COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

# SENATE

## COMMUNITY AFFAIRS LEGISLATION COMMITTEE

**Estimates**

(Public)

TUESDAY, 3 JUNE 2014

CANBERRA

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**SENATE**

**COMMUNITY AFFAIRS LEGISLATION COMMITTEE**

**Tuesday, 3 June 2014**

**Members in attendance:** Senators Boyce, Carol Brown, Di Natale, Lundy, Ian Macdonald, McLucas, Moore, Peris, Polley, Seselja, Smith, Whish-Wilson, Wright, Xenophon.

# HEALTH PORTFOLIO

**In Attendance**

Senator Nash, Assistant Minister for Health

**Department of Health**

**Whole of Portfolio**

Professor Jane Halton, Secretary

Professor Chris Baggoley, Chief Medical Officer

Ms Kerry Flanagan, Deputy Secretary

Mr David Learmonth, Deputy Secretary

Mr Chris Reid, General Counsel

Mr Andrew Stuart, Deputy Secretary

Ms Mary McDonald, Acting Deputy Secretary

Mr Paul Madden, Chief Information and Knowledge Officer

Dr Rosemary Bryant, Chief Nurse and Midwifery Officer

Mr John Barbeler, Chief Financial Officer

Mr Colin Cronin, Assistant Secretary, Audit and Fraud Control

Mr Adam Davey, First Assistant Secretary, People, Capability and Communication Division

Ms Sue Campion, First Assistant Secretary, Grant Services Division

Ms Bettina Konti, First Assistant Secretary, Information Technology Division

Mr Simon Cotterell, Acting First Assistant Secretary, Portfolio Strategies Division

**Outcome 1**

Mr Nathan Smyth, First Assistant Secretary, Population Health Division

Dr Bernie Towler, Principal Medical Adviser

Associate Professor Rosemary Knight, Principal Advisor

Ms Julianne Quaine, Acting First Assistant Secretary, Office of Health Protection

Mr Mark Booth, First Assistant Secretary, Primary and Mental Health Division

Ms Sue Campion, First Assistant Secretary, Grant Services Division

Mr Steve McCutcheon, Chief Executive Officer, Food Standards Australia New Zealand

Dr Marion Healy, Executive Manager, Risk Assessment, Food Standards Australia New Zealand

Mr Peter May, General Manager, Legal and Regulatory Affairs, Food Standards Australia New Zealand

Professor Helen Zorbas AO, Chief Executive Officer, Cancer Australia

Professor Warwick Anderson, Chief Executive Officer, National Health and Medical Research Council

Dr Timothy Dyke, Executive Director Research Policy Development Taskforce, NHMRC

Professor John McCallum, Head, Research Translation Group, NHMRC

Mr Tony Kingdon, General Manager and Head, Planning and Operations Group and Research Group, NHMRC

Ms Louise Sylvan, Chief Executive Officer, Australian National Preventative Health Agency

Ms Jan Bennett, Advisor, Australian National Preventative Health Agency

Dr Judith Winternitz, Manager Policy and Programs, Australian National Preventative Health Agency

Mr David Kalisch, Director, Australian Institute of Health and Welfare

Mr Andrew Kettle, Head Business and Governance, Australian Institute of Health and Welfare

Dr Pamela Kinnear, Head Australian Institute of Health and Welfare

Ms Lisa McGlynn, Head, Health Australian Institute of Health and Welfare

Prof Debora Picone AM, Chief Executive Officer, Australian Commission on Safety and Quality in Health Care

Mr Mike Wallace, Chief Operating Officer, Australian Commission on Safety and Quality in Health Care

**Outcome 2**

Ms Felicity McNeill, First Assistant Secretary, Pharmaceutical Benefits Division

**Outcome 3**

Dr Richard Bartlett, First Assistant Secretary, Medical Benefits Division

Mr Nathan Smyth, First Assistant Secretary, Population Health Division

Dr Bernie Towler, Principal Medical Adviser

Associate Professor Rosemary Knight, Principal Advisor

Ms Janet Anderson, First Assistant Secretary, Acute Care Division

Mr Charles Maskell-Knight, Principal Adviser

Dr Andrew Singer, Principal Medical Adviser

**Outcome 4**

Ms Janet Anderson, First Assistant Secretary, Acute Care Division

Mr Charles Maskell-Knight, Principal Adviser

Dr Andrew Singer, Principal Medical Adviser

Mr Leigh McJames, General Manager and Chief Executive Officer, National Blood Authority

Ms Yael Cass, Chief Executive Officer, Australian Organ and Tissue Donation and Transplantation Authority

Ms Judy Harrison, Chief Financial Officer, Australian Organ and Tissue Donation and Transplantation Authority

Dr Tony Sherbon, Chief Executive Officer, Independent Hospital Pricing Authority

**Outcome 5**

Mr Mark Booth, First Assistant Secretary, Primary and Mental Health Division

Ms Samantha Palmer, First Assistant Secretary, Indigenous and Rural Health Division

Mr David Butt, Chief Executive Officer, National Mental Health Commission

**Outcome 6**

Dr Richard Bartlett, First Assistant Secretary, Medical Benefits Division

Mr Shaun Gath, Chief Executive Officer, Private Health Insurance Administrative Council

Mr Paul Groenewegen, General Manager and Deputy Chief Executive Officer, Private Health Insurance Administrative Council

Mr Neil Smith, General Counsel

Ms Samantha Gavel, Private Health Insurance Ombudsman

**Outcome 7**

Ms Linda Powell, First Assistant Secretary, eHealth Division

Ms Fay Holden, Acting First Assistant Secretary, Best Practice Regulation and Deregulation Division

Ms Julianne Quaine, Acting First Assistant Secretary, Office of Health Protection

Mr Mark Booth, First Assistant Secretary, Primary and Mental Health Division

Mr Nathan Smyth, First Assistant Secretary, Population Health Division

Dr Bernie Towler, Principal Medical Adviser

Associate Professor Rosemary Knight, Principal Advisor

Ms Janet Anderson, First Assistant Secretary, Acute Care Division

Mr Charles Maskell-Knight, Principal Adviser

Dr Andrew Singer, Principal Medical Adviser

Dr Brian Richards, Director, National Industrial Chemicals Notification and Assessment Scheme

Dr Michael Dornbusch, Acting Regulator, Office of Gene Technology Regulator

Professor John Skerritt, National Manager, Therapeutic Goods Administration

Dr Anthony Hobbs, Principal Medical Adviser

Ms Elizabeth Flynn, Chief Operating Officer

Dr Larry Kelly, Head, Monitoring and Compliance Group

Dr Lisa Studdert, Head, Market Authorisation Group

Ms Philippa Horner, Principal Legal Adviser

Ms Nicole McLay, Chief Financial Officer

Mr Steve McCutcheon, Chief Executive Officer, Food Standards Australia New Zealand

Ms Phillipa Smith, Food Standards Australia New Zealand

Dr Paul Brent, Chief Scientist, Food Standards Australia New Zealand

Ms Melanie Fisher, Deputy Chief Executive Officer, Food Standards Australia New Zealand

Dr Marion Healy, Food Standards Australia New Zealand

**Outcome 8**

Ms Penny Shakespeare, First Assistant Secretary, Health Workforce Division

Mr Ian Crettenden, Acting Chief Executive Officer, Health Workforce Australia

Mr Roberto Bria, Executive Director, Corporate and Finance

Mr Ben Wallace, Executive Director, Clinical Training Reform

Ms Megan Cahill, Chief Executive Officer, General Practice Education and Training

Mr Ian Crettenden, Acting Chief Executive Office, Health Workforce Australia

**Outcome 9**

Ms Julianne Quaine, Acting First Assistant Secretary, Office of Health Protection

**Outcome 10**

Mr Jaye Smith, Acting First Assistant Secretary, Office for Sport

Mr Andrew Godkin, First Assistant Secretary, National Integrity of Sport Unit

Mr Simon Hollingsworth, Chief Executive Officer, Australian Sports Commission

Mr Matt Favier, Director, Australian Institute of Sport

Mr Ben McDevitt, Chief Executive Officer, Australian Sports Anti-Doping Authority

Elen Perdikogiannis, General Manager, Australian Sports Anti-Doping Authority

Mr Steve Fitzgerald, Chief Financial Officer, Australian Sports Anti-Doping Authority

Ms Sue Campion, First Assistant Secretary, Grant Services Division

**Committee met at 09:03.**

**CHAIR (Senator Boyce):** I declare open this hearing of the Community Affairs Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2014-15 and related documents for the portfolios of Health and Social services, including Human Services. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee is due to report to the Senate on Tuesday, 24 June, and has fixed Friday, 25 July, as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business on 12 June. The committee's proceedings today will continue with its examination of the Health portfolio, commencing with outcome 8, healthcare workforce capacity.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses 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 the committee and such action may be treated by the Senate as a contempt. It is also a contempt to give false and misleading evidence to a committee of 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 that are seeking funds in the estimates are relevant questions for the purpose of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has the discretion to withhold details or explanations from the parliament or its committee, unless the parliament has expressly provided otherwise.

The Senate has resolved that an officer of a department of the Commonwealth 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.

I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised.

*The extract read as follows—*

**Public interest immunity claims**

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

(*13 May 2009 J.1941*)

(Extract, Senate Standing Orders, pp 124-125)

Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to public interest that could result from the disclosure of the information or the document.

## Department of Health

[09:06]

**CHAIR:** I welcome Senator the Hon. Fiona Nash representing the Minister for Health, departmental secretary Professor Jane Halton and the officers of the Department of Health. Minister, do you wish to make an opening statement?

**Senator Nash:** No, I do not.

**CHAIR:** We will move now to outcome 8. I was intending we will proceed one by one. We have 135 minutes before and after the break in the area of healthcare workforce capacity. We will start with program 8.1 workforce and rural distribution. Or, Senator McLucas, do you want to start with the overall outcome?

**Senator McLUCAS:** It will be a bit like yesterday. It will be in the outcome. The officers are here.

**CHAIR:** We have two agencies, but we will leave those to the end.

**Senator McLUCAS:** We may call Health Workforce Australia up from time to time.

**CHAIR:** 'From time to time'? You cannot just do it all in one go after we have done the others?

**Senator McLUCAS:** The issues do cross over the departmental issues as well as the agency issues.

**CHAIR:** Well let us start and see how we go.

**Senator McLUCAS:** I want to go to the Voluntary Dental Graduate Year Program. Can the department explain the history of this program and what it was proposed to do?

**Ms Shakespeare:** The Voluntary Dental Graduate Year Program was first initiated in the 2011-12 budget. There was funding of $52.6 million over four years for 50 voluntary dental graduate placements each year. That commenced in 2013. The placements are to provide enhanced practice support and professional development opportunities for new dental graduates. The placements were to be targeted to areas that experienced workforce shortage for dentists, particularly in rural areas, for instance. So the 50 dental graduate placements commenced in 2013. Another 50 placements commenced recently this year. I can tell you where the placements are.

**Senator McLUCAS:** Yes, please.

**Ms Shakespeare:** For the 50 graduates in 2014, there is one based in the ACT, in remoteness area 1. In New South Wales there are nine graduate placements in remoteness area category 1, so metro areas; there are four in regional areas—RA2 and RA3 locations; and one based at the Poche Centre at the University of Sydney, which is going across different regional areas and providing services to different regions. In Queensland there are five graduates in metro placements, remoteness area category 1, three in regional areas of Queensland and three in remote areas of Queensland—remoteness areas 4 and 5.

**Senator McLUCAS:** So three in regional?

**Ms Shakespeare:** RA2 and RA3.

**Senator McLUCAS:** And then three in?

**Ms Shakespeare:** Remoteness areas 4 and 5. I can give you the specific locations—

**Senator McLUCAS:** Yes, please.

**Ms Shakespeare:** but it might be better if I took that on notice. I can read them out.

**Senator McLUCAS:** Let's go through the whole list and then I might come back to Queensland.

**Ms Shakespeare:** Sure. In South Australia there are two placements in metropolitan areas and half a placement in regional areas and the other half in remote areas. In Tasmania there will be two placements in regional areas—RA2 and RA3. In Victoria there are six placements in metropolitan Victoria and six in regional RA2 and RA3 areas of Victoria. In Western Australia there are five dental placements in metropolitan areas.

**Senator McLUCAS:** For the record, Ms Shakespeare, could you explain how this works? Where does the money go? How does it happen?

**Ms Shakespeare:** Under the program, the department has engaged an administrator following a tender process—ATEC Pty Ltd. They then conduct a round where people are able to submit proposals to host dental graduates. Those are assessed against our assessment criteria and then short-listed, and the 50 places that have been assessed are then provided funding through ATEC to host the graduates. The funding covers things like salaries for the graduates and for their supervisors. There are bonus payments when the graduates complete their placements, and there is also infrastructure funding that can be provided if the dental services require additional infrastructure in order to place the dental graduate.

**Senator McLUCAS:** Going back to Queensland, there are five in metropolitan—I daresay that is Brisbane?

**Ms Shakespeare:** There is one at Southport, Gold Coast oral health services; one at Fortitude Valley, the Metro North oral health services; one at Yeronga; one at Maroochydore, which is on the Sunshine Coast; and one at Ipswich, West Moreton oral health services.

**Senator McLUCAS:** And the three in 2 and 3 in Queensland?

**Ms Shakespeare:** There is one at Rockhampton, one at Mackay, one at Wide Bay, one at Mt Isa—

**Senator McLUCAS:** That is in the 4 and 5 area?

**Ms Shakespeare:** Yes—and Barcaldine. And there is one based at the Royal Flying Doctor Service, which operates over 4 and 5 areas.

**Senator McLUCAS:** Which RFDS base? Do you know?

**Ms Shakespeare:** It is indicated as a remote placement, but I am not sure out of which base it operates.

**Senator McLUCAS:** I understand that in MYEFO $40 million was cut from that program. The program was only $52.6 million. What does that mean for the program?

**Ms Shakespeare:** Following the 2011-12 announcement of the $52 million, there was an expansion of the Voluntary Dental Graduate Year Program announced in the 2012-13 budget, which was an additional $35.7 million over three years. The decision through MYEFO was actually not to proceed with that expansion. It was not a reduction in the funding that had already been provided in the years that the program had been operating. Instead of the program expanding to 75 places next calendar year, 2015, and 100 places in 2016, it will remain operating at 50 places a year.

**Senator McLUCAS:** Just continuing with 50 annual placements?

**Ms Shakespeare:** That is correct.

**Senator McLUCAS:** For how many years?

**Ms Shakespeare:** At this stage this is an ongoing measure.

**Senator McLUCAS:** At this stage. Are the placements you read to me placements for 2014?

**Ms Shakespeare:** That is right..

**Senator McLUCAS:** And there is still enough money for a 2015 round?

**Ms Shakespeare:** Yes.

**Senator McLUCAS:** And it will be run in the same way as you described to me?

**Ms Shakespeare:** That is correct.

**Senator McLUCAS:** When can people indicate interest in applying?

**Ms Shakespeare:** That is actually up to the administrator of the program. We understand that applications usually open in about August each year.

**Senator McLUCAS:** For the measure that has been cut, are you saying that the expansion was proposed to be $35.7 million in—what year was that intended? 2014-15?

**Ms Shakespeare:** The expansion would have started in 2015, so the funding for the 2015 year would have flowed through in the 2014-15 financial year initially.

**Senator McLUCAS:** You indicated that the expansion was $35.7 million—

**Ms Shakespeare:** Over three years.

**Senator McLUCAS:** So about $12 million per year? Or not, because it was growing. They would have been spread across and tapering out.

**Ms Shakespeare:** That is right. We are talking about different years' amounts, but they would roughly be equivalent. The decision through MYEFO was not to proceed with the expansion that had not actually started yet.

**Senator McLUCAS:** My papers say that the cut was $40 million in MYEFO. That is more than the $35.7 that you are indicating was an expansion.

**Ms Shakespeare:** That will be an artefact of the fact that it relates to future years where there would have been indexation, so the years do not exactly match up.

**Senator McLUCAS:** That is $4.3 million of indexation.

**Ms Shakespeare:** I can take it on notice and demonstrate to you exactly how the amounts match up and let you know where the indexation is coming into effect.

**Senator McLUCAS:** That would be very helpful. Regarding the level of interest in the program, do we know from AITEC what the subscription rate was for the first round? How many expressions of interest or requests were made?

**Ms Shakespeare:** I do not have those numbers here with me. I would need to ask the administrator if they could provide details of the number of applications that they received. You are interested in the 2014 round?

**Senator McLUCAS:** That was the first round—

**Ms Shakespeare:** There was a round in 2013 as well.

**Senator McLUCAS:** I am interested in what the rate of interest was in the 2013 round then. I am trying to ascertain whether or not there is a desire from dentists to participate in this program and how much interest there is out there.

**Ms Shakespeare:** We will get that information for you from the administrators.

**Senator McLUCAS:** Has the department been provided with any response to the cut from states and territories? What is the view of the states and territories around the cut to this proposal?

**Ms Shakespeare:** Nobody from any state or territory government has spoken to me about the change. I have had no contact, discussions or issues raised whatsoever.

**Senator Nash:** I might just clarify that it is not a cut; it was a decision not to expand the program.

**Senator McLUCAS:** It is a cut. It was intended and funded to grow, and it has been cut. The original intention of the program was to fill a gap in training and to grow over time. Is there any analysis done on what the cut in growth means for the training of our new dentists?

**Ms Shakespeare:** The program will be evaluated. The original intent of the program as it was first announced was that there would be 50 places a year and that there would be an evaluation of the program; we expect that in 2016. And I suppose that would be the time when we would get information about how the program is operating and how it is achieving the objectives for which it was established.

**Senator McLUCAS:** Just so I get this right; there was a round in 2013 and another one in 2014; have I written that down correctly?

**Ms Shakespeare:** The 50 placements a year commenced from the 2013 calendar year. There was a process; before that we engaged the administrators, we engaged the curriculum development people and then the dental graduates were recruited to start their placements in 2013. There has been a subsequent round for 2014 placements.

**Senator McLUCAS:** Okay, I do understand that.

**Senator MOORE:** Who are the administrators, Ms Shakespeare?

**Ms Shakespeare:** Australian Information Technology Engineering Centre or AITEC.

**Senator MOORE:** AITEC; where are they based?

**Ms Shakespeare:** They are based in Melbourne.

**Senator MOORE:** Melbourne. And they administrate the whole scheme across the nation?

**Ms Shakespeare:** That is right.

**Senator MOORE:** I am actually asking this question because I am very fond of this program. We did work with the Dental Association to look at the issues and I know particularly that a number of the places you read out in Queensland were very keen to get them. With the process of selection, can you just actually confirm for me that there was a focus on regional, rural and urban placements? The idea was that there would be a combination of them in terms of option.

**Ms Shakespeare:** That is correct. For this year, the 2014 50 placements, the split is 28 in metro areas across the country, 16.5 in regional areas across the country and 4.5 in remote areas. So there is distribution across metropolitan, regional and remote areas.

**Senator MOORE:** And across the states and territories?

**Ms Shakespeare:** Yes.

**Senator MOORE:** So what is the split across the states and territories for the last round?

**Ms Shakespeare:** For the current year there is one place in the ACT, 14 in New South Wales, two in the Northern Territory—

**Senator MOORE:** I know you read them out before but I was not quick enough to write them down. Actually, can we get this on a table? I want the breakup of the 2013 round and the 2014 round in the regional-rural-urban split and the state split.

The other thing that I just wanted to clarify is the marketing of the program—that was one of the things. Can you tell me about the marketing? Whether that is done through the university colleges—the dental schools—or whether it is done widely or through the college? How do people know about it? One of the things that dental students have talked to me about is that sometimes they do not know what is available for their options. So far dentists are okay; they tend to get jobs. But there is just a growing concern in some regions in Queensland about options for employment after dentists graduate. So how is this particular scheme, which I have given information out about, marketed?

**Ms Shakespeare:** I will need to get more information from the administrators.

**Senator MOORE:** Can we get that from the administrators? Because what I did was actually download it from the web and then spoke to a group of dental students. That is how it came up—I gave them the information from the website. So can we find out from the administrators exactly what the process is? I know that Senator McLucas has asked about the numbers of people who have applied to do it.

Also: the types of practices that have actually expressed interest in hosting the graduates—the young dentists. The process we had was that a number of practices had expressed interest in being part of it. I would like to know whether they are private practices in the regions or whether they are linked in some way to the hospital dental service? If I remember, Senator McLucas, there was a focus about public dental services that was on there and I do not know that answer.

**Ms Shakespeare:** There is a mix. The area health services in some cases are hosting dental graduates, in other cases it is private clinics. We also have Aboriginal health service hosting, so there is a good mix.

**Senator MOORE:** Can you confirm for me who the hosting groups are for the service in Mount Isa and the service in Barcaldine?

**Ms Shakespeare:** Barcaldine is Central West Hospital and Health Service.

**Senator MOORE:** So that is linked to the hospital.

**Ms Shakespeare:** And Mount Isa is the Mount Isa Dental Clinic.

**Senator MOORE:** I am also interested to know if the work at Mount Isa links in with the Aboriginal and Torres Strait Islander Service in Mount Isa? Is there some arrangement for access between them?

**Ms Shakespeare:** We can check that as well.

**Senator McLUCAS:** My last question for Ms Shakespeare is around the opportunity for practices to apply for funds to support infrastructure development. Can I get a split of how much of the program went to improving practices?

**Ms Shakespeare:** I will have to take that on notice, but we can provide the amounts that have been spent on infrastructure.

**Senator McLUCAS:** In general was it much?

**Ms Shakespeare:** I think I will take it on notice.

**Senator McLUCAS:** I now want to go to medical interns in private hospitals. The 2014-15 health portfolio budget statement indicates that 76 interns began their one-year placements in January 2014. I understand there was a commitment to support 100 additional intern places. Can you give me—

**Ms Shakespeare:** No, Senator, the commitment was for up to 100 intern places each year.

**Senator McLUCAS:** Why did 76 become the number you decided to go with?

**Ms Shakespeare:** When we approached private hospitals that had accredited intern training places that could be filled in 2014, we came up with 81 available intern accredited positions. One hospital decided not to proceed to fill five of those and so 76 were filled.

**Senator McLUCAS:** To step back, was the first question you asked the private hospital sector: how many of you are accredited to take an intern? Was that the first step?

**Ms Shakespeare:** We had worked with private hospitals in previous years and so we had some established networks with private hospitals that were willing and able to train interns. We discussed which were able to take interns in 2014, particularly if they were able to provide partnership arrangements where interns could rotate into rural and regional areas. We were able to identify 81 accredited intern training positions.

**Senator McLUCAS:** Positions, not hospitals.

**Ms Shakespeare:** They are FTE positions. They were worked out on a far more complex basis with rotations.

**Senator McLUCAS:** How many private hospitals are accredited to take interns?

**Ms Shakespeare:** For the ones we have been dealing with, there are three main groups. We have contractual arrangements with Ramsay Hospitals both in Queensland and Perth; we have a contract with Mater Health services North Queensland; and another Mater group around Central Queensland.

**Senator McLUCAS:** Was that all?

**Ms Shakespeare:** For 2014, yes.

**Senator McLUCAS:** These 76 interns have begun their placements? Where are they?

**Ms Shakespeare:** There are interns based in Perth with rotations into Mandurah. We have interns based in Brisbane, Mackay, Bundaberg and Townsville with rotations into Kingaroy, Noosa, Hervey Bay, Mount Isa and Tweed Heads.

**Senator McLUCAS:** These interns are they international students or domestic students?

**Ms Shakespeare:** International students.

**Senator McLUCAS:** Where did they do their undergraduate training?

**Ms Shakespeare:** Are you asking by university?

**Senator McLUCAS:** Do you have that?

**Ms Shakespeare:** We would be able to get that information but I do not have it here. They have all completed their training at Australian universities. If you wanted to know which particular universities, I would have to take that on notice.

**Senator McLUCAS:** I do not need to know that level of detail, thank you.

Let us go more broadly to how we train our medical graduates in Australia. Are there any graduates who have not been able to find themselves a training place for the 2014 year?

**Ms Shakespeare:** I am unaware that there are any who have been unable to find a place. Earlier in the year, there were positions unfilled in some public hospitals but I think that those have been filled since then. This is something that we would need to refer to the national working group on intern placements, and we can seek advice from them about whether or not there are still unplaced medical graduates.

**Senator Nash:** My advice, if it assists, is that everyone got a placement who applied for one in 2013. As you know, that is all done through the states and territories. My understanding is that all who applied for a place in 2013 did actually receive one in 2014.

**Senator McLUCAS:** I have a press release here from the Australian Medical Students' Association. They are saying:

> Hundreds of medical graduates have commenced their internship over the past few weeks—

this is dated 20 January 2014—

> but others have been forced overseas to continue their medical training.

You are probably aware of that, Ms Shakespeare. Were you aware of the concern of AMSA?

**Ms Shakespeare:** I am not personally aware of that media release, I am sorry.

**Senator McLUCAS:** Are you aware of the issue that there is a view that Australian undergraduates are having to do their training in overseas hospitals because they cannot find a place here in Australia?

**Senator Nash:** Sorry to interrupt, but I actually do not think that is correct. The places were there. Some, I understand, have returned to their home country. I would be very keen to take that on notice for you to and just ensure that that was of a voluntary nature. My understanding is that because historically we have provided these extra places for those international students there has been some difficulty over the last few years for those international students, which is why the government moved as election commitment to provide more places for these students. So my understanding is that there is not an issue. That press release may have been from earlier in the year before placements were actually completed. I am happy to take that on notice and provide you some more information.

**Senator McLUCAS:** That is the purpose of estimates, Minister, to ask the questions. That is what we are here for.

**Senator Nash:** That is why I am giving you an answer.

**Senator McLUCAS:** I thought that we would actually have an answer to a question that is currently in the public commentary.

**Prof. Halton:** I actually have sent a press release and it surprised me because that is not consistent with the information that we have received. Indeed, as the Minister and also Ms Shakespeare pointed out, there were places available. So I found that unusual at the time, because it is not consistent with what people were approaching us and saying. Obviously, if there is evidence to that effect we have not seen it, and I find that a little unusual.

**Senator McLUCAS:** Where would we see the evidence? Is it through the national working group on interns?

**Prof. Halton:** People approach us. Certainly, when there was concern about this several years ago we were being approached by people quite regularly about this. That has not been the case. I will look to my colleagues—no.

**Ms Flanagan:** Again, we can take it on notice, and there is a group that coordinates intern information on placements funded in New South Wales. It does that for all of the states and territories. We have talked a little bit about this before in previous estimates because it had been raised as an issue. One of the things that we also have found, which I think the students association is aware of, is that some of these international graduates—say, the Canadian graduates—can be offered an intern place back in their home country after they have finished their undergraduate training. They are offered that in about March-April. So sometimes what occurs—we have actually seen it occur, and the states have said this themselves—is that they take up the position in January in Australia, but if they are offered a position in Canada then they move back to Canada. It would be interesting to see whether the reason they have gone back to train overseas is that they did not get placements or that it has been their choice.

**Senator Nash:** If it assists, I am actually meeting with the Medical Students' Association tomorrow. I am happy to ask them if they still have concerns. I am very happy to come back to you after that.

**Senator McLUCAS:** I am just now going to how do you express your interest in the flow of these interns and putting them into places? Is that through the national working group on interns? Is that where we sit?

**Ms Shakespeare:** We participate in that working group. That is really more about coordinating efforts across different governments' processes to recruit and a place interns. That is to make sure that they are all working consistently.

**Senator McLUCAS:** That is coordinated by the New South Wales? Is that right?

**Ms Shakespeare:** Yes, the secretariat is provided by a New South Wales organisation called HETI, which does the pre-locational training.

**Senator McLUCAS:** Basically, what I am looking to find out is if there are any interns—whether they be international students or Australian students—who have not been able to find a placement. In the 2014 year, what number would that be and why?

**Ms Flanagan:** I think it is important that they need to be eligible students.

**Senator McLUCAS:** Yes.

**Ms Flanagan:** Because some of them are ineligible.

**Senator McLUCAS:** That is because?

**Ms Flanagan:** There can be things like visa requirements, et cetera. We will try and tease it out.

**Senator McLUCAS:** It is mainly the internationals that those issues would be related to.

**Ms Flanagan:** Yes.

**Senator IAN MACDONALD:** I have a question about the rural workforce. If I am not quite in the right place, please excuse me and tell me where I should go. In the community I live in—Burdekin is there and HomeHealth—there is the Burdekin Centre for Rural Health. It has a lot of people working in ancillary health care, such as mental health and aged care. They also do things like homelessness work, emergency relief, domestic and family violence support, aged care, drug diverting and telehealth. They do all those sorts of things. They have been funded to the extent of some $572,000 a year by the department in previous years. That has enabled them to do that. They get a lot of assistance from the local council and from volunteers. They do a very good job.

Since the advent of the Townsville-Mackay Medicare Local, that funding has now stopped. You may not be aware, but Ayr is a rural community about 100 kilometres south of Townsville. We are being told that the Medicare Local has said, 'Well, people can come to Townsville for that.' It is 100 kilometres away for the sort of

people that they have been helping. In the rural workforce, there was a group of people in a rural area helping people who are now being sent to a major city to do that. Is that something that has occurred as a result of the Medicare Locals? Can you perhaps comment on that?

**Prof. Halton:** Some time ago, there was a consolidation of funding, which had been a number of different programs, into funding of the Medicare Locals. I am not sure whether that was one of Ms Shakespeare's programs. I do not think it is. We will have to get you the detail of that, because it is actually not under this program. But we would be happy to provide you with some other information about that. Certainly, I think you will find, under the previous government, a number of former programs were consolidated into the one and the funding was all channelled through Medicare Locals.

As you probably would be aware, the minister has released the review of Medicare Locals in the last little while. He indicated in the budget context that he would be moving to implement the recommendations of that review. Maybe this is something that we could take up in that context as well. We will get you some more information.

**Senator IAN MACDONALD:** Thank you very much, secretary. I have written to the minister, albeit only yesterday. Perhaps I have written to the wrong minister and should have written to Senator Nash, because it is an issue about rural health. It was something that was working very well with a lot of community help and a lot of volunteer support. Now, with the Medicare Local, it is all being centralised back into the major cities. Anyhow, if you could look into it for me, I would appreciate that.

**Senator Nash:** Certainly. Could you send me a copy of that letter as well? Minister Dutton is the appropriate minister, being responsible for Medicare Locals, but you could copy me into that as well.

As the secretary has pointed out, there has been a review into Medicare Locals which was instigated by the minister, taking into account some of these types of concerns. One of the things that has become clear is the need for better alignment with the local hospital networks to work more locally and more effectively at that level. Certainly, we will take on board the comments that you have made this morning.

**Senator McLUCAS:** Has the department undertaken any analysis or work on the proposal by Curtin University for a new medical school in Western Australia?

**Ms Shakespeare:** Yes, we have looked at a couple of different versions of the proposal.

**Senator McLUCAS:** What is the history of this one? It has been around for a little while, I understand.

**Ms Shakespeare:** I cannot remember when the proposal first arose. I would have to check that for you, but it has been a couple of years at least.

**Senator McLUCAS:** Currently in Western Australia, we have a medical school at UWA and Notre Dame. Is that correct?

**Ms Shakespeare:** That is correct.

**Senator McLUCAS:** Is that all?

**Ms Shakespeare:** Yes.

**Senator McLUCAS:** So the application comes to the health department? Is that the process that we follow?

**Ms Shakespeare:** No, the responsibility for funding universities sits with the Minister for Education. Also, because medicine has a capped number of Commonwealth supported places, that is also the responsibility of the Minister for Education.

**Prof. Halton:** But it is in consultation with us. Let us be clear. Invariably, if there is anything to be approved, we have to pay for it. That seems to be the way it works. The number of medical places is something which this department is particularly involved in. Whilst the funding eventually comes through the education department, certainly in my time in this role, all of the funding that has been provided in that respect has come out of this portfolio. Obviously, whether there is a need for additional medical schools is something which we would have a very close engagement in.

**Senator McLUCAS:** That is where I want to go. So you have seen the proposal. You have done some analysis. What is the nature of the analysis that the Department of Health undertakes, when you get a proposal for a new medical school?

**Ms Shakespeare:** We look at what the impact would be on the health system, and in particular the clinical training needs for additional medical students and what the local pipeline is. The proposal to have an additional medical school in Western Australia is largely a proposal to increase the medical workforce in Western Australia.

However, medical students do not necessarily translate into doctors. There are further stages of training that they need to go through once they finish medical school. So we look at those factors.

**Senator McLUCAS:** So one element is the capacity of the hospital system to take extra interns?

**Ms Shakespeare:** Yes, the hospital system and the broader health system, because not all medical training is in hospitals, but a great deal of it after university would be.

**Senator McLUCAS:** What type of assistance would Curtin University need to proceed with a proposal of this nature?

**Prof. Halton:** They do not need assistance. The reality is that the government—

**Senator McLUCAS:** They need funding for places. What are they asking for?

**Prof. Halton:** Yes. So they are asking the government to provide additional funding, and it is quite a significant amount. As you would understand, in the first year it is the basic number of places, in the second year it is twice that number and in the third year it is three times that number and so forth.

**Senator McLUCAS:** How many places is Curtin asking for?

**Ms Shakespeare:** They had requested 120 Commonwealth supported places, increasing to 180 places in 2018; however, I think the proposal has had several variations and I would not like to say that is the most recent number. You would have to check that with Curtin.

**Senator McLUCAS:** Has the department briefed the minister or assistant minister or been directed to provide details about the proposal?

**Ms Shakespeare:** We have briefed both ministers about the proposal.

**Senator McLUCAS:** What is your analysis of the capacity of the clinical training system to support any new places in WA?

**Ms Shakespeare:** The department's analysis is that it would currently be difficult. There were just over 300 medical graduates projected to graduate from Western Australian medical schools last year, and the clinical training places for interns provided by the WA government were a little below 300.

**Senator McLUCAS:** Do you know how many, exactly?

**Ms Shakespeare:** I think it was about 297, but I would need to check.

**Senator McLUCAS:** These would all be domestic students?

**Prof. Halton:** Not necessarily.

**Ms Shakespeare:** That is not necessarily the case, no.

**Senator McLUCAS:** Is it usual that a medical student graduating in Western Australia would stay in Western Australia for their training?

**Ms Shakespeare:** They are not required to.

**Senator McLUCAS:** No, but is it usual that they would?

**Ms Shakespeare:** We would expect that the majority of people who wanted to stay and work in Western Australia would be offered intern places. Generally most of the states and territories have priority criteria for intern applications and do give priority to their own state graduates for intern positions.

**Senator McLUCAS:** In the hope that they stay there?

**Ms Shakespeare:** I would assume that was what they wanted.

**Prof. Halton:** We all know that there are a number of challenges in WA in respect of the number of doctors. One of the arguments that has been mounted by this particular organisation, rightly, is that WA is relatively under-doctored. If you look at particularly the north of the state, their argument is completely convincing. But there are legitimate constraints on the system's capacity, and indeed this is an expensive exercise. There are also real complexities. We know about people's mobility. It is rare that people from the eastern states go to WA, and a bit vice-versa. Although it is fair to stay that there are still a group of people who go from the eastern states to train in Adelaide and then go back to the eastern states at the end of their medical training. These issues are not simple to deal with. We are very familiar with this proposal—they have been to my office multiple times; I know they have been to Ms Flanagan's office multiple times. It is not that we are unfamiliar with the issue. But (1) it is extremely expensive; and (2), as Ms Shakespeare rightly points out, there is a legitimate constraint. And let us be clear: if you trained kids in WA and they went elsewhere to do their internship, you have lost them anyway.

**Senator Nash:** The secretary is absolutely right. We also need to be mindful of the fact—I think the term is 'a tsunami is coming'—that we are heading down the path of having enough medical graduates, if not too many. The issue is the maldistribution, as you are very well aware, between city and non-urban areas, so any decisions that we make have to be very mindful of that.

**Senator McLUCAS:** Then maybe we should not have cut the voluntary placement program—that was for dentists.

**Senator Nash:** A different issue, Senator.

**Senator McLUCAS:** But we do have a training program in GPs, don't we? We talked about that yesterday. What is the department's timeframe? I know this is not a set program of how you deal with an application for a new medical school, but when do you think there will be a decision made about the future of the proposal from Curtin University?

**Senator Nash:** Perhaps if I can assist here. Correct me if I am wrong, Ms Shakespeare, but I think there are about eight different proposals relating to either medical schools or expansions of rural clinical schools with us at the moment. The department and obviously the government are working through all of those at the moment. There are quite a number of them, just to be clear for the committee, other than just Curtin University.

**Prof. Halton:** Let us also be clear that we have not solicited applications for any further medical schools.

**Senator McLUCAS:** I understand that.

**Prof. Halton:** There is no fixed timetable or fixed arrangement. You can applaud them for coming forward, as indeed have many others. They all come through our offices with regularity and we are always very happy to talk to them. But we also explain to them that (1) money is very tight and (2) unless there is an overwhelmingly compelling case where all the bits fit together, in an environment where we have just put huge additional resources into training of medical students, it is not immediately a priority to look at and fund every single one of these proposals.

**Senator McLUCAS:** My question was simple, Ms Halton. All I wanted to know was when you expected to have an answer for Curtin's proposal?

**Prof. Halton:** This is exactly my point. There is no firm point at which you would say yes or at which you would say no. They have a proposal on the books. In the event that there is a need and interest, they will get a response. But there is no firm deadline which would require a response from government.

**Senator McLUCAS:** Let me ask the question a different way. Ms Shakespeare, have you finished, from your perspective, the analysis of the capacity of Western Australia to take on another 120 medical students in the reasonably near future?

**Ms Shakespeare:** I think not. There are some other critical pieces of information coming. The National Medical Training Advisory Network has been established in the last 12 months to develop national medical training plans. That is looking at—

**Senator McLUCAS:** Is that what we were talking about before?

**Ms Shakespeare:** This is something that Health Workforce Australia has been providing support to. It has been asked by health ministers to provide information about the national medical training pipeline across the country. That is also a very important piece of information that would need to be considered by government in making any decisions about expanding medical places.

**Senator McLUCAS:** That gives a structure to have these conversations with them—rather than just responding one a one-off basis to ad hoc requests coming from various universities and state governments, as I expect they do from time to time.

**Ms Shakespeare:** Health ministers certainly wanted better information about the pipeline as a whole.

**Senator McLUCAS:** When did health ministers request that to happen?

**Ms Shakespeare:** I would have to go back and check the exact date of the meeting.

**Senator McLUCAS:** Was it a while ago?

**Ms Shakespeare:** It would have been either 2012 or 2013.

**Senator McLUCAS:** To put some structure around these almost ad hoc requests for new medical schools in our universities—

**Ms Flanagan:** To elaborate a little bit more: traditionally, undergraduate training has been the responsibility of the Commonwealth, through the universities, but, as people have said, you do not get a doctor at the end of the

university course. They then need to be trained. Traditionally, that has been the responsibility of the states and territories, mainly through training in public hospitals. The idea of the training network is to look at that whole pipeline and how it can all fit together. It is not something where you might be able to assess medical schools themselves but rather the whole training pathway for turning a doctor or a specialist out at the other and.

**Senator McLUCAS:** These doctors do not respect state borders either, do they?

**Ms Flanagan:** They do not appear to, no.

**Senator McLUCAS:** That is understandable.

**Ms Flanagan:** That is right.

**Senator McLUCAS:** People will move around the country, then overseas and then they will come back. We need to have some body—not a person, a body—that is actually monitoring and putting some structure around this. My next question was going to be whether there were any other proposals, but you pre-empted me, Minister. Can you tell me about the eight other proposals?

**Senator Nash:** I am always happy to assist. I might get Ms Shakespeare to run you through the list.

**Ms Shakespeare:** There is a proposal from a couple of universities to establish a Murray-Darling medical school. There are proposals from several existing rural clinical schools to expand their training numbers and their infrastructure to support more medical training in rural and regional areas. But I would like to take on notice the exact details of the proposals. I do not have that level of detail with me.

**Senator Nash:** The Curtin proposal and the Murray-Darling medical school proposal—they are the only two that are for a new stand-alone medical school. Others, as Ms Shakespeare has said, involve the expansion of rural clinical schools. Some of the universities are looking to do more than just year one or two and do a complete set of years at the rural clinical school level. There are a range of different types of things—and, obviously, we will come back to you on notice—that have come forward.

**Senator CAROL BROWN:** With the expansions, can you tell us where they are located?

**Ms Shakespeare:** I will take that on notice. One proposal, for instance, which has been provided by one of the Sydney based rural clinical schools, would like to expand into several towns across New South Wales. I would need to take that on notice to make sure that I gave you accurate information on the extent of the proposals.

**Senator McLUCAS:** There was a proposal for Armidale, I understand. Is that part of one of those rural clinical schools?

**Ms Shakespeare:** I am not sure that Armidale is. I would need to check.

**Senator Nash:** We will take it on notice for you. But Armidale is not one that comes to mind as part of that group.

**Senator McLUCAS:** I may have been incorrect in my recollection.

**Prof. Halton:** I do not think it is.

**Senator Nash:** I do not think so.

**Prof. Halton:** Not that I am aware of.

**Senator McLUCAS:** Was Charles Sturt University one of those?

**Ms Shakespeare:** Yes.

**Senator McLUCAS:** And that was partnered with?

**Ms Shakespeare:** That is partnered with La Trobe for the Murray Darling Medical School.

**Senator McLUCAS:** All right, that will be helpful. Thank you, Ms Shakespeare. Now we move to Tasmania, and I will vacate the space.

**Senator CAROL BROWN:** I actually want to ask about the nursing and allied health scholarships, the cessation of the Tasmanian Nursing and Allied Health Scholarship and Support Scheme—is that you Ms Shakespeare?

**Ms Shakespeare:** That is correct.

**Senator CAROL BROWN:** What evidence was provided to the minister by the department to support the decision to cease funding to the Tasmanian Nursing and Allied Health Scholarship and Support Scheme?

**Ms Shakespeare:** Information about the costs and numbers of scholarships provided under that particular initiative was provided to the government. The decision was also made in the context of an expansion to the generally available nursing and allied health scholarships—

**Senator CAROL BROWN:** When was the information provided to the minister?

**Ms Shakespeare:** During the budget development process. So it would have been in the first couple of months of the year, I imagine. I would have to get an exact date for you.

**Senator CAROL BROWN:** If you could do that, I would appreciate it. Was that information requested by the minister's office or was it initiated through the department?

**Ms Shakespeare:** I cannot recall exactly. I would need to check.

**Senator CAROL BROWN:** Would you be able to provide me with that information?

**Prof. Halton:** We can provide you with the fact that we provided advice and the date on which we provided it. But I do not think we can indicate what the initiation was.

**Senator CAROL BROWN:** Okay, we will see what you are able and allowed to provide me. Was there any consultation outside the department and the minister's office about the decision to cease the scheme?

**Ms Shakespeare:** This was a budget decision.

**Senator CAROL BROWN:** So there was no outside consultation and no discussion with the Tasmanian government or the Tasmanian health department?

**Ms Shakespeare:** The department had no discussions with people outside the Commonwealth government. I am not sure that I could speak for the minister.

**Senator CAROL BROWN:** And how was the decision conveyed to the Tasmanian government?

**Ms Flanagan:** Just to be clear, these particular scholarships were actually provided, I think, through a third party. In effect, it does not touch the Tasmanian government in that way. Just as we do with all of the other nursing and allied health scholarships, a third party provides those on our behalf.

**Senator CAROL BROWN:** Who was the third party?

**Ms Shakespeare:** The Australian College of Nursing.

**Senator CAROL BROWN:** And how was the decision conveyed to the Australian College of Nursing?

**Ms Shakespeare:** I should say that that is for the nursing scholarships. For the allied health scholarships, the administrator is Services for Australian Rural and Remote Allied Health. Both of those organisations were contacted the day after the budget to talk to them about the decision.

**Senator CAROL BROWN:** So, once the budget was handed down, they were contacted verbally or by email?

**Ms Shakespeare:** Yes.

**Senator CAROL BROWN:** What was their reaction?

**Ms Shakespeare:** I would have to speak to the officers who spoke with them. I did not personally talk to those two organisations.

**Senator CAROL BROWN:** How many nurses and allied health professionals are affected by the decision to cease the Tasmanian scheme?

**Ms Shakespeare:** It is a little hard to put a number on it. The scholarships scheme supports a very broad range of scholarships—from undergraduate studies through to clinical placements and continuing professional development activities, which may be a scholarship to attend a conference. The numbers of scholarships change every year and it will depend on the number of applications received, the types of scholarships for which the applications are received and also the people to whom the scholarships are awarded applying priorities for the scheme.

**Senator CAROL BROWN:** Are you aware of any scholarships that were offered before this was ceased?

**Ms Shakespeare:** Existing scholarships will continue. New scholarships will not be offered beyond 30 June this year for nursing and beyond 30 June next year for allied health in Tasmania.

**Senator CAROL BROWN:** So all the scholarships that were undertaken will receive the amount that they were awarded?

**Ms Shakespeare:** That is correct.

**Senator CAROL BROWN:** My question again is: were there any scholarships affected that were offered but had not yet started?

**Ms Shakespeare:** Not that I am aware.

**Senator CAROL BROWN:** Did you ask the two groups where they were in the process of offering new scholarships?

**Ms Shakespeare:** In the case of the nursing scholarships, the funding agreement with the College of Nursing was expiring on 30 June. They would not have been making arrangements to offer scholarships beyond that point. However, scholarships would have been awarded prior to that point which covers study across that period, if you know what I mean.

**Senator CAROL BROWN:** Yes.

**Ms Shakespeare:** New scholarships would not have been affected. Continuing scholarships would not have been affected.

**Senator CAROL BROWN:** When was the allied health contract up—the rural and regional?

**Ms Shakespeare:** The Tasmanian elements of the allied health scholarships are under contract until 30 June next year. That will continue to be supported.

**Senator CAROL BROWN:** What does that mean in terms of the process they were undertaking? They had no idea, obviously, that the scheme was going to be ceased. There was no contact with them and no consultation until after the budget was handed down. So are you aware of where they were in terms of offering scholarships for allied health?

**Ms Shakespeare:** They still have financial certainty with the amount of funding that is under contract from the department and can provide that level of funding to scholarship recipients until 30 June next year in Tasmania.

**Senator CAROL BROWN:** How many scholarships were offered under the Tasmanian scheme?

**Ms Shakespeare:** I am sorry, I do not have the detail of the Tasmanian-only scholarships provided. We would be able to take that on notice and get you that number. As I said, the number will vary each year based on the type and number of applications and scholarships awarded.

**Senator CAROL BROWN:** Can you remind me when the scholarship scheme commenced?

**Ms Flanagan:** Just to be clear, this is the Tasmanian—

**Senator CAROL BROWN:** Yes. I will get to the other one.

**Ms Flanagan:** There is a much larger national group.

**Senator Nash:** While we are waiting, it might be useful to add that up to 200 places, as you are saying, will cease specifically for Tasmania, but in the budget the government has actually increased the overall allied scholarships by 500 places, so that adds to the existing 2,000. There will now be 2½ thousand places that Tasmania will now be on an equal footing to apply for and access.

**Senator CAROL BROWN:** I appreciate that, but Tasmania had a dedicated scheme of $9.9 million over four years and I understand it is additional to the existing larger scheme of $13.4 million over three years. What was it about the Tasmanian scheme that was not working or was not achieving its ends such that it was put forward as a scheme that should cease?

**Ms Shakespeare:** On the information that you sought earlier, the funding for Tasmanian specific scholarships started in the 2012-13 financial year.

**Senator CAROL BROWN:** Now I am asking: what was it about the Tasmanian scheme that caused the department to think it was a good idea to put forward to have the scheme cease?

**Ms Shakespeare:** It was a decision of the government to cease the specific Tasmanian scholarships. People from Tasmania are eligible to apply for the general nursing and allied health scholarships.

**Senator CAROL BROWN:** Thank you. So you are telling me that the proposal to cease the Tasmanian scheme came from the minister's office?

**Prof. Halton:** No, let's be clear. The government looked at every single spending program and the government has made decisions in the budget context in relation to the programs. In this particular case, as the minister has pointed out, there is an alternative national program. The government reviewed the entirety of spending and has made choices in relation to the budget, but there is an alternative national scheme available in this particular domain.

**Senator CAROL BROWN:** So the department did not recommend that it be ceased; you just provided information to the minister's office?

**Prof. Halton:** As you understand, we do not provide information about the nature of advice provided. We can confirm we have provided advice—I am happy to confirm that—but the nature of that advice we cannot go into.

**Senator CAROL BROWN:** I understand that. Essentially, you provided advice about all your programs?

**Prof. Halton:** Yes, we did.

**Senator CAROL BROWN:** You still did not answer me, and I am not sure if you are able to, on what it was about the scheme to suggest that it should be targeted for axing.

**Senator Nash:** It was a decision of the government, as we have been pointing out for you. Clearly, there was a recognition by the government of a need for more places. We certainly undertook to provide those extra 500 places for those scholarships. It was also a decision of government to ensure the national scheme was on an equal footing for all states and territories. We have actually provided more places that the Tasmanians—

**Senator CAROL BROWN:** Not necessarily for Tasmania. That is yet to be seen, really.

**Senator Nash:** That is yet to be seen, but, certainly from the government's perspective, all states and territories being able to apply on an equal footing, having provided more places for the scholarships, was the appropriate decision.

**Senator CAROL BROWN:** You may want to guarantee that the same number of scholarships will be awarded to Tasmania in the national scheme, with the same level of funding of $9.9 million.

**Senator Nash:** They, along with other states and territories, will have the opportunity to apply for the scholarships.

**Senator CAROL BROWN:** You cannot provide that guarantee, so it is yet to be seen whether Tasmania will benefit. What we can see now is that we have had $9.9 million taken out. In terms of the new scheme, will there be any special steps taken to ensure that the Tasmanian nurses and allied health professionals can access those scholarships?

**Ms Shakespeare:** Perhaps I can just clarify: it is not a new scheme. The Nursing and Allied Health Scholarship and Support Scheme has been offering about over 2,000 scholarships, although the numbers vary, each year to nurses and allied health professionals and students across the country. The additional scholarships—500—will be on top of that and will be administered through the College of Nursing and SARRAH, and they will promote the scholarships under their funding agreements that we have with them to make sure that they are promoted to all interested and eligible students and health practitioners.

**Senator CAROL BROWN:** So, there is no difference between how they are promoted across the country?

**Ms Shakespeare:** I do not know that I would say that. I think we would probably expect them to take efforts to make sure people in, for instance, rural and remote areas and in the sectors that we give priority to scholarships for—mental health, primary care, aged care—were aware of the scholarships.

**Senator CAROL BROWN:** So, under the scheme, where it was operating with 2,000, are you able to tell me the split in terms of scholarships state by state or territory?

**Ms Shakespeare:** I would need to speak to the administrators to get that level of detail. It may be possible to give general numbers based on either the student's residence or whether it is a clinical placement. It is just that there is such a different range of scholarships that are covered that it is not necessarily easy to break them all down into a location-specific piece of information.

