

The Senate

Community Affairs
Legislation Committee

Budget estimates 2005-06

June 2005

© Parliament of the Commonwealth of Australia 2005

ISBN 0 642 71520 3

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

This document was prepared by the Senate Community Affairs Legislation Committee Secretariat and printed by the Senate Printing Unit, Parliament House, Canberra

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 Budget Estimates 2005-2006

1.1 On 10 May 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 certain proposed expenditure in respect of the year ending on 30 June 2006
- Particulars of proposed expenditure in respect of the year ending on 30 June 2006
- Particulars of certain proposed supplementary expenditure in respect of the year ending on 30 June 2005
- Particulars of proposed supplementary expenditure in respect of the year ending on 30 June 2005.

1.2 The Committee has considered the budget expenditure of the portfolios set out in their respective Portfolio Budget Statements 2005-2006 and Portfolio Supplementary Additional Estimates Statements No 2 2004-05. 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 30, 31 May and 1, 2 June 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 22 July 2005.

1.4 The Committee discussed many of the expenditure proposals and information contained in the Portfolio Budget Statements. These discussions are recorded in the Committee's *Hansard* transcripts which are tabled in the Senate and 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 documents provided at the Committee's hearings are tabled separately in the Senate and may also be accessed from the Committee's website.

1.5 During the hearings the Minister expressed her appreciation and thanks to Senator Sue Knowles, the Committee Chairman who would shortly be retiring from the Senate, for her fairness and firmness in conducting estimates hearings and as a Committee member over a lengthy period of time. Committee members and Departmental Secretaries also recorded their thanks. Senator Knowles expressed her thanks for the remarks and acknowledged the many years of involvement with estimates hearings. She also thanked and recognised the outstanding work of Mr Elton Humphery, the Committee Secretary, and all the other members of the Secretariat.

Procedural matters

Provision of answers relating to Additional Estimates 2004-05

1.6 With the exception of one answer, which was provided to the Committee shortly before the commencement of the estimates hearings, FaCS provided answers to all questions on notice (totalling 186 questions) by the due date. The Committee commends the Department on this excellent achievement.

1.7 DoHA provided 52 answers out of a total of 211 questions on notice by the due date. The remaining answers were provided progressively up to and during the estimates hearings. As has been stated previously at hearings and in estimates reports, the late provision of answers is very unsatisfactory to the Committee, particularly when Senators are preparing for the next round of estimates hearings.

1.8 When questioned regarding the reasons for the late provision of answers the Departmental Secretary explained that although the number of outstanding answers was constantly monitored two factors had largely contributed to the delay – the workload of the Department, particularly the preparation for the budget, and the process of getting answers cleared.¹

Revised Portfolio Structure and Outcomes

1.9 Family and Community Services Portfolio Outcomes have increased from three in the 2004-05 budget to five for 2005-06. The revised structure reflects the significant changes detailed in the 2004 Administrative Arrangements Orders (AAO) which transferred a considerable number of programs and agencies from and to FaCS, and FaCS' new strategic direction.

1.10 Health and Ageing Portfolio has made some significant adjustments to its Outcome structure. DoHA advised that the aim was to make the Outcomes much simpler and less impenetrable. Issues relating to the previous structure where divisions and programs crossed a number of outcomes had been commented upon in previous estimates. The Secretary anticipated that the revised structure should simplify matters with programs being more related to departmental structures and therefore less impenetrable. The two main areas of change were increasing the number of outcomes from 9 to 11 and the separation of the smaller portfolio agencies which now had their separate outcome. Previously these agencies had been sharing part of a department outcome. This action brought DoHA into line with other portfolios.²

1 *Committee Hansard*, 1.06.05, pp.CA9-10.

2 *Committee Hansard*, 1.06.05, pp.CA9-12.

