in the process of having their certification reviewed. We have done certification assessments on 27 of the homes. We have another 29 which will be done by 30 June. The aim of those assessments is to get specific information on the areas of noncompliance or the areas where they do not meet the 1999 instrument. There will then be decisions taken about whether we do need to take action under certification or whether they can continue with their building plans and their time frames.

Senator McLUCAS—You say that there are a number of facilities having their certification reviewed, four of them because they are not compliant with the 1999 fire standards, 20-something because of—why?

Ms Scheetz—Of the 396 that are not compliant, we have done risk analysis of those homes based on information they have given us and the time frames they have given us and we gradually working through and doing certification assessments on each of those homes.

Senator McLUCAS—Sorry, I misunderstood what you said then.

Ms Scheetz—We have identified about a third of those homes which present the greatest potential risk and we are working through certification assessments on those homes. We have done 27, we have got another 29 that will be done by the end of June, and we will continue to work through those until either their building work is complete and they meet the 1999 instrument or until they do such upgrade as to satisfy us that they can continue with their building works.

Senator McLUCAS—If they do not comply ever, what happens then?

Ms Scheetz—If they do not comply ever?

Mr Dellar—I think we would prefer to cross that bridge when we come to it.

Ms Scheetz—Our indications are that they will comply. They have been working very cooperatively.

Senator McLUCAS—We have got four facilities that you do not know what they are intending to do. How many beds are in each of those four facilities?

Ms Scheetz—I would have to get back to you with the specifics of the four.

Senator McLUCAS—They got $3,500 per bed, but they have not indicated what they are going to do with it at all.

Ms Scheetz—We are still trying to follow them up.

Ms Murnane—It is four out of 396. I am not saying we would be complacent about it. And the reason we have got these figures is that our state offices have been chasing up these homes that we reported as noncompliant with the 1999 requirement last year, and we will continue to do that. When we are talking about four, there might be an identifiable aspect to it, I am not sure, but we will find out what is the situation with those four and if we can tell you we will.

Senator McLUCAS—I think the offices have been trying to do that but they are not getting a response from the facility. Given that quite an amount of money was allocated, it has got to come to a time where we make a decision.

Ms Murnane—I understand what you are saying.

Ms Scheetz—We are riding these facilities very hard. We are in constant contact with them. Apart from the four, all of the others are cooperating with us.

Senator McLUCAS—Given the time, I just want to put on notice that I am very disappointed that I could not ask the minister questions about what he thinks of workforce issues in residential aged care, but I wonder if the department could indicate where we are up to with the long-term response to the Hogan review.

Mr Dellar—That is a matter that is being considered by the government.

Senator McLUCAS—I thought you might say that.

Mr Dellar—There is really nothing else I can add at this stage, I do not think.

Senator McLUCAS—When people apply to become an approved provider, how many applications are refused?

Mr Dellar—I would need to take that on notice. I do not believe I have that figure with me.

Senator McLUCAS—Could you give me an indication, say an annual basis, how many applicants you have, how many are accepted and how many are refused?

Mr Dellar—I will do that.

Senator McLUCAS—Could you give me an indication of the nature of the reasons they are refused.

Mr Dellar—We will see what we can do.

Ms Murnane—That might be harder because that may come into releasing information that becomes our judgment. You are not talking about that being identifiable?

Senator McLUCAS—No. I do not want to know that that person has got this problem.

Ms Murnane—We will look at whether we can do that.

Senator McLUCAS—Is it because they—well, I do not know what it could be; perhaps you could tell us.

Ms Murnane—We will have a look.

Senator McLUCAS—And how many applications for transfer of licences are not approved?

Mr Dellar—I will take that on notice as well, if I may.

Senator McLUCAS—Okay. In taking that on notice I wonder if you could indicate how many applications you get on an annual basis, how many are approved and how many are not approved.

Mr Dellar—Certainly.

Senator McLUCAS—Thank you.

CHAIR—It sounded like more than two, Senator.

Senator McLUCAS—But they were quick!

Senator POLLEY—I would like to clarify, going back to the tripartite agreement involving the Tasmanian state government and local government, that there was a protocol signed back in 2003 and announced by the then minister, Mr Andrews.

Mr Dellar—I would need to refresh my memory on that, but my recollection is that there was an agreement to consult over the development of an agreement.

Senator POLLEY—There was a media release put out by the then minister saying that a protocol was signed. I will follow up on that after dinner.

Proceedings suspended from 6.36 pm to 7.40 pm

CHAIR—The Community Affairs Legislation Committee is resuming in the Health and Ageing portfolio. Before dinner we were dealing with outcome 4, 'Aged care'. We have dealt with the agencies in this area, but there are some questions remaining, Minister, for you. I will invite those questions now. Senator Polley, you had a question of the minister?

Senator POLLEY—Yes, I did. The tripartisan agreement between the federal government, the Tasmanian state government and the Local Government Association of Tasmania was announced back in 2003 by the previous minister, Kevin Andrews. My understanding is that the Tasmanian state government and the Local Government Association of Tasmania are both keen to sign that agreement, and there was an announcement and protocol signed. Before that agreement expires this year, is it going to be signed?

Senator Santoro—Thank you for your question. You would expect that I would be advised of the potential for the question that you have just asked. In order to serve the committee and to satisfy its request for information, I have had the minute pulled out that has recently come to me. In order for me to give you a comprehensive answer, which I think will interest not just yourself but your constituents, I will give you some direct quotes from the minute and then I will give a precise answer to your question:

In March 2003, the former Minister for Ageing, the Hon. Kevin Andrews, wrote to State and ACT Planning and Local Government Ministers, Local Government Associations and State and ACT Treasurers in regard to planning issues affecting provisional allocations. Minister Andrew's letter followed a previous invitation from the former Tasmanian Premier, the Hon. Jim Bacon to participate in a joint exercise to consider the impact of the ageing of the Tasmanian population.

Following this exchange of correspondence between Ministers, officials from the three levels of Government have been engaged in drafting a draft Tripartite Partnership Agreement on population ageing in Tasmania. The draft Agreement is consistent with the Council of Australian Governments' acknowledgment that a range of areas including infrastructure and community support required further consideration in light of the projected ageing of Australia's population. The draft Agreement complements the Tasmanian Plan for Positive Ageing 2000-2005 and is based on the Tasmanian Government's partnership model with local government.

The production of the final draft Agreement follows a consultation phase in which comments were sought from a wide range of Australian, State and Local Government agencies and with professional and community groups, including ACROD (Australian Council for the Rehabilitation of the Disabled) Tasmania, the Tasmanian Department of Premier and Cabinet, the Tasmanian General Practice Divisions, the Tasmanian Council for the Ageing, and Aged & Community Services Tasmania. Minister Julie Bishop issued a joint media release on the consultation phase with the Tasmanian Minister for Health & Human Services, the Hon. David Llewellyn MHA, and the President, Local Government Association of Tasmania Councillor Lynn Mason on 2 June 2005. The media release was also followed by an interview with former Minister Julie Bishop regarding the proposed Agreement with a Tasmanian community radio station.

A copy of that minute, I am told, was attached. This minute goes on:

The proposed Agreement was endorsed by all parties who provided comments on the draft document. The Tasmanian peak body representing not for profit residential and community care services providers (Aged & Community Services Tasmania) noted that the draft Agreement provided a basis for government officials to work together to ensure coordination in relation to issues such as fire safety requirements and planning related to the development of new residential aged care services. Other specific comments received referred to:

- the need to continue to consult with special needs groups—

which is one of the reasons why I think that consultation process has taken a little while—

- the value of funding innovative healthy ageing programs;

- recognising the linkages between ageing and disability;

- the importance of the Australian Government Aged Care GP Panels initiative; and

- the importance of housing, business, social and cultural services, ensuring ongoing access and participation.

I am happy to acknowledge before you, Senator Polley, and the other members of the committee:

This draft Agreement is the first of its kind in Australia to address population ageing issues on a cross-jurisdictional model.

I think it is a great example of cooperative effort between the two levels of government plus so many other stakeholders and groups that I have mentioned. The minute goes on:

The broad scope promotes increased cooperation between the three spheres of government as Tasmania heads towards having the largest per capita aged population.

I learnt something from this minute, because I thought that Queensland was heading that way, and when I visited Western Australia two weeks ago they told me that they were heading that way. Given that this is from my department, I take it as truth and I accept that your state, in fact, is heading towards having the largest per capita aged population. The minute goes on:

The objectives of the Agreement are to deliver improved services to the community for the care of older Tasmanians and to improve the living and community environments. The catalyst for the Agreement was the sometimes long delays in building new aged care homes and addressing this is the Agreement's prime priority. The Agreement is designed to expedite planning and implementation processes for aged care services, to maximise bed readiness and land use, and reduce numbers of provisionally allocated places.

I thought that I should give that background, which I think is useful background in terms of what the agreement is seeking to achieve.

When the public consultation process was finished, a copy of the agreement was provided to former Minister Bishop. The process, I am advised—and I am now getting to the kernel of my answer to your question—was subsequently laid down by the caretaker conventions of the recent Tasmanian state election. I can advise you that I have recently received a minute from the department, from which I have just quoted, and I intend to give it my very close attention during the next few days. When I say 'recent', I mean it was only during the last week or so that it came to me.

I am advised that the extensive period of consultation that has been involved in the development of the agreement since Minister Andrews first initiated the process in 2003 is practically complete and that it will help overcome many of the difficulties that the agreement sought to address. I give you my undertaking it will receive some fairly swift consideration from me. How does that sound?

Senator POLLEY—Three years is a long time to consult, but if that is an indication that it is likely that the government will finally commit then we welcome it. Having recently met with all the north-west coast councillors, I know that aged care is a significant issue for our community. We are eagerly awaiting your decision, Minister.

Senator Santoro—I acknowledge that that issue would be of concern to you. Sometimes in this game you are damned if you do and you are damned if you do not. We can consult too little and we can consult too much, but I have given you my undertaking and I will follow up on it.

Senator POLLEY—I appreciate it.

CHAIR—There were further questions of the minister. Senator Fielding?

Senator FIELDING—Minister, we were talking before, when you were out of the committee hearing, about mandatory reporting. I also wanted to discuss something that was on your website on 10 April 2006, where you are quoted as saying:

There will be compulsory reporting of a certain category of offences, and that particular reporting will be implemented as soon as possible.

You went on to clarify:

Oh, look, the categories are obvious. Sexual abuse, physical abuse, aggravated assault … I mean, they're the issues that have been of great concern to the community over the past five or six weeks, and we intend to move on that as soon as possible.

You went on then to say:

Look, I mean, compulsory or mandatory, there will be cases of abuse that I've just defined, that will need to be reported very, very quickly … in fact, immediately. And that's the sort of system that we're moving towards.

Can you give us an update of where you are at with that?

Senator Santoro—Yes. I think that your questions are good and go to the heart of issues surrounding mandatory reporting. When the issue of abuse, particularly sexual abuse, within Australia's aged care facilities broke out as an issue shortly after I was appointed the Minister for Ageing, I intuitively thought that mandatory reporting was, to quote your words, a 'no-brainer'.

It is something that is so obviously desirable that it should be implemented forthwith. I basically went into meetings and consultations, including consultations with my state ministerial colleagues, who are obviously all from Labor states, with a not publicly expressed attitude to that effect but nevertheless with the same gut feeling that I think you have expressed here this evening and perhaps elsewhere. I also went with that attitude into meetings of my ministerial advisory committee.

I have to be honest with you: I was staggered by the professional opposition to mandatory reporting. I asked the hard question: how can reasonable people, like the people who are advising me and state ministers responsible for the aged and the frail, say that mandatory reporting is something that has got to be approached with caution? Nobody was outright against it. Everybody wants abuse—sexual, physical abuse—to be reported. Nevertheless, there were a great number of arguments that were advanced to me that said to me, just like with police checks, 'Hasten in a way that you consider some of the sensitivities in the system.' I want to go through those sensitivities through you, Mr Chairman, in as comprehensive a way as the committee would like.

Let me highlight three or four examples that summarise the broad reservations. The questions that were asked included: how do you protect against reporting, including mandatory reporting, that is frivolous or malicious? That is an issue that weighs on the minds of a lot of people, including and in particular if the mandatory reporting comes from, say, a resident who may not even be conscious of the claim or the cry of rape or physical abuse. How do you protect reputations of both individuals and corporate entities when reporting may be done in that way?

That exercised my mind and I had an answer to that, because I was a member of the Parliamentary Criminal Justice Committee in Queensland when I was in the state parliament, where we had to grapple with the same issue in terms of anonymous reporting of wrongdoing within the public service or the police service or another public administration body. The way that we resolved that was that they could be made in confidence. The reporting, dobbing-in or whistleblowing could happen not anonymously but in confidence. Therefore the authorities entrusted with considering that reporting could make a judgment particularly as to how the public exposure of the reporting may affect reputation, either individual or corporate. I thought I had an answer to that.

It started becoming very difficult for me, and maybe I was naive but I had to start thinking hard about it, when people started saying to me, 'There may be residents who are subject to physical abuse and perhaps sexual abuse that don't want it reported.' I was pretty shocked, because from my point of view abuse is abuse. Sexual or physical abuse is a dastardly thing in my language and thinking. I said, 'How could that be? How could that sort of reporting be excused? How could those actions be deemed not reportable by anybody in their right mind?' People started addressing the question of 'in their right mind', and said, 'Sometimes people within aged care facilities may be in a relationship, including husband and wife where, for example, one of the partners forces him or herself on the other in a demented state, for example, and the other partner doesn't want that reported.'

All of a sudden that sort of example was tendered to me by people who had an enormous amount of experience, certainly far more experience than I had in dealing with these issues. These views were being put to me and I had to start thinking very hard. What then happened was that, when I convened the meeting of my ministerial colleagues, which was, by the way, that first time that a ministerial, an unofficial, I should say—

Senator McLUCAS—Yes, unofficial.

Senator Santoro—But it was not a bad effort, Senator McLucas, you would agree.

Senator McLUCAS—Let us have a proper ministerial council on ageing.

Senator Santoro—I will just divert, Senator Fielding, to answer—I should not have invited an interjection but I am pleased that I did because it gives me an opportunity to tell the committee how pleased my ministerial colleagues were that I brought them together.

Senator McLUCAS—Let them speak for themselves.

Senator Santoro—They wanted me to bring them again.

Senator McLUCAS—Come on, move along.

Senator Santoro—You asked. You invited me to make further comment. They invited me to bring them together and I intend to do that because I found the meeting to be very useful. One of the things that again surprised me, in terms of the deliberations of that meeting, was that the majority of state ministers were also opposed to mandatory reporting. So we got into what I thought was a fairly esoteric debate where people started trying to make the distinction between compulsory reporting and mandatory reporting. There was sharp division between the ministers. Again, that indicated that I should proceed with some restraint in terms of the issue.

I then looked at the literature. I draw your attention, Senator Fielding, to some fairly expert and, I think, very sensible opinion. Professor Dorothy Scott, the director of the Australian Centre for Child Protection, in a paper that she delivered to the 10th Australasian Child Abuse and Neglect Conference in February this year, said things like this—and she was referring mainly to jurisdiction in the area of children:

It is illusory to think that we protect children by extending the reach of the statutory child protection system yet in the wake of child abuse tragedies that is exactly what tends to happen.

She then said:

An overloaded child protection system, like an overloaded Casualty Department in a hospital, is very dangerous—for children at high risk, for children at some risk, for children at low risk, for children already in care, for other parts of the service network and for those who work in the child protection system.