**Senator CAROL BROWN:** So it would be possible to get some information about their clinical placements?

**Ms Shakespeare:** If you are interested in clinical placements we could certainly get that level of information for you.

**Senator CAROL BROWN:** That would be good. With the development of the extra nursing and allied health scholarship, who was consulted during that development?

**Ms Shakespeare:** That was also a budget decision, so it was developed through normal budget processes. It did implement an election commitment, so there would have been discussions with relevant stakeholder groups who were interested in that election commitment. But in terms of the specific budget decision we operate through the normal budget development processes and do not consult externally.

**Senator CAROL BROWN:** So, with the extra 500, what are the priorities of the government? Are they targeting—

**Ms Shakespeare:** Yes, and we are now talking to the administrators to make sure that those priorities are implemented through future scholarship rounds, where the 500 places will be allocated. And the priorities are for students and practitioners in rural areas for people to develop skills or transition to priority areas. Over the Commonwealth those are primary care, mental health and aged care, and also nursing re-entry. There are scholarships for nurses who need to meet registration requirements to return to practice.

**Senator CAROL BROWN:** Just so that I get a full understanding: are these priorities that you are telling me about now the same priorities over the existing 2,000? It has just expanded out? Are these 500 particularly targeted to the priorities you are just outlining?

**Ms Shakespeare:** The government has announced that these are the priority areas for those additional scholarships. However, we also prioritise the base of the ongoing scholarships. Those priorities are discussed with the administrators each year and I would imagine would move towards the same direction as well.

**Senator CAROL BROWN:** I am just trying to get, for me, an understanding of the scholarships. So when you are responding to my questions I would appreciate knowing if there is any special requirement or criteria or priority that is just for the additional scholarships. I just want to get an understanding of how the additional scholarships will work, if they are going to work in a similar way as the existing scholarships.

**Ms Shakespeare:** We are currently discussing changes to the administration agreements with the administrators, but we will, through that process, ensure that the government's commitments for priorities for those additional scholarships are put in place.

**Senator CAROL BROWN:** So, there will not be a target for each state—that is probably not the right way to say it—there is no minimum commitment to scholarships state by state or territory, is there?

**Ms Shakespeare:** No. We do not have a minimum commitment or requirement for scholarships to be allocated to particular geographic areas other than the commitment to ensuring that as many scholarships as possible support people in rural and remote areas of Australia.

**Senator CAROL BROWN:** When do the contracts that you have with the College of Nursing and SARRAH expire?

**Ms Shakespeare:** The contract with the College of Nursing currently expires on 30 June this year, and we are now in negotiations to extend that to implement the government's budget decisions. The contract with SARRAH—Services for Australian Rural and Remote Allied Health—expires on 30 June 2015, and we will have a bit longer, but we will go through the same contract variation process to ensure that the additional 500 scholarships through the budget process are flowed on through allied health as well.

**Senator CAROL BROWN:** So it is the intention to continue to use SARRAH to administer—

**Ms Shakespeare:** Yes, and, as I said, they are currently contracted through to 30 June next year.

**Senator CAROL BROWN:** When will the extra scholarship initiative start? When will we be in a position to see—

**Ms Shakespeare:** We are hoping that those scholarships will start being offered as soon as possible after 1 July, which is why we are in negotiations for a new contract with the College of Nursing and a variation with SARRAH.

**Senator CAROL BROWN:** Do you have a split between the nursing scholarships and allied health professionals?

**Ms Shakespeare:** That is still to be worked out, but we think it will be roughly 50-50.

**Senator CAROL BROWN:** Are the 500 extra places budgeted for in the forward estimates?

**Ms Shakespeare:** Yes.

**Senator CAROL BROWN:** And are you satisfied that this extra 500 will meet the demand in the rural and regional remote communities?

**Ms Shakespeare:** I am not sure that I can answer that question. I am not sure what future demand is going to be. It will certainly assist in meeting demand for people in rural and remote areas, yes.

**Senator CAROL BROWN:** But obviously this initiative was made based on the evidence. So, what evidence did you have that the additional 500 scholarships were enough to meet the demand in rural and remote communities? Minister, was that the figure that was your election commitment?

**Senator Nash:** That was the election commitment.

**Senator CAROL BROWN:** The figure was 500.

**Senator Nash:** Yes, it was.

**Senator CAROL BROWN:** Did you have evidence to suggest that an additional 500 was enough to meet the demand in rural and remote communities?

**Ms Shakespeare:** I would have to talk to the administrators about what demand there is from either students or health professionals in rural and remote communities, and I guess we would define that as Remoteness Areas

classifications 2 to 5 that have applied for scholarships and not been awarded scholarships. That may also be, though, because people were applying for scholarships that were not of priority for the Commonwealth. There are a range of factors here, and I am not sure that I could say yes or no to that question.

**Senator CAROL BROWN:** Can you provide me with what information you can, along with the criteria that are going to be used for the additional scholarships?

**Ms Shakespeare:** We can provide that. However, it is still under development with the administrators.

**Senator CAROL BROWN:** I will probably put these on notice, but can you tell me, either now or on notice, how many scholarships will be delivered by the end of 2014-15, 2015-16 and 2016-17?

**Ms Shakespeare:** So far, in 2014 a total of 1,262 nursing scholarships have been offered, and 1,141 have been accepted. And for allied health 919 scholarships have been offered. That is only partway through the year, though, and there will be further rounds of clinical placements, continuing professional development and study scholarships awarded through the remainder of 2014. I cannot really give you numbers for 2015 and 2016.

**Senator CAROL BROWN:** You do not have targets?

**Ms Shakespeare:** We have amounts of money and there is discretion within the administrators of the scheme to balance against priority criteria applications that are received for different types of scholarships. And, as you would imagine, there is a very different financial cost. Undergraduate scholarships are up to a maximum of $30,000, because they generally relate to three years worth of study. CPD scholarships are up to a maximum of $1,500, and some may be much less. So we are looking at very different amounts, and it is hard to tell in advance what amounts will be spent on particular scholarships, because it depends on the applications and the assessment prioritisation process.

**Senator CAROL BROWN:** Regarding the Tasmanian scheme, what was the level of support for the scholarships?

**Ms Shakespeare:** The amount of money?

**Senator CAROL BROWN:** Yes.

**Ms Shakespeare:** Across nursing and allied health it is about $2.6 million a year.

**Senator CAROL BROWN:** And individual scholarships: what was the level of support?

**Ms Shakespeare:** It was the same sort of amount—up to $30,000 for undergraduate or postgraduate study and up to $1,500 for continuing and professional development.

**Senator SESELJA:** I think Senator Brown has probably asked most of the questions in this area, but I did just want to clarify a couple of points in terms of some of the schemes that the government is implementing. I understand that the Prevocational General Practice Placements Program is coming to an end. Are you able to just talk us through briefly—because I do not know whether this has come out in questioning yet, and I think that was quite a costly program—what was the cost of a 12-week placement under PGPPP?

**Ms Shakespeare:** It was not limited to 12 weeks; 12 weeks is the average length of the placement. They did vary in length. The average cost was found by a review by KPMG in 2012 as around $55,000 for a 12-week placement.

**Senator SESELJA:** $55,000—that does seem reasonably expensive for a 12-week placement. Is there a reason it cost so much?

**Ms Shakespeare:** The program had developed at a time when it was quite difficult to attract doctors into general practice. There were difficulties filling GP training places. It was also quite difficult to attract doctors, particularly in places like New South Wales, to leave the hospital and undertake rotation in general practice. So the costs of the program were developed in that context, and included, when the program was first developed, things like backfilling costs to encourage the hospitals to release trainees.

**Senator SESELJA:** So it was an average $55,000 for an average 12-week placement. Is that right?

**Ms Shakespeare:** That is right. There are different costs, depending on where the placement was and how long it went for. That is the average.

**Senator SESELJA:** How does that cost compare to a 12-month AGPT placement?

**Ms Shakespeare:** The same KPMG review of the cost of GP training in 2012 found that the average cost of a GP training place under the Australian General Practice Training program was around $60,000.

**Senator SESELJA:** So you had the previous program that was 12 weeks, on average, for an average of $55,000. Now we have the AGPT for 12 months at around $60,000. Is that correct.

**Ms Shakespeare:** That is correct.

**Senator SESELJA:** So it seems that in comparing those two—it is difficult for me to know what benefit is being derived from the two different programs—it does seem that the PGPPP placement was relatively very expensive compared with the AGPT placements?

**Ms Shakespeare:** Yes.

**Senator SESELJA:** I know there were a lot of questions from Senator Brown around changes. Were there any other announcements funded in the budget to support general practice that have not been covered?

**Ms Shakespeare:** From 2015, there are going to be 300 additional GP training places each year. That is under the Australian General Practice Training program. That leads to vocational qualification as a general practitioner.

**Senator SESELJA:** That is in addition to what we were hearing before with the scholarships program.

**Ms Shakespeare:** Yes, we do have scholarships for medical students, but the General Practice Training program is really aimed at the post-university training phase for doctors.

**Senator SESELJA:** Is that 300 additional places per year going to be spread right across the country.

**Ms Shakespeare:** That is right. We have people at General Practice Education and Training talking to the regional training providers at the moment about where those 300 additional GPs will be located. It will be across the country. But, as the government has announced through the budget, the highest number possible of those additional places should be targeted to rural and regional areas. The regional training providers are working to deliver that.

**Senator SESELJA:** To fill those shortages?

**Ms Shakespeare:** That is right.

**Senator CAROL BROWN:** I have a couple of follow-up questions about the Tasmanian scholarship scheme. How many Tasmanian scholarships were awarded under the scheme prior to it being closed?

**Ms Shakespeare:** I am sorry but I do not have that information with me. I will have to take that on notice.

**Senator CAROL BROWN:** How quickly can you get if for me?

**Ms Shakespeare:** I can probably get it later today. I will get in contact with people in the department.

**Senator CAROL BROWN:** Is it possible to be able to tell me the value of those scholarships—not individually, but how much money was expended?

**Ms Shakespeare:** Would you like that on a financial year basis?

**Senator CAROL BROWN:** Yes.

**Ms Shakespeare:** I am sure we can provide that too.

**Senator CAROL BROWN:** The $9.9 million that was in the budget figures is there to be expended?

**Ms Shakespeare:** The $9.9 million refers to the reduction in expenditure—

**Senator CAROL BROWN:** What was the original amount for the scheme?

**Ms Shakespeare:** Again, I would have to check that. I can provide it to you later today.

**Senator McLUCAS:** I have some questions about the development of the National Code of Conduct for unregistered health workers that I will put on notice. Then when we come back from the break I think we go straight to Health Workforce Australia and GPs.

**CHAIR:** We do not have any more questions in the programs but departmental staff will still need to be here.

**Proceedings suspended from 10:30 to 10:46**

**CHAIR:** We will resume on outcome 8.

**Senator SMITH:** I would like to inquire of the secretary as to what progress has been made with regard to the questions I raised yesterday afternoon or early evening on whether there had been any discussions between the Department of the Prime Minister and Cabinet, Treasury and Finance and the Department of Health. I was wondering where we were up to in getting that expeditious response.

**Prof. Halton:** As you have raised it, we did discuss this with Prime Minister and Cabinet this morning. My advice is that, in terms of revealing the deliberations of a previous government, we do not have authority to go there.

**Senator SMITH:** Just to be clear: you did discuss it with Prime Minister and Cabinet?

**Prof. Halton:** My officers have had a conversation about it—yes.

**Senator SMITH:** What level were those officers?

**Prof. Halton:** Division heads.

**Senator SMITH:** With division heads in Prime Minister and Cabinet?

**Prof. Halton:** And referred upwards. That is my understanding.

**Senator SMITH:** Just to understand: officials in the Department of Health at division head level had a conversation with officials from the Department of the Prime Minister and Cabinet, and the advice that you are giving to this committee now is that you cannot answer the question?

**Prof. Halton:** We do not reveal the deliberations of a former government.

**Senator SMITH:** So you cannot rule it in or you cannot rule it out?

**Prof. Halton:** Correct.

**Senator SMITH:** So you cannot rule in or out whether or not the previous government discussed the issue of a GP co-payment?

**Prof. Halton:** Correct.

**Senator POLLEY:** We are using up a lot of time.

**Senator McLUCAS:** This is how you defend your budget.

**CHAIR:** Can we have just one person speaking at a time, please?

**Senator SMITH:** Just to be clear: the advice that has been shared with this committee is that you are unable to rule in or out whether or not the previous government did discuss a proposal for a GP co-payment?

**Senator POLLEY:** We established that we did not introduce one, so we are wasting time.

**Senator SMITH:** What is important here is: it is a bit unbelievable—

**Senator POLLEY:** Your budget is unbelievable.

**Senator SMITH:** that, if co-payments are in the DNA of a particular government, as they were in the 90s—

**Senator POLLEY:** Point of order, Chair!

**Senator SMITH:** when the budget was under such tremendous pressure—

**Senator POLLEY:** Point of order! There is no question there.

**Senator SMITH:** as it was in the period 2008-13, that the previous government would not have considered this as an option.

**Senator POLLEY:** Making a statement is not part of estimates.

**Senator SMITH:** What we have just heard is that the secretary cannot rule out that the GP co-payment was discussed by the previous government.

**Senator POLLEY:** Estimates is about asking questions and then having the answers. Chair, I am raising a point of order. You are letting him keep going when I have raised a point of order.

**CHAIR:** Senator Polley, what is the point of order?

**Senator POLLEY:** It is common courtesy that, if a point of order is taken, you will hear the point of order rather than let the speaker continue. We have limited time to put questions to the officers. Making a statement is not part of estimates process. Estimates is about asking questions and listening to the answers. I ask you to draw him to his question, please.

**CHAIR:** Senator Polley, I think Senator Smith is outlining his question. There is not a point of order. You might note that the opposition has had all but 10 minutes of the more than an hour and a half today.

**Senator POLLEY:** That doesn't mean he can still make the statement.

**Senator SMITH:** The second element of the question was whether or not there was a figure that could be revealed with regard to GP co-payment discussions. Was there a response to that, Secretary?

**Senator POLLEY:** This has nothing to do with the outcome that we are dealing with now.

**CHAIR:** Senator Polley, acoustics in this room are difficult enough without intervention.

**Senator SMITH:** A question was asked of the secretary with regard to: what figure was suggested as a proposed GP visit co-payment during that period? I am assuming that you are not able to answer that question, because you have not been able to rule in or out whether or not a GP co-payment was discussed under the former government.

**Prof. Halton:** Senator, this is a little bit like, 'When did you stop beating your wife?'

**Senator SMITH:** I would not know anything about that.

**Prof. Halton:** It is that kind of question. What I said to you, and I will reiterate it, is: we do not reveal the deliberations of a former government. That applies to the previous Howard government, it applies to the Rudd-Gillard government, it applies to the Hawke-Keating government. We do not reveal those deliberations. That is all I can say.

**Senator SMITH:** In your evidence yesterday, when we were having the discussion, you said, 'In a broad context, he—Dr White—

**Prof. Halton:** Watt.

**Senator SMITH:** has raised the issue in a discussion.'

**Prof. Halton:** No. I did not. You were actually discussing this budget process.

**Senator McLUCAS:** Point of order.

**CHAIR:** Senator Smith, there is a point of order. Senator McLucas.

**Senator McLUCAS:** We were meant to start with Health Workforce Australia at a quarter to 11. My coffee was being delivered at that very moment, and Senator Smith has taken an opportunity to jump in. That is not unknown, but to now badger on for six minutes is, I think, pushing it a bit too far. Let us move to Health Workforce Australia—

**CHAIR:** There is no point of order, and I suspect that this is Senator Smith's last question in this area.

**Senator SMITH:** Just to be clear that we are not able to rule in or rule out that a GP co-payment was discussed under the former government.

**Prof. Halton:** Let's also be clear, Senator: you just quoted, allegedly, something that was said yesterday. So there is no misapprehension about it. I do not wish this to be misinterpreted or misrepresented. There was no discussion that I referred to with Dr Watt, who is the head of Prime Minister and Cabinet, in relation to any of those matters, because I cannot comment on those matters in relation to the previous government. We did have a conversation in this budget context about discussions, which inevitably involved Dr Watt as the head of Prime Minister and Cabinet. But, as I have just indicated to you, the advice—as I suspected would be the advice—is: we do not reveal the deliberations of former governments, and I have made no other comment in relation to that matter.

**Senator SMITH:** Just to be clear, the response that has come back is that you cannot rule in and you cannot rule out—

**Prof. Halton:** No, Senator, that is not the response as it came back. I do not actually usually suffer from ambiguity so I will be clear again. I am not making a comment about ruling in or ruling out. I am making no such statement and I do not wish to be misrepresented. I want to be very clear. I cannot make any comment about deliberations of a former government, period, full stop.

**CHAIR:** Senator Smith, please make this your last question.

**Senator SMITH:** So the discussion between division head officials at the Department of Health and the department of the Prime Minister and Cabinet this morning was with regard to what?

**Prof. Halton:** I am not going to go any further, Senator. I have given you the answer to the question.

**Senator SMITH:** Thank you very much. Thank you, Chair.

**CHAIR:** Senator McLucas.

**Senator McLUCAS:** Please not that this is eight minutes into the discussion with Health Workforce Australia about the abolition by this government.

**CHAIR:** There has been plenty of time, I think, for this whole section, Senator McLucas. Just ask your questions and I am sure we will find we can get on with this.

**Senator McLUCAS:** Apologies, Health Workforce Australia, for having to go through that. Ms Halton, I wonder if you can give us some background about the rationale and the way in which Health Workforce Australia was established—or someone from your department.

**Ms Flanagan:** Health Workforce Australia was established under a national partnership agreement in, I think, around 2008. The deal was—and this was certainly the understanding of some in the Commonwealth—that the states and territories would put in the money they currently use to train the health workforce and the Commonwealth made a new additional contribution into Health Workforce Australia on the basis that this was to

be jointly administered and money provided by all governments. The legislation was passed, setting up a board that had representatives of all state and territory governments on it.

At the end of the day the states and territories did not put their money in so the only thing that was being administered through HWA was in fact Commonwealth money. There was certainly, in terms of oversight, national agreement to the work that Health Workforce Australia would do, so those plans were looked at and in fact agreed by all health ministers. So that was the structure and how it is set up. There were a number of agreed lines of funding that were set out in that national partnership agreement, such as undergraduate clinical training, things like simulation, some money for innovation and reform, some money for international recruitment et cetera.

**Senator McLUCAS:** Given our conversation this morning about the need to coordinate and the fact that graduates do not respect state borders, the committee would understand why that was the intent. Would you like to list where you think the value of Health Workforce Australia has been in terms of solving the problems we have had historically in Australia of providing the appropriate number and the proper distribution of workers in our health system.

**Mr Crettenden:** The main area in which HWA has been able to make significant progress is in linking a number of policy and program decisions to a workforce planning framework. What we have developed over the last three to four years is a method by which we can future plan for the numbers of medical, nursing and allied health professionals in the country. We use that as a basis for decision making not only in our own organisation but also to provide information to the Department of Health around the appropriate allocation of funding to increase the overall capacity of the system, the distribution of the health workforce and, importantly, the productivity of the workforce.

A second aspect that Health Workforce Australia has looked at in some detail is the question of innovation and reform of the workforce and in particular workforce flexibility in health, so a number of programs have been directed specifically at the question of scopes of practice of health professionals, of improving the productivity of health professionals and of the use of assistance. Those programs are very much directed by the outcomes of the workforce planning process, so we have given particular attention to retention and productivity of nursing, extended scopes of practice for nursing, as we have identified through the planning process that in the future there is a possibility of a gap between the number of nurses who are currently used in the health system and what will potentially be available in 10 to 15 years time.

The other area that Health Workforce Australia has looked at is the interface between health and education. We have worked closely with the universities and increasingly with the VET sector to improve the efficiency and the effectiveness of clinical training, so increasing the overall capacity of that system as well as looking at improvements in both the funding and the conduct of health workforce clinical placements. So I think there are a number of areas where Health Workforce Australia has done some things that were not previously being undertaken and I guess in particular are dealing with them in an integrated way.

**Senator McLUCAS:** Thank you, Mr Crettenden. I think that is a good overview. Is it right to say that HWA brought a new focus, shall we say, to the needs of regional and remote Australians in addressing the obvious problems we have in attracting medical professionals to come and then to stay in remote areas?

**Mr Crettenden:** Health Workforce Australia has a focus on distribution as one of its three key areas. We are certainly not the sole agency that looks at that. The department has a number of programs directed at rural and regional distribution. But, again, I would say that our workforce planning has identified areas where there is maldistribution and where utilisation of health services is lower in some areas or some socio-economic groups than it is in our capital cities. We were able to look at where it would be appropriate to either increase or potentially reduce workforce in some areas. So, yes, we have very much a distribution focus in what we do.

**CHAIR:** Senator, just before you proceed, we have a photographer from Fairfax here again. I am assuming the committee has no objections to photographs being taken. Do any of the officers have any concerns, given that we have different officers to yesterday? I will take that as a no, so please go ahead.

**Senator McLUCAS:** Thank you. Mr Crettenden, as Ms Flanagan indicated, it was established collectively with states and territories, the funding notwithstanding. What was the benefit to the delivery process of having the states and territories engaged at the board level and potentially then in the work that you do?

**Mr Crettenden:** The way that we have gone about our work in Health Workforce Australia has been to conduct extremely wide consultations, not just with state and territory governments but also with private sector and NGO providers, and that is actually a critical aspect of the work. The involvement of states and territories is

at multiple levels in the work we do; it is certainly not confined to the board. It is important in this kind of work that there is involvement of multiple parties rather than a preponderance of one particular kind of provider.

**Senator McLUCAS:** As we know, the budget papers tell us that Health Workforce Australia will be abolished. What is the saving? The saving, I understand, is $142 million over five years by the abolition of HWA. That is a question to the department, I think.

**Ms Flanagan:** I actually have to check that figure. There are a couple of savings elements under this particular initiative. One of them is the formal abolition of Health Workforce Australia, with the department to take on the range of functions that HWA currently performs. There are some program savings out of HWA programs. I might get Ms Shakespeare to help with some of this, just to make sure that I have got the detail right. The expansion to clinical training funding will not proceed. There is also another saving in the international health area of HWA because it was significantly underspent and we are rationalising. We also do international work around Health Workforce within the department, so those programs are being amalgamated. I think there are some other elements. Ms Shakespeare might be able to give you the detail of those.

**Ms Shakespeare:** There is also some uncommitted funding in the Health Workforce Fund and that makes up part of the savings, and there is cessation of funding for the Confederation of Postgraduate Medical Education Councils.

**Senator McLUCAS:** So, Ms Shakespeare, you could provide to the committee later today all of the other elements of savings that will add to that $142 million?

**Ms Shakespeare:** Yes.

**Senator McLUCAS:** Thank you, that is great. Let us go to the process to determine that HWA would be abolished. This government has abolished many entities that were set up for good reason. This was set up to deliver a different approach in this portfolio in terms of the health workforce. We will talk to GPET in a moment; it is also being abolished. How did the process occur that the government went through to identify which were—in your view, Minister—the right organisations to abolish?

**Senator Nash:** I am not going to comment on decisions that were taken in the budget context. What I can say in relation to Health Workforce Australia is that the Commonwealth is the sole funder of Health Workforce Australia. As you would know, the government has been very focused on ensuring that we move to a more efficient and sustainable practice of government—

**Senator McLUCAS:** Sorry, Minister, that is not my question. I am trying to be helpful. We have already lost eight minutes, so let us get on with it.

**Senator Nash:** Well, I answered the first bit for you; I said I am not going to comment on budget deliberations.

**Senator McLUCAS:** You can stop there then if you are not going to tell me what happened.

**Senator Nash:** I was trying to be extra helpful.

**Senator McLUCAS:** What was the process? The government decided that you were going to knock off all of these entities—entities that were doing, in some cases, fantastic work. I acknowledge HWA's good work. I understand the point about the funding not coming from the states and territories, and that was a shame because that would have even given them a lot more impetus. We talked this morning a lot about coordination and the fact that we have to engage with and use the knowledge of our states and territories. Surely, that goal that was being delivered by HWA was one that needed to be continued? So when you made your decision that HWA was a likely candidate for abolition, I am trying to understand the process that you went through. Did the government just make the decision or did you ask for advice from the department about, 'Which organisations can we knock off'?

**Senator Nash:** As I said, I am not going to comment specifically on budget deliberations. What can I say is the view—

**Senator McLUCAS:** This is more than budget deliberations.

**Senator Nash:** Let me finish the answer—

**Senator McLUCAS:** This has an—

**CHAIR:** Senator McLucas, please allow the minister to finish answering the question.

**Senator Nash:** You are asking me specifically about deliberations before the budget. What I can say is that in terms of the government's change in this area, we are absolutely of the view that the Department of Health is very capable to carry out the functions that Health Workforce Australia currently does. As you say, there have been a number of functions that have been performed by Health Workforce Australia. It was the view of the government

that those functions could be continued by the Department of Health very capably at the same time as streamlining the process. The Commonwealth is the sole funder of Health Workforce Australia. This decision was seen as the most appropriate way to deliver the outcomes that we need more efficiently.

**Senator McLUCAS:** It is a shame you will not answer the question, Minister.

**Senator Nash:** I just did answer the question, Senator.

**Senator McLUCAS:** You said you would not.

**Senator Nash:** I answered the question. You might not like the answer, but I answered the question.

**Senator McLUCAS:** You said some words. You did not answer the question.

**Senator Nash:** I answered the question, Senator.

**Senator McLUCAS:** What specific functions of HWA are being transferred to the department? I am not sure whether I should refer that the department or to HWA.

**Ms Flanagan:** In effect, all of the functions are being transferred to the department. As I said earlier, there are going to be some changes in the amount of program funding. The intention is that all of the functions currently performed by HWA will come to the department.

**Senator McLUCAS:** We will see how that goes. What is the time frame for transferring HWA's functions into the department?

**Ms Flanagan:** We hope to complete that by 30 June. We talked a little bit about this yesterday morning in terms of transitioning the staff there would need to come with those functions, and that process is underway at the moment. Because, of course, this is located in another state we will allow some time for transitional arrangements for staff that are going to come to Canberra—to make personal arrangements et cetera.

**Senator McLUCAS:** Mr Crettenden, I will not put you under the microscope in terms of what will be a very difficult time for your staff. But if there were any additional comments that you would like to make to the committee following your assessment of the *Hansard* from yesterday, we would be open to seeing them. I am not questioning at all what the department has told me, but if there is any additional information that would be welcome.

**Mr Crettenden:** We are working closely with the department to effect the transition.

**Senator McLUCAS:** Yes, I expect that. How much of $142 million plus that is being cut by the abolition of HWA is from ceasing the expansion of the Clinical Training Funding Program?

**Ms Shakespeare:** $10.5 million per year.

**Senator McLUCAS:** Just briefly, can you tell us what that program was doing?

**Mr Crettenden:** The Clinical Training Funding Program was designed to expand the capacity of the university sector to be able to provide clinical placements to 22 different health professions. The 2014-16 program that is in effect at the moment is directed particularly at the sets of professions that we identified through health workforce planning as potentially undersupplied in future years.

**Senator McLUCAS:** Is there a list of those professions that you could provide the committee?

**Mr Crettenden:** Yes, we can.

**Senator McLUCAS:** It is not all professions?

**Mr Crettenden:** No, there is a list of specific professions.

**Senator McLUCAS:** Could you prioritise them?

**Mr Crettenden:** Yet.

**Senator McLUCAS:** You could provide that to us on notice, I am sure.

**Mr Crettenden:** Yes.

**Senator McLUCAS:** What plans does the department have for Clinical Training Funding Program?

**Ms Shakespeare:** The department will continue to Clinical Training Funding Program as it currently contracted with external bodies. All existing funding agreements will continue and be no later to the department.

**Senator McLUCAS:** When does that program cease?

**Ms Shakespeare:** The contracts currently run through and I understand they go until 31 December this year.

**Mr Crettenden:** Yes, that is correct.

**Senator McLUCAS:** What is proposed to happen after that?

**Ms Shakespeare:** That will be another process that the government undertakes to determine future funding priorities.

**Senator McLUCAS:** There are no plans at the moment to continue with the Clinical Training Funding Program.

**Ms Shakespeare:** I think there are no plans, equally, to cease. It just has not been considered by the government yet.

**Senator McLUCAS:** But there is no forward money in the budget for that.

**Ms Flanagan:** There is forward money. It is just that we have got to get the contracts novated across from HWA and then have a discussion with government about how they want to proceed with that funding. The funding continues.

**Senator McLUCAS:** On the Simulated Learning Environments Program, what was the value of that program? How did that improve our health workforce?

**Mr Crettenden:** The Simulated Learning Environments Program was designed to improve the efficiency of clinical training through the use of simulation techniques. Funding was provided directly to education providers to purchase equipment, develop training materials and deliver courses. What we have put in place is a national training program for simulation educators, known as NHET-Sim, and delivered this training to over 2,800 individuals. We also developed a SimNET website, which makes available a set of training materials to the simulation community. It provided funding, which resulted a 118 per cent increase in the training hours using simulation in 2013, as compared to the base year of 2011.

**Senator McLUCAS:** What plans does the department have to fund simulated learning education in Australia?

**Ms Shakespeare:** The department will continue all existing arrangements that have been entered into to fund simulation training by HWA. Again, those agreements will novate to the department. We will continue to administer them there.

**Senator McLUCAS:** For how long?

**Ms Shakespeare:** Again, until the contracts would expire or we receive new proposals that are assessed by the government. They are normal processes for making decisions.

**Senator McLUCAS:** When do the contracts expire?

**Mr Crettenden:** One December.

**Senator McLUCAS:** That finishes on 31 December. Are there any plans to continue that work into 2015?

**Ms Shakespeare:** That is something that we need to discuss and get a decision from the government about.

**Senator McLUCAS:** But there are no plans there?

**Ms Flanagan:** Just in terms of this, because this work has done by HWA, we have no visibility of the contracts or the work yet. On simulated learning—and, again, Mr Crettenden might help out—many of them might be like a capital project or something. I have actually been to one in Darwin, for example, where they have done a simulated learning centre that is actually used right across the top end of Australia, which is great. They have got dummies to test medical procedures on and things like that, and they are very realistic. Just as with all of this, the funding continues, it might just be that some of the funding stops because a particular project stopped, so we need to have a look at what has currently been contracted and, just as we do with all new funding, have a look at what the priorities are. I do not want to give the impression that funding ceases; it is just that we have no visibility of it yet. The work will come over, we will have a look at it and simulated learning will still be a priority for funding.

**Senator McLUCAS:** We will ask you that in February next year. Could you just give us a couple of sentences to explain the Rural Medical Generalist National Framework, Mr Crettenden?

**Mr Crettenden:** The Rural Medical Generalist National Framework is designed to provide an integrated framework for the training of GP generalists in rural and remote areas. The work was conducted with the cooperation of the GP training colleges, and a report has been produced from the project. The next steps would be to work with the colleges to develop appropriate material around that.

**Senator McLUCAS:** What is the department going to do in terms of ensuring that that work continues?

**Ms Shakespeare:** Another program current at HWA that will transfer across to the department will have staff working on it to continue the project until it is completed.

**Senator McLUCAS:** That is not a contracted project?

**Mr Crettenden:** That is right.

**Senator McLUCAS:** What plans do the department have for HWA's Expanded Scopes of Practice Program?

**Ms Shakespeare:** Again, I think there are a range of funding agreements that are currently in place, and they will transfer across to the department and be managed under their existing funding agreement arrangements until their conclusion. There may be other aspects to that program that I am not familiar with.

**Mr Crettenden:** There is a current round of expanded scope of practice trials, which will culminate in a national evaluation report which will be due in September. From that point, the department would need to consider what round of subsequent trials would be appropriate.

**Senator MOORE:** Is this a process that is looking at ways of enhancing GP training so that they can pick up elements of specialist work?

**Mr Crettenden:** The expanded scope of practice trials are principally to do with nursing and physiotherapy.

**Senator MOORE:** So they are expanding their core skillset to allow them to do wider areas of work.

**Mr Crettenden:** Yes, that is right.

**Senator MOORE:** How long has that been going, Mr Crettenden? I know it is something that we have been recommending for years.

**Mr Crettenden:** The trials have been running for the last 18 months. It is important in these areas to gain a good deal of on-the-ground evidence. With the nurse-endoscopist trials, for example, a number of nurses have been in training. It is important, particularly when dealing with the medical colleges, to be able to demonstrate that there is appropriate quality and safety, and that can only be done through a fairly extensive trial.

**Senator MOORE:** And then getting all the evidence together to make that change, if required.

**Mr Crettenden:** Yes.

**CHAIR:** Senator McLucas, have you got more questions for Health Workforce Australia?

**Senator McLUCAS:** What I might do is put some of those questions on notice. They go to the specific elements of your work program, but they are questions more for the department around how the transition is going to occur with that expanded scope of practice. Was that work that was done internally in HWA?

**Mr Crettenden:** That was contracted.

**Senator McLUCAS:** When does that contract finish?

**Mr Crettenden:** That will finish when the report is delivered in September this year.

**Senator McLUCAS:** So that will be migrated across to the department for action.

**Mr Crettenden:** Yes.

**Ms Flanagan:** Can I just indicate that this work is done under the agreement of all health ministers, because you can understand if you are talking about nurse endoscopists that that is very often done in public hospitals. Sitting under the health ministers there is the group of CEOs, and under that there are a number of principal committees, including the Health Workforce Principal Committee, on which I sit. A lot of the work that HWA does is either commissioned or facilitated through the Commonwealth-state processes that we currently have on trying to do this joined up sort of work, in the health workforce space as well as others—pandemics and things like that.

**Senator McLUCAS:** Sure, but the beauty of HWA was that it was able to get on with the job without having to wait for another AHMAC meeting, another AHMC meeting and another health workforce meeting. With your own board, you could get on with the job and actually produce quite tangible results in a reasonably quick time.

It is terribly disappointing to the Labor Party—I am speaking to the minister now—that this opportunity to address health workforce issues in this country will now be curtailed. I am not saying that the department does not have the capacity—not by any stretch. But the opportunity afforded by an entity which is separate to this complex thing managing the health workforce in this country has now been locked out. It will now revert to argy-bargy negotiations rather than relationships that are built and strengthened with a goal in mind. With that, I thank Health Workforce Australia.

**Senator Nash:** Could I respond to that? I think the senator indicated she was addressing that to me.

**Senator McLUCAS:** I did not ask a question. I just said something.

**Senator Nash:** I thought you said that you directed your comments to me.

**CHAIR:** I think you did direct your comments to the minister, so it is only reasonable to expect that she will respond.

**Senator Nash:** I have to be very clear that the government does not share your view. We think the department is more than capable of performing these functions. We have every confidence that the department will be able to do that. At the same time, we will be reducing the burden of administration and unnecessary costs by making this change. As I said earlier, the Commonwealth solely funds Health Workforce Australia. It is a duplication, when we are very much of the view that the department is more than capable of performing the functions.

**Senator McLUCAS:** In saying that, I am not reflecting on the capability of departmental officials in any way at all. It is the way the thing is structured that gives the opportunity for more innovation and creative thinking, which is harder to do, frankly, in a department.

**Senator Nash:** I am sure everyone will be innovative and creative.

**Senator McLUCAS:** Thank you, Health Workforce Australia, for coming to estimates over the last four or five years. I wish you all very well.

**General Practice Education and Training Ltd**

[11:23]

**CHAIR:** We are now moving to General Practice Education and Training Ltd.

**Senator McLUCAS:** I am interested in the history of GPET. When was it established?

**Ms Cahill:** GPET was established in 2001.

**Senator McLUCAS:** It is a longstanding organisation. Just in a couple of sentences, what was the purpose of it being established and how was it established?

**Ms Cahill:** GPET was established by the then minister for health to provide general practice training for doctors who are seeking to achieve specialist registration as GPs. GPET replaced the Royal Australian College of GPs as the provider of that training.

**Senator McLUCAS:** It was seen as being advantageous to be separated from the royal college?

**Ms Cahill:** Yes. The colleges are still very much involved in the training program. Both colleges—the Royal Australian College of General Practitioners and the Australian College of Rural and Remote Medicine—set the standards for which the training is undertaken.

**Senator McLUCAS:** Minister, why was the decision taken to abolish GPET?

**Senator Nash:** It was a budget decision. It was taken to ensure that we reduce administration costs, that we reduce overheads. Again, we think it is appropriate and more efficient to have that function transferred from where it is. I think it is really important to point out that overall this budget was about ensuring that we set the country on a long-term sustainable footing, so we have had to make some decisions that will ensure we have efficiencies across portfolios. We are focused on reducing administration, on reducing overheads and costs where they are unnecessary and where outcomes can be delivered in a more efficient, practical way.

**Senator McLUCAS:** Minister, I understand that you are driven by budget considerations, but I am concerned that you are lopping off organisations—I am not talking about you but your government—that potentially your government does not understand the value of. GPET has been going for a long time. It has been doing a lot of good work. Because it sits there on a line on a list of agencies of a department, you can just draw a line through it without truly understanding what you are knocking off. Can I ask—

**Senator Nash:** Senator, before you move on, sorry, I do not accept that statement that we do not understand.

**Senator McLUCAS:** If you do not tell me what you did do, all I can imagine is that you have got the annual report, the list of agencies, and said, 'That will go, that one can go, that one can go.' You will not tell me how you made these decisions.

**Senator Nash:** Sorry, Senator, I just did. I said it was about our focus being on reducing overheads, ensuring that we did not have duplication in administration, for more efficient practices in the running of these types of arrangements. I think I was very clear in saying that.

**Senator McLUCAS:** Ms Cahill, can you give me a quick explanation of the Prevocational General Practice Placements Program?

**Ms Cahill:** The PGPPP, as we abbreviate it, is a program that this year will deliver 975 12-week equivalent places that give young doctors exposure to work as a general practitioner. These are doctors that have not chosen their particular medical career, and this gives them the chance to see what general practice is like.

**Senator McLUCAS:** How does it work? I understand it is designed to take people into rural practice.

**Ms Cahill:** The program operates across Australia. About 65 per cent of the placements are in regional, rural and remote areas. These are doctors who are based in a hospital and do a rotation out of that hospital into a general practice.

**Senator McLUCAS:** The Rural Doctors Association is very supportive of this particular program. What is the future for the program?

**Ms Cahill:** This program will cease at the end of this calendar year.

**Senator McLUCAS:** How long has it been in operation?

**Ms Cahill:** It was originally established by the then Department of Health and Ageing. I would have to check exactly what year it was established.

**Senator McLUCAS:** Ms Shakespeare knows the answer.

**Ms Shakespeare:** The PGPPP in its current form was established in 2004-05. There was a previous program, called the Rural and Remote Area Placement Program, which was piloted in 2000. That was specifically for rural areas.

**Senator McLUCAS:** Has it ever been evaluated?

**Ms Shakespeare:** Yes.

**Senator McLUCAS:** And the results are?

**Ms Shakespeare:** I mentioned earlier the review of the costs of GP training, which was done by KPMG in 2012. The program was also considered by the independent review of health workforce programs in 2013. I can read you out some of the comments that that report made about PGPPP.

**Senator McLUCAS:** In a couple of words, because we are really short for time.

**Ms Shakespeare:** Sure. It found:

PGPPP was originally designed to influence the distribution and supply of general practitioners by improving understanding of the role of general practice and encouraging individuals to take up this career rather than another specialty or a hospital career. While the value of providing interns with primary care training experiences is strongly supported by stakeholders, there has been debate as to whether PGPPP … is the most appropriate strategy for the Australian Government to invest in building intern training capacity. PGPPP was introduced at a time when uptake of vocational training places on the AGPT was low. It was reasoned that the greater exposure a junior doctor could have early on in his or her training to general practice, the more likely he or she would be ultimately to pursue a career as a GP.

Yet, under present policy settings, it says:

… demand for vocational training places is increasing …

And it says the impact of higher numbers of students will likely mitigate the original need for the PGPPP to encourage recruitment into GP training, which was previously undersubscribed.

It goes on to say:

The present cost of PGPPP places (at an average cost of $54,500 per three month rotation or $218,000 per year) does not compare well with other investments in the training pipelines, such as the AGPT with an annual cost per participant of $60,000 or the Specialist Training Program (STP), which provides an annual salary contribution of $120,000 per registrar (including a rural loading). While a secondary benefit of the program involves freeing up intern places in hospitals, the current levels of funding for placements could create more than the current 240 (approximately) internship places . In fact given the raw cost of intern salaries and/or maximum on-costs … a conservative estimate would allow the number of intern places to double if funding … were reshaped.

The recommendation was:

The Commonwealth, in close consultation with … key stakeholders, should investigate reforms to the way in which support for intern training placements is delivered in general practice and community settings.

There may be an opportunity to divert a portion of this program's funds to new priorities outlined in the review.

**Senator McLUCAS:** So is the government going to divert the resources saved from that particular program?

**Ms Shakespeare:** Yes, those resources are being diverted to create 300 extra GP training places from next year.

**Senator McLUCAS:** Do they have a focus on rural placement?

**Ms Shakespeare:** The government has announced that as many as possible of those new GP training places will be in rural and regional areas. We are working with GPET at the moment to make sure that happens.

**Senator McLUCAS:** What is the target for the number that will be in rural and regional areas?

**Ms Shakespeare:** The current targets under both PGPPP and the AGPT training program offer 50 per cent of placements to be in rural and regional areas, as defined in RA classifications 2-5. However, we are working with GPET to make sure that that target will be exceeded for the new GP training places as much as possible.

**Senator McLUCAS:** We can ask questions at next estimates about how successful that has been. Are any staff moving from GPET? How are you managing the staffing issues and making sure that you do not lose the wonderful information and knowledge that your staff obviously have, Ms Cahill?

**Ms Cahill:** The essential functions of GPET will transfer to the department and we are working closely with the department at the moment to work out what that means in terms of the numbers of staff that will transfer over.

**Senator McLUCAS:** How many staff do you have?

**Ms Cahill:** We have 66.2 full-time equivalent staff members.

**Senator McLUCAS:** Where are you based?

**Ms Cahill:** We are based in Canberra.

**Senator McLUCAS:** How many staff are expected to transfer to the department? Can you answer that question yet?

**Ms Shakespeare:** We still need to work through that with GPET. It depends in large part on what functions are transferring, and we need to work through that.

**Senator McLUCAS:** Has there been an offer, as we have had with Health Workforce Australia? What is the process that we are using to do that, given that you are a company limited by guarantee?

**Ms Shakespeare:** GPET is a Commonwealth agency. It is not APS, so it is a non-APS Commonwealth agency, and there are processes to transfer staff from non-APS Commonwealth agencies to APS agencies.

**Senator McLUCAS:** Has an offer been made?

**Ms Shakespeare:** Because GPET is continuing to operate until 31 December this year, no.

**CHAIR:** That concludes outcome 8. We will now move to outcome 6.

**Senator DI NATALE:** My first question is about the current Medibank Private trial in Queensland. Was anyone in the department tasked with, or focused on, assessing whether Medibank Private's Queensland trial was in violation of either the National Health Act or the Private Health Insurance Act?

**Dr Bartlett:** Medibank Private approached us about their arrangement before they started. We had a look at it on the basis of how it was described to us. We assessed whether it was compliant with the two pieces of legislation that you have named. As far as we can see, it is compliant with the legislation.

**Senator DI NATALE:** Did you get a legal opinion on that?

**Dr Bartlett:** We got internal advice on that, yes.

**Senator DI NATALE:** Would you agree that the intent of the acts is to ensure that services in primary care are not able to be reimbursed through private health insurance?

**Dr Bartlett:** The intent of the act is that private health insurance cannot specifically reimburse services which are covered by the MBS for out-of-hospital arrangements.

**Senator DI NATALE:** Would you agree that the outcome of the arrangements that some GPs have with Medibank Private means that they are currently reimbursed for providing not individual services but a group of services to clients who are Medibank Private clients?

**Dr Bartlett:** The description that we have been given, and our understanding of it, is that there is an amount paid to cover administrative arrangements. There is no specific link between the amount paid and the individual services received by members of Medibank Private as part of any arrangement.

**Senator DI NATALE:** Have you looked at the Medibank Private website to see what in fact they are offering their patients?

**Dr Bartlett:** Not recently, no.

**Senator DI NATALE:** Would it be of concern to you that the administrative payments that have been provided by Medibank Private to GPs have resulted in a particular set of services being provided that would not otherwise have been provided?

**Dr Bartlett:** Not necessarily, but we have seen no evidence in the six months the trial has been operating of that occurring, although it would be very difficult to identify if it were.

**Senator DI NATALE:** If Medibank Private are saying, 'We are going to guarantee preferential access, or at least access within 24 hours, and we are going to guarantee a particular set of after-hours arrangements,' and they are providing a payment to a medical practice, how is that not reimbursing medical practices for providing a set of services?

**Dr Bartlett:** The choices about who the medical practice will treat, as I understand it, remain with the medical practice. The doctors will continue to make decisions about who they see, presumably on the basis of clinical need. We have seen nothing to suggest that that has changed as a result of this.

**Senator DI NATALE:** Perhaps we can move on to other, more productive areas. Is the department working on, or does it anticipate, any changes to the Private Health Insurance Act that would allow primary care providers to be reimbursed through private health insurance?

**Dr Bartlett:** There is a range of work being done on the Private Health Insurance Act as a result of various initiatives that have been announced in the budget.

**Senator DI NATALE:** Are you looking specifically at changes to the act to allow private health insurers to provide services in general practice?

**Prof. Halton:** We do not discuss generalised work in the department.

**Senator DI NATALE:** It is not generalised; it is very specific.

**Prof. Halton:** We also do not discuss specific initiatives. We do not answer those kinds of questions.

**Senator DI NATALE:** I am sorry, but this is—

**Prof. Halton:** You can ask us whether we have provided any advice on the matter and we will say yes or no.

**Senator CAROL BROWN:** Has the government started any work in redesigning the private health insurance regulatory framework to allow for greater involvement of the private health insurers?

**Dr Bartlett:** Advice has been sought about various changes to the private health insurance arrangements.

**Senator DI NATALE:** Can I ask whether that advice relates to the provision of services to be covered by private health insurance?

**Dr Bartlett:** Yes.

**Senator DI NATALE:** Can I ask about the nature of that advice?

**Prof. Halton:** No.

**Dr Bartlett:** I do not believe so.

**Senator DI NATALE:** Can you provide me with any details about that advice?

**Prof. Halton:** We cannot.

**Senator DI NATALE:** Has the department been in contact with state governments regarding trials of health insurance in primary care including providing support for trials or cost sharing with the Commonwealth?

**Dr Bartlett:** Sorry, Senator, could you repeat that. I missed it.

**Senator DI NATALE:** Have you been in contact with any state health departments regarding the use of private health insurance to cover primary care services provided in various state scenarios?

**Dr Bartlett:** No.

**Senator DI NATALE:** Given that you have been asked to provide advice on potential changes to the Private Health Insurance Act, have you done any specific work on any potential impact on private health insurance premiums that might result from allowing private health insurers to reimburse services provided in general practice?

**Dr Bartlett:** No.

**Senator DI NATALE:** So you have not looked at the impact and you have not been asked to look at the impact on private health insurance premiums?

**Dr Bartlett:** There has been a range of work done by the department over a long period of time about potential impacts of changing private health insurance coverage. I seem to remember, and it predates me significantly, that there was a piece of work done a number of years ago. A media report talked about the possible impacts on premiums of coverage of primary care by private health insurers. I have a feeling that this was done around 2007.

**Senator DI NATALE:** Have you done any work recently to look at the impact on premiums of allowing private health insurers—

**Dr Bartlett:** Nothing specific.

**Senator DI NATALE:** Have you done any work on looking at what impact altering the community rating settings would have on premiums?

**Dr Bartlett:** No.

**Senator DI NATALE:** So you have not looked at community rating at all?

**Dr Bartlett:** There is ongoing work looking at community ratings because there is a question about community rating and how it interacts with things like risk equalisation, exclusionary products and a range of other things. There is ongoing work to look at how it is working, what sort of coverage there is and what impact it has. But, in terms of specific changes, no.

**Senator DI NATALE:** Not changes to the current settings?

**Dr Bartlett:** No.

**Senator DI NATALE:** Good. Any other plans for deregulation of private health insurance or changes in the current regulations or legislation around private health insurance, aside from the issue of community rating or allowing private health insurers into primary care?

**Dr Bartlett:** There is ongoing work done about possible areas of deregulation across the health arrangements generally, including private health insurance.

**Senator DI NATALE:** Anything specifically in private health insurance of note?

**Dr Bartlett:** I do not believe I can comment on that. As I said, there is a range of work being done about deregulatory activities across government and the Health portfolio. Private health insurance is included in that.

**Senator DI NATALE:** Is the department aware of Medibank Private's plans to expand their Queensland trial nationally?

**Dr Bartlett:** We have seen the same media reports that you have.

**Senator DI NATALE:** Have you been approached by Medibank Private at all on that matter?

**Dr Bartlett:** Medibank Private approached us about the way in which their trial originally worked. I am not aware, but I cannot guarantee for certain that there have not been discussions about that with people within the Private Health Insurance Branch.

**Senator DI NATALE:** Can I be specific: you are not doing any work or any modelling on the effect of altering community rating settings that would allow premiums to be determined on the basis of individual risk?

**Dr Bartlett:** There is no work being done on risk ratings specifically at this point, but, as I said earlier, there is ongoing work that is being done to look at the combination of community rating, risk equalisation and exclusionary products, among other things.

**Senator DI NATALE:** On the work that you are doing to look at changes in legislation that might be required to allow private health insurers to insure primary care services, have you had any consultation or dialogue with other key stakeholders?

**Dr Bartlett:** We said that there had been advice provided. Beyond that I cannot comment in terms of the other bits. The legislative work that I talked about is legislative work that is specifically related to implementing government decisions that were announced in the budget.

**Senator DI NATALE:** On the basis of the advice provided to government, have you also been engaging with other stakeholders? Are you talking to the AMA or the College of General Practice?

**Dr Bartlett:** We talk to a range of stakeholders regularly, including the private health insurers and other people. We talk to them about a range of issues—some of which we raise and some of which they raise.

**Senator CAROL BROWN:** In an address to the CEDA conference on 19 February this year by Minister Dutton, he stated:

> Why shouldn't we be open to greater involvement of the insurers, who cover 11 million Australians, to keep those people healthy and getting more regular access to primary care?

Since then he has made numerous public commentary with regard to greater involvement by the private health insurance industry in the provision of services to those with private health insurance cover—and I noted an article in the *Australian Financial Review* of 25 March entitled 'Dutton: Insurers could have larger role in primary care'. What sorts of services does the government believe are currently not covered by the private insurance could be covered by private health insurers?

**Senator Nash:** Thanks, Senator. There is obviously a range of considerations in that area, but I could not comment on specifics.

