COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

STANDING COMMITTEE ON COMMUNITY AFFAIRS

ESTIMATES

(Budget Estimates)

WEDNESDAY, 4 JUNE 2008

CANBERRA

BY AUTHORITY OF THE SENATE

INTERNET

Hansard transcripts of public hearings are made available on the internet when authorised by the committee.

The internet address is:

http://www.aph.gov.au/hansard

To search the parliamentary database, go to:
http://parlinfoweb.aph.gov.au

SENATE STANDING COMMITTEE ON

COMMUNITY AFFAIRS

Wednesday, 4 June 2008

Members: Senator Moore *(Chair)*, Senator Humphries *(Deputy Chair)*, Senators Adams, Allison, Boyce, Carol Brown, Lundy and Polley

Participating members: Senators Abetz, Barnett, Bartlett, Bernardi, Birmingham, Mark Bishop, Boswell, Brandis, Bob Brown, Bushby, George Campbell, Chapman, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Ellison, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Heffernan, Hogg, Hurley, Hutchins, Johnston, Joyce, Kemp, Kirk, Lightfoot, Ian Macdonald, Sandy Macdonald, McEwen, McGauran, McLucas, Marshall, Mason, Milne, Minchin, Nash, Nettle, O'Brien, Parry, Patterson, Payne, Ronaldson, Scullion, Siewert, Stephens, Sterle, Stott Despoja, Troeth, Trood, Watson, Webber and Wortley

Senators in attendance: Senators Abetz, Adams, Allison, Bernardi, Boyce, Carol Brown, Colbeck, Jacinta Collins, Cormann, Humphries, Lundy, Marshall, Milne, Moore, Patterson, Polley, Siewert, Stott Despoja and Webber

Committee met at 9.01 am

HEALTH AND AGEING PORTFOLIO

In Attendance

Senator McLucas, Parliamentary Secretary to the Minister for Health and Ageing

Department of Health and Ageing
Executive
Ms Jane Halton, Secretary
Mr Philip Davies, Deputy Secretary
Ms Mary Murnane, Deputy Secretary
Professor John Horvath, Chief Medical Officer
Mr David Kalisch, Deputy Secretary
Mr David Learmonth, Deputy Secretary
Business Group
Ms Margaret Lyons, Chief Operating Officer, Business Group
Mr Stephen Sheehan, Chief Financial Officer, Business Group
Ms Laurie Van Veen, Assistant Secretary, Communications Branch
Ms Tracey Frey, Assistant Secretary, Corporate Support Branch
Mr David Watts, Assistant Secretary, Legal Services Branch
Ms Erin Bowen, Acting Assistant Secretary, People Branch
Ms Ida Thurbon, Acting Assistant Secretary, IT Solutions Development Branch
Mr John Trabinger, Assistant Secretary, IT Strategy and Service Delivery Branch

Portfolio Strategies Division
Mr Richard Eccles, First Assistant Secretary, PSD
Ms Shirley Browne, Assistant Secretary, Ministerial and Parliamentary Support Branch
Ms Linda Powell, Assistant Secretary, Budget Branch
Mr Greg Coombs, Assistant Secretary, Economic and Statistical Analysis Branch
Mr Damian Coburn, Assistant Secretary, Policy Strategies Branch
Ms Gayle Anderson, Assistant Secretary, International Branch
Audit and Fraud Control
Mr Colin Cronin, Assistant Secretary, Audit and Fraud Control Branch
Outcome 1—Population Health
Population Health Division
Ms Jennifer Bryant, First Assistant Secretary, Population Health Division
Associate Professor Rosemary Knight, Principal Adviser
Ms Cath Peachey, Assistant Secretary (Acting), Healthy Living Branch
Ms Virginia Hart, Assistant Secretary, Drug Strategy Branch
Mr Peter Morris, Assistant Secretary, Population Health Strategy Unit
Ms Andriana Koukari, Assistant Secretary, Population Health Programs Branch
Mr Bill Rowe, Assistant Secretary, Sport Branch
Regulatory Policy and Governance Division
Ms Linda Addison, First Assistant Secretary
Ms Jenny Hefford, Assistant Secretary, Regulatory Policy Branch
Ms Alice Creelman, Assistant Secretary, Governance and Agency Relationships Branch
Ms Kylie Jonasson, Assistant Secretary, Research Policy and Biotechnology Branch
Therapeutic Goods Administration
Dr Rohan Hammett, National Manager
Dr Ruth Lopert, Acting Principal Medical Adviser
Dr Larry Kelly, Acting Director, Office of Devices, Blood and Tissues
Mr Pio Cesarin, Director, Office of Non Prescription Medicines
Mr Craig Jordan, Chief Financial Officer, Business Management Group
Ms Terry Lee, General Counsel, Business Management Group
Professor Albert Farrugia, Principal Scientific Adviser, Office of Devices, Blood and Tissues
Dr Jon Rankin, Medical Officer, Office of Prescription, Therapeutic Goods Administration
Australian Institute of Health and Welfare
Dr Penny Allbon, Director (CEO)
Ms Julie Roediger, Deputy Director
Mr Andrew Kettle, Senior Executive Business Group
Ms Susan Killion, Senior Executive, Health and Functioning Group
Australian Radiation Protection and Nuclear Safety Agency
Dr John Loy, Chief Executive Officer, ARPANSA
Ms Rhonda Evans, Director, Regulator and Policy Branch (ARPANSA)
Food Standards Australia New Zealand
Mr Steve McCutcheon, CEO
Ms Melanie Fisher, General Manager, Food Standards (Canberra)
Dr Paul Brent, Chief Scientist

Mr Dean Stockwell, General Manager, Food Standards (Wellington)
Dr Andrew Bartholomaeus, General Manager, Risk Assessment
Mr John Fladun, General Manager, Operations

Office of the Gene Technology Regulator

Ms Elizabeth Flynn

Outcome 2—Access to Pharmaceutical Services

Pharmaceutical Benefits Division

Mr Stephen Dellar, Acting First Assistant Secretary
Ms Sarah Major, Assistant Secretary, Community Pharmacy Branch
Mr Andrew Mitchell, Acting Assistant Secretary, Pharmaceutical Evaluation Branch
Mr Declan O'Connor-Cox, Assistant Secretary, Access and Systems Branch
Ms Sue Campion, Assistant Secretary, Policy and Analysis Branch
Dr John Primrose, Medical Officer
Mr Kim Bessell, Senior Pharmacy Adviser

Outcome 3—Access to Medical Services

Medical Benefits Division

Mr Tony Kingdon, First Assistant Secretary, Medical Benefits Division
Ms Yvonne Korn, Assistant Secretary, Diagnostics and Technology Branch
Mr Peter Woodley, Assistant Secretary, MBS Policy Development Branch
Ms Samantha Robertson, Assistant Secretary, MBS Policy Implementation Branch
Ms Jenny Williams, Acting Assistant Secretary, Office of Hearing Services

Primary and Ambulatory Care

Ms Megan Morris, First Assistant Secretary
Ms Sharon Appleyard, Assistant Secretary, Rural Health Branch
Ms Lisa McGlynn, Assistant Secretary, eHealth Branch
Mr Gay Santiago, Acting Assistant Secretary, Primary Care Financing Branch
Mr Leo Kennedy, Assistant Secretary, Service Access Branch
Ms Sallyann Ducker, Assistant Secretary, Primary Care Policy and Analysis Branch
Ms Jennie Roe, Former Assistant Secretary, Primary Care Practice Support Branch
Ms Judy Daniel, Assistant Secretary, Primary Care Chronic Disease Branch

Outcome 4—Aged Care and Population Ageing

Ageing and Aged Care Division

Mr Andrew Stuart, First Assistant Secretary, Ageing and Aged Care Division
Professor David Cullen, Acting Assistant Secretary, Policy and Evaluation Branch
Ms Allison Rosevear, Assistant Secretary, Residential Program Management Branch
Ms Melinda Bromley, Assistant Secretary, Office for an Ageing Australia
Ms Mary McDonald, Assistant Secretary, Community Care Branch

Office of Aged Care, Quality and Compliance

Ms Carolyn Smith, First Assistant Secretary
Ms Teressa Ward, Assistant Secretary, Compliance Branch
Mr Iain Scott, Assistant Secretary, Prudential Regulation Branch
Ms Fiona Nicholls, Assistant Secretary, Quality, Policy and Programs Branch

Aged Care Standards and Accreditation Agency
Mark Brandon, Chief Executive Officer
Ross Bushrod, General Manager, Operations
Chris Falvey, General Manager, Corporate Affairs
Outcome 5—Primary Care
Primary and Ambulatory Care Division
See outcome 3
General Practice, Training and Education
Mr Erich Janssen, Chief Executive Officer
Outcome 6—Rural Health
Primary and Ambulatory Care Division
See outcome 3
Outcome 7—Hearing Services
Medical Benefits Division
See outcome 3
Outcome 8—Indigenous Health
Office of Aboriginal and Torres Strait Islander Health
Ms Lesley Podesta, First Assistant Secretary
Mr David de Carvalho, Assistant Secretary, Policy and Analysis Branch
Mr Mark Thomann, Assistant Secretary, Budget and Planning Branch
Dr Tim Williams, Senior Medical Adviser
Dr John Walker, Acting Assistant Secretary, Health Strategies Branch
Ms Rachel Balmanno, Assistant Secretary, Family Health and Wellbeing Branch
Mr Garry Fisk, Acting Assistant Secretary, Performance Management Branch
Ms Joy Savage, Assistant Secretary, Northern Territory Emergency Coordination Centre
Outcome 9—Private Health
Acute Care Division
Ms Kerry Flanagan, First Assistant Secretary, Acute Care Division
Dr Bernie Towler, Medical Officer, Acute Care Division
Mr Paul Currall, Medical Indemnity Branch, Acute Care Division
Ms Gail Yapp, Acute Care Strategies Branch, Acute Care Division
Ms Georgie Harman, Acute Care Development Branch, Acute Care Division
Ms Veronica Hancock, Private Health Insurance Branch, Acute Care Division
Ms Louise Clarke, Healthcare Services and Financing Branch, Acute Care Division
Private Health Insurance Administration Council
Mr Shaun Gath, Chief Executive Officer
Mr Paul Groenewegen, Deputy Chief Executive Officer
Medibank Private
Mr Michael Sammells, Chief Financial Officer
Outcome 10—Health System Capacity and Quality
Primary and Ambulatory Care
See outcome 3

Regulatory Policy and Governance Division
See outcome 1
Cancer Australia
Professor David Currow, Chief Executive Officer, Cancer Australia
National Health and Medical Research Council
Professor Warwick Anderson, Chief Executive Officer
Dr Clive Morris, Chief Knowledge and Development Officer
Ms Hilary Russell, Chief Operations Officer
Professional Services Review
Dr Tony Webber
Ms Alison Millett
Outcome 11—Mental Health
Mental Health and Workforce Division
Professor Rosemary Calder, First Assistant Secretary, Mental Health and Workforce Division
Professor Rick McLean, Principal Medical Adviser, Medical Education and Workforce
Professor Harvey Whiteford, Principal Medical Adviser Mental Health, Mental Health and Workforce Division
Ms Jennifer Thomson, Principal Medical Adviser General Practice, Mental Health and Workforce Division
Mr David Dennis, Assistant Secretary, Workforce Distribution Branch
Ms Maria Jolly, Acting Assistant Secretary, Workforce Education and Training Branch
Dr Wafa El-Adhami, Assistant Secretary, Nursing Allied and Indigenous Workforce Branch
Mr Nathan Smyth, Assistant Secretary, Mental Health Reform Branch
Ms Colleen Krestensen, Assistant Secretary, Mental Health and Suicide Prevention Programs Branch
Ms Natasha Cole, Senior Director, Policy Coordination Group, Mental Health and Workforce Division
Outcome 12—Health Workforce Capacity
Mental Health and Workforce Division
See outcome 11
Outcome 13—Acute Care
Acute Care Division
See outcome 9
Outcome 14—Biosecurity and Emergency Response
Office of Health Protection
Ms Cath Halbert, First Assistant Secretary, Office of Health Protection
Ms Fay Gardner, Acting Assistant Secretary, Health Protection Policy Branch
Ms Raelene Thompson, Assistant Secretary, Surveillance Branch
Dr Gary Lum, Assistant Secretary, Health Emergency Management and Biosecurity Branch
Dr Margaret Hartley, Assistant Secretary, Office of Chemical Safety
Dr Marion Healy, Director, National Industrial Chemicals Notification and Assessment Scheme
Dr Julie Hall, Medical Officer, Health Protection Policy Branch

Dr Andrew Pengilley, Medical Officer, Health Emergency Management and Biosecurity Branch
Dr Leslee Roberts, Medical Officer, Surveillance Branch
Mr Simon Cotterell, Assistant Secretary, Health Policy Taskforce, Pharmaceutical Benefits Division

Outcome 15—Sport

Population Health Division

See outcome 1

Australian Sports Commission

Mr Mark Peters, Chief Executive Officer, Australian Sports Commission
Professor Peter Fricker, Director, Australian Institute of Sport

Australian Sports Anti-Doping Authority

Mr Richard Ings, Chairman, Australian Sports Anti-Doping Authority
Ms Catherine Shadbolt, Chief Operating Officer, Australian Sports Anti-Doping Authority
Mr Kevin Isaacs, Group Director, Australian Sports Anti-Doping Authority
Ms Geetha Nair, Group Director, Australian Sports Anti-Doping Authority
Mr Harry Rothenfluh, Acting Group Director, Detection, Australian Sports Anti-Doping Authority

CHAIRMAN (Senator Moore)—I declare open this hearing of the Senate Community Affairs Committee considering the budget estimates for the Health and Ageing portfolio. I propose to call on the budget estimates in the order of the circulated program. Under standing order 26 the committee must take all evidence in public session. This includes answers to questions on notice. I know officers and senators are well versed in the privilege protections and immunities and the scope of questioning for estimates. If you need reminding the secretariat has a copy of the usual rules applicable to estimates hearings, and I do not propose to read them all out now.

I welcome Senator Jan McLucas, Parliamentary Secretary to the Minister for Health and Ageing, the departmental secretary, Ms Jane Halton, and officers of the department. I am sure you are looking forward to today. Minister, do you wish to make an opening statement?

Senator McLucas—No, thank you, Chair.

CHAIR—Before the committee commences with cross-outcomes and corporate matters, I suggest that the committee begin with any questions on the portfolio overview on pages 16 to 19 of the PBS. Are there any questions on the portfolio overview?

Senator HUMPHRIES—Welcome, Minister and Ms Halton. Could I ask some overview questions about staffing in the department. I will ask a question I asked on an earlier occasion to the other department we have already examined. Minister Tanner made references in the House on 26 May to the government having inherited $457 million of wasteful expenditure, including a rapidly growing federal Public Service, including a 44 per cent increase in the fat cat brigade, the SES level of the Public Service. I asked at the other committee hearing for fat cats to put their hands up and nominate themselves, but we did not get anybody choosing to do so. Can you tell me, in reference to the size of the SES, do you think that Minister Tanner was referring to this department in making comments about the bloated size of the SES and, if so, what are the plans for reduction of the SES in this budget?

Ms Halton—Obviously you are asking me for an opinion and you know my standard answer on opinions. I was aware that you had asked that question. I have to say I did debate whether I would explain to you that I was aware of one fat cat. She is orange and fluffy and she lives at my house. I was going to tell you that her name was Princess and then I thought that Verona Burgess would find it necessary to print in the *Financial Review* that I have a cat called Princess. So in mitigation,Verona, she's a refugee. She came with that name from somewhere else. But then I gather that Senator Evans nominated himself yesterday as the fat cat. I do not know that I need to say any more but we can give you the numbers.

Senator HUMPHRIES—The numbers of SES officers?

Ms Halton—That is the one, plus one fat cat at my house.

Senator HUMPHRIES—I do not think we will worry about Princess. Compared with last November, the time of the election, are there more or less SES officers than there were?

Ms Lyons—Compared to November, Senator?

Senator HUMPHRIES—Yes.

Ms Halton—We will come back to you on that.

Ms Lyons—I think there are less.

Ms Halton—We will come back and correct it if we are wrong.

Senator HUMPHRIES—Can you tell me whether there are more or less?

Ms Halton—We do not actually have the November figure.

Ms Lyons—We do not have the number for November.

Ms Halton—We have a June figure.

Senator HUMPHRIES—Okay, give me the June figure.

Ms Lyons—One hundred and ten—

Senator HUMPHRIES—There were 110 in June last year?

Ms Lyons—in June and 116 now.

Ms Halton—That is ongoing though.

Ms Lyons—That is ongoing.

Ms Halton—We will take that on notice to be absolutely precise.

Ms Lyons—We will take that on notice because I think there is a difference.

Senator HUMPHRIES—All right. That comes back to the other question: is it proposed in this budget to reduce the number of SES positions?

Ms Halton—Not at this point.

Senator HUMPHRIES—You do not consider yourself, by implication, to be an agency that is bloated or excessively laden with SES positions. You would regard the number of SES positions in the agency as being adequate and appropriate to the needs of the department?

Ms Halton—I think basically the number of SES either has not changed or has not changed significantly. The reason we are grappling with this is that, as you know, there were some administrative changes in the portfolio. So to talk about whether we are bigger or smaller depends a bit on the restructuring of the APS.

Senator HUMPHRIES—My question is not quite whether you are bigger or smaller—

Ms Halton—No, but I am not expecting any significant change in the number of SES.

Senator HUMPHRIES—When you give me the more accurate figures I would appreciate, as well, the total number of permanent staff employed on a full-time and part-time or part-time equivalent basis, please.

Ms Halton—We have that.

Senator HUMPHRIES—This is a comparison between November and now.

Ms Halton—You want November?

Senator HUMPHRIES—Yes please.

Ms Halton—I do not think we can give you November.

Ms Lyons—We have a figure as at 30 April.

Senator HUMPHRIES—Last year or this year?

Ms Lyons—I have not got November.

Senator HUMPHRIES—I am happy with a figure as of 30 April—

Ms Lyons—Here we go. In November the total head count was 4,946 and on 30 April it was 5,072. And as at 31 May, the number was 5,002.

Senator HUMPHRIES—Is that accounted for by transfer of functions under new administrative arrangements?

Ms Lyons—Some of it will reflect that, yes.

Ms Halton—Yes.

Mr Sheehan—Roughly 16 staff transferred to the sports area from the old DCITA.

Senator HUMPHRIES—To sport from DCITA?

Mr Sheehan—Yes, to the sports branch and that number of 5,002 at the end of May would include the 16 full-time equivalent staff.

Ms Halton—That is a head count. And as you know we have a lot of part-time staff.

Senator HUMPHRIES—There would be a few more, but you were talking about 35 positions or so. Where do the rest come from?

Ms Lyons—There are a number of positions from the National Health and Hospital Reform Commission that are counted in that number. There are the positions from the Commission on Safety and Quality that are counted in that number.

Senator HUMPHRIES—Do you expect there to be a downward trend in total staffing numbers in 2008-09 as a result of measures announced in the budget or the increased efficiency dividend in particular?

Ms Lyons—The budget papers indicate that the ASL in the Department of Health and Ageing will reduce by 179 in the course of 2008-09.

Senator HUMPHRIES—Where will those positions come from?

Ms Lyons—Those positions are identified in the budget statements in each particular program.

Senator HUMPHRIES—Is there any particular area which has received a more significant hit than others?

Ms Halton—The distribution—and these are in the budget papers so you can see them—reflects a couple of things. Firstly, it reflects some initiatives that were non-ongoing initiatives from the previous government. You would be aware of that practice. It also reflects the impact of the budget. So the 179 is the total effect. I do not have a disaggregation as to what component is what, but the distribution is across the portfolio. The only area that actually shows a positive allocation in the portfolio is in population health, but again that is where the sports area has gone. So it is distributed across the portfolio.

Senator HUMPHRIES—I shall look and see what it says for each area of the department. You have given me a figure for total employees. That is the total head count including full-time and part-time positions?

Ms Lyons—That is right.

Senator HUMPHRIES—Can we break those down into full-time and part-time?

Ms Lyons—As at the end of April there are 4,123 full-time and 470-odd part-time positions.

Senator HUMPHRIES—And as of November?

Ms Lyons—We will have to take that on notice and get it back to you.

Senator HUMPHRIES—Okay. How many employees are employed on contract across the department?

Ms Halton—As in temporary, non-ongoing?

Senator HUMPHRIES—Yes.

Ms Lyons—Non-ongoing as of 30 April is 562, and I can give you a figure for 31 October 2007, if that is useful.

Senator HUMPHRIES—Yes.

Ms Lyons—It is 754.

Senator HUMPHRIES—Are you able to tell me what the base and top level salaries of the APS level 1 to 6 officers are?

Ms Halton—Can we be clear—we are talking about the top of the APS6 and the bottom of the APS1?

Senator HUMPHRIES—Yes.

Ms Halton—What is the top of the APS6 band, Ms Lyons?

Ms Lyons—It is $70,429.

Ms Halton—And the bottom of the APS1?

Ms Lyons—It is $34,002.

Senator HUMPHRIES—What is the same range for the executive level officers?

Ms Lyons—For EL1s and EL2s, the top of the range is $108,368 and the bottom of an EL1 is $76,718.

Senator HUMPHRIES—And the same thing for the SES officers?

Ms Lyons—SES officer band 3 is $214,000.

Senator HUMPHRIES—That is the top.

Ms Lyons—To $125,000.

Senator HUMPHRIES—That is the bottom of band 1?

Ms Lyons—Yes.

Senator HUMPHRIES—How many permanent staff have been recruited since November, since the election?

Ms Lyons—Two hundred and ninety-seven. That is the head count, so some of those may be part time.

Senator HUMPHRIES—And since November, how many employees have been employed on contract and what is the average length of their employment period?

Ms Lyons—These are non-ongoing. Again it is a head count and there are 335.

Senator HUMPHRIES—So 335 on contract.

Ms Lyons—That is for non-ongoing.

Ms Halton—That is not the same as on contract.

Senator HUMPHRIES—Yes. Do we know what the average length of their contracts is?

Ms Lyons—I do not have that information with me.

Senator HUMPHRIES—Could you get that for me on notice, please?

Ms Lyons—Yes.

Senator HUMPHRIES—I am sure the department monitors the media. How much is spent on media monitoring each year? How much was spent this year?

Ms Lyons—The figures for the year to date are: for Media Monitors $697,410 and for AAP $7,023.

Senator HUMPHRIES—That is the cost of the services you purchase from those two?

Ms Lyons—That is right.

Senator HUMPHRIES—What do you spend on the media section or unit of the department?

Ms Van Veen—We did answer a Senate question on that that went through a range of questions. That was tabled on 13 May. It asked a number of questions about the staff involved with media monitoring, their levels of classification and the figures involved, as well as the scope of responsibilities.

Senator HUMPHRIES—The figures provided in that answer have not changed substantially?

Ms Van Veen—That would have been at year to date—I would have to check when that was tabled—so it would have been to either 30 March or 30 April.

Senator HUMPHRIES—So the figures have not changed substantially since then?

Ms Van Veen—No, we would not expect them to change substantially.

Senator HUMPHRIES—So that information includes the APS classifications of the positions in that unit?

Ms Van Veen—Yes.

Senator HUMPHRIES—Thank you very much. I want to ask about board appointments in the department. What appointments have been made by the government either through executive council or directly by ministers when they have that power to statutory authorities, executive agencies and advisory boards?

Ms Addison—I have overarching responsibility for the portfolio agencies so can answer the question with respect to those. But I think with respect to the advisory boards, that information is best collated from the divisions that have a responsibility in that area, if that is okay.

Senator HUMPHRIES—So you want to bring the information together on notice is what you are saying?

Ms Addison—We can do that or I can go through the portfolio agencies. We can do that on notice if you prefer.

Senator HUMPHRIES—How many appointments are we talking about approximately?

Ms Addison—Including all the advisory boards, I could not say.

Senator HUMPHRIES—It sounds like it is quite a few so perhaps it is best if you take that on notice and provide it to me in that way. You might indicate whether there are vacancies at the moment which are yet to be filled as well—statutory positions and the like or positions on boards which have been announced which have not yet been filled.

Ms Addison—Yes, Senator.

Senator HUMPHRIES—Thank you. I was wanting to get a list of the grants that have been approved by ministers within this portfolio since it came to government.

Ms Halton—In terms of a list of grants, that is a big and ongoing thing. It is probably best dealt with on a program by program basis.

Mr Eccles—That is exactly what I was going to suggest. There would be a very large number. We do not have a central list of those. That might be best dealt with on an outcome by outcome basis.

Senator HUMPHRIES—So if you could that to me on notice, that would be great.

Mr Eccles—Yes.

Senator HUMPHRIES—Could I ask about ministerial travel. Has the minister, ministers or parliamentary secretary travelled overseas on official business since their appointments?

Mr Eccles—Yes, Senator. Two members of the parliamentary team have undertaken international travel. Senator McLucas went to New Guinea and Minister Ellis attended the meeting in Montreal and North America as well.

Senator HUMPHRIES—Could I ask in respect of those trips for the total cost of the travel and accommodation and other expenses, a description of the ministerial staff accompanying the ministers concerned and any associated costs for that staff or family members if they travelled as well. In respect of those trips, how many officers of the department accompanied the minister?

Mr Eccles—I am not sure about the departmental officers. I can certainly get that while we are here. In terms of Minister Ellis's travel, she was accompanied by one member of her parliamentary staff, one of her advisers—so the total cost and one departmental officer.

Ms Halton—And no family members.

Mr Eccles—For Senator McLucas's trip to New Guinea, she was accompanied by—

Senator McLucas—I had no-one from my staff travel with me but there was a departmental officer whose name unfortunately I cannot remember, but she was very helpful and very good. My apologies to that officer.

Senator HUMPHRIES—In relation to those departmental officers who travel, could I have the total cost of travel and accommodation and other expenses please.

Mr Eccles—We would need to take that aspect on notice.

Senator HUMPHRIES—Yes, I understand. With regard to FOI, has the department received any advice any directives or guidelines from other areas of government as to how to respond to FOI requests?

Mr Watts—The short answer is no.

Senator HUMPHRIES—Thank you. How many FOI requests has the department received since November?

Mr Watts—Ninety-nine.

Senator HUMPHRIES—How many have been granted and how many have been denied?

Mr Watts—I do not have that figure with me. I can say, however, that there are 30 decisions currently outstanding. There is certainly nothing overdue. But I can take that on notice and let you have that information.

Senator HUMPHRIES—Have any conclusive certificates been issued in respect of FOI requests?

Mr Watts—No.

Ms Halton—None. I should say we have never had any conclusive certificates in this portfolio.

Senator HUMPHRIES—Is that right?

Ms Halton—I am pretty sure.

Senator HUMPHRIES—How many DLOs have been allocated to each minister or parliamentary secretary?

Mr Eccles—There are two DLOs in Minister Roxon's office and one DLO from the department in each of the other members of the parliamentary team.

Senator COLBECK—Is the position described as a graduate position in any of the ministerial offices?

Mr Eccles—Yes, in three of the ministerial offices there is one graduate. That is quite common practice that they may do, as part of their broader exposure to the department and work of government, a rotation through one of the offices.

Senator COLBECK—How long is that position available for? How long is the graduate in the office for?

Ms Halton—Three or four months.

Senator COLBECK—So these are your own people out of your own graduate program who are spending time in the ministerial offices?

Ms Halton—It has been a very longstanding practice. It is not just in this department.

Mr Eccles—They nominate an area of interest and if they nominate an area we see what we can facilitate across the department, including in ministers' offices.

Senator COLBECK—So there is one of those in each of the offices?

Mr Eccles—In three of the offices.

Senator COLBECK—Can you give me which offices those are in?

Mr Eccles—Minister Ellis does not have a graduate.

Senator COLBECK—Once the graduate has finished that three- or four-month rotation, will another graduate come in?

Ms Halton—If there is a graduate who is interested.

Senator COLBECK—So effectively it could be a continuous position in the office over time, depending on the interest of graduates, as you said.

Ms Halton—Theoretically.

Senator COLBECK—Could you give us some information, say covering over the last 18 months, about the rotations of graduate positions through ministerial offices?

Mr Eccles—We will have to take that on notice.

Senator COLBECK—Yes, I am happy with that.

Senator HUMPHRIES—Regarding the community cabinet meetings that have been held, which ministers or which parliamentary secretary attended the three meetings that have been held to date?

Ms Halton—Minister Roxon attends those.

Mr Eccles—Minister Roxon attended each of those, yes.

Senator HUMPHRIES—But none of the others?

Mr Eccles—None of the other members of the parliamentary team.

Senator HUMPHRIES—How many ministerial staff and departmental officers accompanied Minister Roxon to each of those meetings?

Ms Halton—Senator, obviously we cannot answer in respect of ministerial staff but, in terms of departmental staff, yours truly.

Senator HUMPHRIES—Just you?

Ms Halton—Yes.

Senator HUMPHRIES—A little notebook there to take notes on what people were saying?

Ms Halton—Absolutely.

Senator HUMPHRIES—There were not any local department of health officers who turned up?

Ms Halton—No.

Senator HUMPHRIES—Your shorthand must be good, Ms Halton.

Ms Halton—It is improving.

Senator HUMPHRIES—That is good. The only other questions I wanted to ask were about the efficiency dividend. Did the department seek an exemption from the application of the one-off two per cent dividend?

Mr Sheehan—No, we did not.

Senator HUMPHRIES—The budget papers detail in broad terms where amounts have been reduced to reflect government decisions in the budget. Can you direct me to any particular areas where significant changes are going to occur in outlays as a result of the application of the efficiency dividend, or would you say to me that the department has spread the dividend so evenly that there are no discernible figures that we can point to.

Ms Halton—That is exactly right.

Senator HUMPHRIES—Is the agency budgeting for an operating loss or surplus in this year's budget?

Mr Sheehan—A break-even result.

Ms Halton—Assuming that break-even can be a couple of dollars either way. My confident expectation is that it will not be a lineball zero call, but it might be.

Senator HUMPHRIES—My next question is about the capacity to make a request for a Regulation 10 Authority from the Minister for Finance. Has a request for such an authority been made in the last six months?

Ms Powell—There has been no request for that authority made. The department already holds the delegation to approve most reg 10 applications, although the minister of finance still holds the delegation for certain types.

Senator HUMPHRIES—Okay. So you have the power to exercise those yourself in some cases without seeking them from the minister?

Ms Powell—Correct.

Senator HUMPHRIES—How is that triggered? Does it have to be a decision by the secretary—or someone—to operate that power?

Ms Powell—It is a delegate of the secretary. In the current case it is Mr Eccles, the secretary and I who can exercise that delegation.

Senator HUMPHRIES—How many times has that authority under delegation been exercised in the last six months?

Ms Powell—I would not have that figure, but it would be less than one hundred times and certainly more that ten.

Senator HUMPHRIES—Could you let me know the number of times it has been exercised—let's say since November?

Ms Powell—Yes.

Senator HUMPHRIES—Can I just clarify an issue that occupied some of our time at the last hearings. It is to do with provision of information to the committee on which the committee made some comments in its report on the last estimates round. This touches on the issue that the committee looked at with respect to the Murwillumbah Nursing Home. Can I be clear that if the committee seeks information from the department and we are told that the information is not available—for example, for a legal reason—and that situation changes during the course of the hearings, that the information the committee requests will be made available to the committee by virtue of any change in circumstance?

Ms Halton—Yes, Senator, and I think I apologised to you at the time about that. That was a decision that was taken which neither I nor the deputy secretary had been alerted to. Had we been so alerted, we would have told you as soon as we arrived here. That is a perfectly fair point, Senator. I think I said that to you privately at the time.

Senator HUMPHRIES—Indeed. Thank you very much. I would like to clarify the issue of charter letters that has been in the media recently. My question is to the parliamentary secretary. We are told that charter letters will not be issued to ministers under this administration, but there will be interviews with the Prime Minister. Can you tell us whether that will apply to parliamentary secretaries as well as to ministers?

Senator McLucas—I do not think that I can speak on behalf of the Prime Minister. But I can tell you that I have received a letter from the Prime Minister and from the minister

outlining my duties as a parliamentary secretary, my executive responsibilities and in general how communication should occur.

Senator HUMPHRIES—Is that what you would describe as a charter letter?

Senator McLucas—I think that that would fit the bill of a charter letter, yes.

Senator BERNARDI—When did you receive that?

Senator McLucas—Some time ago. I could find the date for you, if that will be of benefit.

Senator BERNARDI—So it was further ago than just on the weekend or something?

Senator McLucas—Yes. From memory, it was in February or March.

Senator BERNARDI—Why do you think that you were singled out for special treatment to receive a charter letter when so many other ministers did not?

Senator McLucas—I cannot answer that question. It is a question you can ask the PMO. Perhaps it is because I am a parliamentary secretary.

Ms Halton—It needs to be clear that the parliamentary secretary did not say that she received a charter letter; she said that she received a letter.

Senator McLucas—I received a letter.

Senator BERNARDI—The parliamentary secretary did characterise it as a charter letter, but we will stand corrected on that. That is fine. But you have received a letter detailing your responsibilities from your senior minister, and yet the evidence given upon questioning is that most senior ministers have not received any charter letter. If the minister has not received a charter letter as to what their responsibilities, how do they devolve them to you?

Senator McLucas—As I said, I cannot speak on behalf of the Department of Prime Minister and Cabinet and I cannot speak on behalf of the Prime Minister. But it is up to every Prime Minister to make arrangements about how they expect their ministerial teams to operate and behave. Our Prime Minister has decided to do that through a discussion—as I understand—with each of his ministers.

Senator BERNARDI—A discussion. He failed to provide a charter letter to confirm any of this.

Senator McLucas—I think that you should be careful with the words. It is up to every Prime Minister to make their decision about how this happens.

Senator BERNARDI—For a Prime Minister who talks about upholding Westminster tradition and a whole range of other things, it is really an ad hoc, slipshod approach to it, isn't it?

CHAIR—Those adjectives are not appropriate. You can make comment, but—

Senator BERNARDI—Okay. Thank you. I accept that. If the Prime Minister feels that it is okay for him to verbally brief the ministers, why weren't you verbally briefed? Why did you receive a letter, rather than a verbal briefing about it?

Senator McLucas—As I said, you could ask that question of the Department of Prime Minister and Cabinet.

Senator BERNARDI—But it is not for the Department of Prime Minister and Cabinet.

Senator McLucas—I have received a very clear letter from both the Prime Minister and the minister for health explaining my executive responsibilities and how our offices should communicate.

Senator BERNARDI—This goes to it. The Prime Minister thought that he should he write to you, but it was not necessary to write to the cabinet ministers. I find that quite incredible, and I think that the public would find it quite incredible, too.

Senator McLucas—I think that you would find that our ministers are very clear on—

Senator BERNARDI—Even though they have not received charter letters? Only parliamentary secretaries received them from the Prime Minister.

Senator McLucas—As I said, it is a matter for each Prime Minister to make a decision about how they communicate their expectations to portfolio ministers.

Senator COLBECK—Do you know whether junior ministers received letters?

Senator McLucas—I do not.

Senator COLBECK—It is an interesting way to communicate people's responsibilities.

Senator BERNARDI—Inconsistent is the best way to categorise it—inefficient and inconsistent. I have one other question on another topic. It is in regard to something that came up early—the graduates within the office. I was not sure who responded to it. What functions do the graduates perform in the office?

Mr Eccles—They assist in handling ministerial correspondence and they assist the DLO in the office. It is managing the movement of paper to the department through to the office.

Senator COLBECK—Like Jeeves.

Senator BERNARDI—A bit like Jeeves.

CHAIR—That is one question, Senator Colbeck.

Senator BERNARDI—I have a couple of others in response to that. How long is each graduate seconded to the minister's office?

Mr Eccles—For the duration of one of their graduate rounds, which I think is between three and four months.

Senator BERNARDI—And is it anticipated that another graduate would then be attached to the office at the end of that graduate round?

Mr Eccles—The way that the graduate program works is there are a number of graduates who are taken in by the department, and they nominate areas that they are interested in working in, so we see how that process goes.

Senator BERNARDI—But it is an ongoing revolving program?

Ms Halton—They indicate their interest. Before every rotation we ask them where they would like to work, in terms of the balance of their experience in their graduate year. Sometimes, we might say, 'No, we actually think that, given the nature of the work you have

already done, you need to work in Regulatory Policy or Aged Care, or somewhere else, to get a balance of experience.'

Senator BERNARDI—Is this a longstanding program?

Ms Halton—Yes.

Senator BERNARDI—Do you have any records of how many graduates have actually been through the program?

Ms Halton—The total graduate program?

Senator BERNARDI—Over the last 10 years, or five years—whatever you can provide me with.

Ms Lyons—This year we have 103 graduates.

Senator COLBECK—I don't want to imply that you might be careless, but in the question on notice at the last estimates you had 104.

Ms Lyons—I would have to look at those figures and take that on notice. It is possible—we do lose some.

Ms Halton—We do lose some, occasionally—it is careless, I know.

Senator COLBECK—I genuinely was not meaning to imply carelessness.

Ms Halton—We lost one.

Senator BERNARDI—In which minister's office were they lost?

Ms Halton—Now, now!

Senator HUMPHRIES—I would assume that all departments would keep a close eye on issues like stress levels among employees. I assume you keep records on people who take leave for reasons of stress.

Ms Halton—Yes.

Senator HUMPHRIES—Have there been any problems with stress leave in recent days? Specifically, has the instance of stress leave risen in the department in, say, the past three months?

Ms Lyons—It is difficult to answer that question definitely, because when people go on personal leave with or without a medical certificate, often the medical certificates do not indicate the nature of the particular illness. Many of them do not put 'stress' on the medical certificate. It would be very difficult for us to answer that question.

Ms Halton—However, the short answer is no, there is no suggestion that there has been any change in the incidence. I can assure you that if there was any suspicion about that I would know about it.

Ms Bowen—The latest report from our compensation cover says that in 2008 there has been one claim for mental stress.

Senator HUMPHRIES—'Claim' as in a legal claim against the department?

Ms Bowen—No, a compensation claim.

Senator HUMPHRIES—What mechanisms does the department have in place to monitor the occupational health and safety of employees with respect to working hours and stress levels?

Ms Halton—It has been discussed here before, and you would know that we actually do have an annual survey of staff which goes to all manner of issues in terms of working conditions in the department. That is something we have a commitment to doing every year so we can compare year with year precisely. It is also fair to say that the senior management team regularly takes the 'health'—if I can describe it in that way, pardon the pun—of the place, and so there are a variety of formal and informal mechanisms.

Senator HUMPHRIES—When is the next survey due to be done?

Ms Halton—It will be in October or November this year.

Senator HUMPHRIES—Have you had any indication of employees in the department who work, for example, beyond midnight or who begin work before 6 am regularly?

Ms Halton—One of the things about flex time is that people do work all sorts of different hours, depending on circumstances. So, some people do choose to work earlier and some people effectively manage their time around earlier and later shifts—they are not technically shifts, but you understand what I am saying.

Senator HUMPHRIES—Yes. Wouldn't you be worried if you found employees working beyond midnight? Wouldn't that indicate to you that some people have excessive workloads?

Ms Halton—Intermittently in the Public Service people do very occasionally end up having to work quite long hours. In my career—I do not particularly want to go through it chapter and verse—I have had a number instances where I have worked rather lengthy hours and been telephoned at very peculiar hours. That is not a recent occurrence. So it is fair to say that, intermittently, if there is a lot on, people do make a concentrated effort. That happens periodically; it always has done in the Public Service.

Senator HUMPHRIES—But if it happens on a week in, week out basis or for weeks or months at a time, it is a different matter, isn't it?

Ms Halton—Again, it would depend on the circumstances. If I were to point you to the team who did the pharmaceutical work last year—the legislation in the run-up to the change in the Pharmaceutical Benefits Scheme—I would point you to a team of people who basically worked incredibly hard and sometimes for very long hours for a sustained period, because to change the whole legislation in the way that they did requires a sustained effort. Indeed, when I did the reform of aged care—and that is going back over 10 years—that took 12 months of absolutely solid effort from a group of people who worked prodigious hours. Periodically, you do that. I do not think that that has changed particularly.

Senator HUMPHRIES—There is a distinction between working solidly and working hard and working at unsafe levels. I am sure you can make that distinction as head of this department. I am comforted that the department is monitoring these things—

Ms Halton—Absolutely.

Senator HUMPHRIES—and I look forward to the survey. I should be able to see the result of the survey in November?

Ms Halton—Yes. And, Senator, be assured, I am watching this.

Senator HUMPHRIES—That is good to hear.

CHAIR—As there are no further questions in general overview, we will move to the Australian Institute of Health and Welfare.

Senator COLBECK—I have some general questions with respect to the operations of the institute. Has the efficiency dividend applied by the government been applied to the institute as part of the health agency?

Dr Allbon—Yes, the efficiency dividend has been applied to that part of our budget which is appropriation funded. That is only about a third of our income for the coming year, which is about $8.6 million. So the impact of the extra two per cent on that 8.6 is pretty small; it is about $170,000. That is roughly the equivalent of two staff, so it is not a major impact on us but it has been applied to us.

Senator COLBECK—Will that be the final impact—the loss of a couple of staff?

Dr Allbon—In relation to the efficiency dividend, yes.

Senator COLBECK—So your staffing operations will drop back by about two people?

Dr Allbon—Our overall staffing operations will not, because we run contract funded work as well as appropriation funded work and the staff will find themselves work on the contract funded side. Overall our contract funding has been growing, so the staff move between appropriation funded and contract funded work.

Senator COLBECK—So you are relying on a growth in contracted work to maintain the staff cohort of the institute?

Dr Allbon—That is correct. But we have been a partly contract funded and partly appropriation funded organisation for a number of years.

Senator COLBECK—Is there a differential between the type of work that your funded staff and contracted staff would do?

Dr Allbon—No. There is not a particular differential. It really relates to history and what the original work was that was funded under appropriation. The contract work depends on the particular pieces of work that agencies or other bodies would like us to do. So, no, it is pretty much a fact of history.

Senator COLBECK—But the staff working under the contracted part of the agency would be working on projects specific to the funding that is applied to those particular projects?

Dr Allbon—That is correct.

Senator COLBECK—There will be an impact on what I suppose could be called your core agency type work because there will less staff available to deal with that.

Dr Allbon—That is correct—that is the two less staff.

Senator COLBECK—So what type of work would you consider to be your agency's core type of work? What projects or work would you do that would be your baseline work?

Dr Allbon—The work which is required of us under the legislation is our core work. Our legislation requires us to publish a report on Australia's health every two years, and similarly a report on *Australia's welfare*, naming particular things such as housing, community services, disability et cetera, that we report on every two years. So that is very much a part of the core work. A lot of the work within the institute is drawn on in order to publish those two reports. We are also required under the legislation to look at statistical definitions—to collect, publish and analyse statistics—and to do a whole range of functions in relation to statistics.

Senator COLBECK—So that core work basically underpins and provides the base and source data for a lot of the contract work that you would do?

Dr Allbon—Yes. In some cases the contract work provides additional data and collections. For example, under the Commonwealth-State Housing Agreement, we have been funded for many years externally by all the states, territories and Commonwealth jurisdictions to collect the social housing. That is the public housing and community housing data. Similarly, we are funded externally under contract to do the homelessness data. So a lot of our core work is in fact funded by contract, but the original work was funded by appropriation. So the big databases we hold in relation to hospitals—the national hospital morbidity database, the health expenditure database—are all part of what was originally funded from the appropriation. So that is part of that original core work.

Senator COLBECK—What is the impact of having two less staff doing that core work going to have on your capacity?

Dr Allbon—It will mean that the next production of *Australia's welfare* will be slightly reduced. There are a couple of chapters that we have included in it in the past that we will not have the capacity to include in the next version of it, which impacts in the next financial year. *Australia's welfare* is published so that the work will go into the next financial year. There will be a slight reduction in that, but it will not reduce our reporting that is required under the legislation.

Senator COLBECK—So what things that we used to know about are we not going to know about any more?

Dr Allbon—There has been a chapter in the past in *Australia's welfare* on indicators across the board. That was something that the institute thought was nice to do rather than necessary to do. We will not proceed with that particular chapter.

Senator COLBECK—What do you mean by indices?

Dr Allbon—Indicators of welfare. It was a chapter which pulled out from across the board the kinds of indicators that would tell you how we were going around a range of welfare related issues. It was something that the institute had put in place of its own volition to go into that publication and it is a chapter that we will not proceed with in the next volume

Senator COLBECK—How widely was that information used that you are aware of?

Dr Allbon—It is pretty difficult to tell. It had certainly been part of what we have reported for I think two or three years now. Our board has discussed it and felt that it was a reasonable thing to not include next time around.

Senator COLBECK—What were the other chapters?

Dr Allbon—We were also having a look at the welfare expenditure work that we have done in the past, because we are not particularly satisfied that it is meeting the needs of all of our stakeholders very well. We are going to be reviewing that welfare expenditure and probably not including it in the next *Australia's welfare*.

Senator COLBECK—Is anyone else providing any of this information?