She went on to say:

An overloaded system is dangerous for the most vulnerable child who needs to be removed from a high-risk situation, as identifying them becomes akin to searching for the proverbial needle in the haystack.

So you have opinions such as that that says that maybe mandatory reporting—and the consequent administrative, social and financial implications that are involved—is not the desirable way of tackling sexual and physical abuse. There are other reports. Rather than quoting at length, I will just refer you to this slightly more dated report of 1997, called *Mandatory reporting of abuse of older people*, which was prepared for the Advisory Committee on Abuse of Older People. It is a very interesting discussion paper that makes similar points to those made by Professor Dorothy Scott.

I have tried to give you some insight that it is an issue that has exercised my mind very significantly. What I was referring to in those early comments that I made a couple of months ago was that if some form of compulsory or mandatory reporting were to be seriously considered, it could be done through things such as the accreditation system. It could be one of the accreditation outcomes that some form of formalised procedure in terms of reporting of abuse, sexual or physical, could be incorporated within the formality of the accreditation process, although I hasten to add that the vast majority of any aged care carers who see physical or sexual abuse, immediately and instinctively report it. Although we talk about the desirability of mandatory or compulsory reporting, it is something that is instinctively a habit of people who observe any real, alleged or suspected abuse.

CHAIR—Thank you for that answer, Minister. Could I indicate that the committee is looking at dealing with the workload it has between now and 11 o'clock by allocating times available to each area.

Senator Santoro—Do you want me to be briefer next time?

CHAIR—That would be helpful, thank you.

Senator Santoro—I am happy to. Mr Chairman, I took the time with that because it is an issue that, just like police checks, really captures the attention and the interest of the community. I did not want to be in any way exposing either myself or the aged care sector to any suggestion that we were insensitive or proceeding slowly in this area of vital reform.

CHAIR—I agree with much of what you had to say, Minister, but I need to bring to people's attention the constraints we are working under. I am proposing that we try to wrap up the further questions to you on ageing within the next 15 minutes and proceed to deal with outcomes 2 and 3 until half past nine, then devote the rest of the time until 11 pm to private health. We will not deal with Professional Standards Review tonight, so those people can be sent away until tomorrow morning.

Senator FIELDING—Thank you, Chair. I appreciate the minister's response. I want to ask: when is sexual abuse, physical abuse or aggravated assault legal?

Senator Santoro—Is it legal?

Senator FIELDING—Yes.

Senator Santoro—The answer to that is obvious. I do not believe that it is, no.

Senator FIELDING—I am trying to ascertain—and I appreciate there were about four points; 'frivolous and malicious' was one potential reason—why there was a reluctance to make it mandatory report it. Authorities have to deal with those things today. There are some people who do not want to report it but authorities have to deal with that today. The majority of states, for some reason, seem to think that non-mandatory is a good idea. I question that still. On the fourth issue of an overloaded system—that is, if we have more reporting then we will not handle it—we should resource for it, because I have heard recently the Treasurer say that having two sets of laws is not on. I think sending the message that we do not have mandatory reporting for those types of offences is offensive. I do not think Australian families who have loved ones in aged care believe that that is right.

CHAIR—Can I ask you to move to your question, please?

Senator FIELDING—I am getting there. The question is: what professional advice have you had that we should have a different law for aged care than we do in the general community?

Senator Santoro—I certainly have not received any advice that we should have a different law. What I have sought to outline to you, in as comprehensive a way as I could because of the reasons that I stated, is that there are very practical difficulties that apply to the introduction of mandatory reporting in one form or another. I did not elaborate on another piece of advice that I have received, and that is the difference between mandatory reporting in the area of children and mandatory reporting in the area of people who are adults and who have the capacity to make their own decisions as to whether or not abuse by some relatives is to be reported or not. The secretary has sought to assist me by also saying that there is no mandatory reporting for adults in their own homes. That is another area that opens up.

Being minister in this area these days, I am often told that there is some pretty serious abuse in communities that unfortunately also goes unnoticed and, even if it is noticed at times, unaddressed. You raise some issue that we should continue to work towards solving. You gather that I have some real difficulty in answering your question in a way that will convince you but that is not because of any inability on my part. It is an issue that the community is trying to grapple with. We are doing it within the aged care sector to the best of our ability.

Senator FIELDING—The final comment is that one professional body, the AMA, has called for mandatory reporting, so I would like to know what advice the department has to the contrary. If that could be tabled or taken on notice, I would like to see it—or the contrary to that advice, if you have it.

Senator Santoro—I am more than happy to undertake to have the department and I provide you with a comprehensive briefing in relation to the issue. I have spoken personally with members and representatives of the AMA who were very sympathetic to the reservations and concerns that I have expressed to you here tonight. They obviously have a policy that mandatory reporting is desirable from their point of view, and they represent that point of

view, but within the medical profession there is a realisation that the difficulties I mentioned are real in that they are not obviously easy to overcome. We will get a comprehensive briefing on this.

Ms Halton—Can I add one thing, Senator? It is important to understand that the department does not have a position on this. Essentially the minister is charged with balancing a range of concerns in this area, and he has just rightly outlined that there are a large number of views in this area. Essentially, the decision the minister has to come to is, practically speaking: if he were to talk with his state colleagues, because it would have to involve them, about mandatory reporting, how would it be implemented? The range of concerns that have been put to him and to us means that that is a very complex issue. Certainly, in the debate we have had, it is about that range of issues rather than saying that there is an implacable view one way or the other. This is still a complicated on-balance issue.

Senator FIELDING—I still think the federal government can take a leadership role on this. You did it for workplace changes. Whether you like it or not, this is the same issue. Consulting is one thing. When it is wrong, it is wrong. I hear what you are saying. You have got a couple of reasons there—four or five—but I think they are flimsy. If you hold them up to the Australian public, families would be really concerned if that was holding these things back. I hear what you are saying but we can take a leadership role on this and not kowtow to the states. Federal provide a lot of money in this area and this is an important issue for Australian families. They are concerned.

CHAIR—I do not want a debate. I want to have questions, please, of the department and the minister. Thank you, Senator Fielding. Do you have a question, Senator McLucas?

Senator McLUCAS—Yes, Chair. I wanted to ask these questions before dinner. We did delay, Minister, so you could return. You are quoted in the *Courier Mail* as saying, on 29 May, that pay rises for nurses and staff were making it difficult to operate nursing homes. What did you mean by that?

Senator Santoro—I was asked a question: 'What are providers telling you about workforce issues, including pay rises?' I reflected the views of providers but under no circumstance, Senator McLucas, should it be construed that I am against wage increases for nurses. I want to be perfectly clear, on the record, that I have been in favour of wage increases for nurses. Anybody that takes on the nursing profession by adopting a contrary view is both foolish and insensitive. Workforce reform and funding generally were issues that were taken up quite significantly by Professor Hogan. As I have assured you in the Senate and also in statements outside it, the final recommendations of Professor Hogan that need to be addressed and have a policy response to them are under very intense and active consideration by myself. Issues relating to the work force will be well and truly addressed as we work our way to a final policy position.

Senator McLUCAS—Do you believe that residential aged care nurses should be paid the same as those in acute care?

Senator Santoro—What is happening is what people intrinsically appreciate—that wage increases or movements of wages for nurses are invariably initiated and generated within the acute care sector, and they invariably flow on. That is what I was reflecting in answering that

question. I was seeking to answer the question honestly. They do present challenges for the people that run aged care facilities. Invariably there is a catch-up period involved between wage increases within the acute care sector that flow on to the aged care sector.

That is what I was reflecting in answering that question. I was seeking to answer the question honestly. They do present challenges for the people that run aged care facilities. Invariably there is a catch-up period involved between wage increases within the acute care sector that flow on to the aged care sector.

Senator McLUCAS—Minister, are you aware that there is actually a growth—that the disparity between acute and residential aged care is growing—so rather than a catch-up, it is in fact the reverse?

Senator Santoro—That has been put to me as minister. As I have said, the whole issue of funding of the sector, whether it is in the area of funding for the workforce or for the growing capital needs of the industry, is under very active consideration and has significant policy responses by the government.

Senator McLUCAS—How will we attract more nurses into residential aged care?

Senator Santoro—I think the sector recognises there is a challenge there. Some people tell me that the aged care sector is regarded by the profession as a second cousin. I do not sense that. Everywhere that I go in terms of my ministry, I sense that the nurses in the aged care sector regard their role as being as important as the role of any other nurse anywhere else. But the sector has spoken to me, not just about funding issues but also about promoting the sector as the wonderful, caring sector that it is. I am working with peak organisations to start developing awareness and appreciation campaigns.

But, having said that, it is also very well recognised that there is a shortage of nurses, not just in Australia but right across the western world. The federal government recently made a major announcement—in fact, I was at the conference that the Prime Minister addressed—about substantial funding to Victoria and some of the other states, but particularly to Victoria, for the training of more nurses. I think he also challenged the state governments to follow suit and I acknowledge some have begun to respond positively. Certainly, we need to put more resources into attracting nurses; and in fact into training them in the first instance. The federal government has been very pro-active in that area.

Senator McLUCAS—I do not know where, but anyway we are running out of time. Does the government track wages of personal care workers in aged care—

Senator Santoro—I undertake to provide that information. Victoria particularly benefited because of the greater relative shortage of nurses. We will get that information to you so that you know where that funding is going.

Senator McLUCAS—You might also give us a fulsome answer as to how we are going to attract more nurses into residential aged care.

Senator Santoro—My answer to that is that I will work with the sector to come up with strategies that will make the aged care sector even more attractive than it is, but in the end it will be significant policy responses by this government that I think will help make that attraction greater.

Senator McLUCAS—Regarding the long-term response to the Hogan review, which you have just alluded to, we spent $1.3 million in the 2005 budget for the consultation on the Hogan recommendations. I understand that was spent?

Senator Santoro—I would have to take advice there. I have just been told by Ms Murnane that you were not going to be asking questions that required the advice of specific officers because they have all gone. I am happy to take that question on notice, Senator McLucas, and provide you with specific information.

Senator McLUCAS—When can we expect the long-term response to the Hogan review of pricing arrangements in residential aged care?

Senator Santoro—I think it is coming very soon. As I indicated in my answer to one of your previous questions, the issue of the long-term funding situation for the industry has been under very intense—I want to stress 'intense'—and active consideration and I hope to be able to make some further statements in the near future. I gave that assurance to the industry at the big aged care conference that I opened in Melbourne, and which you subsequently addressed in the afternoon, Senator McLucas. That received a fairly positive response from the industry.

Senator McLUCAS—But did you give them a more fulsome, or clearer indication than 'the near future'? Is that next week, or next month?

Senator Santoro—It is a very big policy response the government will be coming forward with. I am not going to pin myself down, but it will certainly be soon.

Senator McLUCAS—I understand Mr Carlton is heading up a committee. Can you tell me who else is on that committee? I can take that on notice.

Senator Santoro—I am happy for you to get some further information. Certainly, there is my Chief of Staff. I take a very keen interest in it. There is the eminent economist Henry Ergas. There is obviously Jim Carlton himself, and we have sought the advice of one or two other people with considerable knowledge in the area. I very much appreciate the work of that committee. It is coming up with some very interesting policy considerations for government.

CHAIR—I think we will now leave Ageing. I thank officers in association with that area, who are still here. There might be some other answers.

Ms Halton—Senator McLucas, before the dinner break there was a conversation about the issue of funds. I did want to add to the answer that the officer gave. It certainly left me with an impression which I would not want left with the committee. She talked about the four homes, which I think you said we have heard nothing from. Now, that is not the case and I do not want to leave that impression with people because it is not accurate. Essentially, there are four homes who have not yet confirmed the building timetable that they have in place, but they all have building works planned. We have given them a timetable of when they are meant to provide their final plans to us as 31 July 2006. There are three homes in New South Wales and one in Queensland.

But I think it is important to understand that they do have building plans. There is a clear intention to build, to rectify the problem. The plan itself, in terms of the timetable, is not scheduled to be received by us until 31 July. So, I want to be explicit that I have corrected the

notion that we have not heard from them, which was a term I heard bandied about several times which I really was not comfortable with.

Senator McLUCAS—I did ask on notice whether we could get a disaggregation of all of the facilities that still have not complied with the 99 standards, disaggregated into those that do intend to comply and those that will not comply because they are going to re-build.

Ms Halton—That is fine. Just one other more thing: much earlier in the day we had a conversation about the additional ASL coming into the department. We said that we had received an additional allocation of $31.08 million in respect of 220 ASL. You do the maths. It is not hard. I said that I thought that was somewhere between an ASO6 and an EL1 by the time you add superannuation et cetera. That is the case. I was about right. You also asked what our efficiency dividend was. It is actually $6.033 million.

CHAIR—Thank you very much. We are now notionally to finish outcome 2. Senator Allison was going to ask some questions if she were here. She said if she was not here she would be happy to put her questions on notice. If she comes in within the next few minutes we will deal with those, otherwise they will go on notice. I think we can go now to outcome 3.

Senator McLUCAS—I have just a few questions on outcome 2 that I think are fairly straightforward.

CHAIR—We will let you ask you those questions. If we have not seen Senator Allison by then, we will proceed to outcome 3. Senator McLucas?

Ms Huxtable—Chair, before we start, I have some information that I said I would make available to the committee. Senator Moore asked for the information that was provided to pharmacies in regard to the operation of the 20-day rule. I have copies of the information provided to pharmacies, which includes consumer postcards, a laminated sheet of information, pharmacy dispensing reminder cards and some frequently asked questions, which I will provide. There are enough copies for everyone.

Secondly, there was a discussion with, I think, Senator Forshaw, in regard to the 20-day rule and the way in which the 20-day rule operated. I think I said that day zero was the first day, and day 20, so there were 19 clear days. In fact, that is incorrect. Day zero is the first day; day 21 is the day on which the medicine can be dispensed. So 20 clear days is correct.

Senator MOORE—What about Winifred in that period?

Ms Huxtable—I have not as yet managed to track down Winifred.

Senator MOORE—Because we think that Winifred goes to day 22. That is the key point.

Ms Halton—We will look into that one, if we can ever find Winifred—taking account of Senator Forshaw's suggestion that Winifred is a cyclone.

Senator FORSHAW—No.

Ms Halton—A female you said.

Senator FORSHAW—I asked why they were called after female names.

Ms Halton—I am surprised you have survived the dinner break, Senator Forshaw.

Senator FORSHAW—I am surprised that I have survived a lot of things in this place, Ms Halton, particularly estimates.

CHAIR—Let us have some questions from Senator McLucas.

Senator McLUCAS—Thank you. I have some questions on the growth of the PBS. Could you advise the committee, Ms Huxtable, what the actual annual growth rate is for the PBS to date, for this financial year?

Ms Huxtable—For 2005-06?

Senator McLUCAS—Yes, 2005-06.

Ms Huxtable—And 2004-05?

Senator McLUCAS—Yes.

Ms Huxtable—The expected growth rate is 2.8 per cent.

Senator McLUCAS—That was the expected growth rate?

Ms Huxtable—That is right.

Senator McLUCAS—And the actual? What is the actual?

Ms Huxtable—We will not know the actual one until the end of the 2005-06 year obviously. But the growth rate as announced at budget is 2.8 per cent.

Senator McLUCAS—Do you track year to date, end of March, for example?

Ms Huxtable—Implicit in that 2.8 per cent is what has occurred to the point in time at which the budget figures were announced. We do continue to track. The next point, however, at which estimates may vary is additional estimates now.