Portfolio Budget Statements

1.11 The Committee noted that although FaCS figures for forward estimates were in Budget Paper No. 2 they were not included in the Portfolio Budget Statements (PBS) as they had been in the past and that this disadvantaged Senators in their understanding of the flow of funding. FaCS advised that the non-inclusion of forward estimates figures in the PBS was now standard practice across departments in accordance with Department of Finance guidelines but agreed to provide the disaggregation for a number of the outputs.³

1.12 A similar response was provided to a request for a detailed breakdown of forward estimates by program type. The Secretary of FaCS advised that, as had been already stated in the answer to a similar question on notice in relation to this matter, consistent with the position that the Department of Finance had taken in relation to the estimates for all departments he was unable to provide this information.⁴

1.13 FaCS was questioned over the reasons why the PBS did not include the amount of funding allocated to the Office for Women (OfW). The Committee was advised that the Department was happy to provide the amount allocated but this was not shown in the PBS because there is no separate output for the OfW. FaCS further explained that if they were to include the breakdown of funding 'there would be argument for breaking out many aspects of FaCS's internal operations and this document would increase tremendously'.⁵

Accountability following machinery of government changes

1.14 During the Additional Estimates hearings and again during these hearings concerns were raised about accountability and a diminished level of scrutiny following the transfer of service delivery agencies from FaCS and DoHA to the Human Services (DHS) portfolio (for which the Senate Finance and Public Administration Committee now has responsibility). The Senators pointed out that problems had been encountered with questioning, particularly in the FaCS portfolio, because there was often 'blurring' between agency delivery and policy questions.

1.15 The Chair provided a response from the Minister for Finance and Public Administration. The Minister referred to the 'longstanding practice that responsibility for individual portfolio estimates is divided among committees on the basis of the administrative orders'. He suggested that practical difficulties could arise if officers from DHS agencies appeared with client policy departments. For example, in the case of Centrelink that provides service delivery for four policy departments, this would require them to attend four different estimates committee hearings which would be far too onerous for officers to be expected to do so.⁶

3 *Committee Hansard*, 30.05.05, p.CA86.

4 *Committee Hansard*, 31.05.05, p.CA3.

5 *Committee Hansard*, 31.05.05, p.CA21.

6 *Committee Hansard*, 30.05.05, pp.CA7-10.

Issues

Family and Community Services portfolio

1.16 A wide range of questions was asked of FaCS, including staff absence management, particularly in relation to personal and sick leave. The Committee was advised that in 2004 the number of days taken in personal leave averaged 13.05 days per full-time employee. This figure accounted for 10.03 days for sick leave, 2.23 days for carer's leave and 0.79 days leave for other purposes.⁷

1.17 The Secretary explained that considerable effort was being put into addressing the issue of high leave absences. One proposal is the inclusion of the management of sick leave and personal leave as a specific category in the future performance agreements of managers. The 'family friendly' workplace would still be maintained but managers would be responsible for managing leave more actively. Other measures being taken to reduce leave absences include the provision of influenza vaccinations, encouraging participation in health promotion activity and proactive return-to-work programs.⁸

1.18 FaCS outlined their involvement in the Prime Minister and Cabinet portfolio's (PM&C) Welfare Reform Task Force which developed policy and made various recommendations to government. FaCS had one officer in the task force supported by a coordination group within the Department.⁹

1.19 Employment issues and staff numbers were discussed including strategies for the employment of people with disabilities, employment for Aboriginals and family-friendly provisions such as part-time employment, flexible hours and access to home-based work. The Committee was advised that personnel records showed that 2.4 per cent of the staff was Indigenous and 2.4 per cent had a disability, though informal staff surveys showed much higher identification levels, with Indigenous identification being 4.72 per cent and 5.97 per cent for people identifying as having a disability. The Department has a disability access coordinator to develop strategies to enable and encourage the employment of more people with disabilities.¹⁰

1.20 FaCS confirmed that it was the lead agency that has responsibility for recommending to government what forms of assistance should be provided to Ms Vivian Alvarez Solon. Although this case was a little different, it is the usual practice for FaCS to provide assistance to Australian citizens who are overseas and in need of help.¹¹

7 Committee Hansard, 30.05.05, pp.CA3-6.

8 Committee Hansard, 30.05.05, pp.CA3-6.

9 Committee Hansard, 30.05.05, pp.CA10-11.

10 Committee Hansard, 30.05.05, pp.CA19-21.

11 Committee Hansard, 30.05.05, pp.CA22-23.

1.21 Issues relating to media monitoring were raised, particularly concerning an increase in costs. Checking of the figures previously provided to the Committee had disclosed an error in the calculations and that the amount paid for media monitoring had in fact decreased substantially since 2002-03. The reason for the decrease in expenditure was due to electronic delivery of press clippings rather than hard copy.¹²