Dr Allbon—The work on welfare is something whereby we pulled together a database from a range of different sources, analysed it and published it—so probably not in the same format, but the information would be available from, for example, transfer payments from Centrelink and other places and in some of our other publications, with information on community services' expenditure et cetera.

Senator COLBECK—And those are the two things that you are dropping; you are not dropping anything else?

Dr Allbon—Out of *Australia's welfare*, that is correct—in relation to the efficiency dividend, yes.

Senator COLBECK—So if anyone were wanting those particular pieces of information they would have to effectively buy those from you?

Dr Allbon—That is correct, yes.

Senator COLBECK—You mentioned that some of the work you are doing is jointly funded by state and Commonwealth and you are contracted to do that. Are you aware that any of those payments or the sources of that funding are going to be impacted by efficiency dividends imposed on other departments? Have you had any conversations in relation to that?

Dr Allbon—No, we do not believe that those contract arrangements will be impacted by the efficiency dividend.

Senator COLBECK—Certainly not from the states, I could understand that, but from other Commonwealth agencies. What other Commonwealth agencies do you contract to?

Dr Allbon—The bulk of it is to the department of health. Most of those contracts are locked in to long-term arrangements, but they are also funded according to a template that we have agreed with the department. So they are not specifically part of anything that the efficiency dividend would be subject to.

Senator COLBECK—Fixed-sum contracts are very handy when there are efficiency dividends floating around, aren't they? I want to turn to the National Drug Strategy Household Survey and particularly some information that I have seen recently in respect of alcohol use. Would it be fair for me to say that overall drinking practices of Australians have been relatively stable over the last 20 years?

Dr Allbon—We publish the National Drug Strategy Household Survey, which is a survey that we are contracted to run. In the 2007 survey we did interviews with about 23,000

households. That survey has been done over the last three years and the first results from that survey were published about six weeks ago. Based on the results from that survey, there are some changes in drinking patterns but, no, we would say that overall patterns have remained stable—that is, they have remained stable over the last three years, over the last survey. Sorry, Jane has advised me that your question was about the last 20 years. I was commenting on the survey, so my information does not go back to the last 20 years. I would have to take that on notice.

Senator COLBECK—Certainly there has been some specific information in relation to 2001 to 2007. I understand that the report that you have released is the first results report.

Dr Allbon—Yes.

Senator COLBECK—When is the final report due to be released?

Dr Allbon—In October.

Senator COLBECK—Has there been any change in the methodology through which you have been collecting your data over a period of time? I have a recollection of a discussion where there were some changes in data collection around 2000.

Dr Allbon—We have only collected the household survey under the National Drug Strategy. The first survey was in 2001.

Senator COLBECK—So, for the information that you would be relying on prior to that date, who was that collected by and how?

Dr Allbon—I do not believe that we have published information that goes back beyond that date. Our source has been the national household drug survey. But I am happy to take that on notice.

Ms Halton—I think that is a broader question for the relevant program people, in terms of monitoring the use of alcohol over a longer period and the variety of data sources. The Institute of Health and Welfare is a data collection agency. It is only one—

Senator COLBECK—I understand that.

Ms Halton—but we use a number of different sources to monitor work in this area.

Senator COLBECK—So that I ask some further questions in the right place, where should I specifically ask that?

Ms Halton—Population health.

Senator COLBECK—Population health, which will be coming up shortly.

Senator LUNDY—Could I just come in and ask a few questions about the latest estimate on the actual numbers of people drinking at harmful levels. What are those actual numbers, based on your survey results?

Dr Allbon—Are you referring to young people here?

Senator LUNDY—Yes.

Dr Allbon—The survey results still remain concerning, in that approximately nine per cent of young people drink at what are considered either risky levels or very high levels of risk.

That is according to the NHMRC guidelines, which are the guidelines that we use to determine the definitions there. Around nine per cent of young people drink at risky or high-risk levels at least once a week.

Senator LUNDY—Just to be clear here, what is your definition of a 'young person' for the purposes of that statistic?

Dr Allbon—I was just quoting between the ages of 14 and 19.

Senator LUNDY—How many is nine per cent?

Dr Allbon—Nine per cent of the total population, if you can extrapolate from the survey results. I said we did 23,000 surveys. It would be about 170,000 young people, because there are about 1.7 million in that age group as a total population.

Senator LUNDY—One hundred and seventy thousand young people between the ages of 14 and 19.

Dr Allbon—That is correct.

Senator LUNDY—Can you tell me how that relates back to the study about young people and violence, which I noticed got some media attention this morning? Just reading some of the media reports, it said that young people are three times more likely to be injured under the influence of alcohol and drugs. How does that study coincide with the figures relating to risky or harmful abuse of alcohol by 14- to 19-year-olds?

Dr Allbon—I am not quite sure which study you are referring to. There was one on injury rates for young people this morning—

Senator LUNDY—A report on rates of self-harm.

Dr Allbon—Rates of self-harm. Yes, that is correct. In that particular report, we were not able to draw the link back to alcohol related self-harm or alcohol related suicide because of the limitations in the data that were used. We were not able to draw those links in that particular study.

Senator LUNDY—Are you going to be able to cross-reference the findings of this study? According to media reports, it said:

Harmful and hazardous alcohol use are risk factors for both being victimised and perpetrating youth violence, and is therefore a priority area for intervention …

Dr Allbon—We are certainly aware of the link between alcohol and violence and those statistics around young people. We have not at this stage done further analysis to link the alcohol through to the injury.

Senator SIEWERT—I just want to ask about those figures as well. It is my understanding from reading the work that has been done in the past that, while there may not have been a significant increase in binge drinking, the amount of alcohol abuse has been consistent and is still high. I am wondering if you could give us bit of a rundown on some of those figures. I am aware of the issues related to hospitalisation in terms of alcohol abuse. You have, as I understand it, got figures. While you cannot draw back those figures to youth injury at the moment, there are figures that link it to domestic violence. You can point to the number of

people with alcohol related harm in terms of domestic violence—those sorts of issues. My understanding is that that is still alarmingly high. Is that a correct understanding?

Dr Allbon—I cannot comment off the cuff on those figures, but I am happy to take that on notice and provide information to you.

Senator SIEWERT—That would be extremely useful. I also understand—and I would like to know if you can provide the figures—that there was a significant jump in the eighties and nineties in alcohol abuse. I am wondering if I am correct or, if not, if you could provide some figures around alcohol consumption and abuse from the eighties through to now, for the last 20 years that we were talking about. Has there been an increase in the last 20 years? I think Senator Colbeck was touching on those issues before.

Dr Allbon—In conjunction with the department, we would be happy to put together figures that we have. As I said before, the household survey only goes back to 2001, but in conjunction with the department we could assist in putting together figures.

Ms Halton—Senator, that might be a question that is more appropriately taken by the department. The AIHW is actually not a research body; it collects information and has a number of data collections. In terms of the collation of all of that research on those numbers it might be better that we take that, working with the AIHW, and give you something on that.

Senator SIEWERT—So we will deal with that again through population health?

Ms Halton—Okay.

Senator SIEWERT—That would be appreciated. I will raise it again there. Who is responsible for collecting any figures recently about the impact of the changes to tax? Will you be doing work on that as it relates to risky behaviour et cetera? Will you in the future be doing work around that issue to look at whether the increase in tax has actually had an impact on reducing risky behaviour et cetera?

Dr Allbon—No, that is not something we have on our work program.

Senator SIEWERT—So where would that sort of information be collected? It would not turn up in the surveys that you do at all?

Dr Allbon—That would depend on what work we do in the future. At the moment, I could not comment on that. There is nothing in our work program. It would be something more to ask the department.

Senator SIEWERT—So, again, do I ask that during population health? Thank you.

Senator BOYCE—I was recently looking at your report on unmet need and the figure you arrived at of 23,800 people with disabilities who had an unmet need for supported accommodation and respite services. You have talked a little bit about how you arrived at that figure, but can we define 'unmet need' and what you are measuring when you talk about 23,800 people?

Dr Allbon—Given the limitations of the data that we work with in trying to determine unmet need, the definition is a reasonably constrained one. The sources that we have to put together do not necessarily match with each other in order to come up with unmet need.

Senator BOYCE—Those sources are state bodies of information?

Dr Allbon—No, those sources in the main are in relation to needs. The ABS survey—the survey of disability, aged and carers—is a survey that they run every three years. That asks a number of questions, which we use. The other piece of information we use is the current supply through states and territories of disability services, supported accommodation, respite et cetera. It was a piece of work we last did in relation to 2005-06 data. It was all jurisdictions who contracted with us to do that piece of work. It tried to focus at the high support needs end because that was particularly what was being looked for: the supported accommodation end, at home services and respite care.

Senator BOYCE—You have also pointed out that the figure you had in 2001, your estimate—and as you point out, they are only estimates—was 12½ thousand. Is that right?

Dr Allbon—I think so, from memory.

Senator BOYCE—So what we have here is a quantum leap. I am presuming that is because there is better data.

Dr Allbon—There would be some population effect in that as well.

Senator BOYCE—But we have a doubling in five years of unmet needs.

Dr Allbon—Essentially, it goes back to the data sources that we have used and the survey information. The survey relies on people self-reporting the belief they have that they need assistance, and so there may be some changes in how people report. And population impacts as well.

Senator BOYCE—When you were talking about the factors that had contributed to it, you talked about an increase in the size of the population, increased levels of need for assistance because of the ageing of the user and carer population, reduced access to some mainstream housing and the ongoing trend towards people with disabilities moving out of home—living in the community, but not forever with their parents. It would seem to me that perhaps there is another huge area of constraint around the data—that is, people who have never bothered to advise that they have unmet needs because they know how poorly the states resource those areas anyway.

Dr Allbon—It is something that we have looked at in our studies. There is a constraint on the demand because people know the supply is constrained. I think that the extent to which people go on waiting lists for state and territory services is constrained by their belief as to whether they are going to be successful or not.

Senator BOYCE—I am tempted to ask, 'Have you got any sense of what quantum that is,' but I realise you are not going to have.

Dr Allbon—We would love to have a sense of that quantum!

Senator BOYCE—How would we get there? Are there any programs to try to get there, to get a real figure?

Dr Allbon—There is a lot of work going on at the moment through the Commonwealth-state disability agreement arena looking at how unmet need can be better met. It is certainly a key focus of that work. One of the suggestions has been that the survey that I referred to before of disability ageing carers could be enhanced. If the sample size was bigger for that

survey then that would give less error in the sample and give us a better understanding. It would also give us a better idea of the need of people in the older age group because we would get a bigger sample size, we would be able to tell more about the older age group and about some state and territories and some of the regional levels. So better coverage would allow the information to be much more full. The other thing is to see whether we can amend some of the questions or add in some questions so that they tie in more closely with the kinds of services that are provided in the states and territories.

Senator BOYCE—So this would be the ABS survey we are talking about expanding?

Dr Allbon—Yes.

Senator BOYCE—And that would be funded by the Commonwealth?

Dr Allbon—It is under negotiation at the moment.

Senator BOYCE—Sorry, with whom—the states?

Dr Allbon—With the states and the Commonwealth.

Senator BOYCE—I think some of the states have made some effort to analyse unmet need but, of course, they have that sort of conflict of interest of probably not really wanting to know the real answer, which is part of the problem!

Senator Humphries interjecting—

Senator BOYCE—Of course not, Senator Humphries; I am just being cynical there, I know. So I guess my question is: how do we get to the unknown, unmet need area? And when those negotiations are going on, now—

Senator Colbeck interjecting—

Senator BOYCE—That is right—and not wanting to be known by some state departments, I am sure! Where are we with this and when would we expect to have an improved set of data?

Ms Halton—Senator, can I just be clear: we are straying here into opinions and areas which I am not very comfortable—

Senator BOYCE—I am sorry. I was not directing this to the officers, Ms Halton.

Ms Halton—Okay.

Senator BOYCE—That was a discussion. My question to them is this. We currently have a level, I believe, of unknown, unmet need. There are some negotiations going on now about improving that dataset. When could we expect a result?

Dr Allbon—My understanding is that it is a priority for the next round of Commonwealth-state negotiations, and the department of families and communities services is well involved in that.

Senator BOYCE—Thank you.

Senator McLucas—Can I say, Senator, that that was very well recognised, and that is why the government is getting on to improve the data collection.

Senator BOYCE—To get the states to get themselves sorted in this area—that is good.

Senator McLucas—This government is doing it.

Senator BOYCE—Yes, good. Good luck!

Senator McLucas—Thank you.

CHAIR—Any other questions?

Senator COLBECK—I just want to go back to the stuff on alcohol. You have mentioned, in response to a question from Senator Lundy, particularly the 14- to 19-year-old age group; was that the one that you consider to be—

Dr Allbon—Yes, I was referring to some statistics that we published in our first results about six weeks ago.

Senator COLBECK—Do you have any figures on the actual levels of consumption within that cohort—whether the amount of alcohol they have been consuming has been changing or has been relatively stable?

Dr Allbon—No, the survey we do is based on interviews with households. So we do not have, in that particular data that has been talked about, actual consumption figures. You would have to talk further with the department on that.

Senator COLBECK—So that comes into the department's data.

Senator LUNDY—Those figures related to risky and harmful levels—I think the NHMRC definition of risky and harmful levels.

Senator COLBECK—We are on the same page, Senator Lundy. I do not think there is any difference. What I am trying to get at are the actual consumption levels within those particular cohorts. I am aware of some figures; I just want to ascertain where I source them from. The institute would not necessarily know who was referencing its information because it is effectively publicly listed. Have you had any specific requests for information?

Dr Allbon—No.

Senator COLBECK—A short answer to that! Does your data indicate the type or the form of alcohol that is being consumed?

Dr Allbon—It does not indicate what is actually consumed. It indicates what people's preferences are for. So people are asked what their preference is.

Senator COLBECK—So it is not necessarily consumption data; it is preference data?

Dr Allbon—That is correct.

CHAIR—Dr Allbon, I should know this but I will ask: have we got or can we get a copy of your survey questions?

Dr Allbon—The survey questions are in the back of the publication that was published about six weeks ago.

CHAIR—So in the back of the book there is a list of all the questions, exactly as they have been asked of the householders?

Dr Allbon—That is correct, yes. Can I correct an answer that I just gave: we do also have figures on consumption that we have published, so I stand corrected on that, and the sources for that include the ABS data.

Senator COLBECK—Do you have any sense of what the movement in the consumption levels is within those particular ranges?

Dr Allbon—No. We do not do it by age. It is by overall consumption.

Senator COLBECK—So I can talk to the population health area of the department to try to get some of that more detailed information.

Ms Roediger—I have to make it clear that the figures that we have are for 'apparent consumption', which is simply the amount of alcohol consumed divided by the number of people known to be drinking. So it does not go to your question of whether the people who are engaging in very risky drinking are engaging in increasingly more risky drinking.

Senator COLBECK—So it is a derived figure rather than an actual figure?

Ms Roediger—Yes, it is.

CHAIR—I am looking at the program for your conference which is coming up. What are the registrations like at this stage?

Dr Allbon—We apparently have 105 registrations so far.

CHAIR—Looking at the program—the conference covers so many of the issues that we are going to be covering today—it should be a very good conference.

Senator CAROL BROWN—What is your agency's role in the work that is going to be undertaken on the National Framework for Child Protection? I assume you will have a role.

Dr Allbon—Our agency currently puts together the national picture in relation to child protection. We get aggregate level data, from all the states and territories, which we put together. It is a very difficult task to make sense at a national level because each state and territory has a different definition of what is a 'notification', what is 'substantiation' and what are the different processes that have to be gone through. So there is a lot of work going on in relation to definitions to try to come up with a national picture. So we are continuing to work on those definitions and to work with all governments in relation to better child protection data.

Senator CAROL BROWN—Given the difficulties that you face in putting the information together, do you make recommendations to governments as to what you see could assist in harmonising definitions so that you are better able to put data sets together?

Dr Allbon—We certainly work with all of the jurisdictions to try to come up with those common definitions. We also work with FaHCSIA to recommend and to come up with definitions, from our knowledge of the data. There have been a few projects. We have been working with the Institute of Family Studies as well and they have been doing work around definitions. It is an area that we are consistently involved in with all jurisdictions.

Senator CAROL BROWN—Good luck with that. Thank you.

Proceedings suspended from 10.25 am to 10.43 am

CHAIR—Before we return to the question, I believe you have a response you would like to put on record, Mr Eccles.

Mr Eccles—Senator Humphries asked about reg 10 approvals. I can confirm that there have been 260 reg 10 approvals by departmental delegates since November.

CHAIR—Thank you. We now return to the question of the Australian Institute of Health and Welfare.

Senator COLBECK—I want to go to preference information in the different age categories, which we talked about earlier. Is there any evidence to suggest that any particular products might be drivers in alcohol consumption?

Dr Allbon—'Might be'? I'm sorry.

Senator COLBECK—Drivers in respect of alcohol consumption, or are these just things that people like to drink?

Dr Allbon—No, we do not have any evidence of that.

Senator COLBECK—It shows that in young males aged 18 to 29 regular-strength beer is the drink of choice. But I am looking for patterns in changes in preference over a period of time. I know that there has been a significant increase in the consumption of RTDs over that period of time, but that does not necessarily demonstrate a shift in overall consumption during that time. Is that correct?

Dr Allbon—The preference figures simply show that people are asked: 'If you drink, what do you prefer to drink?' They do show that the preference for RTDs has increased over time—overall from 18 per cent in 2001 up to 24 per cent in 2007. So, across the board, there is a preference for RTDs. That figure was for drinks in a can. For drinks in a bottle it has gone from 9.6 per cent to 11.5 per cent over that same time period. So a preference definitely has been shown for RTDs. Interestingly—I say this because I am one of those people who in my university days used to drink cask wine—the preference for cask wine has gone done over that period of time. It has gone down from 16 per cent to 12 per cent.

Senator COLBECK—So, effectively, there is a transfer of preference within the age cohorts to different products?

Dr Allbon—A shift, yes. Within the total there have been a number of shifts. You could say that beer has stayed pretty static. It is still the mainstream—regular-strength beer. Low-alcohol beer has gone down as a preference, which is interesting—this in the total population. Bottled spirits and liqueurs have also gone down a little. Bottled wine has gone up from 39 per cent to 45 per cent. So the preferences have changed.

Senator COLBECK—So people are preferring better quality wine to cask wine—not making any references to people's preference in the past, of course!

Dr Allbon—It would seem that way, yes. They are not poor university students anymore perhaps. Who knows.

Ms Halton—I do not think we should go any further!

Senator COLBECK—I am not too sure if my two university students would necessarily agree with you but, they still know the handshake very well. Since 2007, in the cohorts of

males and females of 14 to 19, the first survey results show a decrease in the number of those people drinking weekly between 2004 and 2007.

Dr Allbon—This was in the 'first results' 2007 survey. The results do show that in 2004 just over 10 per cent of young people recorded that they drank at risky or high-risk levels at least once a week.

Senator COLBECK—And that is an important condition; it is at risky or high levels.

Dr Allbon—Yes. That percentage in the latest survey was 9.1 per cent.

Senator COLBECK—Your survey does not show or give an indication of the volumes that they drink. We covered that; it is indicative divided by the cohort. So there is no real evidence of any particular type of alcohol being a driver for consumption—effectively, what we have within the numbers is a change in preferences for different products over time.

Dr Allbon—The numbers show the change in preferences. It would be difficult to go to the issue about drivers in a survey.

Senator COLBECK—I will have a look at the questions in relation to that to get some further information. In the data, is there a clear beverage preference for females under 18 years?

Dr Allbon—I do not believe we published that by male and female. Excuse me, we did. I have found the right page. Sorry, which age group were you interested in, Senator?

Senator COLBECK—Under 18s—a clear beverage preference.

Dr Allbon—It is well over 50 per cent. In the 16- to 17-year age group 57 per cent of females preferred premixed spirits in a can and 68 per cent preferred premixed spirits in a bottle. So that is a very strong preference for 16- to 17-year-old females.

Senator COLBECK—How does that compare with, say, bottled spirits?

Dr Allbon—It is slightly higher than bottled spirits.

Senator COLBECK—What was the figure for spirits in a can?

Dr Allbon—In 2007, for 16- and 17-year-olds, 57 per cent.

Senator COLBECK—And bottled spirits?

Dr Allbon—Fifty-four per cent.

Senator COLBECK—So they are fairly close in terms of preference.

Dr Allbon—It is slightly higher for the canned spirits.

Senator LUNDY—What about in the bottle?

Dr Allbon—Up to 68.5 per cent. By contrast, their preference for regular strength beer was way down, under 10 per cent.

Senator LUNDY—What about for wine?

Dr Allbon—In that age group it was 16.5 per cent. That is for bottled wine. Cask wine was way down at seven per cent.

Senator LUNDY—Even less than bottled wine.

Dr Allbon—I am afraid so!

Senator HUMPHRIES—There's something going on somewhere!

Senator LUNDY—That is not the right attitude, Senator Humphries!

Ms Halton—I do not think we need to revisit our youths!

Senator LUNDY—So 68.5 per cent, for the premixes in a bottle, is clearly the highest preference for that age group.

Dr Allbon—It is, yes.

Senator SIEWERT—That is for young women, though, isn't it?

Dr Allbon—That is for 16- to 17-year-olds. And, similarly, for 18- to 19-year-olds it is nearly 70 per cent.

Senator LUNDY—What about for 14- to 15-year-olds?

Dr Allbon—I have the age range of 12- to 15-year-olds—it is 50 per cent.

Senator SIEWERT—What is it for wine for the 12- to 15-year-olds?

Dr Allbon—For wine, 15 per cent.

Senator SIEWERT—So it is about the same as for the 16- to 17-year-olds.

Dr Allbon—Yes, pretty similar.

Senator LUNDY—Sorry; is the age group 18- to 20-year-olds?

Dr Allbon—It is 18- to 19-year-olds. For premix in a can it is nearly 61 per cent.

Senator LUNDY—And in a bottle?

Dr Allbon—Nearly 69 per cent.

Senator LUNDY—Is that the highest?

Dr Allbon—That was in 2007; it was equal to bottled wine for ages 30 to 39.

Senator LUNDY—For the 18- to 19-year-olds, was premix in a bottle the highest?

Dr Allbon—No, it was not. Bottled spirits and liqueurs was.

Senator SIEWERT—Can you tell us for the older male age group what the preference is for premixes?

Senator LUNDY—For 18- to 19-year olds?

Senator SIEWERT—No, sorry, I am thinking—

Ms Roediger—Really old, like 40!

Senator SIEWERT—Yeah, around—

Ms Roediger—Just checking!

Senator SIEWERT—I should have said 'ancient'!

Ms Roediger—Exactly—that is what my kids think.

Senator SIEWERT—Mine certainly do too.

Dr Allbon—For premix in a bottle—wait for it—3.8 per cent.

Senator SIEWERT—What about canned?

Dr Allbon—For premix in a can it is 10.9 per cent. That is in the age 40-plus males.

Senator SIEWERT—Thank you.

Senator COLBECK—Just going back to the premixed spirits in bottles and in cans, what has the trend for the consumption of those been over the series?

Dr Allbon—Since 2001?

Senator COLBECK—Yes.

Dr Allbon—For premix in a can, which age group were you looking for?

Senator COLBECK—Let's start with the 18- to 19-year-old females.

Dr Allbon—For premix in a can—and these figures are all available in the submission—

Ms Halton—Senator, maybe it would be easier to table this report. At the end of the day, by the time we have finished, we are going to have gone through every table.

Senator COLBECK—I just want to go through a couple of specific points. I am not going to go too much further, I have to say.

Dr Allbon—Premix in a can for the 18- and 19-year-olds has fluctuated over the years since 2001 from 62 per cent to 57 per cent and then up to the 60.8 per cent. It has fluctuated but stayed—

Senator COLBECK—And premixed spirits in a bottle?

Dr Allbon—Premix in a bottle has moved from 76 per cent to 75 per cent and then to 68.9 per cent.

Senator COLBECK—Thank you very much.

CHAIR—I am just hesitant, because this report is available. We are just reading out things that we could all read.

Senator CORMANN—Last week you released the hospital statistics for 2006-07. It is a report that I have been following with great interest, including in a previous life from way back—1999 and 2000, in fact. I always look forward to it with a lot of anticipation because there is a lot of good information in it. I have gone back to each one of your reports from 1999-2000 all the way up to the most recent report, which was released last Thursday, I believe, for 2006-07. I have found that the number of treatments provided in public hospitals across Australia increased by about 20 per cent whereas the number of treatments provided in private hospitals over the same period increased by about 45.22 per cent. Could you confirm that for us?

Dr Allbon—If you are quoting figures out of that publication then, yes, they are correct.

Senator CORMANN—Would you be able to take that on notice and confirm beyond doubt that the statement that I have just made is accurate. I am pretty confident, because I have used the figures out of your report, but I would like you to, maybe on notice, verify that for us.

Ms Halton—Can I adopt the usual practice that we do with this committee, which is that, in the event that officers have misled you—they believe that figure is correct—I will come back on the record and correct that, but otherwise you can assume it is correct.

Senator CORMANN—Thank you very much. That is great. Can you tell us why you think that faster rate of increase in private hospital treatments has occurred as compared to the increase in public hospital treatments?

Dr Allbon—I can tell you that the increase has occurred. That is my job. I cannot speculate on the why.

Senator CORMANN—But you can confirm that the increase has occurred. Thank you very much. Madam Chair, those are all the questions I have.

CHAIR—Are there any further questions for the Australian Institute of Health and Welfare? There being none, thank you, Dr Allbon and staff members.

[10.57 am]

CHAIR—We will now move to outcome 9, Private health.

Senator McLucas—We talked earlier about letters from the Prime Minister. I said that it was my recollection that that letter appeared in February or March. I received a letter from the Prime Minister on 24 December indicating the duties of a parliamentary secretary. I just want to be clear that it was in December. Prior to that I also received correspondence from the minister expressly indicating the allocation of duties.

Senator BERNARDI—Was that prior to the Prime Minister's letter or post the Prime Minister's letter?

Senator McLucas—Prior to. I did say February or March, but I am sorry—it was in December.

CHAIR—As you have raised the topic now, Senator McLucas, I think we should clarify this area.

Senator BERNARDI—Can I get the time line correct: you were notified of your duties as a parliamentary secretary by your minister prior to being notified that you were a parliamentary secretary by the Prime Minister?

Senator McLucas—No, that is not correct.

Senator BERNARDI—I only need one person to answer for the moment. Senator McLucas, perhaps you can tell me again when you were notified by the Prime Minister that you were going to be a parliamentary secretary and what your duties were.

Senator McLucas—That is a different question to the one I answered. A letter which indicated the duties of a parliamentary secretary, and my duties, was signed by the Prime Minister on 24 December. Just prior to that, I had received a letter from the minister indicating the allocation of duties, but there may have been previous correspondence which I cannot recall. It will be on the file.

Senator BERNARDI—It is still intriguing that you received a letter from the Prime Minister detailing your duties and yet cabinet ministers did not.

Ms Halton—I think we need to be clear here. It is not an unusual practice that parliamentary secretaries get told what they are permitted to do under the administrative arrangements et cetera in terms of being members of the government—that is, what legal delegations they may exercise et cetera. That is a separate question to what the parliamentary secretary is going to be responsible for within the portfolio.

Senator BERNARDI—But it is also not unusual for cabinet ministers to receive charter letters detailing what their responsibilities are, and this clearly has not been done. I am wondering why you received a letter about your duties and responsibilities, both from your minister and from the Prime Minister, and yet cabinet ministers did not. That is all. It just seems a very unusual way to run government.

Senator McLucas—That is your assertion.

Senator BERNARDI—It is shared by many, I would guess.

Senator COLBECK—Obviously you were advised not long after the election that you were going to be provided with a position within the ministry by the Prime Minister. You would have received the phone call that people wait for. What was the process of determining what your responsibilities within the portfolio were going to be?

Senator McLucas—There was a discussion between me and the minister.

Senator COLBECK—Did that include you and the minister or was it a discussion amongst the ministerial group within the portfolio as to how the responsibilities were to be divided?

Senator McLucas—My recollection is that there was a discussion between the minister and myself.

Senator COLBECK—And that was followed up by a letter prior to 24 December indicating to you what your delegations within the portfolio were going to be?

Senator McLucas—That is right.

Senator COLBECK—That was followed by the letter that arrived on 24 December that you have 'characterised'—and I use that term effectively—as a charter letter from the Prime Minister which gave you your responsibilities.

Senator McLucas—I do not like the use of the words 'charter letter'.

Senator COLBECK—That is why I used the word 'characterised'. You used the same term. I am trying to be cooperative, if you like.

Senator McLucas—I do not think it is useful to describe it as a 'charter letter'. It was a letter that indicated my responsibilities as a parliamentary secretary. I am very clear about my responsibilities as a result of the correspondence that I had.

Senator COLBECK—I do not doubt that. You are one of the fortunate ones who has been told what your responsibilities are.

Senator Lundy interjecting—

Senator COLBECK—That is your opinion, Senator Lundy. That is fine. You are entitled to it. Do you know when the minister had her discussions with the Prime Minister to resolve

the issues that she had within the portfolio? Let us call it her 'charter discussion'. Do you know when the minister had her charter discussion with the Prime Minister?

Senator McLucas—No.

Senator COLBECK—Do you know if there are any records of that charter discussion?

Senator McLucas—Given that I do not know when it was I would hardly be likely to know that.

Senator COLBECK—Was there one?

Senator McLucas—I assume so but I do not know.

Senator COLBECK—Unfortunately, we do not have the minister to ask, Senator McLucas. You have drawn the hot seat. Can we assume that there was a charter discussion?

Senator McLucas—Let me get back to you on that.

Senator COLBECK—Thank you. Could you also provide the date on which the charter discussion occurred and whether or not there are any charter minutes.

Senator McLucas—I will be as helpful as I can.

Senator COLBECK—I do not doubt that.

Senator BERNARDI—And perhaps any reasoning for charter discussions and subsequent charter letters. I know you do not like that term, but the senior minister, perhaps, had a charter discussion and you have been notified of your duties in writing. I just want to know why there is an inconsistency in the approach.

Senator McLucas—I do not think that there is an inconsistency. Over time, there are different ways of providing advice from the Prime Minister to ministers and parliamentary secretaries. I do not think that there is anything unusual or different.

Senator BERNARDI—Over time?

Senator McLucas—I am trying not to refer to the previous government. I do not think that is appropriate.

CHAIR—These issues were raised at length in PM&C, which is the appropriate area for interaction with the Prime Minister. I know that you have made your point and put the questions on notice about the interaction with the Prime Minister and this minister, but in terms of motivation, background and reasoning, they are questions for PM&C and the Prime Minister.

Senator BERNARDI—I accept that. But Senator McLucas has just told us that over time there has been a different policy. My understanding—and the understanding that has been produced in evidence in various committees—

Senator McLucas—Sorry, I did not say that, Senator Bernardi.

Senator BERNARDI—has been that a charter letter has been issued to the minister. There may be a different approach but it would certainly be unusual. Anyone who has served as a parliamentary secretary would receive their notice in writing, too. What we have seen is there have been changes over time over the last seven months. We want to know why.

CHAIR—And that question is appropriately put to PM&C, Senator Bernardi.

Senator BERNARDI—Was the appropriate answer forthcoming? That is the question.

CHAIR—We were both there, Senator Bernardi.

Senator BERNARDI—I would say no.

CHAIR—Is that the end of this issue? Senator Colbeck, do you have more on this issue?

Senator COLBECK—Ms Halton, in respect of the department, has there been any formal process of advising the agency of its roles and responsibilities following the change of government?

Ms Halton—You would be aware that the Prime Minister makes the decisions in relation to the construction of the administrative arrangements. The administrative arrangements, as you know, go to what legislation we administer and what the consequential administrative changes that flow from that are. That is all very public. When the ministry was announced, it became clear that we were assuming responsibility for sport, which some of us in this room were quite pleased about. In terms of the role that the department has in administering those pieces of legislation, together with the policy priorities of the government, those things are on the public record in terms of what the government has committed and what it is now announced in its budget. It is relatively clear to us what our responsibilities are.

Senator COLBECK—So you would have a formal document or a formal list of all of the government's election commitments that you are to administer?

Ms Halton—We have a list of everything that we do. We have work plans which comprise all of the things that we are administering—court cases we are litigating, regulatory action that we are taking et cetera. Everything that we do is in a work program somewhere.

Senator COLBECK—So you would be able to provide us with a list, for example, of all the government's election promises that you are administering?

Ms Halton—No. Essentially, we have work programs. We do not keep a separate list, if that is what you are saying.

Senator COLBECK—How would someone source that information if they wanted to know which election promises the Department of Health and Ageing were administering?

Ms Halton—I presume that you would go through people's PBSs to see who is doing what.

Senator COLBECK—But they do not necessarily include individual line items. We have seen that in some of the other portfolios where specific election commitments are lumped into major funding sums so it is not possible for someone to distinguish them in the portfolio budget statements. Is there a list or could you compile and provide us with a list of the government's election promises that are being administered by this portfolio?

Ms Halton—The answer is that I do not have a separate list. I am not sure that that is completely appropriate. We give advice to the government on what we are doing in respect of every single thing that we are doing—

Senator LUNDY—I think that this question has been taken on notice in PM&C as well, Senator Colbeck, which I am sure you are aware of.

Senator COLBECK—It has been taken on notice in a lot of other portfolios too, which is what I was coming to, Senator Lundy.

Senator LUNDY—Sorry, I was just making sure that you were aware—

Senator BERNARDI—What we have here though is that we have asked questions about election commitments of the Minister for Sport, which falls under this portfolio. It took two months for the minister to get back and say that it was on the public record and she would not provide an appropriate response. It appears that you are unable to provide a list of the election commitments that fall within your department. The Minister for Sport is unable to provide a list of election commitments that fall within her department. Just who is running the show? Who knows what is going on here? It is a serious question. No-one wants to provide the information. What are you trying to hide?

Senator McLucas—You can be assured that the government will roll out election commitments in full and it is appropriate that you would ask in each of the different outcomes about each of those commitments.

Senator BERNARDI—Under the health and ageing portfolio, in which this sport and youth area falls, the minister said that there were more than 100 election commitments and she is unable to provide, or unwilling to provide, the list of those commitments. The department has just told us that they are unable to provide a list of those commitments. So who does have a record of those commitments and who will provide them? Why can't you do it?

Ms Halton—As the parliamentary secretary says, on a program-by-program basis we could talk about individual things that are happening under those programs. We are not actually at sport yet but when we get to sport I am happy to talk to you about sport. We are not meant to be at sport now. When we get to sport, let us talk about sport.

Senator BERNARDI—It goes to the whole department. If the department cannot provide a list of election commitments that they are meant to administer, doesn't it go to the whole competency of the department? If you do not know what you are meant to be doing, how can you do it?

Senator COLBECK—If you could draw together a list of the election commitments that you are administering on behalf of the government in this agency, we could have a look at that information. As Senator Bernardi said, that question has been asked of the Minister for Sport and, as Senator Lundy quite helpfully said, that question has been taken on notice in a couple of other agencies. If you could provide that information for us, that would be very helpful.

Ms Halton—I am happy to take that on notice.

CHAIR—We will attempt again to get back into private health.

Senator CORMANN—Before we get into questions, Senator McLucas, I would like to ask you whether you would still be concerned if the proportion of people taking additional responsibility for their own healthcare needs through private health insurance was to go down?

Senator McLucas—Could you ask the question again?

Senator CORMANN—I asked you that same question in additional estimates in February. The question was:

Would you be concerned if membership levels started to drop as a proportion of the population?

And your answer was:

Of course we would be.

So my question is: would you still be concerned if the proportion of Australians, as part of the overall population, taking additional responsibility for their healthcare needs through private health insurance was to go down?

Senator McLucas—When you say 'additional responsibility for their healthcare needs' I think that is an important point. I would be very concerned if there was a reduction in people who were privately insured with products that were providing additional personal responsibility for their healthcare needs, and I think we will get to that during this discussion. I think that you know the point that I am making.

Senator CORMANN—I think that you have missed the point of my question. I will put the proposition that every Australian who takes out private health insurance even on the most cost-effective hospital cover products actually takes additional responsibility for their healthcare needs beyond their entitlements under Medicare and their entitlements to free universal health care. So I guess my question is again—and I will simplify and shorten it: would you still be concerned if the proportion of the population taking out private health insurance were to go down?

Senator McLucas—I would be concerned if people who were taking out private health insurance in packages and products that actually do deliver an appropriate mix of quality health services were to reduce.

Senator CORMANN—But that is not what you said in February.

Senator McLucas—I suppose I am clarifying that.

Senator CORMANN—So you are saying that you would be concerned if the proportion of Australians taking out the more expensive private health insurance products were to go down, you would be concerned about that? Have I understood that correctly?

Senator McLucas—Expensive maybe but I think probably the better words are real hospital cover.

Senator CORMANN—So you would be concerned if the proportion of people as part of the overall population taking out real hospital cover were to go down. But that is exactly what will happen as part of this, is it not, as part of the government's change?

Senator McLucas—I do not know how you could make that assertion.

Senator CORMANN—The Treasury have confirmed yesterday that in their estimation the changes to Medicare levy surcharge thresholds will result in about 484,000 adults leaving private health insurance. Are you saying that they are all on the products that you would describe as not providing appropriate levels of hospital cover?

Senator McLucas—You do not know that and neither do I, Senator Cormann, and to be frank—

Senator CORMANN—Does the government know that, Senator?

Senator McLucas—How do you collect that sort of data? You know this industry very well.

Senator CORMANN—You have just said that you do not know that, and I assume you are saying that the government does not know that, so you have not assessed that as part of your modelling?

Senator McLucas—You asked questions in Treasury yesterday, I understand, and you went through the questions around modelling and I think got a very good response from them. The Treasury, as you would be aware, conducted modelling and I think you have asked the questions there.

Senator CORMANN—But Treasury has said that, as far as the impact on the health side of the equation is concerned, they work very closely with the Department of Health and Ageing—

Senator McLucas—That is right.

Senator CORMANN—and in fact that it was the Department of Health and Ageing that provided advice and input to inform on things like dropout rates et cetera. They actually referred me to this estimates to ask these sorts of questions, because they said they could not answer them. You have just made the assertion that you would be concerned if people on what you describe as appropriate levels of hospital cover—the proportion of the Australian population on appropriate hospital cover products—were to go down. Have you got access to any modelling or has the government got access to any modelling that would reassure you that your concern is not going to eventuate?

Mr Kalisch—As was conveyed to you yesterday, the department has provided advice to Treasury and has drawn on the best available information that we have from a range of surveys and other information to inform the modelling. Treasury have made use of that information, we understand. We will obviously monitor the impact of this measure over time. We are speculating about behavioural changes here.

Senator CORMANN—Like Mr Savvides from Medibank told us last week, anybody who makes any statements on the impact of this Medicare levy surcharge change makes those statements on the basis of assumptions. I guess we have just got to work out whether the assumptions that you are using as part of this budget process are credible. What I am trying to do is to test the underlying assumptions to the figures that you have presented in the budget, and I guess that is what we are here to do today.

Mr Kalisch—I can confirm that we believe the information and the assumptions we have put forward to Treasury and that we have provided that formed the key part of the government's modelling is the best available information—in fact, we are not aware of other information that could have been drawn upon in this modelling.

Senator CORMANN—What information did you draw on? Treasury told us that you drew on the National Health Survey data; is that right?

Mr Kalisch—That is one of the pieces of information.

Senator CORMANN—As far as I am aware, the most recently available data from the National Health Survey data is that of 2004-05. Is that not correct?

Mr Kalisch—It is the most recent available data—that is, it is the best available information.

Senator CORMANN—So you have based your modelling and your assumptions on likely dropout rates on data from 2004-05?

Mr Kalisch—We based it on the most recent best available information.

Senator CORMANN—Can you confirm that that is the 2004-05 data?

Mr Kalisch—That was one of the pieces of information that we did—

Senator CORMANN—What are the other pieces of information?

Ms Flanagan—There was also some other survey work that we used that was provided to us by Ipsos. We are not able to release that. We have asked them whether that would be possible.

Senator CORMANN—So you used Ipsos data which I am very familiar with. They release a big tome every so often, providing all sorts of data and statistics publicly. Did you rely in any way on PHIAC data? PHIAC provides a lot of industry statistics quite comprehensively.

Ms Flanagan—PHIAC do not have data on dropout rates, Senator.

Senator CORMANN—So you have not used any PHIAC industry statistics—for example, the number of persons covered as opposed to the number of SEUs to use the industry jargon? You have not made any assessment of the ratio between SEUs, which equates to what Treasury yesterday described as adults, and total persons covered?

Ms Flanagan—As you know, you asked these questions of Treasury yesterday.

Senator CORMANN—But Treasury referred me to you.

Ms Flanagan—But on this particular piece of information, it was Treasury that has the best data on the number of people that hold private health insurance in the particular income ranges.

Senator CORMANN—So what have you done? Have you provided any advice and I am not asking for the content of the advice. I remember that from last time. Have you provided any advice on the ratio on how Treasury could take into account the ratio from single equivalent units—that is adults—to total persons covered by private health insurance?

Ms Halton—Senator, let us be clear about this: if you do remember from last time, we do not provide answers to that kind of question either. The question goes very much to a level of detail in terms of advice we would have given Treasury. We have given Treasury advice. We have given it based on a range of data sources. If we get into further detail, we are going to disclose the advice we gave and therefore we are not in the position to answer that.

Senator CORMANN—I have sought advice from the Clerk of the Senate on this because I was a bit perturbed at these sorts of comments that from time to time come from officials. The

advice I was given is that you would have to claim public interest immunity not to answer that question, and that can only be done by a minister who has to make a statement of reasons. Senator, are you making a claim of public interest immunity not to answer that question which I have just asked?

Ms Halton—No, Senator, let us be clear: this is not a question for the senator, this is a question for us. The question here is about the nature of advice that we gave. We gave advice. We have been clear that we have given advice. But we do not answer questions about the nature of advice we provided and the detail of it. So we did give them advice in relation to this whole area. We gave it on the basis of a number of data sources which we have described to you. But the nature of that advice we cannot comment on.

Senator CORMANN—Okay, I refer you to another: the secretary of the Prime Minister's department sent out a memo in relation to how officials should deal with questions on legal advice, and essentially what he said was—and the test for legal advice, as I understood it, is even more stringent than that for advice to government—and the advice was that questions ought to be answered on whether advice has been provided, by whom it has been provided, who has requested it, when it was provided. I am asking you again: has the Department of Health and Ageing provided advice to Treasury as far as modelling on this very significant policy change which is going to have some significant impacts. Have you provided any advice in relation to the ratio from single equivalent units, being adults, being covered by private health insurance towards total persons covered?

CHAIR—Senator, you actually answered your own question. The officers have provided advice. They have provided the advice.

Senator CORMANN—They have not confirmed that they provided advice on this specifically.

CHAIR—There is no requirement for the officers to tell you the detail of their advice. They tell you the sources of their advice. They have told you to whom they have provided it. If my understanding is correct, they even said as to who asked for it—all the things that you read out in your previous statement. The actual detail of that advice is not required and will not be provided by officers.

Senator CORMANN—On that point of order—

CHAIR—I am not making a point of order.

Senator CORMANN—Well, I raise a point of order—

CHAIR—Senator Humphreys has the call.

Senator HUMPHRIES—I have a point of order on that point. My understanding of the requirements for providing information to Senate estimates committees is that we are unable to seek and the department is not obliged to provide advice that has been provided to cabinet or to ministers. That is certainly, on a longstanding convention, information that we cannot require to be produced to the committee. I am not aware of any convention relating to the provision of advice to other areas of government.

Ms Halton—Which is then part of the budget process which is then part of advice to ministers. This is germane to a budget process.

Senator HUMPHRIES—So you are saying that anything that was prepared by way of preparation for advice to cabinet for part of the budget cannot be provided to this committee?

Ms Halton—That is my understanding. Maybe my understanding is imperfect. I am happy to check that, but that is my understanding.

Senator HUMPHRIES—I think that is too broad a brush, and I would like to see the basis on which that advice is refused.

Ms Halton—We will check with the oracle. We will ring Barbara Belcher about it.

Senator CORMANN—Madam Chair on a point of order: in all of the other estimates committees that I have attended, including Prime Minister and Cabinet and Treasury, those sorts of questions have always been answered. You have given me an answer generally on the policy we have provided advice to Treasury on, but you are saying, 'I am not going to confirm or deny whether we have provided advice on this aspect or that aspect.' Treasury answered those questions yesterday. There were a lot of them that they could not answer because they did not have the information and they said they would take them on notice. But I just put on the record that I would like you to reflect on this to see whether you can provide the answer on notice as to whether the Department of Health and Ageing provide advice as part of the Treasury modelling on the ratio between single equivalent units—which Treasury describes as adults—and total persons covered by private health insurance?

Ms Halton—We understood the question. I have said to Senator Humphries that I will check. If the ruling from Barbara is yes we can tell you, we will tell you.

Senator CORMANN—Thank you, much appreciated. Can you try and get back to us before the end of the estimates today?