**Senator CAROL BROWN:** You do not know, or—

**Senator Nash:** I am not aware.

**Senator CAROL BROWN:** So GP visits might be a prime candidate for private health insurance coverage?

**Senator Nash:** That is speculation and assumption on your part, Senator. I could not comment.

**Senator CAROL BROWN:** Mental health services and direct payments?

**Senator Nash:** That is the same—speculation and assumption on your part and I could not comment.

**Senator CAROL BROWN:** We know that work has commenced on the framework. When can we expect some announcements about Minister Dutton's aim to allow the private health insurance providers to have a greater role in primary care? What does that mean?

**Senator Nash:** I am not aware of any of those considerations by the minister.

**Senator CAROL BROWN:** So you are unaware of what Minister Dutton means when he talks about having a larger role in primary care?

**Senator Nash:** Yes.

**Senator CAROL BROWN:** I do want to ask some questions around increasing the number of people with private health insurance. How many people currently have private health insurance cover?

**Dr Bartlett:** As at March 2014, 11,004,273 people had hospital policies and 12,892,622 people had general treatment policies or were covered by general treatment policies in each case.

**Senator CAROL BROWN:** What is the trend in these numbers over the last five years? Can you give me that sort of detailed information?

**Dr Bartlett:** I can give from December 2008 onwards in terms of hospital policies. The number of people covered by hospital policies in December 2008 was 9,657,000; in December 2009 it was 9,866,000; in December 2010 it was 10,118,000; in December 2011 it was 10,404,000; in December 2012 it was 10,710,000; in December 2013 it was 10,958,000; and, as I just said, in the three months after that it has gone up to 11,004,000 people.

**Senator CAROL BROWN:** Are you able to give me an indication of the average cost of a standard policy for a family of four?

**Dr Bartlett:** I may have to take that on notice.

**Senator DI NATALE:** Can I ask a follow-up question about the numbers? How does that increase in growth translate to a percentage of the population? Is that just population growth or is it increasing?

**Dr Bartlett:** It is slightly above population growth, Senator.

**Senator DI NATALE:** Like a per cent or so?

**Dr Bartlett:** I would have to take that on notice to come back to you with accurate figures; otherwise, I would just be speculating.

**Senator DI NATALE:** Okay. But you think it is slightly above population growth?

**Dr Bartlett:** Yes, slightly above population growth.

**Senator CAROL BROWN:** Can you remind me what the most recently approved average premium increase was?

**Dr Bartlett:** The average premium increase for the most recent premium round was 6.2 per cent.

**Senator CAROL BROWN:** Are there any strategies being considered for low-cost private health policies for people who cannot afford the policies at the current cost?

**Dr Bartlett:** Most insurers offer a range of policies which vary in price depending on the coverage that they offer. We talked earlier about exclusionary policies. There are policies with excesses and there are policies which cover public hospital services. There are a range of things that insurers offer. There is something like 35,000 different policy types out there, in part as an insurer response to try and ensure that there is a policy available for just about any conceivable need.

**Senator CAROL BROWN:** Are there any proposals in terms of any changes to the way the premium setting process works?

**Dr Bartlett:** Over the last two premium rounds there has been a process undertaken which has sought to streamline the premium round. That process has happened and continues.

**Senator CAROL BROWN:** So no-one is doing any work on whether what currently operates is going to be changed in any way?

**Dr Bartlett:** As I said, Senator, there have been changes in each of the last two premium rounds and we continue to look at the premium round process. That is an ongoing part of what we do.

**Senator CAROL BROWN:** So there is an ongoing review of the current process?

**Dr Bartlett:** There is ongoing work, as there has been for some time, on the premium round.

**Senator CAROL BROWN:** Is that ongoing review of the process just within the department?

**Dr Bartlett:** It is undertaken by the department. We obviously involve the Private Health Insurance Administration Council, who have a role in the premium round. We also discuss it with the insurers as part of that work. That is the process that we have followed for the last couple of years, and the changes that are made obviously take into account that feedback.

**Senator CAROL BROWN:** Does any of that advice in relation to the process go to the government?

**Dr Bartlett:** Again, the department will provide advice on the premium round. It has each year that I have been involved in the process. There is advice provided to government about the premium round and options that the minister or government can consider on the way in which it runs.

**Senator CAROL BROWN:** With this ongoing review of the premium setting process are there any particular changes being considered?

**Dr Bartlett:** There are a range of changes being considered, as there have been over the last few years. Part of it is to look at whether the balance of the process is appropriate.

**Senator CAROL BROWN:** What is the reason for that ongoing review?

**Prof. Halton:** The need for continual self-improvement, Senator.

**Senator CAROL BROWN:** That is good to know. So there in nothing particular in the last premium approval that was announced that is any different than what has gone on previously?

**Dr Bartlett:** There is a process where the minister is required under the legislation to approve premium increases unless he or she forms the view that they are not in the public interest. Advice is provided that is designed to help the minister form that view, one way of the other. That process has happened in the past and it continues.

**Senator CAROL BROWN:** Has any advice gone to the minister in relation to removing the means test for the private health insurance rebate?

**Dr Bartlett:** Not to my recollection, but I would like to take that on notice if you don't mind.

**Senator CAROL BROWN:** Sure. What is the likely cost of removing the means test? Are you able to provide me with any information there?

**Dr Bartlett:** Again, I would have to take that on notice.

**Senator CAROL BROWN:** I think that is all I have in that area.

**CHAIR:** Thank you. Senator Di Natale?

**Senator DI NATALE:** Can I ask a couple of more questions about the current arrangements. I am interested to know: what would happen if there was a concern that current arrangements with Medibank Private were in fact in breach of the act? Whose responsibility is it to investigate that, or to enforce breaches? How does that work?

**Dr Bartlett:** It depends on the breach.

**Senator DI NATALE:** Let's say, there is a view that what they are doing at the moment is providing a service in primary care that they are not entitled to provide.

**Dr Bartlett:** My understanding is that, if it is a breach of the Private Health Insurance Act of the sort you are describing, that would be our responsibility.

**Senator DI NATALE:** How would you act on a complaint, if a complaint was made in that area?

**Dr Bartlett:** We would basically seek advice, in terms of the complaint and the nature of the complaint, as to whether it reflects the legislation accurately. We would also seek an explanation from the company as to why they believed that such a complaint was or was not accurate, and form a judgement based on that mixture of—

**Senator DI NATALE:** And I imagine you would seek legal advice on that?

**Dr Bartlett:** In part that is what I am talking about in terms of what we would do internally; get legal advice on whether the interpretation of the act that is embodied in the complaint is a reasonable interpretation of the act.

**Senator DI NATALE:** Then somebody could take that further if they chose to do so?

**Dr Bartlett:** That is correct.

**Senator DI NATALE:** Have any other funds approached you about the same sort of arrangement?

**Dr Bartlett:** There are two other funds that have arrangements of a similar sort.

**Senator DI NATALE:** That is Bupa and HCF?

**Dr Bartlett:** Yes.

**Senator DI NATALE:** Have you been in discussions with either of those funds about those arrangements?

**Dr Bartlett:** We had discussions similar to what we had with Medibank Private. In terms of setting these things up, they have sought a view from us as to whether or not, as outlined, they appeared to be compliant with the legislation.

**Senator DI NATALE:** Are there any other funds—apart from those you have mentioned—that have approached you?

**Dr Bartlett:** Not that I am aware of.

**Senator DI NATALE:** Not at this stage?

**Dr Bartlett:** That is certainly my understanding, but I cannot be definite that no-one within the department has been approached.

**Senator DI NATALE:** Just to be clear, you have provided advice about what would be involved if you were to—I do not want to put words in your mouth—you have been asked to provide advice about allowing private health insurers to provide coverage for primary care services?

**Dr Bartlett:** Again, you would have to check my previous answer. I think it was quite specific: we provided advice on a range of issues, including private health insurance and primary care. I have not been more specific and I cannot be more specific about the nature of the advice.

**Senator DI NATALE:** But the advice would have to be about the provision of services—

**Prof. Halton:** No, Senator. The officer cannot—

**Senator DI NATALE:** I think that was said. I will double check the *Hansard*, but I think we had already got to that point.

**Prof. Halton:** What he just said is the correct answer. You have gone further than that, and that is not what he said, as far as I am concerned.

**Senator DI NATALE:** I will go back and check the *Hansard*.

**Dr Bartlett:** Senator, your reading and interpretation of what I said is incorrect—it is not what I said.

**Prof. Halton:** That is exactly right.

**Dr Bartlett:** I was asked to provide a comment about whether there had been advice provided about primary care and private health insurance. I said there had. That was all I said. It went no further, and I can go no further.

**Senator DI NATALE:** I am happy to leave it there. Can I ask you about freezing the threshold for the rebate?

Have you done any work? I do not want to use the word 'modelling' because I know it has very specific meaning. Have you done any work on what that would mean for coverage and what the impact would be on the cost to the taxpayer, or the benefit, because some people who are pushed into the higher income bracket would be charged the Medicare surcharge levy and would not take out private health insurance? In other words, how many more people are going to take it up? Effectively, people will creep into that income bracket through bracket creep, won't they? Therefore, you would expect a higher rate of coverage and you would also expect some people not to take it out and therefore there would be a little more revenue through the Medicare surcharge levy?

**Dr Bartlett:** At the moment, Treasury data suggests that there is a small number of people who would possibly move into the lowest tier who are not currently affected. To be honest, they will not have a material effect on the numbers. We have 10 million people covered under private health insurance at the moment. The number of people without private health insurance who are likely to move into tier 1 over the period concerned is in the low tens of thousands, so we are not anticipating that will have a material effect. In terms of people making decisions about whether or not to drop private health insurance, again the evidence to date does not suggest that we would expect to see people drop their private health insurance as a result of means testing.

**Senator DI NATALE:** What would be the reason for freezing the threshold?

**Dr Bartlett:** It is like freezing a range of other thresholds. In effect, as somebody moves across the threshold, the amount of money that they get as a percentage of the rebate will drop.

**Senator DI NATALE:** I suppose that is what I am asking: what is the saving from the number of people who are moving across? Obviously, there is a saving in terms of the rebate.

**Dr Bartlett:** It is $577.9 million over the four years.

**Senator DI NATALE:** That is the impact of the number of people who move into the next threshold who basically will not receive the rebate?

**Dr Bartlett:** No, there is one group that will not receive the rebate. There are others who will see their rebates drop. There are two groups who will see their rebates drop and a third group who will cease to receive the rebate.

**Senator DI NATALE:** That is worth almost $600 million over the forward estimates.

**Dr Bartlett:** Yes, $577.9 million over four years.

**Senator DI NATALE:** You do not think that will have a material impact on coverage?

**Dr Bartlett:** No, I do not think it will have a material impact on coverage.

**Senator DI NATALE:** Thanks very much.

**CHAIR:** Senator Xenophon tells me he only has about 3½ minutes worth of questions.

**Senator CAROL BROWN:** That is what you say to all committees!

**Senator XENOPHON:** I am going to time it right now.

**CHAIR:** Senator Xenophon, please proceed with your 3½ minutes of questions and answers.

**Senator XENOPHON:** In relation to Senator Di Natale's line of questioning, has any modelling been done on the government's proposed changes to the health system, including the GP co-payment and indexation, on the number of people with private health cover? You said that you do not expect there to be a change, in answer to Senator Di Natale's questions. Has there been any modelling done with respect to that?

**Dr Bartlett:** Not specifically.

**Senator XENOPHON:** Do you think there ought be some modelling done on that so that you can predict with some accuracy?

**Prof. Halton:** Senator, let's be clear. We had this discussion yesterday about what is meant by modelling. In terms of 'Are there estimates?' yes, there are in this particular case and it is reflected in the numbers. We actually see the number of people with private health insurance not change or, in fact, as Senator Di Natale has just indicated, marginally increase. We do not expect any change to that. That is our estimated effect.

**Senator XENOPHON:** That is an estimate based on historical data and experience, but no modelling as such?

**Prof. Halton:** There is not really a model that can be used. Models are things like NATSEM and all those other sorts of things. None of that can predict behaviour in this area. It is more about the history.

**Senator XENOPHON:** NATSEM is a very credible organisation. I think the coalition used to use them.

**Prof. Halton:** Everyone has used them.

**Senator XENOPHON:** In the past I have moved amendments to legislation that would require the Productivity Commission to collect and publish information about the number of Australians who hold private health cover, the type and levels of cover, and associated information. I know that Minister Nash has put some undertakings on the record with respect to that. Does the department currently collect any information of this type to guide policymaking? Would the department consider the collection of such information as helpful in providing policy guidance? What types of information does the department currently use to guide policy?

**Dr Bartlett:** The current information that we collect about this sort of thing is about membership, as in numbers of policies and what is happening with policies. We have data about the number of policies and the types of policies that people hold. We do not at this time specifically have a reliable data source about upgrades, downgrades or sidewards movement.

**Senator XENOPHON:** Wouldn't it be preferable to have that, in terms of policy settings?

**Dr Bartlett:** Yes. Since the passage of the legislation by the parliament, there have been some preliminary consultations done with a number of insurers by people within the Private Health Insurance Branch. The initial thing we have found, not surprisingly, is that every insurer we have talked to has a different interpretation of what constitutes a downgrade, so there is a piece of work to be done there to try and get some consistency.

**Senator XENOPHON:** On notice, can you provide details about the nature of those discussions—where you are at in finding a uniform benchmark with respect to that? And, at two minutes and fifty seconds, I am going!

**Senator CAROL BROWN:** Of the $1.7 billion being saved by the pausing of the indexation of the MBS fees and the income thresholds for the Medicare levy surcharge and the private health insurance, how much of this results from the private health insurance rebate changes?

**Dr Bartlett:** It is $577.9 million over the four-year period.

**Senator CAROL BROWN:** Has the department done any work on the impact on public hospitals with regard to the increasing cost of private health insurance?

**Dr Bartlett:** No. There has been a range of work done on the impact of changes initially to the Medicare levy surcharge some time ago. There was a review done, from memory by KPMG, and they looked at it over a period of years and found that essentially nothing material had changed in terms of use of public hospitals as a result of changes there.

**Senator CAROL BROWN:** When was that?

**Dr Bartlett:** I would have to take that on notice. The most recent report was in the last couple of years.

**Senator CAROL BROWN:** Could you provide me with that, please?

**Dr Bartlett:** Yes.

**Senator CAROL BROWN:** But there is no work currently being done because of the latest increase in the premium, obviously?

**Dr Bartlett:** No.

**Senator CAROL BROWN:** And there has been none requested by the government about the impact of pressures on public hospitals from the rising cost of private health insurance?

**Senator Nash:** I am not aware, but I will take that on notice for you, as I am able.

**Senator CAROL BROWN:** That is all I have on that.

**CHAIR:** Are you moving on to another area now?

**Senator CAROL BROWN:** Yes, I will be.

**CHAIR:** We have not yet allocated when PHIAC and the Ombudsman are to be heard. Do you want to do that now?

**Senator MOORE:** I have a follow-up question to Senator Di Natale's about the Medibank trial in Brisbane, so I might knock those over before we go to the agencies. There are a couple of things that Senator Di Natale did not tick off. We were told in response to a question on notice that the department had received four complaints about the GP trial in Brisbane. Is that right? I am sure it is right because it was a question on notice.

**Dr Bartlett:** Do you have a number for the question on notice?

**Senator MOORE:** No, I do not. That would be asking way too much.

**Dr Bartlett:** I have five previous estimates responses about the Medibank Private trial. As far as I can see none of them cover complaints.

**Senator MOORE:** None of them cover anything on complaints? Have you received any complaints about the trial in Brisbane?

**Dr Bartlett:** Not that I am aware of.

**Senator MOORE:** Who would be complaining?

**Dr Bartlett:** Presumably, anyone could complain—

**Senator MOORE:** That is right. Would it be customers, doctors—they could be senators. But what kinds of people raise complaints with you. Are they patients, are they doctors, are they families?

**Dr Bartlett:** All of the above.

**Senator MOORE:** Because you have lots of complaints, I know.

**Dr Bartlett:** We receive significant levels of correspondence.

**Senator MOORE:** Basically, the questions Senator Di Natale was asking you were about what role the department had with the trial. My understanding was that you were aware of it but you have no immediate involvement in it. Is that right?

**Dr Bartlett:** That is correct. But you could equally say that we are aware of what goes on with primary care generally but have no immediate involvement. They are private businesses that continue to operate.

**Senator MOORE:** So the methodology of the process is not something the department is involved with on a review basis, or anything of that nature?

**Dr Bartlett:** No, any more than we are involved in any other aspect of the way in which a private health insurer runs its business.

**Senator MOORE:** Did Medibank Private have to tell you how many practices were involved?

**Dr Bartlett:** They did not have to tell us anything. They chose to provide us with the information about their trial.

**Senator MOORE:** So they did not have to tell you anything to do with setting up a trial of this nature? There was no requirement?

**Dr Bartlett:** What would tend to happen, and has happened with the three we are talking about, is that the insurers themselves will approach us because they are thinking about doing something like this and they are keen to get a response and a view as to whether or not we see issues with it. But they are not obliged to do that. But common sense would suggest that they would, and they do.

**Senator DI NATALE:** Part of the issue is that they come and present to you a view about what they want to do, but given that it is clearly scooting so close to the edge of what may be permissible under the act, is there any ongoing responsibility in terms of continuing to monitor what they do to make sure they are not in breach of the act, or do you take a more passive role and wait for a complaint?

**Dr Bartlett:** We have been provided with the information, we have looked at it and essentially taken a view.

**Senator DI NATALE:** That is on the basis of what they said. As you said they do not have to tell you what they are going to do. They came and said they are going to do X, Y and Z, but maybe they are doing X, Y and Z and A, B and C as well. Do you take an active interest in this or is your response more passive, and then if there were a complaint you would assess it?

**Dr Bartlett:** With no aspect of private health insurance do we necessarily go out and check whether an insurer is doing what they say they are doing about a particular product or the way a particular product is managed. It is just way beyond our remit.

**Senator MOORE:** Senator Di Natale's questions have picked up the intent of this stream of questioning, so I have not further questions.

**CHAIR:** We will move now to the Private Health Insurance Administrative Council and the Private Health Insurance Ombudsman.

[16:19]

**Senator McLUCAS:** I would like to begin with some background to the decision to merge PHIAC into the Australian Prudential Regulatory Authority. Could we get some background from the department and then perhaps from Mr Gath.

**Dr Bartlett:** The Private Health Insurance Administrative Council has a key role in terms of looking at the solvency and viability of private health insurers. There has long been a view held that there is a very close alignment between significant parts of its activity specifically focused on private health insurance and the broader activities that APRA does for the insurance sector more broadly. Again, the logical question is whether or not there is a need to maintain a separate regulator, as opposed to looking at the potential efficiencies by linking the two up.

**Senator McLUCAS:** Mr Gath, do you have a view on the appropriateness of a merger? Then, I am more interested in how this merger is going to occur, if you could explain that to me.

**Mr Gath:** I do not have a view. I think it is entirely within the province of government to make judgments about the structure of agencies that serve the public in this way. We accept and are happy to implement the decision that has been made.

**Senator McLUCAS:** Regarding the process of the merger, what date are we talking about and what work have you done to this point in time to facilitate that—

**Mr Gath:** I will get my departmental colleague to give the first response to that and then I can perhaps fill in some detail.

**Mr Learmonth:** The change is due to take effect from 1 July, 2015. There have been some initial discussions with Treasurer portfolio in relation to both where the allocation of the different responsibilities will lie, the capital

adequacy, solvency and prudential responsibilities obviously are closely aligned with APRA. Then there are some responsibilities around premium setting, policy, risk equalisation and so on, which more properly belong with the department, given the overlap that has been there. There have obviously been some discussions about some of the mechanics involved, in terms of the infrastructure, staffing and so on. Those discussions are at very early days, but we are obviously looking to talk about and plan for how that will roll out over the remainder of the financial year.

**Senator McLUCAS:** How is the council established?

**Mr Gath:** The council is a statutory authority of the Commonwealth established under the Private Health Insurance Act. It has been in existence since 1989, so we are just about to reach our 25th anniversary. It was originally established under the National Health Act, but when the legislative arrangements for private health insurance were updated and revised in 2007 PHIAC came over into the new arrangement. We are therefore a statutory authority of the Commonwealth.

**Senator McLUCAS:** How does that compare with APRA's structure?

**Mr Gath:** We are governed by the Commonwealth Authorities and Companies Act, which means that we have a board and we have quite a degree of independence from government. APRA did have a model like that; however, in more recent years it has been operated by an executive management group, with a chair and a deputy chair. It is under the FMA Act.

**Senator McLUCAS:** Will that be difficult in terms of amalgamating a CAC Act entity and an FMA Act entity?

**Mr Learmonth:** There will need to be relevant legislation to deal with the PHIAC act, in terms of the shift of responsibilities and so on. I do not imagine it will be difficult. It will be a case of properly providing for the responsibilities under APRA.

**Senator McLUCAS:** I know that they are reasonably similar, but the proposal at present is that the merged entity would be an FMA Act entity.

**Mr Gath:** The FMA Act will become redundant from the beginning of July, anyway, because there is new legislation due to commence that will merge those two concepts under a single act known as the PGPA Act.

**Senator McLUCAS:** Another word we need to learn. And that happens with plenty of time for the merger to happen after that?

**Mr Gath:** That occurs on 1 July this year, so we have a year under those merged arrangements. As my colleague has pointed out the proposals that have been raised in the budget will require legislation, so obviously there is an opportunity for that to be implemented appropriately.

**Senator McLUCAS:** Will all roles and functions currently with PHIAC transfer across?

**Mr Learmonth:** There are different roles that PHIAC has. The ones in relation to capital adequacy, solvency and prudential issues will align most strongly with APRA, and you would expect the functions would go there. In regard to some of the other functions that PHIAC has in relation to risk equalisation and policy aspects of premium setting, that will revert to the department.

**Senator CAROL BROWN:** Is the risk equalisation task going to the department?

**Mr Learmonth:** This is something that will be worked out with Treasurer and with government in due course, in terms of the detailed implementation arrangements.

**Senator McLUCAS:** I understand that PHIAC is funded through levies that are received from the health insurance sector. Will that operate in the same way?

**Mr Learmonth:** I expect so.

**Senator CAROL BROWN:** So PHIAC is funded by an industry levy that is currently imposed under the Private Health Insurance Act. How much does that currently collect?

**Mr Gath:** The current levy is just under $7 million.

**Senator CAROL BROWN:** I am trying to understand the rationale for the abolition of PHIAC. What financial savings does the government achieve by merging the functions of PHIAC with APRA and the ACCC? Is that right?

**Mr Learmonth:** Yes.

**Senator CAROL BROWN:** For a body that is entirely industry funded, or have I missed something?

**Mr Learmonth:** It will not necessarily generate any savings to the budget bottom line. There may well be savings if efficiencies are found in the operation of the residual functions between the different agencies. There may well be efficiencies in terms of the back office or some of the policy functions. That remains to be seen in the implementation.

**Senator CAROL BROWN:** So what is the rationale?

**Mr Learmonth:** Again, it is part of the government's consideration of the role of various agencies in the portfolio, and more broadly, with a view to streamlining and efficiency.

**Senator CAROL BROWN:** There are no financial savings—

**Mr Learmonth:** There may well be in relation to back office and other functions.

**Senator CAROL BROWN:** It is funded by industry?

**Senator McLUCAS:** [inaudible]

**Mr Learmonth:** To the extent that there are savings, they will be reflected in the cost recovery.

**Senator McLUCAS:** You indicated that you expect that the way PHIAC is funded would remain—by a levy on industry?

**Mr Learmonth:** That is the expectation.

**Senator McLUCAS:** But given that some of the functions of PHIAC are going to move to the department, how will that money follow the function?

**Mr Learmonth:** That is a matter that will be worked out as part of the implementation planning.

**Senator McLUCAS:** Is it possible that somehow a levy provides—

**Mr Learmonth:** Again, that will be worked out in the implementation. There are functions in the department now that are cost-recovered from industry, such as PBAC and the prostheses list arrangements.

**Senator McLUCAS:** So you would have to set up legislation to allow that money to—

**Mr Learmonth:** Again, this is a level of detail we have not yet got to. It will be determined as part of the implementation planning.

**Senator CAROL BROWN:** So you are saying that rationale wise we do not see any financial savings. You are suggesting there might be some back office savings, but you do not know.

**Mr Learmonth:** There is an expectation that there may be, and to the extent there are that will flow through into the industry cost recovery.

**Senator CAROL BROWN:** Can you give me some more information other than an expectation?

**Mr Learmonth:** Not really.

**Senator CAROL BROWN:** Have you done any work on it? Nothing. Curious.

**Senator McLUCAS:** Mr Garth, how many staff does the council have?

**Mr Gath:** We count our FTE at about 32.5, but that includes our broad members. There are five of those. In terms of FTE, they add about two to the count, so we have about 30 full-time staff.

**Senator McLUCAS:** In terms of the split of responsibilities between the prudential work and the risk equalisation work, and then the work that Senator Brown has talked about, in terms of the work with the ACCC, can you give us a very rubbery—

**Mr Gath:** They are rather rubbery numbers. We have already had a conversation with the APRA. We think that the risk equalisation function will perhaps consume about one-third of one FTE. We are a little unclear on exactly how the price-monitoring function will operate at the moment. That would suggest, then, that the bulk of the work would go to APRA. We are presuming probably 80 or 90 per cent of the current work performed by PHIAC will ultimately end up in the APRA bucket, if I could call it that.

**Senator McLUCAS:** Has the department consulted with the private health insurance sector about this decision to this point in time?

**Dr Bartlett:** Not a specific consultation, but certainly the assistant secretary of private health insurance branch has talked at a HIRMAA restricted funds meeting, as Mr Gath did, shortly after the budget announcement. To the extent there was feedback at that meeting, it happened. We have certainly had some contact from insurers, but nothing specific.

**Senator McLUCAS:** What are their views?

**Dr Bartlett:** They have put out a media release that essentially talked about wanting to ensure that the special circumstances of the industry continue to be recognised. There did not seem to be a strong view one way or the other expressed at HIRMAA—that was the sense I got from Mr Porter when he reported back to me.

**Senator McLUCAS:** Was there a conversation around how the levy system would work? I dare say there would have been.

**Dr Bartlett:** Again, that is premature. We are not in a position to have that discussion with anybody because it is completely hypothetical at this point.

**Senator McLUCAS:** Mr Gath, did you have anything to add to that?

**Mr Gath:** Sorry, can you repeat the question? I did not quite catch it.

**Senator McLUCAS:** I was after the feedback from the private health insurance sector following the decision that was announced in the budget.

**Mr Gath:** Obviously, I have spoken to quite a number of people in the industry. I think most of those conversations would be regarded as private, so perhaps I should not be relating those in this venue. One of the insurers has issued a press release on the matter, so that is a matter of public record.

**Senator McLUCAS:** Who was that?

**Mr Gath:** Bupa.

**Senator McLUCAS:** Were consumer groups consulted on the decision either by the department or by PHIAC?

**Prof. Halton:** No, not that we are aware of. I think it is important to remind ourselves that the government actually did put out a paper, which we have a copy of somewhere here, talking about its desire to rationalise agencies more broadly. This is a function of that. I think there is a paper from Senator Cormann I could refer you to as well in relation to the number of agencies. With decisions of this kind that the government has taken, it has not chosen to prefigure that. It has taken a position in relation to where like functions can be consolidated for the broader benefit of consolidation and the conglomeration of expertise, and this is one of those.

**Senator McLUCAS:** But I think the evidence today is that there has been consultation with the private health insurance sector but not with—

**Prof. Halton:** Since the decision.

**Senator McLUCAS:** Yes, that is quite reasonable—but not with health consumers.

**Senator CAROL BROWN:** It is a decision not based on savings; it is a decision really not based on expertise either—and we will ask some more questions; it is purely ideological, isn't it, Minister? It really does not make much sense that you would abolish a council that does not cost you. It is entirely industry funded.

**Senator Nash:** It was a budget decision and I think the secretary has very clearly outlined the reasons for that.

**Senator CAROL BROWN:** I understand that, but you are a part of the government making these budget decisions. I am just trying to get an understanding as to why you would abolish PHIAC when there is not any financial saving to the government. There is no suggestion that it was not doing the job that it was meant to do. The industry were not running around complaining about it, were they?

**Senator Nash:** Senator, it was a decision of government. The view was that it was a more efficient way to—

**Senator CAROL BROWN:** It would be good to have some decisions of government based on evidence.

**Senator Nash:** I have to respond to that one. Of course we base decisions on evidence.

**Senator CAROL BROWN:** Well I was just asking—

**Senator McLUCAS:** What are the savings going to be by merging PHIAC and APRA?

**Senator Nash:** I am not sure if you heard, but Mr Learmonth answered that just a little while earlier. It is very much focused on the more efficient delivery of the services.

**Senator McLUCAS:** I am asking you what the savings are going to be. Following Senator Brown's question around the evidence, what is the evidence?

**Senator Nash:** The savings specifically I will take on notice, if I have anything further to add to Mr Learmonth. And it was a decision of the government in relation to the budget.

**Senator McLUCAS:** It is not a question of if you have anything to add. You said there were savings. We would like to know what they are.

**Senator Nash:** No, I did not say there were savings.

**Senator McLUCAS:** We will check the *Hansard*.

**Senator Nash:** Well, if I need to stand corrected, I said there may have been savings. That was my intention: to say there may have been savings. I am not aware. I said that if I have anything further to add that might assist, further to Mr Learmonth's commentary, I will do so.

**Senator McLUCAS:** I think Senator Brown's comments are right: if it is totally funded by industry, I cannot see how there are going to be savings to the federal budget.

**Senator Nash:** Well I have just indicated to you that I am happy to take that on notice.

**Senator McLUCAS:** Will PHIAC still be able to come to estimates if you get merged?

**Mr Gath:** I am not sure what the answer to that is. I presume as an agency of the Treasury portfolio, as APRA presently is, the venue for that conversation will be in another committee. But it will fall within the broad remit of APRA's work at that time.

**Senator McLUCAS:** What will the entity be called?

**Mr Gath:** As I understand it, it will called APRA.

**Senator McLUCAS:** That is a shame.

**Senator CAROL BROWN:** I will ask a question, and forgive me if you have already responded to it, but I would appreciate you telling me again. In regard to the risk equalisation trust administered currently by PHIAC, from my reading there is about $500 million a year allocated via this trust in order to ensure the community rating across the private health insurance consumer pool—is that correct?

**Mr Gath:** Not really; $500 million does pass through the hands of the Commonwealth, so it has to be recorded as revenue for budget purposes. But the risk equalisation trust fund is a zero account where, applying the rules that are set up under legislation, insurers submit their claims information over the preceding quarter, and we undertake a calculation which determines, having regard to those criteria, whether they should be recipients or contributors to the overall risk equalisation process. So while a large amount of money passes through the account, each quarter it is zeroed out with the complete allocation of funds, either positively or negatively, depending on claimants' behaviour.

**Senator CAROL BROWN:** So it is appropriated under the Private Health Insurance Act and done so by the department. Is that right?

**Mr Gath:** Because legislation allows this to occur, on the basis of claims information we write to the insurers and tell them what their position is in relation to the preceding quarter. They are then required to make payments into the trust fund within the time frame stipulated. Then, after that, we reallocate according to the risk equalisation rules.

**Senator CAROL BROWN:** So can you explain what will happen to the fund and its administration?

**Mr Learmonth:** As I said before, what happens to various functions is yet to be worked out in implementation. Some of that is clear. Prudential solvency functions will clearly align closely with the work that APRA does already in respect to the broader insurance industry, so there is a logical home there. Beyond that, the various functions will be considered between the health and Treasury portfolios and ultimately by government as part of implementation arrangements.

**Senator CAROL BROWN:** I know you said earlier there will be some legislation required. Can somebody tell me what is required to facilitate the transfer of this function?

**Mr Learmonth:** The act sets up a number of arrangements, functions and so on. To the extent that those functions will need to be replicated in another agency's act and another piece of legislation, that will happen.

**Senator CAROL BROWN:** What specialist skills are required to run and administer the risk equalisation trust fund?

**Mr Gath:** It has become relatively mechanised now, and this is why I think it is a relatively small call on our total resources. We have an internal program which largely receives the data as provided to us by the insurers. That is then incorporated into a dataset that we keep, and by applying the relevant algorithm we were able to produce the result, which is the information that insurers then receive as to whether they need to contribute or receive the payment under the arrangements.

**Senator CAROL BROWN:** Can someone at the table remind me whether the abolition of PHIAC was a recommendation of the Commission of Audit?

**Mr Gath:** The Commission of Audit recommended that PHIAC be moved into the agency proposed to be established in the health portfolio, the Productivity Performance Commission.

**Senator CAROL BROWN:** So this move was recommended by the Commission of Audit—by big business.

**CHAIR:** If we could now have the Ombudsman, please.

**Private Health Insurance Ombudsman**

[12:37]

**Senator McLUCAS:** Can you give us a quick rundown of the details associated with the ombudsman's office moving into the office of the Commonwealth Ombudsman? What is the time frame? What does it mean?

**Mr Learmonth:** It is very similar to PHIAC, it is a 1 July 2015 start and the arrangements for implementation are in discussion between portfolios at the moment.

**Senator McLUCAS:** Did the ombudsman's office provide any advice to the minister's office prior to this decision being taken?

**Ms Gavel:** No.

**Senator McLUCAS:** Actually, that is a question for you, Mr Gath. Did you provide any advice to the minister's office prior to this decision being taken?

**Mr Gath:** In relation to the decision?

**Senator McLUCAS:** In relation to the merger.

**Mr Gath:** No.

**Senator McLUCAS:** Did the department provide any advice to the minister's office in relation to either merger.

**Prof. Halton:** Yes.

**Senator McLUCAS:** Both?

**Prof. Halton:** Yes.

**Senator McLUCAS:** Is legislation required to amalgamate the two offices?

**Mr Learmonth:** Yes.

**Senator McLUCAS:** Under what act is the ombudsman established?

**Ms Weston:** We are under the Health Insurance Act like PHIAC, and we have our own section in the act.

**Senator McLUCAS:** What roles and functions will transfer?

**Mr Learmonth:** All of them.

**Senator McLUCAS:** How many staff do you have, Ms Gavel?

**Ms Gavel:** We have 12 full time equivalents and about 14 staff all up.

**Senator McLUCAS:** What is your budget?

**Ms Gavel:** $2.2 million over the coming year.

**Senator McLUCAS:** Minister, what is the rationale for amalgamating the Private Health Insurance Ombudsman and the Commonwealth Ombudsman?

**Senator Nash:** As I have said previously, the government has a focus on efficiency in government and smaller government. This is a budget decision in that context.

**Senator McLUCAS:** How much do you think will be saved?

**Senator Nash:** I would need to take that on notice for you, Senator.

**Senator McLUCAS:** That would be great. Will the Private Health Insurance Ombudsman be able to come to Senate estimates?

**Ms Gavel:** The Commonwealth Ombudsman is under PM&C, so I imagine it would be at the estimates committee they appear before.

**Senator McLUCAS:** We have had this problem before. It is much better when you come to a place where health is talked about, but that is not your fault. Were there any consultations with consumer groups, particularly either prior to or, more likely, after the decision being announced?

**Mr Learmonth:** Not that I am aware of. Not as yet.

**Senator McLUCAS:** Is it proposed?

**Mr Learmonth:** It is something we will consider as part of the implementation arrangements, but the functions are not changing. The functions will move in their entirety.

**Senator McLUCAS:** Ms Gavel, in terms of the way you receive complaints, what is the most usual way you receive a complaint?

**Ms Gavel:** Usually over the telephone—probably about 65 per cent of complaints come over the telephone. Increasingly, we are getting more complaints by email. I think we are probably getting most of the rest of them that way—well over 30 per cent by email. And that is increasing every year, as you would expect.

**Senator McLUCAS:** Yes, particularly after Christmas, but that is not something for you to comment on. Do you think they are referrals? Who is referring people to you when they have a complaint?

**Ms Gavel:** There are a range of ways that people contact us. If they have not actually tried to resolve the matter with their health insurer we will refer them to a contact within the insurer.

**Senator McLUCAS:** The insurer is required to do that if there is an unresolved complaint, aren't they?

**Ms Gavel:** They all have their own internal complaints handling systems, so you would hope that for the majority people the matter will be resolved by their insurer without the need for them to come to our office.

**Senator McLUCAS:** How many complaints have been received between December 2013 and now?

**Ms Gavel:** I have brought the year-to-date figure from 1 July but I have not brought the six-month figure, so I might have to take that one on notice.

**Senator McLUCAS:** That would be good, thank you.

**CHAIR:** What is the year-to-date figure?

**Ms Gavel:** The year-to-date to 30 April is 2,826 complaints overall.

**Senator McLUCAS:** What is the predominant nature of the complaints that you have received in this period?

**Ms Gavel:** The issues that we are receiving most complaints about are: oral advice through branches and call centres—that continues to be an issue for consumers; the pre-existing ailment waiting period; and customer service issues. They tend to be the biggest areas of complaint at the moment.

**Senator McLUCAS:** Can you take on notice a breakdown of the types of complaints and the proportion of the total that they represent?

**Ms Gavel:** Just on those where we are getting high numbers?

**Senator McLUCAS:** If you can break it down to everything, and then 'other', that would be helpful. Is that level of complaint static?

**Ms Gavel:** It is similar to what we were seeing last year. I would expect that by the end of year there will be an increase in the number of complaints. One reason for that is that one of the larger insurers made some changes to its ex-gratia benefits policies and that has increased complaints to us significantly.

**Senator McLUCAS:** It is tracking up, but you are attributing that tracking to that particular decision of a particular company?

**Ms Gavel:** Yes, that is right. It is not right across the industry.

**Senator McLUCAS:** Is it expected that your full FTE will go across to the Commonwealth Ombudsman's office?

**Mr Learmonth:** That is one of the matters that will be dealt with as part of the implementation.

**Senator McLUCAS:** Ms Gavel, what proportion of your 12 staff—we have been using the term 'back of house'—are potentially the savings that might occur?

**Ms Gavel:** We have a financial controller who is full-time and we have a part-time executive assistant. Everybody else is involved in direct service delivery.

**Senator McLUCAS:** So one and a bit. Mr Learmonth, you might have to take this on notice: what activities are proposed to communicate these changes to consumers and in fact the private health insurance sector? How much money has been allocated to do this? There will need to be a piece of work to tell people that they do not go to the Private Health Insurance Ombudsman any more; they actually go to the Commonwealth Ombudsman to make a complaint.

**Mr Learmonth:** I am happy to accept your kind invitation. I will take that on notice.

**CHAIR:** Senator McLucas, can we make this the last question?

**Senator McLUCAS:** That is, in fact, my last question.

**Senator MOORE:** I have found the question on notice. I am going to put another question on notice to that question on notice, just to appease my concern that there was not one. Its reference number is SQ14-000187.

**CHAIR:** Senator McLucas, did you say you had a question for the secretary?

**Senator McLUCAS:** I do. Secretary, you are aware that I have had an interest in trying to track the funding for mental health programs. I have asked two questions on notice about that and yesterday I continued trying to ascertain what is the allocated expenditure for a number of programs in 2013-14, 2014-15 and 2015-16. You have given me, in answer to questions on notice, some global figures, and then, when I pressed on this matter, you indicated that information on unpublished and uncontracted funding is not normally provided as this information can be misleading. I am asking you now if this is a public interest immunity claim in not wanting to answer those questions and, if so, what are the grounds for that claim?

**Prof. Halton:** I will take that on notice.

**Senator McLUCAS:** Would that be able to be reported back to the committee doing these Senate estimates?

**Prof. Halton:** I doubt it, Senator.

**Senator McLUCAS:** Thank you.

**Proceedings suspended from 12:47 to 13:47**

**Senator McLUCAS:** What was the rationale for the termination of the National Partnership Agreement on Preventive Health?

**Mr Smyth:** The decision that was taken by the government was based on the fact that there was duplication and overlap in relation to some of the funding to jurisdictions. A number of programs that jurisdictions were running were very similar to each other and it was felt that the government could take a more focused approach in relation to preventive health funding.

**Senator McLUCAS:** How did you make that judgement?

**Mr Smyth:** It was a decision of government.

**Senator McLUCAS:** It was a judgement about the level of duplication and overlap?

**Mr Smyth:** There was a review undertaken of the program. It was a formative evaluation that was undertaken in late 2013 and talked about the ability of states and territories to meet some of the ambitious benchmarks that had been set in relation to the partnership agreement, and about the quality of the data to support assessment of progress against some of those benchmarks. It talked about the duplication of effort with jurisdictions developing and implementing, as I said earlier, similar programs across the funds that were being used. There was, I suppose, a limited ability of the Commonwealth to influence how states and territories were rolling out some of their programs across the partnership agreement.

**Senator McLUCAS:** You said that was a review or a formative evaluation?

**Mr Smyth:** No, it was actually commenced by the Australian National Preventive Health Agency, and that was finalised in late 2013.

**Senator McLUCAS:** Who commissioned that?

**Mr Smyth:** It was commissioned by ANPHA as part of their role to do the evaluation for the partnership agreement.

**Senator McLUCAS:** You conducted the review?

**Ms Sylvan:** We commissioned and conducted the review. We commissioned an independent set of evaluators.

**Senator McLUCAS:** Who was that?

**Ms Sylvan:** It was ARTD, who are associated with the University of Sydney.

**Senator McLUCAS:** Is that published?

**Ms Sylvan:** The review is not finished. The formative work was done, and the next stage was in consultation with the states and territories. So it would be an initial draft, if you like. That is where it is at the moment.

**Senator McLUCAS:** I need to be very clear on this. The review was commissioned when?

**Ms Sylvan:** The review was commissioned—I do not have the exact date with me—probably a couple of years ago now. It was evaluating not so much the population outcomes but evaluating the nature of the partnership itself—the arrangements and cooperation in relation to information and so on.

**Senator McLUCAS:** Mr Smyth, you said something about the review being used to inform this decision in late 2013.

**Mr Smyth:** It was ultimately a decision of government. There was advice obviously provided to the government and that is all I am really able to talk about.

**Senator McLUCAS:** The document is not published?

**Mr Smyth:** No.

**Senator McLUCAS:** I think what we are learning is that the review is an ongoing process.

**Mr Smyth:** That is right.

**Senator McLUCAS:** There was some material provided with which the department could inform the ministers about the progress of the national partnership agreement, but I think you are saying that we had not got to the point where there had been involvement with the states and territories.

**Mr Smyth:** No—

**Senator McLUCAS:** I am a little unsure about how we would truly know that there was duplication and overlap if the states and territories had not contributed to this analysis at this point in time.

**Mr Smyth:** We certainly looked at the programs, and the similar nature of a number of the programs that were being run in states and territories, and as I said there was a significant amount of duplication in some areas. But, ultimately, it was a decision made by the government.

**Senator McLUCAS:** Have there been pieces of this work published in the past or is it internal to the authority?

**Ms Sylvan:** It was internal to the authority.

**Senator McLUCAS:** So none of it has been published?

**Ms Sylvan:** None of it has been published. It was done obviously in consultation with the states and territories, they were providing a considerable amount of information.

**Senator McLUCAS:** They have to.

**Ms Sylvan:** Yes.

**Senator McLUCAS:** What programs were funded under the agreement?

**Mr Smyth:** The two key programs that were funded under this agreement that relate to the termination of payments to the states and territories were the Healthy Workers Initiative and the Healthy Children's Initiative. They were the two major programs where facilitation payments were made to jurisdictions.

**Senator McLUCAS:** Is Healthy Communities a different program?

**Mr Smyth:** Healthy Communities is what is termed Commonwealth own purpose expenditure. That funding was managed by the department. That measure was supposed to conclude on 30 June 2013, but with no additional funding, because a number of the organisations—the 92 local government authorities that were funded across the country in relation to that initiative—had some initial slow uptake in terms of recruitment of key staff. That initiative was extended until 31 June this year, but it terminates on 30 June. That was solely run by the Commonwealth.

**Senator McLUCAS:** Could you take on notice—and if I or we have asked this previously point me to it—a list of entities that were funded, and for what purpose, under the Healthy Communities program?

**Mr Smyth:** We can do that.

**Senator McLUCAS:** And how much they received, and I think I said what purpose?

**Mr Smyth:** Yes.

**Senator McLUCAS:** The Food and Health Dialogue was not funded in this way?

**Mr Smyth:** That is Commonwealth own purpose expenditure as well.

**Senator McLUCAS:** . What was the total quantum of funding that was being delivered through the National Partnership Agreement on Preventive Health?

**Mr Smyth:** There were two quantums of funding. The original agreement went from 2009-10 to 2014-15. Out of that original agreement it was $872.1 million. There was a variation that was made to that agreement in October 2012 that extended it by three years, and that sum of funding was $932.5 million.

**Senator McLUCAS:** How much of that total amount has already been expended?

**Mr Smyth:** Out of the agreement, states and territories, under Healthy Workers and Healthy Children—and there was enabling infrastructure put in place for them to do some monitoring and surveillance of their measures—$275 million was expended out of the original $284 million. In other words, payments for 97 per cent of the funds in the original agreement funds have already been made to the states and territories.

**Senator McLUCAS:** I thought you said the first—

**Mr Smyth:** That was out of the original agreement.

**Senator McLUCAS:** Can I just step back a bit? I thought you said the amount for the NPA covering 2009-10 to 2014-15 was $872.1 million.

**Mr Smyth:** That is correct, but that includes funding for the establishment of the Australian National Preventive Health Agency. It also included funding for a number of other initiatives, including the tobacco social marketing campaign, the food and health dialogue, the Healthy Communities Initiative and a number of other initiatives. Out of the original allocation for facilitation payments of $284 million to be made available to the states and territories, $275 million has already been paid to date.

**Senator McLUCAS:** And the second variation—what were the parameters of that?

**Mr Smyth:** The parameters of that were basically to extend the agreement by an additional three years and to extend the reward payment periods out by that three-year period as well. At this point in time, we are not even into the reward payment period in the agreement at all. Out of the $369 million in saves put in the budget papers, $153.8 million of that component part was at risk for jurisdictions. It was dependent upon potential performance. That was the reward funding pool.

**Senator McLUCAS:** Is that why the states are upset? Sorry, that was a comment. Let us break that down now. Could you provide, by state and territory, how much funding will be lost because of the termination of this agreement?

**Mr Smyth:** I can do that. The funding that was available to New South Wales from 2014-15 through to 2017-18—so what is now being terminated—was $37.4 million for the Healthy Children Initiative; $31.9 million under the Healthy Workers Initiative; and a potential reward funding pool of $49.7 million, which gives a total of $119.124 million. For Victoria, under Healthy Children, it was $28.1 million; under Healthy Workers, $24 million; and the available reward pool was $37.4 million, giving a total of $89.5 million. For Queensland, under Healthy Children, $23.67 million; for Healthy Workers, $20.2 million; and under reward funding, $31.5 million, giving a total of $75.4 million. For Western Australia, under Healthy Children, $12 million; Healthy Workers, $10.3 million; and reward payments of $16.1 million, giving a total of $38.4 million.

There are some rounding issues in all of this, because I go to the third decimal point. For South Australia there was $8.3 million under Healthy Children; $7.1 million the Healthy Workers Initiative; and a reward pool of $11.1 million, giving a total of $26.5 million. For Tasmania, there was $2.7 million under the Healthy Children Initiative; under Healthy Workers there was $2.3 million; and the reward potential was $3.6 million, giving a total of $8.5 million. For the Northern Territory, Healthy Children, $1.3 million; Healthy Workers, $1.1 million; and the reward pool was $1.8 million, giving a total of $4.2 million. For the ACT, Healthy Children, $1.9 million; Healthy Workers, $1.6 million; reward funding, $2.6 million, giving a total of $6.2 million. That adds to a total of $367.95 million.

**Senator McLUCAS:** Those programs funded under Healthy Children—does the department or the agency have a list of how that money was being applied? I understand it was provided to a lot of different organisations running different programs reflecting the different needs of their respective communities.

**Mr Smyth:** We do not have that level of detail. Under the agreement, we received implementation plans from states and territories. But they did not go down to that level of detail—who was being funded for what purpose.

**Senator McLUCAS:** Does the department have information on what programs were being provided through the Healthy Children Initiative?

**Mr Smyth:** Some of them. It depended on the jurisdictions and it depended on the organisations they engaged to undertake those programs. Some included school canteen programs, some included being active in schools, there were education and training programs et cetera. But we do not have a full list of all the various programs that were undertaken.

**Senator McLUCAS:** The agency would not have that level of detail either, presumably?

**Ms Sylvan:** No. We worked with the states and territories on some of their programs, but the full scope of their activity was not reported.

**Senator McLUCAS:** Is that the same for the Healthy Workers Initiative?

**Mr Smyth:** That is the same for the Healthy Workers Initiative. We also set up some national programs that were supported which the states and territories could also utilise. But, in the main, the Healthy Children Initiative involved school canteen programs and professional development for staff—teachers and the like. For the Healthy Workers Initiative, there were a lot of telephone based services—coaching services and the like—and various other assisted workplace programs that related to health promotion.

**Senator McLUCAS:** In the table that you have just provided me, Mr Smyth, that is all the money through the NPA on preventative health—money that was going to the states and territories? Is that the total amount of money that was—

**Mr Smyth:** That was the total of the funding that was remaining in the NPA that has now been terminated. That is the funding that would potentially have been flowing from 1 July this year. But, as I said to you earlier, $154 million of that was reward money that was going to be determined by performance against the benchmarks.

**Senator McLUCAS:** That reward money required—I do have some documentation about what we were encouraging.

**Mr Smyth:** I can give you what the benchmarks are if you would like.

**Senator McLUCAS:** I think I already have that. The Commonwealth's own expenditure out of the agreement—can you go through what is now going to be terminated out of that?

**Mr Smyth:** There is no termination of the Commonwealth funding out of the agreement. As I said, the Healthy Communities Initiative was a terminating initiative and that concludes at the end of this financial year we are currently in. There are other pieces of funding that have been completed in the initiative, but the largest component part for the Commonwealth was that Healthy Communities Initiative. There is also social marketing funding of around $10 million a year for the National Tobacco Campaign. That was transferred to the Australian National Preventative Health Agency. As a result of the decision of government, that funding in its entirety will come back to the department.

**Senator McLUCAS:** That was $15 million?

**Mr Smyth:** There is around $15 million a year ongoing.

**Senator McLUCAS:** For tobacco cessation?

**Mr Smyth:** Yes.

**Senator McLUCAS:** That has already come back to the department?

**Mr Smyth:** Not yet.

**Senator McLUCAS:** When is that happening?

**Mr Smyth:** All of those administrative processes are entrain at the moment.

**Senator McLUCAS:** I will come to that. On the Food and Health Dialogue, was that happening in the department or was that happening in the agency?

**Mr Smyth:** It was happening in the department.

**Senator McLUCAS:** Were there any expenses associated with that, other than departmental expenses?

**Mr Smyth:** Yes, there is some administered funding that is available for us to undertake some of the assessment of the next categories of food and the like and engagement with industry.