Ms Halton—We are not seeing anything that is inconsistent with that. We take account, for example, when we do these figures of what has occurred to date, and we look at how many public holidays there are—all the things which impact on volumes—until the end of the year. Basically, so far we have seen nothing that would suggest that that is going to be wrong.

Senator McLUCAS—So 2.8 per cent is the growth that you expect across the whole year?

Ms Halton—Yes, correct.

Senator McLUCAS—We are tracking on that at the moment?

Ms Halton—Correct.

Senator McLUCAS—What was the final outcome for 2004-05?

Ms Halton—In terms of dollars?

Senator McLUCAS—In terms of growth.

Ms Huxtable—Growth on the previous year?

Senator McLUCAS—Yes.

Ms Huxtable—In 2004-05 expenditure was $6 billion and growth over the previous year was seven per cent.

Senator McLUCAS—There is quite a significant difference from 2004-05 to 2005-06. How does that compare with previous years?

Ms Huxtable—The previous year was 10.9 per cent, expenditure of $5.6 billion. That is as far back with the figures that I have in this document.

Senator McLUCAS—Growth is slowing considerably over three years.

Ms Huxtable—Growth is less than we expected this financial year. I think we spoke about this at the last estimates, and the growth that we expected then was around the 5.6 per cent mark. We certainly have seen growth less than expected. Nevertheless, we are still expecting to spend $170 million more on the PBS this financial year than we did last financial year. It is a very large program obviously.

Senator McLUCAS—At the budget of last year, what was the predicted growth in the PBS? Was that predicted at 2.8 per cent at last year's budget?

Ms Huxtable—No. At the budget of 2005-06 we were expecting about 7.8 per cent, then we revised down at AEs to 5.6, and it has been revised again.

Senator McLUCAS—At this time last year we predicted 7.8 per cent growth.

Ms Huxtable—Yes, that is right.

Senator McLUCAS—When was that revised down?

Ms Huxtable—It was revised down at additional estimates.

Senator McLUCAS—In February?

Ms Huxtable—Yes, it was around that time. I think it was January.

Senator McLUCAS—And that was—

Ms Huxtable—It was 5.6 per cent.

Senator McLUCAS—When was it revised down to 2.8?

Ms Huxtable—At the budget this year.

Senator McLUCAS—For the current year?

Ms Huxtable—Yes.

Senator McLUCAS—Has there been any analysis that the department has undertaken which looks at the health implications of that decreased growth? I know that sounds vague, but decreased growth will lead to less use of pharmaceuticals per capita, one would imagine, given all the other variables like new drugs—all those other variables that come into this formula.

Ms Halton—Before Ms Huxtable gives you the PBS answer, can I make a broader point. We have looked at this, and there are a whole series of things, such as Vioxx coming off the market; there are some particular PBS things that you can look at. What is interesting, though, is that with the increase in doctor hours that we have seen, we can see an increase in the amount of time that doctors are spending with individual patients. In that context, you can see a slight change in the balance of what doctors are doing when they see a patient: they are tending to see them for longer; they are, interestingly, ordering pathology but they are

prescribing less. Yes, there is a narrow PBS view on this, but it is interesting to take this broader perspective on what is actually going on in the medical practice. The incentives in relation to doctors' practising has, as we know, had an impact, and you are seeing that in what they do. Professor Horvath will have a professional opinion on this.

Prof. Horvath—Thank you. To follow on with what the secretary has said, I think this is a very good news story. For example, we went out very publicly with the MPS to look at doctors' prescribing habits around viral illnesses, where antibiotics not only do not do any good but they actually do harm. We have tracked that, and there is considerably less antibiotic usage than before. The secretary mentioned the longer GP visits. Over a decade, their script numbers per visit have dropped from 94 to 83 per 100 patients.

Senator McLUCAS—I thought you said per visit.

Prof. Horvath—Sorry, per 100 patient visits. A lot of the things that we are trying to do for good medical care are on the other side. Similarly, with the use of quinine for cramps: that has come off because it has been shown that not only does it do no good but actually does harm. On the other side where you expect growth, around cancer drugs, they have gone up. Of course, we had a long saga over not only Vioxx coming off but far more care about using the other COX-2 inhibitors. There is quite a good clinical story around these particular issues.

Senator McLUCAS—Thank you for that.

Ms Huxtable—If I might add to that, as you would be aware, the PBS expenditure data catches those scripts that are being reimbursed through the PBS, and obviously the scripts that are falling below the copayment we do not pick up in our datasets. Interestingly, since early 2005, there have been a number of drugs which have fallen below the general copayment; some drugs for high blood pressure, migraine, morphine. Those drugs basically fall from our view in terms of the scripts that we are capturing. We are certainly working with the Pharmacy Guild in particular, looking to capture that information. It is a very important part of the whole picture, but it can sometimes appear misleading when volumes suddenly drop when, in fact, what has happened is a drug has effectively fallen from view.

Senator McLUCAS—Could we get a list of those drugs that have fallen off the PBS?

Ms Huxtable—There are some examples that I pulled out from having a quick look at the book. Of course, they will still be picked up in the concessional data, because the copayment there is $4.70, but there will be a proportion that fall off by going under the general copayment. We can provide you with some examples of those sorts of things.

Senator McLUCAS—Thank you. Did you do an analysis of why there has been such a significant change this year? Starting at 7.8 and then moving to 2.8 is quite a considerable change.

Ms Huxtable—I think there are a range of factors coming together, as Professor Horvath said. When we look at the volume expectation that we had in regard to the drug groups and where the volumes are at now, generally we are seeing within drug groups that growth is at a lesser rate than we expected. It is not a net reduction, although there are some examples of that. For example, the statins, where we are looking at 16 million or 17 million scripts a year, are still growing at 7.5 per cent, I think, but that is less than we thought it would be.

I think we are seeing a number of things coming together there. In part, there are the sorts of Vioxx type impacts and how that then flows on to drugs within that group. I think we talked about antidepressants and hormone replacement therapies at the last estimates, and Professor Horvath spoke about some of the clinical issues or some of the information that was out there that may have led to some change. There are also patient expectations around those drugs. There have also been National Prescribing Service campaigns in regard to the proper use of cholesterol-lowering drugs. All these things come together, I think, when we look at the volume data that we have.

Senator McLUCAS—You must have a model, though, Ms Huxtable.

Ms Huxtable—We do.

Senator McLUCAS—You can revise down.

Ms Huxtable—We have a very complicated model.

Senator McLUCAS—Could you provide the committee with a list of those factors in society, from the change of prescribing habits and GPs and all of those things, that are impacting on the reduction in growth. If there is a model, there must be some way of trying to capture the changed behaviour.

Ms Halton—The mathematical approach to the model does not lend itself to a disaggregation according to individual factors, because they all compound each other. It is very hard to say, 'Twenty per cent of the reduction from what we initially anticipated to what we have actually seen is as a consequence of X.' We can describe them behaviourally and we can give you a narrative description of what each of them is, and I am pretty confident that we have a fair grasp of the range of issues that have had an impact.

The model has been quite robust over the years. In fact, we have had a conversation ourselves over time about whether this is the time to redo the model, with this stuff that we are seeing now, which is a fundamental question for the model. Probably not, but the truth is that the way it works mathematically is we cannot really ascribe a component to longer doctor consults, for example.

Senator McLUCAS—Is there a prediction for growth through 2006-07?

Ms Halton—Yes, there is, which we do not publish.

Ms Huxtable—We generally talk about what the expected growth rate is this year and then what the average over the next four years will be.

Ms Halton—I think we have had this discussion in a number of estimates, about not providing a year on year commentary of our expected growth rates. As much as anything else, it implies a level of commercial sensitivity, which the consensus inside government is that we should not be releasing.

Ms Huxtable—The expected average over four out years is 7.8 per cent.

Senator McLUCAS—But you would expect that to be revised downwards.

Ms Huxtable—No.

Senator McLUCAS—You don't?

Ms Huxtable—That is the current estimate, so that is where we are at now.

Senator McLUCAS—I am not a mathematician, but the trend would make you think that they are going to go down.

Ms Halton—As I said, we are engaging in a process of considering whether the model needs some revision or not. At the moment we do not think it does, but we are watching quite closely what happens with expenditure over this period. As Ms Huxtable has pointed out, the PBS is still growing and we can see some one-off factors in the recent past that have clearly made a difference. We can also see some sustained behavioural change in terms of what doctors are doing. We also have a reasonable grasp of what is in the pipeline in terms of stuff that is coming forward for listing. We are going to look at that combination of factors over the next little while, with a view to making an assessment about the model itself. It will not surprise you to know the Department of Finance takes a great deal of interest in this as well.

Senator McLUCAS—What do they say when you have to change your growth predictions?

Ms Halton—They usually say that if we are going to change it they would rather we change it early. It is not quite 'change it early, change it often', but—

Ms Huxtable—Early and down.

Ms Halton—Yes, early and down is good from their perspective. What nobody likes inside government is a last-minute change which means, effectively, there is an unpredicted variation in expenditures.

Senator McLUCAS—Could I get an understanding, in a layperson's terms, of what the underlying assumptions are underneath the model?

Ms Halton—We never provide the model to anybody and we would only describe it in its broadest terms. The model itself has been mathematically verified with people from Finance and people who are very skilled in this respect. Again, because it is extremely sensitive commercially, we have never provided anything other than a high-level description of the model, for obvious reasons.

Senator McLUCAS—Could you provide—

Ms Halton—A high-level description?

Senator McLUCAS—Yes.

Ms Halton—Absolutely.

Senator McLUCAS—I think that is all I have for outcome 2.

[8.37pm]

CHAIR—I am going to finish now on outcome 2 and move to outcome 3, Access to medical services.

Senator McLUCAS—Can we get the year to date spending on Medicare, to the most current—

Ms Halton—The MBS?

Senator McLUCAS—Yes.

Ms Huxtable—I have the estimated expenditure for the 2005-06 year, which is $10.7 billion.

Senator McLUCAS—When is that estimate?

Ms Huxtable—The estimated 2005-06 expenditure.

Senator McLUCAS—And when was that estimate made?

Ms Huxtable—At budget.

Senator McLUCAS—Has it been revised at all?

Ms Huxtable—It was revised upward from the AEs figure—marginally, I have to say, in such a large program vote.

Ms Halton—But we have not changed this since budget.

Ms Huxtable—No, we have not changed since budget. Sorry; I thought you were asking if we had changed it up to budget.

Ms Halton—The budget figure is the budget figure. It has not been changed since the budget.

Senator McLUCAS—You do not revise it as you do the PBS, for example?

Ms Halton—We revise at AEs, consistent with all our other estimates. We would change our estimates and we might notify Finance sometimes of an intention before the formal process of AEs, for example, but we do not formally change unless there is a timetable around AEs.

Senator McLUCAS—In terms of the spending to date, how is that tracking?

Ms Huxtable—The $10.7 billion is an extrapolation of the spend to date, so the spend to date would be consistent with that figure.

Senator McLUCAS—I understand. That is an extrapolation of where we are up to so far.

Ms Huxtable—Yes, that is right.

Senator McLUCAS—What was the original estimate in the budget?

Ms Huxtable—At additional estimates we anticipated that it would be marginally under that figure. It is not a very big difference in such a big program. It was around $80 million less than the $10.7 billion.

Senator McLUCAS—It is a lot of money.

Ms Huxtable—It is not much in a $10.7 billion program.

Senator McLUCAS—Just give it to aged care. We will look after it! And how did that change from the original budget in May last year?

Ms Huxtable—I do not think I have that with me. My colleague might just look to see if we do have that figure. If not, we might need to take it on notice.

Senator McLUCAS—Could you give the committee an understanding of the main sources of variability in Medicare.

Ms Huxtable—As with the PBS, Medicare is a demand driven program and so it does move around, depending on what is happening with regard to doctors' services. There will always be some movement within a year. It is very hard to nail it completely on target. We, for example, will update estimates to look at changes in population data. We will add in the listing of new items. That will obviously vary the estimates as well. And then there will be activity that is beyond our control in terms of how doctors' services are being provided.

Senator McLUCAS—Following Professor Horvath's advice about changing doctor behaviour, what has happened with the pathology costs? What has happened, given what you predicted pathology would cost compared to what is actual?

Ms Huxtable—It is in a different division, so I need to get the appropriate person. It is the same program, different division.

Ms Halton—This is pathology and radiology governed by agreements with the professionals?

Senator McLUCAS—Yes.

Mr Maskell-Knight—I do not think pathology, with great respect, was a good example to pick, because we have a price volume agreement with the pathologists such that we will manage the price side of the equation so that we will spend the amount we expected ultimately.

Senator McLUCAS—There is no agreement over diagnostic imaging?

Mr Maskell-Knight—There is a series of four agreements that cover that, Senator.

Senator McLUCAS—What about obstetrics? That was one that was changed, particularly after the safety net came in.

Ms Huxtable—I do not think that has been a factor. Certainly it does not seem to be in the information that I have been given. To the degree that we can disaggregate these things, the updated population estimate has been a factor; new and revised services; and then there seems to have been a little more growth than we expected in the area of surgical procedures, particularly in the older population. They have been the primary factors.

Senator McLUCAS—Population was the first point you made.

Ms Huxtable—Population estimates, new and revised listings, and some growth at a rate slightly greater than we expected in regard to surgical procedures, particularly for the older age group.

Ms Halton—New and revised listings would be new items coming onto the schedule and variations to items. The minister has made a number of changes to the schedule to include new items. There have been a couple of Indigenous items, plus a number of other things, in the last six to 12 months—in fact, quite a number.

Senator McLUCAS—In terms of the surgical procedures, mainly for older people, are they things like knee replacements and hip replacements?

Ms Huxtable—I do not have that level of information. We are looking here really at some of the broad type of service data, so it is at quite a highly aggregated level.

Senator McLUCAS—Has the seasonal variability in the safety net spending and registrations calmed down or is that still occurring?

Ms Huxtable—I think with the safety net there are two elements. Safety net spending is on track in respect of what we expected for services provided in 2006. I have some information, too, about registration of families and I think now we have got to the bottom of some of those issues we had with Medicare Australia about presentation of that data. I can provide you with registered families information if you wish.

Senator McLUCAS—Yes, please. Thank you.

Ms Huxtable—At the end of April there were 4,106,542 families registered for the safety net.

Senator McLUCAS—Have we sort of plateaued with that?

Ms Huxtable—Last year, early in the year, we were seeing around 40,000, then dropping to around 30,000, then down to the 20s. We are still seeing 20,000 to 25,000 a month. It has plateaued, probably in the last six months or so, to around that sort of 20,000 to 25,000 mark. That is the net change. We have now got to the bottom of the changed family structures and deleting families that may no longer be families. I think we are right, now, on that stuff. It has taken a while to get to the bottom of that one.

Senator McLUCAS—Yes. The spending year to date on the Medicare safety net: what is the most current figure there?

Ms Huxtable—I think the figure to the end of the March quarter was $26 million. That is in terms of services provided in 2006, so it is for the 2006 calendar year.

Senator McLUCAS—Is that tracking as you expected?

Ms Huxtable—Yes, it is. It is just about right on, actually.

Senator McLUCAS—On page 76 of the PBS, the document says that the department is able to interrogate and analyse the Medicare stats to inform program management and policy development. It goes on to say that the Indigenous identifier was useful. Can the department describe how its interrogation and analysis of Medicare statistics allow it to release data which states bulk-billing rates for children?