Ms Halton—We will see how we go. If she is available we will talk to her.

Senator CORMANN—Can I refer you to page 149 of your portfolio budget statements and go to the performance information for administered programs. I note that you have added a few words there. It used to be 'maintain the number of people covered by private health insurance hospital treatment cover' and you have added the words 'within government policy parameters'. What does that mean?

Ms Flanagan—Exactly what the words say: that the proportion of those that carry private health insurance that we would measure against has to be based within government policy parameters.

Senator CORMANN—But that is something new. Has the government given you any policy parameters?

Ms Flanagan—In terms of what?

Senator CORMANN—Since we met in February and assessed the additional estimates, in this particular performance indicator, it is exactly the same except for the addition of the words 'within government policy parameters'. What was the rationale for including that in your portfolio budget statements? Second, has the government given you any government policy parameters—because that obviously is going to be relevant as to whether or not you are able to meet that performance indicator?

Ms Flanagan—It is a clarifying statement. You raised the issue in February regarding the statement 'maintain the number of people covered by private health insurance'. We needed to be clear that that is within policy parameters. You indicated that we would have a different yardstick, and we needed to make it clear that it is within what is set down by government.

Senator CORMANN—So are you saying that you have added those five words because of my questions in February?

Ms Flanagan—Because you were questioning whether we as a department should have a standard that was different than perhaps the government had.

Senator CORMANN—So has the government on this particular outcome and on this particular performance indicator—which is to 'maintain the number of people covered by private health insurance hospital treatment cover'—given you policy parameters within which you have to operate?

Mr Kalisch—No.

Senator CORMANN—So the answer is no?

Mr Kalisch—The answer is no.

Senator CORMANN—So you actually cannot possibly achieve that particular outcome because you have added a few words in there which are asking you to measure against something when the government has not told you what framework you are operating in.

Mr Kalisch—I would point you to the indicators and the target—or the indicators on the right-hand side. They are quite clear, and it is quite clear how we measure it.

Senator CORMANN—Let me just go to those reference points or targets. I see that as at December 2007 the number of Australians covered was 9.3 million people. I assume you got that from the PHIAC data that is available?

Mr Kalisch—Yes.

Senator CORMANN—I have looked at that same data and the actual figure is 9,391,489. When you have a .39, is it usual to round down rather than to round up?

Mr Kalisch—Sorry?

Senator CORMANN—It is 9.39 million and you have put in here that it is 9.3 million. Wouldn't it be more usual practice to round up when it is .39?

Mr Kalisch—It certainly would be and we will take that on notice and check that.

Senator CORMANN—Thank you very much. Moving forward, you are essentially going to measure your performance on this particular indicator with the benchmark of 44.4 per cent of Australians covered, which is 9.391 million. Is that what you are saying?

Mr Kalisch—That is what you are saying.

Senator CORMANN—No, I am asking. I am trying to paraphrase what I hear you say, because you referred me to this reference point or target.

Mr Kalisch—Yes, we would look to the number of people that have that type of hospital cover and then the proportion of the population.

Senator CORMANN—Thank you for that. And of course what we can see in your reference point or target here was that there was an increase of 1.2 per cent and about 400,000 Australians additionally joined private health insurance or private hospital cover between December 2006 and December 2007. That is correct, isn't it?

Mr Kalisch—Yes, but, as I say, we are going to check that data again.

Senator CORMANN—Thank you very much. Ms Halton, you have made the point that you were involved in those consultations with Treasury. When did you first provide advice about the government's proposed change to the Medicare levy surcharge thresholds?

Ms Halton—Sorry, I did not say I was involved in them.

Senator CORMANN—No, not you. When I say you, I mean the department, I am sorry.

Ms Halton—The royal 'we', okay. Some people will make fun of that.

Mr Kalisch—The department has been discussing these matters with Treasury from around the time when this proposal was first considered by government.

Senator CORMANN—When was the date when you first provided advice on this proposal?

Ms Halton—We will take that on notice. We will have to get out the diaries to work out precisely when it was.

Senator CORMANN—I have to say that Prime Minister and Cabinet, which was the first department that I asked questions about this subject more than a week ago, like a flash gave me a date. You have already mentioned that you went through my questions with Medibank and Treasury. So clearly you were aware of the questions that I have been asking of other departments. You would have expected this question.

Ms Halton—Actually, no.

Senator CORMANN—It is an obvious question.

Ms Halton—No, it is not actually an obvious question because we talk to Treasury all the time about these matters.

Mr Kalisch—To give you a rough idea, it would be some months ago.

Senator CORMANN—Can you give me a rough month—January, February?

Ms Halton—January?

Mr Kalisch—January.

Senator CORMANN—You first provided advice on this proposal before government in January 2008.

Ms Halton—We will have to check that.

Senator CORMANN—If it is wrong you will get back to me and you will get me an exact date.

Ms Halton—Yes.

Senator CORMANN—Thank you. Did you consult with PHIAC as part of the process of providing advice to Treasury?

Mr Kalisch—We seek advice from whoever we need to get information from. About policy matters, we do not generally talk to PHIAC about some of these matters before government.

Senator CORMANN—Is that a no?

Mr Kalisch—It is not a no but it is a 'generally we don't talk to PHIAC about some of these issues'. We can get back to you on that.

Senator CORMANN—But did you or did you not?

Ms Halton—I do not think we did, no.

Mr Kalisch—I cannot see or envisage any reason that we would have spoken to PHIAC.

Ms Flanagan—There was no reason for us to speak to the regulator about this.

Senator CORMANN—Did you consult with the states and territories about this proposal before government, as you were giving advice?

Ms Halton—No, there is no requirement on us to do that.

Senator CORMANN—There is no requirement, but there was a change of government towards the end of last year, and one of the big catchcries was, 'We're going to end the blame game and there's going to be cooperative federalism in health.' This particular policy measure will generate a tsunami of additional demand for public hospitals, so—

Senator LUNDY—That is not a statement of fact—

Senator CORMANN—well, we'll get to that—why would you not think it is important to consult with the states and territories on a policy measure at Commonwealth level that is going to have an impact on the public hospitals?

Ms Halton—You are asking me for an opinion, and I am not going to give you one. We did not consult with them.

Senator CORMANN—So you did not consult with them? Right.

Senator McLucas—And that is your assertion, for the record.

Senator CORMANN—Did you provide advice on means testing of the 30 per cent rebate?

Mr Kalisch—We are not going to divulge what advice we provide to government.

Senator CORMANN—I am not asking you about the content. I am not asking whether you said it was a good idea or a bad idea or whether you have modelled it; I am just asking you whether you provided advice. These are questions that other departments have actually either answered or taken on notice.

Ms Halton—I will take it on notice.

Senator CORMANN—While you are taking it on notice, did you provide advice on abolishing the 30 per cent rebate, and did you provide advice on changes to the Lifetime Health Cover arrangements?

Ms Halton—I will take it on notice.

Senator CORMANN—I thought you would.

Senator LUNDY—I have a few questions about the projections for people involved in private health insurance.

CHAIR—Senator Lundy, I am not going to take the call away from Senator Cormann when he is in the middle of asking questions.

Senator CORMANN—You have said that you did not consult with the states. Did you conduct any modelling or any other assessment of the impact of this policy measure on public hospitals and public hospital demand?

Mr Kalisch—It is not usual for government to undertake modelling of second or third round effects. This may well have been discussed with you at the Treasury hearings yesterday. One of the issues is that at this stage we do not know, of those that might drop out from private health insurance, what their hospital usage might or might not be, what their demographic composition might or might not be—they are some of the aspects that would be quite integral to that modelling. And, as you know, not everyone that has private health insurance does actually use hospital care within a year or two or three or four.

Senator CORMANN—I hear what you are saying. The minister for health made similar comments, that the people most likely to leave are the young and healthy and the nonclaimers. You are quite right: not everybody who will leave health insurance will necessarily use it. But I can tell you one thing for certain: every person that takes up private health insurance pays money into the system, and that is money well and truly above the 30 per cent or the 35 or 40 per cent rebate, and as such that is going to be money that is going to be lost to the system, is it not?

Mr Kalisch—That is another issue. That is the issue around the profitability or otherwise of the private health insurance companies that I think—are you now asking a question about that?

Senator CORMANN—No, I am not asking questions about that yet, but I will get to it. But you made the point that you do not assess what you call secondary impacts—

Ms Halton—Second round effects.

Mr Kalisch—I call it second round effects.

Senator CORMANN—Yes, you call it 'second round effects', sorry. I call it the tsunami that is going to hit state public hospitals. I refer you to comments by Mr McGinty, the state Minister for Health in Western Australia. He said that he would:

> … seek compensation through the Australian Healthcare Agreement, which entitled WA to a funding top-up for every 2 per cent decrease in the number of people with private health insurance.

Is there such a clause in the Australian healthcare agreement where, if there is that sort of impact as a result of a federal government policy change, you have to automatically top up state hospital funding?

Mr Kalisch—No, there is no such clause in the current agreement. There was one in a previous agreement.

Ms Halton—Yes, the last one.

Senator CORMANN—So what Minister McGinty is saying is wrong.

Mr Kalisch—There is no clause in the current agreement.

Senator CORMANN—So Minister McGinty is saying there is a clause, and you are saying there is no clause.

Mr Kalisch—There was one in a previous agreement but not the current agreement.

Senator CORMANN—It sounds to me as if there is a new start to a new blame game happening here.

Mr Kalisch—No, it is just a matter—

Senator COLBECK—Can I just clarify the agreement. When you said 'the previous agreement', when did that agreement expire?

Mr Kalisch—That expired in 2003.

Senator CORMANN—So you have essentially not conducted any assessment of the impact on public hospitals on the basis that it is a second round effect?

Mr Kalisch—Yes, that is correct.

Senator CORMANN—Treasury officials yesterday—we have already talked about this—confirmed that you have been providing input to them to establish the estimate of 484,000 adults leaving private health insurance, and you have said that that is based on a range of sources. Treasury also confirmed that the 484,000 adults that are leaving are 186,000 singles and 149,000 couples. Can you talk us through the methodology that you used to arrive at that sort of estimate?

Mr Kalisch—That is the Treasury estimate.

Senator CORMANN—There you go. I have already asked you this question, but did you point out to Treasury at the time that this calculation did not in fact take into account children and dependants of people with private health insurance?

Mr Kalisch—The modelling was to look at the impact on tax revenue, and also on private health insurance rebate impacts. They were the numbers that we were talking to Treasury about and that was the focus of our attention.

Senator CORMANN—It is a very limited focus for a department that has a brief to take care of the overall public health policy for this nation, is it not?

Mr Kalisch—But that was what was required for the modelling.

Senator CORMANN—When you assess these sorts of policy changes you do not actually assess the impact on broader public health policy?

Mr Kalisch—We would have provided other advice to government around the measure.

Senator CORMANN—But you did not point out that children and dependants of people with health insurance were not included as part of the estimate?

Mr Kalisch—The estimate provided government with what we believe is an accurate estimate of the number of couples and families who would be impacted by the measure and the number of singles.

Senator CORMANN—That is adults, excluding children?

Mr Kalisch—That is couples and/or families.

Senator CORMANN—So adults, excluding children?

Mr Kalisch—No.

Senator CORMANN—Treasury confirmed that yesterday. Are you now saying that children are part of the 484,000?

Mr Kalisch—No, they are not.

Senator CORMANN—Thank you. Are you aware of how many children your modelling would expect will no longer be covered by private health insurance?

Mr Kalisch—No, we have not done that sort of modelling.

Senator CORMANN—I take you to page 33 of the budget measures. The budget papers tell us that, as a result of the number of people leaving private health insurance, the Commonwealth will make savings in 2008-09 of $232 million. In fact, over the forward estimates that will be $959.7 million. That essentially more than offsets the cost to revenue as a result of not collecting the Medicare levy surcharge, which is a cost of about $660 million. Essentially, out of this operation, you make a net surplus of $300 million, and Treasury confirmed that yesterday. Treasury asked me to ask you these questions because apparently you have put the numbers together to arrive at those figures. I think the rebate is administered by the Department of Health and Ageing; is that right? Is that an administered expense on the part of the department?

Mr Kalisch—Yes.

CHAIR—Senator Cormann, I think it would be easier for one of the officers who have that knowledge to actually answer that.

Senator CORMANN—So that $959.7 million represents what Treasury described yesterday as the private health insurance tax offset. Is that right?

Mr Kalisch—Yes.

Senator CORMANN—But when you assessed the amount of savings that you would be able to benefit from as a result of this change, you would have had to make assumptions on the proportion of people who would be benefiting from the 30 per cent rebate, the 35 per cent rebate and the 40 per cent rebate?

Ms Flanagan—Senator, again, this was joint modelling and there were figures that Treasury produced that they gave to us and then we put in certain parameters. Just as you asked Treasury yesterday, they have figures around how many people over 65 might be holding private health insurance, for example.

Senator CORMANN—Yesterday when I asked Treasury these questions on this savings measure, which is listed as a related saving on page 33 of the budget measures, they said that I

have to direct such questions to you because you are the lead agency on this and because you are responsible for administering this expense, and because these are figures that they have essentially just taken over from you. Are these your figures—the $959.7 million over the forward estimates?

Ms Flanagan—In terms of an impact on this portfolio, yes they are. But, in terms of the underlying figures that drive that figure, they came from a number of different sources.

Senator CORMANN—How did you assess the impact on the expenditures that you are administering in your department?

Ms Flanagan—We worked with the Treasury, who had actually done some modelling, to find out because they have the best data on the number of people who hold private health insurance in the income ranges that were going to be impacted. So Treasury were the ones who derived the figures in terms of the number of people that would be impacted.

Senator CORMANN—The Minister for Health and Ageing is on the public record as saying that the people who will leave will overwhelmingly be the young and healthy, and I think that point has again been made by Mr Kalisch. The young and healthy and the nonclaimers would overwhelmingly attract the 30 per cent rebate, would they not?

Ms Flanagan—Yes, they would but, again, this is an assumption and nobody was able to model the age groups that might be leaving. This is looking at forward behaviour and this is why it is particularly difficult to talk to you about second and third order effects. It is because we do not have the data on which to make these assumptions.

Senator CORMANN—This is not a second order effect. This is a direct impact on your portfolio budget statements, and it is a direct impact on the figures that you have given us in the budget as to how much you expect to save as a result of not having to pay the private health insurance rebate to those people who are leaving private health insurance. So that is a direct correlation; it is not a secondary impact. My question is: how did you get to that figure? I put it to you that most of the people who will be leaving are consistent with what the Minister for Health and Ageing has said. They are the young and healthy, and so overwhelmingly they would attract the 30 per cent rebate. In the absence of you giving me a copy of your modelling, all I can do is make my own assumptions and test them with you, which is what I am doing. I put it to you that overwhelmingly the people who will be leaving attract the 30 per cent rebate and, as such, the $959.7 million represents 30 per cent of the overall contribution income that is generated by those people who currently are on private health insurance and who you are expecting to leave. Am I correct in my assumption, or am I wrong? And, if I am wrong, correct me.

Ms Flanagan—Again, it is your assumption and we cannot say whether it is correct or not.

Senator CORMANN—What is your assumption? You have presented us with a figure of $959.7 million. Where does it come from?

Mr Kalisch—I do not have that figure with me at the moment. We can take that on notice and see whether there is actually information that is split up by the different groups or whether there is a composite average figure.

Senator CORMANN—Have you got data on what proportion of people with private health insurance attract the 30 per cent rebate as opposed to the 35 per cent or the 40 per cent rebate?

Mr Kalisch—That sort of information would be available.

Ms Flanagan—We do have those figures, but what we need to do is to marry them up with the fact that what we do not have is the income ranges within which—

Senator CORMANN—That is a separate question.

Ms Flanagan—We can certainly give you the proportion of people who are receiving the rebates at different levels. I think that is public PHIAC data.

Senator CORMANN—How easy is it to provide me with the figures of the number of Australians who receive the 30 per cent as opposed to the 35 per cent and the 40 per cent rebate? You can provide me with that?

Mr Kalisch—Just the aggregate figures. That can be provided to you.

Senator CORMANN—I make the point again that if the Minister for Health and Ageing is correct in her assertion, which is that the people who will leave are the young and the healthy and the nonclaimers, then obviously those are the people who attract a 30 per cent rebate and, as such, your saving represents 30 per cent of the overall contribution income that is lost to the health system. That is my argument, and I have not heard you contradict it.

Mr Kalisch—I am not sure that I draw that same conclusion. Certainly, we share the view that we do expect the vast majority of those to drop out as a result of not having to pay or be liable for the Medicare levy surcharge would be those who are younger and, therefore, would be liable for the 30 per cent rebate.

Senator CORMANN—Okay, we are getting somewhere. So most of that $959.7 million is made up of people who currently attract the 30 per cent rebate and there would be a smaller proportion which is made up of people attracting the 35 per cent and 40 per cent rebate. Is that right?

Mr Kalisch—That is our expectation.

Senator CORMANN—Okay, that is your expectation. Do you also agree with the statement that that particular private health insurance tax offset—or the private health insurance rebate—is only a proportion of the overall contribution income that goes into the private health system?

Mr Kalisch—Yes, there are a number of elements that go into the private health insurance system.

Senator CORMANN—There is the 30 per cent plus the 70 per cent, or the 35 per cent plus the 65 per cent, and the 40 per cent plus the 60 per cent, so that we bring it to 100 per cent. This then brings me to the conclusion that that $959.7 million ends up being more than $3 billion that is lost to the health system. Is that something that the department assessed as part of its modelling?

Mr Kalisch—No, I do not agree with that at all.

Senator CORMANN—Why do you not agree with that? You tell me where I am wrong.

Mr Kalisch—The issue you are speculating on is that what people pay in premiums is the total loss. You are actually amplifying it. You are saying that it is three or four times the total premium loss.

Senator CORMANN—No. I am using your assumptions. I will walk you through it again. I am using your assumptions as to the number of adult people you expect to leave, and I am using your assumption on how much saving you expect to make over the forward estimate as a result. I am using your assumption that the majority of those people who will leave attract the 30 per cent rebate. If that is the case, this $959.7 million represents somewhere between 30 and 35 per cent of the contribution income that is attached to that private health insurance rebate. You would not be paying the private health insurance rebate if it was not for the extra contribution that was made by the privately insured.

Ms Halton—Senator, you have explained your logic, which I understand and I think we all understand. But you are now asking us to comment on something that you are asserting. The officer is trying to explain to you that he is not going to do that. You have made your point and we all understand it, but he is not going to give you a comment on it.

Senator CORMANN—When you make these sorts of assessments, as the Department for Health and Ageing, with a responsibility—among other things—for the interaction between the national health system and state and territory public hospitals, isn't it a relevant consideration how much funding is actually going to go out of the health system as a result of a policy measure like this?

Mr Kalisch—It is not just a matter of the premiums. That is one part of the equation. The other aspect that you would also need to consider in your statement or your maths is what these particular funds would not have to pay out because they are no longer members.

Senator CORMANN—I totally agree with you on that and, guess what, I actually checked on the PHIAC website. You will find, if you have a close look at the PHIAC website, that the gross margin—or the combination of health fund cost of administration, as well as their net margin—is 15.2 per cent averaged across the industry. I grant you that. I say that my calculation is that $3.2 billion will go out of the system deducted by the gross margin that health funds would attract, which is about $480 million. That still leaves us with more than $2.7 billion that is leaving the system—that is no longer going to be available for hospital treatment in either private hospitals, or public hospitals for that matter, that are currently being funded by the privately insured. Have you made an assessment of that impact?

Mr Kalisch—Not on public hospitals.

Senator CORMANN—You have not. Thank you. Now—

Senator LUNDY—I will just ask a quick question while Senator Cormann examines his notes. How many people used to be affected by the Medicare surcharge levy and how many are affected now?

Ms Flanagan—When the Medicare levy surcharge was first introduced in around 1997, I think about eight or nine per cent were actually affected by it. I think that around 45 per cent

are now affected or captured in those income ranges. It is around that sort of change and I would need just to clarify that those figures are correct, but it is of that order.

Senator CORMANN—Treasury also told us yesterday that the modelling included an impact. You are assuming that the level of ancillary cover is also going to go down; is that correct?

Ms Flanagan—I do not know why necessarily that would be the case. It may be because most people hold both hospital and ancillary cover.

Senator CORMANN—I was a bit intrigued myself.

Ms Flanagan—Yes. But of course people can continue to hold ancillary cover. It is not impacted in any way by the Medicare levy surcharge, and many people do choose, as you would know, just to hold ancillary cover on its own.

Senator CORMANN—When you were making the calculations on the $959.7 million, what was your assumption in terms of the average premium that is being paid by those people that you expect to leave the system?

Ms Flanagan—The average premium?

Senator CORMANN—You would have had to come up with an average premium paid by the people that you expect to leave to be able to translate that into the saving that you expect to make; otherwise, how would you come up with a saving? You have a figure of 484,000 adults that will leave. Treasury has already confirmed that. You have a figure in the budget papers that says, 'as a result of this we expect a related saving of $959.7 million.' What is your assumption in terms of the average premium being paid by those 484,000 people that are leaving the system?

Ms Flanagan—We are not able to give you that figure. You can do a division fairly easily in terms of the figures that you have in the budget and the number of people who are impacted to get what that average would be.

Senator CORMANN—I have done that, and it is a bit high.

Ms Flanagan—Yes.

Senator CORMANN—It is $1,591. The senator at the table representing the Minister for Health and Ageing earlier in her opening remarks made the point that she would be concerned if the people on the appropriate level of hospital cover were to leave—if that proportion were to drop. But $1,591 for hospital cover is not a cheapy. That is not a product that is pursued by Medicare levy surcharge dodgers, is it?

Mr Kalisch—That is just an average figure, which obviously comprises people at the lower end and people at the higher end.

Senator CORMANN—But I put it to you: it is a very high average. So how did you come up with that average?

Mr Kalisch—Fifteen hundred does not strike me as a high average.

Senator CORMANN—Well it is not consistent with the figures that the industry believes to be the average, but anyway.

Ms Flanagan—Senator, can I just give you the figures that you asked for earlier. This is PHIAC data, published data. The number of insured persons on the 30 per cent rebate is 86.6 per cent, on the 35 per cent rebate is 4.5 per cent and on the 40 per cent rebate is 8.9 per cent.

Senator CORMANN—Thank you very much. This confirms my point already made that even if we just look at the total population of the privately insured, 86 per cent of them are on the 30 per cent rebate, so overwhelmingly the people that will leave have to be on the 30 per cent rebate, and the minister has made the additional statement that those that she would expect to leave first are the young and healthy and the no-claimers. So I go back to my original line of questioning, which is that the $959.7 million represents a 30 per cent rebate to, I would say, 95 per cent and it is absolutely legitimate to extrapolate that.

Ms Flanagan—It is 86.6 per cent.

Senator CORMANN—That is in the overall population. But if you work on the basis that the young and healthy leave first—are you expecting the older people to leave?

Ms Flanagan—No, Senator. These are assumptions. You are asking me to confirm assumptions that you are making, and I am not going to do that.

Senator CORMANN—How many people above 65 do you expect to leave as a result of this policy change?

Ms Flanagan—We have given you the PHIAC data, which is the published data.

Senator CORMANN—You have answered that question. I have a follow-up question. How many people, as part of your modelling, of 65 years and over do you expect to leave as a result of the increase in the Medicare levy surcharge thresholds?

Ms Flanagan—Again, this is a question you should have asked Treasury yesterday.

Senator CORMANN—I did ask Treasury and they told me that I would have to come to you. It's *Yes, Minister*, isn't it?

Ms Flanagan—Treasury have been able to do the modelling in terms of the income ranges.

Ms Halton—We need to clear about this. This is a Treasury model and we contribute to it. I did not watch Treasury's estimates. I am happy to take it up with Treasury if they said we can tell you this, but it is a Treasury model. We contribute to it, we comment on it et cetera, but it is a model run by Treasury, so I do not hold this model.

Senator CORMANN—I will tell you what Treasury told me yesterday. Treasury said that they were responsible for the impact on revenue, which is the loss in revenue as a result of no longer collecting the Medicare levy surcharge to the tune of $660 million. Treasury also said that the related saving is your responsibility and that all of the questions on modelling, assumptions et cetera is information that you have provided and is based on your assumptions. Who am I to believe?

Ms Halton—We have an impasse and we will have to take it up with Treasury. I cannot answer your question because as far as we are concerned Treasury did the modelling on this and we contributed to it. That is the way it is. I will have to talk to them.

Mr Kalisch—There is obviously a link between the revenue estimates and the expense.

Ms Halton—Absolutely.

Senator CORMANN—Yes. I made that point to Treasury and I got some answers. I said, 'Look, it is in your revenue measures.' They said that, for the more detailed questions, you were the ones to ask. Never mind. On rate change, I refer you to the minister's press release of 28 February 2008 where she told us that she had sent a number of health funds back to the drawing board. At that point in time you were already considering this policy change, were you not? You said so earlier in January. The minister made a decision on rate change applications submitted in the first week of March and even sent some funds back to the drawing board to resubmit their application. Did you consider the impact of this policy change as part of your assessment of those rate change applications?

Mr Kalisch—The government had not made a decision on that matter yet.

Senator CORMANN—But you didn't think that was a relevant consideration?

Mr Kalisch—There had not been a policy change.

Senator CORMANN—Because at that stage it was under consideration. You were providing advice but no decision had been made.

Mr Kalisch—No decision had been taken. It was not relevant.

Senator CORMANN—But the minister told us at the time that she was determined to make sure that the rate increases were approved for the minimum required to maintain solvency and capital adequacy. Are you aware of that statement, Mr Kalisch?

Mr Kalisch—Yes, I am.

Senator CORMANN—So those rate change applications that were approved in February-March were the minimum required to maintain solvency and capital adequacy. The minister also said that one of the things that she considers when she looks at these applications is membership trends. We have a budget here which tells us that 484,000 adults are leaving health insurance. Do you agree that this would have an impact on the solvency and capital adequacy of health funds?

Mr Kalisch—I think the issue is that the actual premium increases granted to funds require a matter of some judgment. They do not go down to the minimum requirement to the precise dollar. They are done in terms of broad actuarial forecasts taking into account factors such as the anticipated level of benefit payments, contribution revenue, membership changes, the size of the insurer and the amount of the other investment income that that insurer expects to make over the year. There are a range of factors.

Senator CORMANN—I understand that. I have been involved in the industry; I understand that very well.

Mr Kalisch—I understand that too.

Senator CORMANN—What is your understanding of the words 'minimum necessary'?

Ms Flanagan—Can I also point out that the statement that was made was not only that but that insurers can also meet their claims obligations to members. As Mr Kalisch said, there are a range of factors that are taken into account. One of them is around solvency requirements, but there are a range of other factors that are also considered.

Senator CORMANN—I totally understand that, and that was my question earlier in the week. Did you provide advice to the minister? Did the assessment of the government of those rate change applications result in rate increases that would lead to the minimum necessary to maintain capital adequacy and solvency requirements—and capital adequacy, of course, includes the capacity to cover future claims—or not?

Ms Halton—As Ms Flanagan has said, the statement was also that insurers can meet their claims obligations. I think the minister's statement is actually quite clear.

Senator CORMANN—I understand that. There is a statement in the portfolio budget statements, which says:

The Department will, together with the Private Health Insurance Administration Council (PHIAC) support the Government's assessment of private health insurance premium applications to ensure that increases are the minimum needed to maintain insurer solvency requirements and that the insurers can meet their claim obligations to members.

Ms Halton—That is right; that is exactly the statement.

Senator CORMANN—I am happy that we agree. That is the form of words in the portfolio statements. But in her media release, the Minister for Health and Ageing says:

I am determined that premium increases should be the minimum necessary to maintain capital adequacy and solvency requirements

But let us leave that aside as political rhetoric and go to your portfolio budget statements. Were those rate change applications that were approved by the government earlier this year consistent with this objective that there will not be more increases than the minimum needed to maintain insurer solvency requirements and that insurers can meet their claim obligations to members?

Ms Halton—I do not understand the point you are making.

Senator CORMANN—I am asking a question.

Ms Halton—Can you ask the question a different way?

Senator CORMANN—It is pretty clear in my mind, but I will rephrase it. You have an objective here that is described in the portfolio budget statement, do you not, that the department and PHIAC will work together to ensure that insurance premium increases will not be more than the minimum needed to maintain insurer solvency requirements and that the insurers can meet their claims obligations to members. Is that what you did earlier this year?

Mr Kalisch—We provided, together with PHIAC, advice to the minister on those matters and she made a judgment.

Ms Halton—That is right.

Senator CORMANN—You are not answering my question.

Mr Kalisch—I am telling you exactly what we did.

Senator CORMANN—I am reading here:

The Department will, together with the Private Health Insurance Administration Council … support the Government's assessment … to ensure that increases are the minimum needed to maintain insurer solvency requirements and that the insurers can meet their claim obligations …

Is that what the government did? Are those increases only the minimum required to maintain insurer solvency to cover future claims?

Ms Flanagan—The sentence actually says, 'The department and PHIAC will support the government's assessment.' The government assesses on a whole range of factors, including this. It is up to the regulator to give advice on what insurer solvency requirements are and the department also provides advice. This is one of the things that we would provide advice on, on which the government would assess the applications.

Senator CORMANN—To ensure what? You just keep reading the sentence.

Ms Flanagan—Agree its increases and also can meet their claims obligations to members. But the point you were making was that it was the only thing that there would be an assessment on.

Senator CORMANN—No, I am not making that point.

Ms Flanagan—That is pleasing, Senator.

Senator CORMANN—We have gone through the annual rate change process, have we not?

Ms Flanagan—Yes.

Senator CORMANN—The funds submitted applications towards the end of last year. The minister put out a press release at the end of February to say that she will be approving—or not disallowing—some, and others have to go back to the drawing board. In her statement, the minister says that she will not approve any increases beyond the 'minimum necessary to maintain capital adequacy and solvency'. But the statements in the portfolio budget statements say that you and PHIAC will work together to support the government's assessments to ensure that exactly that will happen, that the increases will not be more than what is required to maintain insurer solvency and that insurers can meet their claims obligations.

Ms Flanagan—I think that is a leap—an absolute leap.

Senator CORMANN—So you are saying that funds had rate changes approved for more than what was required to maintain solvency and meet future claims obligations?

Ms Flanagan—No, what we are saying is that we provided advice to government that they took into account in their assessment of what was required for insurer solvency requirements and what was required for insurers to be able to meet their claims obligations to members. Those were some of the things that were taken into account.

Senator CORMANN—It was the minimum needed, of course. I will explain to you why I am asking the questions.

Senator McLucas—Thank you.

Senator LUNDY—Solve the mystery for all of us!

Senator CORMANN—The minister made a decision earlier in the year not to disallow rate change applications from 37-odd health funds. In her statement she said she was determined—as she calls it—not to take the 'tick and flick approach of the previous

government', and to ensure that those premium increases were not more than what would be required to maintain capital adequacy and solvency requirements. Her point is that she wants to ensure that those increases are the lowest possible increases.

Ms Flanagan—That is right.

Senator CORMANN—The statement here in those budget portfolio statements says that you and PHIAC work together to support the government in achieving that objective. The reason I am concerned is that there has been a significant change in government policy which has a significant impact on one of the variables that is considered as part of that rate change process—that is, membership levels. The question is: if the approvals earlier in the year were only focused on the minimum needed, are we now below the minimum needed for any of the health funds? Do we have to have a second extraordinary round of rate change applications so that health funds can adjust to the new framework that they are now operating in? Is there going to be any health fund that as a result of this policy change will no longer be able to meet the minimum required to maintain insurer solvency requirements and cover future claims obligations?

Mr Kalisch—We have had no response from any of the health funds on that matter. They have not raised that as an issue with us. I am not sure if they have with PHIAC.

Senator CORMANN—You cannot have it both ways.

Ms Halton—No, Senator. Hang on a second. Basically let us go back to the chronology here. There was no policy decision that had been taken by government in respect of this matter prior to the rate change being considered. The minister took the decision in relation to rate change consistent with the act. She actually has no other choice. So she did what she was obliged to under the legislation.

Senator CORMANN—I agree.

Ms Halton—And she has made statements about that. Then there is your question which goes, 'Okay, policy change in the budget.' The reality is—and you know this because you have been in this industry—that there are a whole bunch of things that people can do in relation to a number of things in their environment. I am a CEO. I deal with circumstances all the time. You have been in that position yourself. Now, essentially, exactly as Mr Kalisch has said, no insurer has come to us and raised this as an issue. And the bottom line here is: they are all smart people; they all know how to manage their businesses. I am sure if they have got a problem they will raise it with us, but to date they have not.

Senator CORMANN—The thing is, you cannot have it both ways, and this is my question. Either the approval or the non-disallowance earlier this year was more than what was required to meet those minimum requirements that you have mentioned, and that is why health funds are not coming to see you, or if it was the minimum requirement, and there has been a subsequent significant shift in one of the key variables of those rate change applications and the assumptions underlying those rate change applications, and they would have to have a problem. One or the other. Which one is it?

Ms Halton—No. No, that is not true. You are doing the 'When did you stop beating your wife?' thing. The answer is not the one you are going to. Essentially, the point here is that, in

terms of the parameters collectively known at that point both by the minister—there had not been a change in government policy—and also by the insurers and by PHIAC, this was the right decision.

Senator CORMANN—I agree.

Ms Halton—A variable has changed. However, it is open to insurers to go and look at the business model, how they manage things et cetera, to see whether that is manageable. And exactly as Mr Kalisch has said, not one insurer has come to us and said, 'This is going to give me a major problem.' Now I know from a conversation I have had with at least one that they are looking at different business models; that is completely prudent—this is my point. These are smart people. They know how to manage complex business environments, including this kind of thing. It is not a one-on-one relationship that says, 'If this was the case when the rates were increased, therefore, by definition'—where you are going with this question; it is not the case.

Senator CORMANN—I agree with you that the minister clearly made the decision in accordance with the act in the absence of a change of government policy. But since then the government policy has changed and it is not all that long since the decision on those rate change applications has been made, in fact it is about two months.

Mr Kalisch—That is irrelevant.

Ms Halton—It is irrelevant. My point is exactly the same point. Essentially, something has changed and it is my expectation that out in private health insurance land things will change as well. So far, that expectation has not been dashed because, exactly as Mr Kalisch said, no-one has come in and said, 'We've got a problem.' If they have got a problem, they can come back in, as you know well.

Senator CORMANN—Okay, so they could come in and they could submit another application.

Ms Halton—Yes, and they have not done.

Senator CORMANN—Well, they have not yet. It has been three weeks since the budget. Last Wednesday Medibank was telling us that they had not concluded their modelling yet, and hopefully today they will be able to deliver some progress.

Ms Halton—And there is no legislation yet. We might just make that point.

Senator CORMANN—That is exactly right. You still have not convinced me though. We have got a decision by government, properly taken two or three months ago, based on a certain set of assumptions. Those rate changes only came into effect in April, so this is even more recent. Since that time, there has been a major shift in federal government policy which will have an impact on those assumptions. If what the minister was saying is correct, that the approvals earlier this year were based on ensuring that increases were limited to the minimum necessary to maintain capital adequacy and solvency requirements, that shift in government policy would have to lead to some of those health funds now facing problems. Alternatively, the approval in rate change applications was more than what was the minimum required.

Ms Halton—Senator, it is not our job to convince you. The bottom line is here that it is not our job to convince a sceptical senator; it is our job to answer questions in relation to fact. That is our job.

Senator CORMANN—No worries.

Ms Halton—And we are happy to do that. Exactly as I have said to you: change in the environment; no legislation yet; they are smart people and it is my expectation that they will make changes in their business model. If they do not do that, I expect to hear from them. I have not heard from them yet.

Senator CORMANN—If it was that easy, why would they not have made those changes in their business model before this change in policy?

Ms Halton—You were one of those people, perhaps you can advise us.

Senator CORMANN—Exactly so I know.

Mr Kalisch—It is up to funds. If they wish to come up with another bid in terms of their premium rates, they could approach government.

Senator CORMANN—As a result of this policy change and looking at the assumptions that they based their rate change applications on towards the end of last year, if any of the 37 funds came to the conclusion that they were either prudentially no longer safe or would have some difficulties in terms of covering future claims, they could come and approach the government for an extraordinary—

Ms Halton—That is a theoretical possibility.

Senator CORMANN—No, it is not a theoretical proposition. The government policy has changed. There has to be some impacts. Health funds, including Medibank, the government's own health fund, are assessing the impact of this policy change. They have not come to that conclusion yet. NIB, a publicly listed health fund, lost more than 20 per cent of its market capitalisation after the announcement.

Senator LUNDY—I have some questions on public policy matters.

Senator CORMANN—I am not finished yet. I am in the middle of—

Senator LUNDY—It is a speech about—

CHAIR—Senator Lundy, Senator Cormann is midstream.

Senator CORMANN—I am asking a question.

Senator LUNDY—It is a speech.

Senator CORMANN—I have lost my train of thought in my question now.

Senator LUNDY—What a shame!

CHAIR—Senator Cormann, do you have any further questions?

Senator CORMANN—I will be quick, and then I will cede to Senator Lundy for a little while. If, after health funds have concluded their own internal modelling and done everything they can to review their business models, and they come to the view that they have some issues because the assumptions that their rate increase applications were based on have shifted

significantly, can they approach government for an extraordinary application to increase premiums?

Mr Kalisch—I am not sure it is an extraordinary application.

Senator CORMANN—Outside of the annual—

Mr Kalisch—The current legislation does not have a particular period.

Senator CORMANN—I understand.

Mr Kalisch—They can come forward with premium increases at any time.

Senator CORMANN—But the practice has been that the funds do that once a year.

Mr Kalisch—That has been the practice but quite frankly—

Ms Halton—Relatively recently, actually.

Mr Kalisch—it has changed relatively recently. They have maintained a sort of habit. Health funds, perhaps like most other people, are habitual creatures, but they could come forward at any time. But they will also assess other changes to their membership from this matter, balanced against the continuation of lifetime health cover and the 30 per cent, 35 per cent and 40 per cent rebate.

Senator CORMANN—Thank you very much. I have only got two more minutes of questions, if I can get them out of the way. The government has said that it would implement the policy of having the public patients treated in private hospitals. Have you modelled the cost of that?

Mr Kalisch—What was the statement again?

Senator CORMANN—There have been some statements that the government would pursue a policy of having public patients treated in private hospitals.

Ms Halton—I am not aware of those statements. Can you tell us where and by whom?

Senator CORMANN—You are not aware of that?

Ms Halton—No.

Senator CORMANN—I will leave those questions for now and cede to Senator Lundy.

Senator LUNDY—I would like to go back to the figures about the number of people hit by the Medicare surcharge levy rising from eight per cent to 45 per cent and, in particular, I want to ask Senator McLucas to describe the sorts of people who have been impacted by this. We have just spent an hour and a half discussing the relative impact on the profitability of private health insurers of a piece of public policy that is about helping people who find themselves in financial hardship as a result of the previous government's poor policy. My question is: can you describe the sorts of people who have now been assisted by Labor's policy to change the way the Medicare surcharge levy is applied?

Senator McLucas—Ms Flanagan answered your earlier question going to the number of individuals who were affected by the levy back in 1996. Ms Flanagan is right; it is 110,000 individuals and 100,000 families, which went to eight per cent of singles and four per cent of families who were over the threshold in 1996. Because that threshold did not change, we

would be in a situation now—if this budget measure had not been introduced—where, by 2011-12, 2.2 million singles and 1.3 million families would have been caught by the levy, which would have been about 45 per cent of taxpayers who would have been caught up in the levy if this policy did not change.

The intent of the policy back in 1996, as Treasurer Costello said, was that higher income earners who can afford to take out private health insurance would be encouraged to do so. He said the words 'higher income earners'. That was the policy intent back in 1996. What we have done through this measure is reinstate that policy intent; it will bring us back to around eight per cent of high-income earners.

I have actually done some work myself—a former school teacher, I am. Looking back to 1996, if you were a principal of a reasonable sized primary school in Queensland, you were earning over $50,000. But now, if you are a second-year primary school teacher in Queensland, you are earning over $50,000. We are now catching people in their first and second years of employment and calling them high-income earners. We have actually reinstated the policy intent of the former government to encourage high-income earners to take out private health insurance, and that is what it does.

Senator CORMANN—I have two quick questions. If the $50,000 threshold for singles had been indexed by CPI, what would be the figure today? I put it to you that it would be $73,900. Do you agree with that?

Senator McLucas—I do not know.

Senator CORMANN—You might want to verify that on notice. Secondly, what is the definition that you would use of what constitutes an average income?

Senator McLucas—I do not know why you asked the question. Treasurer Costello said 'high-income earners'.

Senator CORMANN—The Minister for Health and Ageing, relating to the question that Senator Lundy just asked you, has made the point that this was to remove people on average incomes and below from a tax trap—

Senator LUNDY—Senator Cormann, do you think people on $73,000, if that is your point, are high-income earners?

Senator CORMANN—I am asking the question. I am referring—

Senator LUNDY—So you do not agree with Treasurer Costello's original policy intent?

Senator CORMANN—When I sit on that side of the table I will answer questions. At the moment I ask questions.

CHAIR—Senators, the issue today is to work with the officers and with Senator McLucas and not to discuss things amongst ourselves. We can have those discussions elsewhere. I would also like people to just quieten down.

Senator CORMANN—The question is: in light of the minister's statement that this is to remove people on average incomes and below from a tax trap, what is the definition of 'average income'?

Senator McLucas—I think if you were to look at the income of a second-year teacher in Queensland you would not be calling that person a high-income earner.

Senator LUNDY—He is expressing a political opinion.

Senator McLucas—At the moment, if you start employment as a teacher in Queensland, you have a HECS bill and, at the same time, you are paying the Medicare levy surcharge—and we are calling that person a high-income earner! That is what has occurred because the policy remained static since 1996. Labor has taken that tax impost off those people who cannot be called high-income earners with any stretch of the imagination. I think calling a second-year teacher a high-income earner is a bit rich.

Senator CORMANN—What proportion of people with private health insurance earn less than $50,000?

Senator LUNDY—I am conscious of time and I still have a couple of questions. You did say you had two questions.

Senator CORMANN—Okay.

Senator LUNDY—How many more people are projected to be covered by private health insurance in the future compared to how many have been covered in past?

Ms Flanagan—The average growth in private health insurance coverage has been around 200,000 people a year over the last three years. Again, we expect that underlying growth will continue into the future.

Senator LUNDY—What about the government's continuing activities to promote private health insurance? I know there is a mail-out planned for Lifetime Health Cover. Can you give me more information about the government's activities to promote private health insurance?

Ms Flanagan—The mail-out that you refer to is to those that are turning 31 who might have the surcharge or the loading in this case applied to them. It is also to migrants who have up to 12 months in order to look at taking out private health insurance. I think that mail-out is occurring as we speak.

Senator POLLEY—Of the increase in those people taking out private insurance, can you give us a breakdown of those people who are joining private insurance that have been penalised based on their age and the penalty rate that is applied to them? Take it on notice if you do not have it.

Ms Flanagan—Okay. We will take it on notice and give you an answer.

Ms Halton—If we have got it somewhere we can find it, we will bring it back in.

Senator LUNDY—How much funding will the government continue to be providing through the private health insurance rebate?

Ms Flanagan—Again, we can give you the figures. It is around $3½ billion a year at the moment, but we can take it on notice and give you the actual figures across the forward estimates period.

Senator LUNDY—Thank you.

Senator CAROL BROWN—Mr Kalisch, you mentioned that private health insurance companies can come at any time to ask for a premium rise. Can you give me some historical information about how we have come to really expect it to happen in March or April of each year?

Mr Kalisch—The previous legislative basis set up a particular schedule for premium increases, but the legislative change that was put in place by the previous government in 2007 removed that timing. It really has been a historical dimension that funds have come to governments early in the year providing estimates of what premium rises they would be seeking around the end of the year. Those premium increases went through an approvals process and the changes generally took place 1 April.

Senator CAROL BROWN—Ultimately the minister obviously decides or approves.

Mr Kalisch—Yes.

Senator CAROL BROWN—When in was that change made?

Mr Kalisch—It was 2007.

Senator CAROL BROWN—Do you know when it came into force?

Mr Kalisch—I think 1 April 2007 was the date it came in. From what I understood, it was passed by both parties.

Senator CAROL BROWN—So for the last premium rise the companies adhered to what they had been doing previously.

Mr Kalisch—They followed a particular timing schedule that they were used to.

Senator CAROL BROWN—Do we expect that to change?

Mr Kalisch—I suppose that is a matter for the funds themselves—whether they will continue to go through raising premiums at around the same time—but it is well and truly open to them to do it at a different time.

Senator CAROL BROWN—Thank you.

CHAIR—It is half past 12. We will break now until half past one. We will return to questions of private health area of the department. After the private health area of the department, we will move on to Medibank Private.

Proceedings suspended from 12.30 pm to 1.35 pm

CHAIR—Welcome back. We are still in continuation with officers from the private health area. That is where we are going now. I expect, Senator Cormann, that you have further questions?

Senator CORMANN—Did we say that we would commence with Medibank?