1.22 The cost of advertising was discussed, particularly with regard to the almost doubling of expenditure between 1999-2000 and 2000-2001. FaCS explained that some agencies were included in the annual reports for some years and not for others. The large increase related to more agencies being included in the 2000-01 annual report, as well as extensive advertising in that year.¹³ The purpose and cost of management retreats and staff development conferences were also questioned.¹⁴

1.23 An example of the accountability problem with the AAO changes arose when questions were asked in relation to pensioner concession cards. FaCS advised that they could only answer questions relating to the concession itself as their responsibility did not extend to the eligibility rules. Questions relating to eligibility and entitlement to a card were a DEWR responsibility and questions would need to be asked of that portfolio.¹⁵

1.24 Information on the Wadeye COAG trial site was sought, including details of expenditure. The COAG trial site is an initiative of the Northern Territory Government and is a combined project of the Commonwealth Government, Northern Territory Government and the Thamarrurr Council. There had been very positive outcomes, such as a reduction in scabies, reduction in abuse, a reduction in crimes involving physical injury and an increase in the number of children attending school. Members of the community had built a factory and were building their own homes.¹⁶

1.25 The Supported Accommodation Assistance Program (SAAP) was discussed, including the innovation fund and the SAAP agreement with the States. In relation to the innovation fund the Committee was advised that the \$20m taken out of the original SAAP agreement following reforms resulting from the SAAP review would be used to improve the delivery of SAAP services. Twenty-five per cent of people return for SAAP services so there was a need to look at transition out of SAAP services to reduce the likelihood of people returning. Services being considered included teaching people life skills to enable them to move out of crisis accommodation.¹⁷ Community

12 *Committee Hansard*, 30.05.05, pp.CA24-25, 65-66.

13 *Committee Hansard*, 30.05.05, p.CA27.

14 *Committee Hansard*, 30.05.05, pp.CA28-31.

15 *Committee Hansard*, 30.05.05, pp.CA16-17.

16 *Committee Hansard*, 30.05.05, pp.CA33-35.

17 *Committee Hansard*, 30.05.05, pp.CA37-40.

housing programs were also discussed, including Indigenous housing projects and the National Homelessness Strategy.¹⁸

1.26 The Committee was advised that improved IT systems and the cooperation of overseas governments would improve the detection and prevention of incorrect aged care payments being given to people who have a pension from overseas. FaCS advised that when people applied for a pension they were spoken to in their own language and clearly advised of their obligation to inform Centrelink of any changes in circumstances, including changes to their income so that an overpayment would not result. The cultural differences which may impact on the understanding of the word 'pension' was raised with FaCS who advised that this was not a problem because 'all we ask them for is what income they receive from overseas, from any and all sources'.¹⁹

1.27 Business services issues were discussed including the closure of one service in Gippsland, the progress with capability reviews, and the marketing of services. At present 117 organisations had requested full capability reviews, 28 reviews had been completed and a further 35 were progressing. It has not been possible to advertise business services generically so a portal is being developed which will list all the business services and provide a search facility to enable easy location of the service. An advertising campaign will then be conducted to promote business services.²⁰

1.28 The Committee sought information concerning the accessing of services under the Commonwealth State Territory Disability Agreement (CSTDA) by a young person with a disability who is in an aged care nursing home. FaCS advised that:

Whether it is a CSTDA accommodation support service or an aged care place that is provided outside the CSTDA, I think it is fair to say that the assumption in both cases is that the service is meeting the needs of the person. The nursing homes are not part of the CSTDA. The states are providing a range of services for people, however, which includes community access and community support type services. There is no barrier to those services being provided to a person with a disability in any state in any accommodation situation. However, it is fair to assume that, if a person is receiving an accommodation support service or a nursing home service, those service providers are meeting that person's need. Sometimes this question comes up in the context of things that are totally outside the agreement, such as aids, appliances and equipment'.²¹

People with disabilities are perfectly entitled to access the allied health services. The provision of those services is the responsibility of the state

18 *Committee Hansard*, 30.05.05, pp.CA42-45, 55-56.

19 *Committee Hansard*, 30.05.05, pp.CA67-70.

20 *Committee Hansard*, 30.05.05, pp.CA80-84.