Ms Robertson—When Medicare Australia collects claims information, there is a certain amount of information that is collected through the claims record, such as the patient's personal identification number, and attached to that are certain things, including their age. What will come through with that is the payment type, including whether or not there is a patient charge or whether it is bulk-billed. That information comes over to the department of health every night and that allows us to interrogate the data to get the statistical information that you were referring to.

Senator McLUCAS—That is linked to the patient's Medicare number?

Ms Robertson—That is right. On every Medicare number, there is a personal identification number that is associated with each individual on the card.

Senator McLUCAS—That would also indicate someone who was over 65.

Ms Robertson—That is correct.

Senator McLUCAS—Is that information on the department's website?

Ms Robertson—We do provide information on the website, which is essentially what is in this book. We do break it down by age. We usually do age ranges as part of this book.

Senator McLUCAS—That is also on the website?

Ms Robertson—That is exactly right.

Senator McLUCAS—Can that data be provided on an electorate by electorate basis?

Ms Robertson—There is a schedule of release for the bulk-billing data and the last electorate data on bulk-billing was released in February.

Senator McLUCAS—Going to questions about out-of-pocket costs, in GP services I understand there is a 10 per cent increase in the March 2006 quarter from the previous December quarter for out-of-pocket expenses for GP services. How can we explain that?

Ms Robertson—At the end of every calendar year, as people have accumulated towards the safety net thresholds, they are getting the additional benefit. What we see at the beginning of every calendar year, as people start accumulating their out-of-pocket costs towards the safety net thresholds again, is that the copayments increase, as they are no longer getting that safety net benefit as part of their standard Medicare benefit until they hit those thresholds again. It is like the sawtooth effect that you have seen before on PBS.

Senator McLUCAS—Can you explain that again?

Ms Huxtable—It is fairly straightforward. As the calendar year progresses, people progress toward the threshold for the safety net, and at some point in time in the year they will go over the threshold. At that point in time, 80 per cent of their out-of-pocket costs will be reimbursed. When we get to a new calendar year, everyone goes back to zero in terms of threshold progression. The data that we have comparing December to March is really complicated by the impact of the safety net where some people will be moving from an 80 per cent reimbursement of out-of-pockets to a zero reimbursement of out-of-pockets.

Senator McLUCAS—That explains that. What was the Medicare safety net expenditure for the 2005 calendar year?

Ms Huxtable—For the 2005 calendar year the expenditure was $272 million.

Senator McLUCAS—There are some questions I want to ask about research that was done by the Centre for Health Economics Research and Evaluation. It was entitled *Medicare safety net funding missing the target*. Are you aware of that?

Ms Halton—Who is it by?

Senator McLUCAS—CHERE.

Ms Halton—Yes.

Senator McLUCAS—Did the department provide that data to CHERE for that research?

Ms Halton—I am not aware that we have provided anything to anybody that is not in the public arena.

Senator McLUCAS—So it is simply using public data.

Ms Halton—If I am wrong, I will come back and correct it, but I am quite confident that the things that are in the public arena are all that are in the public arena, if you see what I mean.

Senator McLUCAS—CHERE would have had to receive that information from public sources.

Ms Halton—Yes.

Senator McLUCAS—CHERE would have used data from Medicare Australia to do that analysis.

Ms Huxtable—While I am aware of the press reports with regard to that, I do not know that I have actually seen the documents themselves. I do not think I could speculate on where they may have got their data. Certainly Medicare Australia have that data available on their website.

Ms Halton—My memory is that they said that they used Medicare Australia. I cannot say that I read it with a forensic eye to detail, but that is the impression I was left with, having gone through it.

Senator McLUCAS—Have you done any analysis of that report in the department?

Ms Halton—No, other than to read it.

Senator McLUCAS—You couldn't indicate whether or not you agree with the findings in the report?

Ms Halton—We have not interrogated to see whether the findings are accurate.

Senator McLUCAS—Does DHA provide any grants to CHERE?

Ms Halton—We have used them periodically for the odd consultancy. I do not think we have any what I would describe as grants that go to them. I could check that. Again, I will correct if that is not accurate but we have used them on a consultancy basis periodically for projects in the past.

Senator McLUCAS—This work of modelling of Medicare data, have you ever asked CHERE to do any work like that?

Ms Halton—I am trying to think of the last thing we got them to do and I am struggling to come up with it.

Ms Huxtable—They are approached from time to time as one of the consulting firms that do health economics, so they are on the panel.

Ms Halton—They are on the panel, yes. The last thing they did was a cost-benefit analysis of something. I do not recall us having given them Medicare data to do analyses of, because we can do that ourselves. We do not need to bring in external people. Where we need an independent opinion about something, we have used them in the past.

Senator STOTT DESPOJA—I have some questions on the MBS issue involving the Pregnancy Council. I was wondering if you could tell me how the Medicare item to provide Medicare funded pregnancy counselling will actually be implemented. I am just after whether

or not it will be through legislation or some other—delegated legislation. What mechanism will be used?

Mr Eccles—It would be the same mechanism that is used for all MBS items.

Senator STOTT DESPOJA—Could you give us an idea as to when that would come to our attention?

Mr Eccles—It is regulations, yes.

Senator STOTT DESPOJA—When would we see the regulations?

Mr Eccles—We expect it will be in time for it to be up and running and available by 1 November.

Senator STOTT DESPOJA—So on time basically, because November 1 is the starting date.

Mr Eccles—We expect it to be 1 November, yes.

Senator STOTT DESPOJA—Could I get a breakdown as to what money has been spent, if any, thus far. I understand there was $35.6 million over a four-year period. Is there any breakdown in terms of spending that has already occurred?

Mr Eccles—No, there is no money that has been spent. The focus to date has been doing the modelling and developing of some of the parameters for the item. That has occupied departmental resources to date.

Senator STOTT DESPOJA—I will explore some of those parameters in a moment. In terms of projected funding, can you give us a bit of a breakdown as to how that money will be spent over the next four years, inasmuch as you are able to do so?

Mr Eccles—It is a little bit early to do that. We expect that over the next month or so we are going to be engaging with the profession on matters to do with the parameters of the item. The broad policy intent has been outlined in questions and answers and other aspects and we are developing the implementation machinery. That will be subject to consultation with the profession through the standard MBS processes. Part of that will be talking to the profession about the levels of the item, the funding and some of the assumptions around volumes and uptakes. It is too early to go into that until we have had those discussions with the profession.

Senator STOTT DESPOJA—Over what time frame are the discussions with the profession taking place?

Mr Eccles—I believe they are going to start in the next month. We expect that we will be talking to the profession in June.

Senator STOTT DESPOJA—Can you tell me how those consultations will take place, what format you envisage?

Mr Eccles—The central process for that is through the Medicare Benefits Consultative Committee.

Mr Andreatta—The Medicare Benefits Consultative Committee is a forum where we discuss with the profession the clinical content of the item and the cost involved in

undertaking that service. The AMA chairs that committee and has representatives of the relevant medical profession as well as departmental officers.

Senator STOTT DESPOJA—That process takes place and their ideas and input will be fed into the next part of the process?

Mr Andreatta—The normal process is that the department will develop a draft description of the particular item, which is really around the rules, the eligibility and some of the administrative processes of the item. That will then be tabled at the committee, where discussions will be held around some of the assumptions we have made. The profession will have their own view on how this item may operate in practice.

Senator STOTT DESPOJA—I might acknowledge that I have, as have many of my colleagues, looked at the Q and A that has been provided in the lead-up to the budget and also the budget papers. I understand from what you are saying that there may be some answers that are still in the pipeline, but I might go through perhaps the content or some of the parameters to which you referred. I know that the MBS item will be available to women who have had a pregnancy in the preceding 12 months. Will women who had a baby within the preceding 12 months be provided with information and support through the helpline; and what kind of support will they be provided with?

Mr Eccles—Questions about the helpline would be a different program. We can talk about the MBS item. I think the helpline is outcome 1.

Senator STOTT DESPOJA—So I can do that tomorrow, I presume. Theoretically, that is coming on tomorrow.

Mr Eccles—I am only equipped to deal with the MBS item.

Senator STOTT DESPOJA—According to the information that has been made available, to qualify for the rebate GPs may provide the counselling or refer clients to an allied health professional to receive counselling. Is that right?

Mr Eccles—That is right, yes.

Senator STOTT DESPOJA—In which case, will GPs and those allied health professionals be required to give an idea as to their—for lack of a better word—philosophical outlook in relation to the issue of abortion? Basically, do they have to be up front about whether or not they are prepared to refer women for abortions?

Mr Eccles—Before GPs can quality for it, do they have to declare a philosophical position?

Senator STOTT DESPOJA—Yes.

Mr Eccles—No. They will be required to provide non-directive counselling. That is essentially the criterion, other than the training that they would have had to undertake.

Ms Halton—I think this is the question which comes first: essentially, the requirement is that they are capable of and do provide non-directive counselling. So, if this item were claimed and a patient complained to Medicare Australia that they got counselling that was not non-directive—in other words, the practitioner says, 'I come from a very strong philosophical perspective,' whatever it might be, or, 'I refuse to refer you somewhere'—then Medicare

Australia would have grounds to take action in respect of the professional practice of that doctor in the claim for this item, because this item is quite clear that the counselling is non-directive. You cannot claim this item and declare a strong philosophical position. Your position should be, 'I cannot provide service under this item.'

Senator STOTT DESPOJA—I am very conscious that the government has specified that we are talking about non-directive. You have probably outlined my concern as to whether or not you know that information up front. It is almost retrospective, a complaints based system. I am trying to work out how you establish in advance that people are willing to and will provide non-directive services.

Ms Halton—There is a training program which these people will be required to go through. They have to have demonstrated a competence in order to get the tick at the end of the training program. You could probably go on and say, 'Could someone go through the training process and basically fake the fact that they are prepared to offer the non-directive counselling?' We are getting to a high level of abstraction here. Essentially, there is a training process. They have to qualify under the training process. They then have to provide the counselling in a manner which is consistent with the item description. That is probably as good a process of ensuring, to the maximum extent we possibly can, that the counselling will be provided in the manner we ask it to be.

Senator STOTT DESPOJA—I want to make very clear that I am not intending to imply in some way that people are going to go to such lengths, necessarily; nor do I intend to reflect in any way negatively on the medical profession. I suspect this will be part of not only the training process but your consultations in relation to those parameters. I am looking more at the regulatory perspective. How do you ensure that the government is able to deliver what it is promising—that is, non-directive counselling?

Ms Halton—Yes. We did think about this quite hard in the broad design. As Mr Eccles has indicated, there is a consultation process now with the profession to make sure that the proposal is a good one. We think the combination of the training and the pre-qualification together with the item description is a balance in terms of a regulatory approach which will say to women, 'If you go to a professional, you seek counselling under this item.' Firstly, they have to say, 'If I'm not qualified to deliver this item, you can't claim it. I can't deliver this item because I haven't done the training.' Similarly, if they provide a service which is not consistent with the description of the item we know, from experience elsewhere in the health system, that people are pretty quick to tell us if people are doing things which are not consistent.

Senator STOTT DESPOJA—I am wondering why the government has decided to exclude qualified professionals—psychologists or GPs, for example—who just happen to work in an abortion clinic. Why are they excluded from the rebate?

Mr Eccles—I think it is essentially to prevent the possible optics of having some sort of financial benefit or interest in a particular course of action that might follow this independent or this non-directive counselling.

Senator STOTT DESPOJA—A financial one only, or is there a suggestion that there may be other—

Mr Eccles—I think principally it is to prevent the optic of having some sort of particular benefit that can be gained by the practitioner as a result of the course of action that might flow from the outcome of their non-directive counselling.

Senator STOTT DESPOJA—That is an interesting optic to arrive at. I am wondering if there is any basis, or is that just about perception and not reality?

Mr Eccles—I am not sure what the question is.

Senator STOTT DESPOJA—The implication being that if there is a vested interest, or the implication of a financial or other interest, that, for example, by virtue of working in an abortion clinic somehow it is in someone's interests, financial or otherwise, to encourage or allow women to go through with an abortion as opposed to what I understand is the reality; that statistics would indicate that people who go to pregnancy counselling services, which may be housed within an abortion clinic, do not necessarily get counselled into or out of anything, but they get counselled in a way that they make a decision that might be one or the other. I am just curious that there is that sense of a possible interest.

Ms Halton—I think the reality here is that this is about ensuring that the counselling in no way can be accused, be it a reality or otherwise, of potentially coming with a particular view. For example, we would fully anticipate that some clinics may themselves actually refer to counsellors off-site that they may be aware of. If somebody rings up and says: 'Well, I'm not sure. I'd like to go and get some counselling that someone will pay for,' the truth of the matter is there will be a number of people that they would be able to on-refer, but obviously not people necessarily on the premises. It is about ensuring that this is seen to be independent and balanced.

Senator STOTT DESPOJA—In that respect are pregnancy counsellors who may be attached to, for lack of a better terminology, pro-life or anti-choice organisations, excluded from accessing the rebate?

Mr Eccles—We have not gone into that level of detail in working it up, but there is a different sense about the potential for some sort of financial connection. It is a different optic altogether in terms of the potential for the perception of some financial interest for the people who work in that sector.

Senator STOTT DESPOJA—So the perception or the notion of interest relates, from what you have said, Mr Eccles, primarily and specifically to financial interest?

Mr Eccles—I think it is about an element of distance. But the intention of this item is very much to avail women of another support choice. As part of that it is important that there be no suggestion that the providers of that information and counselling have any particular interest in what the next step might be. It is all about the non-directive counselling, which is the centrepiece of this particular item.

Senator STOTT DESPOJA—I understand that. Based on that scenario, I would assume that pregnancy counsellors linked to an anti-choice organisation would thus be prevented from accessing the rebate, in the same way that you would want that distance.

Mr Eccles—It comes down to the emphasis that might be put on the perception of some sort of business link or financial link between a practice and a provider of the termination

service. A lot of these issues need to be worked through with the profession. I will leave it at that.

Senator STOTT DESPOJA—Clearly, a lot of these issues will need to be worked out, but are you talking specifically with the profession as in the consultative process to which you referred involving the AMA and doctors?

Mr Eccles—That is right. Yes, the usual process for MBS items.

Senator STOTT DESPOJA—So, in terms of organisations that may be eligible, would, for example, Pregnancy Help Australia be eligible for access to the MBS rebate?

Ms Halton—Let us be clear. No organisation will be eligible for the rebate.

Senator STOTT DESPOJA—Counsellors who work for Pregnancy Help?

Ms Halton—Yes. But, again, the only people who are eligible for a rebate are patients in respect of a practitioner. If people are employed by an organisation, there is a relationship between the patient and the practitioner. As Mr Eccles says, it has been clearly suggested that somebody who works hand-in-glove, very closely, with an abortion provider would not be eligible. But the rest of this in terms of its implementation does need to be discussed with the profession. The profession has indicated they want to talk about all elements of this, and the minister has said that they may so do.

Senator STOTT DESPOJA—I understand your point about organisations, but would counsellors or practitioners who are under the umbrella of an organisation such as Pregnancy Help Australia be excluded?

Ms Halton—There is not a clear position on that. That will be one of the matters discussed with the profession.

Senator STOTT DESPOJA—And there is no clear position on that because there is not the same perception of financial interest, even though there may be interest defined in another way, philosophical or otherwise—that is, this may be a service that is not specifically non-directive but the financial—

Ms Halton—I think that is a fair comment.

Mr Eccles—Certainly, yes.

Senator STOTT DESPOJA—The chair was making noises at me.

CHAIR—Yes, I was.

Senator STOTT DESPOJA—Does that mean I can keep going?