CHAIR—We did say that, thank you. We will commence with Medibank Private. I made a note to myself and did not read it. Welcome, Mr Sammells. Have you been at Senate estimates before?

Mr Sammells—No. I observed last week, but this is my first call.

CHAIR—So you know the process.

Ms Halton—So he is deeply terrified, Senator Moore, and will not make any sense at all.

CHAIR—Mr Sammells, when you are first asked a question, just identify yourself and state the capacity in which you appear. And then you just respond to senators' questions.

Mr Sammells—Thank you.

Senator CORMANN—Thank you, Madam Chair. Good afternoon, Mr Sammells. Welcome.

Mr Sammells—Thank you.

Senator CORMANN—I have a few questions, but I know that my colleague, Senator Colbeck, also has some questions. I guess my first question is whether you have now had time to properly model the impact of the Medicare Levy Surcharge measure on Medibank Private. We had evidence a week ago, as you are aware, from your managing director, where he said that Medibank was going through the assessment of a whole range of assumptions. Have you reached a more conclusive outcome?

Mr Sammells—Our assessments of the impact of MLS on the business of Medibank continues. We have further developed the work. We remain of the view, as Mr Savvides tabled here last week, that we think there is a risk of hospital membership loss somewhere in the range of seven to 10 per cent. We continue to process that work as part of reworking our corporate plan with a view to taking the outcomes of that work to our board next month.

Senator CORMANN—Thank you very much, Mr Sammells. You have already answered my next question. So the board at this stage has not yet considered the assessments that you have made internally at a management level?

Mr Sammells—No. Our board has not met since last week. They are next meeting in the second week of July.

Senator CORMANN—Has there been any formal communication from a management level to the shareholder minister in relation to your interim assessment of the, I guess, seven to 10 per cent loss in membership that you are expecting?

Mr Sammells—We have communicated in a broad sense the fact that the MLS will have an impact on the business of Medibank Private. They are aware of our estimations of the seven to 10 per cent impact. They are also aware of the fact that we, as a result of that regulatory change, are in the process of redeveloping our corporate plan. They can expect to receive that from us some time in July.

Senator CORMANN—That redevelopment of your corporate plan is something that you have been required to do as a matter of course for the last 10 or so years, have you not, on an annual basis? You are referring to the guidelines that you operate under as a government business enterprise?

Mr Sammells—Yes. Medibank annually produces a three-year rolling corporate plan. That is the document that we will be tabling in front of our board in July and ultimately submitting to our shareholder.

Senator CORMANN—Mr Savvides last week made a very accurate statement. I had to reflect on it afterwards. It was that anybody who makes a statement on the impact of the

Medicare Levy Surcharge makes a statement based on assumptions. That is true. The government is making assumptions in terms of what they think the outcome is going to be for the purpose of the budget papers. You are now in the process of making assumptions on how that is going to impact on your business. When you put your rate change application together towards the end of last year, that document also would have been based on a range of assumptions, would it not?

Mr Sammells—At any one point in time in our business in looking forwards we will always have a large set of assumptions that underpin any financial forecasts or rate change application that we submit. That is correct.

Senator CORMANN—And you have a methodology and a process that you use, and your chief actuary obviously is a key part of that process. Where you end up with forecasts, you are trying to predict a number of years in advance things like membership trends—whether they are going to go up or down—claims patterns, and whether they will go up or down; the mix of treatments that is likely to be accessed by your members; and the expense of things like procedures. So there is a range of variables where you would have advice from your chief actuary, who sort of accesses information as broadly as possible to inform his assumptions. He comes up with what is, in his judgement, the best forecast of what is likely to happen. It will not happen exactly that way, but he will end up with a forecast. Is that right?

Mr Sammells—That is correct, yes.

Senator CORMANN—And that really is an integral part of your submission to government when you seek on an annual basis approval or non-disallowance of a rate change. Is that right?

Mr Sammells—At any one point in time there are many assumptions that underpin such a forecast, that is correct.

Senator CORMANN—But an adverse impact on membership levels would obviously be one of those key variables that would adversely impact those assumptions that you have previously made and have fed into your forecast, would it not?

Mr Sammells—Yes. Certainly any forecast we table does have assumptions centred around future membership levels, that is correct.

Senator CORMANN—Mr Savvides answered this last week. If membership levels drop off in the early stages at least, that is a drop off in cash flow from people who are not necessarily going to be the highest claimers. Is that not right?

Mr Sammells—Not the highest claimants. If we are talking about the potential MLS impact, probably not the people on the highest products either. So part of our business is centred around the fact that, on average across our membership, for every dollar that we collect from a member, about 85 to 86 cents in that dollar is purchasing health services on their behalf. When we talk about a membership impact on our business, it can certainly have an impact on our contribution revenue line. Its impact on our margin line is somewhat less, as you could appreciate.

Senator CORMANN—For sure. But you went through this process of seeking non-disallowance of your premium increase on the basis of a certain set of parameters which fed

into your forecast. Since then, you have become aware that there has been a shift in sovereign risk, essentially, and you have quantified that as resulting in a likely drop in members of seven to 10 per cent. How does that impact on your forecasting model that you use to submit your rate change towards the end of last year?

Mr Sammells—Certainly it would mean for us that the membership assumption that we had evidenced in our rate change application is such that we are now expecting a different membership outcome over the course of the year. But I guess that is one component of our business. Certainly what the business is doing right now is saying, based upon a new set of assumptions, 'What are the range of things that we are going to do in our business to mitigate that impact?' That will be evidenced in the corporate plan.

Senator CORMANN—I totally understand that. Obviously, as a very good business—and you are a big and very well-managed business—when something comes your way, the risk parameters change and you will do the best you can to mitigate that risk and minimise the impact of that. I understand that. But you have in your business a forecasting model, have you not?

Mr Sammells—We do, indeed.

Senator CORMANN—If I remember correctly, if a parameter changes, you can essentially put in the number on how you assume it will change and it gives you a whole range of correlated outcomes that are likely to occur, would it not?

Mr Sammells—For a lot of variables that is true.

Senator CORMANN—Is that true for the membership variable?

Mr Sammells—It is true generally for the membership variable. The challenge with us modelling the MLS impact on that membership variable is that whilst we know a lot of things about our customers, we do not know their income levels. It is not a piece of data that we have trapped in our system.

Senator CORMANN—I understand that. At some point in time, as you do once a year, you have to come up with a best guess, which is going to be your forecast. It will not be 100 per cent accurate but it is your best guess based on the available information at the time. So there might well be some pieces of the jigsaw that you have not got. But you did not have those pieces of the jigsaw towards the end of last year either. When you put in the assumption that your membership would drop between seven to 10 per cent, what was the outcome according to your forecast on the level of premiums required to continue to operate at the same level of financial outcome?

Mr Sammells—We have not finalised that number. I say that because, you know, what you are describing is one of many assumptions that sit through our business. Certainly the business makes a response to a change in circumstance. So in terms of what is a consequent impact on margin, that is exactly the exercise that the business is currently working through at the moment. We have a deliverable to our board in July to give them the answer to that question.

Senator CORMANN—When in July does your board meet?

Mr Sammells—It is 11 July.

Senator CORMANN—So 11 July. By that time you expect to go with a submission to the board where you say, 'Okay, on 10 May this happened. The government, three days prior to the budget, made this announcement. This is what we think it will mean in terms of our membership levels moving forward and compared to the assumptions we made and what we knew the board approved our application to government for a rate change. This is how we think it will impact on that and the decisions that you have to make as a consequence to mitigate that risk.' Obviously there is going to be a range of strategic activities. But one of them at the outer end of it would have to be a reconsideration on your premium income moving forward, would it not?

Mr Sammells—One of the assumptions that will sit in our corporate plan is an assumption about the next rate change. But given the fact that at the point in time in July, when we go to our board, we will still be making a range of assumptions over exactly what may or may not happen. It will not be until much later in the year that we can honestly put hand on heart and really understand what the true impact is.

Senator CORMANN—Sure. I understand that. But I guess as part of your business as usual, that is the sort of territory you are in all the time. Is it not?

Mr Sammells—That is correct.

Senator CORMANN—You have all of this information coming from everywhere. You make assumptions on how that is going to develop moving forward and then you make a best guess. But at some point in time somebody has to take responsibility and draw a line in the sand. As I understand it, with Medibank as a government business enterprise, it is your board, is it not, that is responsible ultimately for your financial performance. They would have to make a decision on how to move forward in the context of this new environment. Is that right?

Mr Sammells—Yes. That is correct.

Senator CORMANN—So we can expect some announcements around about 11 July from Medibank?

Mr Sammells—What Medibank will be expecting to do is complete its corporate plan and then in turn, once the board has approved that document, we would be in the business of submitting that to our shareholder.

Senator CORMANN—So when do you think you will be in a position—on the basis of the information you have available and your assessment so far that you could lose between seven to 10 per cent of your members—to advise your members or the government on what the likely impact on premium increases into the future will be?

Mr Sammells—Our corporate plan document will carry a ballpark assumption around that. It will not be until much later in the year, when we have seen evidence of whether our assumptions around membership changes actually crystallise or not. We are in the business at the moment of trying to develop some strategies to help minimise any potential loss that we are forecasting. So it will not actually be until later in the year that as a matter of fact we could have an informed discussion about what impacts, if any, there are on future rate changes.

Senator CORMANN—So when do you expect to submit the corporate plan to the government?

Mr Sammells—Towards the end of July.

Senator CORMANN—Towards the end of July. Because normally that is done in May or June, is it not?

Mr Sammells—Typically, it is there towards the end of May.

Senator CORMANN—Before the next financial year starts. It is delayed a bit to allow you time to work through what came your way as a result of this policy change. Is that right?

Mr Sammells—That is correct, yes.

Senator CORMANN—Thank you, Mr Sammells. These are all my questions of Medibank.

Senator COLBECK—I want to follow from Senator Cormann's questions. I assume you have been granted approval to delay your report to the government that you requested last week?

Mr Sammells—We wrote to our shareholder on 22 May requesting an extension to that timetable.

Senator COLBECK—Has the extension been granted?

Mr Sammells—We have not had an official response yet, but my understanding is that they are comfortable with the process that we have put before them.

Senator COLBECK—Had you done any other modelling other than what you have had to do for this surprise, if you like, that was announced in the budget on the impact of what changes to the thresholds might be?

Mr Sammells—No. I think at any one point in time we consider a whole range of issues of risk in our business and get a sense of, I guess, the sensitivity of our business to different outcomes. So not specifically, but in a more general sense part of the risk management in our business is considering a range of what-if scenarios.

Senator COLBECK—So you do not have any other modelling that would indicate what the impact on your business might be for changes in the Medicare Levy Surcharge thresholds?

Mr Sammells—No.

Senator COLBECK—I find that interesting because I have been led to believe that there has been some work done by Medibank Private at different threshold levels.

Mr Sammells—I am not aware of the work you are talking about.

Senator COLBECK—I am happy to accept that you might not be aware of it. That is a fair response.

Senator LUNDY—There is other work.

Senator COLBECK—No. I am quite comfortable that there is other work, Senator Lundy, but I am quite happy to accept that the officer does not know about it. I think it is reasonable that I ask. If the officer does become aware of it, I would hope that he might let us know at a

later date. That would be very helpful for us. In your modelling, have you done any work on which particular cohort of membership might be likely to move out of the business?

Mr Sammells—I think certainly we have followed the public commentary around potential impacts. Logically, those member individuals earning between $50,000 to $100,000 who feel they have been forced into the product may well be the first to leave. As I said, we know a lot of details about our membership but we actually do not know income levels as a matter of fact. So we are left to play with some assumptions over which cohort of members we think are most at risk and then from a business strategy perspective what we may or may not be able to do to make sure they see value in the product to stay in the business.

Senator CORMANN—Going back to your assumption of a seven to 10 per cent loss, does that include children? Are you looking at SEUs or are you looking at persons covered?

Mr Sammells—We have looked at all those metrics.

Senator CORMANN—Across persons covered, your assessment is an impact of about seven to 10 per cent?

Mr Sammells—Yes.

Senator COLBECK—I think that will do for me, thanks. Senator Cormann or someone else may have some more questions.

CHAIR—Any more questions to Medibank Private?

Senator HUMPHRIES—I want to ask a question of the government in relation to Medibank Private. What is the current intention of the government with respect to the continued public ownership of Medibank Private?

Senator McLucas—Senator, you would be aware that during the election campaign Labor made it very clear that we have no intentions of selling Medibank Private.

Senator HUMPHRIES—And that remains your position?

Senator McLucas—Yes. Madam Chair, I wonder if I could, on behalf of Medibank Private, ask that you as chair of this committee discuss with the chair of Finance and Public Administration the perennial problem of where Medibank Private should appear. They have been called twice to these estimates. I accept that at this estimates it is an issue that you want to find out about in the context of both Finance and Public Administration and this committee. Senator Humphries and I have had this discussion over a number of years. It probably would be useful if we could clarify which committee Medibank Private should appear in front of. Personally, I do not think it is reasonable to have them appear at two into the future. If that would be clarified, that would be extremely useful for Medibank Private.

CHAIR—Thank you, Senator McLucas. We were going to acknowledge the cooperation of Medibank Private by making themselves available for the two sessions. We certainly believe that you should only have to attend estimates once. Even though we enjoy them so much, it is not something that we would expect people to do. So we continue the discussion and before the next round of estimates there should be clarification.

Senator McLucas—That is much appreciated. Thank you very much.

CHAIR—We will now call back the officers from the private health area of the department.

Mr Kalisch—Before we start questioning, just before lunchtime I was asked a question about the premium process from Senator Brown before and after the legislative change. The information I gave may have been a bit misleading. I was going to suggest that I actually respond back to the committee in writing and take that on notice and give you a fulsome response.

CHAIR—That would be very useful, Mr Kalisch, particularly if Senator Carol Brown has not yet come back this afternoon. It would be vague for us to get the answer and for her not to have it immediately. That would be very useful. We were in the middle of questions.

Ms Halton—Before we start, one of my staff has received an email from Penny Allbon, who was here earlier this morning. She has provided a statement she has asked me to read. So on her behalf I might, wearing the wrong coloured jacket, but never mind.

CHAIR—Orange is obviously the colour of the day.

Ms Halton—That is right, yes. Penny's statement is:

I would like to correct a statement that I made earlier today in response to the question from Senator Lundy on the bulletin *Injury among young Australians* that the AIHW released today. Based on my recollection at the time, I advised that the report did not deal with the link between alcohol and injury among young Australians. In light of the senator's question, I have reviewed the content of the bulletin. The report cites evidence from other sources on the overrepresentation of young adults, particularly young males, in road traffic accidents that have been linked to risky driving behaviours such as speeding, driving …

It says 'driving when fatigue'; I think there is a 'd' missing there—fatigued. It continues:

… when fatigue and driving under the influence of alcohol and other drugs and between harmful and hazardous alcohol use and youth violence. It also provides a statistic from the ABS 2004-2005 National Health Survey, indicating that—

and I am quoting—

'an estimated 6 per cent of 18- to 24-year-olds sustained their most recent injury while under the influence of alcohol or other substances compared with 2 per cent of the population aged 25 years and over.'

Senator LUNDY—Thank you very much. That is quite significant. That is good.

Ms Flanagan—Senator, I just have some detail on a question that was asked earlier, I think, by Senator Polley. There are 636,147 people that have a lifetime health cover loading, and 6.7 per cent of people with hospital cover have a lifetime health cover age of over 30. So it is 6.7 per cent of people over 30. That is a figure as at 31 March 2008.

CHAIR—Thank you, Ms Flanagan.

Senator BOYCE—I have one question about the Medicare Levy Surcharge.

CHAIR—Senator Cormann has some questions.

Senator BOYCE—I am comfortable with that.

Senator CORMANN—Thank you, Madam Chair. You obviously had a lot of additional information collected over the break for answers to questions from government senators. Were you able to provide or shed any more light over lunch on the question of how many children that are currently on private health insurance policies will be affected by the change in the Medicare Levy Surcharge thresholds?

Ms Flanagan—No, Senator. As I think we indicated earlier, Treasury did the calculations on the number of people impacted within the income ranges. We can take that on notice and pass that question through to Treasury for their answer to that.

Senator CORMANN—But you are the experts on private health. Treasury is really only the expert in terms of numbers as far as taxpayers are concerned.

Ms Flanagan—They would be very insulted if you indicated that they are only interested in numbers.

Senator CORMANN—I am trying to get to the bottom of it. Looking at it from a health point of view, are you aware of an article in the *West Australian* yesterday which says that one in three children are waiting too long for PMH surgery. With PMH, 657 of the 1,719 children needing elective surgery were waiting too long, including for urgent cases. Why from a health point of view do you not think that children are an important component of the assessment that you should have fed into the Treasury modelling?

Ms Flanagan—Senator, I think we all agree that children are very important. I have indicated to you that Treasury is the department that prepared these figures.

Senator CORMANN—But from a health point of view, why was the impact on children of people leaving private insurance ignored? Why was it not assessed?

Ms Halton—That is a question for the Treasury.

Senator CORMANN—So you say that that is a question for Treasury?

Ms Halton—Yes.

Senator CORMANN—Treasury tells me it is a question for you. So I guess I will leave that at this stage.

Ms Halton—And I have already said that I will discuss that with the Treasury.

Senator CORMANN—Okay. My final question is whether you have made any assessment of the impact on private health insurance premiums of the Medicare Levy Surcharge change.

Ms Flanagan—Again, we have considered what the impact might be. But yet again it is all based on assumptions on assumptions and it is a second or third order impact in terms of how many people might leave and what might also happen to premiums and to benefit outlays et cetera. So we cannot give you a figure on that, no.

Senator CORMANN—But your whole budget is based on assumptions, is it not? The minister herself is making an assumption. Her assumption was that the people who will leave are the young and the healthy and that, in her view, that is the reason why there will not be any significant additional pressure on public hospitals. If that is true, that means that the claimants are staying behind and there are fewer of them feeding into the pool of private

health funding available. That means that the premium on average for each individual person staying in private health insurance would have to be higher, would it not?

Ms Flanagan—But then there would be no impact on public hospitals, would there, Senator?

Senator CORMANN—But the point I am making is that you cannot have it both ways.

Ms Flanagan—I agree.

Senator CORMANN—I agree too. I guess what I am trying to get to is how much is going to be the impact on public hospitals. If as the minister is suggesting there is not going to be an impact on public hospitals, how much is going to be the impact on premiums? There would have to be an impact on either one or the other and more probably both. Have you assessed that?

Mr Kalisch—Senator, let us be quite clear. I think we, in our advice to the minister in terms of the information that has been provided from Treasury, did provide government with some advice around the impact on premiums.

Senator CORMANN—The secretary looked at me a bit blankly before when I asked about public patients on that point. When I asked about public patients in private hospitals and how the government has said it would pursue a policy of having public patients treated in private hospitals, you looked at me a bit blankly.

Ms Halton—Have you found something?

Senator CORMANN—I have. I remember that I had read it but I did not have it with me. In the *Australian* of 19 May 2008, the health minister, Nicola Roxon is interviewed quite extensively. I will read out the relevant extract, which says:

> … has confirmed the Rudd Government will push for a new deal between public and private hospitals to reduce waiting lists and boost doctor training. Ms Roxon told the *Australian* that the reforms were part of a bigger story on Labor's approach to ending the public-private health divide. This would include sending public patients to private hospitals under a previously announced $600 million plan to reduce waiting lists for elective surgery.

Ms Halton—That makes more sense, Senator. That is a specific initiative rather than a kind of overarching policy. We can talk to you at some length about that.

Mr Kalisch—Senator, as you might be aware, the government did announce the $600 million for reducing elective surgery waiting lists and gave extra money to the states and territories for that plan. They have the opportunity, as they do now and have previously, to be able to purchase elective surgery procedures in the private hospital sector, particularly if they have constraints.

Senator CORMANN—This $600 million initiative, which is in the budget papers, that is a pre-election commitment, is it not?

Mr Kalisch—Yes.

Senator CORMANN—That is broken up. I am paraphrasing. Correct me if I am wrong. There is $150 million in stage one to provide immediate relief to reduce elective surgery

waiting lists. Then there is $150 million which was reannounced a few weekends ago to go towards infrastructure and system improvements. Is that right?

Mr Kalisch—Yes.

Senator CORMANN—Then there is another $300 million, which will only be available after 2009-10, which the states can apply for on the basis of meeting certain performance targets. Is that right?

Mr Kalisch—The Commonwealth will be announcing what those performance requirements will be and then they will be assessed against those and receive money.

Senator CORMANN—But in your budget papers essentially what you are saying is you have $150 million, $150 million and then up to $300 million—that is the way it is described—that will be available subject to meeting certain performance requirements. So if you are pursuing, like the minister says in the *Australian*, an approach of having public patients treated in private hospitals, have you modelled the cost of that? That is a program that you are initiating.

Mr Kalisch—Senator, I am not sure why we would model that.

Senator CORMANN—On what basis will you be paying for the treatment of those public patients in private hospitals?

Mr Kalisch—Let us be quite clear that we will not be paying.

Ms Halton—We are giving the money to the states.

Mr Kalisch—We are giving the money to the states and territories, who will be making the choices based on their own capability as well as the access that they can achieve into the private hospital sector.

Senator CORMANN—That is a very clear answer. Thank you for that. That actually answers a question that I have got. So you are not going to, from the Commonwealth level, enter into any fee benefit arrangements with private hospitals?

Mr Kalisch—No.

Senator CORMANN—You will not be working on the basis of a Medicare type schedule?

Mr Kalisch—No.

Ms Halton—No.

Senator CORMANN—So essentially what you are going to say is here Western Australia is 10 per cent of the $150 million—

Mr Kalisch—Or whatever.

Senator CORMANN—Roughly $15 million, say. You do with it as you see you can purchase the most bang for your buck. That is what you are saying?

Ms Halton—Let us be clear. They have some very specific targets they have to meet.

Senator CORMANN—Thank you for that correction. So you say to the states, 'Here is $150 million', which is not as much as I think is going out of the system, incidentally, as a result of the Medicare Levy Surcharge change. Be that as it may, you tell them, 'Here is $150

million. We expect you to reach these targets. You organise for yourself how you think you can best achieve that.' So have you got any interest whatsoever in terms of the sort of contractual arrangements that the state government would enter into with the private hospitals to achieve this?

Mr Kalisch—We want them to achieve the outcomes that have been set for them.

Senator CORMANN—So the process is not something that is a concern for the Commonwealth?

Mr Kalisch—Not a concern. We will obviously have further ongoing discussions and dialogue with them around how they achieve it, but that is up to them.

Senator CORMANN—So are you not prescribing a set formula or method or whatever?

Ms Halton—No.

Senator CORMANN—Thank you very much. That is it in terms of the department.

CHAIR—Any further questions?

Senator BOYCE—I have one question. I have received some information from a private health insurance group suggesting that if the Medicare Levy Surcharge limits had been indexed according to the CPI from 1997, the single limit would now be just over $70,000 and the family limit would be just over $141,000. Does that concur with your figures?

Ms Halton—We do not have a figure on that. In fact, I think Senator Cormann actually had a figure himself. I think he said it was $74,000. It is obviously a question of what CPI figures you use to derive the figure.

Senator CORMANN—I got it privately. In my assessment, the increase in the CPI would have led to $73,900, which is an increase.

Senator BOYCE—Sorry. I have been trying to be in two committees and I was not aware that this issue had been raised. So you have not looked at the question of what—

Ms Halton—Senator Cormann put a figure to us. I cannot dispute it. You have it.

Mr Kalisch—We will take it on notice.

Senator HUMPHRIES—I want to follow that up. Is it clear that even if the figure is somewhere between $70,000 and $75,000, depending on which rate of indexation you use, raising the threshold to $100,000 for a single and $150,000 for a couple is more than just putting back the indexation, which Senator McLucas had been missing, since 1996? It goes beyond that, does it not?

Senator McLucas—I did not say that it re-establishes indexation. What it does is re-establish the policy intent of MLS when it was first introduced in 1996, and that is to identify and encourage high income earners to take out private health insurance. What happens as a result of the implementation of this policy is that around eight or nine per cent of singles will once again be identified as high income earners. Therefore, they will be requested to pay the levy.

Senator BOYCE—How do we then characterise people earning between $75,000 and $100,000?

Senator McLucas—I do not have that data in front of me. That is ABS data. They make generalisations about what is required.

Senator BOYCE—But you are saying a high income earner is an individual who earns more than $100,000?

Senator McLucas—That is right. I do not think you can say an individual earning more than $50,000 is a high income earner.

Senator BOYCE—I do not think anyone tried to say that.

Senator McLucas—Well, there have been some people who have tried to say that over the last few days.

Senator BOYCE—But it does make it an interesting point in terms of where some of the means tests come in on people who are apparently not high income earners earning $75,000.

Senator McLucas—It re-establishes that eight or nine per cent of singles as people who are now earning over the amount of money that would mean the threshold applies.

Senator HUMPHRIES—The committee explored last night the problem that there were quite disparate tests being applied across government as to what is a wealthy person or a rich person. When it comes to the baby bonus, you are wealthy if you earn $150,000. If you want to apply for a subsidy for a solar panel, it is $100,000. It is something different again if you want a tax cut. We cannot seem to find what is the measure that the government as a whole would adopt to define a wealthy or rich person.

Senator McLucas—I think you will find that will be part of the review that Dr Ken Henry is going to consider in his inquiry.

Senator HUMPHRIES—That is good, but some decisions have been made in advance of that review in this budget, have they not, about those issues.

Senator McLucas—We have got on with the job.

Senator HUMPHRIES—Yes, right. You have put the cart before the horse, to use another analogy.

Senator McLucas—Well, we could wait. I think people would like us to get on with the job.

Senator HUMPHRIES—I have some other questions about private health insurance. What is the government's target for the rate of private health insurance it would like to see in Australia?

Senator McLucas—I do not think we have a published target to that effect.

Senator HUMPHRIES—Do you have an unpublished target?

Senator McLucas—No. Not that I am aware of.

Senator HUMPHRIES—Let me ask you a related question. What do you regard as a viable level for private health insurance in Australia? That is, below what level would private health insurance begin to become unviable and unsustainable?

Senator McLucas—That is an impossible question to answer. But what we can say is that this government is committed to having a sustainable private health sector that works side by side our public health system. We have historically in Australia had those two elements of our health system. They both have to be robust and strong. This government supports that.

Senator HUMPHRIES—When you say the question is impossible to answer, my impression is that the department, on previous occasions, has answered the question by saying that the sustainable level is about 30 per cent. That is my recollection of answers in previous estimates. You might take on notice the question of whether you have previously given advice to this committee about what is a sustainable level for private health insurance.

Mr Kalisch—I am not sure that we have.

Ms Halton—I am not aware of that. We will go back and plumb the archives.

Senator HUMPHRIES—I will go back and see where I have found that as well. I will return to the question. Do you want to see private health insurance maintained at the current level? Would that be regarded by the government as a desirable objective? One of the problems with the way in which the budget papers have now been designed—and it is very evident in this section here—is that you have this indicator of performance in which you say what the 2008-09 reference point or target is. There is a certain level of private health insurance, which is described under that heading. We do not know whether that is meant to be a target or a reference. Can you elucidate that? Is that 44.4 per cent meant to be a reference point or a target?

Mr Kalisch—Perhaps I can answer that. That indicator has been in there in previous PBSs.

Senator HUMPHRIES—Described as a reference point or a target?

Mr Kalisch—I think that heading was very much there. As far as I am aware, no government has set a target for the proportion of the population covered by private health insurance. They certainly use it as a guide and an indicator that is quite important in terms of seeing the level of private health insurance coverage within the population. But I am not aware of anyone actually setting a particular target of 45 per cent or 50 per cent or above 40 per cent or whatever a particular figure might be.

Senator HUMPHRIES—I think the previous government made it pretty clear it wanted to increase the level of private health insurance taken up in Australia.

Mr Kalisch—I am not aware of actually having a specific target. They certainly measured it and reported it and wanted to see it maintained at a high level. But I am not aware of any stated target.

Senator HUMPHRIES—Can I clarify an answer that you gave, Ms Flanagan, before to a question from Senator Lundy. She asked about projected future rates of private health insurance in Australia. I think you said that in recent years there has been an average additional take-up of around 200,000 a year and you expected that to continue.

Ms Flanagan—Again, Senator, when we are doing modelling—that dreaded word; let me mention it again!—we look to historical trends to say, 'What might occur in the future?' Of course, we are aware that there has been a policy change to the Medicare levy surcharge, and an estimate has been made of the impact of that. But all of the other policy parameters remain

in place. So one would expect and assume, therefore, that the underlying rate of growth would continue.

Senator HUMPHRIES—So that figure of 200,000 people you gave before was an underlying rate of growth which might be offset by other policy parameter changes?

Ms Flanagan—Again, yes, if things change, people will reassess whether they want or do not want private health insurance.

Senator HUMPHRIES—We heard that the Treasury were anticipating or modelling a reduction of 480,000-odd people from private health insurance based on the policy changes to the surcharge. So that presumably would be a countervailing factor against the 200,000 that you said the other modelling suggested would be added to the list?

Ms Flanagan—Yes. That is right. If everything else stays the same, and this is the only change that we are aware of, then one would expect the underlying rate of growth to be maintained at around 200,000 a year because the rebates are still in place. The loading is still in place.

Senator HUMPHRIES—But the net effect would be a fall in private health insurance, if the Treasury assumption is correct?

Ms Flanagan—An immediate fall and then over time that would be overtaken by the underlying rate of growth.

Mr Kalisch—That is quite important. The change from this Medicare levy surcharge is in effect a one-off shock to the system.

Senator HUMPHRIES—Is that a promise?

Mr Kalisch—A one-off impact. The remaining policy parameters are still in place so they still keep moving through the system.

Senator HUMPHRIES—I am glad to be assured that this is a one-off and it will not be followed up or repeated by some other surprise announcement in next year's budget or some subsequent budget. What approaches have been made by the states and territories to the department, subsequent to the budget, to raise issues of what you called second-round impacts on state and territory governments and their health budgets?

Mr Kalisch—As far as I am aware, we have had no formal response from any of the states and territories about this matter.

Senator HUMPHRIES—We have had a number of health ministers make public comment about their expectation that they would be coming back and putting their hand out for any offsetting costs that are occasioned by this policy. When you say you have had no formal approaches, have you had informal contact from officers in health departments?

Mr Kalisch—We have probably at this stage almost daily contact with our state and territory health official colleagues about matters around COAG health reform issues. Part of that goes to the work that is currently being undertaken around the next health care agreements. As you know, this is an interesting time of the cycle in terms of government approaches for considering what level of funding and what reform initiatives might be pursued as part of that funding in terms of the Commonwealth-state health agreements and

looking at a new form of special purpose payment around health. So I would have to say, against that backdrop, that it does not surprise me that a number of state and territory health ministers have made those comments.

Senator HUMPHRIES—As you work through the actual impacts of the new system, would you expect to do any work jointly with state and territory governments on identifying and quantifying second-round effects?

Mr Kalisch—At this stage, most of the effort is looking at where there could be significant areas of reform that the Commonwealth and states could pursue jointly. It has not got into that issue that you have just raised. There certainly are other matters of pressing importance to improving the health system that officials and governments have been doing some early and considerable work around.

Senator HUMPHRIES—Who proposed the threshold change to the Medicare levy surcharge? Was it a decision by the government? Did it come from Treasury or the department of finance? Was it bowled up to the ministers by the department?

Ms Halton—You know that we cannot answer that question.

Senator HUMPHRIES—No. I cannot ask what the advice was, but I can ask you where the idea originated.

Senator McLucas—No, I do not think you can ask that. It is not appropriate that you ask that question. Senator, you and I have had this discussion, but we were in different roles previously. I do recall, though I do not have it in front of me, you ruling out my asking questions about advice on many, many occasions.

Senator HUMPHRIES—I remember you saying, 'Yes, Senator Humphries, you are right; I will withdraw that terrible suggestion!'

Ms Halton—Can I just go back to the matter that was raised by Senator Cormann before. I said I would go to Barbara Belcher. In fact, I have just received the advice. The advice from Barbara Belcher is that, and I am quoting: 'Advice from PM&C supports our view that disclosing'—in relation to the matters he was asking about—would actually be disclosing the nature of deliberations.' And, if you go to the guidelines, it actually says quite explicitly that we should not disclose things which would go to the nature of deliberations. So that was the PM&C advice.

Senator HUMPHRIES—Can we see that advice?

Ms Halton—It is verbal. It is aural advice. I said we would ring her, and we did.

Senator HUMPHRIES—I want to ask about prostheses, which I think may fall in this area. There was legislation introducing new arrangements for the reimbursement by private health insurance funds of surgically implanted prostheses in February 2005. At the time, of course, the present government was in opposition and then shadow minister Gillard moved an amendment requiring an independent review of the new arrangements after two years of operation. I am not clear whether that amendment succeeded or not, but it was certainly moved by Ms Gillard. I understand Labor was concerned at the time that the legislation would limit choice and increase out-of-pocket costs for patients. Now, whether it was as a result of that amendment or otherwise, a review was conducted. That is the Doyle report. It was

completed and presented in October, which of course was just before the election. To date, a response to it has been held up by the new government settling in. One thing that Doyle did note was:

… it is already clear that some elements of the current arrangements are unsustainable or inefficient …

Mr Doyle believed that his recommendations would also reduce the 'administrative burden and red tape' associated with the current system. What are the government's plans for consideration of the Doyle report?

Ms Flanagan—Senator, the government does have the report and it is currently considering it amongst all the other things that it is doing. But certainly it is considering it and, as soon as possible after it has considered it, it will release the action that it is going to take in response to the recommendations in the Doyle report.

Senator HUMPHRIES—One of the issues that Mr Doyle raises is the potential for the present system to allow patient gaps to detract from the attractiveness of private health insurance. I assume that is an issue that the government will be addressing as part of the response to the Doyle report.

Ms Flanagan—As I say, the government is considering all of those recommendations and what action it will take.

Senator HUMPHRIES—While the recent budget allocation of $5.5 million over four years to provide a means tested subsidy for insulin pumps of up to $2,500 for around 700 people under 18 with type 1 diabetes is very welcome, the government's recent announcement of a review of the accessibility of pumps through private health insurance is a concern. Insulin pumps have been reimbursable for many years now through the prostheses list arrangements, previously under schedule 5, and this has provided many privately insured members with type 1 diabetes with their only reimbursable access. Why is the accessibility of this reimbursement arrangement through private health insurance being reviewed at this time?

Ms Flanagan—I am sorry; I missed the punchline.

Ms Halton—I did not get the punchline.

Senator BERNARDI—We did not laugh; I am sorry.

Senator HUMPHRIES—That is very hard to imagine. You are reviewing the arrangement whereby private health funds provide reimbursement for insulin pumps as one of their scheduled items. Why, after so many years of those pumps being available as an item for private health insurance, is it now felt necessary to review the inclusion of insulin pumps on that list?

Ms Flanagan—The Prostheses and Devices Committee, which is responsible for the list, goes through a rolling program cycle of review. I think that insulin pumps might be in the next review cycle, but it is an ongoing review process that it undertakes.

Ms Halton—And it is universal.

Senator HUMPHRIES—What is universal?

Mr Kalisch—Everything on the list gets reviewed.

Ms Halton—With the review process that we now have, everything gets reviewed. They are not being picked on specifically and there is no particular intent. We work our way from one end to the other end of the list.

Senator HUMPHRIES—So those affected with type 1 diabetes need not be fearful of this particular cyclical review?

Ms Flanagan—As I say, it is a cyclical review looking at different types of prostheses.

Senator COLBECK—I want to reinforce the concern that Senator Humphries has raised because I have received some representations with respect to that particular matter—that is, the eligibility of insulin pumps to have access to the prostheses and devices list and the review process. What is the timeframe for sorting this out? It is going through a review, which is a regular review process. In government or opposition, we can all make those nice noises to people that it is a regular review process and there is nothing to be worried about. But can we give them an indication of: 'Okay, this is when you are going to know what you are about'? There is a perception within that group of people that they might have something to be concerned about. When are we going to know?

Ms Hancock—The next cycle starts in July and results in a list in February 2009.

Mr Kalisch—Perhaps we can take this question on notice and get you more information.

Senator COLBECK—So the process has not started yet? I was of the understanding that that might be the case. So it has not actually started yet. It is about to start. It is part of a regular review process and it is due to be finalised by February 2009.

Ms Halton—Yes. What we might do—I think it might help deal with some of the concerns; it would enable you perhaps to talk to your constituents who obviously have raised this—is outline what the process is, how it works and what the considerations are. You can then give them some sense of how this actually fits and that this is not some particular process targeting pumps, which it is not.

Senator COLBECK—I think, even from the perspective of giving a consistent message from government, that would be appreciated. The government has put a measure in the budget to provide assistance for people without private health insurance to gain access to insulin pumps, which we support. But then there is this other process that is going on on the other side, which has raised a level of concern.

Senator ADAMS—Has the department estimated the impact on rural areas of the change to private health insurance arrangements? I believe that, if the rate of private health insurance in rural and remote areas were known, it would provide further insight into the disadvantage of people in the bush. Has anything been done on that?

Ms Flanagan—No, it has not.

Senator ADAMS—Will you look at it?

Ms Flanagan—Again, it is one of those very, very difficult things to monitor. Earlier today, we were talking about second and third order impacts; I think this might be a fifth or a sixth order impact. We would be building assumptions on assumptions on assumptions.

Therefore, anything we gave you would not be reliable; we would not be able to stand by it. So I think the answer has to be no.

Senator ADAMS—I do not know whether rural people would like to think it was fifth or sixth and they were put that far down the line. With the lack of medical services now in rural areas, private health insurance is an absolute essential for rural people. We cannot use it in the bush. But as soon as you get to the city, if something really goes wrong, they desperately need it. But, with the drought and all the problems that rural areas have been having in the last couple of years, this is something that I feel will impact very, very strongly. I would like you to put it a little higher than fifth or sixth on the list, if you would not mind.

Ms Flanagan—I was not putting it fifth or sixth on the list. I was just saying that it would be very, very difficult to model. I was not at all making a value judgement about the use of private health insurance and its importance to people in the bush.

Senator ADAMS—I would say it is more than important simply because all rural people having to go to the major cities as public patients is going to add to the problems associated with accident and emergency departments and the number of beds in hospitals.

Senator McLucas—I recall some figures from the Northern Territory that showed very low levels of private health insurance.

Senator ADAMS—I am sure that the Northern Territory is very different to the rural and regional areas of my own state—Western Australia—South Australia, New South Wales and Victoria. I would expect the Northern Territory to have a fairly low private health insurance rate, but I can assure you that the other areas do not.

Senator McLucas—You can?

Senator ADAMS—Yes.

Senator McLucas—It would be interesting to know where you go with that argument.

Mr Kalisch—Let us also be clear about this policy change that the government is introducing. There is no requirement on rural people to leave their private health insurance. If they still feel it is valuable and providing them with a valuable product, there is no reason why they cannot maintain it. There is no financial disincentive for them in keeping that product.

Senator ADAMS—I can see that. However, I can see a lot of our younger people—with the problems associated with rural areas at the moment, as far as employment and all the other things that go with it are concerned—deciding perhaps that private health insurance can be let go. It just worries me; that is all.

Senator McLucas—If they think the product that they want to purchase is of value to them, then they are making a choice to buy a valuable product. I think the situation at the moment is that a lot of young people are not making a choice to buy a product; they are essentially being forced into buying a product in order to avoid paying a tax. I think that is the key.

Senator ADAMS—We will not argue here.

Senator COLBECK—I want to go back to the private health insurance calculations. You have mentioned that you have not received any requests from state governments indicating how much they want. Have you done any work on the potential cost to the budget of this measure going forward?

Mr Kalisch—Sorry, in terms of the second round?

Senator COLBECK—You are going to call those second-round effects?

Mr Kalisch—Yes, second-round effects or third-round effects.

Senator COLBECK—So you really have no idea of what the potential impact is, even though you are entering negotiations for a five-year health funding agreement with the states for hospitals? You have no idea of what the potential impacts on that agreement might be of this change?

Mr Kalisch—I think there are probably a number of key variables here. One is that we are still to see quite how it is going to play out in terms of those that do or do not keep private health insurance. On top of that, there are assumptions about those with private health insurance that need hospitalisation care over a year or two or three or four. And then there are other aspects in terms of the broader negotiations between the Commonwealth and the states about the level of funding that would be provided to the states for health care more generally.

Senator COLBECK—I am sure the states will have some perspective on what they think it might be. What is underlying my question is how you actually judge the accuracy of what they are saying they need.

Mr Kalisch—That goes to an inference I made earlier: I am not surprised the states are making comments that there is likely to be a big impact on public hospitals at this point of the negotiation cycle.

Senator COLBECK—You are suggesting that is part of the posturing of the process?

Mr Kalisch—I am suggesting that governments make comments that try and reflect their natural interests.

Senator COLBECK—A very good answer. Similarly, with respect to potential rate increases, do you disagree with industry forecasts that this particular change in government policy may have an impact of about five per cent on the cost of premiums?

Mr Kalisch—I think that is well above the advice that we have provided to government.

Senator COLBECK—So you do disagree with it? I suppose that assists me with my next question in that you do have some work that would assist government in benchmarking what claims may come from industry in respect of these changes.

Mr Kalisch—We have provided them with some estimates.

Senator COLBECK—Government, that is?

Mr Kalisch—Provided government with some estimates. I suppose the other dimension that we are all not sure about is quite what other changes there will be in the environment that faces private health insurance funds over the next eight to nine months before they move into considering their next premium increases.

Senator COLBECK—I suppose it stands to reason that you will take into account the information that the industry gives you and the information that the agency itself gathers on impacts and what might occur.

Mr Kalisch—Each of the funds, when they put in their new bid, will provide considerable information to PHIAC and to us to justify that bid.

Senator COLBECK—The difficulty may come if someone comes to you earlier, rather than within the normal cycle.

Mr Kalisch—If they come earlier with substantive information, that will be assessed on its merit.

CHAIR—Any further questions on private health? I believe not, so I thank the officers in the private health area. We will now move to outcome 14, which is biosecurity and emergency response.

[2.39 pm]

Office of Health Protection

CHAIR—Welcome to outcome 14, which is biosecurity and emergency response. A number of senators have questions.

Senator HUMPHRIES—Thank you very much. I am hoping to hear from Professor Horvath at this point. I think he has been itching to speak. I note that the government will replenish elements of the National Medical Stockpile that are going to expire over the next couple of years. That is going to cost about $166 million. The question of shelf life of these drugs is fairly significant. What is the estimated shelf life of the drugs that we are bringing in to replace those that are expiring?

Ms Halbert—The vast majority of drugs in the stockpile have a maximum shelf life of five years.

Senator HUMPHRIES—So is it fair to assume that the drugs which have been replaced are approaching the end of their five-year shelf life as well?

Ms Halbert—That is correct. All of the drugs that are expiring in the next two years are being replaced. There will be a period before we need to replace them again. Excuse my coughing.

Ms Halton—I think she is about to expire! We will discuss her shelf life in a minute!

CHAIR—That is not a particularly good advertisement for the department!

Senator HUMPHRIES—No, it is not!

CHAIR—If your voice is giving you trouble, just let us know because we might be able to change the questions or something.

Senator HUMPHRIES—You could semaphore the answer or something! Given that imminent expiry, what is the estimated value of the discarded stockpile?

Ms Halbert—The stockpile has not been discarded. The amount—

Senator HUMPHRIES—Well, it is going to be.

Ms Halbert—that is being replaced is $166.5 million over the next two years.

Ms Halton—That is the purchase price.

Ms Halbert—That is the expected purchase price.

Ms Halton—The expected purchase price of the replacements.

Senator HUMPHRIES—I suppose it is hard to put a value on an expiring drug.

Ms Halton—You know that we keep these things on a balance sheet and we depreciate them?

Senator HUMPHRIES—Yes. Sure. Is it possible for these drugs, having been replaced, presumably towards the end of their shelf life, to nonetheless be used in the case of an emergency somewhere else? I do not want to sound callous, but if there was, say, an outbreak of a disease in the Pacific somewhere, is it possible still to use these drugs in that context?

Ms Halbert—I would not want to speak for the TGA. But it is possible to test the drugs to see if they are still efficacious. Normally, if you want to extend the shelf life of a product, the company that owns the product would apply to have that shelf life extended. But there is the possibility of, as I say, testing these drugs at the time to see if they are still efficacious and could be used. But there is no policy to use expired drugs.

Senator HUMPHRIES—Will the amount to be retained in the national stockpile be similar to what was held before, or will it be adjusted to account for things like growth in population?

Ms Halbert—The quantities that are being replaced now are the same. We keep the stockpile under continuous review but look at the current risk environment to, as you say, see if the proportions of drugs held are the right ones relevant to the population.

Senator HUMPHRIES—I am sure we have heard this answer before, but can you just refresh us as to what kinds of diseases the stockpile of drugs would address in the event of an epidemic or pandemic.

