

The Senate

Community Affairs
Legislation Committee

Additional estimates 2004-05

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Senate Community Affairs Legislation Committee Secretariat

Mr Elton Humphery – Secretary

Ms Leonie Peake – Research Officer

The Senate

Parliament House

Canberra ACT 2600

Phone: 02 6277 3515

Fax: 02 6277 5829

E-mail: community.affairs.sen@aph.gov.au

Internet: http://www.aph.gov.au/senate_ca

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Membership of the Committee

Senator Sue Knowles, Chairman	LP, Western Australia
Senator Brian Greig, Deputy Chair	AD, Western Australia
Senator Guy Barnett	LP, Tasmania
Senator Kay Denman	ALP, Tasmania
Senator Gary Humphries	LP, Australian Capital Territory
Senator Claire Moore	ALP, Queensland

Senate Community Affairs Legislation Committee

Report on Additional Estimates 2004-2005

1.1 On 10 February 2005 the Senate referred the following documents to the Committee for examination and report in relation to the portfolios of Family and Community Services and Health and Ageing:

- Particulars of proposed additional expenditure in respect of the year ending on 30 June 2005
- Particulars of certain proposed additional expenditure in respect of the year ending on 30 June 2005
- Statement of savings expected in annual appropriations
- Final Budget Outcome 2003-04
- Issues from the Advance to the Finance Minister as a final charge for the year ended on 30 June 2004.

1.2 The Committee has considered the additional expenditure of the portfolios set out in their respective Portfolio Additional Estimates Statements 2004-2005 (PAES) and related budgetary documents. Explanations relating to the estimates were received from Senator the Hon Kay Patterson, Minister for Family and Community Services and Minister representing the Minister for Health and Ageing and officers from the portfolio Departments at hearings held on 16 and 17 February 2005. The Committee expresses its appreciation for the assistance of the Minister; Dr Jeff Harmer, Secretary, Department of Family and Community Services (FaCS), and Ms Jane Halton, Secretary, Department of Health and Ageing (DoHA); and the officers who appeared before it.

1.3 In accordance with Standing Order 26, the Committee has agreed that the date for submission to the Committee of written answers or additional information relating to the expenditure is 1 April 2005.

1.4 The Committee discussed many of the expenditure revisions and information contained in the Portfolio Additional Estimates Statements. These discussions are detailed in the Committee's *Hansard* transcripts of 16 and 17 February 2005, copies of which will be tabled in the Senate. *Hansard* transcripts of the estimates proceedings are also accessible on the Committee's website at http://www.aph.gov.au/senate_ca. Volumes of Additional Information received by the Committee containing answers to questions taken on notice and tabled documents relating to the Committee's hearings will also be tabled separately in the Senate and may also be accessed from the Committee's website.

Procedural matters

Provision of answers relating to Senate Order of 18 November 2004

1.5 The Senate Order of 18 November 2004 states that answers be provided by 31 January 2005 to:

- (a) estimates questions on notice lodged with legislation committees in the course of the estimates hearings in May and June 2004; and
- (b) estimates questions on notice lodged with legislation committees by 2 December 2004.

1.6 FaCS complied with this Order and whilst the majority of DoHAs answers were provided by 31 January 2005, the remaining answers were provided prior to the commencement of the estimates hearings.

Impact of changes to Administrative Arrangements Orders

1.7 The Administrative Arrangements Order (AAO) changes resulted in the transfer of a number of agencies and programs to other portfolios.