CHAIR—No, I was actually suggesting that we might move on to somebody else because we do have only another few minutes before we have to move on to private health. Senator McLucas, you might like to ask some more questions. If we have time we will come back to some more from Senator Stott Despoja.

Senator MOORE—Who is responsible for the question and answer document which is the only public document we have at the moment? Was that prepared by Health and Ageing?

Mr Eccles—It was before my time.

Senator MOORE—How long have you been there, Mr Eccles?

Mr Eccles—I have been here for four months and several hours.

Senator MOORE—You are very welcome, Mr Eccles. But, in terms of the Q and A, which is out there, which is the document that people in the community—

Ms Halton—Yes, a draft was prepared by the department.

Mr Eccles—Yes, it was us.

Senator MOORE—And this program?

Ms Halton—It was prepared principally by program 1.

Senator MOORE—Thank you. That is all I wanted to know.

Senator CROSSIN—I want to ask a question about the commitment for the oncology unit in the Northern Territory. Is that you, Mr Learmonth?

Mr Learmonth—Yes.

Senator CROSSIN—Can you tell me how you ascertain the amount of $13 million?

Mr Coburn—The figure of $13 million is, as Minister Abbott has indicated publicly, an indicative and starting figure for working with the Northern Territory government. It is essentially based on our previous experience with similar projects.

Senator CROSSIN—In similar projects where and in what manner?

Mr Coburn—Other projects would include, for example, development of new radiotherapy facilities in Toowoomba and Lismore, which are yet to come, and also the experience we have with working with the private sector, for example, in assessing their applications for health program grant eligibility for capital funding for new radiotherapy facilities.

Senator CROSSIN—What was the amount provided in Lismore? I might in fact have it somewhere.

Mr Coburn—We do not have an agreement yet that is finalised with the New South Wales government on the amount in Lismore, but the figure that is being worked towards is $16 million.

Senator CROSSIN—It is $16 million in Lismore?

Mr Coburn—That is correct.

Senator CROSSIN—When was the announcement made that money would be provided for Lismore?

Mr Coburn—I would have to take that on notice. That has been in the public arena for some time.

Senator CROSSIN—Why does somewhere like Lismore get $16 million, and the Territory only get $13 million? Is the $13 million made up of a machine—

Mr Learmonth—There is no suggestion that will be the amount of money that the Northern Territory actually ends up with. That is a figure which has been used, and I think the letter from Minister Toyne cites that as a minimum.

We are in discussion with the Northern Territory health department as to costs and a range of other matters around how this initiative might be implemented. It would be usual for us to seek some contribution from state or territory government and from the private sector as well. This is, in essence, a starting or indicative point. As the minister said, it would be characterised as a minimum. The figure we end up with, having worked through what the costs are likely to be and under the circumstances of engagement with industry, remains to be seen.

Senator CROSSIN—When you come up with a figure of $13 million, you do not say, 'Well, that will be at least one radiotherapy unit,' or that is at least X amount of staff? It is a ballpark figure that you pull out of the air, is it?

Mr Coburn—I should clarify that the $16 million for Lismore is being split fifty-fifty between Australian government and New South Wales government. The Australian government commitment to Lismore is going to be $8 million, plus ongoing support for equipment that is not bought outright.

Senator CROSSIN—How much is the ongoing support for equipment in Lismore?

Mr Coburn—It depends on the amount of throughput. They would be eligible for Medicare benefits and health program grants for equipment not bought out of Australian government grants in the first instance. It is like any other facility. In the case of Darwin, we are using this indicative figure based on our past experience. But at this stage we are not even at the point of having an agreement with the Northern Territory government over what kind of model should be used to meet this particular need and, therefore, we cannot provide a specific and precise costing. There are various costings around. For example, the Northern Territory has its costing which it has put out in the media, and there are numbers in the Frommer report which have also been reported in the media. But they vary for different kinds of models.

Senator CROSSIN—I know you provided some money towards the Frommer report.

Mr Coburn—That is correct.

Senator CROSSIN—Are you able to provide this committee with a copy of that report?

Mr Coburn—Yes, we can.

Senator CROSSIN—That would be appreciated. Is there a view that the oncology unit will service the top end of the country from Broome to Cairns?

Mr Coburn—We do not have a fixed view about exactly where it would provide services, but particularly towards the west of the Northern Territory there are no radiation oncology services, so that would be an option for the service.

Senator CROSSIN—If the oncology unit gets set up in Darwin, would that mean that people would not get any PATS assistance to go south, if there is an oncology unit locally?

Mr Coburn—That is a matter for the Northern Territory government.

Senator CROSSIN—You would have no influence over that decision?

Mr Coburn—No.

Senator CROSSIN—There was an article in yesterday's *Northern Territory News* about 'cancer staff dilemma', suggesting that the unit would face failure because of the amount of staff required—oncologists, therapists, physicists. Have you looked at—I am assuming you have, in the case of, say, Toowoomba and Lismore—the sort of staff that is required to operate a unit such as this? Do you have a minimum operating core of staff?

Mr Coburn—There are a couple of things going on here. One is the issue of staff requirements in any particular facility, and they will vary on the amount of throughput and the nature of services which are going to be provided at any particular facility. Also, there are no real hard and fast benchmarks. There are rules of thumb but there are no particular rules about appropriate numbers of staff for a particular facility, and different providers approach this in different ways. The particular issue that was reported in the media is drawn from the CCORE report—the *Collaboration for cancer outcomes research and evaluation*—which was produced by Professors Barton and Frommer. It highlighted that, at the time—

Senator CROSSIN—Sorry. Is that the report that we are talking about that was done into the—

Mr Coburn—That is the Frommer report.

Senator CROSSIN—Okay, yes.

Mr Coburn—That report highlighted the concern, which was very much an issue at the time that the report was produced, that there was a shortage of radiation therapy staff in particular in Australia. A great deal has been done to address those issues through both Better Treatment For Cancer Patients and Strengthening Cancer Care measures, in that significant numbers of additional radiation therapists have been trained, are in training, and we are also increasing the training rate of medical physicist staff.

Senator CROSSIN—You do not envisage that there will be a problem in the future in staffing this unit?

Mr Coburn—In the future? Beyond the usual issues of providing health professional staff in the Northern Territory, no.

Senator CROSSIN—You say that you are looking at some sort of private input. Does that mean that you are looking at, say, Royal Adelaide Hospital, for example, coming in as a third party to this? Is the money contingent on having a third party there?

Mr Learmonth—We are still in discussion with the Northern Territory health department as to how we will approach this implementation, both in terms of the model that we will look for and how we will engage with the sector.

Senator CROSSIN—But is it contingent on a private sector coming in? Let us say that the Northern Territory government also say, 'That's our preferred model'—it must be, because they have already put it out to tender once—will the money only be released if a third party is in on it?

Mr Learmonth—I would not want to pre-empt the conclusions of the discussions that we are having with the Northern Territory health department.

Senator CROSSIN—Has there been any consideration of enhancing the package to attract private people to come into a partnership with the Territory? Sydney-Lismore, Brisbane-Toowoomba are different to Adelaide to Darwin, so there would need to be quite enhanced incentives there.

Mr Learmonth—If the private provision model is the one that is settled on, obviously it would be our intent to make it viable and attractive. The form that that would take is still under discussion.

Senator CROSSIN—So no commitment but you have not shut the gate either. Is that right?

Mr Learmonth—I think we ought to let the discussion with the Northern Territory health department take its course. We are partnering them on this.

Senator CROSSIN—How many discussions have you had with them so far?

Mr Learmonth—A number of formal and informal. We started two days after the budget in Darwin. They were very quick off the mark.

Ms Halton—You can be assured that it has been raised at very senior levels, Senator, by that department to this department. Indeed, secretary to secretary on a couple of occasions.

Senator CROSSIN—Yes. I am sure that that is the case. People are very keen to have it.

Mr Learmonth—There is a desire to do it very quickly, to settle the terms, and to create a viable model that is going to work. It is on both sides.

Senator CROSSIN—Where units are being built in places like Lismore and Toowoomba, are they in separate buildings to the hospital or are they part of the hospital, part of the hospital ward duty? Are we looking at capital infrastructure, or do you modify a ward of the hospital?

Mr Coburn—They are, I believe, separate buildings. In some cases radiotherapy facilities are attached to existing infrastructure. But it is important to understand that the nature of the construction is extremely specialised and, for example, includes radiation-proof bunkers which are a major cost of the capital construction. There is nothing to be saved by attempting to convert existing premises.

Senator CROSSIN—That is all I have, thank you.

Senator McLUCAS—I have some questions on the pathology memorandum of understanding.

CHAIR—This is in outcome 3?

Senator McLUCAS—Yes. What funding has been provided to date for pathology training positions?

Mr Woodley—I am not aware of any funding that has been provided specifically under the pathology MOU for pathology training positions.

Senator McLUCAS—Was there any money provided in 2004-05, for example?

Mr Woodley—Again, I am sorry, I am not aware. But I can certainly take that on notice.

Senator McLUCAS—But you do not think so?

Ms Halton—Senator, yes, there are some pathology training positions that I am aware of. In fact, I have discussed this. There are positions with state government and, I think, positions with the private sector as well. There is a story about pathology training positions but I think we will have to get back to you. I have discussed it with pathologists in the recent past.

Senator McLUCAS—Going to the MOU, what does it say about training positions?

Mr Woodley—The MOU refers primarily to a rate of growth in outlays over a five-year period. There is a commitment of funding also to support certain quality initiatives, but again I am not aware of any specific reference to training positions.

Senator McLUCAS—I understand that it was a point of negotiation during the development of the agreement and it had been agreed between the pathology sector and the government that there would be an allocation for training. Is that correct?

Mr Woodley—I beg your pardon, Senator, the relevant course has been drawn to my attention, and there was a commitment in 2004-05 and 2005-06 of a quantity of money to support workforce development.

Senator McLUCAS—What was the 2004-05 allocation?

Mr Woodley—$1.25 million.

Senator McLUCAS—And 2005-06?

Mr Woodley—$2.5 million.

Senator McLUCAS—What has been allocated in 2006-07?

Mr Woodley—There is no further allocation for the balance of the MOU period.

Senator McLUCAS—Do you recall that there had been an agreement between the pathologists and the government in the negotiations to the finalised MOU?

Ms Halton—That is the case, Senator. There was a discussion about the need to train pathologists. My memory of the discussions about the MOU—and acknowledging that I was a couple of levels removed but was getting briefing as the process went on, and then we finalised the MOU—was that the pathologists were concerned that there had been a progressive reduction in the number of publicly funded places to train pathologists, and we agreed, as part of the MOU, to invest in training in pathology. My memory is—but I will come back and correct it if I am not right—that we agreed that at least some part of these training positions should be in the private sector as well as the public sector.

It was recently raised with myself and, more specifically, with Philip Davies that there had been a delay in terms of the positions that we had been seeking collectively to have made available in relation to the training of pathologists, and both he and I, in a conversation we had with the pathologists, I think about three weeks ago, said that that was a matter we needed to pursue, and I know that he was actively taking it up. He had to go to England following a family bereavement. It is something, which he and I are both aware of, that we need to pursue.

Senator McLUCAS—I understand that the MOU was signed during the election.

Ms Halton—If I recall correctly, there was an agreement from the pathologists which arrived as the election was called. My memory is that the minister consulted with the shadow minister before the signing of an MOU.

Senator McLUCAS—The agreement that had been negotiated up until the calling of the election—the second-last iteration of an agreement—indicated that there were going to be significant moneys allocated to training. Is that correct?

Ms Halton—I am not quite sure what you are going to, Senator. The pathologists asked for a number of things, I recall. There was a series of letters. My memory is that when we finalised the agreement for the pathologists, which is the document that Mr Woodley has in front of him, the pathologists wrote to us and said they were happy to finalise the agreement but they registered at that point that, in addition, they would still hope at some point that the government would further address a number of issues. My memory is that the workforce issue was something that they said they would like more of but in terms of the substance of the agreement it is as you can see it—it is a published document—the agreement that was signed.

Senator McLUCAS—The view of the pathologists, I think, was that what they thought was the final version—that is, dated 27 August—indicated that $17½ million would be allocated to training.

Ms Halton—The final version of the agreement is the version that is signed, and we have that version. There was a series of documents going backwards and forwards in the negotiations.

Senator McLUCAS—As they do.

Ms Halton—Indeed, but the version as is—the one signed—has the amounts in it that Mr Woodley just referred you to. I am aware, as I said, that they had indicated a desire for a greater investment in a couple of areas, but those were summarised as a collective wish, if I can put it that way, which was not realised in the final agreement. As is often the case in the health area, just because that is not the agreement that you struck, people continue to press their case in relation to a series of other areas. The agreement very definitely included—and it is as I recalled—places for pathologists in the private sector and it included moneys totalling $3.75 million over 2004-05 and 2005-06, as Mr Woodley outlined.

Senator McLUCAS—Give me an understanding of how these negotiations occur. We have all done it. We all negotiate over things. Who wrote up the agreed outcomes of negotiations as they were going along? I dare say that would have been the department.

Ms Halton—I was not doing the day-to-day negotiations.

Senator McLUCAS—Was Mr Woodley?

Ms Halton—No.

Senator McLUCAS—Who was?

Ms Halton—I think it may have been Ms Blazow, but I will find that out.

Senator McLUCAS—We haven't lost Ms Blazow?

Ms Halton—No. She keeps threatening to retire on me, but so far we have restrained her. As I say, there was a piece of correspondence after we had finalised this arrangement which

said that they would like some extra things. But this agreement does have the signatures of the relevant parties on it.

Senator McLUCAS—What was the pressure to get it signed during the election campaign?

Ms Halton—This was a negotiation we had been undertaking for quite some considerable time with the pathologists. In fact, the minister had a series of things he was trying to tick off—things he needed to finish—and he had said to them he would like this to be one of the things, because setting an agreement for a significant period does provide certainty in terms of budget outlays and he was keen to have this as one of the things he had put to bed prior to the election.

The pathologists went through a process of thinking about it and decided they were ready, having consulted all their various constituencies, to agree literally on that point as the government was about to go into caretaker mode. Hence, the discussion, as I understand it—I was not a party to it—between the minister and the shadow minister. In fact, I recall advising the minister when he asked, 'What shall I do?' after they came in and asked. They said, 'Yes, we've now considered this and discussed it with our constituency, and we would like to finalise the agreement,' and he said he was not sure whether he could do it. But the advice that was given—and we actually, from memory, consulted Prime Minister and Cabinet about what was appropriate in the caretaker period—confirmed my view that it was subject to a discussion with the shadow minister and, following that discussion, the agreement was signed.

Senator McLUCAS—Is it true that there was a draft MOU dated 27 August that indicated $17½ million would be allocated over the life of the agreement, over five years, for training that had been agreed to between the department and the pathologists and required the Prime Minister's tick-off but then got caught up in the election caretaker period?

Ms Halton—In truth, Senator, I cannot remember.

Senator McLUCAS—Can you check that, please.

Ms Halton—I can find that out. What I do recall is that there were a whole series of agreements—drafts of various types—floating around. It was exactly the same as when we had the discussion with the Pharmacy Guild. There are various versions of various clauses being traded between the negotiating parties, so I cannot say to you that I ever saw such a clause. It is conceivable that there was one floating around, but, in terms of the agreement as it was struck, it is as you see it.

Senator McLUCAS—That is the one that people signed. You would have to wonder why they did, especially when there was an earlier version drafted by the department. It is written by the department. It just does not have a signature on the back. It indicates $17½ million will be used for training.