Ms Halbert—Certainly. The vast majority of the drugs in the stockpile are antivirals, which would be used in an influenza pandemic. Professor Horvath may want to comment on that more. We also have large quantities of personal protective equipment, which can be used for communicable diseases but also for other potential health emergencies. And then there are quantities of antibiotics. Some are related to influenza and some are related to potential bioterrorism incidents. I think that has probably covered all of them. And there are antidotes for other bioterrorism incidents.

Senator HUMPHRIES—What proportion of these drugs are manufactured overseas?

Ms Halbert—A large proportion. All of the drugs in the stockpile are manufactured overseas.

Senator HUMPHRIES—There have been media reports that—

Ms Halbert—One of the drugs is put together in Australia but the ingredients are imported from overseas.

Senator HUMPHRIES—There have been media reports that Tamiflu, or oseltamivir, as it is known to its friends—

Ms Halton—You had better work on that pronunciation, Senator.

Senator HUMPHRIES—Hansard has picked it up perfectly, thank you. They have it exactly right.

Ms Halton—We need to coach the non-clinical staff in the department before they are allowed to say any of those words in a public place.

Senator HUMPHRIES—I have been hanging around you guys for a long time. It has not made any difference to the quality of my pronunciation. Tamiflu may be made available over the counter. This has been mooted as a useful antiviral in the case of epidemics, but it is expensive for the average person. Is there any provision for the supply of this medication on a preventative basis should, say, an influenza epidemic be imminent?

Ms Halbert—The antiviral is held in the stockpile. The current policy is that they would be used on a preventative basis for frontline health care workers. We work closely with the states and territories on arrangements for getting these drugs out quickly in the event of an emergency. The states and territories can put arrangements in place to have these drugs made available in those circumstances.

Senator HUMPHRIES—Thank you. The only other thing I was going to ask about was the report that was undertaken recently by the Australian Strategic Policy Institute, which was called *Taking a punch: building a more resilient Australia*. It made a number of comments, which were reported in the media, about the level of preparedness we have in Australia to a number of disasters, principally terrorist or natural disasters. I have not had the opportunity to read the report. Are there any issues raised in that report which are relevant to our biosecurity response?

Ms Halbert—I do not have the report here with me. I think the comments in the report were about our capability to respond to incidents in the general sense. Ms Murnane may want to comment on this, but through the Australian Health Protection Committee we have been working over a number of years to incrementally improve Australia's readiness to respond. Obviously in an emergency we need to have surge capacity. We have been working with the states and territories both to measure and to improve our response capability. We think we are very well prepared, but there is really no end to how well prepared you could be. So it is an incremental process and we continue to improve our readiness.

Senator HUMPHRIES—My question, though, was whether this report actually makes recommendations which are addressed wholly or partly towards your area of the department or whether they really focus exclusively elsewhere.

Ms Murnane—There are two reports. There was a recent report they did about emergency preparedness in general and there was a report last year on specifically—

Senator HUMPHRIES—It is this year's report I am looking at.

Ms Murnane—It is this year's report. That report was addressed mainly to emergency management preparedness. However, in terms of the health response to natural disasters, I recall the author of the report made the point that we were not well prepared in general for an

emergency response to a large natural disaster. I think he referred to earthquakes, for example, floods and tsunamis. We did review the health response to that. I would have to have it before me, but the actual health recommendations were not very detailed. But we actually prepare for an all-hazards approach.

Our preparation for a mass casualty or a casualty response is twofold: outbreaks, and that would include pandemic and lesser communicable diseases that were of national concern, and trauma. In a natural disaster, you could have the first of these traumas, depending on the degree of devastation, being followed by the second. We do have plans in place for that. We had significant discussions with ASPI before and after the report last year on mass casualty response.

We did agree with one aspect of their report, and that was that there was not sufficient exercising in Australia of our mass casualty response and of the health response to trauma. This year, there is going to be a Mercury 08 exercise. There is substantial involvement from Health both in that main exercise, which is in October-November, and in the lead-up exercises to it. We look at our preparedness both in a static state, in what we have, and in a simulated mobilised state. The latter has been done in some way with a device using an exercise modality called Emergo Train. We believe that we could respond in a national sense to a demand on hospitals and other elements of the health system on the scale of the response to the Madrid train attack and the London bombings. The smaller states would certainly need assistance. So that is what I mean when I say a national response. That is what our plans are based on—a national response with full cooperation across jurisdictions. There would be a transfer of both casualties and resources, including human resources to assist. But I will have another look at the report on natural disasters that ASPI recently did and give you more information on it.

Senator HUMPHRIES—That would be useful. Just to be clear, the health response that you are talking about being exercised in this Mercury 09 affair is not just state health departments or emergency departments or ambulance services; it is also the Commonwealth's role in coordination—

Ms Murnane—In coordination—

Senator HUMPHRIES—and biosecurity type matters.

Ms Murnane—In facilitation and communication. Yes, it is.

Senator HUMPHRIES—Okay. Thank you.

CHAIR—There being no further questions in this area, I thank you very much. I hope you are feeling better soon, Ms Halbert. We will now move to population health, which I know is a large area where many senators want to ask questions.

[2.56 pm]

Senator BOYCE—I want to start, Ms Bryant, with the overall budget for population health. Can you confirm that it has gone from $1.25 billion to $1.1 billion? It has gone down about $170 million; is that right?

Ms Bryant—Where are you drawing that from? Is there a reference to that particular figure?

Senator BOYCE—Sorry. I am looking at page 62. You would still like to check that what I am reading is all I should be reading.

Ms Bryant—That appears to cover a number of the portfolio agencies, such as the TGA, OGTR, NICNAS and so on. I cannot confirm overall the situation in respect of those original figures.

Senator BOYCE—We are talking right now about outcome 1, Population health. That figure says the total resources for outcome 1. We are still stuck not knowing quite what is in which box.

Ms Halton—That particular page has the special accounts—for example, the TGA special accounts.

Senator BOYCE—It says total resources for outcome 1. It is just special accounts; is that what you are telling me? I thought it included—

Ms Halton—No. I think it is just special accounts. If you go back a page, you will see the different program by program subcomponents.

Senator BOYCE—So total resources for outcome 1 under population health in the PBS—

Ms Halton—Which line are you looking at? Basically, there are several subcomponents. It depends on exactly where you are looking on page 62.

Senator BOYCE—I am looking at the figure that is about halfway down the page that says 'Total resources for outcome 1'. Given that the information we have is that outcome 1 is population health—

Ms Halton—So you are looking two-thirds of the way down the page?

Senator BOYCE—Yes. You have $1.25 billion and $1.1 billion. This is why I like to confirm these things.

Ms Halton—That is right for this program. That is correct. The component parts are broken into those items up above. For example, you can see on the special accounts, which is on the same page—

Senator BOYCE—I was going to get around to the bits after I confirmed that we are talking about a reduction of about $170 million in the overall budget for population health. Am I right in that reading of these papers?

Ms Halton—Under this program, those figures are correct.

Senator BOYCE—Is that the best way to tackle this, Ms Halton?

Ms Halton—Yes. Sure. However you want.

Senator BOYCE—There are figures all over the place. You started to talk about some of the reductions. Could you talk me through some of those reductions, please, that contribute to that $170 million drop in the population health budget.

Ms Bryant—Senator, there are a number of changes set out in the three or four pages that precede page 62.

Senator BOYCE—I was hoping you might characterise them as important or less important.

Ms Bryant—I draw your attention, for example, to page 61 and the change in the special appropriation for essential vaccines. There is quite a big drop from $521 million to $255 million there.

Senator BOYCE—Yes. About $282 million has come out of that.

Ms Bryant—Yes. That is the drop-off as catch-up programs for the likes of the HPV vaccine conclude. So there is a fall-off in vaccine funding, I think, reflected in that. There have been increases particularly in relation to increased funding to the bowel screening program.

Senator BOYCE—Which outcome are we under here?

Ms Bryant—In outcome 1.

Senator BOYCE—Which program?

Ms Bryant—Program 1.1, chronic disease. There is an increase in funding which is primarily due to the expansion of the national bowel screening program. When you get to outcome 3, the drug strategy, there is a reduction of $13 million for expected underspends offset by some indexation growth.

Senator BOYCE—Can you tell me about that underspend, please.

Ms Bryant—Could I take that on notice. I think we can answer that in a little while later today. I would like to check.

Senator BOYCE—I will keep going through those. We have a significant decrease in food and regulatory policy. That is under 1.4.

Ms Bryant—That has moved divisions. That is part of the explanation for that. There is included in that a reduction in funding for kava as a result of reduced requirements under the tightening of import arrangements.

Senator BOYCE—Sorry, Ms Bryant. I am having trouble hearing you. I am never quite sure if it is me or the acoustics. But that side of the table I always have trouble hearing.

Ms Bryant—Again, Senator, I think in the case of immunisation, there is a reduction in funding for Q fever vaccine. There are reduced requirements there. I have drawn your attention to the HPV requirements.

Senator BOYCE—Why is there a reduced need for Q fever vaccine?

Ms Bryant—Senator, I think it is largely demand driven. At this stage, there have not been calls for the vaccine.

Senator BOYCE—Would that suggest some sort of a program that has reduced the incidence of Q fever? We do not expect annual spikes in these things.

Ms Bryant—Q fever is an occupational disease, mainly for people working in abattoirs and the like.

Senator BOYCE—That is why I am wondering why it would radically change.

Ms Bryant—But you cannot receive the vaccine if you have either been exposed and had the naturally occurring disease or if you have been previously vaccinated. So once you have a program covering people for a period, there may be reduced demand for it. Item 1.6 has increased. There is a significant increase in the number there, which was the result of a reprofiling of the 'Healthy Active Australia' Community and Schools Grants Program into the out years.

Senator BOYCE—The Healthy Active Australia school grant has come into this now, has it?

Ms Bryant—Yes. There has been an increase.

Senator BOYCE—Is that the annual appropriation bill we are looking at? Which figure are we looking at that does that?

Ms Bryant—At 1.6 we are looking at a figure that goes from $51 million in 2007-08 to $108 million under item 1.6.

Senator BOYCE—Ordinary annual services?

Ms Bryant—Yes. I think that has been funds redirected from other outcomes. I think that is it for outcome 1.

Senator BOYCE—I was not entirely clear on what happened with 1.4, the regulatory policy. Something has moved from one division to another division.

Ms Bryant—You were asking about something moving.

Senator BOYCE—Program 1.4.

Ms Bryant—Program 1.4, food and regulatory policy, has moved from the population health division. I am told that that is not an adequate explanation for you, so we will take that on notice.

Senator BOYCE—Again, can we go back to the drugs strategy, program 1.3 here. Does the $53.5 million for young binge drinking come into there, or is that somewhere else?

Ms Bryant—The $53 million for binge drinking is within the drugs strategy program. It was funded through the redirection of existing resources.

Senator BOYCE—Within the drugs strategy?

Ms Bryant—That is correct.

Senator BOYCE—But what about the extra money that is coming out of the $3 billion tax on ready-to-drinks? Where is that going to come in? Is that going to come in here, or what?

Ms Bryant—The revenue raised?

Senator BOYCE—The Prime Minister has announced that part of that $3 billion—I do not think a figure has ever been put on it—will be used to reduce problem drinking.

Ms Bryant—Again, I might take that on notice. But it is a revenue measure. What the revenue measure will raise appears in the budget papers. But I think it would appear as a Treasury revenue item in the Treasury portfolio. There would need to be a separate budget

decision, which has not yet been made, about the sum to be allocated to preventive health in this portfolio.

Senator BOYCE—You would not expect to have the funds in here for 12 months?

Ms Bryant—That is correct. Or in the additional estimates process or wherever the government chooses to make it. But it has not been made at this point and does not appear in these budget papers.

Senator McLucas—You would be aware that the government has established the preventive health task force. We have asked that task force to report to us on strategies that will assist in dealing not only with the inappropriate use of alcohol by young people but more broadly. We will get a series of reports from that task force. It is important to have that before we can start either putting a figure on the amount of money required to deliver that outcome or rolling out policies that will improve the health outcomes of Australians through prevention.

Senator BOYCE—However, we do have a policy of collecting the revenue, and now we are waiting for a policy to work out how to spend part of it. All I think that has been announced is that we do not know if it is going to be—

Senator McLucas—A good portion of it.

Senator BOYCE—What does 'a good portion' mean, Minister?

Senator McLucas—That is the point I am trying to make at the moment. You actually cannot put a figure on it until you have done the policy development work that the Preventive Health Taskforce is going to undertake.

Senator BOYCE—But you do appreciate that if it is 10 per cent, people will be entitled to have a completely different view of what this is about than if it is 75 or 80 per cent.

Senator McLucas—I think you can be assured it is a bigger portion of money spent on preventative health than spent by the previous government.

Senator BOYCE—But we are talking about $3 billion that has not been raised by taxing ready-to-drinks before, so I do not see quite what the relevance of a new tax measure is to what was spent by the previous government out of revenues not raised by unusual taxes.

Senator McLucas—Well, it is not unusual. You would know it is essentially closing a loophole that was established in 2000.

Senator BOYCE—It is probably a matter of opinion, Minister, whether it is an unusual tax or not.

Senator McLucas—I do not think it is unusual to tax the same product at the same rate.

Senator BOYCE—But the argument, of course, is that that is not the case. I return to program 1.3. We have an increase of about $27 million in the figure for the overall drug strategy for 2008-09. That is right, is it not?

Ms Bryant—Are you back to page 62?

Senator BOYCE—Page 60, the subtotal for program 1.3.

Ms Bryant—And you are looking at $55 million—

Senator BOYCE—Well, it has gone from $198 million to $225 million. Is that right? It has gone up about $27 million.

Ms Bryant—Yes. Senator, you asked that question before. We undertook to get you that answer.

Senator BOYCE—I am asking whether it has gone up by $27 million.

Ms Bryant—Yes.

Senator BOYCE—But regarding the $53.5 million that has come from elsewhere for the national binge drinking strategy, is that in there or not?

Ms Bryant—Yes. It is redirected from existing drug and alcohol programs.

Senator BOYCE—So you put $53.5 million in, but the new total is only $27 million more than last time. That is where I am having issues. In fact, with an extra $53.5 million it is still down.

Ms Bryant—In this item, I would anticipate that the pluses somewhere in this bottom line—and I will inquire further for you—would include the addition of money for the national tobacco strategy.

Senator BOYCE—What is that worth?

Ms Bryant—About $15 million.

Senator BOYCE—And that is an increase?

Ms Bryant—It is a new budget measure.

Senator BOYCE—Now we have $15 million and $53.5 million going in there.

Ms Bryant—Sorry—$53.5 million should be a zero sum gain. It should not alter the figure from year to year because it existed previously and now it exists in another form but in the same quantum.

Senator BOYCE—So it is still in program 1.3. I thought you meant it had come from a different place to go into program 1.3.

Ms Bryant—No. It is from the same outcome or same program. So it is a zero sum gain. It does not alter the figures from 2007-08 to 2008-09. But the national tobacco strategy, the addition of $15 million for the new election commitment, would, I suspect, be a significant part of that difference between $198 million and $225 million.

Senator BOYCE—And you have undertaken to find out what has decreased within program 1.3 to allow these increases. Is that right?

Ms Bryant—Yes. In fact, all of the items, I think with the exception of departmental outputs, are increases. So I do not think I am looking for very many decreases.

Senator BOYCE—What does departmental outputs mean in the context of program 1.3?

Ms Bryant—I think that is our staffing, in essence.

Senator BOYCE—That was going to be my next question. Can we talk about staffing. Obviously it has decreased. Can you give me some figures, please, within the population health area?

Ms Bryant—I think we answered those globally at a departmental level this morning.

Senator BOYCE—I am sorry. I am trying to work on two committees and I do apologise if I am going over old ground.

Ms Bryant—I think that was discussed in broad terms this morning. In terms of the population health division, a number of organisational structural issues are changing at the moment, such as the movement of food and regulatory policy out of my division. I do not yet have a final budget allocation for 2008-09.

Ms Halton—She is about to.

Ms Bryant—I am about to. But I cannot—

Ms Halton—And then she is about to have the business plan and she is going to give it to me.

Senator BOYCE—A business plan to go with the budget.

Ms Bryant—When I have those final figures, I will make decisions about the places I have to deliver outcomes to within the division and the allocation of resources in line with that.

Senator BOYCE—But you will be delivering more programs with fewer staff?

Ms Bryant—We will have, I anticipate, fewer staff. We will have a significant number of election commitments to deliver. We will have a number of ongoing activities to deliver. I anticipate that there will be some activities, which are yet to be agreed by either the secretary or the minister, that we may cease doing.

Senator BOYCE—So you would expect—I think you used this term before—a zero sum game? There will be some trade-offs within the population health area?

Ms Bryant—There will be some trade-offs that are necessary to make, yes.

Senator BOYCE—And when are we likely to have a sense of what that will look like, Ms Bryant?

Ms Bryant—When I have a final budget for 2008-09 and am able to finalise things for the year.

Senator BOYCE—Which will be soon?

Ms Bryant—I anticipate that it will need to be soon.

Senator BOYCE—Can we say that by 30 June we will have a sense of what it is going to look like?

Ms Halton—I would say by early July.

Senator BOYCE—By early July. Is it possible for us to get a copy, when that happens, of what constitutes population health now and the spending in the programs?

Ms Halton—The program spending is as in the budget.

Senator BOYCE—Sorry. We just said that some things may go and others may come. I might not be using the word ‘program’ in the sense that you are. I mean the activities of program 1.3, the drugs strategy—the actual projects undertaken and the moneys attached to those once this is finalised.

Ms Halton—I guess the point is that all of the programs will be delivered. In a way, what Ms Bryant is going to is exactly what will be the administrative arrangements around those and how we will best do those things. We then have the issue about the structure of the department. As she has indicated, we have moved a couple of things out of there and put them elsewhere. So the business planning process is about timeframes and where and how these things are going to be done. But what will be done in terms of the outcomes will not change.

Senator BOYCE—Well, we have the outcomes and we have the KPIs. But how can you guarantee that when you have not quite worked out the priorities within the program area?

Ms Halton—Perhaps I can be clearer. What we are doing at the moment is working out how we can do some of our business more effectively and efficiently. An example is more video conferencing and less flying about. Ms Bryant talked about the kind of things that will have to be decided. How often will that committee meet? Will it meet sometimes by teleconference instead of a face-to-face meeting? Do we need all of these committees? Could we have one committee deal with this range of issues? It is that kind of thing she is talking about.

Ms Bryant—Do we need several subcommittees or just the prime one or whatever?

Ms Halton—That is right.

Senator BOYCE—You might advise the parliament about all this when you have it right. I am not expecting a response on that.

Ms Halton—No, you are not; just a meaningful look, Senator.

Senator BOYCE—I have a question on the drugs strategy. I do not know where else to ask it. We have received a deal of correspondence from a gentleman called Adair Donaldson, who has written to the Department of Health and Ageing and a number of other groups to explain a program that he has developed in Toowoomba and Brisbane. I have lost the actual title of it here. It is a program to discourage alcohol and drug consumption amongst young people. He has actually trialled this in a number of schools. He has sent through, and we have verified, some of the endorsements he has received from organisations such as the Brisbane Broncos, the Gold Coast Titans, the Queensland Bulls, Foster's and the Queensland Hoteliers Association.

CHAIR—That is a fine list of recommendations.

Senator BOYCE—It is. And we have only a week to go. He has put a proposal around wanting to show this to the government. He believes he can deliver this program throughout all the schools and football clubs of Australia for $10 million. He has put this to Minister Roxon and been sent a letter saying thank you but go away.

Ms Halton—I am sure it did not say that.

Senator BOYCE—I am sorry. 'Thank you for your input. We will get back to you.' He has since written to you, Minister McLucas, 10 weeks ago and has yet to have a response. Given he is talking about a program that is already developed that would cost $10 million against a program that is going to cost $53 million to get started with advertisers, it would not be too difficult to have a quick look at what he has done. That is also given the recommendations that have been made regarding this program.

Senator McLucas—I will find where that correspondence is in the flow and get back when I can. I think it is agreed right across the board from the alcohol manufacturers, those who sell it, researchers and those of us who are parents—you and I are in that boat—that we are not going to solve the issue of binge drinking or inappropriate drinking with one strategy. A range of strategies will change the drinking culture in this country. You say we could have bought a cheap off-the-shelf product for $10 million to fix it. The $53 million program, as you would be aware, has four elements. It is part of the comprehensive plan that we as a nation have to undertake to address this issue. But we are not going to solve this with one single program that will operate just in schools. It is going to have to happen on a number of fronts.

Senator BOYCE—I probably did not explain that. It is being trialled in schools. But as I understand it, this program is designed to do exactly what the $53.5 million is. Given the alleged cost and the references that Mr Donaldson has for this program, surely it is worth a look.

Ms Bryant—I will comment here. I want to make a couple of observations. Firstly, to the extent a program is designed for delivery through schools, it is very often the department of education which is responsible for decision making in relation to those programs rather than the department of health, because we tend to deliver community based programs.

Senator BOYCE—I do not know that it is just designed for schools.

Ms Bryant—The second observation I would make is that the source of money from which we could fund such things is the non-government treatment organisation grants program or similar competitively based grants programs. We have funding rounds which are publicly advertised and applicants apply. We then assess the applications, provide advice to the responsible minister and enter into appropriate funding contracts with them. The individual applications for grants are assessed on a competitive basis. We have a two-tiered structure, I think, for providing advice on those. So we have state based assessment groups who look at them first. They are assessed at a national level in terms of an equitable outcome nationally after the state processes. We have input from the likes of the Australian National Council on Drugs. The individual members of that sit on our advisory and selection structures and so on. So we seek expert input. If we had an individual proposal of that nature, and I have a vague recollection of the piece of correspondence to which you allude—I am not sure about it being 10 weeks ago, but the earlier one—we would do one of two things with it. At an appropriate point in the cycle, we would alert the person to the upcoming competitive grants rounds and tell them how and where they could make an application. They would then be assessed on their merits along with other applications. In this context, I rather suspect that what we also said is we will draw particular proposals of this sort to the attention of the Preventive Health Taskforce because it is looking at alcohol issues and innovations that are possible in that area. So that would have been our thinking, I think, on that particular issue.

Senator BOYCE—I would have appreciated it if that was the sort of advice that had been given to Mr Donaldson.

Ms Bryant—If I remember correctly, there was probably a reference in that letter to the Preventive Health Taskforce and drawing it to his attention. However, I may be misremembering that particular piece of correspondence.

Senator McLucas—Senator, one of my advisers has been in touch with Mr Donaldson and we are preparing a response to his letter.

Senator BOYCE—Can you tell me when that was?

Senator McLucas—No; but I have asked my staffer that question as well.

Senator BERNARDI—I have some general questions regarding an outbreak, as reported in the media, of tuberculosis in Queensland. Are you familiar with that?

Ms Bryant—I think that is outcome 14.

Senator BERNARDI—Outcome 14. Thank you.

Prof. Horvath—It was not remarkable. A New Guinea student was found to be tuberculosis positive. As occurred in the ACT earlier this year or late last year and at other times, Queensland Health has very appropriately gone ahead and looked at all that student's contacts. I am told—I do not have verification of this—that they are doing a very broad contact screen of some 300 people to ensure that no-one else is infected.

Senator BERNARDI—I have a few other questions on this. Would you like them now or in the appropriate outcome?

Ms Halton—Go right ahead.

Senator BERNARDI—My interest in this is intensely personal. Are the rates of identification of people who have TB rising in this country?

Prof. Horvath—I do not have the exact figures in front of me. We can formally take that on notice. But the last time I looked—about six months ago, in fact—the rates had not changed, nor had the composition within the rates changed.

Senator BERNARDI—Could you explain that comment.

Prof. Horvath—The composition of people who are immigrants versus those who are Australian born.

Senator BERNARDI—You may want to provide those figures to me on notice, unless you have them now.

Prof. Horvath—We will provide them on notice.

Senator BERNARDI—Has there been increased recognition or identification of drug resistant TB?

Prof. Horvath—We are aware of it. The numbers remain very small. The rates have not changed in this country. They have been always very, very small. In fact, I am not sure whether in the last 12 months we have had any incidences, but again I will take that on notice. I am not aware of any reports, through public health units, of drugs resistant TB in this country.

Senator BERNARDI—The number of tuberculosis cases is rather small too, it is not?

Prof. Horvath—It is very small.

Senator BERNARDI—But we want to keep it that way. It is an exclusive club. I ask that because I have been a sufferer of it myself, so I am interested in it. Where a tourist or

someone who is not a permanent resident of Australia is diagnosed in Australia with tuberculosis, can they avail themselves of the same treatment programs that residents can?

Prof. Horvath—The answer is that I do not know.

Ms Halton—It would depend, basically, on the status that they had and from which country they came. We have reciprocal health agreements with a number of countries. If they came from a country that had a reciprocal health arrangement, they would be entitled to receive treatment in the same way. Some public hospitals, if such people presented, would treat them regardless of where they came from and what the arrangement was. But that is a question for the states. Obviously, travellers often carry insurance, much as we would carry insurance. I would not go to the United States without it, for example. It would really depend on who they were and where they were from.

Senator BERNARDI—I am not trying to score any points at all; I am just interested. Someone may come to Australia from a country where there is a higher than regular level of tuberculosis—say, from Indonesia; I think it is fair to say that they have a higher tuberculosis rate—and have a clean bill of health. They get their visa or their permission to come to Australia and, when they arrive in Australia, they are diagnosed as having active TB. Do we put them on a plane and send them home, or do we treat them?

Ms Halton—It would depend on the visa status. In fact, I think a certain journalist here in Australia has written about his experience recently. He is here on a visa.

Senator BERNARDI—I had not read that, so it was not a leading question.

Ms Halton—It really depends very much on your visa status. Once upon a time, both of us would have been able to chatter through each of the visas and tell you what the arrangements were. They have long since gone from my memory, I am pleased to say. It would depend in those circumstances on what kind of visa you were here on.

Senator BERNARDI—Is it still the requirement that people have to be isolated if they have contracted what I describe as active TB or contagious TB?

Prof. Horvath—I am sure you are referring to a long time ago, when people were isolated for a year.

Senator BERNARDI—It was not that long ago, I can assure you.

Prof. Horvath—You are only isolated while—

Ms Halton—Is this a personal comment, Senator?

Senator BERNARDI—Yes, it is, actually.

Ms Halton—You were isolated for a year?

Senator BERNARDI—Not quite a year, but thereabouts.

Prof. Horvath—Certainly, when I was an intern and worked on tuberculosis wards, people were isolated for a year. But with the new drugs, until you are sputum negative—that is, you are not infectious—there is a level of isolation and a level of protection. If you go, for example, to a hospital nowadays, you may see someone with an appropriate face mask being wheeled into an X-ray department, and chances are that they have got tuberculosis or some

other relevant disease. It is all around hygiene and personal protection. But usually you can sterilise tuberculosis within days to weeks—weeks usually—rather than any longer period. Then the patient is discharged from the hospital and given appropriate supervised therapy.

Senator BERNARDI—There have been some concerns over the years that tuberculosis is on the rise around the world. Do you have any concerns that it may creep into Australia?

Prof. Horvath—No. Our border controls around tuberculosis have been very, very successful. The fact that we have significant immigration and significant travel from areas that you could describe as high tuberculosis areas and the rates really have not changed shows that our border controls around tuberculosis particularly are reasonably effective. They need to be continuously reviewed.

Ms Halton—We still do immigration screening. Again, that is a matter for Immigration. It used to be a function of this department. I hate to say, I was around in those days and I remember it. But that function was transferred to Immigration, and they still screen for tuberculosis.

Ms Bryant—If a refugee, for example, is in Africa and diagnosed with active tuberculosis, they are not allowed to travel to Australia until they have been treated. Their travel plans are delayed for a period until their active status is—

Ms Halton—Once in a while, somebody will be cleared on a first screen, when they come. Then, when someone has another look at the images, they call them back in and they would be treated here.

Ms Bryant—There are arrangements where, if someone is diagnosed with active TB and treated offshore before arriving in Australia on a residency visa of some sort, they are given a recall to visit a local health service to ensure that their tuberculosis has not reactivated after their arrival.

Senator BERNARDI—Does this department have any engagement in the screening processes? It is a matter for Customs, as you said, and Immigration.

Ms Halton—It is Immigration.

Senator BERNARDI—But do you have an input into the process of identifying people that may suffer from tuberculosis?

Ms Halton—Not at the individual level.

Senator BERNARDI—No, the broad screening process.

Ms Halton—We have a regular dialogue with them about a range of health issues. Sometimes they come to us for advice. Sometimes they will say they want to do things a particular way and they want to know what we think about them. They actually have medical officers who are prescribed under their legislation who are their responsibility. When it comes to, for example, the protocols they have in place with the states, there is a kind of three-way triangle in terms of who they talk to and who we talk to.

Senator BERNARDI—Thank you for that. I appreciate it.

Senator COLBECK—I want to go to some questions in relation to the $53 million strategy on alcohol. My understanding is that some advertisements were effectively

completed when the election was called that were part of a drinking strategy that was in place to start in March this year. I want to know what happened to those advertisements. Are they part of the new strategy?

Ms Van Veen—There was a tender process that was initiated under the National Safe Use of Alcohol campaign. That was put on hold in keeping with caretaker provisions. That process was not completed with caretaker. We have not completed that process and we are now looking at, I suppose, a campaign to address binge drinking. We have not appointed an agency. So ads were not completed.

Senator COLBECK—So how much had been expended on the process when you put the tender process on hold?

Ms Van Veen—It would have been very minimal in terms of pitch fees to advertising agencies.

Senator COLBECK—Can you repeat that.

Ms Van Veen—It would have been very minimal in terms of costs paid to advertising agencies for what is called a pitch fee—their proposals. Generally that is about $5,000. I would just need to check whether I have that figure with me.

Senator COLBECK—If you would, thanks.

Ms Van Veen—I do not have it with me.

Senator COLBECK—Can you take on notice how much had been expended on that process for that particular campaign up to the time you put it on hold. Obviously no advertisements were made. Do you have a breakdown of the amounts that you are anticipating to spend on the new program via different forms of media? So how much are you going to spend on television, how much you are going to spend on radio, newspapers et cetera?

Ms Bryant—Are you asking, Senator, about the—

Senator COLBECK—The $53 million program.

Ms Bryant—The new program under the binge-drinking strategy?

Ms Van Veen—Not at this stage. Given that is a new announcement and the focus is on youth, we have generated a draft social marketing strategy that the minister is considering. So at this stage we would not expect to actually have all of the media breakdowns for the different media channels. It is a bit early in terms of the developmental process.

Senator COLBECK—So those things are fluid depending on how the marketing information comes back?

Ms Van Veen—Correct.

Senator COLBECK—So what sort of time frame are we looking at in respect of that program? When will we start putting some rubber on the road, so to speak?

Ms Van Veen—A date has not been set for a campaign launch. Certainly we would expect to be developing it with a view to it appearing in this calendar year. But a date has not been set at this stage.

Senator COLBECK—So in effect, to a certain extent, we are dependent on the development of the strategy and the acceptance and approval of the strategy by the minister before we start seeing some stuff more publicly?

Ms Van Veen—Yes.

Senator COLBECK—I will move on from that to—

CHAIR—Does anyone else have anything on that issue? Does anybody else have questions on the issue of the alcohol strategy? No.

Senator COLBECK—I want to talk about the advertising information campaigns alerting the community to links between illicit drugs and mental illness. That is a cancellation under the budget that will save $9.7 million of a $21.6 million program. What is the rationale behind the cancellation of that program?

Ms Bryant—Market research that we undertook in 2006-07 found that there was in fact already in the community a high degree of acceptance of the association between the use of illicit drugs and mental health problems. Further, it was also commonly believed and accepted, even among those with mental health problems who claim to be taking drugs, that drugs could exacerbate their condition. So there was in fact already a good level of understanding in the community. There were some risks identified in the market research we did for the potential campaign about the association between drug use and mental health conditions. They were about stigmatising those who perhaps have a genuine mental health condition and do not use drugs. There was a risk of stigmatising people and inadvertently drawing an association to drug use in the reverse direction. Consequently, the government formed the view that the resources were better redirected elsewhere.

Senator COLBECK—So what was the basis of the research and the demographic of the research that informed that decision?

Ms Van Veen—Formative research was conducted amongst teenagers and young adults aged 15 to 24. Actually, this research is available on the department's website. It was adults aged 25 to 39 and parents of 15- to 24-year-olds. So it covered a wide range of ages. People from non-English-speaking backgrounds and some Indigenous populations were covered. It looked at a range of attitudes and perceptions around the use of drugs and mental health. I do not have the detail of that with me, but that was published on the department's website and is available.

Senator COLBECK—Does the research ask how people came to the level of understanding that they had?

Ms Van Veen—How it came to the level?

Senator COLBECK—How people came to have the level of understanding that they had about the link between illicit drugs and mental illness? I think you have quite fairly said to me that there was a relatively high understanding. But how did they come to that understanding? Did they get that understanding because of programs being conducted? You have a program in place that is actually working. The research shows that it is working. If you take it away, does that understanding fall away and the risks increase? Did the research ask that question of how they found out?

Ms Van Veen—As that research was done a while back, I would have to look at the specific questions within it. It would be listed within the market research report that was published. It should have all of the questions contained in the methodology.

Ms Bryant—I will add a point. There is a range of other activities that we undertake in relation to prevention, education, treatment and so on that is ongoing. Part of its purpose is to raise awareness. So those activities will be ongoing. An example is the cannabis prevention centre. Part of its job is to raise awareness of the link between cannabis use and issues of mental health. So that centre continues to exist and do work in raising awareness about those links. So there is ongoing work that will continue to keep that issue in front of mind.

Senator COLBECK—So what you are saying is that in a whole-of-agency sense a range of things are having an impact and therefore this program was not seen to be necessary given the other things occurring?

Ms Bryant—Correct.

Senator COLBECK—Thanks. I want to go to the cancellation of the illicit drugs in sport advertising and information campaign. Given the focus that the government has put on particularly major sporting codes and the perception of the role that sporting stars play, what is the rationale for that program being removed?

Ms Bryant—I think that is in fact one that we would probably come to under outcome 15. To my knowledge, there was not a campaign around illicit drugs in sport. The former government had an initiative which centred around a proposal for testing out of competition and I think a range of associated education activities. But I am not aware of a campaign per se being part of those activities.

Senator COLBECK—I might seek some information on that and come back to that later in the evening or when we get to sport.

Ms Bryant—Yes.

Senator COLBECK—I will look at that.

Ms Bryant—And I will check my facts as well.

Senator COLBECK—The budget papers show a funding cut of $2 million for the national psychostimulant initiative. Again, it is delivering small programs with the united aim of reducing drugs such as ice, speed and ecstasy. It is particularly distributing information about the harm of drugs through target groups. Can you enlighten us as to the rationale behind that?

Ms Bryant—Senator, the savings measure, I think, was $4 million across two years—$2 million in each of 2008-09 and 2009-2010. I would point out there is a further $7.3 million available beyond 2009-10. So activities continue to be funded into the future. In addition to the funding that remains in the program, the government considered that a strong primary prevention focus could be captured through the new budget measure on illicit drug use targeting young people who use methamphetamines. So they are actively tackling psychostimulant use and so on through their own budget initiatives. The psychostimulants initiatives is not related to service delivery or anything of that sort. It funds individual pieces of research and activity. We still have a capacity to fund pieces of activity into the future. Some examples of the sort of things it has funded in the past is the From Go to Whoa training

program for the drug and alcohol workforce and funding for the development of some practical guides on treating users and so on. That sort of relatively limited scale activity can continue to be funded from remaining funds in the program.

Senator COLBECK—So you cannot tell me what specific measures might be dropped as part of the change in the budget?

Ms Bryant—No. They are determined from time to time. So we are not dropping anything that there was a commitment to fund. It might mean that ultimately there is one less research project or a smaller guide—we do one guide this year and one guide next year, or something of that nature. But there is no existing activity that we are ceasing as a consequence of the saving.

Senator SIEWERT—I missed this when we were doing alcohol because I thought we were just talking about the strategy rather than general alcohol issues, so I apologise for going back. I am aware that earlier when we were all asking questions we were told that we were just asking from the report that is available. But I was told to ask population health this question, so I am going to ask it. What about the long-term research? If you recall this morning, the institute has only done surveys since the year 2000 and I was asking about data from the 1980s and 1990s and what the long-term trends had been.

Ms Hart—I want to make the picture clear. The AIHW spoke this morning about the National Drug Strategy household survey. That has been conducted but with much smaller sample sizes since 1985. It is done every three years. I understand that for the period from 1985 to 1993 the department managed the surveys themselves and that from 1995 onwards the Institute of Health and Welfare conducted those surveys. In terms of the longer term trends, we have a 16-year snapshot or history that is published with the addition of each new three-yearly survey. There is a time series published. The first results are on page 18. There is a high-level snapshot of alcohol drinking status which covers the 16 years from the 1991 survey through to the most recently conducted survey, in 2007. With regard to the two previous surveys—1985 and 1988—there is not a direct comparison that we can make with those because the way the data was collected was broken down into the numbers of drinks. It is not directly comparable. But, as I say, the table there does give the sort of 16-year historic trends for the household survey data.

Senator SIEWERT—If the information is not comparable, it is difficult to draw conclusions about what the long-term trend has been, and as it relates to now, because we are measuring it differently?

Ms Hart—We are able to look at that 16-year period, which is quite a considerable period of time to look at trends. We are able to look at daily, weekly and less than weekly drinking and the number of extra drinkers and the number of abstainers. So I think that does give us a good trend line to base some of our conclusions on. But you are right; it does not allow us to go back and directly compare with trends in the 1980s.

Senator SIEWERT—In relation to the current level of consumption, as I understand it, there has not been necessarily a spike in risky behaviour. We talked about that this morning. Where is the current level of consumption at historically? Is it considered high now? Has it peaked? Has it dropped back down? Is it gradually coming down?

Ms Hart—The 16-year trend indicates that there has been a largely unchanged pattern. There is some fluctuation that is observable from the table across that 16-year period. I am looking at a daily drinking rate, if I take 1991, of 10.2 per cent, which fluctuates then around the eight per cent mark and in 2007 is 8.1 per cent. The weekly drinking rate has fluctuated from 1991 at 41 per cent, dropping down to the lowest point, of 35.2 per cent in 1995, and then, in 2007, the latest result is around 41.3 per cent. So that is, for the total population aged 14 years and over, a fairly stable trend.

Senator SIEWERT—If I then want to translate that into alcohol related harm—for example, the stats on hospitalisation and those sorts of issues—has there been any significant increase in those long-term trends of alcohol related harm?

Ms Hart—I may need to check with my colleagues. The latest information published on the social costs that are attributable to alcohol are for 2004-05. Prior to that, the last time that a costs survey of this nature was done was in 1998-99. If you are looking for trend data, I would probably need to take that on notice and see whether or not we have sufficient data for a trend about alcohol related harms.

Senator SIEWERT—That would be much appreciated if you could.

Ms Bryant—The most recent social costs study did show a significant increase in the social cost of alcohol. One of the issues that we are uncertain about is there were a whole raft of new factors which the researchers took into account in the most recent study but they did not take into account in the 1998-99 work. Consequently, the two figures are not directly comparable. My recollection is things like hospitalisations were some of the new data items included for the first time on this occasion. Consequently, it is difficult to make a comparison across the two points in time.

Senator SIEWERT—When is the next data for alcohol related harm likely to be available? The 2004-05 data will be three years ago. When is the next lot of data likely to be available? I am looking for trends but also so we can compare like with like.

Ms Hart—We do not have one planned at this stage. I guess your point is getting to the time lag of the data. Some of that is driven by the availability of some of the hospital and medical data and some lags around that and the analysis that is required. We do not at this stage have a new report planned, but obviously it is an important area under the alcohol strategy. We would intend to do a regular report on alcohol related harms from time to time. It relates to 2004-05 data and was only completed last year and released this year. Quite a considerable amount of analysis goes into producing a report that is reliable.

Senator SIEWERT—I appreciate that. I appreciate that it has only just come out.

Ms Bryant—There is four to five years between surveys of this sort. The next one would quite possibly be looking at 2008-09 or 2009-10 data, if in fact a further study of this nature were funded.

CHAIR—I am required to break for 10 minutes. I want to get a sense of where we are with questions. I know Senator Stott Despoja has some questions. I will ask Senator Allison whether she has some questions on population health in general.

Senator COLBECK—I have a couple more questions on the current topic and then some on another program. There are not too many. I am trying to be good.

CHAIR—We will take a break—I think it is important to give people that chance—and then we will go back to population health as well.

Proceedings suspended from 4.00 pm to 4.17 pm

CHAIR—We will now reconvene. I call Senator Stott Despoja.

Senator STOTT DESPOJA—Thank you, Chair. My questions, probably unsurprisingly, relate to pregnancy counselling services and in particular the pregnancy counselling help line. Could the department could provide the committee with an update on how many calls the help line has received, given that it has had its first year of operation.?

Ms Bryant—We can certainly do that for you. The total number of calls to the help line from May 2007 to April 2008 inclusive is 3,794. I can give you the break down month by month.

Senator STOTT DESPOJA—That would be great.

Ms Bryant—May 2007, 123; June 147; July 296; August 540; September 291; October 465; November 376; December 291; January 336; February 285;March 334; and, April 310.

Senator STOTT DESPOJA—A few fluctuations but fairly consistent numbers. How does this compare with the expectations? Is it average what you expected, or did you have—?

Ms Bryant—Senator, I think there basically was not a service of this sort available before the help line. Consequently, I think we did not have any firm expectations. We costed a range of options but did not, at the end of the day, know exactly where this would come out until we had some experience with it.

Senator STOTT DESPOJA—What is the average cost per call? Not just the cost, but I am curious as to the average time spent on each call, please.

Ms Bryant—The average cost of calls based on the fee we pay McKesson is $205.64. For the duration of calls, do we have that data here?

Ms Koukari—Yes we do. There are some calls that are seeking just information about the health line and the services that it provides, and they take three to four minutes. Most of the counselling calls are between 30 and 40 minutes in duration.

Senator STOTT DESPOJA—Ms Koukari, the three to four minute calls you were saying relate to people just inquiring about the type of service. Was there another time frame or another duration?

Ms Koukari—Yes—30 to 40 minutes for actual counselling calls.

Senator STOTT DESPOJA—Do you have information as to the number of callers who ring back for subsequent consultations or information?

Ms Koukari—Not really because, unless they identify themselves, we cannot tell whether they have called back on more than one occasion. They tend not to identify themselves so we cannot really tell. We do know that typically with this type of service people might ring a couple of times before they actually move into a counselling course.

Senator STOTT DESPOJA—Yes, that is what I was curious about. Do you have figures or information as to how many people do choose to identify themselves?

Ms Koukari—Not at this stage, no.

Senator STOTT DESPOJA—What is happening with the proposed review of the help line? You made clear in response to February estimates questions that an evaluation of the help line is planned to take place after the first 12 months of its operation. I know that the proposed review was to be open to a tender process. Where are we with that?

Ms Koukari—We had a meeting of the expert advisory committee on pregnancy counselling in February to talk about terms of reference. I am currently finalising refining those terms of reference, finalising a statement of requirements and making plans for the evaluation. McKesson is also putting in place some specific software to assist in the identification of the purpose for each of the calls.

Senator STOTT DESPOJA—What time frame are we looking at, when will that be finalised?

Ms Koukari—We do not know at this stage.

Senator STOTT DESPOJA—What is the time frame anticipated for the conduct of the review?

Ms Koukari—To be honest, it really depends on the outcomes of the tender process because one of the things that we need to assess through that process is the methodology that people evaluating the help line want to take.

Senator STOTT DESPOJA—I suppose if you are still finalising that process there is no point in exploring some of the issues that may be examined. Have there been any discussions or any meetings to consider the continuation of the help line. Is it government policy that the help line will continue and if so in its current form?

Senator McLucas—Not that I am aware of, but the officials might be able to give you a more informative answer.

Ms Bryant—Senator, I am only aware of media reports and comments made by Minister Roxon in the press that she supported the help line and had no proposals to alter it. That was quite early in the term of the government.

Senator STOTT DESPOJA—That is going back a while. I recall some media articles; in fact I will double check that but I was not sure if she was supporting it or whether it was more a neutral comment.

Ms Bryant—Yes, she had no plans in respect of altering them, but they are the only indications of view of which I am aware.

Senator STOTT DESPOJA—Clearly, there have been no subsequent discussions internally as to what might happen?

Ms Halton—No

Ms Bryant—I think that would depend very much on the outcomes of the review.

Senator STOTT DESPOJA—There are no changes in terms of budgeting, not any of which I am aware? Originally it was a four-year funding process, and that has not been changed, certainly from what I can see?

Ms Bryant—There has been no change to that, no.

Senator STOTT DESPOJA—Following on from some estimates questions I asked in February, you provided a break down of the demographics of the callers where the age is actually recorded. I have the original answers here. I am wondering what percentage of callers disclose their age. Are you able to provide that now or take that on notice?

Ms Koukari—We cannot calculate the proportion of people who have disclosed their age on the information that we have available to us.

Senator STOTT DESPOJA—Are callers asked their age?