1.8 In relation to the FaCS portfolio the following changes were made:

- The AAO of 1 July 2004 moved Aboriginal Hostels Limited (AHL) from Immigration and Multicultural and Indigenous Affairs portfolio to FaCS portfolio. Indigenous housing and infrastructure programs were also transferred to FaCS
- The AAO of 26 October 2004 moved Centrelink and the Child Support Agency (CSA) from FaCS to the Finance portfolio under the responsibility of the Minister for Human Services. The AAO also moved the Office for the Status of Women from the Prime Minister and Cabinet (PM&C) portfolio to the FaCS portfolio as part of the Department under the new name Office for Women (OfW)
- Under the AAO of 26 October 2004 responsibility for a number of working age income support and associated payments and open employment services for people with a disability moved from FaCS to the Employment and Workplace Relations Portfolio, whilst responsibility for income support for students now lies with the Education, Science and Training Portfolio. FaCS retained around 90 of the former 114 programs.¹

1 FaCS PAES, pp.9, 11; AAO, 16.12.04; *Committee Hansard*, 16.02.05, p.3.

1.9 AAO changes in relation to DoHA were as follows:

- The Health Insurance Commission and the Commonwealth Rehabilitation Service were transferred from DoHA to the Department of Human Services with effect from 26 October 2004
- Australian Hearing and Health Services Australia have moved from DoHA to the responsibility of the Human Services portfolio
- As a result of the AAO changes DoHA has also taken up some functions and associated resources previously administered by the Aboriginal and Torres Strait Islander Commission.²

1.10 The transfer of a considerable number of agencies and programs between various portfolios resulting from the AAO changes caused concern for Senators at the estimates hearings.

1.11 The Shadow Minister for Social Security commented to FaCS that:

...this new arrangement is supposed to solve these perplexing difficulties of who is responsible for what. It reinforced in my mind a concern about how the policy versus program delineation is going to work. Could you explain to me how that is going to work in areas where you run the policy but Human Services run the program? In particular, given my serious concern that Human Services now appear under Finance, how is that going to be accountable to the parliament and to the estimates committees.

One of the advantages we always had before with FaCS – and I appreciated the cooperation of the ministers in that – was that we used to have Centrelink turn up with FaCS and sit at the table at the same time, so we did not have this: 'No, you will have to ask Centrelink that question because it is a process question and FaCS does the policy advice,' or vice versa. We had everyone at the table, and the ministers cooperated in that. It was a much more useful way of resolving what occurred. ...it is an issue that is going to trouble the committee.³

1.12 The Secretary of FaCS responded that they would do their best to help the Committee but that there was always some grey area between policy and delivery.⁴

1.13 Problems of this nature were also highlighted at the commencement of the DoHA estimates hearing. The Shadow Minister for Ageing and Disabilities detailed some of the difficulties which were encountered during the Senate Finance and Public Administration Committee estimates hearing:

...there were questions being asked of the HIC and of Australian Hearing that are more appropriately dealt with here. I dare say today there will be

2 Health and Ageing PAES, p.7; AAO, 16.12.04.

3 *Committee Hansard*, 16.02.05, p.5.

4 *Committee Hansard*, 16.02.05, p.5.

questions asked here that might be more appropriately dealt with by the finance and public administration committee. I urge you as chair, Senator Knowles, to consider discussing with the chair of the finance and public administration committee the potential for doing what we have done with Medibank Private in the past, and that is have the hearing in this committee so that questions that cross over service delivery and policy can be answered fulsomely at the one time. I know that is a considerable change, with the Department of Human Services being established, but in the interests of dealing with matters effectively I think that might be something that we as a committee and the finance and public administration committee might consider.⁵

1.14 The Committee Chairman responded as follows:

I understand your point. The secretaries plus the chairs of the various committees tried to tackle this whole new process in advance of these estimates committee hearings in the full knowledge that there were, potentially, difficulties that were going to arise, and we decided that we would look at it after the event and see how we could accommodate it in the future. So your points will be taken on board.⁶

1.15 On a number of occasions during the hearings Senators sought clarification from the portfolio departments as to who has responsibility and where questions should be asked under the new arrangements. The uncertainty of where questions should be asked was even more apparent in the areas of questioning where the policy was developed in one portfolio and the implementation and service delivery of those policy decisions now the responsibility of another portfolio.