Ms Halton—It may not have been drafted by the department, Senator. I do not know what you have, but, for example, I know that when we were doing the guild agreement there was a document that literally went backwards and forwards, and it probably had our letterhead on it but in fact it came often from the guild with versions of their drafting in it, so as to the

authorship of the document I do not know, without knowing what you have. I cannot see it. But it would not surprise me if there were various versions of an agreement around, with all sorts of things in them.

Senator McLUCAS—This looks very much like a department document because it actually says 'Pathology quality and outlays MOU' at the bottom and it is written in the same style as the one that was finally signed.

Ms Halton—But my point is that, like with the Pharmacy Guild, there were electronic versions going backwards and forwards.

Senator McLUCAS—Okay. Could you confirm that there was an agreed document on 27 August that had been then forwarded to the Prime Minister for approval and that it then got caught up in the process.

Ms Halton—I will find out.

Senator McLUCAS—Thank you.

Senator STOTT DESPOJA—Mr Eccles, will the pregnancy counselling, the MBS item, be provided to women regardless of whether or not they proceed with the pregnancy?

Mr Eccles—Yes, that is right.

Senator STOTT DESPOJA—Again, I understand that this relates to some of the consultative work that has been done with GPs, but I understand that it will not be mandatory for GPs to have completed the training module.

Mr Eccles—It will be mandatory for them to have qualified under the—I am not sure of the name, but to get access to the item they will have needed to have undertaken particular training in non-directive counselling. There is another training program that is also being developed.

Ms Halton—There is a new module, yes, which is specifically about pregnancy.

Mr Eccles—But that is not compulsory.

Senator STOTT DESPOJA—Why is it not compulsory?

Ms Halton—It is a practical issue, essentially, when we looked at the number of practitioners who have already done the non-directive counselling course and the notion that they would all have to go back and requalify. In other words, we suspected that there would be very few people who would actually qualify to undertake the counselling, and when we talked to people about the nature of the current training there was a level of confidence that it was quite clear about what is non-directive counselling.

Mr Eccles—I was not involved in some of the early thinking around the development of this, but, unless I am told otherwise, I think it is to do with the level of detail involved with the training. The requirement, the precondition, to being able to access the item is a lot more detailed in the area of non-directive counselling. We have not quite finalised what the supplementary training is going to look like, and we are going to be working that up as part of the consultation. But it is more to do with the level of detail.

Senator STOTT DESPOJA—Okay, the level of detail, and I understand that maybe there are some discussions to be had. What about financial assistance for GPs undertaking that training?

Mr Eccles—There is financial assistance for GPs to undertake the training associated with the qualifying for it.

Senator STOTT DESPOJA—But the second one, again—the one related to specifically the pregnancy counselling—

Mr Eccles—We have not decided yet, but it is something we are going to look at, yes. We are working that one through.

Senator STOTT DESPOJA—I am wondering why the MBS item in relation to pregnancy counselling is specifically directed at women who have had an unintended pregnancy within a 12-month period. Given the arguably high levels of postnatal depression, I am wondering why it would not be available more broadly to all women who have had a pregnancy.

Mr Eccles—It strikes at the fact that this item is about providing specific access to a particular type of counselling. This certainly will not impede general practitioners from continuing to undertake the sorts of services that they provide now, and a lot of the counselling that does take place now is possible under the MBS anyway.

Senator STOTT DESPOJA—But would that not be an added incentive or support, financial or otherwise, to, for example, the one in seven women who may experience postnatal depression? I understand that the argument is: 'Well, those services are there. It doesn't impede the provision of those services as they currently exist,' but presumably one of the motivations behind this process and this item is to ensure, in an affordable way, accessibility to and availability of these services for women with an unintended pregnancy in the last 12 months. I am wondering why you would not try and provide that affordability and accessibility and encourage those counselling services.

Mr Eccles—Those options are certainly there now. It comes down to this being a very targeted initiative which is specifically designed to improve access to a particular type of counselling.

Senator STOTT DESPOJA—When you say those services are there now, you mean counselling services are available now.

Mr Eccles—GPs undertake these sorts of services and provide counselling to women as—

Senator STOTT DESPOJA—Attracting an item number?

Mr Eccles—Long consult. The MBS certainly allows for the sorts of longer counselling sessions that a GP might be able to do.

Senator STOTT DESPOJA—But it is not specified in the same way that this item number is in relation to pregnancy counselling.

Mr Eccles—No, it is not.

Senator STOTT DESPOJA—I am trying to work out why the distinction or why one is generally available, as we now have, but there is a need for something with such a level of specificity for women who have had an unintended pregnancy within a 12-month period. Why

wouldn't you just make it a broad pregnancy counselling service regardless of circumstances or when it occurs?

Mr Eccles—That is a matter for the government, but the priority is very much on having this particular focus on provision of services, and it is almost to provide an additional type of support to women who find themselves in this situation.

Senator STOTT DESPOJA—Okay. I just want to say thank you to the department, because I have been bombarding them with lots of questions on notice on these issues and I appreciate your responses.

Ms Halton—And you rendered the secretary speechless—and that takes a lot of doing!

CHAIR—I might also remind senators that we also have an inquiry about to commence into a related area, and many of these issues can be canvassed.

Senator STOTT DESPOJA—Different but related.

[9.50 pm]

Private Health Insurance Ombudsman

CHAIR—We have disposed of outcome 3. We will now move to outcome 9, Private health. It may be convenient to have Medibank Private, the Private Health Insurance Ombudsman and the Private Health Insurance Administration Council at the table at the one time so we can deal comprehensively with those issues in the next hour and 10 minutes. I welcome representatives of those organisations and thank them for having waited such a long time to come and present evidence to us. I know Senator Barnett has some questions in this area.

Senator BARNETT—I want to ask you a question about your financial performance. At your last annual report you disclosed a $130-odd million profit and improved financial performance. It has been some time since that report was tabled and made public. Can you advise the committee of any progress since then, any specific details and, if not, any broad trends that may have occurred?

Mr Bosworth—As you highlight, we did post a $130.8 million profit for the 2005 financial year. This was a $306 million improvement on the net loss of $175 million posted for the year to 30 June 2002. This shows that the last three years have seen the most dramatic turnaround in the performance of the fund in its 30-year history. That trend will continue this year, as will our determination to lower premium rate growth in that particular area. Our financial position will be announced with the annual report.

Senator BARNETT—Which is due when?

Mr Bosworth—In the second half of this year.

Senator BARNETT—My views are clearly known in the Senate in terms of your financial performance and its improvements and support for the government's position re the sale. I am interested to know also your policy in terms of what you can and cannot say on the public record about the sale and the sale process. There is a lot of discussion in the public arena about whether it should be a trade sale or an IPO and so on. I understand you have a policy of not commenting on that, bearing in mind that the government is the owner, essentially, of

Medibank Private. Can you confirm the policy position of Medibank Private with respect to those types of policy matters?

Mr Bosworth—The issue about sale rests with our shareholder minister, with the government. For Medibank Private it is business as usual with regard to its service to its members and employees.

CHAIR—Any further questions on private health?

Senator MOORE—I have a couple of questions on informed consent and I thought I would get them on the record first and then go into some general questions about Medibank Private and media releases and so on. I know that is another person at the table.

Senator FORSHAW—I would like to follow up on a question of Senator Barnett. There was a comment in that exchange between you, Mr Bosworth, and Senator Barnett about the impact that might occur as a result of your turnaround in financial position to slow the rate of premium increase growth. Is that what you said?

Mr Bosworth—I simply stressed that it is Medibank's determination to continue to drive down premium rate growth.

Senator FORSHAW—Just remind me: what has been the average increase of premiums in Medibank Private compared to the general range of increases across the funds over the last few years? My recollection is that it has been, in quite a number of instances, on the higher side rather than not.

Mr Bosworth—I can outline that the 2004 rate rise was 8.95 per cent, in 2005 it was 7.94 and this year it was 5.88. My understanding of the industry rate this year was 5.8.

Ms Addison—Mr Bosworth started with 2004. The industry average for 2004 was 7.58, for 2005 it was 7.96 and for 2006 it was 5.68.

Senator MOORE—It would be slightly above each time.

Mr Bosworth—On the second one Ms Addison mentioned, we were slightly below.

Senator FORSHAW—If you go back beyond those years—and I do not want to waste time tonight doing that because I can get the figures elsewhere—my general recollection is that you have tended to be on the higher side. I will declare that I am a member of Medibank Private and have been for many years, and I have a distinct recollection of a couple of years where it was rights at the top—

Mr Bosworth—We are very proud to have you as a member, Senator.

Senator FORSHAW—Thank you. I am not so sure I am very proud about the decision of the government to sell my fund.

Mr Bosworth—The issue I tried to raise with Senator Barnett was our determination to lower our rates and that is what we have done over the last two rate rises.

Senator FORSHAW—I welcome that.

Ms Halton—Never apologise!

Mr Bosworth—It's a weakness!

Senator MOORE—Ms Addison, I have some questions about informed consent. We have talked about this before but what data do you have in the department about the percentage of privately insured in-patient episodes for which informed financial consent is provided?

Ms Addison—We undertook a consumer survey and the last survey reports came in in January 2005, so it related to the last quarter of 2004. It covered a range of issues, and that material is available on the department's website. It showed that there was around 19 per cent of incidents where patients did not receive informed financial consent from their doctors.

Senator MOORE—I am sorry I missed that. I have seen that data but what was the percentage?

Ms Addison—Nineteen per cent.

Senator MOORE—Is that survey process a regular process within your part of the department?

Ms Addison—The intention was to undertake another survey around two years after 2004. In recent deliberations, the timing of the next survey is not quite settled, but we are expecting to do something either for the last quarter this year or the first quarter next year.

Senator MOORE—Is that survey a significant workload impost?

Ms Addison—No. In fact, we have specific government funding to undertake the next survey. It was part of the package of material and reforms that was announced on 26 April, so there is specific funding for the next survey, yes.

Senator MOORE—It is not a new survey. It is really a continuation of the pre-existing plan that you had.

Ms Addison—The intention is to benchmark the last survey.

Senator MOORE—The data you are using now is still based on that 2005 result.

Ms Addison—That is correct.

Senator MOORE—Do you have any data about the average out-of-pocket cost for privately insured patients by episode and speciality?

Ms Addison—We do have some of that data—the PHIAC report on the gaps and that data. I might ask Mrs Ginnane from PHIAC if she has the latest data available.

Mrs Ginnane—Senator, at the moment we are not publishing the data by speciality because we are still in the process of collecting that. We do have information through our statistics on actual gap payments, depending on agreement types. It is quite complex and detailed. It might be best if I can provide you with copies of that publication.

Senator MOORE—That would be useful. In terms of the future availability of the data by speciality, it is expected that will be available when you actually refine the data?

Mrs Ginnane—Yes, that is the intention.

Senator MOORE—Do you have any time in mind for that, in terms of your work program?

Mrs Ginnane—We are collecting some of it now, but it has only been collected for the last two quarters and some of it is still not clearly defined. Rather than publish data that may be misleading, we are trying to be certain that it is as accurate as possible.

Senator MOORE—Do you use the term 'cleansing data'?

Mrs Ginnane—No. When we set up a collection we also try as far as possible to link it back into other data so that we can be as certain as we can that we are getting accurate information, through the cross-checking process. We are doing some of that at the moment. I anticipate it should be available.

Senator MOORE—How many of you are there? When you say, 'We are doing that at the moment,' how many people are working on that project?

Mrs Ginnane—Within PHIAC? Two.

Senator MOORE—The data that you are going to provide to us: what is the time of that? What is the recent nature of that?

Mrs Ginnane—It is a quarterly publication that we produce.

Senator MOORE—You produce that and distribute it?

Mrs Ginnane—Yes, we do.

Senator MOORE—Do we already get it? Are we on your distribution list?

Mrs Ginnane—It is certainly available and it is available on our website; but I will make sure copies are sent.

Senator MOORE—Yes, I have seen some on the website. You do have a covering page with that data to explain it all, don't you?

Mrs Ginnane—Yes.

Senator MOORE—That data comes from—

Mrs Ginnane—It comes from collections directly from the health insurance funds, based on the benefits that they pay.

Senator MOORE—So you are using the pre-existing data from HIC and refining it to your purpose?

Mrs Ginnane—No, we are just using data from the health insurance funds themselves.

Senator MOORE—They provide it to you?

Mrs Ginnane—Yes, they do.

Senator MOORE—In what form?

Mrs Ginnane—In electronic format, based on a number of different categories. As I said, we are establishing new categories to collect it by specialty.

Senator MOORE—On the informed consent discussion—and it has been in the media, in relation to the various processes—the AMA have made it public that they are doing some research themselves about the whole thing. Is that right?

Ms Addison—The launch of their campaign followed the endorsement of federal council about the arrangements and their position paper on informed financial consent and on how doctors should provide informed financial consent.

Senator MOORE—Are the various groups at the table at the moment involved in that process? Is there a dialogue going on between the department, the ombudsman and the council? Are you involved in some kind of discussion about the whole process?

Ms Addison—There are generally ongoing discussions in relation to informed financial consent. Certainly, and I will not speak for the ombudsman, he has been involved with discussions across the industry; the department to a lesser extent, though I expect in the next few weeks we will be brought into a discussion that the AMA have led. The AMA set up a group called the Promoting Private Health Insurance Group. Neither the department nor the ombudsman is on that group. The AMA had invited various industry people to participate on that group, and the material that subsequently was endorsed by their federal council was one of the products from the work that went on through that group. Following the publication of the federal council's position paper on informed financial consent, the group is being reconvened in the next couple of weeks and both the department and the ombudsman have been invited to participate.

Senator MOORE—What about PHIAC? It is not something you would normally get involved in, even in terms of data?

Mrs Ginnane—Not really, because it is survey data.

Senator MOORE—Both the department and the ombudsman have now been invited and accepted that invitation?

Ms Addison—Certainly we have.

Mr Powlay—For my part, I have been talking to all of the parties that you mentioned around the issue of informed financial consent for quite a long time. In relation to the AMA's current education program, I had several discussions with them and reviewed the material that they proposed to use and made several suggestions that they took up. As Ms Addison said, I have recently been invited to participate in the next meeting of that group that is convened by the AMA.

Senator MOORE—The primary ownership of that group is still the AMA?

Ms Addison—At this stage, though that may well change in the near future. At the moment it is chaired by Dr Glasson, who is a former president of the AMA, and it is the AMA's body.

Senator MOORE—One of the things that was being discussed was concern from doctors about possible legislative or punitive action that could happen as a result of public statements by the minister about his concerns about the issue of consent. Has there been an agreement at this stage to not proceed with that kind of action until after this consultation has taken place?

Ms Addison—The minister has made public statements to the extent that he is willing to allow a period of time for the self-regulation to take effect in terms of improving the incidence of informed financial consent by medical practitioners and that, when we undertake the next consumer survey, that will be used to benchmark how effective that performance has been. Then there will be consideration given to what action might be taken after that.

Senator MOORE—Your understanding of that would be that the next consumer survey is scheduled for 2007?

Ms Addison—As I say, it has not been finally determined. I have some expectation. That is something the Promoting Private Health Insurance Group will talk about in the next few weeks.

Senator MOORE—The concern about the punitive action has been raised in a couple of the Senate's community affairs committee hearings in discussion about private health and so on. If the expectation from the minister's statement—maybe Minister Santoro could have something to add to this—is that there will be no further punitive action taken until after there has been a chance for things to settle and people to take industry action and until the data has been gathered through the survey, the timing of that survey then becomes quite important—as to how long you are going to have this amnesty period.