Ms Koukari—No, they are not required to disclose their age.

Senator STOTT DESPOJA—They are not required to disclose it but are they asked their age? Whether or not they disclose it does not necessarily indicate whether or not they are asked the question.

Ms Koukari—During the course of the counselling session, if it seems useful for the counsellor to have that information, they may request the age of the caller.

Senator STOTT DESPOJA—I am wondering if they were asked and how that took place, whether it was during the conversation, at the beginning, after or as a general survey question. The age break downs I found interesting. As you would be aware, but for the benefit of the committee, they are done in blocks. For example, zero to 17 years, 11.5 per cent; 18 to 24 years, 30.5 per cent; 25 to 29 years, 18.4 per cent; 30 to 39 years, 30.4 per cent; 40 to 49 years, 7.4 per cent; 50 to 59 years, 1.3 per cent; 60 to 69 years, 0.5 per cent. They are the results you provided me last time. What is the rationale for those particular age groups because they are not necessarily the usual categories that would be used. Maybe I am just thinking about age break downs for opinion polls—that was a joke, by the way.

Ms Koukari—That is how McKesson provide them to us in their quarterly reports.

Senator STOTT DESPOJA—We do not know why they choose those particular age groups? The information is provided or done by McKesson, not by the department. You explained that the age of the caller might be considered relevant during a conversation, but for what purpose—not just age but also the sex of the caller; for what reason is that recorded?

Ms Koukari—Senator, not being a counsellor—

Senator STOTT DESPOJA—That information is available to the department because you have that information as to the age break down. For what purpose does the department have that information, not just in relation to the councillors?

Ms Bryant—In terms of the sex of the caller and the age, for evaluation purposes we were broadly interested in the use of the help line so whether it was the parents of a young girl calling or whether it was a concerned older family member or whether it was predominantly women themselves. Both the age and gender spread of the data is relevant to assessing the demographic of users of the health line.

Senator STOTT DESPOJA—Again, the location of the caller, why is that recorded? Is that part of that demographic make up that you are interested in?

Ms Bryant—Yes, whether it is predominantly rural callers or predominantly metropolitan callers. Whose need is it servicing will ultimately be a question of interest in evaluating the use of the help line.

Senator STOTT DESPOJA—Given that the help line does not provide referrals, what purpose does knowing where someone lives serve for the department or indeed for the counsellors? I can see there is one argument as to why but I am curious as to the purpose in terms of improving the service, or the like. It does not necessarily add up when you are not making references or referrals available for a particular service in a city, region, or remote rural area.

Ms Koukari—Part of it too is looking at the targeting of communication activity because we are looking at moving into a second phase of a communications strategy.

Senator STOTT DESPOJA—Does that mean advertising and other ways of informing people about the help line?

Ms Koukari—That is right, low level advertising in the same way that we had conducted in that first round of communications. That information is quite useful in determining whether we are actually targeting the population appropriately and whether we are getting calls from a cross section of the population. We want to make sure that nobody is missing out on information that could assist them in being able to access services.

Senator STOTT DESPOJA—The second phase, does that suggest you are willing to consider changes to the communication strategy?

Ms Bryant—Senator, I think that would be best put to the government, to the minister. We have not put any proposals to her to explicitly change the strategy in any way so she has not had the opportunity to consider that issue at all.

Senator STOTT DESPOJA—Perhaps the parliamentary secretary could consider this issue or perhaps pass on to the minister as to whether or not you are considering any changes in the advertising or the communication strategy involving the help line. In particular, whether or not the government is prepared to consider what some of us would consider a more transparent advertising campaign when it comes to pregnancy counselling services, and that is, at least a listing or an explanation on the advertising as to what services are and are not provided by the help line. I am not sure if you are aware of any consideration by the government to adopt a more transparent advertising process when it comes to the services provided by the help line?

Senator McLucas—Not that I am aware of. If there is any further information we can provide you we will certainly come back to the committee with it.

Senator STOTT DESPOJA—Thank you. I have a couple more questions on the issue of the funding of other organisations that provide pregnancy counselling services. Ms Bryant, I do not know if you are the best person to outline this for me, but I am just wondering what funding is provided in the 2008-09 budget for pregnancy counselling organisations. I am aware of the 2007-08 funding for pregnancy counselling organisations. The funding for the

Australian Federation of Pregnancy Support Services, which we all know now trades as Pregnancy Help Australia—I know that we have covered this in previous estimates—is $314,287; for the Australian Episcopal Conference of the Roman Catholic Church, $976,978; for the Multicultural Centre for Women's Health, $121,074; for Sexual Health and Family Planning Australia, $106,504; Carolyn Chisholm Society, $52,020; and the Foundation for Human Development was $52,020. Can you provide an update on funding that is available currently for pregnancy counselling organisations in Australia?

Ms Koukari—No funding is provided for services to provide pregnancy counselling outside of the pregnancy help line. The funding we provide to those organisations is not for counselling services.

Senator STOTT DESPOJA—There is ongoing funding to those particular organisations to which I referred?

Ms Koukari—There is, but not for pregnancy counselling.

Senator STOTT DESPOJA—Is the Australian Federation of Pregnancy Support Services still being funded?

Ms Koukari—It is but for practical pregnancy support and early parenting support services, including training of their affiliated organisations in providing that level of support to their clients.

Ms Bryant—I would just like to clarify that the funding to these organisations is a discretionary grant approved from time to time. The funding for all of these organisations presently expires on 30 June 2008. The minister has not made decisions in respect of their 2008-09 funding.

Senator STOTT DESPOJA—That was my question. I was referring to the funding for the 2007-08, so no decisions have been made?

Ms Bryant—No decision has been made in respect of funding to those individual organisations for 2008-09.

Senator STOTT DESPOJA—It is too early to say that Pregnancy Help Australia, for example, will not be receiving funds. Am I right in thinking that we were waiting on information about some constitutional changes last time we spoke; they were going to provide an updated—

Ms Bryant—They were undergoing some internal restructuring and changes to its constitution and role.

Senator STOTT DESPOJA—Have you had any more information from PHA about changes to their organisation?

Ms Koukari—We have had advice on their restructure and the way that they are now operating.

Ms Bryant—Their senior executives and so on.

Ms Koukari—That is right, the CEOs and appointments that they have made during this funding period.

Senator STOTT DESPOJA—Given that the 07-08 funds are the ones that are obviously due to run out at the end of this month, how long normally are those grants or contracts for, are they for a financial year?

Ms Koukari—They are usually for a three-year period.

Senator STOTT DESPOJA—In terms of the purpose for which those organisations would be funded in the future, is the advent of the help line the reason why these organisations are not being funded to provide pregnancy counselling specifically, but provide generally pregnancy support or other services? The government cannot rule out organisations like Pregnancy Health Australia continuing to receive funds in the next financial year?

Ms Bryant—It is not a question we have put to them at this point.

Senator STOTT DESPOJA—I would be very curious to see any break down in funding arrangements for these organisations to which I referred. I do not know if there is further break down available; presumably it is a one-off grant for the three-year period. Does the department have any further information as to how that money was directed or spent for 07-08 or is that something we will find out after the financial year?

Ms Bryant—We would have to look at what we get in our funding contracts with them by way of performance reporting. That detail is not in my head, but we could certainly look at the contracts for you.

Senator STOTT DESPOJA—Obviously it is not in mine either. I was just trying to recall if we had received break downs before.

Ms Koukari—We certainly have provided to senators all of the contracts and all of the performance reports that they have provided against those contracts in the past.

Senator STOTT DESPOJA—I am aware that you have done that previously and I thank you for that. I was not meaning to be difficult. My initial concern was whether or not there had been decisions made about those organisations. This was particularly in light of the fact that I did get the impression in recent previous estimates that, given the help line and that particular funding arrangement, organisations like PHA in particular would not receive funding. I get the impression that they do not get funding to provide pregnancy counselling. However, they are still theoretically eligible to get funding in the future. Senator McLucas, perhaps you could take that up with the minister or provide information on notice as some of these decisions are made. I am very curious to know whether those organisations are still eligible for funds, let alone whether or not they will receive them.

Ms Bryant—In the course of the last funding agreement with Pregnancy Help Australia, upon the advent of the pregnancy help line, we restructured our funding contract with them to require them not to provide pregnancy counselling services and to orient towards early parenting support and so on. We had already done that phase. In terms of whether an organisation is eligible, I think the answer is that they are always eligible because these are in the nature of discretionary grants.

Senator STOTT DESPOJA—Thank you very much for that. I think that is probably my last hurrah.

Senator BOYCE—Going back to the pregnancy counselling service, the help line, are you aware whether women who contact that service have had a diagnosis of an abnormality of any sort with the foetus?

Ms Koukari—Only if they disclose that information.

Senator BOYCE—What I mean by 'are you aware' is do you keep that sort of data, do you know the purpose of the call?

Ms Koukari—While it is not one of the things that we get regular reports on, it would be one of the things that McKesson would keep in the record for each individual person as they ring in. Because all the calls are recorded, there is that record as well

Ms Bryant—Those are records held by the service provider as part of their counselling records. We would have to check for you whether, for the purpose of the evaluation, we could get de-identified aggregated data that said a person called because they were concerned about an abnormality. We have no data on that that I could offer you at this point, but we would have to explore whether it was even a possibility.

Senator BOYCE—I would be pleased if you would. Thank you.

Senator HUMPHRIES—Can I ask about the training that McKesson does with the counsellors that they employ. I understand they produce a manual which they use to provide training to the counsellors.

Ms Koukari—No, that is not quite the case. The pregnancy help line training package was developed by Family Planning Western Australia. It was the outcome of a separate tender process. They developed the training manual which was approved by the pregnancy help line expert advisory committee and that is the basis for the training for the counsellors. The counsellors are also trained counsellors in the first instance. They have counselling training and then they go though through the Family Planning Western Australia training modules.

Senator HUMPHRIES—That committee you mentioned, is it called the help line advisory committee?

Ms Koukari—Yes.

Senator HUMPHRIES—Is that still in existence or was that only—

Ms Koukari—Yes, it is assisting in the review of the help line.

Ms Bryant—I think we have previously tabled the membership of that, but we could certainly provide it again.

Senator HUMPHRIES—Can we see a copy of the manual that was produced by Family Planning Western Australia?

Ms Bryant—We have previously released that as well, but certainly we can do that.

Senator HUMPHRIES—Okay, sorry. If it is already in the system, I do not need to see it again; I will simply answer it. Thank you.

CHAIR—Are there any other questions on this topic? No? Thank you, Senator Stott Despoja. We may not see you again at this committee.

Senator STOTT DESPOJA—No. Do not look too happy about that, please!

Senator McLucas—I do think it is important that we note the contribution that Senator Stott Despoja has made to this committee on a number of issues and more broadly. When I saw you walking out I felt a bit hollow and that we needed to mark this event. You have pursued a number of issues on behalf of women in particular through this committee and I think we should mark this and acknowledge that contribution that you have made. Thank you.

Ms Halton—On behalf of the department, can I echo that. When senators have departed in the past I have made an absolute fool of them and myself by presenting them with various things that are appropriate to their interests, such as cookbooks, whistles and assorted other things. I cannot think of anything to give Senator Stott Despoja, given her various interests. If we can think of anything, we will do it.

Senator STOTT DESPOJA—That is very kind. Thank you.

Senator ADAMS—I have some follow up questions on bowel screening. Could I have an update from the last estimates as to where we are going with the program? I do note the extra funding that has been put into bowel screening, which I think is very good.

Ms Bryant—Senator, perhaps we can do two things. We could table for the committee the latest data as at 30 April 2008. Secondly, I could give you some highlights from that and we could provide a copy. There have been 918,398 invitations sent. Around 367,491 people have chosen to participate and return the test, which is a crude participation rate of 40 per cent. When I say 'crude participation', it generally underestimates the true proportion of people who participate in the program because at any point in time there is a bit of a lag in people returning kits and those sorts of things. So, 27,188 participants have returned a positive FOBT, which is a positivity rate of 7.8 per cent, which I think is around where it sat last time. So it is holding fairly steady.

Senator ADAMS—I think you got 7.5 per cent last time.

Ms Bryant—Yes, it is 7.8 per cent. So it is holding fairly constant across the population. Those are the figures for participation in the program. Currently, as you acknowledge, there was a budget decision to extend or continue the program because funding did terminate on 30 June 2008; that has now continued for a further three-year program. The program will offer testing to people turning 50, 55 or 65 years of age between 2008 and 2010. We expect about 2.5 million people will receive an invitation to participate in the program over that time.

Senator ADAMS—Thank you. I will just ask my question about the waiting list for people who have been diagnosed and regarding further investigation. Last time, you said that you had to get the data from Medicare Australia and the Australian Institute of Health and Welfare and you were going to get that in the next two weeks. Did you actually get that?

Ms Koukari—Yes, we have that information. The average length of time between identifying a positive FOBT—so having the result—and having a colonoscopy is currently 57 days. That does not take into account the time taken for someone to go and see the GP and get the referral. The average waiting time from the time they get the positive test to the time they have the colonoscopy is 57 days.

Senator ADAMS—Which states are the worst? Have you got it state by state?

Ms Koukari—No.

Senator ADAMS—Would you be able to get that?

Ms Bryant—We can get that on notice for you. I would point out to you that a number of states and territories have now instituted a maximum 30-day waiting period from the identification of a positive result to colonoscopies. Part of the next round of the program is to identify quality standards and move to articulate good practice in that way jointly with the states and territories.

Ms Koukari—That is to support pathway coordination so that the states and territories can support people with a positive result to move through clinical stages to the point of diagnosis.

Senator ADAMS—That is very important. I have had a number of people come to me complaining, so this is why I am keeping on with this particular program. I think it is very beneficial. Right, now where do we go? I will now change over to breast screening because I think that is you as well. I know there is an evaluation of the BreastScreen Australia program underway and I am just wondering if you can update me on where that is at and if you have got an interim report.

Ms Bryant—The evaluation is in train, as you have identified. There is not an interim report per se, but the evaluation comprises a number of individual research projects, looking at a range of issues such as mortality, patient experience and so on with breast screening. There are a number of those projects that have so far reported and a number that are yet to report.

Ms Koukari—There is a full description of each of the projects and the stage that it is up to on the department's cancer screening website, which is www.cancerscreening.gov.au. That has a list of where each project is up to.

Senator ADAMS—I will have a look at that. Is digital mammography included in the screening process? Are they looking at that issue?

Ms Koukari—One of the things that they are looking at is the infrastructure and capacity of BreastScreen Australia to maintain participation in screening and to indeed increase participation in screening. One of the things that they are looking at is the response to new technology such as digital imaging, how that could fit into the program and what are some ways of doing that to make it effective, not only at a state level but also nationally.

Senator ADAMS—Regarding the screening of younger women and the number of younger women that are being diagnosed, and of course the media that accompanies that, a lot of people have been saying that they are under the age but they want to go and have a mammogram and it is not available.

Ms Koukari—One of the projects is looking at reviewing BreastScreen Australia's policies, and one of those policies is the age range. We are looking both at younger women and women over 69 years of age and the way it would be most appropriate for the program to respond to those women based on current evidence.

Senator ADAMS—The current evidence for the older cohort—do you have any stats on that at the moment?

Ms Koukari—Not on hand. The Australian Institute of Health and Welfare is going to be releasing a publication later this week on the monitoring of BreastScreen Australia data, and

that will include information on the number of women over 69 years of age who attend for screening through BreastScreen Australia.

Senator ADAMS—Because people are aging and women are living a lot longer and are a lot fitter, of course they feel they have been cast out. This is despite the fact that they are able to go and have a screening mammogram if they go themselves. The fact is they do not get a letter, and at that age, of course, some of them do not remember. I think it is fairly important.

Ms Bryant—The issues about screening the older age groups and those about screening younger women are slightly different though. As you say, there is an age related incidence; people are living longer and there are issues to be examined there. For younger women, it is a case of the extent to which you do general population screening as opposed to targeting them on the basis of their known risk from familial history or whatever else. We have to look at the scientific evidence around which is the better and more appropriate course in that case.

Senator ADAMS—That was the reason I was asking about the digital mammography.

Ms Koukari—One of the things that the policy review project has done is consultation with consumers on their expectations of the screening program because we need to know what that community expectation is too.

Senator ADAMS—That is very good because we have got a very good consumer reference group in Western Australia of which I am still a member. I am sitting outside it but I do get their minutes and that is the way I keep up with what the consumers are looking at.

Ms Bryant—We do have the consumer health forum represented on the BreastScreen Australia evaluation advisory committee—the steering committee.

Senator SIEWERT—I want to ask you one more question that I forgot to ask on alcohol. I did flag this before and then I got sidetracked.

CHAIR—On telephone counselling?

Senator BOYCE—It is on telephone counselling, yes

CHAIR—On telephone counselling generally or the pregnancy telephone?

Senator BOYCE—No, it is related to telephone counselling of couples who have experienced miscarriage or stillbirth. Is that you, Ms Bryant?

Ms Bryant—I think that that one is probably most appropriate for you to ask under mental health.

Senator BOYCE—Okay.

CHAIR—That is tomorrow.

Senator BOYCE—I have to remember to do that.

CHAIR—Make a mental note to yourself, Senator.

Senator BOYCE—I hope my staff are watching.

CHAIR—Senator Siewert?

Senator SIEWERT—If you recall, this morning when the institute was here I also asked about monitoring the sales of alcohol following the implementation of the new tax, and I was

told to ask the department. I am just wondering what process is being undertaken to actually follow up on that, both in the short term and the longer term?

Ms Hart—The process that will pick up the results of the increased tax on the RTD or premix products has not been determined as yet; we are still working on that. We are in the process, though, of designing an evaluation for all components of the binge drinking strategy and also the increase in excise. We want to have something comprehensive—and obviously tax increases are only one price lever to tackle consumption rates and harm. We are in the process of devising an evaluation strategy that would look at all the elements that the Commonwealth is considering as part of the strategy and broader activities under the National Alcohol Strategy.

Senator SIEWERT—Some of the responses we are seeing in the media at the moment are purely based on industry sales figures that they are publishing. Is that a correct analysis?

Ms Hart—That is correct. The media reports you see are largely based on ACNielsen ScanTrack data and some industry data. The department does not hold information about wholesale or retail sales of alcohol products.

Senator SIEWERT—You do not collect that information?

Ms Hart—No, we do not.

Senator ALLISON—I am not sure if this is the right place to ask about the elective surgery waiting list reduction plan. Wrong place?

CHAIR—Could I then go to the TGA, which I do understand is part of this.

Senator COLBECK—Before we go to that, there is one more general question. I just want to ask about the Stephanie Alexander Kitchen Garden program. You have announced a pilot program to be run in 190 primary schools. Have you selected the schools that the program will be run in?

Ms Bryant—No we have not, Senator.

Senator COLBECK—What will be the process to select those schools? Will it be by expression of interest or will there be a selection process based on targeted demographics or—

Ms Bryant—The schools that will be eligible for the program are government primary schools, because the program requires teaching staff and support from state and territory governments for the availability of the teaching staff. There are selection criteria for choosing the schools. They are a modified form, if you like, of the selection criteria that the Stephanie Alexander foundation has so far deployed in the program that currently operates in Victoria. The program will be advertised and expressions of interest sought. It will be advertised on our website and through school type communication avenues and so on to reach the eligible government school sector.

Senator COLBECK—On what basis do you say that only government schools would have the teachers and other people needed to run the program?

Ms Bryant—I did not say that only those schools would have that. The government has determined that only government primary schools will be eligible because it can directly

approach state and territory partners in relation to contributing to the program, and it is only a pilot at this stage.

Senator COLBECK—What is wrong with a non-government school coming to the table with its own range of partners to participate in the program? What is the problem with that?

Ms Bryant—The program operates on a very specific set of parameters. The Stephanie Alexander foundation, given its experience to date in Victoria, is quite specific in what it considers is necessary to operate the program to a high degree of integrity and a high standard and to deliver good quality results in terms of both the horticultural aspects of the program and the nutritional and eating dimensions in the kitchen.

Senator COLBECK—Does the current program that is being run by the foundation only run in government schools?

Ms Bryant—In Victoria—that is my understanding, yes.

Senator COLBECK—Only in government schools.

Ms Bryant—We will double-check that but I am not aware of any non-government school in Victoria that receives funding.

Ms Halton—We will correct it if it is wrong.

Senator COLBECK—I am sure you will, thank you. There is a $60,000 grant available to participating schools. Is that up to $60,000 or is it $60,000?

Ms Bryant—It is up to $60,000. For example, there are schools around the country currently that may choose to express interest in this program that may have a part resource in the form of a garden already available because that is part of the curriculum activities that are in place in that state or that school. In that case, you would not necessarily expect them to receive the full $60,000 grant. It is an 'up to' figure.

Senator ALLISON—Can I ask what the $60,000 pays for?

Ms Bryant—In the main it pays for infrastructure costs associated with building the gardens themselves—because they have to have a minimum plot size to have the capacity to grow a range of produce—and the kitchen facilities, which are structured as a set of modules within the classroom so that small groups of four or six students can work together. It is like a series of little kitchenettes in cubicles in a classroom structure. The funding goes to provision of that for small-group work.

Senator COLBECK—There is $12.8 million allocated over four years for the program, so what proportion of that is allocated for school capital works?

Ms Bryant—On the straight maths of it, for 190 schools, if they all receive the maximum amount of $60,000, that would come to, I think, $11.4 million. So, up to $11.4 million is available for infrastructure related funding.

Senator COLBECK—Regarding the remaining $1.4 million, is that allocated for administrative costs?

Ms Bryant—Yes—around $300,000 per annum over the life of the program is for the foundation's costs in training the project officers who manage the projects in the schools.

They have a project officer for around every 10 schools. It goes into training, the salaries for project officers and a range of those activities.

Senator COLBECK—When you refer to the foundation, you mean the Stephanie Alexander Kitchen Garden Foundation?

Ms Bryant—I do.

Senator COLBECK—And they will be paid $300,000 per year.

Ms Bryant—It might be $350,000, I think.

Senator COLBECK—If there is one coordinator for 10 schools and you get your 190, that would be 19 coordinators.

Ms Bryant—The program will be rolled out. The funding that is available will allow us to fund up to 48 schools per annum. The rollout of the program will be in different geographic locations in each year across the four-year period, so it will not be all over the nation simultaneously.

Senator COLBECK—That will be accumulative growth in the number of coordinators?

Ms Bryant—Yes, and there will be four or five project officers in place at any one point. Depending on how that number fluctuates across the period, the funding to the Stephanie Alexander foundation may vary over the period as well.

Senator COLBECK—It may be, say, in the first year it is not $350,000 but a lesser amount which gradually grows over a period of time?

Ms Bryant—Or it could be a greater amount depending on the number of project officers and other factors in place at any time.

Senator COLBECK—Are there any other costs that have been budgeted for as part of the program? You have mentioned the capital costs for schools and the management cost to the foundation. Are there any other costs or do they have to come in from outside partners?

Ms Bryant—The project will require support in terms of teaching staff time, so it will require support in that area funded by states and territories and donations in the community.

Senator COLBECK—How much matching funding will they be required to bring to the project? What sort of financial requirement will there be on a school to attract the $60,000 funding?

Ms Bryant—That varies a bit. My understanding is that the Victorian program operates with a reasonably high level of community and volunteer input and support. It is structured slightly differently to the Commonwealth program. They might go to the local Bunnings or they might go to the local TAFE and the apprentices may assist with construction of some of the kitchen facilities and so on, on a donated basis. The program certainly seeks community and volunteer input of that sort. In terms of staff time, it requires time from someone to supervise the gardening aspects and from someone to supervise the kitchen aspects on a part-time basis.

Senator COLBECK—Nevertheless, school communities will be expected to make contributions to the effective operation?

Ms Bryant—The active support and engagement of the parents and the school community more broadly would be expected for this to be successful.

Senator COLBECK—You have indicated that there will be some demonstration schools set up. What is the timing for setting up those demonstration schools? And what additional support or funds would they be given to start the program off?

Ms Bryant—The demonstration schools will be rolled out, if you like, across the life of the program. In the first year they will be in four states, I am informed, and others following in subsequent years. The idea is that there is a school with the full kitchen set up in place, with the garden operating, to which other schools can come and visit, see the program in operation and assess whether it is appropriate and workable in their particular context, given size, location and so on.

Senator COLBECK—What will be the evaluation process for the program and over what time will that be conducted?

Ms Bryant—It is a four-year program. We would obviously need to have the program in place operating and with some availability of data and so on to look at. We would expect to be planning and evaluating in year three or four for the program. The details of that have not yet been settled.

Senator COLBECK—Would it be a possibility that this could be rolled out to the broader school community?

Ms Bryant—That would be a matter for future decision by governments in the light of experience with the program.

Senator COLBECK—You have not looked at the possibilities of that or what the potential costings might be over the basic period?

Ms Halton—I think it is a little premature.

Senator COLBECK—I thought I would ask anyway. Although, I have to say, I am a little concerned that you are looking at about 30 per cent of the school population that is effectively excluded from the program, based on the fact that it is only in government schools.

Ms Bryant—It is much larger; even the government school population is much larger than 190 schools.

Senator ALLISON—There are a huge number of government schools excluded as well.

Ms Bryant—But it is a part of the program.

Senator COLBECK—But 30 per cent of the school population does not have the opportunity to even participate. All government schools can actually—

Senator ALLISON—Most schools do not have the opportunity to participate.

Senator COLBECK—At least they have a chance; the government schools have at least got a chance, private ones do not.

CHAIR—I will just check whether Senator Adams has any further questions on that project.

Senator ADAMS—Are you still on that one? I was going to ask questions on exactly that program.

Senator CAROL BROWN—Can I ask—

CHAIR—Senator Browne, Senator Adams is actually asking a question. We will get to you, I promise. Did you have a question, Senator?

Senator COLBECK—You ask your question, Senator Adams.

Senator ADAMS—Having been very involved or still being very involved with the Northern Territory and the Indigenous schools, is any flexibility in the program that they would be able to apply and have pilots? This is a program that would be of great interest and I think would really help the situations in a lot of these Indigenous communities.

Ms Bryant—The program will include Western Australia, Northern Territory and so on. In the latter half of the program, so I suspect more in year three or four, we will be, in conjunction with the foundation, examining the capacity to test the program in more particular circumstances like remote communities or that sort of thing. The foundation has not, in the Victorian context, obviously had any experience with rolling out this type of program in those locations. It also has some questions that I think it will want to look at as the program rolls out about how even climate and what can you grow in different locations impacts on the nature and rollout of the program. Certainly looking at the Indigenous context is something that we do have in mind for probably the second half of the program rather than the first half, because I think we need to get the basic mechanics right before we test the more challenging environments, if you like.

Senator ADAMS—I am just thinking about basic rural communities. Listening to the practicality of it, really and truly, I think that if you are going to do it, especially for a rural community, and have one project officer for 10 schools—I do not know how far they are going to have to travel but—

Ms Bryant—That is why it is a pilot and those are among the issues that obviously present challenges in how widely you can roll the program out. That is why I say, it is premature to reach any conclusion about wider roll out down the track.

Senator ADAMS—From Western Australia's point of view, I can see that a lot of our schools will see this program and think, 'This is wonderful,' and apply, and then of course they are not going to meet the criteria. I was going to ask if you are going to have any pilots in smaller communities, rather than all in the large communities, because Victoria is a very different ball game to Western Australia or the Territory.

Ms Bryant—I think some of those issues are ones that we would like to look at and test to see whether we can make it work in those environments. That is something we are very much interested to look at in the pilot, but it will be in the second phase of it rather than in the first implementation.

Senator CAROL BROWN—You mentioned that four states will have the demonstration schools established, have you chose those states?

Ms Peachey—We have been in negotiations with the foundation about the approach and the roll out of this program. There is already a demonstration school in Victoria. The four

states that this will expand on in the first year are Western Australia, South Australia, Tasmania and New South Wales. There will be a demonstration school in those states in the first year.

Senator CAROL BROWN—I take it the sites have not been chosen?

Ms Bryant—No, there will be expressions of interest sought and then there will be a selection process. Again, we do not know whether we will be overwhelmed by applications or have a number that matches the level of the 48 that we can provide in the first year.

Ms Peachey—We will also been seeking expressions of interest for schools that want to be a demonstration school.

Senator BOYCE—I am sure there will be a lot of subtropical applications for that.

Senator McLucas—Or tropical.

Senator BOYCE—Queensland is not on the list at all, Minister.

Ms Bryant—It is for the later years but, as I say, we are rolling it out across the nation, but over the four-year period and not all at once.

CHAIR—Any more questions on the garden project?

Senator COLBECK—Does the department have any more celebrity programs to roll out?

Ms Bryant—The definition of celebrity?

Senator COLBECK—You have got the Stephanie Alexander Kitchen Garden program, you have the Olivia Newton-John Cancer Centre, Noeline Brown is now the commissioner for the elderly and, if I am cheeky, I could say there is the Blanchett baby bonus. I do not regard myself as a celebrity unfortunately, Senator Adams, but are there any more celebrity programs to be rolled out by the government?

Senator McLucas—I would not like to say that we were going to have the Colbeck bowel cancer program.

Senator COLBECK—I am pleased to hear that you would not do that, Senator McLucas—I am very pleased to hear that you would not do that. I will leave it there, thank you.

CHAIR—Are there further general questions on population?

Senator ALLISON—I wanted to ask about the national women's health policy. Firstly I congratulate the government for doing this. After more than 10 years, we now have steps hopefully being taken to developing a women's policy. Has any work commenced on it so far? If so, what?

Ms Koukari—Senator, to date we have had a look at a range of women's health policies across the states and territories. We have also looked at the World Health Organisation and some of the statements they have made about things like gender equity in the development of health policy and we have looked at some international models as well. We have been developing some scoping around how you would go about developing a men's health policy and a women's health policy. We looked at how you would make sure that you got expert advice at the early stages so that you could develop some material that you could use as a

basis for discussion, and how you then would move into a reasonable amount of community consultation that is quite broad, so that you could inform that policy from the community's point of view as well as the expert point of view.

Senator ALLISON—So meetings have been held already, what actual work has been done?

Ms Koukari—We have had a number of representations from different organisations. We have also attended a number of conferences in relation to men's health and women's health that have been carried out over the past several months and we have been using those to inform some of the work that we have been doing as well. We have not had a formal meeting as yet. I suspect that it will be towards the end of the year that our formal consultations will commence.

Senator ALLISON—Is there a group within the department who is working on this? How many are in that group?

Ms Koukari—There is a small section within my branch, the Population Health Programs Branch. That is a section of five people and they are working on the men's and women's health policies amongst a range of other activities. We are also looking at working with the Australian Population Health Development Principal Committee of AHMAC, on establishing an expert body to assist in developing the materials to inform the consultations.

Senator ALLISON—Will that be like a steering committee?

Ms Koukari—Yes, a time limited working group, a steering committee.

Senator ALLISON—Is there a budget line item for this policy development?

Ms Bryant—No Senator, because clearly until you develop the policy and the parameters, you do not know what you might want to fund down he track.

Senator ALLISON—Will there be some sort of paper which will be produced by the end of the year which will go out to the public for consultation as well as to care groups?

Ms Koukari—That is the plan.

Ms Halton—In theory. Until it is done, until the minister thinks about it we cannot guarantee that, but that would be my expectation.

Senator ALLISON—My question is really more about the consultation, that it will not just be a handful of people behind closed doors, it will be more public than that, hopefully.

Senator McLucas—Can I say, Senator, that there has been a lot of correspondence and a lot of interest in this. I am sure the minister is aware of the desire for consultation.

Senator ALLISON—Will the new specific purpose payments make explicit reference to women's health or the women's health program?

Ms Bryant—Senator, are you talking about the broad banded health payment announced through the COAG communique or are you speaking of something else?

Senator ALLISON—The budget documents, you know what I mean, the SPP.

Ms Bryant—Are you talking about the public health outcome funding agreements?

Senator ALLISON—I am not altogether sure, so I will just leave that. You say that there is no attachment for whatever is produced to funding; if the paper is out by the end of this year, presumably it will take another six months or so to go through the process, we might expect to see funding in next year's budget?

Ms Halton—I do not think we can speculate about that yet, Senator.

Senator ALLISON—The matter that gave rise to you telling me that this was happening was a question I put on notice about contraceptive use. Has the department taken another look at contraception? I cited the work that is being done in the UK right now, where their Department of Health is piloting a scheme which involves training pharmacists to prescribe oral contraceptives in the same way that GPs would. You said you were aware of the plans; is there any work being done on contraceptives at the present time in the department?

Ms Bryant—The minister has agreed that we look at sexual and reproductive health issues as part of development of the men's and women's health policies. In terms of specific work about contraception, if I recall correctly, the response to perhaps your question on notice made points that the provision of education in relation to contraception is a matter for states and territories. To the extent it is provided in schools, it is a matter for the education system as well.

Senator ALLISON—Yes, but the federal government does have a very clear role through the PBS in contraception, as we all know, and through working with pharmacies to promote and to work in these fields.

Ms Halton—These officers are not in a position to advise you in relation to the PBS or scheduling issues which I think really are particularly what those questions relate to.

Senator ALLISON—It is not really a question for the PBS. This goes to the problem, as you know, of no new oral contraceptive having been put on the PBS in the last 10 years. The previous government minister, for whatever reason, knocked back a couple of the applications which then, it seems, stopped others applying, is that a fair—

Ms Bryant—Senator, I could not possibly comment. I think you would need to explore that under the pharmaceutical benefits outcome.

Senator ALLISON—Let me assure you, it is of interest to women and their health and not entirely related to the TGA.

Ms Bryant—I cannot comment on applications for listing nor on the outcomes nor on application rates or anything of that nature.

Senator ALLISON—No, I was not asking you to do that but I am interested to know what the department thinks about the current availability of contraception in this country and whether you are turning your minds to this question somewhere in the various programs that you address.

Ms Bryant—I can only say it is not an immediate issue for the Population Health Division.

Ms Koukari—We do fund a number of organisations that provide education and awareness raising in relation to this through the family planning programs and indirectly, through the states and territories, to the family planning organisations.

Senator ALLISON—Yes indeed. The National Preventative Health Taskforce, when will that be meeting or when did it meet?

Ms Bryant—It has met I think by telephone on three occasions and it has met face-to-face on one occasion, I think it was 28 May.

Senator ALLISON—Does it have a secretariat or a support group within the department?

Ms Halton—There is, you are looking at him!

Ms Bryant—The secretariat is located within Mr Morris' branch in my division.

Senator ALLISON—What about the operating costs for the task force—is it just an internal departmental task force or who else is on it?

Mr Morris—The parliament has appropriated a million dollars a year, half a million dollars of which is in the current financial year to support the operations of the task force.

Senator ALLISON—Half a million in the current year?

Mr Morris—Yes.

Senator ALLISON—Does it have a list of issues to deal with initially? Where does it begin work?

Mr Morris—Its terms of reference specify a number of deliverables for the first 12 months up to 30 June next year. They include advice to the minister on the new preventative partnerships for health and the development of a National Preventative Health Strategy. The terms of reference specify that that will address the issues of alcohol, tobacco and obesity.

Senator ALLISON—Will it look at junk food as part of obesity?

Mr Morris—I would anticipate that in looking at obesity it would have to consider options around junk food, yes.

Senator ALLISON—Will there be a website for the task force?

Mr Morris—There already is a website.

Senator ALLISON—Who will be consulted in the development of the strategy? When will you reach the first stage of consultation?

Mr Morris—The task force is still forming its view about how to conduct its consultations, but it is certainly the minister's expectation that it will consult widely with all relevant stakeholders. The terms of reference specify some particular sectors to be consulted. They include the food industry, the sports sector, allied health professionals, health professionals themselves and all relevant sectors, including those involved in urban design. It has a very wide-ranging remit.

Senator ALLISON—When can we expect to see the draft strategy?

Ms Bryant—The task force is tasked with completing this strategy and making it available to the government by June 2009.

Senator ALLISON—Then it is up to the government when the strategy will be released?

Mr Morris—That is correct.

Senator McLucas—We are expecting interim reports and interim pieces of work. We are not waiting until July 2009 to receive information from the task force.

Senator ALLISON—Is there a progressive set of targets or reports?

Senator McLucas—The task force itself is doing that planning work now.

Senator ALLISON—All right, thanks.

CHAIR—I remind senators that we will complete population health before dinner, which means we have one hour to go, so if we can complete the general questions—Senator McLucas?

Senator McLucas—Does that include all the agencies in population health?

CHAIR—Yes, it does.

Senator ADAMS—I am just on a general one at the moment.

Senator BOYCE—Does that means we will do all the agencies?

CHAIR—When we say 'all the agencies'—

Senator BOYCE—We do not mean the Australian Radiation Protection and Nuclear Safety Agency and so on?

CHAIR—Yes, we do. We have the Australian Radiation Protection and Nuclear Safety Agency, Food Standards Australia New Zealand Agency, Cancer Australia and TGA.

Senator SIEWERT—Can we move to the agencies? Some of the officers have been sitting here all day, so can we deal with a couple of these agencies?

CHAIR—Senator Adams has one question and she has been sitting here all day as well.

Senator ADAMS—Could I have an update on the Gardasil progress?

Ms Bryant—I am not sure what to provide you with by way of an update on the Gardasil program. As you know, the program involves immunisation—

Senator ADAMS—Yes, I know what it involves. I just want an update on how it is going. You did say that there was a decrease in the funding for it because of the nature of the program, how it is working; I understand that.

Ms Bryant—There is an ongoing cohort around year 7 which will receive the Gardasil vaccination. It is year 6 in some jurisdictions but year 7 in most. It is now integrated within the school immunisation programs in all jurisdictions. The catch-up program is in place for older women, generally aged 18 to 26, who have left school, and some younger ones who are out of the school system, to access the immunisation through their GPs or in some locations at other community and local government providers. Individuals are receiving their immunisation.

Senator ADAMS—Do we have a report on the percentage as to how many are and how many are not accessing the uptake?

Ms Bryant—No, I cannot give you this data. We could obtain for you data on doses distributed, but doses in arms is a separate issue.

Senator ADAMS—It is not so much that; with respect to the general public, what is the percentage of uptake with it and those who have not gone through the program? You would have that. I would think for the cohort of that age group you would be able to do something there.

Ms Bryant—We know that 2.2 million doses have been distributed in Australia.

Senator ADAMS—That was last time.

Ms Bryant—We cannot tell you what is the percentage of uptake. There is a human papilloma virus register currently being constructed. The contract for that is in place and VCS, Victorian Cytology Service, is constructing that register for us. In the interim, states and territories are holding all of the state based data on doses administered and so on for school-aged children. We have in place interim arrangements to allow GPs to lodge notifications. I think we have about 80,000 notifications from South Australia, but the notifications from other jurisdictions are still to be rolled out. I do not have data at present that I can give you on percentage uptakes and so on. I can say to you that the data is being held and collected and the register is under construction, but, until it is constructed, I cannot provide that data for you.

Senator ADAMS—Thanks.

Senator HUMPHRIES—Can I clarify whether the review into extemporaneously prepared medicines falls under TGA or pharmaceutical?

Ms Bryant—TGA.

[5.35]

Therapeutic Goods Administration

Senator ALLISON—Could we start with an update on the Commonwealth's actions against Mr Jim Salim from Pan Pharmaceuticals?

Dr Hammett—Good afternoon. As you are aware, a number of legal proceedings, both civil and criminal, have been underway for some time against employees of Pan Pharmaceuticals. Those matters are currently before the courts.

Senator ALLISON—Is that all you can tell us?

Dr Hammett—I thought that was an answer to your question. There are currently matters before the—

Senator ALLISON—No, I asked for an update.

Dr Hammett—There are civil and criminal proceedings currently before the courts.

Senator ALLISON—Is that all you can tell us?

Dr Hammett—I think it would be inappropriate as these matters are before the courts to discuss details of the matters that are currently being considered.

Senator ALLISON—The case that was due to be before the Federal Court on Monday this week has been deferred; do we have a likely reappearance date?

Dr Hammett—As I have indicated, I do not think it would be appropriate to discuss the details of matters that are currently before the courts.

Senator ALLISON—I am not asking about what is before the courts; I am asking about when the court will hear the case. Can we at least confirm that you have asked for a postponement and, if so, to when?

Dr Hammett—The judge in the matter has set a date for hearings to commence on 30 June.

Senator ALLISON—As I understand it, the action being taken by the liquidator, Mr McGrath, against Mr Salim is not now happening and action is being taken against the Commonwealth—is that correct?

Dr Hammett—That would be a matter you would need to address either to the liquidator or Mr Salim. The Commonwealth is not a party to the actions of the liquidator against Mr Salim.

Senator ALLISON—The Commonwealth is a party insofar as it is the Commonwealth that compensation is being sought from, as I understand it.

Dr Hammett—Mr Salim has launched a claim against the Commonwealth, and that is currently before the courts. As I have indicated, I do not think we should comment on the details of that matter.

Senator ALLISON—So you cannot confirm that the liquidator is party to, has in fact handed over—I am not quite sure what the words are, but he has in fact handed over his support for that action against the Commonwealth; is that right?

Dr Hammett—My understanding is that arrangements may have been made between the liquidator and Mr Salim as part of that process that involved assignment of certain rights to Mr Salim.

Senator ALLISON—Assignment of rights, yes. This represent a change, doesn't it, in the approach that was taken previously by the liquidator.

Dr Hammett—I think we are going very close to discussing details of legal matters that are currently before the courts.

Senator ALLISON—Not at all. I would have thought that, where parties take different kinds of action against one another, it is not about detail, it is about the process.

Dr Hammett—Yes, although it has relevance in matters that are currently before the courts. I am mindful that the committee wants to break at 6.30 pm and I do not want to waste the committee's time by continuing to not be able to answer questions on matters that are currently before the courts.

Senator ALLISON—It does not seem to me to be detail which would in any way be a problem for the courts, but I accept that you say you are not going to answer the question.

CHAIR—Anything more on TGA?

Senator ALLISON—No.

CHAIR—Senator Humphries, have you anything else for TGA?

Senator HUMPHRIES—I want to ask about the review that is currently being conducted by the National Coordinating Committee on Therapeutic Goods into extemporaneously

prepared medicines. There is a discussion paper out at the moment, I understand, and the period of commentary on that has just recently closed. I understand that the two main proposals in the paper are that there should be a restriction on the ingredients which are permitted for compounding to those already contained in available TGA registered commercial products; and that a pharmacist who dispenses above a certain number of compounded medicines over a particular period should have to register with the TGA, in effect, as a manufacturer of those medicines. Do you understand the effect of this proposal, which is only a proposal at this stage, is that a compounding pharmacist could only compound a medicine if the ingredients are available already in a registered manufactured product available in Australia? Therefore, if a doctor decided a particular medicine that was not available in a manufactured product but could be compounded by a pharmacist, it would not be possible for the pharmacist to prepare that compound because an equivalent manufactured product was not available in Australia.

Dr Hammett—My understanding is that that is not the intent of the paper that has been released by the National Coordinating Committee on Therapeutic Goods. As you may be aware, there are provisions under the Therapeutic Goods Act to allow pharmacists to undertake their professional role to compound medicines for individual patients to meet their specific needs. The proposal was designed to continue to allow that to occur so that pharmacists can meet those professional responsibilities and the needs of individual patients. The proposal is seeking to clarify the responsibilities of those pharmacists who have moved into large-scale commercial manufacture in their compounding pharmacies. The current legislation allows large-scale manufacture, and there have been concerns that the extemporaneous compounding occurring there is not subject to the same controls of quality, safety and efficacy that may apply to other registered medicines.

Ms Halton—Can I add to that, Senator? I was around when this legislation was originally passed. The whole point about the compounding provision was in fact for individuals; specific individuals in specific circumstances. What we now have is a practice which was never comprehended or intended at the time that legislation was passed. As Dr Hammett says, we now have people doing quite large-scale manufacturing and, if you think about the effort we have put in to ensure that that manufacturing is otherwise safe, this is what might best be described as a loophole.

Senator HUMPHRIES—So, we are not talking about a chemist with a mortar and pestle; we are talking about some manufacturing process involving machinery and conveyor belts, and things like that?

Ms Halton—Whether or not it has conveyor belts, I do not think we should go into precisely what is there. The point is that it is large-scale manufacturing.

Senator HUMPHRIES—What would large-scale manufacturing be? What sort of limit would you think it would be reasonable to set?

Dr Hammett—The consultation paper proposes limits. It proposes three levels of regulation. The first level is one that allows the mortar and pestle type individual patient compounding. The second level is for those pharmacists who are involved in compounding for larger numbers of patients. For instance, they might be located next to a dermatologist's

practice and be asked to make skin preparations on a regular basis for a large number of patients. The quality controls applying to those pharmacists under this proposal would be those of an accreditation system. There are proposals about the sort of accreditation that might be involved. The third category is those pharmacists who are involved in large-scale commercial manufacture. That is defined as an average monthly quantity of individual formulation exceeding 20,000 dosage units, such as capsules, for an individual type of medicine or greater than 150,000 dosage units for all formulations made.

Senator HUMPHRIES—Per month?