21 *Committee Hansard*, 30.05.05, pp.CA86-87.

government along with the provision of accommodation support. Both are matters of state government funding and management.²²

1.29 The Committee Chair asked FaCS what is being done in the negotiation of the next agreement for some accountability of where the funds are going to be spent and how they are going to be spent, instead of having young people being inappropriately placed in nursing homes. FaCS advised that work would be undertaken in the current agreement to try to address the situation. The intention is to encourage the States and Territories to provide care for younger people with disabilities within their own environments in accommodation support services to try to minimise the need for younger people with disabilities to go into aged care nursing homes in the future. Assistance for carers and respite care was also discussed.²³

1.30 Youth programs and other youth-related matters were discussed including the mentor marketplace, reconnect program, transition to independent living, youth activities services, newly arrived youth support services, youth national affairs research scheme, the national youth roundtable, national Indigenous youth leadership group, Australian forum of youth organisations, the Source website, national youth week, and the youth advisory consultative forum. In response to question about any work being undertaken on the establishment of a Commissioner for children and young people, FaCS advised that currently no work was being done.²⁴

1.31 FaCS was questioned at length in relation to the budget measures and programs that particularly assist and provide support for women, including the women's safety agenda, women's leadership and development program, violence against women campaign, and partnerships against domestic violence strategy. The national domestic violence help line service run by Lifeline was also discussed in some detail, particularly the manner by which advice was provided. The function and staffing of the Office for Women (OfW) were also included in discussions.²⁵

1.32 Senators asked FaCS to provide a breakdown of the funding allocated to each measure included in the \$75.7 million women's safety agenda program. FaCS responded that they were unable to do this because only 'notional' budgets had been drawn up which were subject to further discussion with the Minister. The Department advised that figures would be provided on notice on the understanding that the figures may change. The matter of notional funding was pursued at length and the reason sought as to why the figures could not be provided at the hearing. FaCS repeatedly stated that the notional figures would be provided on notice with appropriate caveats.²⁶

22 *Committee Hansard*, 30.05.05, p.CA88.

23 *Committee Hansard*, 30.05.05, pp.CA89, 91-98.

24 *Committee Hansard*, 31.05.05, pp.CA3-18.

25 *Committee Hansard*, 31.05.05, pp.CA20-46.

26 *Committee Hansard*, 31.05.05, pp.CA50-84.

1.33 A number of measures have been introduced to reduce the Family Tax Benefit debt (FTB). FTB was discussed in relation to the new measures to enable people to have more choice and flexibility in managing and clearing their debt. Reduction of overpayments would also be encouraged and made easier for people to manage under the new measures. As has been the practice at previous hearings debate on FTB debt continued for a considerable amount of time.²⁷

1.34 A wide range of child care issues were also discussed at length, including child care places, child care assistance, child care benefit, the census, services for children with special needs, flexibility in the provision of services, and the child care workforce.²⁸

1.35 The Aboriginal Hostels agency, appearing before the Committee for the first time, provided a comprehensive overview of their operations, achievements and current projects.²⁹

Health and Ageing portfolio

1.36 DoHA provided information to the Committee on a wide range of topics during the hearing.

1.37 With regard to staff absence management the Committee was advised that DoHA monitored and produced management reports on a monthly basis and absences were benchmarked against other departments and agencies. Very deliberate management steps were being taken by the Department to manage issues such as compensation and unexplained leave absences. One of the important tools used by DoHA to assist in understanding the drivers of leave was the staff survey which sought information about job satisfaction, motivation, and other work-related issues.³⁰

1.38 In 2003-04 the total number of unscheduled absences averaged 12.66 days, of which 8.35 days were for sick leave and 4.31 days for unscheduled absences which included workers' compensation, carer's leave, special leave, bereavement leave and unplanned short-term leave without pay. DoHA stated that they were always looking for opportunities and strategies to improve their performance but the structure of their workforce also needed to be considered in relation to absences. Women comprised over 70 per cent of their workforce and the statistics included carer's leave required by women (usually the primary carer) to care for their children.³¹

27 *Committee Hansard*, 31.05.05, pp.CA20-30.

28 *Committee Hansard*, 31.05.05, pp.CA86-100, 109-140.

29 *Committee Hansard*, 31.05.05, pp.CA100-107.

30 *Committee Hansard*, 1.06.05, pp.CA5-7

31 *Committee Hansard*, 1.06.05, pp.CA5-7.