1.16 The Committee acknowledges that the Minister and Departmental officers made every effort to assist the Committee. However this situation is most unsatisfactory from an accountability viewpoint as well as preventing Senators from developing an argument as continuity is lost when questions can not be answered.

1.17 The new arrangements also resulted in a large number of written questions on notice requiring transfer between Committees so that the questions could be placed on notice with the responsible portfolio. This situation was caused mostly by some 'blurring' and uncertainty as to what constitutes policy and policy implementation and therefore which portfolio the questions should be lodged when they were initially placed on notice by Senators. The matter was further compounded because of considerable time delays in the transfer of many of the questions back to Committees from Departments to enable them to be transferred to the correct portfolio to answer.

1.18 The Committee asks the Government to further consider a more streamlined approach to solving the problems outlined above. Without adjustment the problems encountered in this round of hearings will repeatedly occur.

5 *Committee Hansard*, 17.02.05, pp.4-5.

6 *Committee Hansard*, 17.02.05, p.5.

Issues

Family and Community Services portfolio

1.19 A range of questions were asked concerning the Office for Women, including the structure, responsibility and performance indicators following the transfer of the Office from PM&C.⁷ Arrangements for International Women's Day and the Beijing Plus 10 conference were also discussed, as well as research projects and work being undertaken with regard to domestic violence.⁸

1.20 FaCS was questioned at length on issues relating to Family Tax Benefit A and B (FTBA & FTBB). With regard to forward estimates some Senators expressed concern at the level of accountability when FaCS advised that they were not able to provide details of forward estimates at the disaggregated payment type level.⁹ FaCS explained to the Committee that:

...we provide full accountability for the amount we are spending this financial year.

...we will do our best to provide you with some indication of what our estimates are. What we are not going to provide is our figuring of our precise estimates worked out using the Treasury parameters, but we will answer your questions on what sort of growth we expect in general terms. We just will not be publishing a specific figure. We will do our best to help you.¹⁰

1.21 Senators discussed with FaCS the processes and complexities involved in the claiming and reconciliation of Family Tax Benefit (FTB). The Committee was also advised that people were now provided with different options as to how they could spread and receive their payments. The FTBA supplement, methodology for overpayment calculation and performance measures were also discussed in some detail. FaCS advised that indications are that families were becoming more used to the system and were also wanting to avoid debts.¹¹

1.22 A range of child care issues were discussed including the 30 per cent child-care tax rebate and Child Care Benefit (CCB). In relation to questions concerning the work test FaCS confirmed that children of working parents are eligible for up to 50 hours per week of CCB and that parents were only required to work for one hour a week to technically be considered to be working.¹²

7 *Committee Hansard*, 16.02.05, pp.CA7, 10, 14, 17.

8 *Committee Hansard*, 16.02.05, pp.CA16-18, 21.

9 *Committee Hansard*, 16.02.05, pp.CA23-26.

10 *Committee Hansard*, 16.02.05, p.CA25.

11 *Committee Hansard*, 16.02.05, pp.CA29-39.

12 *Committee Hansard*, 16.02.05, pp.CA 48-49, 70-71.

1.23 Child care support programs were discussed at some length, particularly in relation to payments for children with disabilities and those with high support needs. Some Senators expressed concern about proposed changes to Disability Supplementary Services (DSUPS), the Special Needs Subsidy Scheme (SNSS), in-home care and entitlements for carers. The Committee was advised that changes were under consideration in the new Inclusion and Professional Support Program and that the guidelines for the Inclusion Support subsidy, which will replace DSUPS and SNSS, are still being worked through.¹³ The Committee was also advised that:

The Minister had recently announced a review of in-home care, and we will be going through a process consulting with both service providers and clients to get an understanding of how we might better meet the needs ... So that is a process that we are now embarking on.¹⁴