**Senator McLUCAS:** The Food and Health Dialogue links in with the Health Star Rating website?

**Mr Smyth:** I think you could look at it as a comprehensive suite of initiatives that work towards the goal of reducing overweightness and obesity in Australia and improving healthy food choices for consumers.

**Senator McLUCAS:** Is the Food and Health Dialogue continuing?

**Mr Smyth:** We are in discussions with Senator Nash's office at the moment in relation to the future of the Food and Health Dialogue and how we might work to make some changes to the process that has been previously conducted. I would have to leave it up to the government as to when they make a decision as to the future of that program.

**Senator McLUCAS:** Have members of the Food and Health Dialogue been communicated with since September 2013?

**Mr Smyth:** I am sure they have, but if I could take that on notice. I know there was a meeting that was scheduled earlier this year that was postponed, but I will take it on notice and get back to you.

**Senator McLUCAS:** What was the reason for postponing that meeting?

**Mr Smyth:** It was in relation to the fact that we were still having discussions with the government in relation to how they wanted to proceed with that Food and Health Dialogue.

**Senator McLUCAS:** What was the motivation for establishing the dialogue, knowing that this goes back to around 2008?

**Mr Smyth:** The rationale behind it was to work collaboratively with industry on a voluntary basis to look to reformulate foods to reduce some of the salts, fats and sugars out of the products, which would then enable consumers to be able to have healthier food choices made available to them. It was done on a purely voluntary basis with industry. There were a number of food categories that were initially targeted. We have been through quite a few of them now: breads, cereals, some simmer sauces and the like. We are currently in discussions with the government as to the future of that. That was the original intent of the measure.

**Senator McLUCAS:** Historically, do you recall who was around in having those early discussions about this being an appropriate way to progress the sort of outcomes you are talking about?

**Mr Smyth:** I think that it was based on some similar programs that had been operated internationally as well.

**Senator McLUCAS:** I am actually looking for information about who were the players who were interested in having this sort of structured conversation around food and the impact on obesity and also heart disease.

**Mr Smyth:** There was certainly an interest from some members of the industry to be involved and also from public health groups, such as the Heart Foundation and the Public Health Association of Australia.

**Senator McLUCAS:** Do you recall who the industry players were?

**Mr Smyth:** At the table, we have been represented by the quick-service restaurant industry. We have had representation from Woolworths. If I could just take it on notice, but I know that we have had Woolworths at the table and we have had Coles engaged.

**Senator McLUCAS:** I am not actually talking about at the table now in the dialogue. I am talking about who were the industry players who brought the concept to government back in the late 2000s.

**Mr Smyth:** I am not sure whether it was the industry players that bought to concept to government or not. I could take that on notice and get back to you. I would prefer to provide you with an accurate answer.

**Senator McLUCAS:** That would be helpful. My recollection is that it the Food and Grocery Council, but that can be confirmed.

**Mr Smyth:** They have certainly been engaged right from the outset.

**Senator McLUCAS:** I will come back to food. What happens to now to the evaluation that we talked about earlier, which you said Ms Sylvan and ARTD were doing. What happens to that?

**Ms Sylvan:** In a sense, that is a matter for the department at this point. They have got the transfers over there.

**Senator McLUCAS:** Is it a contract?

**Ms Sylvan:** It is a contract.

**Senator McLUCAS:** What are the terms, generally?

**Ms Sylvan:** I do not have the contract with me to hand, but all Commonwealth contracts have the ability to terminate for reasons of policy.

**Senator McLUCAS:** The products that that contract was producing were interim reports. Am I reading that properly?

**Ms Sylvan:** There was both an formative report and an additional report that has been produced as a precursor to a final report. Again, as I said, it was not to inform the outcomes, which were part of the reward and facilitation process. It was to really look at the dynamic of cooperation and learning that went on in prevention between the states and territories. As Mr Smyth indicated, the states and territories were doing somewhat different things in their approaches. We had an element of natural experiment operating to be able to evaluate that.

**Senator McLUCAS:** Just back on the Food and Health Dialogue, what changes are being discussed around the future of the Food and Health Dialogue?

**Senator Nash:** I am current considering the best and most appropriate way forward for the Food and Health Dialogue. I think there is some opportunity for improvement and that is under consideration at the moment.

**Senator McLUCAS:** In what areas are there opportunities for improvement?

**Senator Nash:** I would comment at the moment that it could be a little bit more broad in what it is doing, while at the same time obviously continuing some of those functions. That will be finalised in the not-too-distant future.

**Senator McLUCAS:** When you say broad, I do not really understand what you mean.

**Senator Nash:** I am working through that at the moment and I will be making some announcements over the coming period of time about the way forward for the dialogue.

**Senator McLUCAS:** Do you personally, as a minister with responsibility for food, agree with the intent of the dialogue, as it was originally established?

**Senator Nash:** I certainly believe—as the minister responsible, because you have directly asked me—that we need to have the most efficacious programs in place to achieve the outcomes that we want to, which are for a healthier population.

**Senator McLUCAS:** You do agree with the intent and the reasons why this was established?

**Senator Nash:** I certainly agree that we need to reach those outcomes of ensuring that we have a healthy population.

**Senator McLUCAS:** You are going to tell us something soon.

**Senator Nash:** Yes, I hope to.

**Senator McLUCAS:** It is taking a while. You have been in government for a while.

**Senator Nash:** It has. There have been a lot of things on the agenda. It has not happened in quite as timely a way as I would have liked, but it should not be very far away on that.

**Senator McLUCAS:** When is the next food minister's council?

**Senator Nash:** At the end of June.

**Senator McLUCAS:** When were the states notified about the termination of the national partnership agreement?

**Mr Smyth:** I understand that they were informed on the day of the budget.

**Senator McLUCAS:** On the afternoon of the budget?

**Mr Smyth:** I am not sure at what time; I understand that premiers and health ministers were informed by the Prime Minister and Minister Dutton, but I could not go to the detail.

**Senator McLUCAS:** That is fine.

**Mr Smyth:** That was in general around the decisions that the government had taken in the budget that impacted states and territories across a range of partnership agreements.

**Senator McLUCAS:** What has been the reaction of state and territory health ministers?

**Prof. Halton:** I do not think the officer can make a comment on that.

**Senator McLUCAS:** Can the minister answer that question?

**Senator Nash:** Sorry, Senator?

**Senator McLUCAS:** What has been the reaction of state and territory health ministers and, in fact, premiers to the abolition of the National Partnership Agreement on Preventive Health?

**Senator Nash:** That is a very broad question. Personally, I stand to be corrected, but I have had very little correspondence into my office relating to this from those jurisdictions. I will check for you, but more broadly I cannot comment.

**Senator McLUCAS:** You did not see the press conference?

**Senator Nash:** I have just answered your question.

**Senator McLUCAS:** I think I know the answer. They are pretty horrified that you would just tear up an agreement. Queensland is bringing down its budget today; the ACT is bringing down its budget down today. Three weeks ago we just took $367.95 million out of state revenues and did not even give them any notice.

**Senator Nash:** It was a budget decision.

**Senator DI NATALE:** I have some follow-up questions directly on this, relating to the withdrawal of the almost $368 million. What specific programs will be impacted by the withdrawal of the funding through the National Partnership Agreement on Preventive Health?

**Mr Smyth:** As I mentioned to Senator McLucas, the two initiatives that are impacted at the state and territory level are the Healthy Workers initiative and the Healthy Children initiative.

**Senator DI NATALE:** I am not sure if I missed this, but what do they do?

**Mr Smyth:** They were designed to have settings based approaches to preventive health and health promotion activities. In school settings, the Healthy Children initiative looked at healthier school canteens and the like and also professional training for staff. It looked at physical activity arrangements for children at schools. The Healthy Workers initiative looked at, again, healthy workplace canteens, health promotion, and information and education

campaigns across a variety of workplaces. States and territories, as I said, were responsible for rolling out those programs in a variety of settings.

**Senator DI NATALE:** What now happens with school canteens? What investment is there in making sure that kids are getting access to healthy food?

**Mr Smyth:** I think one thing that needs to be made clear here is that this was a partnership agreement. The understanding was that states and territories were also contributing significant funding to these initiatives; it was not just a wholly Commonwealth funded initiative. The Commonwealth provided funding to enable expansion or the addition of new programs and the like, but states and territories were still providing a degree of funding.

**Senator DI NATALE:** What happens to the component that was previously invested by the Commonwealth?

**Mr Smyth:** I am sorry, I—

**Senator DI NATALE:** If we are talking about expansion of the school canteens program, clearly that means that some schools are not going to get access to the—

**Mr Smyth:** That is a decision now for state and territory governments. We have national school canteen guidelines that have been endorsed.

**Senator DI NATALE:** These hearings are so frustrating because we have a pool of money to roll out a program; $368 million has been stripped out of it. It is a reasonable conclusion to draw, isn't it, that a number of schools will no longer get access to this program?

**Mr Smyth:** I cannot comment on that because I am not sure as to where states and territories are going to go in relation to—

**Senator DI NATALE:** But, if they do not have $368 million, what are they going to do?

**Mr Smyth:** As I said earlier, $154 million of that was potentially at risk and was dependent on performance benchmarks being met. So we are talking about a smaller quantum in terms of the facilitation money that would have flowed to states and territories, but that is now a decision for state and territory governments and I am not in a position to be able to comment on that.

**Mr Smyth:** It is too early; we have not measured those benchmarks yet. 2016 and 2018 were when the two measurement points were coming in.

**Senator DI NATALE:** Why were they at risk if you have not measured them?

**Mr Smyth:** The reward funding was the at-risk component, so that funding is—

**Senator DI NATALE:** But you do not know whether they had achieved the benchmarks you had set for them.

**Mr Smyth:** No, Senator. We have not entered into the period—

**Senator DI NATALE:** We really should not be talking about that. We should just be talking about the fact that it was a budget measure withdrawn for other reasons.

**Mr Smyth:** I cannot comment on that. It was a decision taken by the government to terminate the partnership agreement.

**Senator DI NATALE:** Again, to go back to the specific impact on the ground, what component of the combined funding, state and federal, for the—what was it called?

**Mr Smyth:** The Healthy Children Initiative, and then the Healthy Workers Initiative was the other initiative.

**Senator DI NATALE:** How much was spent on the Healthy Workers Initiative?

**Mr Smyth:** To date, $275 million in terms of healthy workers, healthy children, social marketing and the enabling infrastructure was provided to states and territories.

**Senator DI NATALE:** That is for both. Do you have a breakdown?

**Mr Smyth:** I think I can give you a bit of a breakdown. In 2011-12, there was $76.16 million transferred to states and territories for the Healthy Children Initiative; In 2012-13, there was $33.3 million transferred to states and territories for the Healthy Children Initiative; and in 2013-14, there was $19.5 million transferred to states and territories for the Healthy Children Initiative. Under the Healthy Workers Initiative, $72.3 million was transferred to states and territories in 2011-12; in 2012-13, that figure was $29.2 million; and, in 2013-14, that figure was $16.6 million.

**Senator DI NATALE:** So it was a roughly equal split.

**Mr Smyth:** Roughly equally split. That is correct.

**Senator DI NATALE:** Let us look at the Healthy Children Initiative. Do you have a breakdown on how the total pool was spent on what aspects of the program?

**Mr Smyth:** No, we do not. As part of the agreement with the states and territories that we operated with, quite high-level implementation plans were provided to the department and we did not get into the granular level of what programs were in what location for what purposes.

**Senator DI NATALE:** Perhaps I will be more broad than that. Do you have a breakdown on, say, social marketing versus school-based activities?

**Mr Smyth:** No, I do not.

**CHAIR:** On the documents that I have, Mr Smyth, the indication is that, for tobacco cessation activities, the total is $103 million from 9 through to 16.

**Mr Smyth:** That is right, Senator.

**CHAIR:** I think you have just told me that only $15 million of that was left. Is that right?

**Mr Smyth:** No, not at all. There is $15 million a year allocated to tobacco social marketing for the mainstream social marketing campaign. That is each year.

**Senator DI NATALE:** Is that separate to this?

**Mr Smyth:** That is included in the whole of the National Partnership Agreement on Preventative Health, but it is not subject to the budget determination measure. That funding was transferred by the department to the Australian National Preventative Health Agency when the agency was established. As I said, given the decision of government, that funding in total will come back to the department.

**Senator DI NATALE:** Was much of the Healthy Workers Initiative focused on smoking cessation?

**Mr Smyth:** Smoking cessation was certainly a part of what the focus was. The focus was really around alcohol, tobacco, physical activity and healthy eating.

**Senator DI NATALE:** Now we have got approximately half of that roughly $180 million being taken out of tobacco, alcohol and physical activity programs run by the states.

**Mr Smyth:** As I said to you, it is important to look at what the potential reward component of that funding was and, the other key figure, what the states and territories would have received in facilitation funding. $153 million of that was potential reward funding that states and territories may or may not have been able to access.

**Senator DI NATALE:** $150 million of the $367 million?

**Mr Smyth:** $153.8 of the $367 was the at-risk component.

**Senator DI NATALE:** And we have no sense of whether any of the states were eligible to receive their reward funding at this stage?

**Mr Smyth:** Not at this stage, although we strongly suspect that performance across the board in relation to tobacco prevalence is probably a highlight. I think that a lot of that is related to Commonwealth programs that have been undertaken.

**Senator DI NATALE:** But that does not matter. You are not controlling for that. The outcome is simply the smoking rate.

**Mr Smyth:** That is exactly right.

**Senator DI NATALE:** For the sake of argument, we can take out the $150 million, but it is clear that if you are looking at tobacco and some of the other areas, some of that money would have been made available. But we are talking about hundreds of millions of dollars being withdrawn from public health activities focusing on smoking, tobacco and alcohol that is not longer available to the states.

**Mr Smyth:** It will not be transferred from the Commonwealth to the states and territories, that is correct.

**Senator DI NATALE:** What is going to fill that hole?

**Mr Smyth:** As I said earlier, this was a partnership agreement that relied on contributions by states and territories as well.

**Senator DI NATALE:** That is their bit of the deal. The Commonwealth was also a part of this bargaining. We identified that prevention on alcohol and tobacco, and promotion of physical activity are very important and very cost effective. If we are talking about sustainability of the health system, what better way than investing in prevention strategies. Why would we take out hundreds of millions of dollars of Commonwealth money in those areas?

**Mr Smyth:** That was a decision made by the government. There are a still a range of programs in relation to preventive health funding that are being undertaken by the Commonwealth.

**Senator DI NATALE:** Are obesity rates going up or down, as far as you can tell?

**Mr Smyth:** Children's overweight and obesity rates are relatively stable. Over the last few years, we are at the point of two-thirds of the adult population being either overweight or obese, so we have seen an increase in the rates.

**Senator DI NATALE:** How do we compare to the rest of the world on those numbers?

**Mr Smyth:** I think we rank about fifth in the OECD.

**Senator DI NATALE:** Right near the top. Not quite a gold medal, but nearly. Why would we be withdrawing hundreds of millions of dollars of prevention funding?

**Senator Nash:** Perhaps I can assist, further to Mr Smyth's answers. Certainly there has been a change in the arrangements. It was a government decision to cease the NPA. There is an amount of funding—as we have been discussing at length—that will cease. It was a government decision in terms of looking at the most efficient way to deliver outcomes in this area. The government did not believe the continuation of the NPA was the best way forward. As Mr Smyth has indicated, there are a number of other Commonwealth programs and objectives that target all of the areas that you are concerned about.

**Senator DI NATALE:** But it does not matter how much you sugarcoat it, this is hundreds of millions of dollars that is no longer going to be spent on prevention. If you are concerned about efficiencies through the NPA, why have you not made a decision to reinvest it in more efficient areas rather than simply taking it out of the system?

**Senator Nash:** I think you would be well aware that the government has made much commentary about the fact that we have had to fix the economic mess that was left to us by the previous Labor government. Under the previous government, in coalition with the Greens, we were left with a projected $667 billion worth of debt. We are paying because of the previous government. We left the previous government with money in the bank; we are paying $1 billion a month in interest—that is over $30 million a day. Because of that, we have had to make some tough decisions. In relation to the NPA, we think there are more efficient ways forward to deliver on the preventative health outcomes that we are looking to do, and we will do that through other avenues.

**Senator DI NATALE:** You have highlighted that the sustainability of the health system is one of the reasons that we face these budgetary challenges. Why isn't an investment in prevention considered to be the most cost effective way of investing in healthcare, given that all the evidence suggests that an investment in those areas is much more cost effective than, for example, looking at putting in place a price signal for people attending primary care services?

**Senator Nash:** We absolutely believe that incentive for prevention is very important. The NPA, in the government's view, was not the most efficient way to do that. I can point you to the recent announcement about the $100 million for the sporting schools initiative. Clearly, we are very aware that those issues—particularly childhood obesity that you have mentioned, not withstanding the stable nature of it that Mr Smyth has indicated—are where we need to do more. This government is well aware of that. That is why that particular initiative was announced in the budget context.

**Senator DI NATALE:** What is the government's preventative health strategy now? It seems to me that the government has taken this money out of the national partnership agreement. It said that the money was not spent as efficiently as it should have been. How is it now going to be spent? What is your strategy for prevention? Obviously, you are abolishing ANPHA.

**Senator Nash:** I will come to ANPHA—

**Senator DI NATALE:** We are abolishing an agency specifically tasked with the prevention function and taking money away from the states to deliver prevention activities focussed on tobacco and alcohol and to encourage physical activity. What is your strategy for dealing with prevention?

**Senator Nash:** Firstly, it is an efficient use of taxpayers' money to determine the best outcomes that we can in terms of preventative health. We are looking at evidenced-based information to direct the government in the best way forward. In terms of tobacco, across the years there have been a number of initiatives, most of which were instigated by the current Prime Minister as then health minister, taking very big steps forward in terms tobacco prevention. Indeed, in only the last few days we have announced $4.6 million for a tobacco campaign to be run again to support those initiatives.

**Senator POLLEY:** You are rewriting history about a time when you were still taking donations from tobacco companies.

**CHAIR:** Please continue, Minister.

**Senator Nash:** There are a range of initiatives. Obviously, we are targeting obesity particularly through things like the sporting schools initiatives—there are a range of things. If you want to come to ANPHA, I am very happy to discuss that. But do you want to do that separately?

**Senator DI NATALE:** I am sure we are going to get to that in a moment.

**CHAIR:** You have had more than five minutes over the time that you were allocated, Senator Di Natale. What is it that you wanted to further discuss?

**Senator DI NATALE:** I am interested in hearing about the strategy. So far I have heard there is going to be $4 million, which was money that was already spent on tobacco, and some money was given to schools. That is the prevention strategy as I understand it.

**Senator Nash:** Senator, I was giving you a couple of vignettes, conscious of time. I am very happy—

**Senator DI NATALE:** But I am giving you the opportunity to outline the government's prevention strategy, and it seems you do not have one.

**Senator Nash:** Senator, I am quite happy to keep talking if you would like me to.

**Senator DI NATALE:** Please.

**Senator Nash:** Excellent. In terms of alcohol, the government is currently considering a range of measures in how we address that particular area—

**Senator DI NATALE:** Such as?

**Senator Nash:** Just hang on a second, Senator!

**CHAIR:** Senator Di Natale, please allow the Minister to answer.

**Senator DI NATALE:** 'A range of measures' is not an answer.

**CHAIR:** Senator Di Natale!

**Senator Nash:** Thank you very much, Chair. In terms of alcohol labelling, as you may well know, there is a review being undertaken at the moment in terms of labelling on alcohol. We now have a meeting—as I have indicated to the senator—of the food forum at the end of June where we will discuss front-of-pack labelling and related issues. I will take it on notice to provide you a fulsome answer, but I can indicate to you that the government is very serious about determining best ways forward to deliver the best outcomes we can in terms of preventative health.

**Senator DI NATALE:** So the strategies are a review and a meeting. A review and a meeting are not a strategy.

**Senator Nash:** Senator, that is putting words in my mouth—and you know it.

**Senator DI NATALE:** They are your words.

**CHAIR:** Senator Wright, you have a few questions?

**Senator WRIGHT:** Yes, that is right—on the National Partnership Agreement on Preventive Health. I have been listening with interest. It is not an area that I have a lot of understanding about, so I want to tease out a few more things. I am particularly looking at those two programs that are part of the agreement with the states—Healthy Workers, and Healthy Children. What reviews of those programs have taken place? I understand there was the review that started some years ago about the actual nature of the process of the partnership itself, but what reviews of those particular programs have taken place?

**Mr Smyth:** There has not been a review undertaken of those particular programs as yet. In the main, states and territories are responsible for reviewing the performance of their particular measures. We do not have that level of granularity of each of those programs in order to undertake a comprehensive evaluation. Funding was provided to the states and territories and they were going to provide a summative evaluation.

**Senator WRIGHT:** I understood that answer earlier—you said a couple of times that you did not have that degree of granularity. You are not necessarily aware of all the different programs within those—

**Mr Smyth:** We have some understanding of some of those programs, but, across the board, we were not provided with that level of detail by states and territories. They were not required to provide that level of detail under the funding agreement.

**Senator WRIGHT:** Yet I am hearing that there was a clear conclusion drawn that it was not an efficient use of money. I am interested to know how that view can be reached if there was not actually evidence on which to ascertain how the programs were operating.

**Mr Smyth:** As I said, the formative evaluation that was undertaken showed that there was a degree of duplication across a number of jurisdictions undertaking very similar programs, printing very similar resources across school programs and across workplace programs and the like. So that information was I think taken into account by the government in reaching its decision to terminate the program.

**Senator WRIGHT:** But in terms of outcomes, even having slightly different but targeted materials across different programs may have indeed had good outcomes. Maybe that degree of finessing was actually effective. We do not know unless there has been an evaluation.

**Mr Smyth:** States and territories were responsible for looking at some of those elements that would then be summed up into a more macro-level evaluation of the initiative.

**Senator WRIGHT:** Yes, but it was not states and territories that made the decision to not continue to fund these programs; it was the Commonwealth, and one of the bases of that we have heard about is—

**Mr Smyth:** As I said, we do not know, at this point in time, whether states and territories are going to discontinue this program—

**Senator WRIGHT:** No—sorry—the Commonwealth part of the funding. It was the Commonwealth government that made the decision not to continue with its share of the funding, and one of the rationales for that was that it was not an efficient use of taxpayers' money. And the only basis on which I have heard that assertion made—because there was not a review of the efficacy of these programs—was that there was some duplication. My point to you is that there may have been some duplication in terms of the example you have given—materials across different programs that look similar. We do not know whether in fact finessing to that extent may have been effective because of the actual outcomes the programs were delivering if the Commonwealth did not have that evidence on which to base their assessment. And that was not there.

**Mr Smyth:** I am not able to comment on that component.

**Senator WRIGHT:** From what you are saying it was not there. There have not been evaluations of those programs that the Commonwealth has been privy to in making this decision. Is that right?

**Mr Smyth:** Not that I am aware of.

**Senator WRIGHT:** Thank you. I want to know what impact those preventive health programs had on hospital care. Is there any means by which that conclusion could be drawn as to the healthy workers program?

**Mr Smyth:** Again, we would have to rely on states and territories for the provision of any data to support that assertion. I am not aware of any data that is held by the states and territories that could draw that correlation at this point in time.

**Prof. Halton:** Senator, there is an OECD paper on the economics of prevention, which I would commend to the committee. It actually evaluates the cost-effectiveness of primary and secondary prevention and it makes the point that actually it is quite hard to draw a long link. I am sure the parliamentary library could get it for you. I commend it to you.

**Senator WRIGHT:** I appreciate that, and I understand it would be hard. What I am interested in is to what extent there has been a methodical, meaningful attempt to actually find out how effective these programs have been before the decision was made to cease the Commonwealth share of the funding.

**Mr Smyth:** The issue was that the benchmarks that were required to be met in order to attain performance in the goals that were set for the program was not specific to reducing the incidence of people hitting hospitals. That was not part of the original design of the program.

**Senator WRIGHT:** No. That may well have been the case. I am just interested in whether it would be possible to get any data on that, given that one of the arguments is the sustainability of the healthcare system and so on.

**Prof. Halton:** The reality is that it would be almost impossible to that.

**Senator WRIGHT:** I have one last question. Has any modelling occurred with respect to the impact on future health budgets that would be effective because of removing these programs?

**Prof. Halton:** It would not be possible to model that.

**Senator WRIGHT:** So, no predictions can be made about the costs of removing these programs?

**Prof. Halton:** No.

**Senator WRIGHT:** So we really did not know what they were achieving in terms of savings on health—

**Prof. Halton:** That is why I would commend that OECD paper to you.

**Senator WRIGHT:** I appreciate that it is difficult, but it is a bit of a guess, then. We just hope it works and there is no way of ascertaining whether it will save money or not and how much money it might save to use preventive health care.

**Prof. Halton:** The reality is that there are a bunch of convoluted economic mechanisms you might be able to use, but it is easier to go to things like, for example, the impact on health expenditure and productivity more broadly in reducing smoking. Those kinds of equations are relatively easier to do, but to get into a broader suite of things is actually much more difficult.

**Senator MOORE:** Mr Smyth, when you were giving answers to Senator McLucas about the stage we had reached with the savings cutting in from now, the basis was that the reward process was not going to be funded.

**Mr Smyth:** No. The basis was that we were not yet into the period when reward payments were going to be assessed.

**Senator MOORE:** So the whole reward concept is now not going to be funded.

**Mr Smyth:** As I said, the partnership agreement terminates on 30 June, so no further funding will be made to states and territories next financial year or in the years after.

**Senator MOORE:** Which includes the reward funding.

**Mr Smyth:** Which would have included potential reward funding.

**Senator MOORE:** So the reward aspect of the agreement to which the states and Commonwealth signed up is not going to be funded.

**Mr Smyth:** That is correct.

**Senator MOORE:** My concern about that is not only the fact that there will be no reward funding but whether there is going to be an effective measurement of what has been achieved. The reason for the measurement to get to the benchmark levels was to access the reward funding.

**Mr Smyth:** Yes.

**Senator MOORE:** When all this effort has already been put out there and the funding has gone in by state and federal, what is the process to assess what has happened up till now? My understanding of the whole thing was that it was siphoning in to a point when the benchmarks would be assessed and, on that basis, it could be seen whether the programs had been effective or not, and then the reward status would be achieved or not. You fully understood that, in the Healthy Children program and Healthy Workers program, this was what you were expected to do; this is what you have done; therefore you have reached your reward. Allowing for the fact that the reward element is gone, who is going to measure what has happened just for our knowledge of what has worked and what has not worked for whatever new strategy the government is going to come up with? Who has that responsibility if the program ceases on 30 June?

**Mr Smyth:** Part of the national partnership agreement included funding which was classified as enabling infrastructure to be provided to the states and territories to put in place various survey mechanisms to measure performance against each of the criteria that had been set. That funding has already been made to the states and territories in total. They already have that funding to put that infrastructure in place. It is now up to the states and territories, should they wish to do so, to continue on with that to be able to determine the performance that they may have achieved. We will also start to pick up through national survey data what some of the impacts may have been as well in the future when future surveys are undertaken.

**Senator MOORE:** But that is now a choice, because there is no link to achieving the benchmarks.

**Mr Smyth:** We are unable, I suppose, to force the states and territories to undertake that activity.

**Senator MOORE:** On a second point, regarding the review to which you referred that ANPHA had done, did that explain or expose that lots of states through budget initiatives—and certainly my own state is one—had already cut programs in preventative health on the basis that it was a federal responsibility? Had the review that was going on picked up at particular stages—I only know in my own state it is the last two years—that funding has been withdrawn from a range of preventative health elements around education promotion in those areas? They cut that, with the parallel argument to the one that the federal government is now using: that it is not their responsibility; it is somebody else's. Had that review begun to trace that? The whole idea is to trace exactly what has been done and with what impact, and that includes what has been cut and with what impact. Do you have any

information about whether the review that is continuing, still in draft form and preliminary, had got information on that level?

**Ms Sylvan:** The review did not have information of that kind within it. If I can update the information I provided to Senator McLucas, we have now in fact advised ARTD, the firm that was conducting the review, that the review is now cancelled.

**Senator MOORE:** There is no review at all now?

**Ms Sylvan:** Not of the type we were doing. The states and territories of course are reviewing their programs themselves, as was intended, but that is not necessarily going to be provided into a central area.

**Senator MOORE:** Could I put on notice about the issues of review? Mr Smyth has already said there are national surveys; I would like to know what they are. Also, allowing for the range of programs that have been in place until today—and the review has been in place until the end of the month—I would like to know the status of that. Will they do a final report? Will we be able to get a snapshot of what has occurred up until now? Also, what is going to be the assessment process for everything that has happened under this program? I know the indication we had is that the preliminary report has led in some way to the decision that was made about where we go forward to, but we need to get a view about everything that has occurred in this program so we will know what has worked and what has not.

**Senator SMITH:** To follow on from Senator Moore's questioning, what were we experiencing in terms of the behaviour of state governments around preventative health initiatives as a result of the National Partnership Agreement? Were we seeing any change in behaviour on their part?

**Mr Smyth:** I am sorry, I do not quite get your question.

**Senator SMITH:** I am just trying to understand if, as a result of the National Partnership Agreement, state jurisdictions might have been changing their behaviour—that is, whether they might have been increasing their level of funding for preventative health measures or might have been subtly withdrawing from that policy responsibility.

**Mr Smyth:** I do not have the level of detail in relation to these programs as to whether states were maintaining full levels of funding, were increasing it or were decreasing it. I just do not have that information.

**Senator SMITH:** And intuitively there was no sense of what—

**Mr Smyth:** I would not like to comment.

**CHAIR:** I think we can draw a line here under the National Partnership Agreement. Are there further questions for the Preventative Health Agency?

**Senator McLUCAS:** Did the department provide advice to the minister in relation to the abolition of the Australian National Preventive Health Agency?

**Prof. Halton:** Yes.

**Senator McLUCAS:** When?

**Prof. Halton:** We will have to take that on notice.

**Senator McLUCAS:** When was the department first aware that the agency was to be abolished?

**Prof. Halton:** I do not know that we can answer that explicitly, to be honest with you. It may become apparent over a period. If we can give you a specific date we will, but I am not sure that we can answer that question.

**Senator McLUCAS:** When was the information about the abolition of ANPHA communicated to ANPHA?

**Prof. Halton:** On the day of the budget.

**Senator McLUCAS:** Was ANPHA asked to provide advice to the minister's office about the future of the Preventive Health Agency?

**Ms Sylvan:** No.

**Senator McLUCAS:** What functions and funding is transferring back to Health, and when?

**Ms Sylvan:** The department can also answer this question, and primarily should.

**Prof. Halton:** The department did answer this question.

**Mr Smyth:** All administrative funding that was provided to ANPHA is transferring 100 per cent back to the department. That is the funding that was in the forward estimates in relation to the program. The various component parts—their research fund, social marketing programs and other preventive health activities—are in whole transferring back to the department.

**Senator McLUCAS:** Just to be clear about what those are, would it be better for me to ask you on notice?

**Mr Smyth:** I am still working through some of the details of what those programs actually are. But, as I said, 100 per cent of the administered funding that was appropriated to ANPHA in the forward estimates will be transferring back to the department.

**Senator McLUCAS:** Could you give us a list on notice of all of the elements that are currently sitting in the ANPHA budget that will transfer back to health? Could you also perhaps provide a sentence of a description around what they are for? Admin is admin—I get that—but the social marketing, for example, might be in more than one space.

**Mr Smyth:** Yes, I will take that on notice.

**Senator McLUCAS:** Does the department propose to continue the work elements of ANPHA?

**Mr Smyth:** We are still working through that. As you know, part of the decision around ANPHA was to achieve savings in relation to resources in terms of staffing. What we are able to continue and how that links with existing government priorities and the like is still going to be worked through over the next month or so. It is too early to really tell exactly what component parts will continue.

**Senator McLUCAS:** One you have given me that list of those activities that are being transferred, will you be able to provide on notice some commentary about which are to be continued and which are not?

**Mr Smyth:** I would have to take that on notice. I am not sure whether I will be in a position to be able to do that, because that will take some months to work through. There are some existing contracts that will obviously continue to progress that the department will honour, and how that links in with government priorities is something that will evolve over the coming months.

**Senator McLUCAS:** Perhaps I will ask it as a subsequent question somewhere down the track.

**Mr Smyth:** I am sure we will discuss it at next estimates, Senator.

**Senator McLUCAS:** Undoubtedly, Mr Smyth. Can I also have a list of contracts that ANPHA is currently engaged with? Perhaps I can get that from ANPHA and then some commentary from the department about what you expect will happen to those.

**Mr Smyth:** Yes.

**Senator McLUCAS:** Ms Sylvan, could you please give us a quick description of the work you were doing in the research program, and then I will ask the department about its future.

**Ms Sylvan:** Certainly. There are a number of components in relation to the research. There was a segment which was investigator-initiated grants. There are 14 active grants at the moment, and one has been completed. There was a total value over the course of these grants of $4.6 million or so. There is also the Australian Prevention Partnership Centre. This is an arrangement funded by a range of funders: the NHMRC as a part funder, the New South Wales government, the ACT government, the Northern Territory in terms of data as an in kind contribution, both the HCF entity and HCF foundation and ANPHA as the Commonwealth contributor. There is also a set of fellowship grants which are in place, and I think they complete in about 2017.

The National Evaluation we have discussed, which is on research though as a procurement. I think that probably runs through all of our various formal research funds. There is the research strategy as well, which is worked on by our Expert Committee on Research. The national research strategy in prevention and the three annexes to that—which are the priorities for research in obesity, priorities for research in alcohol and priorities for research in tobacco—are largely complete and published. We had not sorted through further work, so I think that covers off most of the formal research activity, both forward looking and underway.

**Senator McLUCAS:** Mr Smyth, do you have any comments at this point about what will happen to that program?

**Mr Smyth:** Not at this point.

**Senator McLUCAS:** Do we know whether those—particularly the fellowships—will be able to continue their projects?

**Mr Smyth:** We will be working through that. As I said, at the moment we are only in the early stages of transferring the agreements and the like to the department. We will be looking at all of those.

**Senator McLUCAS:** Let us go to staffing. What is the staffing component of the agency, Ms Sylvan?

**Ms Sylvan:** As of a month and a half ago, we had 26 people

**Senator McLUCAS:** Where are the transfer arrangements up to?

**Ms Sylvan:** I will ask Ms Bennett to go through that with you.

**Ms Bennett:** During Ms Sylvan's leave over the last month, I have been assisting with the transition arrangements for ANPHA. We have been working closely with the department to ensure that staff are transferred with the programs as we are discussing and developing them. At this stage, and these figures may change by one or two—we are very close to the point of knowing exactly where all staff will end up—we are confident that, of the 26, 17 will transfer to the department. We expect two or three—one more at most—to take voluntary redundancies. There are a number who are on maternity leave who will remain on maternity leave and return to the department at the end of that period of leave. There will be a very small number who will not elect to take a VR. People have not made their final decision, but we expect no more than two or three not to have an immediate position to transfer into in the department. At that point, we will work with the department to ensure that they go to the business services centre for redeployment opportunities. Of the 26, 17 will go with function as part of the transfer, including a couple who were originally at ANPHA on loan from the department—they are going back.

**Senator McLUCAS:** How many are on maternity leave?

**Ms Bennett:** There are only two who are on maternity leave who will transfer as part of this. There are a number of others who will in fact be among the VR people.

**Senator McLUCAS:** We getting into too much detail. We do not want to be able to identify people here. Mr Smyth, are you expecting 17 people to come across into Population Health?

**Mr Smyth:** No, they are not all coming into Population Health. There was an expression of interest process for ANPHA staff last week. It closed on Monday of last week. Staff are being progressively transferred into two main areas in the department—one is my area, Population Health Division; the other is the communications area, around social marketing in the department.

**Senator McLUCAS:** What are the savings to government from the abolition of ANPHA—other than the programs that are not continuing.

**Mr Smyth:** The savings relate to staffing resources. By 2016-17, it will be around $2.6 million a year ongoing.

**Senator McLUCAS:** What is it in this next year, 2014-15?

**Mr Smyth:** For 2014-15 it is about $200,000. It is $2 million in 2015-16 and then $2.6 million thereafter. There are some transition costs, obviously, that are associated with next financial year's funding.

**Senator McLUCAS:** Have you quantified those transition costs yet?

**Mr Smyth:** Not yet. We need to work out exactly where people are going, which staff are seeking voluntary redundancies and so on. At the moment, we are looking at around $6.4 million over five years from 2013-14.

**Senator McLUCAS:** Could you give me a table of the so-called savings over the four years ahead?

**Mr Smyth:** Yes.

**Senator McLUCAS:** There is the issue of the health of the country, but that is beside the point. Could you also include the transition costs, particularly in the first year. I expect they will be only in the first year?

**Mr Smyth:** That is right.

**Senator McLUCAS:** We have the legislation appearing on this in a month or so. We will talk about this more then. Can I place on the record the thanks of Labor senators to the agency for the work you have done. It has been cut short. It would have been wonderful to see the results of the investment you have made over the time you have been in existence.

**Senator DI NATALE:** Can you tell me where ANFA's report on alcohol regulation?

**Ms Sylvan:** ANFA completed its final report and provided it to the government on 30 April.

**Senator Nash:** It is currently being considered at the moment.

**Senator DI NATALE:** Does the government plan to issue a public response to the report?

**Senator Nash:** That is being considered at the moment.

**Senator DI NATALE:** The government has a year, is it, from the time they get the report, to consider it, I suppose, and then it is public after that time. Is that correct?

**Ms Sylvan:** Section 11A of the act provides that they agency releases the report 12 months from the time of provision.

**Senator DI NATALE:** Minister Nash, given your previous response to the commitment to doing something on alcohol, I imagine that you will be issuing a response well before next year?

**Senator Nash:** As I have said, that is being considered and a response will be forthcoming. It will be done in due course.

**Senator DI NATALE:** Will it be done before next year? There is a long time to consider it, given your commitment to alcohol and addressing—

**Senator Nash:** All I can indicate to you at the moment is that it is being considered.

**Senator LUNDY:** Regarding the alcohol sponsorship replacement program, do you have a statement of outcomes for that?

**Ms Sylvan:** We do not have a statement of outcomes, precisely. That is something we were working on, and the reports are due from the sports that were involved. There are two outcomes that we were after. As you would be aware, the first outcome was the replacement of alcohol advertising for certain sports, where we could afford it. If we are taking alcohol, we blocked alcohol there. The second component of that was to actively utilise the sports stars in relation to strong messaging for young people about binge drinking. They are highly influential with young people, which is why the AFL players, as distinct from the AFL as a code, were part of this program. We were looking at assessing both of those things. We have had a lot of activity on our websites—a lot of work in relation to this, apart from the money, to block the alcohol. This will have transferred to the department.

**Senator LUNDY:** How many sports were involved in that program in the end?

**Ms Sylvan:** In the end we had 18 different sports involved. I am counting in that the AFL Players Association.

**Senator LUNDY:** Could you take on notice to provide the committee with the details of that program, including how many sports were involved. The theme obviously would be that the influence was one of the key messages. And what were the objectives?

**Mr Smyth:** The National Binge Drinking Strategy was a terminating measure—

**Senator LUNDY:** That is why I have not asked about its future.

**Mr Smyth:** So those programs are not transferring to the department. They terminate as of 30 June this year.

**Senator Nash:** It just might assist the committee to also point out that $19.5 million has been committed for the continuation of the Good Sports program and the work they are doing with sporting clubs. I think everybody would be in agreement that that is doing a very good job.

**Senator LUNDY:** I certainly agree with that. I think the complementarity between the two programs was one of its great strengths. Perhaps, Minister, you could tell us how many community clubs are involved in Good Sports now?

**Senator Nash:** Over 6,000.

**Senator LUNDY:** If you could take on notice providing a detailed list of all of the clubs involved in the associated vision and outcomes.

**Mr Smyth:** We will have to get that from the Australian Drug Foundation, who run the Good Sports program. It varies. There is provision in the budget to double the size of that program, but we anticipate that that will reach over 6,200 or so sporting clubs and associations across Australia. But I will ask the Australian Drug Foundation to provide a list.

**Senator LUNDY:** How would national sporting organisations—the types of organisations that have done the work with the alcohol advertising replacement program, for example—get involved in Good Sports as entities and using their reach into their membership?

**Mr Smyth:** The Good Sports program is more around community clubs rather than those national sporting organisations.

**Senator LUNDY:** That is why I am asking the question.

**Mr Smyth:** Certainly, it would be open to those national sporting organisations to work collaboratively with the Australian Drug Foundation in terms of wanting to be a part of that measure. We would not see any barriers for them to be actively involved.

**Senator LUNDY:** I am sure they will be pleased to hear that, thank you.

**Senator DI NATALE:** I was interested to hear the health minister, in a matter of public importance—I think it was an MPI—talk about ANPHA and some of the wasteful expenditure on some of the programs that were run. I think one of the things he talked about was the sponsorship of Summernats. As somebody with a health background, it seems to me that it would probably be a very good audience to attempt to communicate health

prevention messages to around some of the things that ANPHA has been working on. Can you talk me through the rationale for that decision? And were there any cost benefit analyses or evaluations of that sponsorship?

**Ms Sylvan:** We have reports from the Summernats people in relation to that program. This is a different tobacco control measure than advertising, for example, by media. So at the Summernats event, we bought the ability to text the participants who were watching a burnout. You are right that this is a target audience in relation to smoking, as you can imagine. The point was to get them to download the My QuitBuddy app. As I am sure you are aware, the app has been very successful and was rated the best government app by Australian Mobile Awards because of its very strong behavioural components. It rewards people. In a sense, it replaces some of their difficulties with behavioural change.

On Summernats itself, we are getting about 40 per cent of people who stay quit after about six months—and that is holding over time. It has been in the market for two years. In terms of cost-benefit analysis, I think the first year was $50,000 and the second year was $80,000 with a different program. We had in total downloads of the My QuitBuddy 90,000 downloads, so 40 per cent stay quit.

**Senator DI NATALE:** Talk me through how that worked? How does somebody actually go from being a participant or a spectator to downloading?

**Ms Sylvan:** This year in particular, the people were watching the burnout, and they were texting in relation to their favourites and so on as the burnout was taking place. What happens with our sponsorship is we text them back basically and say that smoking belongs on the burnout pad, download the QuitBuddy. So they can download it immediately.

**Senator DI NATALE:** That takes me back about 20 years!

**Ms Sylvan:** One of the nice things about this is that you can see activity very quickly. You can measure it too, unlike quite a bit of advertising and so on. With this, you can precisely see what happens, how many people download, whether they are using and so on. In terms of our cost-benefit analysis, if we can get from that kind of expenditure 1.3 people to stop smoking if I just use the costs of chronic obstructive pulmonary disease—

**Senator DI NATALE:** Sorry, as in one person who happens to be there who quits as a result of seeing it—

**Ms Sylvan:** And stays quit.

**Senator DI NATALE:** They see it at the right time. They download it. They make a significant change and stop smoking. You are saying it is worth the sponsorship?

**Ms Sylvan:** It is worth it even if I just use chronic obstructive pulmonary disease as my measure, COPD, which has, as you know, an 80 to 90 per cent relationship to smoking. That costs, on average, about $1,000 to treat so it does not need a lot of people, ultimately, to give you the savings on that.

**Senator DI NATALE:** How many people downloaded it?

**Ms Sylvan:** We had 90,000 downloads. So, even if we reduce the amounts and say only 20 per cent stay quit, that is still 4,500 people. In a year, we would save $4.5 million in COPD costs, and that is not taking the costs over a longer time. Those are quick calculations.

**Senator DI NATALE:** So it is a cheap shot to talk about you sponsoring something like Summernats as though that is just throwing good money after bad, on something that superficially sounds like it is not your core business, when clearly what you are demonstrating is it is exactly the right target audience and you are having an impact. Isn't this a good story? Isn't this something we should be hearing more about?

**Ms Sylvan:** On costs, certainly. It would be, from my experience of looking at the cost-benefit analyses of these programs, probably one of the most effective cost-benefit measures that we have been involved in.

**Senator DI NATALE:** Let me just ask you this: what is the thing you are most proud of having achieved in your role at the agency? Looking back, what do you think the most important legacy of the Preventative Health Agency has been?

**Ms Sylvan:** Probably, in a sense, exactly what you are asking me: actually going to where the audiences are rather than the usual strategy of governments, which is to buy media campaigns and so on. Actually getting where people are to influence them has been a critical strategy, and we are very proud of My QuitBuddy, which is performing well. The other critical legacy is probably the overall research strategies, the national preventative strategies in all of these areas. Hundreds of people in Australia and internationally contributed to the thinking around this, and I think that will be very important in the future. This is largely the work of our expert committees, of course, and advisory committee, and hopefully it will influence in the future the work in prevention research and subsequent translation of that research on the ground.

**Senator DI NATALE:** I would also like to put on the record, along with Senator McLucas, my appreciation for all your work and I just hope that we continue to lead the world in prevention. Thank you again for everything.

**Senator Nash:** Chair, if I might just make some commentary there as well. Sometimes there are programs that you think might target, in a new and effective way, a new generation. But ANPHA also funded the fake Smokescreen music festival, and I think it is important to get this on the record. Visitors to the site, the target audience, made the following comments: 'you played these people for idiots', 'that is never going to be a good marketing campaign', 'this is the lamest thing I have ever seen', 'what an absolute fail', 'well, you Mushroom guys pocketed some serious funding for the cheap, ineffective stunt'—

**Senator DI NATALE:** Is that what you said about plain packaging?

**Senator Nash:** I am just responding, Senator—'what the hell is this', 'I know, a complete waste of money'. I just put this on the record because there are various views on the efficacy of those types of programs.

**Senator DI NATALE:** Yes, and that is why we listen to experts. That is why science is important. That is why do not take opinion polls on science.

**Senator McLUCAS:** Outrageous. You are a minister.

**Senator DI NATALE:** Disgraceful. You should be ashamed of yourself.

**Senator McLUCAS:** Get your backbench to do that crap.

**Senator DI NATALE:** You should be absolutely ashamed of yourself.

**CHAIR:** Senator McLucas! I do not think we want that sort of language, thank you. Senator Smith.

**Senator SMITH:** My questions go to how the agency responded to concerns or criticisms that might have been made in relation to some of the reports that you released. I am coming from a constituent perspective here. What was the general approach taken if other stakeholder groups took exception to some reports or criticised some reports? What did the agency do to have discussions with those people to share their findings and approach?

**Ms Sylvan:** On reports which we were doing to advise government in relation to policy—in other words, the more contentious issues I think you are talking about—the process that we used was a highly inclusive process. What we did was put out an issues paper to flag to people our initial work and thinking in the area and what the evidence was saying to us. We invited submissions on that so that people could raise issues that we might not have seen in our initial work on it. We then continued our evidence gathering, analysis and so on and put out a draft report to enable stakeholders to see where our thinking was going. They then had an opportunity to put their view to us again in relation to that to say we had missed things and so on. Subsequently we provided our report to government.

The process I used is taken from my experience of the Productivity Commission's inquiries. We used those processes because they are highly inclusive of constituencies, which is very critical when stakeholders might have quite divergent views, as they do in a number of these areas.

**Senator SMITH:** Did many stakeholders use the opportunity to comment on the draft reports?

**Ms Sylvan:** Yes. We normally would get as many and sometimes more comments on the draft report—in part, I think, because people could actually see where our thinking was going at that point and so had an opportunity to offer comment on many more specifics than a general issues paper.

**Senator SMITH:** Certainly from my perspective, a very local perspective in regional Western Australia, the report that generated the most contact to me as I travelled around the Great Southern was *Exploring the public interest case for a minimum (floor) price for alcohol*. I saw some commentary from the Winemakers' Federation. I think in their media statement in response to the final report they talked about how there was a variety of opinion and evidence around different approaches to tackling alcohol consumption. Did the Winemakers' Federation come to you during the draft process of that? When they made their criticisms at the end, when the report was released, was that news to you?

**Ms Sylvan:** Not at all. As I recall—I will check this, but I think this is correct—the winemakers had put their views both to the issues paper and to the draft report. Their view was that alcohol should not be taxed on the basis of alcohol content. We were in fact not inquiring into taxation, but they wanted it to continue being taxed on an ad valorem basis.

**Senator SMITH:** When the Winemakers' Federation issued their media release in response, did that then trigger further conversation around the report, or was the matter just left?

**Ms Sylvan:** Once we have provided our final report to government, the matter is no longer in our hands; it is advice to government.

**Senator SMITH:** I think, to be fair, where there has been some debate about how to approach preventative campaigns around health issues, there has been a lot of concern about some of the actions or campaigns that the agency has run and how we justify them in the public's mind or, more importantly, in the taxpayer's mind. I cannot help but talk about the *Daily Telegraph* article today and give you an opportunity to respond to the *Women's Weekly* cookbook issue. Perhaps you could step us through the thinking with regard to the *Women's Weekly* cookbook and verify whether or not some of the figures that are mentioned in that article are accurate.

**Ms Sylvan:** This was a partnership with *Women's Weekly*. Calling it a cookbook is probably a bit grand. It was a booklet in relation to—

**Senator SMITH:** A booklet with recipes.

**Ms Sylvan:** That is correct. That booklet is probably about $2 and 100,000 or so were distributed, plus the online versions of those, which I do not have figures for here today. The point was not actually to have a cookbook, though in fact there are very healthy recipes in that cookbook; the point was to introduce an easy interpretation in these recipes of how they shape up against the NH&MRC healthy eating guidelines. The guidelines were launched the same week as this. The recipes tell you, for example, if you have made spaghetti bolognese—I think that was the item used in *The Daily Telegraph* article—for the kids this evening, what that provides in terms of the five food groups, if you are trying to make healthy choices for your children. We were finding from our research with consumers that interpreting the guidelines into your daily activities was actually quite difficult, so that is what this booklet was introducing. The little dots on the top of the recipe tell you what you have in terms of the five food groups that are recommended by the NHMRC, because would anybody know with spaghetti bolognese? It is very, very hard. This tells them that per serve for their kids that evening they have three serves of vegetables, 1¼ serves of grains and cereals, two serves of meat and a quarter serve of milk product. This was the intellectual property we were creating, and it is also the intellectual property behind the app that was being developed for people to enable them to have a better healthy eating indicator. We have dietician students doing recipes for us, and they all have these little dots that communicate to people that if they add up their day for their children, for their family, for themselves, they will have a very good indication of how well they are meeting the recommended guidelines for their age group and so on.

**Senator SMITH:** From the taxpayer's perspective, is it true that $189,000 was spent?

**Ms Sylvan:** Yes, that is correct.

**Senator SMITH:** What did that buy for the taxpayer?

**Ms Sylvan:** It bought a way of communicating healthy eating guidelines, which makes it very simple for people to make healthier choices. That is really, in a sense, what prevention is about—enabling people to make good choices in the marketplace, particularly for food, because of our obesity problem.