Dr Hammett—Per month. We are talking about significant large-scale manufacturing here. We are proposing that those pharmacists who are manufacturing on that scale would be subject to the usual quality controls applied to commercial manufacturers. They would be required to meet good manufacturing practice standards.

Senator HUMPHRIES—All right. I think you have explained that aspect quite well. Would the ingredients under this proposal need to be approved by the TGA or would the resulting compound need to be the equivalent of a compound already available on a manufactured basis?

Dr Hammett—The intention is to prevent the use of ingredients that are either prohibited substances or for which there have not been similar like substances approved in the Register of Therapeutic Goods. It is not intended that we will only allow people to re-make a form of a tablet that is already sold by a big pharmaceutical company. That is not the intention of this proposal. For instance, we do not necessarily want people producing their own form of human growth hormone pills made in a pharmacy in a shopping centre. That is not what the intention of extemporaneous compounding was originally designed to achieve.

Senator HUMPHRIES—Thank you.

Senator COLBECK—Has anyone else any TGA questions?

CHAIR—There is only time for one more.

Senator BOYCE—I will put some on notice. The one question is: you have said that you want all cough and cold medicines to carry a notice saying, 'Not for kids under two'—sorry, I am paraphrasing—and that this would take a while to implement. Where are we at with that; when will it be in place?

Dr Hammett—There are two separate processes that you are referring to there. The TGA has reviewed the evidence of the safety and efficacy of cough and cold medicines in that age group, in children under two years of age.

Senator BOYCE—That is following the US study.

Dr Hammett—In fact, it pre-dated the US study. We had identified that there were concerns about this and sought the advice of our expert committee, the Medicines Evaluation Committee, which recommended that label statements be applied to these medicines stating that they should not be used in children under two.

Quite separately to that, the National Drugs and Poison Schedule Committee, which determines whether or not medicines can be made available via prescription or over the

counter, has determined that these medicines for children under two should only be available on prescription. The reason it has done that is that that provides an additional degree of control on those medicines. Yes, there are label statements now being required of the sponsors—

Senator BOYCE—Are they on bottles now?

Dr Hammett—The letter instructing sponsors to do that has been sent. I will just see if I can find out exactly when that will apply from. The labelling requirements for those cough and cold medicines that are on the market to warn of not using them in children under two will apply from 1 September 2008 so that it aligns with the decision of the National Drugs and Poisons Schedule Committee, which will also take effect at that time. The secretary has just asked me to give you more information about the National Drugs and Poisons Schedule Committee. This is in fact a committee established under the Therapeutic Goods Act but with state and territory and expert representation. The Commonwealth has a single seat on that committee. States and territories are required to vote on all decisions of the committee and a majority of states and territories must approve a decision.

CHAIR—Thank you very much.

[5.51]

Australian Radiation Protection and Nuclear Safety Agency

Senator COLBECK—I am aware of the time, so I will put a couple of questions with regard to the impact of budget cuts and staffing positions on notice. Is the purchase of the linear accelerator proceeding?

Dr Loy—Yes. In a program that occurred in a previous budget, we were funded, amongst other things, to purchase a medical linear accelerator in order to undertake work to support dosimetry in radiotherapy, using linear accelerators. We went to tender and have signed a contract to deliver a linear accelerator in September 2008.

Senator COLBECK—Do you have a cost for this?

Dr Loy—It is in the order of $1.5 million to $2 million depending what is included in the costs. That is the capital cost.

Senator COLBECK—Has ARPANSA any role in assisting the New South Wales Government assess radiation levels or the health issues associated with the former uranium smelter in Nelson Parade in Hunters Hill?

Dr Loy—No. We would be available to assist them if they sought our assistance, but we have no formal role.

Senator COLBECK—Do you have any information in respect of the radiation levels that might be at that site?

Dr Loy—I believe some work was done many years ago by a predecessor organisation of ARPANSA. But subsequently we have not done any work. I believe there was some work done by ANSTO on commission from New South Wales in the last several years. I am not aware of the outcome of that work.

Senator COLBECK—Finally, with respect to reports of flaws of the new OPAL reactor at Lucas Heights. Can you comment on those?

Dr Loy—Excuse me, could you repeat that please?

Senator COLBECK—Could you comment on the reported flaws of the construction of the OPAL reactor at Lucas Heights?

Dr Loy—Yes. The major issue was the fact that there was displacement of fuel plates in the reactor that were discovered in July 2007. That was an entirely unprecedented event. The event itself presented directly no danger; there was no leakage of radiation or contamination. But the fact that this could have led to a potentially more serious accident and was an unprecedented event meant that it was very important to examine it and to be sure that it was addressed. ANSTO undertook a great deal of work with its designer, INVAP, and came forward with a modified design for the fuel assemblies that would provide a secondary barrier to prevent the movement of fuel plates if the original holding of them were not sufficient. In addition, ANSTO proposed to move to a different manufacturer of the fuel assemblies and presented strong evidence that this manufacturer would produce a much stronger and more consistent initial holding of the fuel plates. So that, with the addition of the secondary stopper, was sufficient to convince me that the reactor could be restarted with this modified fuel. That has now taken place.

Senator COLBECK—I could ask a lot more questions but I will try that at another time.

Senator BOYCE—I would like to ask one.

CHAIR—Only one, Senator Boyce.

Senator BOYCE—I will ask one question and put the rest on notice. I must admit, going through the PBS I was a bit struck by the fact that you are going to develop:

… a strategy for dealing with Australia's radium legacy waste and propose a national radioactive waste classification system … In addition, ARPANSA will model the effects of releases of radiation.

From what and to whom?

Dr Loy—I am not sure of the juxtaposition of those statements.

Senator BOYCE—At page 282, you say you will 'model the effects of releases of radiation'. Can you explain what you are going to model there? I was just surprised we did not already know.

Dr Loy—It is the development of models particularly for application in the event of a radiological dispersal device, a dirty bomb.

Senator BOYCE—It is not contained in a sentence that would give you that sense.

Dr Loy—The models are a general application; you could apply them to some form of radioactive dispersal that occurred because of a reactor accident and so on. The specific development we are interested in now is, of course, the dispersal in an urban environment of a radiological dispersal device.

Senator BOYCE—A dirty bomb—so is this related to the national security situation?

Dr Loy—Yes.

Senator BOYCE—Thank you.

CHAIR—Thank you, Dr Loy and Ms Evans.

[5.57 pm]

Food Standards Australia New Zealand

Senator SIEWERT—Good afternoon. I want to follow up on the issues that we have been discussing at a series of hearings around genetically modified organisms, FSANZ and labelling. It is also very timely that the parliamentary secretary made some comments, at least in the *West Australian* today, around our labelling standards. What pretext is there to claims that our labelling of GMO content of foods is internationally recognised and is one of the most rigorous in the world? Could you explain to me what international standards there are to measure it against?

Senator McLucas—I think the word is 'system', rather than 'labelling', if you are quoting from the article in the *West Australian*.

Mr McCutcheon—I am not sure that I totally understand the question.

Senator SIEWERT—The comment here is—and Senator McLucas is right—that 'GM food safety assessment system is internationally recognised and it is one of the most rigorous in the world.'

Mr McCutcheon—I will ask our chief scientist to respond to that question.

Dr Brent—We do believe that our food safety assessment process is one of the best in the world. It is recognised internationally.

Senator SIEWERT—By whom, sir?

Dr Brent—It is recognised internationally by Codex Alimentarius, the FAO—Food and Agriculture Organisation of the United Nations—the World Health Organisation, the OECD and also by all of our regulatory colleagues around the world who participate in those international standard-setting bodies that actually develop the guidelines that we use to undertake our GM food safety assessments. Those regulatory bodies would include USFDA, USEPA, US Department of Agriculture, Health Canada Food Directorate, Japanese Food Safety Commission, European Food Safety Authority, and UKFSA. The list goes on, Senator. We participate as invited experts at many of those international bodies. We use internationally accepted guidelines and processes to do our GM food safety assessments. We believe we are up there with the best.

Senator SIEWERT—Is the food safety assessment along the same lines as that for the labelling requirement? Do I understand correctly that the labelling process that you use at the moment only has to show whether there is actually DNA contained in the product?

Dr Brent—You have to label if there is any DNA or protein present in the final food, or if there is an altered characteristic. By an altered characteristic, I mean that, if the genetic modification has increased the level of a fatty acid, for example, by a reasonable amount, then that GM food has to be labelled to show that it has this increased level of fatty acid because it has been genetically modified, even if you cannot detect any DNA or protein in the food. There are two ways you can do it.

Senator SIEWERT—Does that mean, as I understand it, that you do not have to label the food if it has highly refined GM ingredients?

Dr Brent—That is correct, Senator. If it is highly refined, say, for a sugar or oil, you will not find any DNA or protein there. We label for the presence of the genetically modified entity, rather than the process that was used.

Senator SIEWERT—What if it is a product from animals that have been fed GM feed?

Dr Brent—We do not label those. An animal that has been fed a GM feed is not a GM animal, so it has not been genetically modified; it has just eaten a genetically modified feed.

Senator SIEWERT—But it might have had a reaction to the GM product that it has eaten.

Dr Brent—There is no evidence whatsoever that feeding a genetically modified feed to an animal gives the animal a reaction.

Senator SIEWERT—Have you done any tests on that?

Dr Brent—We have not done any tests, but certainly animals that have been fed GM feeds have been looked at. There are plenty of good summaries available on that evidence.

Senator SIEWERT—Who has done that?

Dr Brent—I cannot tell you exactly who, off the top of my head, but if we took it on notice we could provide the information for you.

Senator SIEWERT—If you could, that would be appreciated.

Senator ALLISON—Sorry to interrupt. Dr Brent, there are studies on animals that do show quite significant effects.

Dr Brent—To our knowledge, there are no studies that show significant—

Senator ALLISON—There is at least one on rats.

Senator SIEWERT—There is an Australian study on mice.

Dr Brent—Are you talking about GM feed or GM food?

Senator ALLISON—Feed on animals; its effect on animals.

Dr Brent—I think we are getting mixed up into two different subjects here. There is GM feed which is fed to animals in feedlots, such as GM cotton trash which is used as a genetically modified feed. That is a different situation to a research project where an animal such as a rat or a rodent, a mouse or whatever it is has been given some GM food such as canola, cotton seed oil or whatever. There are two different issues here.

Senator ALLISON—The point is there has been no study of humans eating animals which have been fed GM food.

Dr Brent—Not to my knowledge.

Senator ALLISON—Correct.

Senator SIEWERT—All right, so how do you know it is safe?

Dr Brent—I think the overwhelming consensus of scientific opinion is that the way we do these GM food safety assessments is according to these internationally set guidelines that we

have from WHO, OECD and FAO. There is no evidence from any of the studies that have been done or in any of the assessments that we have completed, and we have completed 37 assessments—

Senator SIEWERT—That was my next question.

Dr Brent—that would show, or even speculate, that there would be any untoward effect from eating a GM food.

Senator SIEWERT—Do the 37 assessments relate to specific products or are they assessments of literature?

Dr Brent—When we do an assessment, we assess the whole food. If it is a genetically modified corn, then we assess the portion of the corn that is consumed by humans, and any product that is derived from that corn is also approved automatically. So, if you make a corn chip from the corn, that is also approved.

Senator SIEWERT—Do you actually do the tests?

Dr Brent—No, we do not do the tests. The tests are done by the companies that put up submissions for approval. We take into account all of the best scientific evidence available at the time. That includes peer review journal articles and reports from conferences. It might also include work that we might get from our regulatory colleagues around the world with whom we are very well networked.

Senator SIEWERT—So it is not independent research that is done by the companies; it is research done by the companies?

Dr Brent—Yes, it is.

Senator SIEWERT—Thank you. At the last estimates—and I am reading from *Hansard* now—I think it was said that there was going to be a meeting of the ministerial council in May. Did that council meet in May?

Dr Brent—Yes, it did.

Ms Addison—Yes, it did, Senator, on 2 May 2008.

Senator SIEWERT—Was the issue of genetically modified labelling brought up?

Ms Addison—No.

Senator SIEWERT—Not by New South Wales?

Ms Addison—No, Senator.

Senator SIEWERT—That is strange, as they said they were going to introduce better labelling when they allowed GM canola to go ahead in New South Wales. That was one of the commitments they made: that they would move to instigate stricter labelling of GM products. Did they not raise it at council?

Ms Addison—No, Senator.

Senator SIEWERT—Has any consideration been given to improving labelling of genetically modified products?

Ms Halton—There has not been any consideration given to changing the labelling arrangements.

Senator SIEWERT—Okay. I understand that, if there is a product to be introduced to the market, the company pays for the assessment. Is that correct? What happens if there is a move to change the labelling standards? Who is responsible for initiating that? Can the ministerial council initiate it?

Ms Halton—Essentially, the labelling standard is under the control of the ministerial council. Someone would make a proposal in that respect. Obviously, if it has an impact on business, which this would, there is quite a detailed process to be gone through. It is within the remit of the ministerial council.

Senator SIEWERT—If the ministerial council decided that it wanted to look at GM labelling again, would additional resources need to be allocated to FSANZ through the budgetary process, or could you do it under your own resources?

Ms Halton—It would really depend on what other things were going on at a particular point in time and what the relevant priorities were. As you would understand, there is an amount of resources and there is the number of people and there are a number of things to be done, so it is a question of priorities.

Senator SIEWERT—Yes, I do appreciate that and I appreciate that you use your budget carefully; that is why I was asking. If a request were made by the ministerial council, would further resources need to be allocated?

Ms Halton—If nothing else was to slip, slide or be deferred, yes. But usually what happens in these circumstances is that we might put something on a slightly longer time track et cetera.

Senator SIEWERT—About how much does it cost to redo a standard?

Ms Halton—How long is a piece of string? It depends on complexity.

Senator SIEWERT—If it were the GE standard on labelling? As we discussed last time, it would probably go through the more complicated process, which I think you said last time would be about two years.

Ms Halton—Yes. I actually think it is really quite hard to cost that. Unless we know exactly what it is that we are giving an estimate in relation to, it is almost impossible to give you even a ballpark figure. I will stand corrected.

Mr McCutcheon—The scope of the request to us would determine what sorts of resources would be required to complete that task.

Senator SIEWERT—When is the next ministerial meeting?

Ms Halton—October.

Senator COLBECK—I have some questions in relation to some recent research published by the University of Southampton in the UK in relation to certain food colours and action taken by Dame Deidre Hutton, Chair of the Food Standards Agency of the UK, which announced it would be representing to ministers that industry take some action with respect to those colours. Is FSANZ or the ministerial council considering any action with respect to

those things? The colours we were talking about were sunset yellow, E10; quinoline yellow, E104; carmoisine, E112; Allura Red, E129; tartrazine, E102; and Ponceau 4R, E124. Were you considering any action or reacting at all with respect to that study?

Dr Brent—We have had a look at that Southampton study and so have quite a few other scientific bodies and also other regulatory agencies around the world. The short answer is no, we are not taking any immediate action. We are having a look at how this whole issue plays out over a longer term. With regard to the Southampton study, there are certain issues around the way that study was conducted: the study design, the results from the study and how you would interpret those results. If you would like, I can elaborate a little bit further on the design and also the results.

Senator COLBECK—If you would not mind, please?

Dr Brent—In general, that study was designed around two groups of children. One group was three-year-olds and the other group was eight- to nine-year-olds. The children were given a diet that contained combinations, or two mixtures, of those colours that you just read out plus a preservative called sodium benzoate or benzoic acid. After they received the diet, they were observed by researchers and also by their parents for differences in behaviour. I guess you could say the outcome of the study showed that there was an association between feeding the kids those mixtures of colours and a slight increase in the mean in hyperactivity. The study design has some issues about it which have been criticised by other expert scientists and regulatory bodies, such as the European Food Safety Authority, which does all the risk assessment work for Europe. Some of the potential flaws in the study are around selection bias, for example. Parents are selecting themselves to be in the study perhaps because they are already convinced that some of these colours give their kids behavioural issues.

The study itself was reasonably well conducted. It is a randomised placebo controlled double blind study. In general I think most people would conclude that it is a fairly good contribution to the literature on this subject, but it does have some flaws in the design. In terms of the results, the hyperactivity was not seen consistent across the two groups of kids and across the mixtures that were given. Some of the expert bodies have looked at this study and criticised it. For example, the committee on toxicity, which advises Dame Deidre Hutton's UK Food Standards Agency, came up with the view that it could not conclude that these mixtures of colours actually caused the hyperactivity; there was an association only. There is no dose response there. That was one of the issues about the results.

As I said, there is no consistency across the kids' groups and across the colours that were done. Also, some issues have been raised about how the behavioural studies were designed and undertaken. I can quote the conclusion of the European Food Safety Authority, which stated, 'At this stage, there is no reason to change the way we approve and assess the safety of food additives,' and these colours are food additives. Did you want to add something, Melanie?

Ms Fisher—Food colours are required to be labelled, so if people are concerned about the impact of colours on their children's behaviour they are able to look at the labels and remove them from the children's diet. So we already have a risk management approach in place and we are not proposing to review that risk management approach unless other evidence comes

to light, and we are keeping a watching brief as new studies are done. We will assess them and determine whether or not we need to make any changes.

Senator COLBECK—Effectively, this piece of research out of Southampton was a useful contribution, if you like, to the body of evidence but not something that would tip it one way or the other?

Dr Brent—That is correct, Senator.

Senator COLBECK—What about sodium benzoate as a food additive? Was there anything specific in relation to that as a particular product that came out?

Dr Brent—No. Benzoate was used in combination with the mixtures, but I think the conclusion was that no effect could specifically be pinned on benzoic acid. So there was no way that you could actually say the hyperactivity was caused by the benzoate.

Senator COLBECK—What about other impacts of sodium benzoate, not necessarily out of this particular study—I understand the NHMRC has undertaken some work on that—particularly when combined with certain products that might cause the sodium benzoate to break down?

Dr Brent—Are you perhaps referring to the issue where sodium benzoate has been implicated in producing benzene?

Senator COLBECK—No, it is particularly in relation to combinations with vitamin C.

Dr Brent—Yes. There are some soft drinks on the market that have a combination of vitamin C and sodium benzoate, and in those beverages very small amounts of benzene can be produced. The level that we see of benzene in those beverages is so small that we do not believe that there is any human health and safety issue there. We have an understanding with the Australian Beverages Council whereby it is actually monitoring the levels of benzene in beverages in Australia. It is trying to reduce the levels to below five parts per billion. It has given us one report in 2007 and we are waiting for its next report for 2008 which should be here, I think, by the end of this financial year.

Senator COLBECK—Is there a regulated level for that—I cannot remember the exact term but you probably know what I am talking about?

Dr Brent—Yes, like a maximum level?

Senator COLBECK—Yes.

Dr Brent—There is a maximum level. It is one part per billion for potable water, and I think the WHO level is 10 parts per billion. It might be worthwhile just pointing out that, from our notes, according to the WHO benzene limit of one part per billion, people would need to drink more than 20 litres of a drink containing benzene each day to equal the amount of benzene inhaled from city air in a day. Every time you go to the petrol pump, you get much more benzene than you ever would out of a soft drink.

Senator COLBECK—That is a good way to put it into some sort of perspective.

CHAIR—Senator, we are going to have to stop there. Dr Brent and Mr McCutcheon, because of limited time, there will be significant numbers of questions on notice. Senators

have expressed that intention, and I do apologise for curtailing you, but curtailing you at the end of benzene I thought was an appropriate time.

Dr Brent—Senator, just for the benefit of senators, we do have this booklet called *Choosing the Right Stuff*, which has a lot of information about colours and food additives. We would like to table that.

CHAIR—Was there a function at parliament where that was being launched?

Dr Brent—That is right.

CHAIR—Yes, it was very popular. Thank you very much.

[6.21 pm]

Cancer Australia

CHAIR—Welcome, Professor Currow, and I do apologise for the rush.

Senator BOYCE—I will ask a couple of my questions. At page 359 of the PBS, the figures indicate that we have a reduction of the staff of Cancer Australia by 28 per cent, falling from 25 to 18. Can you tell me about that? There is actually an increase in spending in Cancer Australia. Why are staff numbers going down at the same time?

Prof. Currow—As you are aware, Cancer Australia is a relatively new agency. The first year of departmental funding for Cancer Australia was a set-up phase. Given the timing of that process, there were delays in the start-up of Cancer Australia, and that was carried over into the 2007-08 financial year. Our long-term departmental budget has always been that we would be aiming to have 18 full-time equivalent staff. What we see here is the transition from start-up phase to our long-term sustainability.

Senator BOYCE—Improving cancer data is going to be one of your objectives, and it has certainly been a hot topic in Queensland and I think also in WA and South Australia recently. We simply do not have adequate data to understand what is happening in a number of areas. There have also been some questions about whether state health departments would allow adequate access to people from cancer organisations to the data. How are you going to go about improving cancer data?

Prof. Currow—Certainly. In consultation with the states and territories at our intergovernmental strategic forum, data availability was a key issue raised by that group. Likewise, our professional development and quality advisory group looking after another of our administered programs advising on it and other of our administered programs raised data as an issue. To that end, Cancer Australia has worked with the sector, with organisations such as the Australian Institute of Health and Welfare to put out a discussion paper which looks at—

Senator BOYCE—There is a discussion paper which is publicly available or stakeholder available?

Prof. Currow—No, it was available on our website from November 2007 through until March this year asking for comments on ways that we could look at better using currently available data as well as any gaps in data.

Senator BOYCE—That is the consumer survey that you are talking about? There is one looking at the strengths and gaps in services from a consumer perspective. Is that separate again?

Prof. Currow—That is separate again. This was specifically about the issue of data availability, data consistency. Cancer Australia, for example, was asked by the Australian Institute of Health and Welfare to take stewardship of the national minimum data set in cancer. That was developed by the National Cancer Control Initiative and clearly, for any such work, there needs to be currency of that, particularly as our understanding of diagnosis and prognostic factors changes with time.

In addition, for example, within the National Centre for Gynaecological Cancer we have commissioned the National Breast and Ovarian Cancer Centre to look specifically at the tumour specific minimum data sets that will complement the National Cancer Control Initiative generic minimum data set, so we are looking at those issues. We are in contact with the Australasian Association of Cancer Registries to look at some of the issues that they face and, as you will see from the discussion paper which was on the website, the issue is about data that are currently held as well as data that could ideally be held to understand better our outcomes in cancer control.

Senator BOYCE—What sort of time frame do we have around this? Is there one? What is the next stage and when will that be reached?

Prof. Currow—The next stage is for us to take that work forward in consultation with key partners, and those discussions are underway at the moment. I would hope that next time we meet I will able to update you with some quite specific—

Senator BOYCE—Do the key partners include the state governments or the state health departments?

Prof. Currow—The key partners very much include the states and territories in this, in that they have raised the issue initially with us and are working with us to look at how those issues can be taken forward.

Senator BOYCE—In your negotiations, have you discussed at all the sharing and availability of this data? We had the bizarre situation in Queensland where the state health minister refused to release cancer data to the responsible cancer organisation until he was pressured to do so. What sorts of discussions are you having around the availability of this data even when it may not suit one particular party for it to be available?

Prof. Currow—I cannot comment on that specific case but I think the issue for us is making sure that national data are available nationally. Our challenge is that each state and territory has its own enabling legislation for the mandatory reporting of new cases of cancers other than non-melanoma skin cancers, and it is really about getting better consistency there, ensuring timeliness and using the processes that are in place already but ensuring that they are working well.

Senator BOYCE—I will put the rest of my questions on notice because I think there are some other questions.

Senator ADAMS—I am delighted to see that the National Centre for Gynaecological Cancers is up and running, and with its national working groups. I would like to ask a question about the working group. I note that it met for the first time in June last year. What further progress has been made since then?

Prof. Currow—The working group has been transformed now into an advisory group for us in that, as you would be aware, there is a commitment to ongoing funding for the National Centre for Gynaecological Cancers. That group has wide representation from across the community, including consumers and professionals, having sought nominations from national organisations. The work program for the national centre continues to be developed and informed by that group very strongly. When we last met we were talking about the opportunities to take forward a number of projects. Those projects include, as I have outlined already, the minimum data set for cervical and endometrial cancers to complement the work of the ovarian cancer minimum data set initiated by the National Breast and Ovarian Cancer Centre. We are looking, in line with this committee's recommendations, at the resources that are available both to consumers and to health professionals, and that work is due to report to us in the next couple of months. We are also looking at how we can best develop clinical practice guidelines, short of writing entire textbooks, which has been the practice to date.

We are working closely with the National Health and Medical Research Council and the National Institute of Clinical Studies at looking at new and novel ways of defining the key areas of clinical practice that are going to deliver the best possible impact on improving outcomes from a particular cancer. We are working with them at the moment in a modified Delphi process, where we are going to the sector and asking about key points along a person's cancer trajectory, to get information about the key areas where more uniform approach to practice and better application of the evidence is going to improve outcomes for that person. We are looking at patterns of care in gynaecological cancers, particularly referral patterns from primary care through to specialist and, indeed, sub-specialist care at the moment. A group from Monash University have that project, and we look forward to their results later in the year also.

In terms of our support of general practice, a number of case studies have been developed and, in conjunction with the Royal Australian College of General Practice, those are going to be available on their online professional development program. The National Institute of Labour Studies is looking at the gynaecological cancer workforce; not only at what is there but what is needed by competencies particularly, not necessarily by profession per se, and I think that is an important distinction. The new centre has also provided funding for two collaborative cancer support network grants. They are the consumer support network grants and they are being finalised at the moment. The website is up and running, and we are also looking at providing support to young clinicians whose speciality area will be gynaecological oncology to take forward the development of a clinical research protocol through an internationally recognised program that is run each other year in Australia.

Senator ADAMS—That sounds very good, and I am sure that all members on the committee would be very happy about that progress. With respect to the consumers, I was very pleased to see that you had 45 consumers who are involved with the different advisory

committees. I know I asked you a question about that last time, and we did not have all that much progress, but I am very happy with that. Thanks very much.

Prof. Currow—Thank you, Senator.

Senator CAROL BROWN—I will have to put my questions on notice.

CHAIR—Thank you, Professor Currow. I am sorry for the limited time but it is important that you actually get the chance to come and talk with the committee through the estimates process.

Prof. Currow—Thank you for the opportunity.

CHAIR—We promise there will be more time next time.

Prof. Currow—Thank you, Senator.

CHAIR—Senator McLucas?

Senator McLucas—In his haste to leave, Dr Brent forgot to table the reports he referred to. I know that some of these reports have been tabled in this committee before, and I know there is only one copy of each. The committee secretary is looking concerned. We can provide one copy to each senator if required, but that would be tomorrow. Alternatively, I am sure Senator Siewert would be interested in the GM food information, and this is the list of food additives.

CHAIR—If we can get those two tonight and the other senators will get their copies tomorrow—they will not be reading them tonight.

Senator McLucas—How many copies would we require?

CHAIR—We would require eight copies of each for the committee; that would be lovely.

Senator McLucas—We will do that.

Senator BOYCE—Chair, I have one general question for the Department of Health and Ageing; should I do that now or leave it until later?

CHAIR—I would do it when we come back, Senator. Ms Halton, when we come back this evening, the plan is that we will have PHIAC first, for half an hour, then we will go into aged care for two hours and a bit, and then finish the evening with the poor people from the pharmaceutical area.

Ms Halton—I am sure they will look forward to that.

CHAIR—I am sure they will. Thank you very much.

Ms Halton—Thank you.

Proceedings suspended from 6.34 pm to 7.31 pm

CHAIR—We have questions now for PHIAC. Welcome, Mr Gath. This is your first time with us?

Mr Gath—I am the newly appointed CEO of the Private Health Insurance Administration Council.

CHAIR—Congratulations.

Mr Gath—Thank you.

Senator CORMANN—Madam Chair, with your indulgence, may I start by acknowledging the great contribution to private health, and to the quality and integrity of the private health insurance industry, made by Ms Gayle Ginnane as Chief Executive Officer of PHIAC over many years. I certainly wish her well in her retirement. Welcome, Mr Gath. Congratulations on your recent appointment as the new chief executive.

Mr Gath—Thank you.

Senator CORMANN—It is your first week in the job, I gather.

Mr Gath—It is. I certainly feel like I am following in the footsteps of a very substantial CEO, so I am grateful for that acknowledgement and I am sure that Ms Ginnane would be as well.

Senator CORMANN—Can we start by you describing for us in a few sentences what your role is as the private health insurance regulator?

Mr Gath—The role of PHIAC, not the CEO?

Senator CORMANN—Yes.

Mr Gath—PHIAC has a statutory role conferred by the Private Health Insurance Act. Essentially, it has three roles: firstly, to oversee the prudential aspects of the operation of a private health insurance fund, the funds that are registered under the legislation; secondly, to have regard to and, to the extent that PHIAC can through the controls that are available to it, to promote competition in the industry; and thirdly, to have regard to and promote the interests of consumers in their role as contributors to funds.

Senator CORMANN—Did you mention ensuring the prudential safety of individual health funds?

Mr Gath—Yes, I did. That was the first point I mentioned.

Senator CORMANN—You report under your own outcome in the portfolio budget statements, don't you?

Mr Gath—We report through an annual reporting process.

Senator CORMANN—But you have got your own outcome section?

Mr Gath—We certainly have outcomes that are provided in the PBS, yes.

Senator CORMANN—What sort of data and industry information do you collect and publish? Can you maybe run me through a sample of the core statistics and data information that you publish on a regular basis?

Mr Gath—I can, but I think it would be more helpful if my colleague, the deputy chief executive, Mr Groenewegen, provided that information to the committee.

Mr Groenewegen—The sorts of data and statistics that we publish are quite broad ranging. They include, annually, financial statistics that describe the operation of the industry and each fund in that. In addition, we have quarterly publications of a range of statistics: trends in membership, market share, medical gap, hospital treatment, membership and coverage, medical prostheses and benefits, and, can I just say, related statistics.

Senator CORMANN—How current is the information that you publish? What would be the most current information, particularly on membership and coverage statistics?

Mr Groenewegen—Our last statistical release is in relation to the quarter ending 31 March 2008. Those statistics were released on 15 May of this year.

Senator CORMANN—It is fair to say that is very current information, isn't it? It is pretty well as current as you get in the industry, isn't?

Mr Gath—In the sense that the June quarter has not even concluded yet, yes.

Senator CORMANN—Is there any more current statistical information, any data, about membership coverage and membership trends in private health insurance available anywhere else that you are aware of?

Mr Groenewegen—We do not believe so, no.

Senator CORMANN—You do not believe so?

Mr Groenewegen—Not that I am aware of.

Senator CORMANN—You conduct an annual survey of membership coverage?

Mr Groenewegen—We do. That is conducted in December each year and distributed, I think, in the middle of January.

Senator CORMANN—And the most recently released information goes to which date?

Mr Groenewegen—31 December 2007.

Senator CORMANN—Thank you very much for that. As the regulator and as somebody who, under your output groups and outcomes, provides advice to government on matters affecting health insurance and private health, you would have a clear understanding of the difference between SEUs and persons covered?

Mr Groenewegen—We do, yes.

Senator CORMANN—So would you describe for me the difference between SEUs and persons covered.

Mr Groenewegen—An SEU is a term used solely within the private health insurance industry to describe what we might call a health insurance unit, where single members and single parent families are considered to be one single equivalent unit and all others two single equivalent units. For example, two-parent families would be two single equivalent units.

Senator CORMANN—You have got a clear understanding and insight, obviously, about data and statistics on private health insurance membership that it appears that Treasury does not. I guess that is an observation. Were you consulted as part of the government's consideration of the Medicare levy surcharge change?

Mr Gath—No, we were not.

Senator CORMANN—So you found out about the policy announcement when it was released three days before the budget?

Mr Gath—We found out at the same time as the public did. But we had no particular role in that process, so I was not surprised by that.

Senator CORMANN—Why is that? You are the best qualified federal agency to provide advice and input on the sort of modelling Treasury and Health have conducted to assess the impact of that policy change. Why did they not consult you?

Mr Gath—I cannot really express a view on that.

Senator CORMANN—Fair enough. The two data and information sources that Treasury and the health department have told us they relied on to do their modelling are the National Health Survey data, which is four years old—so it is pretty old data—and Ipsos research, which is essentially poll based market research. None of those are as current or as accurate or present the same insights into things like differences between SEUs and persons covered and things of what we could describe as a technical nature but part of the private health insurance industry. Would you agree?

Mr Gath—I could not really comment.

Senator CORMANN—It is a factual question.

Mr Gath—Is it? Okay.

Senator CORMANN—We have got the National Health Survey data, which is four years old. Officers of the department might have relied on other information. We know from your evidence that they have not relied on consultations with PHIAC.

Mr Gath—Yes.

Senator CORMANN—But, as far as I am aware—and I stand to be corrected—the two sources of information that officers of the department revealed to us today that they have used for their modelling are the National Health Survey, which is four years old, and some market research conducted by Ipsos. How does the data of that sort of age and that sort of quality compare with the data that you have got at your fingertips in terms of membership coverage and private health insurance statistics?

Mr Gath—I heard the evidence that was given this afternoon as well as you did, but it is a matter for the department which sources it seeks. We have indicated that PHIAC was not part of the consultation process. That is about as far as I can take that.

Senator CORMANN—But aren't you actually responsible, among other things, to the Minister for Health and Ageing about the financial operations and affairs of health—health insurance and health funds?

Mr Gath—Advice to the minister about the operations?

Senator CORMANN—Yes.

Mr Gath—No. The primary responsibility of PHIAC is to oversee the affairs of funds according to the legislation. We have a role which is outside the four corners of the act, if you like, to communicate with the minister.

Senator CORMANN—What I have just asked you is a direct lift out of the portfolio budget statements. It is on page 466, so that you can verify it:

PHIAC administers the registration of private health insurers, is responsible for regulating the financial performance of the insurers and—

this is the important part—

advises the Minister for Health and Ageing about the insurers' financial operations and affairs.

And I go further. I take you to page 473:

Output Group 1 – **Information to Government and Other Stakeholders Relevant to Private Health Insurance**

The outputs delivered under this output group include:

- collection of information by PHIAC regarding the operations of private health insurers;
- analysis and provision of comment to the Australian Government on the financial impact of private health insurers' premium prices;

If you go to page 475 and look at the performance indicators, you will read that the first performance indicator in output group 1 is:

Provision of information about private health insurance to the Australian Government and consumers. Measured by accurate calculation and timely release of key statistics each quarter—

which is something that I think PHIAC does exceptionally well. I think that you have some of the most comprehensive and outstanding data on private health insurance anywhere, which is why I continue to make the point and ask the question: why were you not consulted?

Mr Gath—Can I answer one of the earlier questions, Senator?

Senator CORMANN—Yes, go for it.

Mr Gath—You asked me whether or not it was a function of PHIAC to provide advice to the minister and then you read out passages from the PBS. I think the portfolio budget statements give an accurate description of the role that PHIAC performs, which is to provide advice to the Australian government and consumers relevant to the operation of the private health insurance industry.

Senator CORMANN—Changes to the Medicare levy surcharge, as the government has told us over the last couple of weeks, were introduced originally as part of an incentives package to encourage more people to take up private health insurance. Any change to the Medicare levy surcharge thresholds is going to have an impact on the operations of health funds. That is obviously something that is highly relevant to PHIAC as a regulator—is it not?—and you have outstanding data at your fingertips which could inform Treasury modelling, health department modelling and public policy decision making on health by the federal government. Do you understand what I am saying?

Mr Gath—Yes, we understand what you are saying. The role of PHIAC is not to be the overall guardian and custodian of the interests of the private health insurance industry. It is to have regard to the functioning of individual funds by reference to the various prudential and other standards that are imposed. We look at the funds at an individual level and assess their progress by reference to those standards.

Senator CORMANN—Thank you, Mr Gath. I have been told I have half an hour, so I am going to move right along to my next area of questions and I will, Madam Chair, do my best to conclude them in half an hour.

CHAIR—Thank you.

Senator CORMANN—You have already mentioned to me that you were not aware before the announcement that this policy change was going to take place. But I refer you to a press release that is listed on your website announcing the approval or the nondisallowance of rate changes earlier this year. It is dated 6 March.

Mr Gath—Yes, that is a link to the minister's web press release.

Senator CORMANN—I was intrigued by that. It is a link that goes directly to the minister's website. Was PHIAC involved in assisting with the drafting of that press release?

Mr Gath—No.

Senator CORMANN—You were not involved in any way, shape or form?

Mr Gath—No.

Senator CORMANN—In previous years, under the previous government, PHIAC and the minister for health would always release separate press releases making the announcement on rate increases. Why was that done differently this time?

Mr Gath—I will have to ask my colleague. I was not in the role at the time, you will appreciate.

Mr Groenewegen—Nor was I. Can we take that question on notice?

Senator CORMANN—Can you just confirm for me that in previous years Ms Ginnane always put out her press release separately from the press release put out by the minister for health?

Mr Gath—I understand that was the practice, yes.

Senator CORMANN—That was the practice, was it not? So at some point somebody made the decision to change the practice where for past years you have had links to PHIAC press releases. Now we have that link on rate increases going directly to the minister's press release of 6 March.

Ms Halton—Can we just make clear that Mr Gath was not in the role. There was what is best described as an interregnum, so Mr Gath will no doubt form his own view in due course as to how this should be conducted. As to whether or not there is a great deal of benefit in chasing down exactly what happened here, we will try. But Mr Gath has taken up the role. He will form his own view about these matters. Asking him to back-cast a view I think is unfair.

Mr Gath—I certainly cannot shed any light on the matter.

Senator CORMANN—I totally understand that. We are talking of events on 6 March and, as such, Mr Gath was not in the role, but perhaps Mr Groenewegen, who has been with PHIAC for a long time, would be able tell us whether there was anything other than the transitional arrangement. Was there a conscious decision not to send out a PHIAC press release, or was it just because we were in a transitional context?

Mr Groenewegen—I cannot shed any more light on it.

Senator CORMANN—So you will take that on notice—that is what you are saying. That is what you said before.

Ms Halton—And I am saying that I cannot guarantee that there will be any sort of answer on this because it may be that this was not a conscious decision of any particular individual. I am loath to suggest that people spend hours chasing down something.

Senator CORMANN—They do not have to chase for hours, but I do not want that to be an excuse.

Ms Halton—If there is a simple answer, you will get it.

Senator CORMANN—Thank you very much, Ms Halton. The minister put out two press releases around rate changes, one on 28 February and the other on 6 March. In both of those press releases, she made a pretty clear statement on what her expectations were as to the level of increase that would not be disallowed. What she said on 28 February was that she was 'determined that premium increases should be the minimum necessary to maintain capital adequacy and solvency requirements'. On 6 March, she said a similar thing:

All applications have been scrutinised to ensure the premium adjustments are the minimum needed to maintain insurer solvency requirements and that the insurers can meet their claims obligations.

That is a clear statement. The key words are 'minimum' required to meet 'solvency requirements' and future 'claims obligations'. Do you agree?

Mr Gath—That it is a clear statement?

Senator CORMANN—Do you agree that it is a clear statement?

Mr Gath—No, I do not. I think there is a measure of ambiguity in those words.

Senator CORMANN—So you do not think that the minister's statement on what she sought to achieve on rate change applications, based on your advice—

Mr Gath—I think the words 'minimum necessary' are open to some interpretation.

Senator CORMANN—But however much flexibility there is, do you agree that there is a consistent standard between what 'minimum' requirements means on 28 February and 6 March, and what it means today? Whatever the definition of 'minimum' required—and I concede that 'minimum' required can mean you need that much as a minimum or it can mean you need that much as a minimum—it should be a consistent definition on 28 February, 6 March, on 3 June and 4 June. Is that right?

Mr Gath—If you are asking me, 'Is it reasonable to assume the minister is using language consistently?' I think that is a reasonable assumption.

Senator CORMANN—No, that is not what I am asking you, because PHIAC has a core role in this. That is again listed in those portfolio budget statements. I read part of it earlier:

The Department will, together with the Private Health Insurance Administration Council—

that is you—

... support the Government's assessment of private health insurance premium applications to ensure that increases are the minimum needed to maintain insurer solvency requirements and that the insurers can meet their claim obligations to members.

Is there a test that you apply?

Mr Gath—No.

Senator CORMANN—So that is a flexible concept?

Mr Gath—We are an input into the process. The minister is the one who has the responsibility under the legislation to make that final determination.

Senator CORMANN—I totally understand.

Mr Gath—She applies a variety of considerations, including the statutory standard in relation to public interest, and the judgement is entirely hers at the end of the day. We provide information which no doubt forms part of a body of information that is available to the minister when she makes her judgement under legislation.

Senator CORMANN—Before the health fund application for rate change makes it onto the minister's desk, does PHIAC provide feedback to funds as to its assessment on whether the application is consistent with this particular description?

Mr Gath—We do not do that.

Senator CORMANN—So whatever a fund provides you, you just flick through to the minister without any sort of assessment as to whether—

Mr Gath—No, that is not the same question, with respect. Your question to me was: do we provide feedback to the funds? The answer to that question is that we do not.

Senator CORMANN—You do not provide feedback to the funds.

Mr Gath—Your next question was whether or not we then provide some useful analysis to the minister in relation to the applications. We do provide some analysis of the applications that have been received by the government.

Senator CORMANN—That would be around the test on whether it is no more than the minimum required to ensure solvency and the capacity to cover future claims. Is that right?

Mr Gath—We do not engage in a quantitative analysis of the applications that have been received. In other words, we do not at any stage look at the increase that has been sought and say, 'That number should be a lower number by two per cent,' or anything like that. We simply look at the application, we disaggregate it, we analyse it, we consider the elements of it, and we express a view as to whether or not we think those elements are reasonable or not unreasonable or whether there are aspects of the application that should be looked at more closely.

Senator CORMANN—But, as a result of the original submissions, a couple of health funds were sent back to the drawing board, presumably because in the minister's judgement, based on some advice I suspect, the requested premium increase was more than the minimum required as defined in those various statements that I have read out to you.

Ms Halton—Can we be really clear: the officers from PHIAC do not come from a policy-making body. They give advice in the way that has just been outlined. They do not actually have a dialogue in this respect with the minister.

Senator CORMANN—Understood.

Ms Halton—And it is not, I think, appropriate to be putting words on the record as to what you believe the minister was or was not doing. These officers cannot comment on that, and

the fact that those things are going unremarked I do not want to be taken as being any agreement that what you have said is accurate.

Senator CORMANN—I hear what you are saying. PHIAC has a very clear statutory responsibility to ensure the prudential safety of individual health funds. There is a purpose for my questions, and I have not made anything up. I have read quotes from two of the minister's media statements and from the budget papers, which is what we are here to review. The reason I am asking these questions is because if, indeed, the rate change applications were at the minimum and then there is a significant change in public policy which you as the regulator were not aware of, and that particular policy change is going to have an adverse impact on the capacity of funds to maintain those minimum solvency requirements and their capacity to cover future claims, that would be an issue that would be right inside your area of responsibility, would it not?

Mr Gath—I see that as an entirely hypothetical question, I have to say.

Senator CORMANN—It is not a hypothetical question, because it is exactly what happened.

Mr Gath—But we do not know yet what the impact of any of those changes is going to be. We will know more as information is received from the funds in the fullness of time.

Ms Halton—And as we covered under the previous questioning on this item with the officers concerned, at the end of the day, one, it is not appropriate for PHIAC to speculate, and that is what you are actually asking them to do, and, secondly, it is a question for the funds now to think about and to come back to us, and they have not done so to date. So you are asking the officers here to go into a space which I think is hypothetical.

Senator CORMANN—Let me just answer that before I ask my next question. This is a very serious issue, actually. This is not hypothetical. This is exactly what happened. Premium increases were approved with input from PHIAC, and PHIAC is the regulator that is responsible to ensure the prudential safety of individual funds. There was a significant shift in public policy which will have an impact on the underlying assumptions—and all of it is assumptions and forecasts—and everything that I am saying is based on the government's own assumptions in the budget papers. There are assumptions in the budget papers that people will leave private health insurance. We have established that well and truly. In the minister's press release of 28 February, she says that one of the things she considers as part of her assessment is membership levels and membership trends. Is that not one of the criteria that is assessed as part of a review of a premium change?

Ms Halton—You are asking the officers to go to the hypothetical. As I have said already—and we said this on the previous item—these people are regulators. They are not going to give you an opinion and they are not going to go to policy. All they can do is react to what is going on in the market, and the reality at the moment is: one, the change has not come in and, secondly, no fund has come to us in respect of this matter. If they come to us, then the regulator will be involved.

Senator CORMANN—I am reviewing the performance of PHIAC, which is an agency under these budget statements, and a core responsibility of PHIAC, an agency that I hold in very high regard, is to ensure the prudential safety of health funds. Whether or not a change in

government policy is going to have an impact on the prudential safety of individual health funds is entirely a matter for PHIAC, and it is not a hypothetical question. Earlier this year, a couple of funds were sent back to resubmit their rate change applications. Factual question: are you aware today of any fund that, as a result of the policy change, will require some proactive monitoring by PHIAC? It is a question as of today, not hypothetical.