1.24 In response to questions about how the Department determines whether there is unmet demand in child care, FaCS explained that this was a fairly complex issue but there were a number of data sources available, including the ABS survey and child-care census, to try to understand the level of demand rather than relying on anecdotal reports. The last census on child-care services was undertaken in 2004 and this will be made available as a public document in due course.¹⁵

1.25 With regard to housing support the Committee was advised that a review of the Supported Accommodation Assistance Program (SAAP) found that services were doing well in terms of crisis accommodation but that some work was needed around the accountability framework and linkages between SAAP services and other service providers.¹⁶ In relation to the issue of unmet demand FaCS stated that:

One of the things that SAAP service providers find is that a number of the clients are presenting with multiple difficulties, and one of the most significant difficulties is mental health issues. So that part of the issue is trying to look at how better linkages can be established between SAAP service providers and other service providers – most often, for example, state government mental health facilities or other facilities that exist for people to stop someone that might have a mental health problem being released, going off their medication and ending up back in a SAAP service. ... That certainly is an issue, and it is being dealt with by looking at the linkages between SAAP service providers and providers of related services.¹⁷

1.26 Funding allocations for Indigenous housing programs were also discussed in some detail. FaCS advised the Committee that for some time a priority has been to

13 *Committee Hansard*, 16.02.05, pp.CA49-54.

14 *Committee Hansard*, 16.02.05, p.CA50.

15 *Committee Hansard*, 16.02.05, pp.CA57-58, 65.

16 *Committee Hansard*, 16.02.05, p.CA83.

17 *Committee Hansard*, 16.02.05, pp.CA83-84.

improve the situation of overcrowded and inadequate housing for Aboriginals in rural and remote Australia. Funds were being directed through the States and Territories through the Health Housing Initiatives to be targeted to remote areas for this purpose.¹⁸

1.27 A range of questions were asked of FaCS relating to gambling, including the Ministerial Council on Gambling, research projects, and the National Problem Gambling Framework.¹⁹

1.28 Senators also sought information relating to support for people with disabilities including disability employment assistance, open employment and business services. Support for carers was discussed with FaCS in relation to carer payments and carer allowance and compliance reviews.²⁰

1.29 Aged care matters discussed included the utilities allowance for people of age pension age, payment to holders of Commonwealth seniors card, the new seniors concession allowance and the means test for the Commonwealth seniors health care card.²¹

Health and Ageing portfolio

1.30 DoHA provided information to the Committee on a wide range of topics during the hearings including an explanation of the Enhanced Primary Care (EPC) plan and allied health services. In order to simplify the EPC process DoHA stated that they were undertaking a consultative process that has a longer-term agenda. Details of the Practice Incentive Program (PIP) were also discussed with DoHA.²²

1.31 Senators asked questions about pregnancy support services, including the funding of services. DoHA provided details of medical procedures in relation to particular Medicare items, as well as information on comprehensive medical assessments.²³

1.32 In relation to the Pharmaceutical Benefits Scheme (PBS) the Committee was advised that around 80 per cent of PBS prescription medicines are dispensed to concession card holders.²⁴ Senators sought information from DoHA as to how the 12.5 per cent policy on the PBS is intended to encourage sustainability in the PBS. DoHA explained as follows:

18 *Committee Hansard*, 16.02.05, p.CA91.

19 *Committee Hansard*, 16.02.05, pp.CA102-105.

20 *Committee Hansard*, 16.02.05, pp.CA109-130.

21 *Committee Hansard*, 16.02.05, pp.CA130-131.

22 *Committee Hansard*, 17.02.05, pp.CA7-9.

23 *Committee Hansard*, 17.02.05, pp.CA12-18.

24 *Committee Hansard*, 17.02.05, pp.CA20-21.