Ms Addison—A period where the self-regulation is allowed to have the opportunity to become effective, yes.

Senator MOORE—So no legislation imposed in terms of punishment. Is that how you see it: that the date of the survey to gather the data could well be the point at which there will be further decisions made?

Ms Addison—Not in terms of the date for the survey. It will be when the survey results come out. So, yes, the period of time that is given for the self-regulatory arrangements and for the communication campaign to take effect in terms of improving the incidence of informed financial consent—how long is needed—has definitely been a matter of discussion. There has not been a final position, as I understand it, taken in terms of when the next survey will be finally conducted. When the survey is conducted becomes the point in time which you would be collecting data about what had happened during the self-regulatory period. The survey necessarily would report sometime after that. I think we did September quarter 2004 and did not get the results till March 2005.

Senator MOORE—I remember asking how long that data took.

Ms Addison—Yes. So in terms of when a decision might be taken in terms of the results, it would be some months after the survey, once the survey results had been completed. But I have some expectation that the next discussion with the Promoting Private Health Insurance Group will in part be about what is a reasonable length of time before the next survey is undertaken.

Senator MOORE—You are expecting that forum to be soon?

Ms Addison—Yes. The date is 15 or 16 June. I have to confess I am on leave on the day of the meeting. It is 16 June—Mr Charles Maskell-Knight has kindly agreed to do it for me.

Senator MOORE—Thank you, Mr Maskell-Knight. That was very helpful. So 16 June is the next meeting of the group.

Ms Addison—Yes.

Senator MOORE—Your expectation is that some of these things will be clarified at that time?

Ms Addison—That is right, yes.

Senator MOORE—Has there been any discussion or agreement about how the self-regulation process will operate? How will you know whether it has been successful or not? At the moment the discussion has been very vague.

Ms Addison—To the extent that that is what the survey will do, the survey will benchmark performance in terms of how well people are receiving, or the extent to which people are receiving, informed financial consent. It will be benchmarking that performance against the performance that was recorded via the survey in 2004. That will be the measure of how effective both the campaign and the self-regulatory arrangements have been.

Senator MOORE—The survey will do that. It will feed back to the group that you previously identified, which is looking at how the survey is going?

Ms Addison—The survey results will feed back to the minister. The survey would be undertaken on behalf of the government and the results would be fed back to the minister. I would have some expectation that the minister would consult with state colleagues about the results.

Senator MOORE—So in this period people are working on identifying what the issues are, how things can be clarified and the various players. Who do you see the various players as being? Definitely the AMA have identified that they have a concern in the area. Who are the other industry players?

Ms Addison—The other people who have been participating in the group have been the representatives of health funds, so the Australian Health Insurance Association—

Senator MOORE—Their representative body—so not every health fund?

Ms Addison—No. It has been the representative bodies. My understanding, having not participated in the group to date, is that the AHIA, the Australian Health Insurance Association, has been there, Catholic Health Australia has been there, the Australian Private Hospitals Association has participated and the AMA clearly has participated, and I understand that the Australian Society of Anaesthetists has from time to time participated.

Senator MOORE—Mr Powlay, are they the players that you would see involved, from your experience with people talking to you as the ombudsman about their concerns about gap payments? That is an issue that has come up. Is there anyone else that you think should be involved in this process?

Mr Powlay—No, Senator. I understand that the AMA representation has sometimes included particular specialties and, as Ms Addison said, the anaesthetists association has been involved. By and large, the groups that Ms Addison mentioned are the main industry stakeholders.

Senator MOORE—The AMA seems to have taken on the role, to have voluntarily come forward and said, 'We're going to have this process ourselves,' and been very public about that. But there are many other specialties in terms of the specialist services that have been identified at other times where gaps are very high. The people who give anaesthetics—I am not even going to try and say it!—is one area, and orthopaedic surgery and a whole range of

other specialists at different times have been identified. Is there any way that the other specialist colleges could be included in any future discussion on this issue?

Mr Powlay—It is my understanding that the AMA has been involving those other specialty groups, both in their consultation around the issues discussed in that promoting private health group and in participation in their education campaign on the issue.

Senator MOORE—So from the department and from your area, Mr Powlay, there is a kind of expectation that the AMA are coordinating the medical input. Would that be a fair enough comment?

Mr Powlay—That is right.

Ms Addison—That is correct. The AMA have talked to us about involving other specialty groups. We have obviously been very open to that and we have been very keen for them to engage with the various groups where the levels of incidence of informed financial consent were lower, and reported as lower. The anaesthetists clearly were very proactive about getting involved. They contacted the AMA and were brought into the process and the AMA, as Mr Powlay described, have been active in terms of contacting the other relevant specialties where there is a higher incidence of a lack of informed financial consent.

Senator MOORE—Up to this point has there been any public statement about what constitutes a fair percentage? Certainly the AMA's public statements say that they think that about 80 per cent of consultations already have informed consent and that there is a view that it cannot be lifted beyond about 90 per cent. Has there been any discussion about what constitutes the benchmark, what percentage of consultations should or should not have informed consent?

Ms Addison—In recent times, certainly in discussing using the second survey as a benchmark for performance against the first survey, there has been discussion about what level of achievement might be reasonable. There has certainly been broad discussion about that, but no-one has done that in terms of defining a number.

Senator MOORE—There has been no magic figure.

Ms Addison—No. And, again, measurement of performance and what might be good expectations in terms of improvement are things that the group might have a look at when they meet next.

Senator MOORE—Would you expect that that would then be made public so that everybody who is interested in this issue would have a clear understanding about what people are aiming for?

Ms Addison—In broad terms, yes. One of the reasons that I think there is a degree of concern about putting a number on a benchmark per se is that we would like to see 100 per cent informed financial consent.

Senator MOORE—Sure. That would be the goal.

Ms Addison—That is the goal, so when you say 'a benchmark', the benchmark is 100 per cent. As to whether or not it is necessary to mandate the requirement for informed financial consent, I think because of the way emergencies operate and the way people would

report in a survey such as the one we undertook that the question would then be whether you could actually achieve 100 per cent and measure it through that kind of instrument. So what might be close to 100 per cent in that kind of instrument that would be acceptable under a self-regulatory environment is a matter, I think, for discussion between the parties.

Senator MOORE—Mr Powlay, in the last round of statistics that you gave of issues that came before your office, did informed consent get a guernsey? Was it on the list?

Mr Powlay—Yes.

Senator MOORE—Or people concerned about gaps that they got and they did not realise—which is probably a better way of putting it.

Mr Powlay—Yes. Lack of advance notice of a potential gap or out-of-pocket expense has always been a significant issue of complaint to my office. To some extent it is probably underreported in my statistics because quite often the complaints we receive begin as complaints about the inadequacy of the health fund benefit and proceed to an investigation about informed financial consent. It is probably true to say that over the last five years or so, prior to last financial year, complaints about informed financial consent were running at about 10 per cent of the complaints that we receive. There was a slight reduction, I suppose somewhat ironically, in informed financial consent complaints recorded last year and, perhaps also somewhat ironically, we seem to be seeing a lot more complaints about informed financial consent now. I put that down largely to the coverage that the issue has got.

Senator MOORE—Sure.

Mr Powlay—Many more consumers know the term 'informed financial consent' and feel that their rights have not been respected.

Senator MOORE—Thank you very much. No doubt we will talk at the next estimates about what happens at the meetings and where we are next.

Senator FORSHAW—When the announcement was made about the sale of Medibank Private—the joint announcement by Ministers Abbott and Minchin on 26 April; that was the media release—it also included reference to certain changes, extensions, in health insurance coverage. One of those was to cover services, I think the term used was, 'beyond the hospital gate'. Can the department firstly explain how this decision came to be made? What was the background to it? Who was involved in, particularly, any industry consultations with regard to that decision?

Ms Addison—We have been working in the branch for some little time on looking at private health insurance and the private health insurance arrangements and whether or not they were structured in a way that was the most conducive to the industry. That work culminated in us presenting material for government which they considered. They had a consideration of the matter in August of last year. As a result of the consideration then they asked the department to do some further work. We have discussed previously in Senate estimates that we commissioned, in particular, the construction of a micro-economic simulation model by Access Economics. That was then used by the department to test various policy options for private health insurance. One of them was the concept of broadened hospital cover, where we were looking at what the likely impact might be of allowing health

funds to cover services that were substituted for part of or were preventive in relation to hospital services. The results of that work were positive in terms of making a policy shift in that direction. I note the context in particular for that is that the arrangements which restrict health benefits for hospital cover as they currently operate have existed virtually since 1954.

So there is some question with clinical changes happening over time. You are probably aware, for example, with cancer care, that it does not need to be delivered. Some people may never be admitted to hospital. So we use that policy work and the model to test the viability of those policy options. At the same time we were receiving, verbally most often, requests from industry to consider this as a policy initiative. Various health funds had undertaken initiatives which did not count for the reinsurance pool, but where they were finding very effective ways of addressing consumer demands for delivery of how their health insurance operated. So they were quite keen to move into this kind of area. Following that August decision and following the undertaking of the policy work, we then worked out further advice for government which was then subsequently considered and resulted in the announcement that the minister made in April. The government decided that it was a good idea and we went from there.

Senator FORSHAW—I am assuming that all of the major health funds, or the organisations, participated in the round of discussions?

Ms Addison—We undertook confidential discussions with selected stakeholders, but they included the peak bodies.

Senator FORSHAW—What about Medibank Private?

Ms Addison—We did consult Medibank Private as part of those discussions, yes.

Senator FORSHAW—As I said at the outset, the announcement on 26 April covered a range of these things, including the sale. Is there any linkage?

Ms Addison—What I would say is: we did include in those confidential discussions a number of specific organisations; not only health funds, but hospital organisations as well. As I said, we undertook it primarily with peak bodies, but my recollection is we did involve two hospital operators as well as three health funds.

Senator FORSHAW—The fact sheet announced that the current boundary between ancillary and hospital insurance, as I understand it, will be effectively removed. How does the department determine what can be covered and what cannot, ultimately?

Ms Addison—Ultimately that will be settled through the consultations we are to commence soon with industry. In terms of reinsurance, we will be looking at boundaries which go to what is included in the reinsurance pool and what is not. That is part of a formal consultation process we will undertake in terms of which of those kinds of programs of services are agreed to be included for reinsurance purposes. More broadly, however, what we are really looking at is opening up the opportunity for flexibility in terms of cover. So to the extent that out-of-hospital services such as physiotherapy are preventative of hospitalisation or, as I said, chemotherapy outside of a hospital is being performed, that can be covered as if it were provided in a hospital. But those final boundaries will be determined following the consultations.

Senator FORSHAW—The end result of that presumably would be that, whereas physiotherapy is now covered as an ancillary item in funds, ultimately the benefit intended for the member would be that they get a higher refund?

Ms Addison—Potentially that is correct, yes.

Senator FORSHAW—I am trying to think what other benefit there could be other than a higher refund. I have to say, from experience, I think most people would say the benefits that are paid for many ancillary services are substantially less than the actual cost.

Ms Addison—That is correct.

Senator FORSHAW—In fact, in many cases substantially less than 50 per cent.

Ms Addison—So if you look at my chemotherapy example, if it were all done outside of a hospital, under an ancillary table the benefits would be quite low.

Senator FORSHAW—Sure.

Ms Addison—Depending on how health funds approach this—because the other thing I should explain is that it will not be mandatory for health funds to go down this path, so it will be subject to how they design their products—the other benefits to consumers would include more flexibility in terms of the setting in which care can be provided, because one of the other things that some of the programs that health funds have operating now highlight is that for some people an in-hospital care setting is not actually the best setting for the delivery of that care. So that is another benefit.

Senator FORSHAW—I want to come back to that question in a minute about the flexibility. Maybe you have already covered this, but how will the department determine which services fall into the category 'Services to prevent future hospitalisation that can be safely delivered out of the hospital gate'? Is that part of that consultation process that you are going to have?

Ms Addison—That is correct.

Senator FORSHAW—You said a moment ago that it is not mandatory for the funds to go down this path, so how does the department intend to police or to oversee these new arrangements, given that funds will be able to determine what they cover and that there effectively will be no regulation or legislation?

Ms Addison—I am not quite sure what you mean by 'policing'.

Senator FORSHAW—The restrictions are currently there. If you open this up and the funds can decide whether they want to provide this sort of cover or not, I am wondering how the department is ultimately going to oversee the development of this so that the end result is delivered to all members in private health insurance funds out there.

Ms Addison—I see.

Senator FORSHAW—The intention of this is that people get increased benefits and greater coverage, but you are going to leave it up to the industry to ultimately determine, and how are you going to achieve it?

Ms Addison—I have some optimism by virtue of the fact that the industry is supportive of the change and had come to the department seeking the change. Some health funds already have programs which would virtually automatically fall into this. There are assisted discharge programs out there. There are health funds operating assisted discharge programs where a specialist will tell a health fund, 'If you provide these particular services to the person in their home, then they're able to leave hospital earlier.' There is already a whole suite of programs that health funds are operating which would fall into the kind of category of what might be covered by broadened hospital tables. Realistically, we think the health funds will be cautious, and they will be conservative about how they do this because there will be concerns about managing costs and utilisation. I think, when we looked at how long it would take to move to full implementation, our time frame was in the order of seven years. But, on the way through, we would look to monitoring how it was going and the level of take-up. We will clearly have to be talking to the industry if we find that they are not moving in that direction.

Senator FORSHAW—Yes. I recall that when the rebate was introduced there was evidence of a substantial extension of ancillary coverage which created some problems. Do you envisage that something similar might happen again now, and how do you intend to ensure that you do not end up with the sorts of ancillary type covers that were introduced and then had to be removed—for example, the gym memberships et cetera?

Ms Addison—Our expectation is that the pure ancillary services, for example, for reinsurance purposes will not count. They will continue to operate with the kinds of caveats that they currently operate with. So health funds will be able to continue to operate an ancillary type product in the form that they do currently. There is a real disincentive for health funds to go down a path where you end up with high claims around those kinds of ancillary services, to the extent that we are talking about services that prevent, substitute or are part of hospitalisation. I think the kinds of services that might have led to growth at that time were not the kinds of services that would fit within those categories. The industry is concerned about that as well, and they have already been talking to me very actively about those concerns. I expect that we will probably find in the first flush that some of those boundaries will be more tightly drawn until people get a level of comfort about products and the levels of utilisation.

Senator FORSHAW—That is somewhat reassuring, but I never cease to be amazed at the inventiveness of—when there is going to be some marketing involved in this—the funds themselves to increase their share of the membership. The fact sheet also says that this policy change should have no impact on premiums. How can you be so confident about that?

Ms Addison—That is consistent with our modelling. There are a couple of effects that interact to create that result. By broadening out for substitution, for example, we find that with the programs health funds already have they can deliver care in out-of-hospital settings more cheaply, even though they are safe and efficacious to the patient, than in an in-hospital setting. Once you take out the hospital accommodation charges, for example—and sometimes the delivery of the service provider will be different and so the services provided will be at a different rate—there is a level of savings associated with services which are currently provided in-hospital moving to an out-of-hospital service setting, where that is cheaper.

The other thing is in relation to the points I made before about cautiousness and conservatism. It will be up to the health funds to negotiate with the providers in terms of the rates that they will be covering and the benefit levels that they will be providing. The economics of that would dictate rational pricing decisions occurring, and that also acts as a dampener in terms of the expenditure, thus leading to a neutral position in terms of rebate expenditure, even though you offset potentially higher costs of products. The other fact, of course, is that some of products, depending on the services that people choose to buy, might be slightly more expensive, so that will potentially act as a disincentive. There is a whole interaction of different economic activities and drivers which, on balance, meant that we thought there would be no impact on the rebate.