**Senator SMITH:** So the $189,000 bought us the production of those 100,000 booklets?

**Ms Sylvan:** That is correct. If you are asking me to measure how influential that is on people's lives and their ability to do improve their diet with this kind of thing, it is unlike, for instance, the My QuitBuddy app, where I could tell you exactly what is going on in a moment. These things are more difficult to measure, but providing advice from governments in relation to good eating and so on and the production of the guidelines themselves are among a range of things we have done in the past to recommend to people the healthier choices they might make for themselves and for their children.

**Senator SMITH:** Who holds the intellectual property you talked about?

**Ms Sylvan:** We hold that at the moment.

**Senator SMITH:** How long do you hold that for?

**Ms Sylvan:** The intellectual property is ours.

**Senator SMITH:** There is no expiry, or no commercial agreement between yourselves and *Women's Weekly*?

**Ms Sylvan:** No. And the algorithm, if you like, to generate the easy analysis and so on is the work that is embedded into this.

**Senator SMITH:** Where are the 100,000 booklets—in Coles or Woolworths?

**Ms Sylvan:** They have been distributed around Australia, and people feed back to me that they are good, healthy recipes, and that this has enabled them to understand the NHMRC guidelines in a way that had not been possible for them before.

**Senator DI NATALE:** Is it $1.80 per booklet?

**Ms Sylvan:** I used a figure of $2.00.

**Senator SMITH:** When it came to selecting the recipes et cetera, how was that done?

**Ms Sylvan:** We worked with the Dieticians Association to create very healthy recipes around quite common things that people might make at home. If you are interested, that spaghetti bolognese recipe is very healthy—it has quite a lot of vegetable content in it. I would recommend it to you, as someone who enjoys spaghetti bolognese.

**Senator SMITH:** I wish I could cook.

**Senator MOORE:** When you were planning your work with the *Women's Weekly*, did you take into account its target audience and the range of interests it covers?

**Ms Sylvan:** That is why we did that partnership.

**Senator MOORE:** Can we get figures on the market quality of the *Women's Weekly* in the Australian community and how many people read it, and all that kind of stuff?

**Ms Sylvan:** Yes.

**Senator MOORE:** Can you tell me about the My QuitBuddy program.

**Ms Sylvan:** My QuitBuddy is the app that I was just describing.

**CHAIR:** Is that what we just heard about?

**Senator MOORE:** If it is I am so sorry; I heard about the app but I just missed the title.

**Ms Sylvan:** The app is called My QuitBuddy and the reason we called it that in particular is that its design allows the individual who is trying make the behavioural change to control aspects of the app themselves, which is quite critical.

**Senator MOORE:** And what actually stimulates the need and all that kind of stuff.

**Ms Sylvan:** The reason I think that it is being successful—I will give you an example if that is useful—is that we lose people in a crisis moment. They undergo stress and they have a cigarette. One of the designs in the app enables them to call a buddy if they want; they can program it to do that. They can do a range of other things. But what most people do is actually put on the app the reason they have actually quit. We know a little bit about that even though we are not in the app with them. My favourite one is the tradie in Western Sydney. His crisis button is his little four-year-old daughter saying to him, 'We are very proud of you Daddy, we know you can do this.' That is what he needs. It is a way of government enablement that does not intrude into people's lives and yet enables them to really have a lot of feedback about how many cigarettes they did not have and how many dollars they saved. We talk to them absolutely every day—how many milligrams of tar they have not had and so on.

**Senator MOORE:** Has that been evaluated?

**Ms Sylvan:** We are evaluating in our usual way which is how many people are downloading in terms of the expenditures we have made, and the figures are very good there; how many people are continuing to use the app; how many people come back in, because you can lapse and you can tell us that you have lapsed and you can come back in and try again. We have also set up a website around the app which enables smokers who are quitting to support each other. People are extremely active in that site, supporting each other to quit.

**Senator MOORE:** And the evaluation of the cookbook process?

**Ms Sylvan:** We have some evaluation of the cookbook—that is a bit more difficult.

**Senator MOORE:** Just in terms of what the intent was—all that kind of stuff. And all that evaluation mechanism will transfer to the department, so the evaluation will not be lost.

**Ms Sylvan:** Yes, all of the information will transfer.

**CHAIR:** Ms Sylvan, why did you use American terminology for the name of the app?

**Ms Sylvan:** I am not sure I can answer that question. A buddy is –

**CHAIR:** It just irritates me excessively that we do use American terminology so much, especially in the social welfare area.

**Ms Sylvan:** I have never heard that comment before. I would have to go back to look at the various words that were being used. We were advised by our advertising agency in relation to this, and we did not use mate because there is an element of the male in that.

**CHAIR:** We have already destroyed the brains of our young people in terms of the distinction between Americanisms and Australianisms.

**Senator McLUCAS:** I think the use of 'buddy' is quite common in Australia.

**CHAIR:** I know it has been used in education, Senator McLucas.

**Ms Sylvan:** Having grown up in Canada, I do not feel entirely confident to comment on the question.

**Senator Nash:** 'He is my best buddy.'

**Senator McLUCAS:** Can I get an update on where we are with the Health Star Rating System.

**Mr Smyth:** We have commenced the social marketing arrangements for the voluntary Health Star Rating System. There is a committee that has been established that is a social marketing committee, which is progressing work there. We have at the moment gone out to tender and we are awaiting pitches from a number of agencies in relation to the social marketing component of the Health Star Rating System. The style guide has been 99.9 per cent finalised. At this point in time, it is very close to being finalised.

**Prof. Halton:** And the designs are finished.

**Senator McLUCAS:** The design of?

**Prof. Halton:** The design of the actual graphics.

**Senator McLUCAS:** Graphics for the star rating?

**Prof. Halton:** For the star rating. He was talking about the style guide and the style guide contains the product pack.

**Mr Smyth:** There are a few components. The style guide is one of the critical ones. Obviously, the algorithm has had anomalies and processes looked at as well. Should anyone have an issue in relation the rating that may have been attributed to a particular product, we are working through those at the moment in terms of the process that would be undertaken there.

**Prof. Halton:** To be absolutely clear, there will be a paper that will go to food ministers at the end of June that actually seeks food ministers' agreement to the actual definition of anomaly. The committee that oversees this particular project has signed off on that definition and it is signed off by all the officials. That will now proceed. As Mr Smyth says, there are what I would describe as some loose ends here that are being tidied up. Then there will be a paper put to food ministers in relation to a number of those.

**Mr Smyth:** The next key point in relation to the system is the meeting of food ministers, as the secretary noted, in late June.

**Senator McLUCAS:** I will just unpack a little bit of that. You said the algorithm has been looked at. I think those were your words.

**Mr Smyth:** Sorry, I should have been a bit more articulate in my response. I meant to say that the process for dealing with anomalies has been looked at. The committees have made various recommendations that will now be put forward to food ministers for final deliberation at their meeting in June.

**Prof. Halton:** Let's be clear. The algorithm is final.

**Senator McLUCAS:** And always has been?

**Prof. Halton:** Not always. Since it has been finalised, it has been final. The minister has asked for there to be a process. If there was a concern from any manufacturer in relation to something that they regarded to be an anomaly, they wanted that brought back to them so that people would have a clear pathway. Firstly, the definition and, secondly, what the process might be. There is a proposal, which the ministers will consider.

**Senator McLUCAS:** We have had a undertaking from the minister that the system will start on 1 July. We have had that in the chamber and in this committee. Is that still on track?

**Prof. Halton:** I think in fact you might find that the manufacture has already started, because we have already got a product out there with a label on it.

**Senator Nash:** Exactly.

**Senator McLUCAS:** Is the website up?

**Prof. Halton:** Not yet. Until we go to ministers at the end of June, I think that would be—to use the minister's words—premature.

**Senator Nash:** If I can perhaps just assist there. That has always been the intent. The process, as you know, has not been impeded at all. I think the secretary has just outlined that all of those measures that were being

undertaken have continued and that the process has continued to go on. We will now have consideration at that meeting of the website and that will be listed as an agenda item.

**Senator McLUCAS:** My understanding was that ministers at the—I cannot remember what month—November food ministers' council, or perhaps in December last year, agreed to the placing of the website. It was not actually part of that deliberation, but it was part of the work program that the website would be placed up.

**Prof. Halton:** I suspect that it is not worth re-prosecuting and traversing all of those issues. The reality is that the website is down. There will be a series of decisions taken. We would anticipate at the end of June that the minister will be in a position to consider the re-establishment of that website, I hope.

**Senator McLUCAS:** Why is it your minister only that would be considering the re-establishing of that website?

**Prof. Halton:** Because it will be hosted on a Commonwealth computer.

**Senator McLUCAS:** Has the cost-benefit analysis been completed?

**Mr Smyth:** Yes, it has.

**Senator McLUCAS:** Will it be released publicly?

**Mr Smyth:** That is a decision of the minister. It will be discussed at the forum or at the meeting in June.

**Senator McLUCAS:** What is the date in June?

**Prof. Halton:** It is the last Friday.

**Mr Smyth:** It is 26 or 27 June.

**Prof. Halton:** Whichever one the last Friday is. It is 27 June.

**Senator McLUCAS:** I think it would pretty unlikely that we would get the website up by 1 July?

**Prof. Halton:** That is a statement.

**Senator McLUCAS:** I thought it was a question. It has a question mark at the end. What is going to happen after the ministers agree to the placement of the website?

**Prof. Halton:** It depends on what they agree, so I cannot really answer the question.

**Senator McLUCAS:** Has the website been changed in any way since it was first put up some months ago?

**Mr Smyth:** There has been no work undertaken on the website.

**Senator McLUCAS:** Why not?

**Mr Smyth:** Because the website is down. We are awaiting the outcomes of the forum meeting.

**Senator McLUCAS:** What is the funding that has been allocated to the public awareness programs?

**Mr Smyth:** I could take that on notice. That is funding that is in a special account that is contributed to by states and territories. I think we may still be awaiting some funding to come in from some jurisdictions, so if I could just take that on notice.

**Senator McLUCAS:** But the Commonwealth is actually managing—

**Mr Smyth:** The Commonwealth has made its contribution.

**Senator McLUCAS:** No, no. Is the Commonwealth is managing the development of a public awareness and education campaign?

**Prof. Halton:** The secretariat is.

**Mr Smyth:** I think it is around $5.5 million that has been allocated for the development of those communication materials and the implementation of that over the next two years, should a decision be taken to progress with that at the forum meeting in June.

**Senator McLUCAS:** The target audience for the public awareness campaign is whom?

**Mr Smyth:** Industry and consumers.

**Senator McLUCAS:** It is about industry as well?

**Mr Smyth:** Yes, it is.

**Senator McLUCAS:** Is there a different strategy for communicating with industry than there is with the consumers?

**Mr Smyth:** That is being worked through by the social marketing committee.

**Senator McLUCAS:** I understand that there has been one company that has already put the system into place.

**Prof. Halton:** Monster Muesli. We will give them a free quote. I have even had the packet, courtesy of Mr Smyth.

**CHAIR:** Do they spell monster correctly on the packet?

**Mr Smyth:** Yes.

**Prof. Halton:** I do not recall that there was any error in the spelling of monster.

**Senator McLUCAS:** Has the department had any feedback from that company about the process of assessing the formula of their food and how they went through it? Is there any feedback at all?

**Mr Smyth:** As I understand it, they were assisted by CHOICE in arriving at the health star rating that they achieved through the calculator. That is my understanding. The company has provided some information to the secretariat that they had found it a positive experience in terms of their product.

**Prof. Halton:** I cannot nominate the company, but I can tell you that there is certainly one quite prominent company who—having run one of their rather prominent products through the algorithm—is considering making some modest changes to the formulation of the product.

**Senator McLUCAS:** Which was always the intention.

**Prof. Halton:** Yes.

**Senator McLUCAS:** Delete a bit of a sugar here, take out a bit of salt there and you will get another half a star. That is what it was always about.

**Senator Nash:** That's right.

**Senator McLUCAS:** We are now six months down the road and we are still at the start of it, but never mind.

**CHAIR:** Is that your last question on this area?

**Senator McLUCAS:** Yes, it is. Thank you.

**CHAIR:** We will now go to a break and come back at 4.00, continuing on with outcome 1: population health. Next we have got the NHMRC, the AIHW, Cancer Australia and the Commission on Safety and Quality in Health Care, in that order. We will have two and a half hours for those and the three programs. That all needs to be finished by 6.30. Thank you.

**Proceedings suspended from 15:45 to 16:01**

**CHAIR:** Let's resume outcome 1, population health with the National Health and Medical Research Council. Senator McLucas.

**Senator McLUCAS:** Good afternoon, Professor Anderson. I have two sets of questions. The first is current events and budget related, and the second is about clinical trials approvals reforms. Did the NHMRC provide any advice in relation to the creation of the medical research future fund?

**Prof. Anderson:** No, although, as you would be aware, promoting the value of health and medical research is the mainstream job of the NHMRC, and I guess we have been trying to make that case over many years. But the direct answer to your question is no.

**Senator McLUCAS:** Thank you. What is your understanding—and it may be early days—about how the NHMRC will operate in relation to the operations of the medical research future fund?

**Prof. Anderson:** I may ask for help from the department about this in a moment; but, as you say, these are early days. With the department and central agencies some discussions have begun around that. You will have seen comments by our minister, Prime Minister and Treasurer in the media about this, but they are early days. We are currently working with others on that.

**Senator McLUCAS:** Are they just ad hoc discussions, or is there a process of going through an agenda about the interactions?

**Prof. Anderson:** No, there is a process that has begun, but it is, what, two weeks after the budget, so it is very early.

**Senator McLUCAS:** What level of the department and your organisation are engaging?

**Prof. Anderson:** My general manager on my right has been involved in that for the National Health and Medical Research Council, but I will defer to the department to answer.

**Ms Flanagan:** I think that Ms Anderson at FAS level has also been engaged in that. We had a long discussion about this yesterday, but with the announcement in the budget a lot of thinking has gone into the actual set-up and structure of the fund, what the investment regime might look like and the introduction of legislation to set up the

vehicle to make the fund work. In terms of things like what the research priorities, for example, should be, that is still work that needs to be done. That is where the NHMRC, other key stakeholders et cetera will need to be involved in discussions. Also, as announced, even though there might be some high-level research priorities that may be put into the legislation, the structure is in a process going forward that each budget, as the money is drawn down out of the fund, the government would consider what research priorities it may use that funding on.

**Senator McLUCAS:** But having those discussions is a long way off.

**Ms Flanagan:** No, it is not a long way off. The first draw-down of the fund occurs in 2015-16. Before that, of course, legislation will need to be passed to set the fund up, and in that I would imagine that key research priorities for the fund or how key priorities will be set will have been implemented, figured out or made much clearer to people.

**Senator McLUCAS:** I think it is important that our peak body for medical research is engaged even in these early discussions around how the fund is established so that you do not make mistakes in the establishment that militate against good research outcomes somewhere down the track.

This is probably a question for the minister. Is it envisaged that the NHMRC funding and research rounds will continue in the same way into the future even when/if the medical research fund has begun doing the draw-down as Ms Flanagan has indicated.

**Senator Nash:** I will have to take that on notice. I think we did canvass this to some extent yesterday and I think it will be 'as well as'. I am sure Ms Flanagan will correct me if I am wrong. Primarily they are NHMRC.

**Prof. Halton:** There are no plans to change how the NHMRC operates at this point. Obviously I cannot crystal ball anything, but there are explicitly not plans to change their existing processes other than the usual streamlining and continual striving for improvement, which you understand well.

**Senator McLUCAS:** Has the NHMRC done any work in assessing how the grant streams in your organisation will operate beside the medical research fund to date?

**Prof. Anderson:** No. I think they are discussions that will need to be had, but it is too early at this stage.

**Senator McLUCAS:** We had a conversation about the concept in my next question yesterday. It is the debate about what is medical research and what is health research. Our understanding is that the medical research fund is specific to medical research and the NHMRC has a health research focus. Can you elaborate on that without taking too long? I think it is important that we do have a conversation about the purpose of both funds.

**Prof. Anderson:** Thank you; I think you read my face. I was about to launch into one of my favourite topics. Mostly around the world my equivalent bodies call it medical research. In Australia we have tended to call it health and medical research partly because we were set up 77 years ago as the Health and Medical Research Council. I think it is a very longsighted view. In 2014 medical research or health and medical research looks really different from how it did 20 years ago and really different from how it did 40 years ago. Twenty years ago we would have talked entirely about biological things, but these days our funds go to engineers, ICT experts, people to model a system and so on. They also go to people who work with industry. We have a wonderful scheme called the Development Grants Scheme that has had spectacular commercialisation output. So, as you imply, as an academic I love to talk about definitions. At the NHMRC we define what we do as all research relevant to improving health.

For me that is the main job of the NHMRC in terms of our funding role. As we work through the purpose of the scheme, we will clearly have to work with government to define what their purposes are, and we have not got to that stage post budget at this stage, but I wanted to emphasise that medical research in 2014 is a very broad concept. I know there has been some discussion in my research sector of whether this is medical research or whether that is medical research. I prefer to think about what the objective is; and, if the objective is to improve life for patients and improve the health of the nation, for me that is what medical research is. But that is an NHMRC CEO perspective. We will need to work it through in terms of the MRFF.

**Senator McLUCAS:** Thank you. Particularly in my portfolio area there have been a lot of questions raised about whether mental health research would fit the medical model that seems to be described in the medical research fund. I think we are a long way from answering that question, but there are a lot of elements of research that are needed to be done in mental health that you would not describe as medical research—there are no double-blind trials, there is none of that sort of clinical research. It is not the type of research that is appropriate for a lot of parts of mental health—putting pharmacology aside.

**Prof. Halton:** There is more than just pharmacology that you could define. We had that conversation yesterday about the black and the white and the grey in between. As Professor Anderson rightly says, we have to

work some of this through, but there is no ambiguity that people with mental health issues have a health condition.

**Senator McLUCAS:** Absolutely not.

**Prof. Halton:** And they have a medical issue.

**Senator McLUCAS:** It is the way we assist them.

**Prof. Halton:** You are absolutely right. So we will work through those issues, and you understand that we understand that that is important.

**Prof. Anderson:** I also should point out that mental health research is our third-largest investment. I know people often say the NHMRC will not fund this, does not fund that or does not understand this area; but, when we look at it, it usually turns out we do fund that. If it were of help to you, I would be very happy to run through the full gamut of mental health research we do, which goes from qualitative research through to molecular. It covers the entire gamut.

**Senator MOORE:** That has been a relatively recent process in terms of the priority of mental health research in NHMRC. We sat around this table years ago in Senate estimates when we were working in mental health in the other area, and one of the discussions was about how we could get more mental health research in there because in those days—prior to 2003-04—it was not a priority. So I think there has been a genuinely changing environment.

**Prof. Anderson:** I think you are spot on. I think this has been the journey the NHMRC has taken over my predecessor's and my own leadership. It has been not without criticism from those who feel that we should not have ventured into some of this much more translational research. At the moment, our portfolio is slightly under 50 per cent basic biology and biomedicine and just over 50 per cent all the translational areas. Of course this poses quite a peer review challenge to us to make sure we get the right people at the right table to understand, but we worked really hard at that. Thank you for making the comment, because it allows me to make the comment that we have tried hard to extend our reach into any area that is relevant to improving people's health.

**Senator McLUCAS:** I might take you up on that opportunity—but on notice if that is okay. To the department: has any advice been provided by the department in relation to the McKeon review? When did we receive that review?

**Prof. Halton:** Has the McKeon review been covered in advice on several occasions to the minister? Yes. But, in the context of research—

**Senator McLUCAS:** Sorry, in terms of a response to that review.

**Ms Flanagan:** I think we would need to take that on notice so that we can check it.

**Senator McLUCAS:** Secretary, with the Preventative Health Research Fund, I think we have had evidence that that is coming across to the department. Is that right?

**Prof. Halton:** Yes, I think the evidence was all the funding from the agencies coming across.

**Prof. Anderson :** I just want to add that, again, it is the perception of the NHMRC and what we fund. I looked it up earlier when you were talking. In the last decade, we have funded $800 million of prevention research. It is a very mainstream part of what we do.

**Senator McLUCAS:** Was the NHMRC involved with ANPHA in developing their priorities for their research program?

**Prof. Anderson :** Yes, we had a lot of conversations with them. And, as the CEO said earlier, we co-fund this systems approach to the prevention partnership centre with some other co-funders. I believe one of my staff has been deeply involved in their research panel, as well. So we have had very good and very close relationships with the agency.

**Senator McLUCAS:** I probably need Mr Smyth back. But what is happening to the centre? I did not ask that earlier.

**Prof. Anderson :** This is the partnership centre? We will have to have a conversation with Mr Smyth about the partnership centre. Our funding is a five-year commitment and has been signed off, of course, by our minister last year, I think, or maybe a little earlier than that. But we have other co-funders, as well. It has been a nature of these partnership centres—a bit like the CRC program—that partners come and go a little bit because, especially if they are private sector, it is sometimes hard to commit. We have quite an active management process for our partners in these grants. They are a bit of an experiment for us. We are going to do a maximum of four and see how they go. But the other one, of course, is in the cognitive decline area.

**Senator McLUCAS:** I now want to go to the more specific and to the clinical trials approvals reform. Can you update the committee, Professor, on what specifically is changing in relation to clinical trials approvals processes.

**Prof. Anderson :** This is an issue very dear to our heart. It is very hard to make huge progress. I know that many people, both patients and consumers, industry and our funded researchers, would like a much more streamlined way of getting approval of clinical trials—especially when it is multicentre. We have done a lot. I will let you know what that is in a moment. But there really are a couple of aspects here that you have to get your head around to understand. There is the ethics approval part, which, on the whole, we used to think was the main problem. It turns out that although that may still be something of a problem, we have made huge strides there, with the NHMRC accrediting, or certifying, some high-quality ethics committees that are able to do single spot peer review, no matter how many hospitals or health care networks are involved. We have provided templates. We are working on a new form that can be used across Australia. I could run through a whole pile of things. That is the ethics part.

The harder part, really, is the governance approval. You can have ethics approval, but permission to run the trial in this hospital and in that hospital, or that hospital and that hospital, all happens hospital by hospital. So, again, NHMRC gives assistance here. We develop templates and common lists of things that can be charged for. We are working with IPA on A, B, C and so on. At the end of the day, for somebody wanting to do a multicentre trial it still comes down to getting permission by the governing body—the CEO hospital by hospital by hospital. We have begun to work also—we have been working for a long time, but working now very actively—with state governments to see whether they can bring, also, some consistency and more one-stop shop within their jurisdictions as well.

People working on this have a wonderful A3 chart that has all the things that have to be approved and all the people that have to approve them. It is a very full page in A3. So we have been running workshops and particularly keeping close to industry about this to see whether we can just, step by step, pick it off.

The final thing I want to say, because I am really proud of the work my staff are doing on this, is that we have also been funded to make it easier for people who want to be involved in clinical trials to work out what clinical trials are happening and to register their interest. That is work that we are doing collaboratively with the Department of Industry, using the centre of research excellence that we fund at the University of Sydney, the Australian and New Zealand Clinical Trials Register. So there is an awful lot underway. I wish that we had made a lot more progress but there are many steps that have to be fixed, made coherent, made more uniform and more universal for us to really move things along.

The only other thing I would say and I should probably stop—I always feel nervous when the secretary leans back—is that there has been criticism of the timeliness, which I have talked about, but also the cost in Australia. For a while the private sector especially were going to lower cost environments to do clinical trials. That movement around the world has moved back because some of these lower cost countries did not have the ethics in place, did not have the research trained staff in place, did not have our excellent health system in place and so things have gone very badly. There are famous cases, for example, in China. I think the task in Australia is to keep the quality but take out as many roadblocks in terms of needless bureaucracy and that is what we are doing with our colleagues over in the Department of Industry and with the Department of Health.

**Senator McLUCAS:** How long has that work been going, Professor?

**Prof. Anderson:** A long time. I think we started with an AHMC decision, 2008-09. Jane might remember. That is the stage where we thought it was ethics and so we kind of fixed ethics. That was the HoMER program. We kind of finished that and then the realisation occurred to us and to everybody else, I think, that it was not just the ethics; it was the governance approval institution by institution that was the next thing that needed to be fixed. But probably one way or another, six years now.

**Senator McLUCAS:** And is there a light at the end of the tunnel now?

**Prof. Anderson:** I think other people made promises back in the sixties about lights at the end of the tunnel, which I do not want to repeat. There is no magic wand, as I have said in many of these national meetings we have run, because you cannot go, 'Bang, I am making a decision'—whoever I am, Minister for Health in New South Wales, or Director General in New South Wales—'that all the hospitals around Australia will participate in this trial and just get it out of the way and do it.' It just does not work that way, so we have got to have a system that is understood, as streamlined as possible and a general agreement. That is the only way to go. As I have said to my friends at Medicines Australia on a number of occasions, you can really help here because, according to them, they have about $600 million of clinical trials in Australia each year. Why do they do it here? Because medical

research is so good in this country. But if they insisted on only doing clinical trials where there was high-quality and facilitated and timely processes, that would send the price signal to the sector as well. Again, Medicines Australia have been very involved in all this work that we have done and I am very optimistic there is a meeting of minds by the state governments, by us and by the private sector. I really do think it is coming together well. But it will never be quite fixed because, at the end of the day, one employee of hospital X somewhere could hold a clinical trial up by just saying, 'I'm not happy yet' with whatever it is.

**Senator McLUCAS:** Or not clear the inbox?

**Prof. Anderson:** Yes.

**Senator McLUCAS:** Is there a role for the Health Ministers' secretary? Is this an agenda item in the Health Ministers'—

**Prof. Halton:** This actually does get discussed pretty regularly at the Health Ministers' Conference. As Professor Anderson said, we started off thinking it was ethics that was the problem and we had the HoMER project and somehow, weirdly, that did not fix it. So I think what we are trying to do now is work through which are the key barriers that will make a really material difference to getting this stuff moving faster—not in a way which compromises quality, as he says. Remembering that we will probably work something through with our state and territory colleagues before we take it to ministers, the point at which we identify one of those—which we may have done, but we are thinking about this, so I cannot elaborate, because the work is underway—we would go to the officials and we would go to health ministers as well.

**Prof. Anderson:** A gratuitous aside, if I may: I was up reviewing translational research in Singapore in January. Singapore is one city, really, as opposed to six states and two territories in this glorious country of ours. They were complaining about this very problem: multiple ethics approvals and multiple hospital approvals. So I had a slight glow of 'thank God it isn't only us' there. You can understand that the administrators and the doctors in a given hospital want to make sure that what happens in their hospital and with their patients is high quality. So there will always be some decision that is made hundreds or perhaps thousands of times around the country in a clinical trial. The way to speed that up is to give people confidence in the quality and the timeliness of the system.

**Senator McLUCAS:** So when you have fixed it you will be able to sell it?

**Prof. Anderson:** There is a thought.

**Senator McLUCAS:** There is a great idea.

**Senator MOORE:** Professor, do you engage with Cancer Australia on this process around clinical trials?

**Prof. Anderson:** We certainly talk to Cancer Australia a lot. I think the original HoMER job was given to the NHMRC. We have regular meetings with Cancer Australia, of course. In fact, they occupy our building. I cannot remember a specific conversation around—we have about $100 million a year in clinical trials ourselves, and so it is in our interest and those of the people we fund to speed this up. Of course, Cancer Australia have a very important role to play here too.

**Senator McLUCAS:** Those are all the questions I had on clinical trials.

**Senator MOORE:** I would like to get an update on staffing, if I can, Professor. In terms of your staff at NHMRC, how many are ongoing, how many are non-ongoing and has there been any impact from the efficiency dividend?

**Mr Kingdon:** We usually work in ASL but I think you have been asking for full-time equivalent.

**Senator MOORE:** Whatever.

**Mr Kingdon:** Okay. We had a target this financial year of 217, which we are on track to meet, which is an average. We have just about dropped to 209 ASL this year. Next year we have a target of 208, so we are pretty close to our target for next year on the numbers that we have. That is a combination of efficiency dividends and a one-off approved loss because of a flow-on of fellowships that were given to us over a period of five years.

**Senator MOORE:** Which is peculiar to your kind of work?

**Mr Kingdon:** Peculiar. It was 1.4 and unfortunately that 1.4 finishes at the end of next financial year, which has brought us down to the 208.

**Senator MOORE:** Do you keep a record of the breakdown of that staff in terms of scientists and non-scientists? By nature of the work that you do, I thought that there would be professional—

**Prof. Anderson:** We would probably need to take that on notice.

**Senator MOORE:** Take that on notice, yes.

**Mr Kingdon:** Actually, I do have research scientists. We have three—this is at 1 May—research scientists, who are ongoing; we have three senior research scientists, who are ongoing; we have 2.97 senior principal research scientists, who are ongoing; and—

**Senator MOORE:** Excuse me, Mr Kingdon—is a senior principal research scientist above or below a research scientist in the hierarchy?

**Mr Kingdon:** I have been going up through the hierarchy.

**Senator MOORE:** You have been going up? I have been going down.

**Mr Kingdon:** A research scientist is equivalent, roughly, to an EL1. A senior research scientist is at the bottom end of EL2. A senior principal research scientist is at the top end of EL2. We have 2.97 ongoing and 0.7 non-ongoing. I have just given you those figures in full-time equivalents, not ASL.

**Senator MOORE:** The non-ongoing work is related to a project of some kind?

**Mr Kingdon:** I am not sure. I will take that on notice.

**Senator MOORE:** So much of your work is cyclical—depending on the different things you are working on. Professor, is your contract a term contract?

**Prof. Anderson:** My contract finishes on 30 June this year.

**Senator MOORE:** That has been how many years, Professor?

**Prof. Anderson:** This contract has been a three-year contract.

**Senator MOORE:** Remind me—you have had two three-year contracts?

**Prof. Anderson:** No, I have had a five and a three.

**Senator MOORE:** You have heard nothing? There has been no discussion with you?

**Prof. Anderson:** Nothing I think I can share with you. It is a decision—

**Senator MOORE:** Absolutely. I am just wondering how it operates. I will be asking the same question of all the agencies. You would not happen to have, Mr Kingdon, a gender break-up of your staff? Would you like me to put that on notice.

**Mr Kingdon:** I think I do have that. As at 30 April, we had 76 males and 151 females. That is in full-time equivalents.

**Prof. Halton:** That is like the department.

**Senator MOORE:** Thank you very much.

**Australian Institute of Health and Welfare**

[16:32]

**CHAIR:** I welcome Dr Kalisch from the Australian Institute of Health and Welfare.

**Senator McLUCAS:** I refer you to the budget measure that refers to the establishment of an organisation—the long name of which is not in front of me. What is the name of the merged entity? I should ask the department that, I think.

**Ms Flanagan:** It is the Health Performance and Productivity Commission.

**Senator McLUCAS:** When did the Australian Institute of Health and Welfare find out about the government's decision to merge this agency to form the Health Performance and Productivity Commission?

**Dr Kalisch:** We found out about it on budget day.

**Senator McLUCAS:** I think the answer to this is self-evident, then. You did not provide advice to the minister or the minister's office prior to making that decision?

**Dr Kalisch:** There was some advice provided to the minister in a meeting following the National Commission of Audit recommendations.

**Senator McLUCAS:** Did you provide advice to the department prior to the decision being handed down?

**Mr Kalisch:** No.

**Senator McLUCAS:** What information has been provided to the institute in relation to the timing, the proposed staff allocation or the proposed structure of the commission?

**Mr Kalisch:** I suppose it is fair to say that the advice we have received from the department is very much along the lines of the budget announcement: there is going to be a process to consider the potential formation of this body. I am just reading from the budget papers here:

…the Government will consider, in consultation with the States, further rationalisation of government bodies, including the potential merging of six health care bodies…

We understand that the department is going to be initiating a process and that I have already got a meeting with departmental officials within the next week to start that process. It is, I would expect, going to be a very detailed and robust process.

**Senator McLUCAS:** You used the term 'health care bodies' in your earlier answer.

**Mr Kalisch:** I am just reading from the budget papers. Of course, once AIHW comes into scope it becomes more than just a healthcare issue and a Health portfolio issue, given the welfare functions that we provide to a range of portfolios, including Social Services, the education departments and Veterans Affairs. There are a range of respective interests.

**Senator McLUCAS:** The institute has been around for a long time, and I cannot recall—but I should remember—who your minister is. Just remind the committee who it is.

**Mr Kalisch:** The portfolio minister is Peter Dutton, the Minister for Health.

**Senator McLUCAS:** You do not answer in a line management way to DSS, but you have contractual arrangements, is that right? I am just trying to tease out the relationships between the various entities that you do work for.

**Mr Kalisch:** I suppose, just to understand the governance structure of the institute, we are a CAC Act agency. We have a management board that has representation from across community services and housing departments in the Commonwealth and mainly the states. We do have other sector interests from community services and housing also on the board, as well as a number of people who have broader interests and, of course, the Secretary of the Department of Health and her nominee and the Australian Statistician or his nominee.

**Senator MOORE:** Does the health minister appoint a board?

**Mr Kalisch:** The health minister has three independent positions that he can appoint to the board. Otherwise, the other positions on the board are in nominated positions and representational dimensions. But most of those are at the discretion of the health minister, and they do go through the usual government and Executive Council process.

**Senator McLUCAS:** My question is probably more from the department now. What is the process that the department will undertake to deliver on these words in the budget:

…the intention to create a new health productivity and performance commission.

What steps will you go through to fulfil that intent?

**Prof. Halton:** It is important here to make a distinction between the decisions taken by the government in respect of agencies which are the province of the federal government alone and a number of the agencies that the government has indicated it wishes to see amalgamated into the productivity and performance commission. There was a very clear indication from the government that there would be a discussion with the states and territories about this. So whilst, as you would understand, there are matters which are solely within the province of the Commonwealth, there are other areas which have a level of engagement with the states and territories—and, indeed, as you have rightly pointed out in respect of the AIHW, there is the W part of the equation. So there are several things which we are minded to do. Firstly, of course, the minister has to meet with his state and territory ministerial counterparts. I would imagine this will be one of the issues that is potentially on the table for discussion. But until we get a little further down the track we will have to wait and see. Certainly there will be discussions amongst the CEOs in relation to the process that might be followed in this area and also in relation to the kinds of functions and how those synergies that come from those functions might be realised.

We have given staff an undertaking that we will keep them informed in relation to what that process is. You will have noticed that there is not a timeline on this amalgamation, unlike some of the other structures. I have met with AIHW staff to talk to them when this was announced, and I met with a number of the portfolio agency staff. I have offered that to the CEOs and a number of them have taken me up on that. What I said to them was that I think the sooner we have these conversations and give people some certainty the better that will be, but clearly this particular process is different to the processes where the government has indicated abolition, with functions to be brought back into the department where there are some amalgamations, and in this particular case, where there is engagement of the other players, to wit, the states. So the first part of the process will be talking to our counterparts and colleagues. That will be the minister, and me with mine. We have already started this discussion with the CEOs in relation to having an understanding and mapping of what is there. Probably I cannot at this point go beyond that, other than to say that—I think you used the work 'robust' didn't you?

**Mr Kalisch:** Yes.

**Prof. Halton:** I think, possibly, robust brings with it a connotation. But there will be thorough discussions, possibly sometimes robust.

**Senator McLUCAS:** Mr Kalisch, going to where your budget comes from, a lot of your budget is from the purchase by various agencies of the research you do. Could you explain to me what proportion of the budget comes from different sources?

**Mr Kalisch:** AIHW is a little bit unusual to most other agencies in that the vast majority of our funding does not come from our appropriation.

**Senator McLUCAS:** That is right.

**Mr Kalisch:** At the moment about 30 per cent of our funding comes from the appropriation and about 70 per cent comes from fee-for-service activities. To give you a bit of a sense of the break-up and main sources of funding, the Department of Health is a significant funder of the institute's activities, on a fee-for-service basis, particularly in some areas such as mental health collections and reporting, and in a number of specific projects, such as the Burden of Disease report that we are doing over probably two and a half to three years. There are other specific projects that we do, such as around classification work, particularly around hospital reporting. So there is a range of tasks we do, as well as the monitoring centres for cancer monitoring, for cardiovascular and vascular diseases generally, and for asthma and musculoskeletal. There is also the work we do on reporting on some of the cancer screening programs. That gives you a bit of a sense. That is around $17 million this financial year. Department of Health portfolio agencies account for about in the high 3s—close to $4 million in total.

**Senator McLUCAS:** They would be ongoing projects. They are specific pieces of work.

**Mr Kalisch:** Specific pieces of work, generally. Some have been ongoing for some time, such as the work we have done for Health Workforce Australia in terms of health workforce reporting. Most of them are specific tasks—for example, some of the work we have done in the past few years for the National Health Performance Authority around MyHospitals reporting. Most of the others are specific projects.

We have significant funding that we receive from what is now the Department of Social Services. That is around $2 million. Also from the Department of Education, particularly around early childhood reporting. And from the Department of Prime Minister and Cabinet, now that they have some of the Indigenous health programs. That is significant funding. Also there are the community services jurisdictions, the health jurisdictions and housing jurisdictions. My estimate is that, in total, state and territory governments provide us with close to $6-$7 million of funding a year for different collections and reporting activities.

**CHAIR:** Is that a contribution towards national projects or are these state by state projects?

**Mr Kalisch:** They are largely national projects. There are some small tasks that we do for a state or territory on a one-off basis, but that is largely national. In particular, the largest one would be the homeless services collection that we provide nationally.

**CHAIR:** Thank you, Mr Kalisch. Sorry, Senator McLucas.

**Senator McLUCAS:** Mr Kalisch, I want to help the committee understand that you are the AIHW and that there is a proportion of work that you do outside of the Department of Health federally. Could you provide to the committee, without going to great detail, an analysis of the 70 per cent proportion—you have given us a 30 per cent-70 per cent split—of your funding that is coming from the various funding entities?

**Mr Kalisch:** We could certainly provide that. There is a notional split that we work on within the institute of broadly 60 per cent health and 40 per cent welfare. I suppose that does oscillate a little bit from year to year, but I think that is probably a fair and reasonable perspective of the split.

**Prof. Halton:** One of the things I will repeat to you—which is what I say to the staff who ask the question about the work they do on contract for a number of agencies—there is no reason why, in an amalgamated or integrated body, that would not continue. At the end of the day, if they have the skills, expertise and capacity to do necessary work for other agencies that do not have those skills and expertise, there is absolutely no reason why they should not continue.

**Senator McLUCAS:** I am thinking about how the culture of a large organisation with six entities as part of it that is very largely focused on health would influence the culture of an organisation where 40 per cent of the work is not in the health space. I think that is a consideration—and you can answer this Mr Kalisch—that must be considered if this proposal were to go ahead. Minister, is the reason for the potential amalgamation of these entities just money?

**Senator Nash:** I would need to take that on notice.

**Senator McLUCAS:** Minister, do you think it is a bit of an oversight or a misunderstanding of the role of the AIHW to contemplate an organisation of this size, given that 40 per cent of the work that the institute does is in the welfare space?

**Senator Nash:** That is a budget decision of government, Senator.

**Senator McLUCAS:** That is not my question. Do you think it is a misunderstanding or an oversight to include the AIHW in a proposed mega-organisation which is essentially a health-based organisation?

**Senator Nash:** That is a decision of government.

**Prof. Halton:** I would make the point that this agency has been in the health portfolio for a long time.

**Senator McLUCAS:** It is established under its own CAC Act and it has its own management board. My observation is that, whilst it is a line of your department, it works very independently and provides frank and fearless advice to government on a direct provision of advice and commissioned-work basis.

**Prof. Halton:** I do not know that it actually provides advice, but maybe I am misinterpreting its statistical functions.

**Senator McLUCAS:** Sorry, that was incorrect. It is research and data collection.

**Senator MOORE:** Mr Kalisch, I have a couple of questions about your structure, and my first question is about your new accommodation, which we heard about at the last estimates. What is the current status of your move?

**Mr Kalisch:** Our staff are very much looking forward to moving in to our new office accommodation at the end of this month.

**Senator MOORE:** At the end of the month—so this financial year?

**Mr Kalisch:** Yes, certainly—on 22 June, just over half the staff will move into the new building and on the following Monday, 29 June—

**Senator MOORE:** The rest will go.

**Mr Kalisch:** the rest will move in.

**Senator MOORE:** What is the contract on that building?

**Mr Kalisch:** It is a 15 year lease from 30 June 2014.

**Senator MOORE:** That is a nice long one, Mr Kalisch.

**Mr Kalisch:** You actually get a much better deal the longer the lease.

**Senator MOORE:** That is good. If we could also look at your structure: how many staff do you have, ongoing and non-ongoing, and what is the gender break-up of that if you have it?

**Mr Kalisch:** I can give you, certainly, a strong sense of the staff. The 30 June 2014 estimate is that we expect to be about 325 FTE; by comparison, at the same time in 2013 we had 331 FTE.

**Senator MOORE:** That is 323 versus 330.

**Mr Kalisch:** It is 325 versus 331. The year before it was 357.

**Senator MOORE:** Are you telling me something, Mr Kalisch?

**Mr Kalisch:** No. It was just a change to our appropriation funding where we lost some of the 2008-09 budget measures. I suppose the other thing that is important, and it goes very much to Senator McLucas' question earlier, is that our funding is only partly driven by our appropriation. What we are finding in our estimate over the coming year, when it is expected to go down to 312, is that is largely driven by our estimates around external funding. We are anticipating a slight fall in external funding. The appropriation is staying relatively constant. Because we are also a CAC Act agency, the other thing that is hitting us is the lower interest rates.

**Senator MOORE:** Of course.

**Mr Kalisch:** In terms of the gender breakdown the information we reported in our annual report was that, as at June 2013, we had 107.5 male staff—these are FTEs—and 223.8 female staff. Again, that is consistent across the portfolio and probably the social services portfolios more generally.

**Senator MOORE:** A lot of your staff have quite specialised skills as well, in terms of statistical backgrounds and health economists. Would that be right?

**Mr Kalisch:** Unfortunately we have relatively few health economists. They are relatively rare on the ground in Australia anyway. We have 40 staff with PhDs. We have about 70 staff with masters degrees, nearly 40 with

postgraduate diplomas and nearly 100 with bachelor degrees. Over 85 per cent of our staff have tertiary qualifications.

**Senator MOORE:** I did not ask the NHMRC this, but are those mainly Australian citizens?

**Mr Kalisch:** Yes, that is my understanding.

**Senator MOORE:** Mr Kalisch, what about your contract?

**Mr Kalisch:** My contract finishes in December 2015.

**Senator MOORE:** How long a contract was it?

**Mr Kalisch:** It has been a five-year term.

**CHAIR:** We have one follow-up question, then we will move to Cancer Australia.

**Senator McLUCAS:** You are expecting a fall in external funding in the 2014-15 year. Why are you are imagining that?

**Mr Kalisch:** We know that a couple of contracts will not be renewed and we also anticipate the cycle. We often have some multiyear contracts that just come to an end. We know that there will not be a continuation of some of those and we have not seen other things come in their place. Our external funding has been staying in the $30 million range—it has been about $36 million this past financial year. Next financial year it is probably likely to be in the $32 million to $33 million range. It is still very significant. To give you a sense of the tricky management task we have, that money comes from over 150 funding contracts. It is a substantial number of large and small contracts but there is nonetheless a lot of management that goes into seeking that work and agreeing on its nature and contents.

**Senator McLUCAS:** If you were to split those 150 funding contracts into two buckets, contracts from the federal government or contracts from state or territory governments, what would the split look like?

**Mr Kalisch:** The split would be mainly federal, certainly much more than 50 per cent. I will take that on notice and give you a more precise figure.

**Senator McLUCAS:** That would be good. Thank you very much.

**CHAIR:** Now we move to Cancer Australia.

**Cancer Australia**

[16:55]

**Senator MOORE:** It is good to see you, Professor Zorbas. I have a couple of questions around the kinds of issues we have been talking about and around your research work and how it may or may not link in to the new medical research fund. Have you had any preliminary discussions with your organisation about how that would work, considering that the significant element of your work is research?

**Prof. Zorbas:** All I can say is that we have had no conversations that would give me any insight into whether or how our research work might be incorporated.

**Senator MOORE:** Minister, I know it is early and you are working through the different things, but, when I tick off the different organisations currently in the federal system that have a research component, Cancer Australia is one that I always think of. Is there a strategic plan for how the communication will operate?

**Senator Nash:** I am not aware. I would need to take that on notice.

**Senator MOORE:** That would be lovely. That question is a general one, too, about all the other areas, but in this case particularly Cancer Australia.

**Senator Nash:** Certainly.

**Senator MOORE:** Professor Zorbas, I want to start with the Jeannie scholarships. They have just been announced, I know, and I love the way you announced them just before estimates! It is a very valuable program and perhaps you would like to tell us about the process this year, the two extraordinary people who have been honoured and what that scholarship means in terms of what they get out of it.

**Prof. Zorbas:** As you are all too aware, the Jeannie Ferris Cancer Australia Recognition Award was established to recognise outstanding contributions in gynaecological cancers and it honours the late Senator Jeannie Ferris. We have two awards which we provide: one for people with a personal experience of cancer or someone who has supported someone through a personal experience of cancer such as a community member or a family member; and a second award for health professionals or researchers working in the field of gynaecological cancer. We announced the call for nominations in February this year and, as you point out, we recently announced the recipients of the Jeannie Ferris Cancer Australia Recognition Award for 2014. The first was Ms Kath

Mazzella from Perth, who has been quite a champion of raising awareness of gynaecological cancer health issues, particularly in relation to her own personal experience as a survivor of gynaecological cancer and the particular issues that have not been talked about openly that she very confidently brings to the fore around sexuality following treatment for gynaecological cancer. We were delighted with that choice. The health professional who won the award this year was Professor David Bowtell. Professor Bowtell is one of Australia's leading ovarian cancer and human molecular genetics researchers. He is from the Peter MacCallum Cancer Centre in Melbourne. Some of his research has actually led to changed clinical practice in the genetic management of ovarian cancer. So they were very, very worthy recipients, we believe.

**Senator MOORE:** What do they get, apart from the acknowledgement of both of them? We were lucky enough to meet both of them through the Senate inquiry that we did. The inquiry just continues to keep giving when it comes to the process and policy and so on. What do they get for winning that Jeannie award?

**Prof. Zorbas:** It is quite modest, but the recognition is actually the key aspect that they, I think, value most, based on last year's recipients. They also receive a gift of $2,000 and a commemorative award.

**Senator MOORE:** In the past, some of the recipients have used that to travel overseas and—

**Prof. Zorbas:** To further their work in their respective interest area.

**Senator MOORE:** The way that actually operates—people nominate or are nominated for it, and then you have a selection panel?

**Prof. Zorbas:** Yes, they can nominate themselves, but they do need to have referees as well. Mostly people are nominated by others.

**Senator MOORE:** That was just a bit of indulgence there, but it is really important to have that part acknowledged. Does Cancer Australia have a role in anything to do with the regional cancer centre network?

**Prof. Zorbas:** Cancer Australia has a real interest in ensuring that the regional cancer centres have the information and the support required to deliver quality cancer care. We held a forum with them, over a year ago now, where we brought both the CEOs and the lead clinicians from all the regional cancer centres together to provide them with particular information to help them share opportunities and resources where they had developed them. We have developed a multidisciplinary care information hub on our website as a result of that—it was identified as a real need. We are also undertaking some work currently across all regional cancer services in the country to look at the kinds of services that they are currently providing in cancer. That is quite a detailed mapping exercise across different cancer types, different disciplines and services that are provided for patients. It is almost like an audit of what they are providing. So we can look at mapping that against what the requirements would be for particular cancers, ensuring that patients get the right referrals and that their services are networked appropriately with bigger centres, if relevant, for particular cancer treatments.

**Senator MOORE:** Is there expected to be an ongoing role—apart from that resource aspect that you would always have with anyone working in the field—with a kind of establishment and maintenance of a network amongst these groups? They have all been funded with a particular focus and also expertise. I think we were told yesterday in estimates. We know how many there are; we have got the list and when they are due for completion. Is there an expectation that Cancer Australia will maintain bringing them together from time to time?

**Prof. Zorbas:** I think that would need to be built into our planning, going forward. The last particular piece of work that I mentioned was part of a joint initiative with the National Cancer Expert Reference Group, which is a COAG initiative, and it was particular work that was undertaken by Cancer Australia as part of that. I believe that there will be further opportunities to work with regional cancer centres and services.

**Senator MOORE:** Do you get funded particularly for that work, or is there no particular funding stream for that kind of project?

**Prof. Zorbas:** This was work that Cancer Australia provided a contribution towards, but also there was some funding provided through that COAG initiative.

**Senator MOORE:** On your website, you go through different things as you highlight different activities, but there is some work there highlighting the issue of lung cancer, which has had some focus in the last period of time. Is there any particular project that Cancer Australia is working with in that area at the moment?

**Prof. Zorbas:** We actually have a significant project which we are about to—

**Senator MOORE:** I am sorry; it was Dorothy Dixer, but what the hell! It is just such a key element for the work that you are doing at the moment.

**Prof. Zorbas:** Yes. Cancer Australia has had funding in the area of lung cancer now for five years. It has undertaken a comprehensive approach to developing evidence based information and looking at both the clinician

end and the service delivery end and also the patient aspects of lung cancer. These are very complex areas. Lung cancer, as you are aware, is the greatest cause of cancer deaths both in men and in women in Australia. It is a particular issue for Indigenous communities, for Indigenous people, as well. Our approach in this current year has been to really take all the evidence that we had and build the evidence base around: what are the critical aspects in terms of best-practice principles of care for lung cancer?

We brought stakeholders and experts from across the country to agree to those principles and the elements that support those principles, and we have gone to tender to invite collaborations—asking them to submit proposals around how they would deliver on those principles. There are certain criteria they had to meet in terms of caseload and networking relationships with other sites, for example. It is not just one site but an extension, if you like, through referral that we are trying to pick up. We will soon be announcing the successful tenderers for that. We are very excited; they are great.

**Senator MOORE:** When is that due, Professor?

**Prof. Zorbas:** Hopefully we will be able to do that before the end of the financial year.

**Senator MOORE:** Is that part of the research in terms of the way you divide your structure?

**Prof. Zorbas:** Our funding? No. That is an appropriation of funding providing for lung cancer as part of our normal appropriation.

**Senator MOORE:** There would be crossover, though, would there not, in terms of looking at research elements and the grants you administer? There would be some crossover in that way.

**Prof. Zorbas:** Yes. For this particular piece of work there is an evaluation component. There will be data collected so we can report on what the critical factors for success are and to make sure we do actually deliver on best-practice care. We are also working in other areas in lung cancer. I could go on but I will leave it at that.

**Senator MOORE:** It has been on your website and that information has had quite a high profile over the last period of time, which is really satisfying for the people who come to talk to us about those issues. We had a visit fairly recently from the lung people talking about that stuff. Can you give us an overview and update on the collaborative cancer research scheme?