1.39 There was extensive debate on issues relating to medical services, especially the increase in thresholds of the uptake and expenditure for the Medicare safety net. Extensive questioning followed as to how the factors contributed to the estimation of the figures. The process of how the key features of the scheme were monitored and the timelines regarding escalation of costs were discussed in detail, as well as family registrations and thresholds. Reasons were requested as to why the obstetrics billing level was not changed instead of the threshold.³²

1.40 With responses not forthcoming as a large number of questions were taken on notice, especially in relation to the provision of statistics on the changes by month during 2004, further discussion of the outcome was postponed to enable officers to prepare written answers for provision to the Committee later in the day. Some responses were received that evening and it was determined that the issue would not need to be pursued the following day.³³

1.41 Other questions relating to medical services included IVF services and Medicare rebates.³⁴

1.42 Matters discussed relating to pharmaceutical issues included the location of pharmacies, pricing of drugs, removal of calcium tablets from the Pharmaceutical Benefits Scheme (PBS) schedule, generic drugs, expiration of patents, the cost-effectiveness review, and cost-recovery.³⁵

1.43 At the commencement of the consideration of estimates for hearing services Senator Crossin commented that she was very pleased that additional funds had been provided in the budget to enable Indigenous Australians over the age of 50 years, and those who are participants in the Commonwealth Development Employment Program (CDEP) to access Australian Hearing services. DoHA agreed the outcome was very good. Other topics discussed in relation to hearing services included the number of vouchers issued, hearing device standards, and the implementation planning for provision of services for special-needs groups.³⁶

1.44 A number of rural and regional health issues were discussed, including workforce issues. The practice nurse program has been very successful. Over 75 per cent of rural medical practices, ie over 1000 practices, were receiving funding under the Practice Incentives Program (PIP) to employ a practice nurse to relieve some of the workload previously required to be undertaken by a medical practitioner. Funding has also been provided for scholarship assistance for rural nurses.³⁷

32 *Committee Hansard*, 1.06.05, pp.CA15-54.

33 *Committee Hansard*, 1.06.05, pp.CA55-56.

34 *Committee Hansard*, 1.06.05, pp.CA96-101.

35 *Committee Hansard*, 1.06.05, pp.CA56- 88.

36 *Committee Hansard*, 1.06.05, pp.CA108-111.

37 *Committee Hansard*, 1.06.05, pp.CA115-118.

1.45 In response to a question about how expenditure on mental health was tracked DoHA explained that although some Medicare items such as specialist psychiatric consultations were clearly for mental health conditions it is not known what proportion of the 100 million GP consultations per year are related to mental health issues. The Chief Medical Officer advised that it is generally accepted that somewhere between 20 and 30 per cent of GP consultations are primarily for mental health conditions. It is also accepted that a large number of all the chronic diseases have a significant mental health component.³⁸

1.46 DoHA advised progress with the implementation of eHealth. The broadband program had so far enabled the funding for claims from 998 medical and health services and pharmacies. The HealthConnect program being developed for electronic health records had moved into the implementation phase. Privacy issues in relation to electronic claiming were also discussed.³⁹

1.47 The Chief Medical Officer was asked about what emergency procedures could be activated quickly to protect the population and provide assistance in the event of a health threat occasioned by biological agents or other population disasters. Professor Horvath described the procedures which are immediately activated in such an emergency, including the response of the operational purpose-built incident room which works closely with other government agencies, and the role of the Australian Health Disaster Management Policy Committee and the National Influenza Pandemic Action Committee.⁴⁰

1.48 The National Health and Medical Research Council provided information on the reviews of human cloning, stem cell research, and cancer treatment. The impact of the Uhrig review was also discussed.

1.49 A number of population health issues were examined. DoHA provided information on the preliminary work being undertaken to phase in the bowel cancer screening program, with the aim of establishing a national bowel cancer screening service. The use of new technology which is still being developed, such as virtual colonoscopy, would be considered for possible use in the program. A number of issues were also being worked through to ensure the best outcome for the proposed national program.⁴¹

1.50 The Committee was provided with the number of GP training places and the models used in the allocation of places under the General Practice Education and

38 *Committee Hansard*, 1.06.05, pp.CA120-122.

39 *Committee Hansard*, 1.06.05, pp.CA125-129.

40 *Committee Hansard*, 1.06.05, pp.CA125-129.

41 *Committee Hansard*, 2.06.05, pp.CA5-7.