Senator FORSHAW—Did you say 'no impact on the rebate'? You mean on premiums?

Mr Maskell-Knight—And therefore the rebate.

Ms Addison—On premiums, sorry, and therefore the rebate.

Senator FORSHAW—This is not the place to debate it, but if there is going to be a greater choice of funds in this area your optimism potentially could be misplaced. Surely the fact that the funds can choose what they cover and do not cover means you are less able to be certain about the impact on premiums, at least in the initial period.

Mr Maskell-Knight—I do not think we have anything to add, Senator.

Senator FORSHAW—No, I did not think you would.

Mr Maskell-Knight—Ms Addison's answer was a long and complicated way of saying there are swings and roundabouts. At the end of the day, our modelling suggests that the swings and the roundabouts will cancel each other out.

Senator FORSHAW—Modelling always suggests that swings and roundabouts mean you eventually stop swinging, get off the roundabout and fall over. What about the impact of the sale of Medibank Private on premiums? Have you done any work on that?

Ms Addison—No.

Senator FORSHAW—Have you been asked to do some or are you intending to do some?

Ms Addison—No and no.

Senator FORSHAW—What about gap payments under these new arrangements? Could we end up with a situation where there will be more gap payments at a time when there are other mechanisms in place—what Senator Moore was just talking to you about—to try to reduce gap payments or give patients and consumers more information so they can work all that out? You are going down this path of opening up a whole new area of services, combined with greater flexibility and less regulation.

Ms Addison—At the risk of being described as too optimistic again, Senator: you have already described the current situation with ancillary payments, where there can be substantial differences between the charges for a service and what benefits are payable. In the context of health funds covering those services which are related to substituting for hospitalisation, we would expect that the benefits, as we described before, may well be higher for those services and so the gaps will therefore be reduced.

The other element, in saying that we would not expect there to be an expansion of gap payments, is that the health funds would be contracting with the providers of those out-of-hospital services, and one of the things that health funds work very hard at when they are contracting with providers is eliminating gaps. They are very sensitive to the fact that consumers are concerned about gaps and, rightly, do not want to have to pay a gap. Part of the opportunity there is to eliminate the quite large gaps that exist for those kinds of ancillary services because they are necessarily treated as ancillary services.

Senator MOORE—One of the things we have talked about in the general industry context is the potential to become direct providers or purchasers of services, so that a health fund could be linked into deals with particular providers of services, which would create a partnership arrangement in the industry, and the idea of having particularly ancillary services like dialysis machines, which is one that has huge potential in this area, and having day care centres and that kind of arrangement and having arrangements with private funds.

Ms Addison—Health funds currently do contract in that area through day surgeries.

Senator MOORE—Is there potential for increase? At the moment we have it with particular hospitals, where health care funds have arrangements which consumers are supposed to know about and all that kind of process, but with the extension of services to some of the other aspects—I used dialysis quite deliberately as one that has been talked about in this area—is there further potential for health care funds to have economic arrangements?

Ms Addison—I would expect them to have contracting arrangements, yes. To the extent that they are economic arrangements, definitely.

Senator MOORE—That is linked into the idea of gaps as well, with the way the services are provided.

Ms Addison—That is right. It is through those contracting arrangements that they are often able to eliminate the gaps, because it becomes part of what is the deal that is done for the delivery of the service.

Senator MOORE—The interaction with the client.

Ms Addison—Yes, and they would be providers potentially that they already have contracts with or arrangements with in terms of ancillary service provision now, so you can think of dental arrangements and optical arrangements that health funds currently have. There is definitely potential for those arrangements to be redrawn or extended, yes.

Senator FORSHAW—Has any concern been raised with the department about the potential to end up with an American-style managed care system out of these changes?

Ms Addison—That is not a concern that has been raised with me to date, no.

Senator FORSHAW—I understand it has been raised publicly.

Ms Halton—It is the traditional bogeyman, American-style managed care, and it usually comes in inverted commas.

Senator FORSHAW—Does that mean it doesn't exist or it is just American or it is a bogeyman?

Ms Halton—It is a bogeyman. I think that is exactly what it is. I have not had that accusation raised with me about these particular changes, but I have seen the reported comments of one person in the industry.

Senator FORSHAW—Who is that?

Ms Halton—I cannot recall who it is, but I can recall reading that at the time and thinking, 'Oh, yeah; there goes the bogeyman.'

Senator FORSHAW—Was it Catholic Health?

Ms Halton—I genuinely cannot recall who it was. The reality is that this is very hard to present as being a managed care style of option. What this is about, as Ms Addison has been outlining, is a recognition of the reality of clinical practice. The problem we have had with boundaries has all been about clinical practice moving, in many instances, from inside a hospital to outside, but it all being the one episode of care. Managed style care gives you a whole series of constraints around choice, including constraints around choice for the doctor and how they practice. Such a comparison would not be a legitimate one.

Senator MOORE—In the last few minutes, you want to talk with Medibank Private, so that will mean a reshuffle.

Senator FORSHAW—There just might be—

Senator MOORE—There still could be cross-questioning, as we always do, but we need to get something on Medibank Private, allowing that we know you are operating as normal but the sale has now been announced.

Senator FORSHAW—I should indicate, given that we are endeavouring to prioritise our questions through these areas, that potentially there are some questions on notice that will come through once we have worked out what we have left over that we have not been able to ask. What was Medibank Private's involvement in the announcement of the sale?

Mr Bosworth—The announcement was made, as you highlighted before, on 26 April.

Senator FORSHAW—Yes.

Mr Bosworth—My managing director outlined at the last Senate Estimates our role in the scoping study. We were informed on 26 April about the announcement.

Senator FORSHAW—You were told the same day as the media release of the announcement.

Senator MOORE—How did your staff find out, Mr Bosworth? How did the Medibank Private people in the regions find out?

Mr Wheatley—Our staff? Obviously, since the announcement of the scoping study and the activities that were undertaken with the scoping study, Medibank has been preparing for a potential announcement. In the intervening months we developed an internal communication strategy to deal with that. Obviously it was going to be very important for us to communicate not only with our members in some way but also with our—

Senator MOORE—Sorry, Mr Wheatley. We are having trouble, at the end of the day, in hearing. It is coming in and out in waves.

Mr Wheatley—Medibank was obviously active in developing an internal communication strategy so obviously the precise working of that strategy or the exact messages that went out were dependent on the government's announcement, but we had options and we were ready to inform our staff, almost instantly.

Senator MOORE—On the day?

Mr Wheatley—Yes.

Senator MOORE—Who has been involved with the interaction with the department of finance now that a scoping study is finalised and a public decision has been put out there? What is the communication between the organisation and Finance about what happens next?

Mr Bosworth—We have an allocated team that liaises with the department of finance on a regular basis.

Senator MOORE—What is their title?

Mr Wheatley—The privatisation team, I would suggest.

Senator MOORE—That is what they are called?

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

Senator MOORE—How long has this scoping study been going on? I am making a point that you have a group of people who have been involved in this process so there is an allocated team in the organisation whose job it is to keep on working with the department of finance through the next round of the process.

Mr Wheatley—That is correct.

Senator MOORE—It is the same team that has been working to date as the scoping study has been being scoped?

Mr Wheatley—I would have to take that on notice. Obviously there have been some changes to the number of people that are needed to be involved, but we could get back to you on that.

Senator MOORE—We certainly do not want to go into the details of what is going on, but one of the things that has been discussed quite openly in public has been people's responses in the open market to the decision to sell. There has been no surprise that it is out there. What is the response that Medibank Private is taking to the kinds of public discussions about whether people are happy or not with the sale? Surveys are being done. One of the TV channels did a survey, as they do on just about everything, about how people feel about it. What is the internal process to handle that?

Mr Bosworth—Medibank does not have a position on those issues of sale that you mentioned. We have a normal customer complaints process which goes on which can deal with products or other issues to deal with Medibank Private. It is a similar process that goes on with regard to that.

Senator MOORE—The privatisation team is not looking at a way of handling the public reaction to what is happening now, being a commercial decision?

Mr Bosworth—The issue for Medibank, as I said to Senator Barnett earlier, is that it is business as usual for Medibank Private. We are concerned about our members, as business as usual, and our employees. That is how we are continuing to work.

Senator MOORE—Have you had complaints from your members, through your standard complaint process, about Medibank Private being sold?

Mr Wheatley—I do not know if I could categorise them as complaints. The issue has been raised through our normal channels of communication, be that our hotline or through retail centres.

Senator MOORE—Can you give us numbers?

Mr Wheatley—I would have to take that on notice.

Senator MOORE—Your standard complaints mechanism does have a form of categorisation of the issues raised by people when they ring in?

Mr Wheatley—Those sorts of issues would be recorded.

Senator MOORE—I would expect that the complaint mechanism would be able to identify whether there have been concerns raised by members internally through the process who would be unhappy about it.

Mr Wheatley—That is right.

Senator MOORE—Has Medibank itself done any kind of information-seeking from its members about how they feel about the sale? Until recently it has been a proposed sale. Now we have the public document taking away the uncertainty; the decision has been made to sell it. Have you had or are planning any process to inform your members? Most of us are members so we are just trying to find out whether—

Senator FORSHAW—I do not think I could have missed that.

Senator MOORE—Maybe our mail has gone astray.

Mr Bosworth—Can we take that one on notice?

Senator MOORE—Surely you can, yes.

Senator FORSHAW—This is not so much on the sale, but for the sale and all of this there will be, one would assume, a substantial expenditure on the actual preparation for sale, depending upon what the nature of the sale is; the advertising media and so on. There has been $50 million budgeted over four years to increase consumer awareness of the incentives and benefits associated with private health insurance. Will Medibank get any direct benefit from this funding, do you know?

Ms Addison—Senator, I will take that question. No.

Senator FORSHAW—No? This is probably to the department: who gets that funding then? That is departmental funding, is it, or consultants or media agencies?

Ms Addison—The intention is there will be a general campaign undertaken which would be managed in a normal way of a general campaign. The break-up of that funding is that $18.1 million is provided for the campaign development and funding specifically; and

$1 million for departmental resourcing associated with that. So our parliamentary public affairs area will be receiving that money for the assistance.

Senator MOORE—Is that over the five years?

Ms Addison—Four years—that is correct, Senator.

Senator MOORE—We have the PBS paper and I am trying to find $18 million there. I am just waiting for the figures.

Ms Addison—These numbers are over four years. In addition, included in the amount the senator referred to, the $50 million, is $0.68 million or thereabouts which will be going to Medicare Australia. That is for the direct mail-out associated with advising people about Lifetime Health Cover arrangements. In addition, that money includes $2.1 million, which includes departmental funding for the development of standard product information. This is part of the decision that was made as part of the overall changes which will require health funds to publish standard product information as part of their products. In that $2.1 million is also $1.4 million for the Private Health Insurance Ombudsman. That money is to assist in the funding of the establishment of a website. The website is to be able to be used for comparative purposes by members of the public.

Senator MOORE—Is this a new website or an enhanced website? I thought Mr Powlay already had a website.

Ms Addison—He does. We will be talking to Mr Powlay about how the website will operate, but I think the intention had been, when we put forward the proposal, that it would be a new website, and that is the discussion we have had to date.

Mr Powlay—Yes, my understanding is that it will be a new website. I will continue to maintain my website as the PHIO website—

Senator MOORE—As the ombudsman, yes.

Mr Powlay—largely with the same information, although some of the consumer information material that I currently have on my website would move across to the new website, the focus of which would largely be to provide free and independent advice to consumers on private health insurance issues and allow them to compare key features of health insurance products.

Ms Addison—The balance of the funding in the $50 million is for additional estimated costs of the rebate associated with increased participation.

Senator MOORE—Showing optimism again. Mr Bosworth, I have a couple of questions on what Medibank Private is doing now. The decision is made and you are in this transition phase, pending whatever decisions are made about you. Certainly in the public arena people are now talking about their decisions, about which health fund they will go to. It is a very competitive market, as we all know, and you have stated that it is your intent to maintain your market and to grow if possible. What plans do you have in place to manage the difference now in terms of people's choice about private health care? A large number of people have gone publicly and said they chose Medibank Private because it was linked to government—the historical link and all those things. You obviously know that because you do your internal

surveys about why people are members. What plans do you have in place now to handle possible membership based changes linked to the sale?

Mr Bosworth—As I have tried to highlight tonight, it is business as usual for us, so our aim is to highlight the value that our members and future members can get from Medibank Private. That includes the introduction of, recently, new products which have increased our market share, and improving the overall value that the member sees attached to belonging to Medibank. As I mentioned, we have our customer input lines, either in retail centres or through the call centre, and we are distinctly making an effort at that point so that, if it is raised as an issue within the discussion, members are kept well and truly informed about the benefits applying to them through Medibank Private.

Senator MOORE—Are you planning any particular strategies to find out whether this is an issue or not?

Mr Wheatley—That would form part of our normal corporate planning process, which is yet to be completed and I think the details of which would be commercial-in-confidence.

Senator MOORE—What is your current budget for advertising?

Mr Bosworth—I cannot supply you with the exact figure, but what I can give you are some percentages which point out that nationally Medibank's advertising accounts for approximately 29 per cent of the total—29 per cent of PHI media advertising, which fits nicely with Medibank's market share, which is in and around that.

Senator MOORE—Can I get the actual figures on notice?

Mr Bosworth—We will take that one on notice.

Senator MOORE—I think that is fair. What about public relations? Does that come into the same budget as advertising? Do you have a separate line item for PR?

Mr Bosworth—We have a separate department for PR, yes.

Senator MOORE—And can I get information on that as well?

Mr Bosworth—We will take that one on notice too.

Senator MOORE—I know the decision is quite recent, but I am fascinated by there being no thought given to the impact on your membership base, specifically, of the public decision that now it is going to be sold. I would have thought that was a threshold issue, almost like any kind of major structural change. Is it that that has not been considered yet?

Mr Wheatley—No. Obviously the issues of the sale have been considered in our forward planning process. In terms of actual plans that have been put in place, I am not sure that we could report those here because they are probably not finalised. Some of them would be commercial-in-confidence. But we can take that on notice.

Senator MOORE—You are telling me that it is part of the planning?

Mr Wheatley—Of course it is being considered, yes.

Mr Bosworth—And you will notice that on the day of the announcement we did announce a media release in regard to that announcement from the government. We have implemented these other processes we were talking about with regard to our call centres and our retail

centres, but I agree with my colleague that perhaps we need to get back to you on the other specifics that you are after.

Senator MOORE—That would be good. Also, as a member of Medibank Private, when can I expect to get something from the organisation telling me what is happening with my private health insurance company?

Mr Wheatley—We will take that on notice.

Senator MOORE—Thank you. You can take my membership on notice as well, I think! In terms of your brand and PR, Medibank Private is an established brand. Is there any process in place—and you will take this on notice, I know—in terms of protecting your brand in the market?

Mr Bosworth—We will take that on notice.

Senator MOORE—Thank you. Thank you, Chair.

CHAIR—We are virtually at 11 o'clock, so I think we might pull up stumps, much as we would all love to be here for another couple of hours if we could! Can I thank all the representatives of organisations and agencies which have appeared before us today. We have now finished outcome 9. I thank members who have been here. Thank you, Minister. Thank you, Ms Halton.

Committee adjourned at 11.00 pm