**Prof. Zorbas:** Certainly. The Priority-driven Collaborative Cancer Research Scheme, fondly known as the PdCCRS, for those who may not be aware is designed to fund collaborative cancer research projects in agreed priority areas. The PdCCRS is an initiative of Cancer Australia. It was established to coordinate and maximise the funding of cancer research at a national level. In this way we have the opportunity to fund a greater number of grants and expand the funding pool. In last year's round a total of 30 offers were made. This year we have seven funding partners. I will just tell you who they are: Cancer Council Australia, Cancer Council NSW, Cure Cancer Australia Foundation, the Leukaemia Foundation, the Prostate Cancer Foundation of Australia, the National Breast Cancer Foundation and the Kids' Cancer Project. Those are our funding partners and together that funding pool will be put to successful recipients. They will be announced later in the year. This year we had 450 compliant research applications, so that is quite a large number for the funding that is provided. The last year—

**Senator MOORE:** What is the size of that pool, Professor?

**Prof. Zorbas:** Last year the funding pool was $10.09 million. Over the past three years the ratio of funding from Cancer Australia to that of our funding partners is approximately one to one, so we are really maximising investment from non-government organisations, together with the government funding.

**Senator MOORE:** So from your own core funding it would be about $5 million or thereabouts?

**Prof. Zorbas:** Yes, roughly.

**Senator MOORE:** When is that going to be announced?

**Prof. Zorbas:** Usually in December.

**Senator MOORE:** But the applications have closed.

**Prof. Zorbas:** Yes, they have. They are currently being assessed.

**Senator MOORE:** A big job. In terms of your own budget, Professor, have there been any cuts or reductions?

**Prof. Zorbas:** As a result of the 2014-15 budget there was no change to our funding line.

**Senator MOORE:** Are you impacted by the efficiency dividend?

**Prof. Zorbas:** They were whole-of-government, so, yes, we did have an impact from the efficiency dividend.

**Senator MOORE:** And was there an impact on your staffing?

**Prof. Zorbas:** Our staffing numbers remain fairly constant, although we are under our projected ASL at the moment. We have had a number of staff go on maternity leave and others return on a part-time basis.

**Senator MOORE:** Would you like to give me on notice the current staffing profile?

**Prof. Zorbas:** Yes. I can give you the numbers if you like. At 30 April the ASL for the agency was 66 staff. In terms of actual employees there were 72 employees, 65 of whom were ongoing and seven of whom were non-ongoing. Of those staff 61 were full-time and 11 were part-time.

**Senator MOORE:** And the gender?

**Prof. Zorbas:** I do not have that at hand.

**Senator MOORE:** I can get that on notice. At that ASL, that should be fine until the end of the year—?

**Prof. Zorbas:** Our projected ASL was 72, so we are under.

**Senator MOORE:** How does that compare with 12 months ago?

**Prof. Zorbas:** It is fairly constant at the moment.

**Senator MOORE:** Your own contract, Professor?

**Prof. Zorbas:** I have just finished the first year of my three-year contract. It is due to end at the end of June 2016.

**Senator MOORE:** Has your work in Cancer Australia been impacted at all by the termination of preventative health agreements?

**Prof. Zorbas:** No, it has not.

**Senator MOORE:** So there is no link with the process?

**Prof. Zorbas:** No.

**Senator MOORE:** I know you are aware of the Commission of Audit recommendations that talked about changes and so on. Was your agency involved in any discussion with the auditors around the proposal they put up?

**Prof. Zorbas:** There were no discussions.

**Senator MOORE:** They did not come to see you?

**Prof. Zorbas:** No.

**Senator MOORE:** If I have further questions I will put them on notice.

**CHAIR:** We will now move to the Australian Commission on Safety and Quality in Health Care.

**Senator McLUCAS:** When did the safety and quality commission find out that the government had a policy intention to create a new health productivity and performance commission that would merge your agency?

**Prof. Picone:** The day before the budget.

**Senator McLUCAS:** How did you find that out?

**Prof. Picone:** I was advised in a telephone call by the secretary of the department and another call to the chair of our broad.

**Senator McLUCAS:** Were you asked to provide any advice to the minister or the minister's office about what that would mean for your commission?

**Prof. Picone:** No.

**Senator McLUCAS:** Did you provide any input or advice to the department in relation to the decision that is in the budget?

**Prof. Picone:** Not at this stage.

**Senator McLUCAS:** What information has been communicated to the commission in relation to timing, staffing implications or the proposed structure at this point? You might have heard me have the same conversation with the AIHW.

**Prof. Picone:** I have, so I have been able to prepare my answers thoroughly, which I hope will be helpful. There are good notes on page 196 of our budget statement that explain the government's intention. It says that during 2014-15 the government will work with states and territories with the intention to create a new health productivity and performance commission.

**Senator McLUCAS:** I have that one in front of me.

**Prof. Picone:** Good. It is there. It is pretty clear—it could not be clearer really, given some of the restructures I have been through in my life. We are also fortunate that we had the secretary of the department brief our staff directly. That was incredibly thoughtful and helpful from the staff's point of view.

**Senator McLUCAS:** You have not received any information about proposed timing or what the process might be. Is it just too early days?

**Prof. Picone:** I think that would be a fair call.

**Senator McLUCAS:** What would your advice be around who should be consulted, in terms of your commission—who needs to be part of the conversation if we are going to amalgamate these agencies?

**Prof. Picone:** My advice would be that the states and territories are critical, because we are a COAG funded body. We are set up on the basis that the states and territories provide 50 per cent of the funding and the Commonwealth the other 50 per cent. It was one of those rare occasions, in all the years that I have been in health—and it was my 40th anniversary on 28 February, so I congratulated myself in the mirror when I went to work!—when cooperative federalism does work. It is because it is COAG funded, so it is a partnership, it is a shareholder sort of model, so that all the states and territories, the Commonwealth and the commission have to agree on a work program that now goes over three years. It also means that the states and territories feel they have considerable ownership. Given that the standards, certainly in their first iteration, are essentially hospital standards, I think they would be a critical set of partners. We also have a very close working relationship with the private sector, particularly the private hospitals' day procedure centres and dental. Then we have quite a close relationship with community health and primary health care. They would be our main partners. We tend to see people as partners. That is the advice I would be giving in relation to the commission. Also, we do a lot of direct work with the health funds around the appropriateness of treatment and decision aids and other things as well.

**Senator McLUCAS:** The questions I have to ask are probably about two months too early for you to give us any meaningful information about any proposed merger. I wonder if you could indicate to us your work program at the moment. Where are your priorities at the moment?

**Prof. Picone:** The work of the commission—in short, around 60 per cent to 70 per cent of it is around the implementation of the national safety standards. That is agreed to by the states and territories. I am pleased to report that we had a very successful year last year around the implementation of the national safety standards. As you know, their main role is to protect the public from harm. We anticipate, by the end of 2014, there would have been 1,261 health services assessed against the new safety standards. They are being extremely well received by the system. A quote that I got last week from a group of clinicians is that they love the standards because they are so clinically focused and they believe that they are making quite a difference to patient safety and care. In fact, I thought I might give you some good results, because it is always lovely to hear those things. New South Wales was the forerunner of one of the standards around responding to deteriorating patients, and it was their program we based the program of the rest of the country on. Since New South Wales introduced their program there has been a 38 per cent decrease in cardiac arrests. The estimate is that there has been about 800 fewer deaths since 2010 in New South Wales hospitals.

The most pleasing result of all is around cross-infection and infection. You know that the commission has been leading nationally on that issue in multiple areas. We are continuing to see an overall reduction in septicaemia. As you know, that is incredibly important because the death rate from septicaemia is around 35 per cent; it is quite a killer. The overall decrease in SAB rates is now 33 per cent.

**Senator McLUCAS:** Decrease in what rates?

**Prof. Picone:** The septicaemia rates from staphylococcus infections. So that is very pleasing. Meeting the new safety standards has not been as easy for the hospitals and health services as they would have wanted. In fact, only 40 per cent of hospitals got up on the first assessment and they had to go into a 120-day review. An area that the hospitals are having problems with is antimicrobial stewardship—knowing which antibiotics to use. I know that you cannot believe this; I see the look on your face as I share it with you. Other areas include training in aseptic technique, informed consent and then issues about engaging patients in their care. Other than that, it has been a fantastic result.

That is the main area of activity in our work plan. We are gradually now moving into providing a lead role in the fight against antimicrobial resistance by setting up a national surveillance unit, both for bacteria and for antibiotics. The other large area of work has been in appropriateness around healthcare variation. We just published our first report on that last week. The work plan is approved. It was quite an interesting process, but it was approved by all the states and territories. All the state and territory ministers have to sign off on it.

**Senator McLUCAS:** But that is really easy, I understand!

**Prof. Picone:** It is so easy!

**Senator McLUCAS:** *Hansard* does not pick up sarcasm. I will just put that on the record as well.

**Prof. Picone:** The good thing is, then, we are all moving in the same direction. I think that is why the implementation of the safety standards has been such a great success, because it has been a great partnership between the Commonwealth, states and territories, the commissions and also, clearly, the hospitals and health services themselves. We spend a great deal of time in hospitals and looking at health services.

**Senator McLUCAS:** Professor, do you think your success can be related to the fact that you are an entity that people trust? I know that that is a judgement that I am asking you to make, but it does lead to this proposal that somehow the commission might be subsumed into a larger organisation.

**Prof. Halton:** I do not think you can ask—

**Senator McLUCAS:** I am being honest in saying that is where I am leading. Is it personal relationships that allows you to build this trust in the commission and a commitment to change? Those figures that you have just explained are extraordinary. I do not know if there is anywhere in the world that is doing stuff like that.

**Prof. Halton:** No, there is not. That is exactly right.

**Prof. Picone:** In fact, we are advising the UK at the moment, who, in my view, became far too extreme in the implementation of their standards; they made it an inspectorial system. We are briefing them about how to get cooperation. I think one of the main reasons for our success is that we spend a lot of time in the field and we produce very practical materials to help people add value to what they are doing. The staff themselves, the clinicians themselves, are completely committed to this concept of improving the safety of patient care and that unites them in this.

**Prof. Halton:** I do think Professor Picone is being a fraction modest on her leadership of this and the amazingly good work done by the staff of the commission. I confess a conflict here in that I am a commissioner, but, without the push that Professor Picone and the relevant staff have given this and their approach to getting this implemented, this would not have happened. I do think it is important to underscore that this is, categorically, world-leading work. It has been done without fanfare. It has been just done in a way that we like things done in this portfolio: a quiet slog, which actually gets a really good outcome for patients. It is something which, I think, she and we should be rightly proud of.

**Senator McLUCAS:** Absolutely. Professor, do you have a list of all your fabulous achievements somewhere that we could start celebrating?

**Prof. Picone:** In our annual report. We are also about to, subject to the views of the board, produce the first report on the implementation of the safety standards. It is not just us that are incredibly proud but each and every hospital and day procedure centre. Even dental practices. I have got this fantastic photo—

**Senator McLUCAS:** Why do you say 'even'?

**Prof. Picone:** Because they were a bit hard to get there. They say that when they saw the standards, they fell in love with them. The standards speak for themselves. Cross-infection, as you know, is a big issue in dentistry.

**Senator McLUCAS:** For my own edification, what is health care variation?

**Prof. Picone:** This is beautiful. It works very elegantly, if you are biased about it like I am. You examine the rates of treatments or interventions in a given population and then you look for any variation. Some of the variation is warranted. It might be because of remote areas or not being able to get access to health services. But some of it may be what is called unwarranted variation, which is generally an indication that people are not practising the best evidence based medicine. So you do the study. For example, in our study that we have just done—and I do thank the secretary for all of her support—we have found things, such as Australia still having the second highest hysterectomy rate in the OECD, for which there is no real medical explanation.

**Prof. Halton:** There is no notion that Australian uteruses are any different to uteruses in Germany or the UK! I am sorry, they are not different.

**Prof. Picone:** We should try to hang on to our uteruses! There are certain parts of this country where it is not safe to drive through the—no, I am only joking! In fact, I did say that at a conference and it was put out on the Twitter-sphere and I caused a lot of trouble with it.

**Senator McLUCAS:** People tweet here, too, Professor.

**Prof. Picone:** Arthroscopies is another one. For example, we have some jurisdictions in Australia where the rates of arthroscopy—

**Prof. Halton:** For which there is no evidence.

**Prof. Picone:** if there is a benefit—is five times higher. There were areas where we did not think we would have big variation and where we thought it would be fairly straightforward, such as angiography, and the rates in some areas are 10 times higher. So the idea is—

**Prof. Halton:** Caesarean section is another.

**Prof. Picone:** C-section in Australia is very significant.

**Senator McLUCAS:** It has gone up again, hasn't this?

**Prof. Halton:** Yes.

**Prof. Picone:** So you get the data and then you give it to the medical profession. The response has been described as going through the five stages of Kubler-Ross's grief, which is denial, anger, then bargaining and then, eventually, they start to look at it and want to know why it is so different. In our view, if you have a better informed patient by giving them a shared decision-making tool, then they will move more towards evidence based treatments. We are working with all of the medical colleges and medical professions now to start developing these sorts of tools. I have to say that the medical profession is very engaged and very interested in being a part of it.

**Senator McLUCAS:** Do you also work with the health consumer networks?

**Prof. Picone:** We do.

**Senator McLUCAS:** Because that issue of patient literacy has been driving the Consumers Health Forum and others for many, many years.

**Prof. Picone:** We have just completed a major piece of work on health literacy that we hope will be a bit of a game changer. It is subject to the views, though, of the health CEOs and the health ministers. It is going through that process the moment.

**Senator McLUCAS:** When were you appointed?

**Prof. Picone:** Two years and a couple of months ago, I think.

**Senator McLUCAS:** It has been a fairly productive two and a bit years?

**Prof. Picone:** It has been an absolute privilege—

**Prof. Halton:** Building on the work of Professor Baggoley.

**Prof. Picone:** I was going to put in my free-cash-for-comment. It was Professor Baggoley who actually designed the safety standards, not I. I was the one who was privileged to be involved in the implementation.

**Senator McLUCAS:** In that vein, I will also congratulate you, Professor, for the work you have done. In the work you are doing on microbial resistance, do you link up with the National Prescribing Service on that?

**Prof. Picone:** Yes, we do. We have regular meetings. In fact, we have been very fortunate. Professor John Turnage who, as you would know, is one of the country's leading microbiologists and infectious disease doctors, has just joined the commission to help set up the new scheme, so we are working very closely with them particularly around and the antibiotic prescribing issues, which are quite significant still.

**Senator McLUCAS:** In closing, congratulations on 40 years but particularly on the last two.

**Prof. Picone:** Thank you very much.

**Senator MOORE:** I want to know your current structure: ongoing, non-ongoing and gender basis, if you have got it.

**Prof. Picone:** I was pleased to be able to get those questions earlier. We are a small organisation. We have 42 ongoing staff, 20 non-ongoing and five part-time contracted staff. Our staff are largely medical, technical and nursing, with some quite outstanding senior public servants who guide them in their work. We have a small administration—sort of back-of-house people—of about four or five, because we are tied to the Department of Health's shared services arrangement which services the commission quite well. Our gender breakup, which is pretty good, is that 76 per cent are female and the rest are men. I do now feel sorry for our male staff and feel that I should change my attitude a little towards them after having seen that number. The poor men.

**Prof. Halton:** We going to have a positive discrimination approach shortly in our portfolio.

**Prof. Picone:** As to my contract, which was your other question, I think it is two years. So it must be around April-May 2017; it is a five-year contract.

**Senator MOORE:** In terms of your structure, there is a higher non-ongoing number. Is there a reason for that?

**Prof. Picone:** Yes, because our core budget is the COAG cost share budget, so that is where the core staff sit, and if we take on additional projects we always make those non-ongoing. We cannot make long-term commitments.

**Senator MOORE:** Anything that has got a termination date to the contract?

**Prof. Picone:** That is correct.

**Senator MOORE:** Thank you very much.

**CHAIR:** Thank you, Professor Picone. That brings us to the end of the agency. We will move on to program 1.1: public health, chronic disease and palliative care.

**Ms Flanagan:** Chair, there were two pieces of information asked for when we were doing workforce earlier today. Senator Brown, you were interested in the breakup of the Tasmanian nursing and allied health scholarships. First of all, for nursing, in 2013 there were 50 undergraduate clinical placement scholarships awarded, 13 postgraduate scholarships and 25 CPD, with a total of 88. In 2014, going down the same categories, the undergraduate clinical placements were 110, the postgraduate placements were 35 and CPD was 58, making a total of 203. The funding in 2013 was $482,500 and in 2013-14 it was $1.357 million. That was for nursing. For allied health, again the same categories: for undergraduate clinical placement in 2013, there were five; and in 2014 there were 11. I cannot give you a breakdown of what the allied health proficiencies are. For postgraduates in 2013, there were five, and in 2014 there were 11. And for CPD, there were five in 2013 and 11 in 2014. So the total—

**Senator McLUCAS:** Sorry, can you just—

**Ms Flannagan:** Five for CPD in 2013, 11 in 2014 and the total in 2013 was 15 scholarships, and in 2014 there were 33. The funding in 2012-13 was $248,410 and in 2014-15 it was $503,410. The other question that was asked was for a breakup of the measure that had a number of measures in it: the more efficient health workforce development, coming up to the $142-odd million. The savings to the Health Workforce Australia operating costs over the forward estimates was $22.2 million—that is over the four years. The savings to the International Health Professionals Program was $38.8 million over the four years. Redirection of the clinical training funding expansion was $42 million, and savings to the Health Workforce Fund, which was a lot of little things in the Health Workforce Fund, including ceasing funding to CPMEC was $38.5 million. That adds up to the total.

**Senator McLUCAS:** Thank you.

**Senator MOORE:** I just wanted to follow up. Senator Peris yesterday had some particular questions for Ms Anderson about some Northern Territory issues and she was very keen to get them as soon as possible. I just wanted to check whether it was possible to get them this evening. You said you would make every effort, so that is why I raised it now.

**Prof. Halton:** We do have other information available. I have something for Senator Whish-Wilson if he turns up.

**Ms Flannagan:** We have not been given that information. Ms Anderson is currently on a flight to give a talk tomorrow.

**Senator MOORE:** That could make it more difficult.

**Ms Flannagan:** Yes. If it has not come in, I suspect they have not been able to get it in a timely way. We might have to provide it to you later on.

**Senator MOORE:** We will follow up later. Thank you.

**Senator CAROL BROWN:** I want to ask some questions about blood-borne viruses. In the portfolio budget statement, it states there has been investment in a prevention program to address increasing rates of sexually transmitted infections, STIs and blood-borne viruses, including HIV, hepatitis B and hepatitis C. Can you advise me what quantum of funding is assigned for this purpose in each of the years in the forward estimates and in total? And what quantum of funding will be provided specifically for hepatitis C related activity?

**Ms Quaine:** Could you refer me to the page in the PBS?

**Senator CAROL BROWN:** It is page 53, I think.

**Ms Quaine:** And you were specifically referring to?

**Senator CAROL BROWN:** I want to know the quantum of funding that is assigned for each of the years in the forward estimates for HIV, hepatitis B and hepatitis C.

**Ms Quaine:** The funding for those programs varies across a number of things, so what I might do is go through the range of particular funding that we do have. First of all, there is funding under the Communicable

Disease Prevention and Service Improvements Grants Fund. That funding for 2013-14 is $15.68 million. The funding for 2014-15 is $17.7 million. As for the funding in the future years, you would recall that there has been a reduction due to pausing indexation and achieving efficiencies in flexible funds, and so the allocation to that fund is subject to some change and I am not able to give you specific figures at this point.

**Senator CAROL BROWN:** Can I put that question on notice? At what point will you be able to give me some figures?

**Ms Quaine:** I think as was explained yesterday—and you may not have been here, Senator Brown—the minister is going to be considering how to deliver savings from pausing indexation and achieving efficiencies across a range of flexible funds. That funding is used specifically for funding a range of community based organisations—for example, the Australian Federation of AIDS Organisations, the Australian Injecting and Illicit Drug Users League, the Australasian Society for HIV Medicine, Hepatitis Australia, the National Association of People with HIV, the Scarlet Alliance, and Youth Empowerment Against HIV/AIDS. It is also used to fund what is known as the National Reference Laboratory, for ensuring safe blood supply.

**Senator CAROL BROWN:** What specific activities are planned to deliver on the commitment that is in the budget papers?

**Ms Quaine:** Those organisations are funded to do a range of things, such as supporting individuals with access to treatment, information about treatments available, undertaking prevention activities for the various groups that those organisations exist to support.

**Senator CAROL BROWN:** Do you have a list of the activities and the timing of those activities?

**Ms Quaine:** I do not have a list of specific activities and, as you would appreciate, those contracts go over a number of years and the activities vary. I can tell you, however, that the activities at the moment align with the national strategies for blood-borne viruses and sexually transmissible infections. So, when those contracts were negotiated, they were around activities that would align with those strategies. There is some other funding in that area. There is also some funding, under the Health Surveillance Fund, for the research centres. There are four national research centres for blood-borne viruses and sexually transmissible infections. There is the Kirby Institute in Sydney, there is the National Centre in HIV Social Research at the University of New South Wales, there is the Australian Centre for HIV and Hepatitis Virology Research, based at Westmead Hospital, and then there is the Australian Research Centre in Sex, Health and Society at La Trobe University in Victoria.

**Senator CAROL BROWN:** It is probably too difficult to be able to tell me what quantum of the funding is allocated for the activities that raise awareness of BBVs and STIs.

**Ms Quaine:** I would have to take that one on notice.

**Senator CAROL BROWN:** I would appreciate if you could do that for me. Can you advise the committee on what basis funding will be provided to NGOs for this purpose?

**Ms Quaine:** In addition to the funding that I have talked about under the prevention and service improvement grant fund, there is also some additional funding that has been allocated in 2013-14 for blood-borne viruses and sexually transmissible infections. That work is around reducing high rates of STIs among Aboriginal and Torres Strait Islander populations; funding for HIV point-of-care testing demonstration projects in New South Wales, Victoria and Queensland; funding to increase access to needle and syringe programs in regional and rural areas; funding to support the 20th International AIDS Conference; funding to support the Indigenous pre-conference satellite, which is pre the international conference; and funding to support the development of new blood-borne virus and STI strategies, and it is those strategies that will be used to inform activities in future arrangements with any of the community-based organisations should they be successful under an invitation to apply.

**Senator CAROL BROWN:** How much was that funding?

**Ms Quaine:** That is $22.4 million over four years from 2013-14. I do not have the breakdown by year for that.

**Senator CAROL BROWN:** How is that money going to be allocated?

**Ms Quaine:** We are currently in the process of working that out for the future years. Some of it has already been allocated—funding associated with the conference, for example, and funding for the point of care testing—but we are working on the allocation for the forward years.

**Senator CAROL BROWN:** How will that allocation work?

**Ms Quaine:** We may have an invitation to apply. The funding will be rolled into the Communicable Disease Prevention and Service Improvement flexible fund, and the funding would need to be around those activities—so reducing high rates of STIs in Aboriginal and Torres Strait Islander populations, for example.

**Senator CAROL BROWN:** Do you have an expectation of when the process will commence?

**Ms Quaine:** We hope early in the financial year. It needs to still be through that process; it is part of that flexible fund so it is through that process that I was mentioning earlier.

**Senator CAROL BROWN:** It also says in the budget papers on page 55 that a key performance indicator for any funding provided to NGOs will be progress reports on contracted organisations.

**Ms Quaine:** That is right. In terms of organisations' activities in the 2014-15 year, we have recently indicated to those organisations that we will be extending their current contracts that expired on 30 June for a period of six months. We will be looking at the sorts of activities under the revised strategies, and then there will be a future invitation to apply once we have gone through the process of identifying the funding under the fund from 1 July 2015.

**Senator CAROL BROWN:** You have talked about progress reports. Will it be at that time that you will provide progress reports to government?

**Ms Quaine:** Off the top of my head I could not tell you exactly, but I would expect it will be a six-month and 12-month report on activities.

**Senator CAROL BROWN:** Will the names of the recipients of the funding and their progress reports be made public?

**Ms Quaine:** Progress reports are not necessarily made public, but certainly activities that are done under the funding are often made public, be it a piece of promotional material or information for people around how to access services and those types of things.

**Senator CAROL BROWN:** Will their activities and expected outcomes will be made public?

**Ms Quaine:** Yes.

**Senator CAROL BROWN:** Okay, thank you. I will follow it up at the next estimates.

**Senator MOORE:** Ms Quaine, I would just like to follow up on the 20th International Aids Conference and find out what the final allocation was. I also wanted to see whether we have any information about the Australian government's participation in that conference and whether there are going to be formal stands, speakers—all that kind of thing.

**Ms Quaine:** The minister has approved sponsorship for the funding of $1 million, and additional sponsorship was also offered for a range of other activities. There was $117,388 to the National Association of People With HIV, and that is to support an exhibition on HIV in Australia, 30 Years of the National Response, at the AIDS conference.

**Senator MOORE:** Is that a permanent exhibition for the period of the conference?

**Ms Quaine:** That is my understanding. There is $898,000 to Baker IDI, and that is to host an international Indigenous People's satellite conference, and that will be held from 18 to 19 July and will support attendance at AIDS 2014.

**Senator MOORE:** Attendance of how many?

**Ms Quaine:** I do not have that information. I would have to take that on notice, but it supports the attendance of both Australian Aboriginal and Torres Strait Islander delegates, including young people. There was $600,000 to the Australasian Society of HIV Medicine to manage scholarships for AIDS 2014, and these are targeted at domestic delegates from priority populations.

**Senator MOORE:** When you say scholarships, are these scholarships to attend the conference?

**Ms Quaine:** Yes.

**Senator MOORE:** And you will be able to get me how many?

**Ms Quaine:** Yes, we can provide that on notice. There was also $210,539 to Scarlet Alliance for the AIDS 2014 pre-conference sex worker satellite conference.

**Senator MOORE:** So there is the initial sponsorship of $1 million, and then the series of amounts you have just given me is supplementary to that?

**Ms Quaine:** Yes, that is right.

**Senator MOORE:** Is the minister attending the conference?

**Ms Quaine:** The minister, I understand, has been invited to the conference, but we are unaware of whether he has accepted that invitation at this stage.

**Senator MOORE:** Minister, can you find out whether the minister, yourself or someone representing the minister will be attending the conference?

**Senator Nash:** I can take that on notice.

**Senator MOORE:** It would be really useful to find out whether there is some kind of role, with us being the host nation.

**Prof. Halton:** My understanding is that there will be very senior representation at the conference.

**Senator MOORE:** After it is over we will ask who went and all that kind of stuff.

**Prof. Halton:** We cannot confirm necessarily.

**Senator MOORE:** Also, in terms of the process, is there an Australian government stand or signage because of the sponsorship? My understanding of these conferences—and I have been to one—is that there is a whole public area with booths and prominent advertising of people who are working in this area. So I just want to know if this sponsorship includes that kind of public recognition of the Australian government.

**Ms Quaine:** Yes, the Department of Foreign Affairs is the Australian government lead in the conference local leadership partner.

**Senator MOORE:** But the money has come out of health?

**Ms Quaine:** I do not have detail on the specifics.

**Senator MOORE:** I understand it is Foreign Affairs' engagement because it is an international conference and so much of our aid money works in this sphere, but the million dollar sponsorship plus everything that you have just read out is all from the health budget.

**Ms Quaine:** I was just going to say that, even though it is based in Australia, it is the Asia-Pacific region. That is why DFAT is involved—because of the work that occurs in AIDS in the region.

**Senator MOORE:** At the end of it, when it is over, at next estimates, I will ask for a report about what happened and all those kinds of stuff.

**Senator WHISH-WILSON:** This question could come under either drug strategy or public health. It straddles both. It is in relation to page 147 of the budget papers and concerns tobacco plain packaging litigation. In reference to that budget measure, can you explain why the costs of litigation, or the provision for litigation, has not been published?

**Prof. Halton:** It is commercial in confidence.

**Mr Smyth:** Since the litigation has commenced, those figures, by decision of the previous government and the current government, are not for publication. It is thought it could provide a potential tactical advantage to the industry if they knew what resources the Australian government is putting into the defence of its plain packaging legislation.

**Senator WHISH-WILSON:** Could you expand on that a little bit more—how that might be the case?

**Mr Smyth:** They would then know the level of funding support going into the legal teams and the like. That is something we would not want to give away.

**Prof. Halton:** You do not want to provide any indication to the opposition about what your tactics are going to be. They are playing seriously dirty and it is not our intention to give them any opportunity for advantage—and this is one of those things.

**Senator WHISH-WILSON:** I appreciate what you are saying, being in Parliament House myself.

**Prof. Halton:** They are not in Parliament House.

**Senator WHISH-WILSON:** No, but I understand where you are coming from. Is this because you feel it is possible they might be able to outspend you?

**Prof. Halton:** Anything is possible.

**Senator WHISH-WILSON:** Who makes that decision? Is that made by you, Professor Halton?

**Prof. Halton:** The non-publication?

**Senator WHISH-WILSON:** Yes.

**Prof. Halton:** That was the view of the department under the previous government and that view was agreed by the relevant people in the previous government. We put that view to this government and they agreed as well.

**Senator WHISH-WILSON:** There is no act or legislation surrounding the disclosure of that?

**Prof. Halton:** No.

**Senator WHISH-WILSON:** It is at the discretion of the minister?

**Prof. Halton:** It is a decision of government.

**Senator WHISH-WILSON:** Will it be released at some point in the future?

**Prof. Halton:** Undoubtedly when we finish the cases, there will be a public interest in disclosing how much that has cost. Yes, absolutely.

**CHAIR:** That would be a fairly standard process with legal cases of this kind, would it not?

**Prof. Halton:** Yes, absolutely.

**Senator WHISH-WILSON:** Although this is the first time our country has been sued under an ISDS clause.

**CHAIR:** That is why I said, 'of this kind'. There are plenty of other areas where government departments or other groups—

**Prof. Halton:** Sadly, we do get into litigation with a few different parties in this portfolio.

**Senator WHISH-WILSON:** I appreciate that you do, but, from the perspective of the ISDS clause, this is without precedent. The reason I am asking the question about disclosure is because we are negotiating other deals at the moment that include ISDS clauses. I think it is a matter of public interest to have an example—

**Prof. Halton:** I can assure you that, inside government, I have been quite vocal about the implications of ISDS clauses—and the costs.

**Senator WHISH-WILSON:** I hope you have been, because you are at the front end of it now.

**Prof. Halton:** Be assured.

**Senator WHISH-WILSON:** I know about Philip Morris, but the budget's measure description refers to tobacco companies—plural. Has there been any other litigation instigated or is it still just Philip Morris?

**Mr Smyth:** We continue to receive freedom of information requests.

**Senator WHISH-WILSON:** From other parties?

**Mr Smyth:** From other parties—some representing the interests of tobacco companies. Part of that decision relates to companies that were involved in the High Court case in 2011-12.

**Senator WHISH-WILSON:** There were three of them originally, were there not?

**Mr Smyth:** It was Japan Tobacco, Imperial Tobacco, Philip Morris and British and American Tobacco. There were four.

**Senator WHISH-WILSON:** There were four?

**Mr Smyth:** That is correct.

**Senator WHISH-WILSON:** You cannot disclose it, but have you had to change your provision for the litigation?

**Prof. Halton:** We cannot disclose that.

**Senator WHISH-WILSON:** Professor Halton, given your comments about ISDS, have you or your department or someone directly provided input to DFAT around the concerns that you have raised here?

**Prof. Halton:** Yes, that is correct, and I have discussed it with a number of my health colleagues from around the world, most recently in Geneva last week.

**Senator WHISH-WILSON:** Thank you very much. That is all from me.

**CHAIR:** That brings us to the end of Public Health, Chronic Disease and Palliative Care. This leaves us with two programs to complete before 6.30: Drug Strategy and Immunisation.

**Senator McLUCAS:** We have got one set of questions on the Advisory Panel on the Marketing in Australia of Infant Formula. But just before we go to that, can I just ask a follow-up question to Senator Whish-Wilson's around the FOIs that the department has received around tobacco? I know that time is of the essence, but can we have a quick update on the number and the extent, particularly the number of amendments and the hours of time the department is having to expend doing this?

**Mr Smyth:** A considerable amount of time. I do not have an aggregate figure, but it is a considerable diversion of resources from the Tobacco Control Taskforce that sits within my division. As late as yesterday we received an FOI request in relation to information relating to the staffing and the resource allocation within the tobacco task force of people that have worked on this measure. There was another one yesterday, but that one that I just referred to, my apologies, was received on 23 May. It was an FOI request seeking documents relating to

employees of the Tobacco Control Taskforce for the period 2009-14 in terms of numbers. They are not after actual names or anything like that. That would not be provided, of course.

**CHAIR:** Home addresses?

**Mr Smyth:** No, senator.

**Prof. Halton:** Personal particulars.

**Mr Smyth:** We are currently processing that. We received another request on 18 May seeking documents in relation to correspondence between the minister's office and assistant minister's office and the tobacco companies. We are processing that as well. On 27 April this year we received two FOI requests seeking documents relating to cigarette product disclosures for the regulation of electronic nicotine delivery systems, or ENDS—electronic cigarettes—and smokeless tobacco. That request was refused by the department on the basis that there were not any documents within scope of the FOI request. Nevertheless, even when some of these are refused, there is still an extensive process of due diligence that you go through to find whether there may be documents on the system or in files. So it soaks up an enormous amount of resources.

**Senator McLUCAS:** The last thing I want to do is soak up any more, but is it numbers of people almost full-time?

**Mr Smyth:** It is constant work in relation to FOIs. We have received 73 FOI requests since 2010 in relation to it. Some of them have been so enormous in scope that they have just drained an enormous amount of resources from the department, and some of them have cost in the hundreds of thousands of dollars for the department to process.

**Senator McLUCAS:** It does seem that they might be slowing.

**Mr Smyth:** They have slowed somewhat. We expect that there may be some further requests now that the World Trade Organisation disputes have formally kicked off.

**Senator McLUCAS:** Thank you for the update.

[18:04]

**CHAIR:** We now move on to Drug Strategy. Are there questions in that area?

**Senator POLLEY:** I have some questions in relation to the Advisory Panel on the Marketing in Australia of Infant Formula. Can you inform the committee what the department has done in terms of monitoring since that panel was disbanded and abolished?

**Mr Smyth:** Regarding monitoring, the department receives complaints by groups or people that wish to lodge a complaint. We then assess whether the complaint is within scope of the MAIF agreement—the agreement with industry. We have only had one such claim and that has been forwarded to the manufacturer for a response. In terms of the formal process, I think last time at this committee I outlined that we were waiting for industry to come back to us with a proposal as to how we would deal with this. We are still waiting. We anticipate that in the next week or two we will have formal response from the manufacturers and the industry association concerned here as to what the model that we will be operating with is going to be. But we have had only one complaint.

**Senator POLLEY:** Has any funding been allocated to this activity?

**Mr Smyth:** No.

**Senator POLLEY:** So we will have to wait until the next round of estimates to find out what the modelling is?

**Mr Smyth:** We should have more information available at that time—yes.

**Senator POLLEY:** You have only had one complaint that you have upheld?

**Mr Smyth:** No, it has not been upheld. There was one in-scope complaint that we have received.

**Senator POLLEY:** That is the only one?

**Mr Smyth:** Yes.

**Senator POLLEY:** What sort of consultation has been had? Has the Australian Breastfeeding Association been consulted at all?

**Mr Smyth:** Not at this point because we are still waiting for the industry to come back to us with their proposal and then we will certainly have some consultations with the key stakeholders in the sector before we finalise what the position will be and what the process will be.

**Senator POLLEY:** What is the time frame for this? Are we looking at three months or six months?

**Mr Smyth:** I would certainly like to have this done within the next three months.

**Senator POLLEY:** I think that covers it. Thank you.

**Senator McLUCAS:** I want to go to the Alcohol and Other Drugs Council of Australia. What support has the department provided them since they finalised their operations?

**Mr Smyth:** It was once the deed of release had been signed. The one issue that we have been working with is the NDSIS, which is the library—to secure a future in relation to the library. We have not been formally providing funding to the organisation at all. At the deed of settlement and termination, we handed that over to the administrator and, I suppose, it was the ADCA board, which is still constituted.

**Senator McLUCAS:** When was that?

**Mr Smyth:** That was on 10 February this year. That is when we reached deed of settlement with the administrator.

**Senator McLUCAS:** Who are you negotiating with? I understand that the council has an administrator. Is that right?

**Mr Smyth:** That is right.

**Senator McLUCAS:** You are negotiating with the administrator?

**Mr Smyth:** We have been working with the administrator. We have been working with a range of drug and alcohol sector organisations to look at some of the electronic resources in relation to what ADCA held and the physical library as well. We have been acting as an honest broker through that process to ensure that those resources are secured into the future.

**Senator McLUCAS:** The ownership of those resources is still with the council. Is that right?

**Mr Smyth:** No.

**Senator McLUCAS:** Who owns the asset?

**Mr Smyth:** The administrator is really responsible. The resources that were assessed as being unique to the NDSIS have now been physically transferred to the Australian Drug Foundation in Melbourne. So, there was a process where we had the National Library of Australia come in and do a due diligence audit process of what resources constituted unique resources held by that library. They identified 1,552 unique resources. We have facilitated the transfer of those resources to the Australian Drug Foundation library—their physical library, which is in Melbourne.

**Senator McLUCAS:** That was what I meant by 'support'. I did not mean financial support. Who organised for the Australian National Library to do that work?

**Mr Smyth:** It was done through my staff.

**Senator McLUCAS:** And the virtual resources?

**Mr Smyth:** There was the RADAR, which is the Register of Australian Drug and Alcohol Research. That has now been rehoused at the National Drug and Alcohol Research Centre at the University of New South Wales. And the National Inhalants Information Service at this stage will move to the Australian Drug Foundation as well, but at the current interim moment it is being hosted by the Central Australian Youth Link Up Service, or CAYLUS.

**Senator McLUCAS:** Has the department been providing any support to find an alternative funding source for the information service? Probably not, given that it has been dispersed.

**Mr Smyth:** No, we have been acting as that broker to ensure that organisations could take responsibility for those assets.

**Senator McLUCAS:** Is it intended that there be a drug awareness or an alcohol awareness week in 2014, given that ADCA used to do both of those?

**Mr Smyth:** I am sure the sector will probably still have their alcohol awareness week. It has usually been the case, but I could not comment in relation to what ADCA's activities were and what is likely to be picked up by the non-government sector.

**Senator McLUCAS:** Were they previously funded by the Commonwealth government?

**Mr Smyth:** They were, yes. That is my understanding.

**Senator McLUCAS:** Through what program?

**Mr Smyth:** It was part of their core project funding.

**Senator McLUCAS:** It was core funding to ADCA?

**Mr Smyth:** Well, it was project funding in relation to ADCA, that is right.

**Senator McLUCAS:** When are those weeks?

**Mr Smyth:** Could I take that on notice, please?

**Senator McLUCAS:** I am very disappointed!

**Mr Smyth:** I know; it is appalling of me!

**Senator McLUCAS:** I think what you are telling me is that no other organisation has put its hand up to say—

**Mr Smyth:** There are clearly a lot of other drug and alcohol organisations out there in the community, some that have received substantial funding from governments over the past, that may well undertake that activity.

**Senator McLUCAS:** But the funding previously provided to ADCA was project funding specifically for that purpose. So, to say that someone might just work it out and—

**Mr Smyth:** I will take that on notice, because I am not aware of some of the details and the interplay that might have been happening with some of my staff in relation to drug and alcohol sector organisations around that.

**Senator McLUCAS:** Okay, if you could update me and provide the dates, that would be good.

**Mr Smyth:** Sure.

**Senator McLUCAS:** The two reviews on the alcohol and drug sector: can you update the committee on where the Hefford review is up to, and the review being done by the University of New South Wales—their purpose and the time and—

**Mr Smyth:** The Hefford review has been provided to government and the government is considering its response in relation to that review. The review of the treatment services sector is ongoing and should be completed by the end of this financial year, when we will receive a report to government that will look at options around mechanisms to support the drug and alcohol sector treatment services area.

**Senator McLUCAS:** The Hefford review was reviewing alcohol and drug research organisations, I understand.

**Mr Smyth:** It was really looking at those peak bodies that were funded by the federal government, whereas the treatment services review was initiated to look at those organisations that are delivering drug and alcohol treatment services.

**Senator McLUCAS:** The Hefford review is with the government. When was that presented?

**Mr Smyth:** It was received by the department on 15 April and shortly after, I think, was provided to the government. So it was probably more towards the end of April. I would have to take on notice the exact date when that review was provided to the government.

**Senator McLUCAS:** And is it going to be made public?

**Mr Smyth:** That is a decision for government.

**Senator McLUCAS:** Minister?

**Senator Nash:** We are considering the report at the moment and also any release.

**Senator McLUCAS:** What are the next steps after these reviews?

**Mr Smyth:** I think those reviews will set in train a number of decisions that the government will take, and we will obviously implement those decisions in accordance with the policy direction that we are provided.

**Senator McLUCAS:** When are then next rounds of funding under the two substance misuse flexible funds?

**Mr Smyth:** We would like to see those progress towards the end of this year. We know that those rounds can take a while to progress, so we are working through the potential administrative arrangements around those at the moment.

**Senator McLUCAS:** How much funding will be available under those rounds?

**Mr Smyth:** There are obviously some notional amounts allocated at the moment. In terms of the final amount I do not have a very clear figure, because there is some of the flexible fund or the grant indexation arrangement process that Minister Dutton will be working through, and some of those funds are caught up in decisions that relate to those grants.

**Senator McLUCAS:** So that is the quantum of the indexation?

**Mr Smyth:** As you know, I think the figure was around $179 million across all of those flexible funds in the department that were earmarked for savings, and the department is preparing, I suppose, information that Minister Dutton will consider in determining how to arrive at that figure that is in the PBS. Some of the funds that you have just mentioned will be incorporated in the decisions that are taken by government.

**Senator McLUCAS:** When is that expected to be completed?

**Mr Smyth:** That will work through over the next 12 months.

**Senator McLUCAS:** I will put a lot of these questions on notice, because they are quite detailed. What was the final cost of the contract for the Hefford review?

**Mr Smyth:** It was $36,000.

**Senator McLUCAS:** I will put the rest of those questions on notice.

**Senator PERIS:** Could you please update us on what is happening with all the activities related to FASD?

**Mr Smyth:** We are currently in negotiation with the Telethon Institute in Western Australia for provision of funding for the diagnostic tool. We are hopeful to reach a final agreement in the next couple of weeks in relation to that funding agreement. Other decisions in relation to FASD funding are currently under consideration by government.

**Senator PERIS:** My next question was going to be on the diagnostic tool. So, that is going to be completed in a couple of weeks time.

**Mr Smyth:** That is right.

**Senator MOORE:** This financial year?

**Mr Smyth:** Yes. We will have executed that financial agreement, I am sure, this financial year.

**Senator PERIS:** What else is being done in this area to directly target FASD, specifically in the prevention activities?

**Mr Smyth:** As I said, we are awaiting an announcement by government shortly in relation to specific funding in programs in relation to FASD.

**Senator PERIS:** What funding was committed that the Commonwealth provided for 2012-13?

**Mr Smyth:** I do not have 2012-13 figures. I will take that on notice, if I could.

**Senator PERIS:** Yes.

**Mr Smyth:** What I have is from 2008-09 to 2014-15, which is around $4.6 million.

**Senator PERIS:** Is that collectively?

**Mr Smyth:** That is collectively for FASD; that is correct.

**Senator PERIS:** What new funding is going forward?

**Mr Smyth:** That is going to be part of the announcement by government.

**Senator PERIS:** At the last estimates, in February, Senator Moore asked for a briefing to go into detail about the activities. Is that something we can get in the near future?

**Mr Smyth:** That obviously would be a request that would need to go through the minister's office, but once the announcement has been made—

**Senator Nash:** That is exactly right, and I was very mindful and did remember that you had requested that at the last estimates, Senator, but we had not yet got to the point to be able to do that. My previous commitment to you still stands, of course. And perhaps I could just assure the committee that the announcement is not very far away.

**Senator PERIS:** Has the evaluation of voluntary alcohol labelling been completed?

**Mr Smyth:** Yes, it has. It is progressing to the food ministers' forum meeting in June.

**Senator PERIS:** Will it be made public?

**Mr Smyth:** That is really a decision of the forum and the minister following that June meeting.

**Senator PERIS:** How did the evaluation take place? Was it surveys, or were submissions sought?

**Mr Smyth:** I think I would have to take that on notice, particularly around the methodology that was employed. But it was certainly a very sophisticated methodology, as I recall from reading through the report. It looked at various different categories of labels and the like. So it was looking at industry sectors and the like and

locations and whether or not there had been labelling uptake. It was not necessarily around a telephone survey or anything like that, as I understand it. But perhaps I could take that on notice and get back to you.

**Senator PERIS:** Yes. Are we able to be provided with who you consulted with?

**Mr Smyth:** Again, that will be determined by the report, if it is made public, following a decision of the forum in June.

**Senator PERIS:** And we would find out then if industry and public health experts were consulted?

**Mr Smyth:** Yes.

**Senator PERIS:** What are the next steps for that review that will be considered at the forum?

**Mr Smyth:** The forum requested this, and there was a decision that was previously made in relation to what might happen following a decision to introduce the voluntary arrangements. The forum needs to revisit that decision in light of the report, and I would not want to pre-empt any decision that is likely to come out of the forum. So I do not feel that I am in a position to say what the next steps are likely to be at this point in time.

**Senator PERIS:** Will the final report be made public?

**Mr Smyth:** As I said, that is a decision of the forum and the minister.

**Senator PERIS:** I have a local question regarding the Northern Territory government. Recently the Attorney-General talked about criminalising drinking whilst pregnant, and obviously there was a significant amount of objection to it. Have you heard—

**Mr Smyth:** No, I have not.

**Senator PERIS:** That is probably a hypothetical, then. This approach probably would not be supported by the Department of Health.

**Mr Smyth:** I could not comment on something like that.

**Senator PERIS:** Are you aware of any evidence or research that supports criminalising drinking whilst pregnant as an effective approach?

**Mr Smyth:** Certainly not.

**Senator McLUCAS:** Mr Smyth, do the flexible funds that you manage include some of the general-purpose grants as well?

**Mr Smyth:** Could you be more specific?

**Senator McLUCAS:** There has been a general-purpose grant that has been provided to the Red Cross, so it is probably—

**Mr Smyth:** No, it is not mine.

**Senator McLUCAS:** Let me put it on the record so that officers may be able to provide me with an answer. Since 2006, the Red Cross has received a $5 million general purpose grant. I would like to know whether it is going to be continued, its purpose, whether you can confirm that this has now been cut and what conversations have been had with Red Cross about the purpose of this money and how they are going to make up the shortfall.

**Mr Smyth:** We will certainly take that on notice.

**CHAIR:** After the dinner break, we will resume with outcome 9, Biosecurity and emergency response, with the intention of going to outcome 10, Sport, by nine o'clock at the latest.

**Proceedings suspended from 18:25 to 19:30**

**CHAIR:** We have allocated 75 minutes to this section, but no-one is going to get too upset if it does not take the whole 75 minutes.

**Senator McLUCAS:** For the record, I think we have overallocated time in this area.

**CHAIR:** There is 75 minutes, yes.

**Senator McLUCAS:** Next time will try to curtail questioning on this particular outcome, although it is terribly important. The perennial question I always ask first is about the work that we have done in the Torres Strait around the cross-border health issues. Professor, could you give us an update of what is occurring there.

**Prof. Baggoley:** Certainly, and my colleague Julianne Quaine also can share in this. The key issue, of course, is tuberculosis in PNG. As you know, the department co-chairs the Torres Strait Cross Border Health Issues Committee with the PNG National Department of Health. The HIC last met on Thursday Island on 2 April. At a similar time, the Clinical Collaboration Group, which is a subcommittee of the health issues committee, met—the day before, I think. That one provides a forum for ongoing collaboration between the Australian and Papua New

Guinean clinicians to help support effective tuberculosis treatment within the PNG health system. The group includes the head of TB control for the Western Province of PNG, other clinicians from the Daru General Hospital, the Chief Health Officer for Queensland, me and others from Thursday Island.

It was a very helpful meeting. Emma McBryde came and presented again. But there is no doubt that the challenges for TB control, particularly in the Western Province and in Papua New Guinea generally, remain. Modelling that Professor McBryde demonstrated shows that increased effort needs to occur to gain control because there is an increased proportion of multi-drug resistant tuberculosis in PNG.

**Senator McLUCAS:** In Western Province?

**Prof. Baggoley:** In Western Province. That is clearly of concern. The border interaction is such that very few, if any, cases now go to Saibai or Boigu. That has been sorted. The TB ward in Daru General Hospital has been completed and is functioning. Dr Rendi Moke has resigned, unfortunately, and is now working in Port Moresby. He was a tower of strength heading up the control work for TB in the Western Province. Also, unfortunately, Sister Joseph, an extraordinary and dynamic nun, is no longer chief executive of the Daru General Hospital. So we are going through a period of change which we are keen to see resolved and resolved in a positive way. The clinical collaboration group should meet again later this year—it should meet twice a year—and we will find out how things are going. That has been a cooperative approach to assisting the work in PNG. Of course, there is no doubt that, in so assisting, it also assists the Torres Strait and its efforts to make sure that tuberculosis remains firmly under control.

**Senator McLUCAS:** Have there been any infections in Australia that the committee should know about?

**Prof. Baggoley:** The department has received notifications through the National Notifiable Diseases Surveillance System of five TB cases on two Torres Strait islands in 2014. The Queensland Department of Health is responsible for managing the cases and tracing contacts, which they have done. Those cases were very early in the year. I appreciate we are still only in June. I believe notification went out, effectively, in January. I am not aware of any further cases since then.

**Senator McLUCAS:** What was the severity of those cases?

**Prof. Baggoley:** I do not have that detail now. I can take that on notice. I am not aware that they were MDR-TB but I really should be sure and find that for you on notice.

**Senator McLUCAS:** In terms of the AusAID effort in Western Province, have there been any changes there?

**Prof. Baggoley:** I am not sure I can provide informed comment on that. AusAID is now part of DFAT. Certainly the key representative from what was AusAID was still there, at our clinical collaboration group meeting. I have not been advised of any significant change, but that would be best put to DFAT.

**Senator McLUCAS:** There was quite high-level engagement between AusAID officials and Daru hospital.

**Prof. Baggoley:** Indeed.

**Senator McLUCAS:** Was there evidence of that continuing, particularly with the changes in the leadership of the hospital?

**Prof. Baggoley:** They were fully informed and fully knowledgeable of what was happening there and they were keeping a close eye on it.

**CHAIR:** My questions are around dengue fever and its presence in the Torres Strait. Can you tell us what the situation is there? Can you also comment on reports that this means it is only a matter of time before it becomes far more endemic in Australia than it currently is?