Training program.⁴² The programs for asthma management, national integrated diabetes and cervical cancer screening were also discussed.⁴³

1.51 Questions were asked about tobacco advertising at exempted events and the conduct and outcome of the review of the *Tobacco Advertising Prohibition Act 1992* by an expert advisory panel. Cigarette marketing, health warnings, and disclosure of ingredients in cigarettes were also discussed.⁴⁴

1.52 Immunisation and vaccine issues were raised. In the current financial year \$280 million has been provided for vaccines which is approximately a 22-fold increase. Pregnancy counselling and support services and family planning services as well as the funding of these services were discussed at some length. The Therapeutic Goods Administration (TGA) provided information to the Committee on adverse reactions to drugs, the manufacturer of the drugs, and the recall of Vioxx and other pharmaceuticals.⁴⁵

1.53 With regard to Indigenous health a range of issues were raised relating to funding for eye health services, reduction in the incidence of trachoma, shared responsibility agreements and the collaboration across governments and health sector, workforce training, COAG trials, and petrol sniffing.⁴⁶

1.54 There was extensive debate on aged care issues, including the incontinence aids assistance scheme, nursing homes allocation process, sale of nursing homes, review and consultations following the Hogan review, reclassification of particular nursing homes, respite in rural and regional areas, and ratio of access to assistance for residential or at home care. The innovative pool project to provide flexible supported accommodation places for young people with disabilities who are currently in nursing homes, conditional adjustment payments, and the community care tendering process were also discussed.⁴⁷

1.55 A number of agencies appeared before the Committee to discuss budget related issues, the agency's performance and other pertinent issues.

1.56 The Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) was asked about the current and new OPAL nuclear reactor and the disposal, transfer and storage of spent fuel from the HIFAR and OPAL reactors. The recent ANAO report and ARPANSA's response was also discussed.⁴⁸

42 *Committee Hansard*, 1.06.05, pp.CA146-147.

43 *Committee Hansard*, 1.06.05, pp.CA137-143.

44 *Committee Hansard*, 2.06.05, pp.CA8-17.

45 *Committee Hansard*, 2.06.05, pp.CA18-41.

46 *Committee Hansard*, 2.06.05, pp.CA65-84.

47 *Committee Hansard*, 2.06.05, pp.CA110-137.

48 *Committee Hansard*, 2.06.05, pp.CA57-64.

1.57 Food Standards Australia New Zealand discussed the safety of Bt10 corn products and provided information on food labelling standards and minimum residue levels.⁴⁹

1.58 The Private Health Insurance Administration Council advised the Committee on the Council's role and the processes involved in dealing with applications for premium increases. Review of the reinsurance scheme was also discussed.⁵⁰

1.59 The Private Health Insurance Ombudsman was questioned about *The State of the Health Funds Report*. Complaints received in relation to premium increases were also discussed. The Committee Chairman raised with the Ombudsman and Medibank Private the discrimination in the private health insurance system relating to podiatric surgery and sought reasons for the delay by funds in implementing the legislation to enable patients to claim for podiatric surgeons and anaesthetists' fees. Medibank Private advised they are in the process of finding a mechanism under their ancillary cover rules to cover podiatric surgeons and anaesthetists' fees and other associated in-hospital costs. This is not possible under their fund rules for hospital cover because the reimbursement for those services is linked to the Medicare Benefits Schedule (MBS). Podiatric surgeons do not have a Medicare number and therefore there is no link for the MBS charge for the anaesthetist.⁵¹ Other issues discussed with Medibank Private included premium increases, portability, and renegotiation of contracts in the hospital sector.⁵²

1.60 The Professional Services Review informed the Committee that the reason the agency staffing had been downsized was because referrals from the Health Insurance Commission (HIC) had decreased significantly – from 52 to seven over two years. The Committee was assured that steps were being taken to monitor the situation so as to ensure that an appropriate level of scrutiny would be maintained.⁵³

1.61 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
June 2005

49 *Committee Hansard*, 2.06.05, pp.CA49-56.

50 *Committee Hansard*, 2.06.05, pp.CA101-105.

51 *Committee Hansard*, 2.06.05, pp.CA84-92.

52 *Committee Hansard*, 2.06.05, pp.CA92-98.

53 *Committee Hansard*, 1.06.05, pp.CA102-104.