When a new brand comes forward after the implementation date we will require them to offer the 12.5 per cent reduction in order to get listed on the PBS, which mean that the price in the book will come down and the subsidy comes down. Those medicines that then fall below the copayment will also be cheaper for patients.²⁵

1.33 In answer to questions about the cost of prescription drugs DoHA advised the Committee that for the 2003-04 financial year 8.2 scripts per capita were filled, with the average dispensed price per script being \$35.84, of which the Government pays \$30.17.²⁶

1.34 Senators discussed with DoHA the cost of the proposed additional Magnetic Resonance Imaging (MRI) licences and was advised that the cost to Medicare of each MRI unit was in the vicinity of \$1.3m or \$1.4m per annum.²⁷ An explanation was sought from DoHA as to why an MRI licence could be transferred from Rockhampton to Melbourne. The Department explained that:

It was within the regulations for the owner of that machine to shift it to Melbourne. It was not something that we would have preferred, of course. The owner in fact shifted the licence, left a machine there and undertook to provide services at low or no fees for patients.²⁸

1.35 Due to this action those patients were unable to obtain a Medicare rebate as the machine was no longer licensed in the Rockhampton area. DoHA stated that 'this is not how we would like things to proceed in future. Our recent moves have pinned down the location of the machine, so any future allocation of Medicare eligibility will have to stay exactly where it is unless there are special circumstances'.²⁹

1.36 Other issues in relation to Medicare which were discussed included the Medicare safety net and Medicare bulk-billing data.³⁰

1.37 Senators sought information relating to the medical workforce including workforce enhancement schemes for general practitioners; the specialist re-entry program; the overseas trained doctor initiatives program; and the more doctors for outer metropolitan areas program.³¹

1.38 A range of questions were also asked of DoHA relating to Positron Emission Tomography (PET). The Committee was advised that PET is now funded by the

25 *Committee Hansard*, 17.02.05, p.CA21.

26 *Committee Hansard*, 17.02.05, pp.CA27-28.

27 *Committee Hansard*, 17.02.05, pp.CA28-29.

28 *Committee Hansard*, 17.02.05, p.CA38.

29 *Committee Hansard*, 17.02.05, p.CA38.

30 *Committee Hansard*, 17.02.05, pp.CA32-36.

31 *Committee Hansard*, 17.02.05, pp.CA39-41.

Commonwealth in eight sites across Australia and that part of the conditions of funding are that those facilities take part in a data collection exercise which is designed to demonstrate the effectiveness and cost-effectiveness of PET. There were also some PET machines that are not funded.³²

1.39 DoHA provided information to the Committee relating to the outcome of the Healthconnect trial in southern Tasmania and advised that the view of stakeholders was that the trial had been a great success in proving that the concept of an electronic health record can work. A number of important issues had been identified in the trial which would be used to influence the implementation approach. Agreement had been received from all States and Territories to establish a new National E-Health Transition Authority.³³

1.40 The Australian Institute of Health and Welfare advised the Committee of work they undertake on data collection. In particular Senators sought information relating to what data was collected from the private and public hospital sectors.³⁴

1.41 Questions were asked of the National Health and Medical Research Council relating to the Uhrig review and the implications of the recommendations of the review, particularly with regard to the Council's advisory role. Information was also sought in relation to the Council's licensing committee.³⁵

1.42 DoHA informed the Committee about the eligibility criteria for accessing the hearing services program. In 2003-04 there were 78,677 new clients and 81,584 clients had returned after having had their first fitting for a hearing appliance. The average cost for new clients in 2003-04 was \$948 and for return clients it was \$616.³⁶

1.43 Hearing services for Indigenous Australians was also discussed, along with a number of other Indigenous health services programs. In response to questions relating to the Indigenous adult health check, which was aimed at the early detection of a range of conditions, the Committee was advised that services had increased from 249 in May 2004 to 688 services in November 2004 – an increase of 176 per cent. A total of 3,936 services had been provided to November 2004.³⁷ The Committee was also informed that DoHA worked closely with the Aboriginal community controlled health sector and this would continue post ATSIC.³⁸

32 *Committee Hansard*, 17.02.05, pp.CA10-11, 44.