**Prof. Baggoley:** I do not have specific detail. Maybe Ms Quaine can help us with that.

**Ms Quaine:** From 1 January 2014 to 9 May 2014 there were 749 confirmed cases of dengue reported to the national and notifiable diseases.

**CHAIR:** That is throughout Australia, though.

**Ms Quaine:** Yes, that is throughout Australia. I do not have specific information on Queensland.

**CHAIR:** Can you take that on notice and provide the number of cases in the Torres Strait—as much information as you are able. Can you comment on reports that this is going to inevitably lead to dengue becoming—I would not call it endemic yet, I guess—

**Senator McLUCAS:** It is—in Cairns, in my suburb.

**CHAIR:** I am talking about it not knowing what the official definition of 'endemic' is. Can you give an explanation of how you think dengue fever is going to progress in Australia in the next two to three years?

**Prof. Baggoley:** I think one of the keys is focusing on mosquito control, both in the Northern Territory and in the Torres Strait. Certainly in the Northern Territory, there has been a lot of work done to eliminate the dengue-transmitting mosquito, aedes aegypti, from Tennant Creek. Right throughout Australia, at our borders and at our ports, mosquito control is a very important part of our biosecurity. Assistance has been provided to the Northern Territory and there is concern that if this mosquito, which has been found in Tennant Creek, is not controlled there, it could well become established across Northern Australia and the rates of dengue will increase. The mosquito is also a vector for another disease called chikungunya. That is particularly important.

**CHAIR:** It is like Ross River fever but worse.

**Prof. Baggoley:** Exactly. It is the mosquito control which is the important part of what we should be doing.

**Senator McLUCAS:** In your answer to a question on notice from Senator Boyce from last estimates, the department says, 'At present the risk of local outbreaks from the imported cases is restricted to urban areas of Queensland.' What is the level of dengue in the Torres Strait? I did not think it was a high risk.

**Prof. Baggoley:** I need to take that on notice.

**Senator McLUCAS:** I am following up from Senator Boyce's question. What is the definition of endemic?

**Prof. Baggoley:** Something that remains. Epidemics come and they go and you have periods of absence in between. Endemic means there is always a level, although it can fluctuate.

**CHAIR:** Dengue fever could be considered to be already endemic. Is that right?

**Prof. Baggoley:** I have had advice from Dr Jenny Foeman, who has advised that—and we will get exact numbers for you—the level of dengue in the Torres Strait is quite low. The other mosquito that is part of our mosquito control is aedes albopictus.

**CHAIR:** Which is worse.

**Prof. Baggoley:** There has been funding directed at the routine monitoring and control of exotic mosquitoes in the Torres Strait. That mosquito can also transmit dengue fever, so, by keeping it under control, the dengue is kept under control. But we will get the numbers for you, on notice.

**Senator McLUCAS:** My understanding, Professor, is that over the last two dry seasons we have had infections of dengue fever in the Cairns area, which says to me—as someone who is not a professor and who has not had any health education—that that might be endemic. But I am seeking your advice.

**Prof. Baggoley:** Whether it remains there throughout—again, I will take on notice whether it is regarded as endemic in that area.

**Senator McLUCAS:** Does the Department of Health engage with thinking about the impact of climate change on all vector-borne diseases? What work do you do across government to try and map or predict it—or to provide advice about what sorts of strategies we need to put in place to ensure that we are appropriately prepared for the risks arising out of a changed climate?

**Prof. Baggoley:** The issue of changing climate is one that is understood to be an important part of understanding emerging infectious diseases. With changes in climate can come changes in water and water security. At times you can have too much water and sometimes not enough. It can affect the vectors that occur. We have just been talking about mosquitoes, and there is food production and so on. With public health, the whole issue of the effect of climate on emerging infectious diseases is one of constant understanding and review, which is why surveillance of the diseases is important. You need an understanding so that when circumstances change you have a constant ability to predict infections that may occur. This is, if you like, part of the bread and butter of public health. Of course, climate change is not something that is stepwise, in many ways. We have different climate effects as years go on, and as you look back over a decade you can see maybe a trend to warming or whatever. You can also marry these things with surveillance of certain diseases. It is just part of understanding how to introduce good public health measures. Vector control is particularly important, but there is a whole range of factors.

**Senator McLUCAS:** The health department is doing some work around surveillance. Queensland is obviously doing some work. Is there a place where conversations can be had, where planning advice can be given? Is there a committee that is the place where these conversations are had? What power do they have to provide advice to relevant authorities about what may be an appropriate response?

**Prof. Baggoley:** There are several committees. The overarching committee is the Australian Health Protection Principal Committee, which I chair, which includes chief health officers from each state and territory. It includes the chair of the Communicable Diseases Network of Australia, it includes the chair of the Environmental Health Committee and it includes the chair of the Public Health Laboratory Network. These committees have various

subcommittees. There is the national arbovirus committee as well. A range of committees work in each of these areas, providing advice to their own states and territories but come together with the Australian Health Protection Principal Committee, which of course not only helps inform each state and territory but it goes up through ARMAC to the Standing Committee on Health. This is all very well connected.

**Senator McLUCAS:** I have just been advised that dengue fever is not endemic in North Queensland, but *Aedes aegypti*, the vector, is endemic. That is from a paper from Professor Scott Ritchie from James Cook University, who is obviously listening, which is problematic!

**Prof. Baggoley:** He did not send that to me, Senator, but there you go! Maybe he has!

**Prof. Halton:** It is actually an important point. In terms of endemic, widely spread and difficult to eliminate, obviously the mosquito is. In terms of the number of people who are suffering from dengue, no, that is not the case. If you think about the number of actions that are taken to eliminate the mosquito, everything from standing water and instructions to people about appropriate personal protection et cetera, I think it is a moot point in terms of what is endemic. The mosquito definitely is, and that is one of the reasons why people need to be so careful.

**Senator McLUCAS:** That is right. In a passing comment to you, Professor, at the end of last estimates, I asked if you had heard of the Eliminate Dengue project. Have you had a chance to look at that?

**Prof. Baggoley:** I have not done any follow-up on that, I am ashamed to say, but will do so.

**Senator McLUCAS:** We have to be prepared and we have to know what is happening, but we also have to know what is on the horizon in terms of potential responses. I know that Professor Richie has been involved in that as well. That is all I have on vectorborne diseases. There was a table that you attached to your question on notice No. 69 which gave the notifications of vectorborne diseases in Australia in 2013. Could we update that to the end of June 2014?

**Prof. Baggoley:** Certainly.

**Senator McLUCAS:** I do not know on what series they report, so it might be something that would be useful to the committee.

**Prof. Baggoley:** Yes.

**Senator McLUCAS:** I expect Senator Di Natale will have questions and I know Senator Peris also has some questions relating to the Northern Territory.

**CHAIR:** If there is another area, you can go on.

**Senator McLUCAS:** I do not have a brief on this, Professor, and I apologise for that, but I understand there was some media that you would have done recently about a new virus that we should be aware of. Is it MERS?

**Prof. Baggoley:** Last week. It was the Middle East respiratory syndrome coronavirus.

**Senator McLUCAS:** Could you update the committee on that?

**Prof. Halton:** Can I acknowledge here that Professor Baggoley is the chair of the global emergency committee in respect of this virus. He has been asked by the Director-General of the WHO, Dr Margaret Chan, to chair this committee, and he is doing a global service in so doing.

**Senator McLUCAS:** Congratulations and thank you.

**Prof. Baggoley:** Thank you, Secretary, and thank you, Senator. The Middle East respiratory syndrome or MERS virus is one of a group of viruses called coronaviruses. We have come to know two of them particularly. Coronaviruses cause the common cold. They also cause SARS, which you may recall from about 10 years ago, which is severe acute respiratory syndrome. MERS has emerged over the last two years, as the name suggests, in the Middle East, where it has now affected about eight countries there, predominantly the Kingdom of Saudi Arabia. It has gone from there to 11 or 12 other countries around the world, mostly by people who have picked up the disease from the Middle East going home. There are a number of cases in Europe and, closest to us, one in the Philippines and one in Malaysia, as well as two cases in the United States.

What we know is that the disease affects the lungs particularly and causes a severe pneumonia in the worst cases. Of the 635 cases that have been notified to the World Health Organization as at 23 May, 193 have died. That is a 30 per cent death rate on those notified cases. The world has paid more interest in the last two months because there has been quite a significant rise in the number of cases, particularly in the Kingdom of Saudi Arabia. Those who are most at risk are older males who have other illnesses such as diabetes, chronic lung disease or chronic kidney disease. What we do know is that it is not particularly contagious, in spite of those numbers. The household contacts in one study have shown that just over one in 100 contacts of someone who has the disease has caught it themselves. So that is a 1.3 per cent rate there.

**Senator McLUCAS:** Could you explain that again, please, Professor?

**Prof. Baggoley:** If somebody has caught the disease—they are called the primary case—and they have been unwell and they have been at home developing the disease, when all the contacts for those people have been tested, only one out of 100 has shown evidence of the disease and some of them have not been symptomatic at all. So it is not particularly contagious, and it is rare, then, for it to go from what they call that secondary case to someone even more distant in a tertiary case.

As for the method of transmission, the suspicion is mostly on camels. For people that travel to the Middle East, there is really excellent advice on Smartraveller. It has got not only good advice but links to our very up-to-date website in the Department of Health, where we have got information for the public, for GPs and for those that work in hospitals and laboratories. The advice there is, particularly for those who have these other diseases: just do not come into close contact with camels. But, if people do, then they should do good basic infection control—hand washing and making sure that, if you have not had a chance to wash your hands, you do not go touching your face after that sort of contact. But the full interaction between animals and humans has not yet been properly worked out. Certainly there is evidence that camels in the Middle East have got antibodies to this disease. Bats have shown the presence of virus there.

**CHAIR:** In the Middle East?

**Prof. Baggoley:** In the Middle East. People at the WHO equivalent, the OIE, are still calling for further work to find out more about the animal transmission. But the other part of this—and this is an important one for all of us, particularly those working in health care—is that there have been a significant number of cases in healthcare workers. In the most recent spike, in the city of Jeddah, quite a significant number of healthcare workers have caught the disease. A World Health Organization team have gone to the Kingdom of Saudi Arabia and assessed the circumstances there on the ground. They have expressed concern that the key reason for this transmission to healthcare workers is quite inadequate infection prevention and control.

We have got very good standards in infection prevention and control in this country. But this is something that I have reiterated with the relevant colleges, and I think it is Thursday evening when I will be having a teleconference again with the presidents of the colleges of general practice, emergency medicine, intensive care and medicine in general—they are physicians—to bring them up to date with what has been happening. There is no treatment for this disease. There is no antiviral agent. There is no vaccine. Therefore, infection control is really important so that it does not spread through a hospital. What then must happen is good supportive care and, often, intensive care for the very sickest of the patients.

In a nutshell, that is where we are. As you all would be aware, there is a lot of pilgrim activity that occurs to the Middle East. There is ongoing pilgrimage called the umrah, where millions of people go to the Kingdom of Saudi Arabia, in particular, undertake a pilgrimage and come back. That time in October each year with the haj is a time when most people are at risk. But, last year, from the five million visitors that went to the haj, there was not one demonstrated case of MERS that arose from that. But the spike in the last couple of months has really got people focusing great attention on the pilgrimages coming up this year.

The final thing I would say is that the virus has been studied hard, and its genetic make-up has not seemed to have changed in the last two years. Usually you would look for a change in genetic make-up for it to change in its infectivity rate. That has not happened yet, but a close eye is being kept on that.

**Senator McLUCAS:** With this particular virus, have we just really identified it since this particular presentation has occurred?

**Prof. Baggoley:** It was, I think, first identified in September 2012. In retrospect, they believe that there was probably an outbreak in Jordan in about April-May 2012. So it was identified then and really came to the world's attention probably just a bit over 12 months ago. Significant attention was paid to that at the World Health Assembly in May last year, and ongoing attention is being paid to it now. As the secretary has indicated, there is an emergency committee being formed by the Director-General of the World Health Organization to provide advice in regard to actions that she and the World Health Organization should take with this. We are meeting again in two weeks time.

**Prof. Halton:** Just to underscore this, having met with the relevant Assistant Director-General of the WHO, Keiji Fukuda, who is responsible for this area—someone I have known and worked with for a very long time—he is watching this. He is a very skilled practitioner in the area. He has been watching this, and whilst there is not escalation in the way that would normally seriously alarm us, there is also not de-escalation. His view, in a meeting I have had with him literally in the last week, is that we do need to keep the emergency committee in place, which means Professor Baggoley will continue in this role whilst it is unclear where this is going. I think

we all know that, the longer it is since there has been a major threat of this kind, people forget. Then they think it is not a risk. But one of the big global threats we do face are viruses and their mutations. I think the work that Professor Baggoley is doing at the request of the director-general is really very important. Now, we hope it goes nowhere. That is what we genuinely hope. But it is really important that we have the best brains and the best surveillance engaged in the event that is does turn into something even nastier than it already is. That is exactly what we have the global surveillance networks in place for: so that we can detect early and respond. It is also why we have our domestic networks in place. It is exactly why we have the Office of Health Protection and the networks that we put in place: so we can deal with these sorts of issues.

**Senator McLUCAS:** Does it reflect in any way the way that SARS spread, given it is a virus. It is a different virus, but I suppose what I am trying to get to is: what is the message to Australians about the level of risk that MERS is posing to us?

**Prof. Halton:** Domestically, none, basically at the moment.

**Prof. Baggoley:** As that interview with the ABC indicated, we could well get a case. But that does not mean we are then going to have an epidemic. I think that is important. In fact, one of the American infectious diseases specialists who had input into the last emergency committee meeting said recently, following the US getting two cases, that the public health authorities in the US are concerned—for the reasons that the secretary has just outlined—but the public should not be at this stage.

**Prof. Halton:** Exactly.

**Senator McLUCAS:** I think we need to make sure we give a very clear message to anyone who may be listening.

**Prof. Halton:** Yes. In the event that the public need to be concerned, be assured we will be telling them with the loudhailers.

**Senator McLUCAS:** Maybe we should tell them to wash their hands a bit more.

**Prof. Halton:** Frankly, we always tell people to wash their hands, but you should wash your hands regardless.

**Senator McLUCAS:** That will not hurt.

**Prof. Baggoley:** Indeed.

**CHAIR:** I have got a couple more questions on MERS. Professor Baggoley, there was a report that some camels, at least, in Australia were being tested for the virus. Is this correct, and who is doing it?

**Prof. Baggoley:** I understand that there has been some testing of Australian camels undertaken by the Australian Animal Health Laboratory, or AAHL which is based in Geelong. The tests to date have been negative. Of course, AAHL is part of the CSIRO complex and relates particularly with the department of agriculture.

**CHAIR:** So should further question be directed there?

**Prof. Halton:** Let's remind ourselves, before people get very worried about this, that we export camels. I am not aware that we import camels. Exporting camels that have no exposure to this virus is of no risk to the community. As I just said to Senator McLucas, the reality is that this is a problem largely in the Middle East. There is some chance we will get a case of someone who has been in the Middle East. It is not a very significant risk. Let us be clear about that. We are watching for it. We make sure that people understand what it is they are looking for. In the event that there is any concern, we will be telling people and, as we just said, if that does occur, the community should not be worried because we have it under control. We need the professions to watch—and Professor Baggoley has been at the forefront of making sure that people are aware of this—but people should not be worried about domestic camels.

**CHAIR:** You are saying that this testing of domestic camels is simply being done as a way of ruling out any concerns that might otherwise have been raised about that. Is that what you are saying?

**Prof. Halton:** It may be of some sort of broader academic and epidemiological interest. I cannot say why. The reality is—

**CHAIR:** I am sure it is, Professor Halton.

**Prof. Halton:** Indeed. The reality is that it may well be of interest to know what viruses Australian camels that have not been exposed to viruses circulating in the Middle East are carrying. That is of serious academic interest, I suspect.

**Senator DI NATALE:** I was after an update on how we are progressing with our antibiotic resistance strategy.

**Prof. Halton:** Quite well. As you know, I, in rotation with my colleague in the Department of Agriculture, have been chairing a steering committee to look at the Australian response. We have also been connected in very closely to the global approach which, I think it is fair to say, has been championed by both the WHO and the UK CMO, Dame Sally Davies, who is working very closely with a number of like-minded countries on the issue. We have done quite a lot of work. The CEO of the Safety and Quality Commission, Professor Picone, was here earlier. She talked about having recruited people with particular expertise in this area. We are working very closely with Agriculture and we are looking at a whole series of areas, including surveillance. We are looking at the clinical use of antibiotics, the advice we give to clinicians and a whole series of things. We are trying to stay closely connected with the global work. For us, the agricultural piece is clearly an important element. But Professor Baggoley might want to add to that. This is his special subject, so he may wish to speak. Am I wrong?

**Prof. Baggoley:** No, not at all. At least there are couple of subjects I know something about! In developing the national strategy—the ministers of both health and agriculture have agreed on the importance of the One Health approach. We have brought many elements together: surveillance of resistance and of antibiotic usage, awareness and education, infection prevention and control, antimicrobial stewardship, regulation, research and development, and international linkages. We know that Agriculture is undertaking surveillance of antimicrobial resistance and usage. As the secretary has pointed out, the Safety and Quality Commission, the department and officers within the Office of Health Protection are working together on our own surveillance program.

I was involved with a number of forums and meetings at the World Health Assembly on antimicrobial resistance just a couple of weeks ago. One thing that keeps coming through is that our regulatory approach, linked with safety and quality and aimed at hospital care in particular, is world leading. We spoke earlier today about the National Safety and Quality Health Service Standards. They have infection prevention and control, antimicrobial stewardship and surveillance as key elements. Professor Picone spoke of antimicrobial stewardship as being an area that hospitals still need to focus on. Because of the accreditation process, they are being made to focus on it. If they do not, they do not pass accreditation. That is particularly important.

The World Health Assembly unanimously and rigorously passed a resolution on 26 May this year—it was just over a week ago—where they agreed to develop a global action plan, which would be presented to the World Health Assembly next year. They are working with OIE and the Food and Agriculture Organization. They have got a strategic technically advisory group progressing and working with them on that. I was involved with that work in early April.

There is now a very strong global understanding developing that this is very serious problem. The key elements that we are working on are being worked on in a number of countries around the world. We all have our different challenges. There is no going back. We have many advantages in relation to our regulatory approach. In many countries of the world, you get antibiotics over the counter. That is a major risk and that is not something that we have here.

Our international linkages are very important. They are very important for the whole issue of research and development of new antibiotics, new diagnostic aids and other agents that might help combat antimicrobial resistance. The good news is that, particularly where usage is a problem and it is in this country, if you reduce the usage of antibiotics you can—in almost all cases, but not every one—reduce the resistance. It is not a circumstance where all is lost. But unless action is taken, we really are facing a problem. But you have known that for many years.

**Prof. Halton:** You know that this is something that has actually concerned me for a long time. I have actually been particularly pleased by the engagement we have had with agriculture since I first raised it with the then secretary. It is really important for us domestically, in my view, to be taking a very proactive and vigorous approach to this. It is difficult for us to advocate on the global stage—because this is ultimately a global problem—if we do not have our domestic house in order.

**Senator DI NATALE:** I agree.

**Prof. Halton:** I have been so determined to push this and I have been delighted that Professor Baggoley is on the team. With his great expertise, he has been in a position to assist. We do need to be a good global citizen in this area, working with Dame Sally Davies and with the Norwegian CMO, the Swedish CMO and—I could go on and on—the other people who are engaged in this debate. I think everyone understands that this is a very worrying and difficult—but crucial—issue to address globally. We have got some little things that we can do and some big things we can do domestically.

**Senator DI NATALE:** Can you tell me what some of those are? I am encouraging you to give them all, that is great. Give me a few concrete examples about what is changing.

**Prof. Halton:** Let me give a really practical example: the National Prescribing Service. If you get onto the National Prescribing Service and you compare your antibiotic prescribing habits, is it relevant to look at the national average or actually the appropriate benchmark? It is little things like that. Essentially, the amount that we prescribe in Australia with antibiotics is way, way over the odds. The national average is irrelevant. What you actually need to understand is where you sit compared to appropriate benchmarks.

**Senator DI NATALE:** Yes.

**Prof. Halton:** It is even little things like that, giving people who are earnest and hardworking clinicians access to those basic facts that enable you to say, 'Goodness gracious, I might have been fine compared to the national average. But compared to where I should be, it is well over the odds.' It is even practical things like that.

**Senator DI NATALE:** I am very encouraged by the National Prescribing Service campaign. I think it was a 25 per cent reduction in use. I cannot remember what period of time that was over. I absolutely think that is essential. In agriculture, is there anything that you can point out to me that has specifically changed? For example, one of the recommendations has been to restrict the prescribing of antibiotics that are listed as critically important in human health. Has that change been made yet?

**Prof. Baggoley:** There has been quite a good discipline now for some years in relation to the antibiotics that are used for animal health compared to those that are used for human health. The tertiary and ternary cephalosporins, for example, are just not used in animal health. EAGA, I think, undertook a process of listing the critical antibiotics for human health which could not be used in animal health. That was updated just within the last six months through the Antimicrobial Resistance Standing Committee and adopted by the Health Protection Principal Committee. Again, that list of antibiotics that should not be used in animals because they are important for human health is current and up to date. That is a piece of work that has been done in the last 12 months.

**Senator DI NATALE:** Good, that is encouraging. One of the issues, of course, is with reporting—for example, just making mandatory the reporting of the quantity of antimicrobials as sold by volume. At the moment I think it is voluntary. Has there been any progress on that recommendation?

**Prof. Baggoley:** This is the important part of the work that is being undertaken now through Agriculture, looking at the surveillance of their antibiotic use and also of resistance. As I understand it, though I have not seen the document, they were to have produced in the last six months the latest report on the amount of antibiotics that have been bought in the country, if you like—the tonnage—which is rather a crude assessment of antimicrobial use. That was to have been updated; it may well have been, but the fact that they are moving onto surveillance and the work that will arise from that are important. That the Minister for Agriculture has joined with the Minister for Health in relation to the national strategy is important. The involvement internationally of WHO, OIE and FAO in this underscores that this truly is a one-health issue.

**Senator DI NATALE:** Some of this is a little technical, so would you give a response on notice to the recommendations from the Senate inquiry into antimicrobial resistance—I think the title of the report referred to the progress of the JETACAR recommendations and there were a dozen or so recommendations. It would be interesting to see a response on each of those recommendations. You might think some of them are not relevant, so it would be good to get your view on that. Could I ask you to provide a response on notice to each of those recommendations?

**Prof. Halton:** Yes, absolutely. If you are particularly interested, you can of course ask the minister's office for a technical briefing from the commission, Professor Baggoley et cetera, because you do have a great level of technical understanding of this issue. I am sure we can call on the professors in Sydney together with Professor Baggoley and you might find that of some use.

**Senator DI NATALE:** Thank you.

**CHAIR:** I have a follow-up question; I do not know if it should go to Professor Halton or Professor Baggoley. Could either of you comment on the level of involvement and/or cooperation that you are receiving from the pharmaceutical industry in this area?

**Prof. Baggoley:** We are working with the representative from the Pharmaceutical Benefits Advisory Committee. In general, internationally—because this is an international issue—the pharmaceutical industry has been significantly involved in discussions about research and development. We know that there have been no new classes of antibiotics developed in over 20 years. One of the problems that we are facing is that the pipeline for new antibiotics has pretty well dried up. That requires global solutions. If you are in the pharmaceutical industry and looking at what drug to develop next, understanding the development costs are always quite large, the problem is that, if you develop an antibiotic, with the way they are going these days the resistance to the antibiotic develops quite rapidly. You also know that people are given short courses—it is not as though they take a pill a

day for the rest of their lives. The third element, of course, as we have been discussing in the last 15 minutes or so, is that doctors are discouraged from prescribing antibiotics unless absolutely needed. So the pharmaceutical industry, I think, are looking for a different model internationally for how they may be involved in developing new antimicrobial products. So they are involved. There is a World Innovation Summit for Health which also looked at antimicrobial resistance which met in Qatar in December last year and produced a report, and significant input into that report came from the pharmaceutical industry.

**Prof. Halton:** And I can say, Senator, that personally I have had exactly this conversation with the head of two global pharmaceutical companies, and they were both incredibly well informed and thoroughly engaged.

**CHAIR:** Okay. Thanks, Professor Halton. Do we have other questions in biosecurity?

**Senator McLUCAS:** I am not sure I do, but it is possibly question for Professor Baggoley, and it goes to what you know about the Australian Resuscitation Council. Is that a council of which—

**CHAIR:** The Australian Resuscitation Council, did you say?

**Senator McLUCAS:** Yes. I understand that that is the place where guidelines and recommendations for treatment of, in this case, box jellyfish stings are developed. Is that something that you have any knowledge of?

**Prof. Baggoley:** Not currently. In my lifetime role as an emergency physician and from roles I have had in the emergency medicine community, I had quite a bit to do with the Australian Resuscitation Council and their guidelines, particularly in the management of cardiac arrest. Some of my colleagues certainly had significant roles within the organisation. But I have not—

**Prof. Halton:** Did they change the guidelines?

**Prof. Baggoley:** I have not recently—

**Senator McLUCAS:** Well, no. That is what I want to find out.

**Prof. Halton:** In terms of the latest evidence?

**Senator McLUCAS:** Yes.

**Prof. Halton:** Yes.

**Prof. Baggoley:** I would be happy to take on—

**Prof. Halton:** There has been a debate about them needing to change their guidelines. I am actually aware of that issue, Senator. But why don't we take that on notice? We might have a conversation with them.

**Senator McLUCAS:** What I want to ascertain is: does the government have a presence on the Australian Resuscitation Council; and how do we find out if they are receiving this research that has been—

**Prof. Halton:** The latest research, yes.

**Senator McLUCAS:** There is some recent research that says not to use vinegar on box jellyfish—

**Prof. Halton:** Yes, that is exactly right. I am very aware of it.

**Senator McLUCAS:** stings. There is some commentary about how long it may or may not take for the Australian Resuscitation Council to make an assessment of whether or not—

**Prof. Halton:** Why don't we make some inquiries, Senator, and let you know.

**Senator McLUCAS:** That would be good.

**Prof. Halton:** Yes. Happy to do that.

**Senator McLUCAS:** The research was published in *Diving and Hyperbaric Medicine.*

**CHAIR:** And lots of other places too.

**Prof. Halton:** And lots of other places.

**CHAIR:** And basically saying no-one quite knew why vinegar was the way to go.

**Senator McLUCAS:** I think it needs a proper analysis; that is all.

**Prof. Halton:** Yes. We will take it up.

**Senator McLUCAS:** We have six months till we get them again.

**Prof. Halton:** Happy to take it up.

**Senator McLUCAS:** Thank you.

**CHAIR:** Any other questions for biosecurity or emergency response? No. In that case, we have finished this section. We might have a short break. Will that be sufficient for the sport people to get here?

**Prof. Halton:** If you are offering us an early mark at the other end, we would be delighted!

**CHAIR:** You are in the hands of the senators there.

**Prof. Halton:** They are here and rearing to go.

**CHAIR:** We will have a short break, then.

**Australian Sports Anti-Doping Authority**

[20:33]

**CHAIR:** We will start with questions under program 10.1, Sport and recreation.

**Senator PERIS:** My question relates to the cuts of $22.8 million over four years from the Australian Sports Commission. How will the budget cut of—

**CHAIR:** Sorry, Senator, the Sports Commission is last on our list. We have program 10.1, Sport and recreation first, then ASADA and then the commission. Are there questions for sports and recreation?

**Prof. Halton:** There does not need to be a 'yes' answer to that question, Senator—just so you know.

**Senator PERIS:** No. I am—

**CHAIR:** We will go to ASADA next.

**Senator PERIS:** Go straight to ASADA.

**CHAIR:** All right. Have you got questions there, Senator Peris?

**Senator PERIS:** Yes. Can you please provide a brief run-down of the new WADA code to take effect on 1 January and how it is different from the current WADA code?

**Prof. Halton:** Can I just start by saying it is my pleasure to introduce to the committee Mr McDevitt, who is the new CEO of ASADA. We need to be nice to him. He has been there 17 days, so he should have a pleasant inaugural experience, please, Senators!

**Mr McDevitt:** As the secretary stated, I am in my 17th day in the job, which is a little nicer than the last time I was CEO, which was at the CrimTrac agency, when I had Senate estimates 11 days into the job.

**CHAIR:** He has a whole extra six days this time!

**Mr McDevitt:** In relation to the new WADA code that comes in 2015, I might hand over to Mr Godkin.

**Mr Godkin:** Review of the World Anti-Doping Code: on 15 November 2013, the foundation board approved a revised code which will come into effect on 1 January 2015. Some of the key changes in the code are: an enhanced focus on intelligence and investigations gathering; mandatory four-year sanctions for certain antidoping rule violations relating to the use of performance-enhancing substances such as anabolic steroids; a slight relaxation of the rules surrounding the requirements for athletes to provide ongoing notification of their whereabouts; a provision for athletes to argue what is termed 'inadvertent doping' through consumption of contaminated products; systems to promote more effective and efficient testing regimes to maximise the chances of catching doping, while ensuring that testing targets are substances most likely to be used in that sport; a new requirement on the part of sporting organisations that coaches and support staff themselves are not using prohibited substances; the introduction of two new antidoping rule violations—one is complicity in antidoping—

**Senator PERIS:** Sorry; what was that one?

**Mr Godkin:** Complicity—so that is assisting, encouraging, aiding et cetera, or covering up, antidoping rule violations. The second one is a new violation called 'prohibited association', which is association by an athlete or another person subject to the authority of an antidoping organisation in a professional sport related capacity with someone who is serving a period of ineligibility. There are some other slight amendments to the standards that sit underneath the code.

**Senator PERIS:** How will the $2 million mentioned in the budget be applied to align ASADA operations with this code?

**Mr McDevitt:** Perhaps I could just make a couple of opening comments, and my colleagues may want to add to them. Our realignment in terms of focus and structure will be moving to a model which is more focused on intelligence and investigations, with less reliance on testing, particularly the numbers of tests. That is not to say that tests will not be a very important part of ASADA's armoury; they will be. But, as Mr Godkin mentioned, there is the addition of two new offences, and you will find that primarily those offences will not be proved through testing of athletes' urine or blood. Those offences will be proved through intelligence and investigations. Primarily the focus is to front-end load the process in terms of intelligence. In practical terms, that will mean things like much better relationships, stronger relationships with organisations, such as the Australians Customs

and Border Protection Service, the Australian Crime Commission and so on—so a much better flow of information—encouragement of practices, such as whistleblowing and reporting other means, by which we can receive intelligence in relation to antidoping violations. What that will actually do is that it will resolve in a much targeted regime around testing. So you will have smaller numbers of tests, but we will hopefully get much better bang from the buck on those tests.

**Senator PERIS:** As this funding is not new—for example, it is coming out of ASADA's existing funding, where will the savings be found in ASADA to apply to the new code?

**Mr McDevitt:** If you looked at ASADA's funding position—in fact, the agency is now moving closer to a position to what it was prior to the [inaudible] investigations. There are a number of things that are happening here in relation to funding. We are seeing a lapse in that additional funding that the previous government gave us in terms of a surge capability for the ongoing investigations and, as you are probably aware, that investigation phase is now prime primarily completed. We have also had the move towards shared service arrangements with the departments. So a number of our functions now—we are entering into negotiations in relations to those processes and capability is actually being delivered via the department through the shared services model. The other factor is the increased efficiency dividend, which is being applied to ASADA, as it is to the majority of other agencies, as I understand it. These are probably the three factors in terms of funding that lead to the reset of the funding position for the agency.

**Senator PERIS:** Would that possibly mean any program cuts, job losses?

**Mr McDevitt:** Inevitably, the government has funded us to actually restructure the operations of the agency and the reality is that our real staffing levels will reduce. They will reduce in the order of 78 staff to a model of around 62 staff and, as I said, that is the function of the new operating model. In fact, we will enhance our front-end—so our intelligence operations. We will actually bolster the staffing on that side of the organisation and will reduce staffing on the support services and also the testing programs where we will be conducting fewer numbers of tests. We will not require the sort of infrastructure that we have got across the country now in terms of 250-plus casuals for example, engaged in testing. It will be a smaller and a more focused testing team.

**Senator PERIS:** You are targeting athletes for drug testing, like WADA. Will it be their world ranking, their sports, sporting championships? If I could just also have the numbers on out of competition testing?

**Mr McDevitt:** Over the last seven days, I have asked those same questions about the extent to which the targeting of testing is focused on and what are the requirements. Some of the things in the test distribution plan, which are taken into account are these: the physical demands of the sport and the discipline, and the possible performance enhancing effects that doping may elicit—so there are obviously some sports where doping would give you a significant benefits over other sports; the available doping analysis statistics; the available research on doping trends; the history of doping within the particular sport and/or discipline; training periods; and competition the calendar. There will always be a number of tests conducted out of competition and then in competition. There is the information and intelligence that we actually receive on possible doping offences. They are not all of the factors, but they are certainly some of the factors which help to determine the spread of doping across the particular sports and identification of the pool. There is a level of sophistication in terms of selection; it is not a random process, and I think that, as we go forward and start doing more vulnerability assessments on particular sports, we will become even more focused in terms of targeting.

**Prof. Halton:** As you would well understand, as that process goes on and Mr McDevitt forms a professional view about how best to target, that is not necessarily the sort of thing that he will in future estimates be disclosing in any kind of detail—for obvious reasons.

**Senator PERIS:** Yes. Do you have the amount of drug tests that were performed in each of your top 5 sports—like AFL, NRL, athletics, swimming, hockey? Do you have the amount of athletes that you drug test in your top 10 sports?

**Mr McDevitt:** I can give you the total numbers, but I would have to take on notice any further breakdown of them. The testing numbers in 2013-14 year to date have been 5,759. 2010-11 were 7,376. 2011-12 were 7,196.

**CHAIR:** So you are planning to get to around the 7,000 mark again, are you?

**Senator PERIS:** 2013-14 is 5,759,so you are still—

**CHAIR:** That is year to date.

**Mr McDevitt:** Year to date, yes.

**CHAIR:** Till what day? Today?

**Mr Fitzgerald:** To the end of May.

**CHAIR:** Thank you.

**Senator DI NATALE:** Is this the target that you have achieved in previous years?

**Mr McDevitt:** That is correct.

**Senator PERIS:** I was interested in the breakdown of how many were tested in AFL, NRL and so on.

**Mr McDevitt:** We will take that on notice.

**Senator PERIS:** Thank you. That is all for my questions.

**CHAIR:** I have one follow-up question. On notice could you give us a list of the sports where you do currently undertake testing—perhaps over the past two years or something?

**Mr McDevitt:** We will take that on notice.

**Senator SESELJA:** Congratulations on your appointment. I want to take you back well before your 17 days on the job to the so-called 'blackest day in sport'. I want to try to get a bit of an update on where we are up to. It was around 16 months ago or so that we had a press conference that cast a pall over all our major sports in one form or another, and we have been reading bits and pieces in the media over the last 16 months as that investigation has proceeded. Given the dramatic nature of that announcement, I wonder if you could bring us up to date now as to whether or not the claims made at that press conference, given what you now know and what has emerged through more detailed investigation, were a reasonable descriptor of what we are facing in our major sporting codes.

**Prof. Halton:** Before Mr McDevitt answers I want to be really clear about this. He has been in the job 17 days. He has already made the point to me that the paperwork surrounding the various cases amounts to thousands and thousands of pages. None of us were around when that particular event occurred. He was not around, sport was not back in my portfolio and it was a different government. We all understand that that was a different time. So I think it is probably a little early to ask Mr McDevitt to make any detailed commentary, and he certainly will not—and I will not allow him to—make any commentary in relation to the politics of that matter.

**Senator SESELJA:** Sure, and I did not ask him—

**Prof. Halton:** No, but there is an implication there, so we need to be extremely clear.

**Senator SESELJA:** I understand that. I will be careful not to ask him to comment on the politics.

**Prof. Halton:** He has been in the job 17 days. I do not know this, but he may be able to give you a broad impression and outline the process he is going through in terms of familiarising himself with the matters, but I think to ask him for any opinions at this point—we all know that every sports journalist will be watching this and will write some headline for tomorrow morning on virtually anything he says. We actually need to allow him to do his job properly, and that is what I am interested in him doing. Over to you.

**Senator SESELJA:** I would want nothing else. I make it clear that, firstly, there was no political question there and, secondly, there is no criticism of Mr McDevitt, who has been in the job for 17 days—

**Prof. Halton:** Exactly.

**Senator SESELJA:** nor necessarily ASADA. But I want to get to the bottom of where we are up to given where we have come from. I think it is reasonable that we ask how far advanced we are and if where we came from is as bad as what we were told 16 months ago. That is what I want to try to drill down to.

**Prof. Halton:** We should also remind ourselves that nobody from ASADA ever used the term 'darkest day'. That was a commentator. It was a cute line and got an awful lot of traction.

**Senator SESELJA:** It was also at a press conference that ASADA was part of.

**Prof. Halton:** It actually was not. It was not used at that press conference.

**Senator SESELJA:** No, but the press conference that sparked this ASADA was involved with.

**Prof. Halton:** I am making no commentary about that press conference.

**Senator SESELJA:** Indeed. You can leave that to us. But I will ask Mr McDevitt to give us a bit of an update on where things are up to.

**Prof. Halton:** That is fine. Thank you.

**Mr McDevitt:** The first comment I would make is that in the 17 days that I have been at ASADA I have noted that an enormous amount of material has been gathered in relation to what is known as Operation Cobia. We are talking about over 300 formally recorded interviews, some of which ran for periods of eight or nine hours. We are talking about examinations of over 150,000 documents, some of which run to 150 to 200 pages, all of which need to be searched, copied and analysed for relevant and pertinent evidence. The investigation of the evidence is

extremely complex, and key persons of interest with knowledge about the distribution of substances to athletes have declined to cooperate with ASADA's investigations. This lack of cooperation by key individuals has resulted—and I have been in law enforcement with a lot of agencies with the last 30 years. The reality is that, when there is a lack of cooperation by persons, obviously the investigating agency needs to resort to alternative avenues of inquiry, and ASADA has certainly found itself in that position. This is a very, very complex investigation.

We had a review of the investigation by an ex-Federal Court judge, Garry Downes, and in fact ASADA only received that review on 28 April, so that review was only received a matter of a few days before I actually arrived at the agency. I have had a chance to read the review, but I have not yet had a chance to fully digest all of the other material that has been gathered and analysed at this stage.

**Senator SESELJA:** Sure. That gives a bit of a summary, but I think what many in the community and sporting codes would want to know is: are we expecting to see charges laid soon? Are we at a point where the investigation is more or less finalised and we would expect that decisions around charging individual athletes or individuals who are involved are likely to be made soon?

**Senator McLUCAS:** This is a current investigation.

**CHAIR:** I think the officers and Professor Halton can quite adequately ascertain where the issues are.

**Senator McLUCAS:** I just urge caution. This is a current operation, and the senator is asking if charges are about to be laid. I think we need to be treading very carefully here.

**Senator SESELJA:** We are treading carefully. No individuals.

**Senator McLUCAS:** I know what you are trying to do. I am actually a bit alive to some justice being done and, in fact, those people who have been cheats being prosecuted, but let's get the process very clear.

**CHAIR:** Thank you.

**Senator SESELJA:** Many of them have already been out in the public realm, so let's be clear about that.

**CHAIR:** Thank you. There is some validity to the comment that Senator McLucas has made, but it is a comment.

**Mr McDevitt:** Thank you. I need to be extremely sensitive to the fact that this is an ongoing investigation and we are unable to talk about individual cases. What I can say is that, firstly, you talked about laying of charges. ASADA does not lay charges. That is the first point here. We actually do not do that. We go through, we make assessments, we utilise the antidoping rule violation panel, we end up with a situation where we advise relevant sporting codes and the codes themselves then issue the infraction notices. I think that is quite an important point because there is a misperception out there that ASADA lays charges.

**Senator SESELJA:** Okay. That makes it somewhat simpler in the sense that you are not going to be laying charges. Are we at a point where we are close to ASADA saying to various sporting bodies, handing over a brief of evidence or whatever it is you do with those sporting bodies, recommending—would it be a recommendation?—or handing over the evidence you have that would potentially see individuals charged under the antidoping code?

**Mr McDevitt:** It is a difficult question because we have a number of individuals coming through quite complex and convoluted processes not necessarily at the same time. What you will find at any given point in time is that some matters will have progressed further than others and be at different points in the convoluted mechanics here. ASADA itself does not actually go out publicly and say at what point we are with individual matters, although, as you will see, quite often individuals who are given notices and so on will themselves make a choice to go public. We do not actually make announcements that way.

I said on the very first day that I was appointed to this role that I would approach this with a sense of urgency but that I would not sacrifice certainty for speed. We do have reputations hanging in the balance here, and potentially people's careers could be damaged, so we want to do it quickly but want to get it right. I have said that I think, in relation to the Cobia investigation, we are talking weeks here, not months, and I think that is about as far as I would be prepared to go.

**Senator SESELJA:** Okay. Weeks, not months. One of the problems that we have—and this is not of your making—is that, since we saw that press conference, all of those sports that were present at the press conference have a cloud hanging over them. That is one of the real concerns in the community and in the sporting codes. There has been so much detail in the public realm about two sports in particular, but there are also a number of other codes. We had rugby, we had cricket and we had soccer all there, all implicated because the suggestion very strongly was that this was across the sporting codes and not limited to a few clubs in one or two codes. Is it

reasonable to at least let the public know that, no, we do not have any rugby players under investigation, we do not have any soccer players under investigation or we do not have any cricketers under investigation? Is that a reasonable thing to put on the public record?

**Mr McDevitt:** I do not have the level of intimate knowledge in relation to other sports at present. I do know, for example, that notices have been issued this year across seven different sports. As we stated, the testing program is very broadly harnessed. As we stated, the testing program is very broadly harnessed. I guess there is a real awareness out there amongst the sports in terms of their integrity regimes. There is a great deal of information being sought by sports people from across multiple sports. If I can give you a couple of examples: our Stamp Out Doping Hotline has had a 59 per cent increase in tip offs so far this financial year, compared to the same period last year.

**CHAIR:** Can you give us the actual numbers as well?

**Mr McDevitt:** I could get the numbers. We are expecting 36,000 athletes to undertake our anti-doping education programs this year, which is a 200 per cent increase on two years ago. Our Check Your Substances Hotline tool this year has had 76,500 searches, which is well up from previous years. So I guess there is certainly a much greater awareness out there, and it certainly would seem from those sorts of statistics that individual athletes across multiple sports are certainly seeking more information.

**Senator SESELJA:** You talk about there being a review of ASADA's investigation, and you have read that review. There has been criticism, and I think the most noteworthy criticism has probably been the former boss of the World Anti-Doping Agency, John Fahey, being critical of the way that some of this has been handled. He has been reported in recent days saying that it was a political stunt, but I will not get you to comment on that. I am interested in drilling down on whether his criticisms are reasonable, because, as someone who has come from heading up WADA, I would think that, as you were looking at the process and once you had seen a review of the processes, you would probably take into account what someone like John Fahey had to say. He said things like he had heard no good justification for the media conference that occurred last year. Is there a good justification for that? Is there some rationale that it has made it easier to investigate, has made it more efficient or has given ASADA the ability to get to more people than they otherwise would have if we had not seen that level of publicity around the investigation?

**Mr McDevitt:** There is probably only one comment that I could make there. I think there are two issues here: there is the message and the message delivery system or mechanism. I do not think it is appropriate for me to offer comment or opinion on the delivery mechanism. The message itself was contained within the Australian Crime Commission's Project Aperio report. I think it is a very solid message, I think it has got a lot of integrity to it and I think the message itself stands on its own right. As far as the delivery mechanism goes, I have got nothing to offer.

**Senator SESELJA:** I will ask you prospectively then, because John Fahey goes on and he makes a comment about how things should be done. I would be interested, for the future, whether you think this is a good way to go. He says:

> In most instances the inquiries are done, the interviews are conducted, charges are laid, a hearing takes place and sanctions are imposed and the code says you must respect the privacy of the individual and the athlete and you certainly don’t want them to be labelled as cheats if they’re not, therefore you find out about it when it’s all over

If you have seen a review, is that a good way to go? Is what the former head of the World Anti-Doping Agency had to say about process correct?

**Prof. Halton:** There is a protocol in this committee, which is that if you are reading from a document it is normal to provide witnesses with a copy of the document. The officer and I do not know what you are reading from or whether that is indeed a comment made by John Fahey.

**CHAIR:** I think this is a public document.

**Senator SESELJA:** It is a public document. It is from the *Sydney Morning Herald*.

**Prof. Halton:** In which case, I am sure the officer would be happy to see a copy of it.

**Senator SESELJA:** I would very happy to hand it over. It has my scribbled notes over it.

**CHAIR:** Are you able to provide a copy for the secretariat to pass around?

**Senator SESELJA:** I am happy to hand over what I have got. I will not be able to read from it until I get a copy back, but I am happy to hand it over. While that is being done, are you aware of Mr Fahey's comments? They were publicised recently—I think it was 27 May, so it was just in the last few days.

**Mr McDevitt:** Yes, I am aware of Mr Fahey's comments, and, in fact, I have had a couple of conversations with Mr Fahey in the 17 days that I have been at ASADA. Mr Fahey is obviously entitled to his views on how an investigation might be conducted. I would tend to agree that privacy of the individual is critically important here, as are the natural justice principles and so on. But, in terms of the way an investigation was conducted, it is very difficult for me to look back. Decisions were made at a point in time given particular circumstances that I am just not privy to. I really think it would be unfair to the decision makers at that point in time for me to offer an opinion in hindsight on that.

**Senator SESELJA:** He does go on to say that ASADA was put in an invidious position. I will not get you to comment on that, but it does appear that that is pretty likely. This did seem to be driven by the Labor Party's political issues at the time.

**Senator McLUCAS:** That is unnecessary, Senator.

**Senator SESELJA:** Well, I think it is worth saying. It is important that we protect privacy, but not everyone's privacy has been necessarily protected. I am not saying that is ASADA's fault at all, but we know the case of Sandor Earl has received a lot of publicity—and we have seen reports that part of the charges were dropped against Sandor Earl last night—but there was a recent *Daily Telegraph* article that goes to the process here. I will not get you to comment on where Mr Earl's case is—and I would say that it is unfortunate that his has played out publicly—but he has made all sorts of claims in the media about shortcomings he sees in process. There was an interesting one, and it is a bit of a technical one, so I might get you to comment on it. This is a *Daily Telegraph* article from a couple of weeks ago—

**CHAIR:** Have we got that article too?

**Senator SESELJA:** It is not the same article. This is 18 May *Sunday Telegraph.*

**Senator McLUCAS:** Historically we have always handed up documents.

**Senator SESELJA:** I am endeavouring to. This is just a process issue that was noted in the telegraph, and I just want to know if this is the process from ASADA's point of view. It may or may not be the right reporting, I do not know. It reports in the article:

The NRL also said its tribunal would not hear the matter until further advice is received from ASADA.

And then it says:

ASADA indicated it would not comment until the NRL tribunal finalised Earl's case.

Is that how it works? That ASADA will not comment until the NRL tribunal finalises the case? Because the NRL is saying that its tribunal will not hear the matter until it has received further advice from ASADA. Is that a reasonable description of how things work?

**Mr McDevitt:** You have raised a whole range of issues there, so maybe I could just comment on a couple of them. Firstly, when over 200 people are interviewed, there is a very broad and ever-growing circle of knowledge. Let us face it, a number of people who have been interviewed have very consciously gone public, but quite often what happens is that we do not get a full version. ASADA itself does not say anything until the end of the process—that is the way that it works and we do that in respect of individuals' privacy and in respect of the natural justice provisions. What you will find is that people will go public and we are unable to say anything.

You raised Sandor Earl. A lot of us saw some coverage of that particular matter last night. We heard things like 'the trafficking charge has been dropped'. ASADA cannot say anything, but I can draw your attention to an NRL press release today, which said that, yes, one trafficking charge has been dropped, but multiple other trafficking charges in relation to more serious substances are going ahead. Again, ASADA has said nothing, but Mr Earl and others have not been bound by those sort of restrictions. ASADA itself, in relation to leaks—and you said, quite properly, that you assumed ASADA did not leak—did not leak, and that has been proven through independent investigation. ASADA prides itself on maintaining discipline around those matters and the security of information and privacy of individuals. Matters do proceed to the relevant tribunals, and the tribunals then make decisions which are then subject to appeal periods. I am sure my General Manager, Legal will pick me up if I am getting this wrong.

**CHAIR:** She is nodding significantly there, Mr McDevitt.

**Mr McDevitt:** Ultimately, the end of the appeal periods is the time when ASADA's normal practice would be to then issue a press release and a statement in relation to findings. Quite often that will be quite a distance from when an investigation first started.

**Ms Perdikogiannis:** If I may add to that, Senator. While ASADA is, under the NAD scheme, prohibited from commenting on matters until they are finalised, there are not the same sorts of restrictions in sports anti-doping

policies by which the participants abound. So when a sport issues an infraction notice or decides to provisionally suspend an athlete or decides otherwise to convene a hearing, then a sport is able to talk publicly about those matters in circumstances where ASADA itself may not be able to.

**Senator SESELJA:** Is that a shortcoming, from your perspective, Mr McDevitt? Is that perhaps something that we need to look at improving, through legislation or otherwise? You are suggesting that it puts you in a very difficult position, because there is public commentary and some of it will be true and some will not be—others can comment and you cannot. Should we be improving the way that is done in terms of the rules, laws and procedures that govern that?

**Mr McDevitt:** My sense is that, at an appropriate point in time, if we were to go through some sort of lessons learnt exercise in relation to this particular investigation and the way it came about—if we were to look at that through various lenses, including process, legislation, policy, the frameworks themselves and the mechanisms—I think that would be a really useful exercise. Perhaps, in the context of that sort of exercise, you could look at the issues that you are raising in terms of when it would be appropriate for ASADA to say something, if anything, to correct the record or whatever. At the moment we operate within the construct that we have.

**Senator SESELJA:** We were in estimates all last night when some of these things were being covered, so I have not seen all of the coverage. It has been reported that one of the trafficking charges against Sandor Earl has been dropped. Is it the case that you have not been able to comment on and confirm or deny that? Or is there the ability to do that? I have not actually seen that particular coverage, so I do not know whether you have or you have not.

**Ms Perdikogiannis:** Clause 4.22 of the National Anti-Doping scheme prevents ASADA from disclosing matters relating to the register of findings until either the matter is finalised by the sport or the person concerned, whose details are on the register, gives their consent to that disclosure.