33 *Committee Hansard*, 17.02.05, pp.CA49-51, 59.

34 *Committee Hansard*, 17.02.05, pp.CA51-54.

35 *Committee Hansard*, 17.02.05, pp.CA56-57.

36 *Committee Hansard*, 17.02.05, pp.CA61-62.

37 *Committee Hansard*, 17.02.05, pp.CA66-68.

38 *Committee Hansard*, 17.02.05, pp.CA72-73.

1.44 DoHA was questioned at some length in relation to a number of aged care issues. Details of residential care operational places and the allocation process were included in some of the matters discussed. DoHA advised that a lot of effort was made to bring residential aged care beds online as soon as possible. The Committee was also advised that the aged care approval round for 2004-05 has the largest number of residential places ever released.³⁹

1.45 Concern was raised by Senators about some particular residential aged care facilities which had not fully complied with the required standards, thereby resulting in sanctions being imposed. DoHA explained the reasons for the action taken.⁴⁰ Some other aged care issues which were discussed included prudential arrangements for accommodation bonds; the residential classification scale review; and the new funding payment system which includes an E-commerce platform to enable the processing of transactions electronically.⁴¹ Information was also sought and provided to the Committee in relation to conditional adjustment payments; the reasons for downgrades occurring as a result of RCS reviews; and waiting times.⁴²

1.46 With regard to public health issues, DoHA provided an update on the Public Health Outcome Funding Agreements (PHOFA). The Chief Medical Officer informed the Committee of the most recent evidence concerning chicken pox and injectable polio vaccines. The interval and number of injections that children received as well as the cost of the oral polio vaccine were also discussed.⁴³

1.47 Senators questioned the Therapeutic Goods Administration (TGA) in relation to an audit conducted by the Australian National Audit Office (ANAO) and were advised that most of the recommendations had been agreed. TGA stated that the review had been a valuable one and had pointed to areas that can be improved and steps were being taken to do this.⁴⁴ In relation to the adverse drug reaction system the Committee was advised that Australia was regarded as having the best level of reporting in the world, particularly 'when it comes to getting practitioners involved in adverse reporting'.⁴⁵

1.48 Food Standards Australia New Zealand agency provided an update on the standard on health claims and advised that wide-ranging consultations had taken place and consideration was being given to the information provided.⁴⁶

39 *Committee Hansard*, 17.02.05, pp.CA74-79.

40 *Committee Hansard*, 17.02.05, pp.CA62-63.

41 *Committee Hansard*, 17.02.05, pp.CA84-85.

42 *Committee Hansard*, 17.02.05, pp.CA86-93.

43 *Committee Hansard*, 17.02.05, pp.CA113-115.

44 *Committee Hansard*, 17.02.05, pp.CA97-98.

45 *Committee Hansard*, 17.02.05, pp.CA99-100.

46 *Committee Hansard*, 17.02.05, pp.CA103-104.

1.49 The Australian Radiation Protection and Nuclear Safety Agency informed the Committee about the replacement research reactor at Lucas Heights and the radioactive waste management plan. Questions were also answered concerning site 40a at Woomera, the public education program, and issues relating to mobile phones and mobile phone towers.⁴⁷

1.50 Private health insurance matters were discussed including membership statistics, premiums, and variations to the 30 per cent rebate costings. With regard to premium increases DoHA advised that people's concerns about increases have been reducing. More of a concern tended to be the complexity of the product which is 'an issue that people grapple with. There are 6,000 products out there for people to choose from and 40 health funds'.⁴⁸ Similar questions were also asked of Medibank Private as well as questions relating to their financial performance and marketing strategy.⁴⁹

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

Senator Sue Knowles
Chairman
March 2005

47 *Committee Hansard*, 17.02.05, pp.CA104-109.

48 *Committee Hansard*, 17.02.05, pp.CA120-121.

49 *Committee Hansard*, 17.02.05, pp.CA121-123.