**Senator SESELJA:** If we are talking about a number of matters and potentially one matter—

**Ms Perdikogiannis:** It is one matter all the way—appeals or whatever.

**Senator SESELJA:** Are you treating it as one lot or is it each individual potential charge or investigation?

**Ms Perdikogiannis:** It is each individual.

**Senator SESELJA:** So there is the ability to comment on those once they are finalised.

**Ms Perdikogiannis:** That is correct.

**Senator McLUCAS:** Mr McDevitt, thank you for the information you provided us about the growth in the tip-off line, the athletes program, which I would like you to explain a little bit more. I am more interested in the growth in the 'check your substance' website. I think you said that you have had 76½ thousand visits to that site. You might not know this since you have only been there 17 days, but what do you put that growth in the use of that website down to?

**Mr McDevitt:** From the limited understanding I have so far achieved, I think this is an extremely valuable online search tool that athletes can go to if they are in doubt about particular substances—whether or not it is safe for them to take, whether or not it is legal for them to take, whether or not it is not a banned substance and so on. They can go there themselves and check. As I said just earlier, that online search tool has literally been bombarded—as I said, 76,557 just this year, which is well up on previous years. I am not able to answer any more in relation to the mechanics of how it has been established.

**Senator McLUCAS:** Has it been around for a while?

**Mr McDevitt:** About two years, I think. When I asked the team at the office to give me data for previous years, they could only go back two years. So my assumption is that we have probably only had it for a couple of years, but I will correct that if that is not the case.

**Ms Perdikogiannis:** We will have to take that on notice. It has certainly been around for a number of years, but we will need to take the exact year on notice.

**Senator McLUCAS:** I am trying to understand why that trend is going that way—why, from the evidence you have given us, it seems to be spiking. If any analysis has been done about why that has happened, that would be useful. Can you explain the 200 per cent growth in the athletes program and a little bit about what the athletes program does?

**Mr McDevitt:** ASADA conducts significant education programs as a preventative mechanism. In an ideal world, we would maximise our investment in prevention and end up in a state where we would not have to go so far down the enforcement path. There are online education tools and we also conduct a lot of face-to-face sessions

and a lot of train-the-trainer sessions for individual sports and clubs. As I mentioned, this year we are expecting there to have been over 36,000 participants in those education programs. People can log on and be invited to undertake the program. Some sports, I know, are making it mandatory for participants in their sport to undertake these programs, which is obviously a fantastic initiative. But, yes, we have seen a 200 per cent increase in the uptake of those programs in the last two years.

**Senator McLUCAS:** What is the objective of undertaking that learning?

**Mr McDevitt:** The objective is to increase awareness and understanding of a couple of things. One is of the dangers to the personal health of athletes from these substances. As we heard, many of them are not fit for human ingestion or consumption. Secondly, it is about knowing the framework—knowing what constitutes a violation of the code. With the 2015 code coming in and additional potential violations being identified in it, the education program will be enhanced to incorporate those changes.

**Senator McLUCAS:** What were the gross figures you said earlier about the tip-off line?

**Mr McDevitt:** The tip-off line has had a 59 per cent increase in tip offs so far this financial year, as compared to the same period last year.

**CHAIR:** Is that from 6,000 to 9,000?

**Mr McDevitt:** We received 126 tip offs. They come in by different forms. There is a Stamp Out Doping online form. There is just via email. There is a Stamp Out Doping Hotline. There are letters. There are tip offs coming directly from sporting organisations.

**CHAIR:** Is that individual tip offs?

**Mr McDevitt:** Individual tip offs.

**CHAIR:** So there may be multiple tip offs about one thing?

**Mr McDevitt:** There might be one tip off about multiple offenders.

**CHAIR:** Or multiple tip offs about an offender.

**Mr McDevitt:** Yes, that is correct.

**Senator McLUCAS:** Have you done an analysis of what is driving that activity?

**Mr McDevitt:** I would have to take that on notice. I would like to think that that itself might be a product of the education campaign. That is, that enhanced people being aware of what constitutes a violation and hopefully getting to the stage where athletes who are doing the right thing are actually paying attention to those who are not and are seeking to have them held for account for it.

**Senator McLUCAS:** Could I ask if you have had a conversation about a 'lessons learned review' with the minister's office to this point? You talked earlier that somewhere down the track we might have—

**Prof. Halton:** It was a prospect. It was not a 'there will be', but an 'in the event of'.

**Senator McLUCAS:** That is a potential thing that might happen.

**Prof. Halton:** Yes.

**Senator DI NATALE:** I want to return to some of the questions that Senator Seselja began with. Firstly, let me congratulate you on your appointment, Mr McDevitt.

**Mr McDevitt:** Thank you.

**Senator DI NATALE:** I suppose the context is important. We have got this shadow that has been hanging over sport for a long period of time. We have had athletes, coaches and administrators who have had their reputations sullied. We have got all the hundreds of thousands of sports fans who go to the footy each week who are wondering whether they are seeing a clean sport or not.

Given that context, it just seems remarkable that it has taken so long. I take your point that these investigations are complex and there is a huge amount of material to get through. But obviously, having been in the job now, you have had to do some sort of analysis to determine how we can get a resolution to this problem quickly. My first question is: part of that analysis would require you to understand why it has taken us so long, so in your view why has it taken us so long to get to this point?

**Mr McDevitt:** The first thing I would say is that sitting behind your question is an inference that 17 months is so long.

**Senator DI NATALE:** It is more than an inference.

**Mr McDevitt:** My sense is that we would actually need to carefully analyse that. There are some examples of cases offshore, particularly some quite prominent cases from the US, involving one athlete—

**Senator DI NATALE:** Yes, you are talking about Lance Armstrong.

**Mr McDevitt:** in one sporting code. You are talking three years plus for that. When you are talking two sports and multiple athletes, then perhaps we might see the 17 months a little more in context. I am just saying that as a starting point—

**Senator DI NATALE:** It is an interesting point.

**Mr McDevitt:** we need to consider whether or not 17 months is a long time. If I was to look at some of the reasons for that taking as long as it has, I would think, 'Okay, I have already mentioned 300 plus interviews.' That is a hell of a lot of interviews. There are hundreds of thousands of documents that need to be examined.

I have mentioned the fact that the reality in inquiries—certainly in the sort of inquires that I have been involved in—is that where you have people who are very forthcoming for whatever reason, then you find that inquires tend to run their course more quickly than if you do not get full and wholesome responses and you end up having to go back and seek other avenues of inquiry to actually establish the evidence.

**Senator DI NATALE:** You do not feel that the players have been cooperative?

**Mr McDevitt:** In the reading that I have done, some have been and some certainly have not been. I think that is probably what you might expect. That is where we land.

**Senator DI NATALE:** Can we generalise that it is more with one code? Have you seen more of a pattern in one code versus the other code?

**Mr McDevitt:** I would prefer not to go there, in terms of individual cases or the specific investigations.

**Senator DI NATALE:** No, not any individual cases, but the two sports: the NRL and the AFL. Are you seeing a pattern emerging in one organisation versus another? Or you are and you would prefer not to answer it?

**Mr McDevitt:** I would prefer to just leave it in a general sense.

**Senator DI NATALE:** I take your point about 17 months. It is a long time and it is a complex investigation. But let me put the counter point to you. That is that you have been in the job for 17 days and you now say that you are confident that you will see ASADA issue show-cause notices within weeks, you hope?

**Mr McDevitt:** I am hopeful that that will be the case.

**Senator DI NATALE:** We are asking questions about that. Is it just a coincidence that you happen to arrive in the job at the very end of the investigation, when it was almost completed, and you just happen to be here at a time when you are effectively going to be weeks away from these notices? Or is there some other explanation?

**Prof. Halton:** Let's be clear: this is really an issue about the timing of the appointment. The former occupant had come to the end of her appointment. As portfolio secretary, I was responsible for advising the minister on that appointment and the replacement. We ran a very expeditious process in terms of recruitment. Yes, there was a process that was ongoing. Mr McDevitt has given you some indication of the complexity of that. I think he is rightly not passing opinions in areas where he should not be commenting publicly, not withstanding the fact that he is extremely experienced in these matters.

The reality is that that appointment was at an end. The former officer has gone with all of our good wishes to retirement. Mr McDevitt is now undertaking the role. It is not a coincidence. I think it is just a collection of circumstances that has led us to where we are.

**Senator DI NATALE:** But you can understand why I am asking the question.

**Prof. Halton:** I can understand why you are asking, but you can understand why I am explaining to you that I do not think there is anything untoward here. The reality is that there has been a huge amount of work done. Mr McDevitt's challenge actually is to get across this huge volume of material in order to, as I think you rightly pointed out, ensure that appropriate caution is taken but also that it is done at a reasonable pace.

**Senator DI NATALE:** Yes, we all want it done at a reasonable pace. It just seems unusual that we have had 17 months of work done and then we have seen a new appointment who says, 'We are going to have the likelihood of some progress within weeks and we will see athletes issued with show-cause notices within weeks.'

**Prof. Halton:** I would make the point, as has also been pointed out, that the report by former Justice Downes has only been received on 28 April last month. Again, the timing is a coincidence. It is not anything else.

**Senator DI NATALE:** An unhappy coincidence?

**Prof. Halton:** No, I am sure it is a very happy coincidence that Mr McDevitt has this wealth of material on which to now base his decision making.

**Senator DI NATALE:** Are you confident that you have got the resources to do the job?

**Mr McDevitt:** There was a commitment to bolster the staff involved in the investigation phase. I am confident that, in this point in time, me having additional staff—whether it be additional investigators, intelligence staff or legal staff—would not expedite this any further. We are at the point where I need to reach a state of mind, if you like, through digestion of the material. Nobody else can actually do that for me.

I have got the benefit of the reviews that have been conducted, which are of great assistance. But at this point in time, quite frankly, I think it is up to me to work through the material. Additional staff now would not really help me, if you know what I mean, in terms of progressing to the next stage of this process.

**Senator DI NATALE:** You are confident that you have got the resources you need to carry any investigation out to its conclusion within weeks?

**Mr McDevitt:** The primary investigation phase is complete. I think the previous CEO mentioned that at the last Senate estimates hearings.

**Senator DI NATALE:** So we are talking under the previous CEO, we had completed—

**Mr McDevitt:** That is the primary investigation phase. That does not mean that, as we progress into the next phase, investigators still might not go into and pursue avenues of inquiry, seek clarifying statements and go and do additional interviews. The primary phase is complete. That results in available evidence being packaged up. That then comes to myself and then a decision is being made about show-cause notices.

**Senator DI NATALE:** It just seems unusual that we would have 17 months of work done, you arrive at the completion of the primary stage of the investigation and then someone new comes into the position and is forced to basically start again.

**Mr McDevitt:** I do not think it is a matter of starting again.

**Senator DI NATALE:** Not starting again. The investigation is done.

**Mr McDevitt:** I can tell you, if I had to start again, there would probably be another 17 months of work to gather all the evidence.

**Senator DI NATALE:** No, what I am saying is that obviously you have not been involved through that 17 months and you have needed to familiarise yourself with the material. You have already said that there is a huge body of work there. Are you worried that the fact that you have not been involved through this process and you are coming into the process very, very late in some way compromises the investigation?

**Mr McDevitt:** No, not at all. I actually see that I have got the benefit of the material being packaged up in a very professional way by people with very high levels of competence. That packaged materials is then being subject to independent review. All of that helps to give me confidence in making the decisions that I need to make. I am confident that we can. Look, I think more than anybody I want to see a speedy resolution to all of this. But I do have to be certain in the decision making for all of the reasons that were spoken about, which were about individual reputations and so on.

**Senator DI NATALE:** Some of the less generous commentary has not just been around the issue of questioning the resourcing given to the investigation but also about some of the mistakes that have been made along of the way. One of the things that was raised publicly was the issue of the Anti-Doping Rule Violation Panel. There was some public reporting about this, where there were four members who left the panel and the investigation stalled as a result of not being able to make a decision.

**Prof. Halton:** That is not true.

**Senator DI NATALE:** You are obviously familiar with the reporting on that.

**Prof. Halton:** Very much so. The reporting is not correct. Absolutely.

**Senator DI NATALE:** Okay. Could you correct the record?

**Mr Learmonth:** Under the ASADA Act, the ADRVP has maximum of nine members—

**Senator DI NATALE:** Wasn't that changed?

**Mr Learmonth:** and a minimum of four. Three members are required to hear any particular matter. At no stage has that panel fallen below four members.

**Senator DI NATALE:** So it has always been quorate?

**Mr Learmonth:** It has always been quorate.

**Prof. Halton:** Correct.

**Mr Learmonth:** It currently has six members.

**Prof. Halton:** If the commentary actually learned to read legislation.

**Senator DI NATALE:** Was that mistake made because the number of people required for a quorum was changed with the legislation that was introduced under the former government or has it always been the case?

**Prof. Halton:** We can check that, but my understanding is that has been like that for a while.

**Senator DI NATALE:** That is interesting to know. The other question was around the fact that somebody on the panel has a conflict of interest, particularly in regards to Mr Dank. Have you read that commentary?

**Prof. Halton:** That would be in respect of one of the new appointments.

**Senator DI NATALE:** Yes, that was the new appointment.

**Prof. Halton:** To say that there is a conflict of interest I think is a bit of a stretch. Indeed, the issues in respect of that appointment and the connection—and it is not actually a formal connection—in any way which compromises the individual was well understood before the appointment was made.

**Senator DI NATALE:** But they were required to stand down from any assessment of Mr Dank. Is that correct?

**Prof. Halton:** I will check that. That is not my understanding. In any event, this particular person is a new person who actually postdates any consideration in relation to Dank. We can check those details.

**Mr Learmonth:** In any event, only three members are required to review any particular matter. There have never been less than four and there are currently six. I am not sure it is anything more than academic.

**Senator DI NATALE:** I suppose part of the question would be whether it is core and part of the issue would be that, when members move on, they do not have the understanding of the case and it takes time for them to develop an understanding of the nature of the case. I think the reporting indicated that the issue with the Dank case was delayed by up to three months because of the potential conflict.

**Prof. Halton:** No, that is not true.

**Senator DI NATALE:** I am quoting the report.

**Prof. Halton:** Indeed. I am sorry; this is not your allegation. That allegation is incorrect.

**Senator DI NATALE:** Okay.

**CHAIR:** I am glad you could answer that without the benefit of seeing the report. I think that is very good.

**Prof. Halton:** This one I am very familiar with.

**Senator DI NATALE:** I suspected you would be. The other question, of course, is this issue of confidentiality. Let's be clear about what is going on: we are getting young kids who are getting their names in the paper and being called drug cheats.

**Prof. Halton:** And we are not putting their names in the paper.

**Senator DI NATALE:** No, I understand you are not. I cannot imagine why you would want to put their names in the paper.

**Prof. Halton:** We will not and we do not.

**Senator DI NATALE:** The allegation or inference from the previous conversation was that the clubs or codes are not bound by the same confidentiality agreement that you are.

**Prof. Halton:** I think it was not inference; I think it was a direct statement.

**Senator DI NATALE:** A statement, yes. I cannot see why a football club or sporting club would want to have 15 of their kids in the paper. It has been put to me that there have been cases where it is only ASADA that would know the details of some individuals and that those things have been publicised. The question I have is: how can you be absolutely sure that none of this information has come—perhaps inadvertently—as a result of the investigation?

**Mr McDevitt:** If there are examples that you have, as you described, of information known only to ASADA having gone into the public domain then I would very much welcome that being made available for me. As I said earlier, an independent investigation was conducted earlier in this inquiry in relation to leaks and ASADA was found to have been totally on firm ground and tight with nothing attributed back to ASADA. I have come into the organisation in good faith. The level of professionalism that I have seen gives me confidence that this

organisation does not leak. Quite frankly, as I said, there may well be a range of motivations why individuals for whatever reason determine to put information into the public domain whether or not it is fulsome.

**Prof. Halton:** Can I make one point about the leak question as a secretary? You asked my staff and my department. We take an extraordinarily dim view of leaking. It does nobody a service.

**Senator DI NATALE:** You sound like a former Prime Minister. Sorry; that was cheap.

**Prof. Halton:** I know Mr McDevitt has the same view. The reality is it does nobody a service. The thing I can assure you of is that, if this happened in my department and I found somebody, they would have the full force of the Public Service Act thrown at them, and it is a fairly heavy document. They would not come off lightly. Mr McDevitt, I can be absolutely confident, would be the same. Whilst investigations have been done, you can never, regrettably, expunge the stain that is left from an accusation of leaking. There are, as he says, all sorts of motivations why some people put information in the public domain.

**Senator DI NATALE:** I accept that. As I said, I am just communicating something—

**Prof. Halton:** We understand that, but I think it is important that I put on the record that it is the expectation I have across the portfolio that both my staff directly and also my CEOs will take a phenomenally dim view of anybody who is caught leaking information.

**Senator DI NATALE:** When was the investigation done?

**Prof. Halton:** Was it earlier this year? We can check those dates and let you know.

**Mr McDevitt:** We will need to take that on notice.

**Senator DI NATALE:** You think it was earlier this year?

**Prof. Halton:** Yes.

**Senator DI NATALE:** Who was it done by?

**Prof. Halton:** We might come back to you with those details.

**Mr McDevitt:** The AFP conducted that information.

**Ms Perdikogiannis:** I can add to that. It was during the second half of last year and was conducted by the AFP.

**Senator DI NATALE:** The second half of last year. Some things have emerged since then, but obviously there was a lot swirling around at the time as well. Is that report public?

**Prof. Halton:** No.

**Senator DI NATALE:** Apart from the fact that an internal investigation was done, is there any other information that can be made available?

**Prof. Halton:** We do not ever release those kinds of reports. Those are the sorts of things that we do to assure ourselves to the extent that is possible that information that has been placed in the public arena has not come from one of our officers.

**CHAIR:** Where did that report go? Did it stop with your position, Mr McDevitt?

**Mr McDevitt:** It was before my time.

**CHAIR:** I know, but was the CEO the repository of that, or was it passed on somewhere else?

**Mr McDevitt:** I will have to take that on notice, but I am assuming that it was a report prepared for the CEO.

**Prof. Halton:** I am aware of it.

**CHAIR:** Have you been provided with a copy of it?

**Prof. Halton:** I do not have a physical copy. I do not need a physical copy, but I am aware of its contents.

**CHAIR:** Because it has been discussed rather than because it has been formally presented to you. Thank you.

**Senator DI NATALE:** I have a few other specific questions.

**CHAIR:** Very quickly if you can.

**Senator DI NATALE:** Mr McDevitt, have you been in contact with the AFL, the Essendon Football Club or, indeed, anyone associated with the Essendon Football Club about the investigation?

**Mr McDevitt:** In the 17 days that I have been in this role I have had a couple of conversations with the AFL.

**Senator DI NATALE:** As in the AFL chief executive officer?

**Mr McDevitt:** The incoming chief executive officer.

**Senator DI NATALE:** Okay. Would I be able to inquire as to the nature of that communication?

**Mr McDevitt:** I cannot go into the detail of the conversation, but obviously they are important relationships, as they are with the heads of all the sports that have antidoping codes. In relation to these ongoing matters, obviously I wanted to be able to have an initial one-on-one meeting with the CEO—a meet and greet.

**Senator DI NATALE:** You met on several occasions?

**Mr McDevitt:** We have had a couple of discussions.

**Senator DI NATALE:** Is it unusual? Your brief is to look at individual breaches of the code and target specific individuals. Why would you want to engage with the head of a major sporting code? I am not sure I understand that.

**Mr McDevitt:** Because the ASDA Act, the regulations and the national antidoping scheme themselves are all built on a participative regime with the sporting codes themselves.

**Prof. Halton:** You cannot do it without them.

**Senator DI NATALE:** Because, effectively, they will be making assessments. The matter will be referred to an AFL tribunal.

**Mr McDevitt:** We operate in a sort of co-regulatory environment, so it would be remiss of me not to involve them.

**Prof. Halton:** Exactly.

**Senator DI NATALE:** I understand. Have you met with the NRL as well?

**Mr McDevitt:** I have had a one-on-one meeting with the chief executive of the NRL as well.

**Senator DI NATALE:** How many meetings?

**Mr McDevitt:** I have had one thus far, but I have had other communication. I have had one face-to-face meeting with the CEO of the NRL and some other communication with him.

**Senator DI NATALE:** And any other sporting codes? I imagine this is taking up a lot of time.

**Mr McDevitt:** No, you can only do so much in 17 days.

**CHAIR:** Last question.

**Senator DI NATALE:** You've put the pressure on! I have to choose my question.

**Prof. Halton:** While you are deciding, let me make sure we are absolutely unambiguously clear about the question you asked about one of the new members of the ADRVP. You talked about having declared a conflict of interest. Actually, what the person declared was a potentially perceived conflict.

**Senator DI NATALE:** A perceived conflict—of course, yes.

**Prof. Halton:** Yes. There is a material difference. I want to be on the record saying, very clearly, 'perceived', not actual.

**Senator DI NATALE:** Yes. Can I ask whether any other clubs are on the radar of ASADA at the moment? I mean, obviously Essendon Football Club has been one. Do you concede that it is unlikely that there will be a prosecution regarding peptide use by Essendon or Cronulla?

**Mr McDevitt:** I just cannot go there, Senator.

**Senator DI NATALE:** Yes, okay. But, on the other issue, are there any other sporting clubs involved?

**Prof. Halton:** He cannot go there either, Senator.

**Senator DI NATALE:** Sorry?

**Prof. Halton:** He cannot go there, Senator.

**Senator DI NATALE:** For what reason? I am not asking about individuals.

**Prof. Halton:** It does not matter. You are asking about individual clubs—are there any.

**CHAIR:** Senator Di Natale—

**Senator DI NATALE:** Given that I did not get an answer to that, I have got one more.

**Prof. Halton:** You did get an answer.

**Senator DI NATALE:** Have you been asked to provide a report to the minister on this? And have you been given a date by which to report back to Minister Dutton?

**Mr McDevitt:** No, I have not, Senator.

**Senator DI NATALE:** Thank you for your time. You have been very generous.

**CHAIR:** Thank you Senator Di Natale. Senator Seselja, did you say you had one or two follow-up questions here?

**Senator SESELJA:** Yes, I did. Mr McDevitt, I may have misheard you earlier when I was asking about the various sports. I think you said seven sports had show-causes. I am not quite sure what the evidence was.

**Mr McDevitt:** Senator, I was just giving you an indication of the number of sports. Part of the point here is that we have been talking about two sports in particular. But, of course, there is a range of ongoing business-as-usual activity that the agency still needs to deal with. In fairness to the athletes from those other sports, everything cannot grind to a halt; we need to keep that moving as well. The indication I gave was that nine show-cause notices have been issued thus far this year, across seven different sports.

**Senator SESELJA:** In this investigation that we have been focusing on, is it fair to say it is just two sports that are now being pursued or potentially having to show cause?

**Mr McDevitt:** In my understanding, Operation Cobia is focused on AFL and NRL.

**Senator SESELJA:** From what you are saying, it seems that those other three were there but are now certainly not part of the investigation. This might be a question for the general manager. In terms of the potential penalties, in some ways some of these clubs have already suffered some penalties as a club. Essendon has, obviously, been excluded from the finals, and that was a club penalty handed down by the AFL. When it is finalised, does the fact that an individual club has already had sanctions play a part in any penalties that might apply to an individual player? Is that taken into account?

**Ms Perdikogiannis:** Senator, from an AFL or from a World Anti-Doping-Code point of view, the fact that a club may have suffered a sanction is not relevant to a sanction that a player might get. The AFL Anti-Doping Code, which reflects the World Anti-Doping Code in this area, sets out minimum sanctions for particular violations and it also sets out other criteria that can be taken into account, such as level of fault and level of assistance. But the fact that a club might have been penalised in some way is not one of those factors.

**Senator SESELJA:** Finally, I go back to the *Sydney Morning Herald* article which you have in front of you, which I quoted from before. Sorry, did you want to add something?

**Ms Perdikogiannis:** The only other thing I would mention is that time may be an issue, for example, and can be taken into account. If an athlete has been provisionally suspended, they will receive credit for that provisional suspension.

**Senator SESELJA:** Yes. I am going back to the *Sydney Morning Herald* article of 27 May, which I think I quoted before. This is quoting John Fahey. The article says:

> He stressed, however, that judgment of Australian Sports Anti-Doping Authority should be reserved given it was placed in such an invidious position.

Obviously that is dependent on what led to various circumstances. The only question I would ask, noting the sensitivity, is: was ASADA directed to be part of that press conference that I referred to at the beginning of my questioning? Was ASADA directing? Obviously, Mr McDevitt, you would not know; you were not there. Is anyone from ASADA able to tell us or take it on notice?

Does anyone from ASADA here know whether or not the minister's office—Minister Clare or Minister Lundy—directed ASADA to be part of that press conference, the 'darkest day in sport' press conference?

**Mr McDevitt:** I am not aware at all.

**Senator SESELJA:** Is anyone else?

**Ms Perdikogiannis:** I do not have any knowledge of that.

**Senator SESELJA:** Is that something you can take on notice then?

**Prof. Halton:** I think it might be a little difficult to answer. The officers can see what they can do, but I would not anticipate necessarily that they will be able to get an answer to that question.

**Senator SESELJA:** What would the issue be? We often ask whether or not particular instructions or directions are given. What is the issue with knowing whether or not a ministerial office gave a direction to ASADA?

**Prof. Halton:** It depends on who it was given to, doesn't it?

**Senator SESELJA:** Indeed.

**Prof. Halton:** None of these officers have any awareness of it.

**Senator SESELJA:** So are we taking that on notice? Will someone?

**Prof. Halton:** The officers are taking it on notice, yes.

**Senator SESELJA:** Thank you.

**CHAIR:** We have finished with ASADA.

**Australian Sports Commission**

[21:51]

**CHAIR:** We will move to the Australian Sports Commission.

**Senator PERIS:** I just want to talk about the budget cut of $22.8 million. How will the budget cut of $22.8 million be applied between the Sports Commission and the Department of Health?

**Mr Hollingsworth:** The budget reductions you are referring to take effect from 1 July to the 2015-16 calendar year—over those three years. For the Sports Commission, part of those reductions is about achieving efficiencies in the way we do our back-of-house services, for example in shared services with the Department of Health. We are working closely with the Department of Health around how we can transition appropriate shared services across the Department of Health over the coming 12 months to take effect from the start of the next financial year, 2015-16.

**Senator PERIS:** How many programs relating to elite sport will be cut or modified?

**Mr Hollingsworth:** At this stage, for the financial year of 2014-15, our focus is on achieving savings operationally within the commission and effectively maintaining our funding support to sports and athletes for high performance. At this stage we believe we can continue to deliver our high-performance services without substantial changes in the current program offering.

**Senator PERIS:** What do you mean by 'substantial'? Will there be changes to the way—

**Mr Hollingsworth:** Effectively there are the efficiency savings we are finding from the combination of the efficiency dividend, which has obviously been in place for a number of years, and other savings that are affecting our back-of-house service as opposed to our elite athlete services and sport services.

**Senator PERIS:** Will the Australia's Winning Edge strategy be cut or modified?

**Mr Hollingsworth:** The Winning Edge strategy is really composed of three parts. The first part relates to the funding we give directly to national sporting organisations. We invest in those sports to achieve an outcome for Winning Edge, and we are committed to maintaining the funding pool for those sports for the financial year 2014-15. The second part is in relation to direct athlete support, which is money that goes directly to our best athletes. Not only are we committed to supporting that but we have announced that we have found savings to actually increase the money that is going to athletes by $1.6 million over the next financial year, bringing the total to $12 million per annum, which is up in total by $3.6 million over the last two years. The last part is in relation to the services that the Australian Institute of Sport offers. As I said, most of the changes that relate to the efficiency savings relate to corporate operations of the commission and other parts of the commission.

**Senator PERIS:** I have a list of programs that are administered by the Australian Sports Commission. I will go through each of them and ask questions about the funding for each of them. The first one is the program to support the state and territory departments of sport and recreation. The total budget for this program for 2013-14 is $1.52 million. Has that been cut or modified for the next financial year. Is anything committed beyond 2014-15?

**Mr Hollingsworth:** What I say is subject to my board's final approval, but the intention is to continue to support the state departments of sport and recreation with grant funding. There may be some minor reductions in the quantum of funding that is provided. We have to assess that within the total available funding pool. Our priority has been to focus on maintaining funding for sports and athletes.

**Senator PERIS:** What about the Local Sporting Champions program?

**Mr Hollingsworth:** That will continue.

**Senator PERIS:** EITAAP—the Elite Indigenous Travel and Accommodation Assistance Program?

**Mr Hollingsworth:** That will continue.

**Senator PERIS:** Sports leadership grants—scholarships for women?

**Mr Hollingsworth:** That will continue subject to confirmation from the Office for Women. There is a co-contribution to that program from the Office for Women. We have yet to see confirmation of whether they are going to continue that contribution. Subject to that, it will continue.

**Senator PERIS:** When will you find that out?

**Mr Hollingsworth:** Shortly.

**Senator PERIS:** One week? Two weeks?

**Mr Hollingsworth:** We can take that on notice and get the final details to you when available.

**Senator PERIS:** The Multicultural Youths Sports Partnership program?

**Mr Hollingsworth:** When announced, that program was a three-year program. That funding has now ceased, so that program is not continuing. But that is not as a result of any changes or savings measures. That was always intended to be a three-year program. It did not have funding beyond that three-year period.

**Senator PERIS:** The Reclink program? It is under the Office for Sport—it is for recreation activities to improve the physical and mental wellbeing of people experiencing disadvantage. In 2013-14, the budget was $560,000. Are there any changes to that program? Any cuts?

**Mr Smith:** That program was a terminating program in 2013-14. It is not being funded in 2014-15.

**Senator PERIS:** It has been cut—is that what you are saying?

**Prof. Halton:** No, it is not being cut. It was never funded in the forward estimates. It was a terminating program. It was not ongoing. It was always to terminate at the end of 2013-14.

**Senator PERIS:** Is there any discussion of a program that delivers to the youth who experience disadvantage within the community?

**Mr Smith:** Participation funding continues to be through the Sports Commission. The Reclink program is not being funded beyond 2013-14.

**Senator PERIS:** The Community Street Soccer Program?

**Mr Smith:** That program is also a terminating measure, terminating in 2013-14. It is not being funded in 2014-15 or beyond.

**Senator PERIS:** The Indigenous Sport and Active Recreation program?

**Mr Smith:** That program has transferred to the Department of the Prime Minister and Cabinet. I do not have information on that here.

**Senator McLUCAS:** When a number of programs went from Sport to Prime Minister and Cabinet, was this the only one that went across to PM&C?

**Mr Smith:** From the sport area? Yes, that is correct.

**Senator McLUCAS:** Did any officers from the Department of Sport go across to PM&C through the MoG changes?

**Mr Smith:** Yes, there were a number.

**Senator McLUCAS:** How many were there?

**Mr Smith:** I would have to take that on notice. It was three or four. I will take on notice the detail.

**Senator PERIS:** Can I ask questions about the national sporting organisations?

**Mr Hollingsworth:** Yes.

**Senator PERIS:** Can you please provide a rundown of how the ASC currently interacts with the national sporting organisations?

**Mr Hollingsworth:** I can give you a long answer or a short answer—our interactions are significant. Currently, the Sports Commission recognises around 90 national sporting organisations and funds around 60 of those. Within that 60 sports, there are different degrees of funding. Our interactions might be described as comprising three parts.

The first part relates to discussions and interactions around high performance, which partly reflects the investment we make in the sports through a funding profile overseen by the AIS, and there is an ongoing dialogue and support around the programs that the sports run. One of the big changes that came through was that the Sports Commission—or the AIS—was exiting from direct-program delivery and giving sports more accountability for running their own programs, and part of that is the increased accountability of the sports back to the commission and government in using taxpayers' funding. So there is a significant amount of interaction through the high-performance area, and that is predominantly led by the Australian Institute of Sport. The second interaction relates to the growth of participation in sport. Again, we fund a large number of sports to achieve participation outcomes,

so we have regular interaction with those sports around trying to achieve their participation targets by providing both support and advice.

The third area, which is probably the most significant in a way, is around the broader area of business capability support, which is a wide-ranging amount of support we provide to the sports in relation to helping the sports become better businesses. There has been a strong focus in particular on good governance in sport, but that also extends to assisting the sports to become more commercial, so that they become less dependent on government funding, for example. There is also support around discrete initiatives that they may be interested in undertaking. So we work with a wide variety of sports, sometimes on a project-by-project basis.

Part of the interaction with the sports also relates to the provision of cross-sport information through an information clearinghouse, which is run by the Sports Commission, and it is effectively an online library which disseminates information across the sports sector. So that summarises our interactions of the three areas.

**Senator PERIS:** Following on from that, you were talking about your help with sports' growth and governance. In the last estimates, a question was asked about the female board members in your national sporting organisations, and you had a target of 40 per cent. Out of the information that we received, hockey was up around 55 per cent for female participation of the board members, and you said that you were going to be working closely with the NSOs. What is in place to attract more female board members?

**Mr Hollingsworth:** There are a couple of things. The first thing is that that aspiration to increase the number of women on boards is something that has been discussed, and we regularly interact with sports to grow the level of participation of women on their boards. Pleasingly, of the seven sports to which we have given a focus for our governance reforms, two of those—sailing and hockey—have achieved 40 per cent or above, and all other sports are making progress. There is one sport, basketball, which is only 17 per cent currently, but other sports—like athletics at 29 per cent and rowing at 33 per cent—are making good progress. One of the things we do in our annual sports tally report—which is a new document providing information both on how sports are travelling on high performance—is we name how sports are progressing in terms of female representation. There is a case of raising the profile of the sports that are doing well and not doing so well and working through them on a case-by-case basis.

**Senator McLUCAS:** Has any work been done on the benefit to sport of having high-profile women in leadership positions, and how that then reflects in participation or in encouraging more women to become part of the leadership of any sports? Has anyone done that work?

**Mr Moore:** We currently have a project in place at the moment with the Richmond Football Club, in partnership with the AFL, looking at women leaders on boards and executive in a professional sporting environment. The background to that report is that there are many studies talking about women on corporate boards or not-for-profit boards, but none actually in the sporting environment. That project is well underway. We are actually looking at it as a longitudinal study over three years, and it is in its first six months.

**Senator McLUCAS:** If I can indulge myself, I had a very pleasant afternoon tea with women in rugby league in Queensland recently. They are doing marvellous things.

**Senator PERIS:** How will the streamlining announcement in the budget differ from the current situation? What functions are being shifted to the Department of Health?

**Mr Hollingsworth:** As I said, there are two parts to the efficiencies we are trying to achieve. The first part is the impact of the efficiency dividend on the organisation. We have undertaken a whole-of-business review of our functions within the organisation looking for opportunities for savings across both processes and staffing, and there are some staffing reductions occurring as a result of that to achieve our savings profile. In relation to the shared services work with the Department of Health, that is an ongoing discussion that is occurring with Health around how we can identify the areas that are common to both our organisations where Health has the scale, capability and expertise to be able to provide that service to us at a cost less than currently provided. That will primarily affect the back office areas—and areas that are under consideration are ones like IT, some parts of finance and some part of grants management—but those discussions are ongoing. We are in early days, so we have to work that out over the coming period.

**Senator PERIS:** So there will be jobs lost in that process?

**Mr Hollingsworth:** I expect that there will be a combination of some staffing reductions and some staff that will transfer across to Health as part of that, depending on the need and capability of Health.

**Senator McLUCAS:** Has the analysis of what functions will move into the department and the staffing transfer been done yet? Have you identified how many staff will have to move into Health and what the potential functions are that will move across? Or is it too early?

**Mr Hollingsworth:** There has certainly been some preliminary analysis done, partly because the Sports Commission itself is looking at ways to achieve savings within its corporate services. Since coming into the health portfolio, we have certainly had a number of conversations with the corporate part of their organisation around opportunities. There is a range of technical issues that need to be worked through—around compatibility of IT systems, for example—so some of that needs to be done now that the budget decision has been made.

**Senator McLUCAS:** When do you expect that process to be completed?

**Mr Hollingsworth:** I think it will be a combination. I think there will be some shared services that are relatively easily moved—

**Senator McLUCAS:** Sorry, I mean the planning phase of the move into Health.

**Mr Hollingsworth:** That work started immediately.

**Senator McLUCAS:** When will the planning be finished so we can actually start moving people?

**Mr Hollingsworth:** It would depend on the nature of the service—some are more complex than others. The IT is the most complex part of that, partly because of the change in the IT arrangements in Health itself. In relation to some functions in other parts, we could move forward on those as quickly as possible in the next two or three months.

**Senator McLUCAS:** Will the ASC purchase those back-office services form Health, or is that part of the machinery of government change?

**Mr Hollingsworth:** That is part of the negotiation that will be undertaken with Health as we work through that process.

**CHAIR:** Senator Peris, have you finished your questions to the commission?

**Senator PERIS:** I have a few more.

**CHAIR:** Can I get an indication of how much longer you are going to go for, because Senator Xenophon had a quick query, I understand.

**Senator PERIS:** He can go, because I have about 20 minutes worth.

**CHAIR:** Senator Xenophon.

**Senator XENOPHON:** I want to ask a question about the revelations in respect of FIFA. I am not sure who I should be asking—it is about taxpayer funds.

**Prof. Halton:** Us. The department.

**Senator XENOPHON:** In the lead-up to the 2020 bid for the FIFA World Cup, as I understand it, about $42 million of taxpayer funds were spent in respect of that bid.

**Mr J Smith:** The final amount was $42.25 million.

**Senator XENOPHON:** Okay. I was close—that's good. You would be familiar with the revelations that emerged in the *Sunday Times* over the weekend of serious allegations of corruption in respect of the bidding process, with millions of dollars worth of bribes allegedly being paid, and an investigation within FIFA. Given that the bidding process appears to have been deeply tainted and that Australia appears not to have had a sporting chance of succeeding in its bid, is the Australian government proposing to approach FIFA about a refund? The whole process seems to have been pretty crooked to me, Professor Halton.

**Prof. Halton:** I do not disagree with you.

**Senator XENOPHON:** You do not disagree with me. Is anyone in the Australian government considering asking FIFA, which I do not think is short of a few quid, for a refund, given what appears to be a corrupt and tainted bidding process?

**Prof. Halton:** I am not aware of that suggestion having been put to the government. The officers may be aware of any such suggestion. I cannot comment. There are a number of other suggestions I have heard but not that one.

**Senator XENOPHON:** Okay. Perhaps I should ask the minister: given the revelations in terms of the FIFA bid, meaning Australia never had a chance—given the widespread allegations of corruption, bribery, a tainted bidding process—but $42.25 million of taxpayers' money was spent in the lead-up to that bid, will the Australian government be considering requesting a refund from FIFA?

**Prof. Halton:** I think that is probably a question for the minister. We will take it on notice, so to speak, Senator.

**Senator Nash:** I suspect that the secretary has just said exactly what I was going to indicate to you, Senator.

**Senator XENOPHON:** I would rather hear it from you, Minister!

**Senator Nash:** I know you would. And I would be quite happy to take that on notice for you.

**CHAIR:** Do we have any international legal avenues there, Minister?

**Senator Nash:** Sorry, Chair?

**CHAIR:** Are there any international legal avenues that we could pursue?

**Prof. Halton:** 'Is there any redress possible' is the question.

**Senator Nash:** I would need to take that on notice for you, Chair.

**CHAIR:** Thank you.

**Prof. Halton:** My money is on no, actually, but if I am wrong I will correct the record. You're the lawyer!

**Senator XENOPHON:** I was an ambulance chaser, not a lawyer!

**Prof. Halton:** There's an admission for the end of estimates!

**Senator XENOPHON:** No, no. I happily admit it.

**CHAIR:** That could keep you very much employed at FIFA, I would imagine! Thank you, Senator Xenophon. I have one follow-up question for the commission. We talked a little bit about women's leadership and the like. Do you have any similar policies or programs directed at sports regarding the inclusion of people with disabilities?

**Mr Hollingsworth:** We are a big funder of sports for people with a disability, both—

**CHAIR:** Inclusive sports?

**Mr Hollingsworth:** Yes, that is right. There are a number of things we do in that area. But, in particular, the funding we do for the Australian Paralympic Committee in relation to the high-performance part of sport is based on the notion that the APC, the Australian Paralympic Committee, works closely with the able-bodied sports to deliver both able-bodied and athletes with disability sport. That is in the high-performance area. In addition, we fund a number of other organisations. One, for example, is an organisation known as AUSRAPID, which deals with people with intellectual disability. They have started a new inclusive disability alliance which is effectively trying to get all sports to sign up to a process of inclusion of people with a disability and they have been very successful in that. The Australian Sports Commission has assisted AUSRAPID to establish that alliance, and that has been working very well.

**CHAIR:** So you support them in that work?

**Mr Hollingsworth:** Yes.

**CHAIR:** Okay. Thank you.

**Senator McLUCAS:** I want to follow up those questions about women in leadership roles in sport. I think, Mr Hollingsworth, that Senator Peris asked a general question about the progress that had been made with respect to women on boards in our sporting organisations. Over the period since the last estimates, are there any sports that have improved their gender representation?

**Mr Hollingsworth:** I believe rowing and sailing have both improved. Certainly, sailing has; but I would like to take on notice the difference between what they had previously.

**Senator McLUCAS:** I am referencing question 119, if you could have a look at that. Do you have that answer with you?

**Mr Hollingsworth:** I do not think I do, sorry.

**Senator McLUCAS:** Could you have a look at that and tell me the answer to two questions, please. What sports have improved their gender representation and—I hope the answer is none—what sports have gone backwards?

**CHAIR:** I thought you meant the answer was none to the first part.

**Senator McLUCAS:** No. We want them to go forward.

**Senator PERIS:** The active after-school program is what I am interested in. Will the Sporting Schools initiative completely replace the Active After-school Communities program?

**Mr Hollingsworth:** The answer is yes, it will. But it is a new program. The active afterschool program has been operating nationally for around 10 years. It started to be delivered in 2005. The Sporting Schools initiative is obviously a fantastic investment in participation in sport. It is a program that builds on what the AASC has achieved, but it is delivered in a different way. Most notably, a greater proportion of the total funding will go by

way of grants either directly to schools or directly to clubs, and the reach of the program will be greater than the Active After-school Communities, in part through a different resourcing structure within the commission.

**Senator PERIS:** How will they differ? Previously, you had state and territory coordinators; is that correct?

**Mr Hollingsworth:** Yes, that is correct.

**Senator PERIS:** What was the budget for Active After-school Communities in 2012-13?

**Mr Hollingsworth:** In 2013-14 the budget was $39.4 million. The Sporting Schools initiative starts from 1 January—

**Senator PERIS:** From 1 January next year?

**Mr Hollingsworth:** Next year, yes. For the full year 2015-16 the funding is $39.5 million and in the following year, 2016-17, it is $39.1 million. So it is the same funding profile, essentially, as for the Active After-school Communities program but it is delivered in a different way.

**Senator PERIS:** How will the schools and organisations—predominantly the schools—be able to apply for the funding? How will what you are proposing will start next year differ from the previous—

**Mr Moore:** It is in essence the same funding program, in terms of schools applying via an online system. In the AASC program it was via an online portal of the AASC's websites. We are creating a new web domain for the Sporting Schools network for schools to access the information, including the grant funding applications. It is in essence the same vehicle.

**Senator PERIS:** So it is the same vehicle but it is done differently through the schools or the sporting bodies?

**Mr Moore:** The schools will still be applying for the grant funding.

**Senator PERIS:** So it is going to be a totally different branding. Has there been any discussion on how much the branding will cost for all of this?

**Mr Moore:** It is a new program, with a completely different delivery model. The branding piece will essentially be the website interface between the schools, the sports themselves and the Sporting Schools network. That has actually been funded as a separate capital piece as part of the funding profile.

**Senator PERIS:** Can I ask how much that is?

**Mr Moore:** It was $1.5 million.

**Senator PERIS:** I have just got off the AIS website. In the Active After-school programs there are 190,000 children currently participating, with 3,270 schools. The new budget is proposing that you would have approximately 860,000 children participating each year, with 5,760. How did you come to those figures?

**Mr Moore:** Those numbers are in year 3 of the program; that is the final year, and it will escalate to that. It is similar to the ramp-up and start of the AASC program, where it actually built to those numbers. The vehicle is such that the registration process—and this might be too much detail—for schools is to register online to be part of the Sporting Schools network. They can choose whether or not they undertake a grant funding piece. But the online delivery mechanism allows them to access specific sport content for teacher lesson plans and curriculum detail that the sports themselves will be able to provide. It actually provides a stronger link between the sports themselves and the schools.

**Senator McLUCAS:** Are you saying that a school would link with a certain sport for their after-school sport program?

**Mr Moore:** One of the significant differences from the Active After-school program is that it offers a flexible delivery vehicle for sports. So, suiting the wide-ranging number of climates around the country, schools can elect to deliver the program before school, during school or after school. The program design allows the schools themselves to register for interest in up to 35 sports, and then there is a matching program between the school and the local sporting club deliverer to be able to deliver that program into the school environment.

**Senator McLUCAS:** So, say you were in a regional centre, especially a small regional centre—and I am thinking of little towns in Western Queensland that may not actually have a great variety of clubs. In fact, some of them will have a netball association, hopefully a softball association and most certainly a Rugby League association, and that might be it. How do they get the diversity that you are talking about?

**Mr Moore:** Part of the profile of the change from a workforce perspective will continue to allow us to employ what were the regional coordinators in those rural, regional and remote areas to actually continue to be the deliverers of programs that they currently are under the AASC program. There is a recognition that, in some of those more remote and regional areas, yes, you are quite right: club infrastructure does not exist as it does in the metro area, so the staffing profile will continue to be able to provide that service in those areas.

**Senator McLUCAS:** But you are saying the key difference is that schools would be able to link to local clubs to be able to use their talent and their personnel to come into the schools to deliver that after-school program?

**Mr Moore:** Yes, but perhaps I can clarify: the program itself allows the schools to identify those sports that they would like to engage in. That can be in a delivery sense, as I have just outlined, by our revised staffing profile in regional areas, or it may simply be that they are interested in actually looking at curriculum detail or sport-specific content that they may want to be able to deliver themselves or in concert with our staff in those regional areas.

**Senator PERIS:** When will the grant rounds open?

**Mr Moore:** Similarly to the previous profile. There are two funding rounds, exactly like the AASC program. So they will open up in the first term and then they will open up again in the third term, exactly the same as they have done under the previous program.

**Senator PERIS:** So for next year they will open up in term 3 this year—for 2015 funding.

**Mr Moore:** That is right.

**Senator PERIS:** How will the rounds be structured in terms of dollars per school? And how many schools per year? And the other question I guess is, do you look at needs based criteria that you mark it against—the more remote the school is, or whether it is a rich urban area or a poor area?

**Mr Moore:** I do not have the specific answer. I can get an answer for you on that. The opportunity exists for an increased number of schools to access a larger grant pool, as Mr Hollingsworth mentioned. The grant program has actually increased from 45 per cent of the previous moneys available under the AASC program to an excess of 70 per cent of the new Sporting Schools program. We expect, therefore, that a larger number of schools will be able to access that increased grant pool.

**Mr Hollingsworth:** It is important to note that the program remains a national program, so it is delivered right around the country, both in urban areas and regional and remote areas, and that is a really important aspect of this. The key difference, and the exciting opportunity for sports here, is that what we are looking to achieve is both more kids doing sport on a regular basis and then the connection to the local sporting club, which may then act as an incentive or opportunity to then join a sporting club, which then has a double-dividend effect. If you get more of them doing more sport during school or after school and you get them actually partaking in the club, that could work well with a number of state government programs that provide support for kids to join a sporting club for a voucher process. I know that WA and Queensland both have such programs. So, there is a nice linkage back to our overall broad participation strategy, which is to get more children not only doing sport regularly but also to join a sporting club. That is a critical aspect of this program. But it is a national program.

**Senator PERIS:** What is the minimum and maximum of an application for a grant?

**Mr Moore:** The modelling that we were able to put forward has an average grant of $1,700, and that is up from about $1,500 from the previous model, I think it was.

**Senator PERIS:** That is per school? Or per application? Can one school put many applications in?

**Mr Moore:** One school can put in multiple applications based on how they seek to deliver it through each of the terms. It is on a term basis. So, a school could have one program in each of the three terms.

**Senator PERIS:** Currently how many regional coordinators were employed under the Active After-school Communities program?

**Mr Moore:** We have 170 staff in the AASC program. I do not have the specific breakdown between regional managers and regional coordinators on me. I can provide that for you on notice.

**Senator PERIS:** That would be great. Thank you. So, will they continue to be employed? Or is that determined by the school?

**Mr Moore:** We are actually working through the new model in terms of how we will structure that staffing base.

**Senator McLUCAS:** Is that because you will have fewer of those regional coordinators because more of the money will go directly to schools?

**Mr Moore:** No, in the model we have regional coordinators, regional managers and then directors, in a hierarchical sense. So we will actually work through the staffing profile, and that is something we are working through. We are two weeks into a 12-week model in terms of how we actually develop the staffing structure.

**Mr Hollingsworth:** I might add to that. The staffing profile is different. Coming back to the point I made at the beginning, the AASC was a 10-year program, in place. There is a lot of comfort within the sporting club and

school community about that program. And the time is right to give sports and schools a bit more opportunity to work closely together to deliver sport in schools or after school, depending on the nature of how it is delivered. And that necessitates a lesser role for the regional coordinators, which is quite a time-intensive, resource-intensive program. The commission is delivering that directly and playing a facilitation role. So, there is an expectation; the sports in particular see this as the opportunity that it is—that it is a major investment in grassroots sport in the country. And the opportunity is there for sports that are proactive to actually make the most of this opportunity to connect with young kids in the school environment.

**Senator PERIS:** Going back to a question I asked earlier, it is not needs based, but when the schools apply for the funding, there is not a certain amount that you would allocate specifically for the Northern Territory, New South Wales or Queensland? It is just one pool of money?

**Mr Moore:** It is a national program. So, it is available to all of the schools—state schools, primary schools. And we are trialling for the first time some secondary schools under the model. But those schools can apply for the grant funding.

**Mr Hollingsworth:** Currently I think Active After-schools reaches 2,040 schools. Under Sporting Schools it reached 5,760, or thereabouts. The 2,000 I mentioned are geographically spread and there is a fairly proportionate representation right across each state and territory, and one would expect that to continue, with an increased number of schools. So certainly in each state and territory more schools should be receiving support through the Sporting Schools initiative.

**Senator PERIS:** I have other questions, but they can be put on notice.

**Senator McLUCAS:** I have been asked to ask about the possibility of Australia re-bidding for the World Cup if it is taken from Qatar. Has the minister discussed it with the department at all?

**Prof. Halton:** It is a hypothetical question.

**Senator McLUCAS:** No, I think the question is saying that there is all this commentary about it at the moment, and has the minister discussed that with the department so that there is some preparedness if—

**Prof. Halton:** As yet, no.

**CHAIR:** Then I will let everyone know that we have finished the health section. Thank you Professor Halton and Professor Baggoley, who I think did the whole stint, and to all the officers who have appeared. Thank you for your assistance. We will resume tomorrow at nine o'clock with the Social Services portfolio, across outcomes and corporate matters.

**Committee adjourned at 22:33**