Mr Gath—As of today, the answer is no, but we will keep the situation under close scrutiny, of course, on the basis of information that is received.

Senator CORMANN—Thank you, Mr Gath. So you would be keeping the matter under close scrutiny to see how the impact of the policy is going to play out and, if there was a health fund that as a result of the policy would end up in the circumstance that is prudentially unsafe, you would have to take action?

Mr Gath—If a situation arises where a fund contravenes either the capital adequacy or the insolvency standards, then clearly PHIAC has a role in those circumstances.

Senator CORMANN—That is right. That is a description, essentially, of your statutory role.

Mr Gath—I am doing no more than really summarising what the legislation says.

Senator CORMANN—That is right; exactly. I leave that one there. The final area of questions is in relation to your annual coverage survey. In your industry data up to December 2007, can you give me the figure of total persons covered as of 31 December 2007?

Mr Gath—Individuals?

Senator CORMANN—Individuals, yes.

Mr Gath—The information we have is in relation to hospital cover.

Senator CORMANN—Yes, that is what I am looking for.

Mr Gath—We can give you that right now.

Mr Groenewegen—The total persons insured as at 31 December 2007 were 9,391,489.

Senator CORMANN—Thank you. How many SEUs at the same date?

Mr Groenewegen—I do not have those numbers with me.

Senator CORMANN—You can provide them on notice?

Mr Groenewegen—I can.

Senator CORMANN—I believe it is 6,752,745, but if you could confirm that for me, that would be great. The total number of members aged 65 or over: I put it to you that that was 1,251,668. Is that correct?

Mr Gath—We just have to do some quick arithmetic. We have information in relation to two age subsets over 65.

CHAIR—Can they take that on notice as well?

Senator CORMANN—No, I think that they can provide that information.

Mr Gath—We can just add up the numbers here.

Senator CORMANN—It is very easy to add up.

CHAIR—Very easy. Good.

Ms Halton—He is an old-fashioned bureaucrat. He knows how to do the math without the calculator.

CHAIR—Is it very easy, Mr Gath?

Mr Gath—No. I am a lawyer, so I cannot count! But fortunately my colleague can.

Ms Halton—This side can count. He is just a lawyer.

Senator CORMANN—Is it true to say that, for people aged 65 and over, one SEU essentially equals one person covered?

Mr Groenewegen—I cannot say that.

Senator CORMANN—Why can't you say that?

Mr Groenewegen—Because I do not have the number of SEUs here in front of me to match the number of people covered against the number of SEUs.

Senator CORMANN—In what circumstance would a person over the age of 65 be more than one SEU?

Mr Groenewegen—If they are on a family policy or on a couples policy.

Senator CORMANN—As a dependant?

Mr Groenewegen—No. If, for example, a husband and wife were on a policy.

Ms Halton—Grandparents with dependent children.

Mr Groenewegen—Grandparents, yes.

Senator CORMANN—But if you have got a husband and wife on a policy and they are both over 65, how many SEUs is that?

Mr Groenewegen—That would be two.

Senator CORMANN—That would be two. Exactly. There are two people, two SEUs, so the ratio is one to one still. Give me an example of where the ratio for somebody 65 or older is anything other than a ratio of one to one.

Ms Halton—When a grandparent is caring for a grandchild.

Senator CORMANN—Exactly. So, if there is a dependant on the policy, that is the only circumstance. That is not a very usual circumstance, is it?

Mr Groenewegen—We cannot tell from our data.

Senator CORMANN—Could you provide me with those statistics on notice and also provide me with any advice on what the relationship is between SEUs and persons covered—by way of ratio? Any light that you can shed on that for me would be greatly appreciated. That concludes my questions to PHIAC.

CHAIR—Thank you very much.

Senator CORMANN—Only one minute over.

CHAIR—Very well done!

Senator CORMANN—And I started two minutes late.

CHAIR—My acknowledgement is now on record, Senator Cormann. Thank you, Ms Halton, and thank you, representatives from PHIAC.

Mr Gath—Our pleasure. Thank you.

CHAIR—Ms Halton, we now move to questions dealing with aged care.

Ms Halton—A well-trodden path.

CHAIR—The expectation is that this will be until 10.10, 10.15. We will go through, as we have been doing: people raise issues. Outcome 4, Aged care and population ageing.

Ms Halton—Ms Murnane is delighted to be here.

CHAIR—Ms Murnane, do you have pharmaceuticals as well?

Ms Murnane—No.

CHAIR—Senator Adams, are you leading off on questions to do with ageing?

Senator ADAMS—Yes, I am.

CHAIR—Welcome, Mr Stuart.

Senator ADAMS—Thank you. I would like to ask some questions on the mobile rapid response team as a start. On 17 March 2008 the minister announced:

A squad of aged-care specialists will travel to trouble spots in the state to try to alleviate long waiting times for federally funded aged-care services, including admission to nursing homes.

The federal Minister for Ageing, Justine Elliot, said the rapid response team would begin its work in northern NSW and northern Sydney, where waiting times were among the longest. It would then move to other priority areas around the country.

Has the rapid response team assessed any older Australians in Ballina?

Ms Rosevear—The ACATs that look after the Ballina region have had additional resources put into them to help improve their timeliness so that they can better assess people in that region.

Senator ADAMS—They are acting as a response team in their own right, are they, with the funding that they have been given?

Ms Rosevear—Yes. The funding has been given and they have been provided with additional clinical resources. Essentially, they have been provided with clinical and management support so that they can improve their processes in that ACAT.

Mr Stuart—The mobile assessment team is being piloted in the Northern Sydney Central Coast Area Health service. I believe that has commenced, hasn't it, Allison?

Ms Rosevear—Yes.

Senator ADAMS—Thank you. Has the rapid response team been to the Tweed region?

Mr Stuart—No, not at this stage. The rapid response team has commenced in the northern Sydney and Central Coast area at this stage.

Senator ADAMS—Thank you. At today's date, how many older Australians has the mobile rapid response team assisted?

Ms Rosevear—We do not have that information.

Senator ADAMS—Can you get it, or take it on notice?

Mr Stuart—I am not certain that we would normally get that data in the ordinary course of business, but we are prepared to take it on notice and see what we can get from New South Wales.

Senator ADAMS—Thank you. Where have these assessments taken place? You have said the general area, but how many assessments are outstanding and where have they been done?

Ms Rosevear—We do not have that information. The ACATs in that region have been provided with additional support, so the ACAT teams themselves are actually doing the assessments.

Senator COLBECK—Can I ask in what form the additional support is?

Ms Rosevear—Within the northern New South Wales region, the ACATs have been assisted by a clinical manager and an administrative support component. There is a mobile team component which is operating in Northern Sydney Central Coast Area Health service and, within the northern area, there is a clinical manager and administrative support resource that has been in there to assist the existing ACATs to improve their timeliness and change their business processes so that they are more effective.

Senator COLBECK—They have been working with them to upgrade their practice skills?

Ms Rosevear—Yes.

Senator COLBECK—Do you have any feedback on the effectiveness of that process?

Ms Rosevear—We know that there has been a significant reduction in the number of people on the waiting list within the Richmond Valley ACAT.

Mr Stuart—The time from first referral to being seen by the ACAT has fallen from 18 days to five days in the Richmond Valley area since the start of this initiative.

Senator COLBECK—Has that work basically been affected by people going in and working with the teams or working alongside them and providing instruction?

Ms Rosevear—They have been working alongside and looking at their administrative processes so that they are more streamlined in the way that they do things: how they manage their waiting lists, and how they prioritise their clients and their general business practices.

Senator COLBECK—Looking to provide a longer term result rather than just putting the extra resource in there over the shorter period.

Ms Rosevear—Yes, that is right.

Senator COLBECK—Thanks, Chair. Sorry, Senator Adams.

Senator ADAMS—Do you know how many assessments are outstanding in that trial area?

Mr Stuart—No, we do not have that with us.

Senator ADAMS—Could we have that on notice as well?

Mr Stuart—On notice, yes.

Senator ADAMS—When does the government expect to clear the backlog, if there are outstanding assessments?

Mr Stuart—Again, we would need to discuss that with the New South Wales government. They are running the ACAT teams for us. This is a trial, you know.

Senator ADAMS—I know.

Mr Stuart—So we are learning and we are watching, and we will talk further with the New South Wales government and see how it is progressing. We will take those questions on notice for you and see what we can get from them.

Senator ADAMS—Are you aware of any black spots in that particular area that they are not getting to?

Mr Stuart—No.

Senator ADAMS—What is happening with the national ACAT review?

Mr Stuart—There was a final report of the review that the minister released in March. The minister also at that time released an Australian government response to that review, and there are a number of initiatives under consideration at the moment to respond to the review.

Senator ADAMS—When did the review come out? When was it tabled?

Ms Rosevear—I believe that the review and its response were released by Minister Elliot on 17 March.

Senator ADAMS—Would the committee be able to have a copy of that? I suppose it is on the website but I do not believe that I have seen that.

Ms Rosevear—Yes, we can provide a copy.

Senator ADAMS—Thank you. When are seniors and aged care providers going to see an improvement in the waiting times for ACAT assessments?

Ms Rosevear—The COAG initiative in February 2006 invested resources into improving the timeliness, quality and consistency of ACAT assessments. There have been a number of projects that have been undertaken under that initiative, including the review, at national level and also at state and territory levels. It includes the review of the ACATs, a national training strategy, so that we can get improved consistency in ACATs. With respect to the review, there were 27 recommendations in the areas of throughput and timeliness, consistent assessment approaches, workforce quality and infrastructure. A number of the areas relating to throughput and timeliness specifically relate to looking at improving business practices, and there is work happening in the jurisdictions to do that. We are also looking at reducing the workload for ACATs, for which we are seeking improvements in timeliness from the jurisdictions in response to changes in their actual workload; so the need for assessment.

Senator ADAMS—How are you practically going to do that? ACATs are busy. Are you going to give them more staff or more funding, or what will happen?

Mr Stuart—We have, through the review, identified a number of different kinds of assessment processes that we think may no longer be necessary to continue to be conducted,

and we are in the process now of advising the minister about that and she is considering those. With the implementation of the new Aged Care Funding Instrument there are some reduced risks in the system, and we think there is an opportunity to reduce some of the previous ACAT assessments that took place. So if we can reduce the number of assessments then, at the same time, we can go to the states and say, 'Well, now that there's less workload for the ACATs, we would also expect to see a significant improvement in timeliness,' and that would be part of our negotiation with the states and territories.

Senator ADAMS—When will that negotiation take place, do you think?

Mr Stuart—I would not be able to say exactly. We have got a few processes to go through. During the course of this year, I expect.

Senator ADAMS—Has anyone else got any questions on that?

CHAIR—Yes. If other people want to come in on issues raised, that would be the way to go.

Senator ADAMS—All right. I will keep going on something else then.

CHAIR—Yes, you are leading.

Senator ADAMS—Who will head up the review team for the conditional adjustment payment review?

Ms Murnane—That has not been decided yet; we expect there will be a decision about that shortly.

Senator ADAMS—How will the call for submissions be published?

Ms Murnane—It has not been decided yet exactly how that review will be conducted. When it is all that information will be available.

Senator COLBECK—What is the proposed timing of the review?

Mr Stuart—The review is going to commence shortly and conclude by the end of October 2008. That was stated in the terms of reference that were released by the minister as part of the budget announcement.

Senator ADAMS—I have a practical question. I do not know whether you will be able to answer it. How will the review team determine how and the extent to which the conditional adjustment payment has been effective in encouraging efficiency through improved management practices?

Mr Stuart—I would say by analysis and consideration and by receiving submissions.

Senator ADAMS—So the terms of reference for the review have not been decided either?

Mr Stuart—Yes, they have. The terms of reference were released by the minister on budget night, among the various statements that were released on budget night.

Senator ADAMS—Okay. We will have a look at those.

Senator COLBECK—So it is due to report by October this year?

Mr Stuart—The terms of reference say by the end of October.

Senator ADAMS—Did the department consider including community aged care packages in the review?

Mr Stuart—The department does not consider such things. That would be a matter for the government to consider. And, no, community aged care packages are not a part of the terms of reference.

Ms Murnane—Community aged care packages are not covered by the conditional adjustment payment either.

Senator ADAMS—Right. Thank you.

Senator COLBECK—Can I just follow on from you on that, if you do not mind. The review is due to start soon and will be completed by 30 October. What do you mean by 'soon'?

Mr Stuart—As soon as the minister has decided on the approach to the review. As I am saying, the terms of reference have been decided and released, but it is only still very shortly after the budget, and the kinds of questions that are being asked about, 'How will the review be conducted and by whom?' remain to be considered and announced by the minister.

Senator COLBECK—It is not very long, realistically, until 30 October either, is it? I do not think the questions that we are asking are unreasonable, quite frankly.

Mr Stuart—No, I am not suggesting that they are.

Senator COLBECK—I would have to say I am a little surprised that there is so little information. Okay, the terms of reference have been decided, and I think that is really good. They were announced on budget night. We do not know who is going to be conducting the review because the minister has not decided. Do we know how many people will be involved in the process? Is there going to be a panel or is it going to be contracted out? What is the process that we are looking at?

Ms Murnane—I think that we have said that these matters are being considered. There have been discussions on them; it has not gone into some sort of hiatus. Announcements will be made soon. I understand that you want this detail, but we are not able to give it to you tonight.

Senator COLBECK—My frustration is that at estimates in February we asked a whole heap of process questions about a range of things, and in the week or two weeks after estimates a whole heap of things came out which we might have been able to ask questions on, and we did not have the opportunity to do that. I understand it is only a couple of weeks since the budget. Consider me a conspiracy theorist, if you like, but it is not long till 30 October; it is not very long at all. It is going to be a reasonable project to conduct a review of the payment and it would be nice for us to be able to, at this forum, ask some detailed questions on it and, because of the stage that we are at, it is very difficult for us to do that in a meaningful way.

Ms Murnane—We will make sure that the secretariat, the committee secretary, has the details as soon as they are ready so that they can be conveyed to the members of the committee. That is the best that we can do tonight.

Senator COLBECK—Thank you.

Senator ADAMS—I would like to ask some questions about the Grant Thornton report.

Mr Stuart—Yes.

Senator ADAMS—The report of Grant Thornton, previously known as Bentleys MRI Perth Pty Ltd, was commissioned by the former government and published last year. That found that 40 per cent of aged care providers were operating in the red. In the *Herald Sun* dated 1 April 2008, the Minister for Ageing, the Hon. Justine Elliot, is quoted as saying that the Grant Thornton report was incorrect. Does the department agree with the minister that this report was incorrect?

Mr Stuart—I think what the minister said may have been misunderstood. The minister, I believe, said it was incorrect that this was a department or government report. It is not a report of the government; it is a report of Grant Thornton.

Senator ADAMS—The statements, then, were incorrect that that is what the minister said?

Mr Stuart—I believe the minister was saying that it is incorrect to say that that is a government report. I believe it was put to the minister that a government report said that 40 per cent were in the red, and I believe she said that that was not the case—that is, it was not a government report.

Senator ADAMS—So what advice has the department provided to the minister to suggest that the report is incorrect? That is the advice you have provided to the minister, is it: that it was not a government report?

Mr Stuart—That is correct.

Senator ADAMS—Right. My information said it was commissioned by the former government and published. So the former government's report is not a report? I am very confused about this.

Mr Stuart—It was not a report commissioned by either the former or the current government. It was simply a report compiled by Grant Thornton and then put into the public arena by them.

Senator HUMPHRIES—Sorry; can I be clear: is the report correct or incorrect?

Mr Stuart—I do not know if we are in a very good position to judge whether the report is correct or incorrect.

Senator HUMPHRIES—If there were a report in the public arena from someone with absolutely no credibility in the area, I could understand your dismissing it and ignoring it, but you have got a report here from someone who is not a slouch in the area of health policy, I would have thought, saying—and this is reported—that there is a serious problem with the financial liquidity of aged care providers. Is it really open to the department to say, 'Well, the report wasn't a government report, so we don't have to worry about it'?

Mr Stuart—I do not think that is what we are saying. But I think you are asking us to say whether we verify the 40 per cent number.

Senator HUMPHRIES—No. If it were only 35 per cent or 30 per cent or 25 per cent, wouldn't that be a matter of concern to the department?

Mr Stuart—I think it then goes to the question of what would those numbers mean, and it is not clear to us that, in a sector in which about 75 per cent of the sector is made up of not-for-profit providers who do not have a mission to make margins, that data would mean the same as you would expect it to mean in a different kind of sector.

Senator HUMPHRIES—You are saying that if, indeed, it is true that 40 per cent of aged care providers are in the red, that would not be a matter of concern to the department?

Mr Stuart—I think that that information would need a lot more unpacking.

Senator HUMPHRIES—But unless you unpack it, you will not know, will you? This is the point. If you have not unpacked it, if you do not propose to unpack it because it is not a government report, isn't it potentially somewhat of an ostrich approach? It is a moderately credible source, which has apparently gone to providers in the sector. I assume it has not just plucked the figure out of the air. It has sought the evidence somewhere and it has put this on the table and sent alarm bells ringing in at least the Australian media, and you are proposing to say, 'Well, it might not be true, so we don't have to worry about checking out whether it is true.'

Prof. Cullen—There are a number of financial firms which conduct surveys of the industry and report on the viability of the industry. For example, as recently as yesterday Stewart Brown Aged Care Financial Services in New South Wales reported on the results of a study of 270 aged care homes. What they said in that report was that the top 25 per cent of homes, which they consider to be the benchmark of how a home can operate—in other words, what an efficient home can achieve—make a very reasonable return on investment. That finding is actually the same as is found in the annual survey conducted by the former Bentleys, now Grant Thornton, and James Underwood and Associates, out of Queensland, of about the same number of services—a different set of services. So most of the independent analysis which is going on out there is finding that efficient homes, well operated, can make reasonable returns on investment, and that is a matter which the department is aware of.

Senator HUMPHRIES—That is wonderful, but it is not the top 25 I am worried about. It is the bottom 40 per cent that I am worried about. Isn't that the concern? It does not matter how much money the top 25 per cent are making. That 40 per cent of homes are in a precarious financial position might be a reasonable way of reading these figures—might or might not, who knows? Until we do the investigation we will not know. With respect, doesn't this deserve further attention and investigation?

Prof. Cullen—If I can refer to the Hogan report, Hogan similarly found that well-operating services—whether they be rural, regional, in metropolitan areas; whether they be operated by not-for-profit providers or for-profit providers; whether, indeed, they be small or large—were able, if well managed, to make reasonable returns on investment. The issue is, therefore, not about the viability of the services so much as the need for them to improve their financial management practices, which is, indeed, what the conditional adjustment payment is paid to them for.

Senator HUMPHRIES—It seems to me that that is, with respect, irrelevant. What does it matter, again, if a certain proportion of the homes are viable and profitable? If even a significant proportion of that 40 per cent who may or may not be operating in the red were to fail, we would have a major crisis in aged care in this country, would we not?

Prof. Cullen—I did not say that. What I said was that what Hogan found—and, indeed, what I believe Stewart and Brown and even Grant Thornton have found, but certainly what Hogan had found—is that all homes are capable of achieving the results achieved in the top 25 per cent.

Senator HUMPHRIES—That is like saying we are all capable of running a four-minute mile, but we do not all do that, do we? Some of us will not get that and some of us might fail very badly in some other respects. It is not much comfort that some of us have the potential to do well.

Ms Halton—I would have to dispute that analogy.

Senator HUMPHRIES—Let us not focus on the analogy, Ms Halton.

Ms Halton—It is a bad analogy. I do want to make the point. Most of us could not—in fact, no-one in this room, I would warrant, could—run a four-minute mile. We never could. It does not matter how hard we trained. The point that is being made here by Mr Cullen is that, if you employ good management practices, you actually can get into that category. It is not just a question of whether you have any fundamental inherent ability which, arguably, for the four-minute mile you need; and then the training. With this, if you have the training and you have the good practice, you can do it. That is the point.

Senator HUMPHRIES—Yes, but, again, I am not concerned about those that are or have the potential to be profitable. It is, with respect, irrelevant to this issue. Can we ignore the top 25 per cent and focus on the bottom 40 per cent.

Prof. Cullen—May I also say that I was concerned about a word that you used earlier, because you slipped into using the word 'liquidity'. The Grant Thornton findings, insofar as I understand the report, were in no way about the liquidity of those services and they provided no evidence that those services were having a liquidity problem.

Senator HUMPHRIES—Because they were working on an operating loss. Forty per cent were operating on the basis that they were operating in the red.

Prof. Cullen—You were concerned about whether they were about to fall over. I am saying that Grant Thornton provided no evidence that they had a liquidity problem. That is an important matter in relation to your concern about whether those services are about to fall over.

Senator HUMPHRIES—Yes. Let me put this question another way: how confident are you that Australia's aged care facilities are well run and are capable of continuing to deliver services to the Australian community? That is, what proportion of aged care facilities in Australia would you, on the basis of investigation that you may or may not have conducted, have cause to be concerned about with respect to their capacity to continue to operate and provide services?

Mr Stuart—A very small proportion.

Senator HUMPHRIES—How do you establish that small proportion if you have not carried through—

Mr Stuart—There are a number of measures used by the department, and I would just point out that in March the government passed legislation, commenced under the former government, which added $1.13 billion to the income of residential aged care homes and, in the budget, an additional $407.6 million through additional conditional adjustment payments over the next four years, so a total addition of about $1.5 billion over the next four years for the residential aged care sector. The measures that the government uses to establish the kind of framework for residential aged care are financial inputs, on the one hand, and quality measurement and outputs on the other hand. We have occasional but very rare issues with aged care homes going into serious financial difficulty. It does happen.

Occasionally it happens not because of the funding but because of financial decisions taken by the homes themselves, and we have overwhelmingly in Australia well-run, accredited aged care homes that continue to maintain their accreditation and to provide appropriate quality of care. Again, from time to time there are particular homes where quality issues are identified and those issues are dealt with, but I do not think that we see there a general lack of financing in the aged care sector. The issues identified tend to be more about the availability of ongoing staff or the movement of staff or the breakdown of practices within the governance or clinical governance of an aged care home.

Senator HUMPHRIES—That is commendable, but I am not convinced that it is actually enough. Has the department approached the Grant Thornton organisation and asked to see the data on which they base their conclusions?

Prof. Cullen—I think it may help to understand that Grant Thornton were contracted by the department to collate data from financial reports provided by providers. They then used that data, we believe, as the basis of their report. They were not contracted to provide a report to us; they were contracted, essentially, to provide a database to us of data extracted from a series of financial reports. So we have the same data base as, we believe, they analysed their data from. Their report was not ours, so I cannot tell you what the methodology was that they used to produce that.

Senator HUMPHRIES—You could, if you had asked them.

Prof. Cullen—We have written to Grant Thornton outlining our concerns that they used that data without the permission of the Commonwealth and have published a report which has been taken by some people to be a report of the Commonwealth and asking them to ensure that it is made clear that it is not a report of the Commonwealth.

Senator HUMPHRIES—Are you certain that the data they have used to draw their conclusions is only the data that they have shared with you?

Prof. Cullen—No. I cannot read the minds of Grant Thornton.

Senator HUMPHRIES—No, I am not asking you to read their minds. I am asking you to say to them that, if they have drawn these conclusions, then would they be kind enough to share with the Australian Department of Health and Ageing the basis on which they make these claims. Wouldn't that be a prudent thing to do?

Prof. Cullen—Grant Thornton have also produced other reports which I have referred to, including the annual survey which they conduct with James Underwood.

Senator HUMPHRIES—That is great, but that is not the question I have just asked. Wouldn't it be prudent to ask them for all the information on which they have based that report, in case there was some other evidence of which you are not aware?

Ms Murnane—I think that we should go back to the point that Dr Cullen has made: that the fact that some homes might be found at a certain stage to be in the red—not balancing on a cliff in terms of falling over, but to be in the red—does not mean that the funding is insufficient. It means that those homes are not managing the funding in the way that other homes are. Mr Stuart has provided the ways in which we have lines of visibility into the industry, particularly in terms of quality.

The industry is independent. They are independent providers, and, although we have strict conditions on them in relation to quality and also prudential regulations around them for bonds that they hold, we do not stand in their shoes as managers and we do not have access to their books. When we commission surveys, such as the one that Bentleys did and that other organisations have done, we do not get information about individual homes from them. That is the condition on which the industry agreed. What we try to do is to treat the industry as responsible until proven otherwise. If they are either too highly geared, too inefficient or use the money that comes to them for certain other purposes and the homes run down, we do not rely on finding out simply at the point of catastrophe, though that can happen if providers are not forthright with us.

We are random. A number of years ago, the previous government introduced unannounced visits. Minister Elliot has said that there will be more unannounced visits. As well as that, we have regular accreditation visits. We have a complaints system that brings our staff, and, if we judge appropriate, the accreditation agency staff, into homes. The way the Aged Care Act is constructed, there are responsibilities that lie on the industry, and if we were to say that if a home's finances were not healthy then we would give them more money, the program would not rest on a platform that had either integrity or financial viability. It would be a massive moral hazard.

Insofar as reports like the one that Bentleys wrote give a wake-up call to the industry, it should not engender in them a sense of, 'Okay, the government's got to pay more.' It should engender in them, 'Well, we should be looking to ourselves and managing more,' because, if Bentleys were right and it was at that time 40 per cent that were in the red, there were 60 per cent that were not, and what are those homes doing that the homes that are in the red are not doing? This is a message that ministers and senior department staff and officials constantly give. Unfortunately, it is not always heeded; and, short of stepping into the shoes of the provider and having complete access to all of their financial records, we can hope to minimise this but we cannot guard completely against it taking place—against some form of mismanagement manifesting itself in financial difficulty of a home.

Senator HUMPHRIES—I take comfort from what you have had to say, Ms Murnane, but I come back to the point. This is Senator Adams's question, so I am going to buy out at this point. I am just extremely surprised. The department has had a warning of sorts from a

company with which the department has actually dealt for a number of years. It actually contracts them to collect information for them. Presumably that means that they are fairly reliable and capable of handling the figures that they are asked to deal with. So there is this warning from this company, and the department has not even bothered to ask for the evidence on which that warning is based. I find that absolutely astonishing. It is Senator Adams's question.

Senator COLBECK—You have received the raw data. What analysis has the department done on that data itself, and does that show anything like the outcomes that were being proposed by the Thornton report?

Prof. Cullen—The analysis of that data is a matter which we have been looking at, and this goes to something which Mr Stuart said earlier. You cannot simply look at this data in its totality. You have to understand, as well as you can, the purposes of the organisations who are providing the aged care. As Mr Stuart said earlier, about three-quarters of our industry are not-for-profit organisations. By their very nature, a not-for-profit organisation wishes to come out at zero. It wishes to put whatever surpluses it may make back into additional care provision or other services to clients. So you cannot look at this data and say, 'Look, there are a lot down at about zero. Isn't that dreadful? Why aren't they making a profit?' It may well be perfectly reasonable that they are there. Our analysis has been, I think, much more sophisticated, in that we have tried to look at those sorts of questions. However, I have to say that that data does not support detailed analysis.

It does not give you sufficient to be able to look at, for example: what transfers have been made to related parties? Have significantly large management fees been paid to other entities? If there is a reported loss, is it a reported loss at the group level or is it a reported loss at the individual entity level? These are questions which you would really need to ask of a dataset before you could really know whether it was telling you the sorts of things that you are asking, and that data is not available in that dataset.

Senator COLBECK—So the data that you asked for from Bentleys then and Thorntons now was not for this purpose. What was the purpose of sourcing the data in the first place, then?

Prof. Cullen—It was for the purpose of better understanding the finances of the industry. The way in which this process worked was that we asked providers to send their general-purpose financial reports to Grant Thornton. We asked Grant Thornton to extract certain data items from those reports and then to destroy the reports so that we would not know which providers had provided those reports. Part of what we have learnt from this is that perhaps we did not extract the right data items to be able to answer—

Senator COLBECK—You didn't ask the right questions to get the information?

Prof. Cullen—Yes.

Senator COLBECK—So when the minister says that the Thornton report is not right, that is based on your assessment of the data that you have received, which you are basically saying does not really tell you the whole story of what might be happening in the sector?

Mr Stuart—I have already clarified that, in the minister saying the Grant Thornton report was not right, she was saying, 'No, it's not a government report.'

Senator COLBECK—They are two completely different things. If Thorntons have looked at more data and come up with the information—and Professor Cullen has already said to us that he does not know what data they considered as part of that; whether they considered the data that they sourced for the government or whether they considered that 'plus other', 'or other'. So there can potentially be a real distinction between the two, can't there? The department has done an assessment of the data that you asked Thorntons to get for you, and potentially we have asked some wrong questions. That is the way things happen sometimes. We accept that. But it may be that there has been additional data that has been assessed as part of the Thornton process that provides them with more insight than does your assessment of the data that you have asked for.

Prof. Cullen—I would like to read you an extract from the Grant Thornton report, if I can.

Senator COLBECK—Sure.

Prof. Cullen—The Grant Thornton report notes that 'consolidation continues to occur at all levels of what is otherwise considered to be a fragmented industry' and that big operators continue to be attracted to the industry. Smaller, inefficient operators, the report says, face pressures to consolidate or exit the industry. The newsletter, the report, then argues that residential care operators can address costs and other challenges by partnering with complementary service providers, acquiring suitable businesses and/or rationalising operations. It stresses that improved financial management will be a key factor in the ability of aged care services to continue to operate effectively in the future.

The report makes particular reference to a study by the Centre for Efficiency and Productivity Analysis at the University of Queensland, which found on average that the technical inefficiency in the industry was at 17 per cent—that is, that the average facility operated at a 17 per cent deficit to what a well-managed facility could operate at. The Thornton newsletter points to this analysis to underline the need for individual residential aged care providers to identify opportunities to obtain increased efficiencies from their operations, and it essentially finds that it is possible for them so to do.

Senator COLBECK—Okay. I can only accept the statement that you have read to me. There is perhaps one question that comes out of that. You talk about 'smaller and inefficient' versus 'larger players', and I accept that there has been quite a deal of consolidation in the industry over a period of time; I have seen a considerable amount of that in my own community. In fact, I have encouraged some operators to consider that as an option. But is it the rate at which funding is available to them from various sources and the restrictions that are placed around them as an industry? As we have said, there is a hand of government on the industry that applies a range of restrictions over and above a whole range of other sectors.

Ms Murnane—And a hand of funding, too.

Senator COLBECK—I understand that. I am not trying to downplay that one way or the other in any sense. But, on the 'small and inefficient', is it possible that 'small' is effectively being driven out of the sector by the weight of all of those factors? That is the message that comes through to me from a lot of players in my neck of the woods. And I do not think they

would necessarily agree with the inference that, because they are small and not making money, they are not well managed. I think we need to be very careful about using that language about whatever percentage of the sector might be operating in the red or looking to go that way.

Mr Stuart—Might I point out briefly that what David Cullen was reading out was from the Grant Thornton report, which was not the government report.

Senator COLBECK—I understand that, but the conversation that we have been having here this evening has talked about the bottom 40 per cent being poorly managed, the top 25 per cent being very well managed—

Ms Murnane—And that does not equate to size. We would not want to say—and I think this should be made very clear—that small homes are generally more badly run and in greater difficulty than larger homes. You would need to define what 'small' and 'large' are, but there have been some very large homes that have got into a great deal of difficulty and have shown poor quality standards, and there are many small homes, including in rural and regional areas, that are small, they are meeting the needs of their constituency well, and they are well run. I personally know of numbers of homes like that, some of which are pretty small indeed—30 or under—and they are running very well. It is the quality of the management and the extent to which they are geared and the other demands on the money that is coming in.

Senator COLBECK—The underlying thing from the report and perhaps even from the data that you have received is that there is a flag that is picked up in respect of this, whether we like it or not. We have just come from that side of the fence to this side of the fence, so we understand very well where each of us is sitting. There will be an expectation.

Ms Murnane—Yes, there will.

Senator COLBECK—There will be an expectation, and from this side of the fence at this point in time we are asking: what is the direction in respect of that and how is it looking to be managed? We know that the expectation is there. Whether it is a realistic one or whether it is a right one or not does not necessarily matter. It is part of the process that we have to deal with.

Ms Murnane—I understand. It is of concern if there are homes that are truly in the red, and we have to take account of the not-for-profit sector, as my colleagues have said. But governments have not wanted to increase regulation and to, particularly, increase financial regulation, which, if we were to be absolutely sure all the time that homes were running on a financial even keel, we might have to do. I believe that that would be an impossible situation that would require armies of public servants, and then what can you really force people to do against their will and capability? What we have been trying to do is to lift the standards of the industry. We believe we have had a lot of success in relation to quality. A large number of the successful outputs in quality are also, at least in part, the result of better financial management. There is a long way to go and, in part, that is one of the things the CAP review is going to look at.

Senator ADAMS—You mentioned rural aged care facilities. With the new Aged Care Funding Instrument we have quite a number of problems that have been red-flagged. They are having problems and their analysis is that they are not going to be able to make it and stay on deck. I will ask some questions along those lines, regarding the Aged Care Funding

Instrument. What early information can be furnished, following the introduction of the ACFI on 20 March, around the impact that it may be having on small rural providers? Many of these have large numbers of low-care places and little opportunity to offset a poorer performing facility against a better performing one because many of them are single-site providers. That brings up what Ms Murnane was talking about: rural is very different.

Mr Stuart—There are a couple of things I would say right off the bat. One is that, if there are providers that think that things are going against them particularly, then you can refer them to us and they can talk to us. We would be happy to look at the data. We have been seeing some data from the industry. It so far has shown us what we expect to see, which is that aged care homes, on average, are slightly ahead compared to the previous funding instrument. But if you are aware of particular aged care homes, we would be happy to be put in touch with them.

Also, we have put KPMG in place. The government has contracted with KPMG to provide business advice at no charge to aged care homes that would like to examine this more closely and to have an analysis of their early ACFI returns. There are, I would also say, a couple of reasons to think that there are homes that are perhaps not interpreting some of their early returns in quite the right way. I can talk about that a bit more if you wish. But KPMG can provide individual homes with assistance. The government has provided for $3 million worth of business advice at no charge to those homes.

Senator ADAMS—That is good to hear. I will give you an example here of a larger home in Perth. They say: 'The new ACFI system will virtually keep low-care frail aged out of residential care facilities because it is now financially unviable to admit them. Given that there will be many residential care facilities specifically designed for low care that will require significant capital expenditure to modify their facilities to better accommodate the needs of high-care residents, together with the diminishing holding of accommodation bonds, what provisions are there to assist those aged care providers meet this transition?' You have told me that, but they have then gone on to say, 'Our 80-bed low-care facility has reviewed 14 existing residents against the ACFI and found that, if we were considering admitting this group today, only four of them would be admitted. To admit any of the others would actually cost the provider to keep them as there are not sufficient funds to cover care costs. Clearly, none of these frail aged could care for themselves at home and there are inadequate community services in place to provide an alternative.'

That, to me, is rather frightening. That is an aged care home with a large number of people in it. That is just one part of it. The other one is from where I come from in rural Western Australia. They are very concerned. It is a 21-bed facility run by the shire council. They say:

As we run at a loss of at least $350,000 (probably closer to $400,000) with an excellent manager who has years of experience in the industry and has been able to run the budget in many areas—we still have this huge loss.

We are now changed to low care as the mix of high and low care doesn't work without separate facilities. For the first time in years, we now are full, with all residents local people, and with a waiting list. This is a great turnaround, as one difficulty we could see was asking ratepayers—

to support their aged care people; and they have more from outside the district trying to get there. Accreditation is another thing they feel is hurting them. They say:

Accreditation is squeezing smaller facilities out—they are making things more difficult, rather than assisting us to provide the service.

That is just an example. They are finding it hard to come to terms with the new instrument. I do not know whether KPMG want to travel to rural Western Australia, but it would be very good if they could do something there.

Mr Stuart—The service is available to services right round Australia.

Senator ADAMS—Regarding the mechanism that is in place to ensure the timely analysis of the impact of the new ACFI, who will be involved? Will it just be KPMG?

Mr Stuart—No.

Senator ADAMS—Will it be someone else on the oversight committee? You have an oversight committee being formed?

Prof. Cullen—Access Economics has done some analysis in here and has advised the department that we must wait until there are 20,000 classifications under the new system before it would be possible that we could analyse the performance of the ACFI to see if it was performing as modelled. We expect that that classification will be available in July or August of this year. So far we have had about 14½ thousand appraisals under the new instrument, so we are not at that 20,000 yet. We are approaching that number and, when we get to that number, Access Economics has been commissioned to evaluate that first 20,000 classifications.

What they will do is compare the actual with the predicted results of what the ACFI was expected to deliver for each of the following: total government outlays on care subsidies, the proportion of new and existing residents in each ACFI category, the proportions of high- and low-care residents and the proportions of residents for whom a grandparented or saved RCS rate will apply. Should there be a need to modify the ACFI following that evaluation, the department will consult with the sector through the ACFI Reference Group, which will continue to provide information and advice to the government until the ACFI is formally reviewed 18 months after its commencement.

Senator ADAMS—Does that take into account the smaller rural areas as well?

Mr Stuart—Yes, given some of the anxieties of rural providers—and there has been some anxiety about any change in financial arrangements; people are concerned about that—yes, we will be looking at different kinds of aged care homes, including particularly at rural and at low care, in doing that analysis.

Senator ADAMS—Where there are rural areas, as you would be fully aware, people like to keep their elderly relatives and family in the district. This is where our biggest problem is. It is difficult.

Mr Stuart—It is a strength of the current aged care program that we do have aged care homes pretty much right round Australia in country towns and rural centres, fairly well dispersed in accordance with where older people live. We would like to keep it that way. The ACFI should support that.

Senator ADAMS—With a shire council losing between $350,000 and $400,000 a year, it is not going to last very long. If they have to close their doors, that causes huge problems for the community. I will be giving them the advice that you have just given me, very rapidly.

Senator McLucas—Excuse me, Chair, can I make a brief comment. Senator Adams, I am sure you will recall that the ACFI policy was introduced by the former government.

Senator ADAMS—I do.

Senator McLucas—With bipartisan support; but introduced by the former government. I think the officers have given you a good explanation of the intensity of scrutiny that we will bring to ensuring, first of all, that we monitor closely any potential impact and then that that review process, which is 18 months after introduction, will be rigorous. I just want to put it on the record that it was former government policy.

Senator ADAMS—It could hardly start in March. You would have been rather busy, I think.

Senator McLucas—I am a little concerned at your seeming anger.

Senator ADAMS—I get agitated, or perhaps frustrated, because there must be another way. We have to do something better than what we are doing. Just to come back to the panel who are going to look at it—Access Economics are doing the data analysis, but the panel—who will those people be on the panel that does the reviewing?

Mr Stuart—That is being managed by KPMG. The panel has been established and trained and ready to run, through KPMG, and the contract details are available through the department's website, through www.health.gov.au.

Senator ADAMS—I think we might have had enough of that one.

CHAIR—Does anyone else have any questions? Senator Adams has ranged across a lot of the issues. Maybe we will go to Senator Boyce for a while and then go back to Senator Adams, because we still have some time. Senator Boyce, do you want to go into your questions? Did Senator Brown have some?

Senator CAROL BROWN—I would like to go back to the Aged Care Funding Instrument. Could you let the committee know what the increases are in the maximum care subsidies payments? Could you detail those?

Prof. Cullen—I am not going to be able to give you the cents. The maximum care payment under the former RCS was $125. This year the maximum care payment under the ACFI is $135. Excuse me if I give all these prices in the same year, because there are indexation effects et cetera: next year the maximum price will be $145, the year after that it will be $155 and the year after that it will be $160.

Senator CAROL BROWN—It is my understanding—and correct me if I am wrong—that there has been an indication that there will be a review of the funding instrument. Is that correct?

Mr Stuart—Yes, indeed. That takes place over a period, in effect, because, first, Access Economics are going to do that early analysis that we spoke about, and we continue to have the Aged Care Funding Instrument Reference Group of the sector working with us, who will

be very interested in that information. Then the government has committed to an 18-month review of the operation of the ACFI.

Senator CAROL BROWN—So from March of this year, 18 months forward you will commence a formal review.

Mr Stuart—That is right, yes.

Senator CAROL BROWN—Thank you.

Senator BOYCE—I want to confirm, in terms of bed allocation, bed readiness, that that is still measured as two years. Is that correct?

Mr Stuart—The Aged Care Act provides that aged-care providers should establish new aged-care services within two years of allocation of places.

Senator BOYCE—In which case I would like to revisit an area that is familiar to Senator McLucas: Evans Head.

Senator McLucas—Fantastic.

Mr Stuart—Let's go to Evans Head!

Senator BOYCE—I have received a number of emails about the Ex-Services Home Ballina at Currajong Street, Evans Head. I understand that we still have bed allocations but no beds.

Mr Stuart—That is right.

Senator BOYCE—Could you perhaps update us from when Senator McLucas asked these questions 12 months ago.

Mr Stuart—Sure. The department has, of course, considered extensions on a number of occasions for Evans Head and has actually not had a great deal of difficulty in giving those extensions.

Senator BOYCE—Why is this?

Mr Stuart—This is a very peculiar story of an aged-care provider trying very hard to actually get its aged-care service up and running and hitting a number of snags at every turn, which I will ask Allison Rosevear briefly to describe. But our judgement has been that the provider has made every attempt to have the places established and has just been frustrated by a range of planning and other considerations that are quite unusual. Allison, would you mind running through the chronology.

Ms Rosevear—Yes, that is fine. Evans Head was first allocated places back in 2001.

Senator BOYCE—That was 40 beds then.

Ms Rosevear—Yes. They have had an additional allocation since then. At that time they had identified land; they had been working with the local council in relation to land for this site for quite some time, because there is not a lot of available land in Evans Head. With the first site, they needed to go through a number of processes, including state government approvals, and in the end there was a problem, I believe, with either a heritage listing or Aboriginal land issues. They then moved on to a second site, which they identified with the help of the council, and did a lot of work on trying to get development approval on that site.

But they then also ran into environmental issues. So, again with the council, they identified the third site. The third site was the one which was previously used as an aerodrome and the council had previously used it for various purposes, so they needed to undertake an investigation of whether there was any contamination on the site.

Senator BOYCE—What year did they ascertain that they needed to do that site assessment?

Ms Rosevear—I believe that process started in early 2006. The process was finished, I think, later in that year and, in November, the results were presented to council. While there is, of course, no unexploded ordnance, there is actually contamination on that site.

Senator BOYCE—Heavy metals type of contamination?

Ms Rosevear—Tar and asbestos, I believe, is the contamination on that site. So, together with the Department of Defence, the council is working on cleaning up that particular site.

Senator BOYCE—They are remediating the site now?

Ms Rosevear—Yes.

Senator BOYCE—When did that start?

Ms Rosevear—I have not got that information. I can take that question on notice.

Senator BOYCE—If you could.

Ms Rosevear—Yes.

Senator BOYCE—And it would be good to know when it might also be completed. One presumes that 12 months would be more than sufficient to undertake a site remediation like that.

Ms Rosevear—Yes. The provider has advised the department that development authority approval is expected by 31 July and building application approval by 30 September this year, and construction will commence in December this year.

Senator BOYCE—December this year?

Ms Rosevear—Yes.

Senator BOYCE—Will that be for 55 beds that have been allocated?

Ms Rosevear—Yes, I believe so.

Senator BOYCE—We had 40 and then another 15.

Ms Rosevear—Yes, it will be a 55-bed service.

Senator BOYCE—So December—

Ms Rosevear—Is when construction will commence—December this year.

Senator BOYCE—The provider has notified the department of that.

Ms Rosevear—Yes.

Senator BOYCE—There are no impediments, that you are aware of, to that actually being the date that the ribbon gets cut?

Ms Rosevear—When construction commences.

Senator McLucas—Construction commencing, yes.

Mr Stuart—This is a saga of frustration for the provider, who has been working with the council in an exemplary way, and the department has essentially allowed them to retain the approvals over this period because there is no sense in removing the approvals from this provider and allocating them to another one, who would then simply be working with the same council and facing the same difficulties in identifying an appropriate block of land in the Evans Head area.

Senator BOYCE—Except that I am advised, in a private email that I received today, that there is another local aged-care provider who has expressed interest to take on this allocation, if these beds were available. Are you aware of who that might be? I am not asking for the name; I am asking if you are aware that this is the case.

Mr Stuart—No, not at all.

Ms Rosevear—We are aware, though, that the council has advised the department that they believe there is no other available land, other than their site—

Senator BOYCE—No. There is another local aged-care provider who has expressed interest in taking on this allocation.

Mr Stuart—I am sorry. Are they in the same direct area? Are they an existing aged-care home?

Senator BOYCE—The information I am giving you is all the information I have.

Ms Halton—But you would still have to have a site that was able to accommodate these beds.

Senator BOYCE—I agree. However, I do not have the detail to know if the site exists or not. At this stage I am just asking the department if they are aware of this claim that is being put to me in this email?

Ms Rosevear—I am not aware of that home, no.

Senator BOYCE—All right. I will take that on notice and check it out further. I know this has been a long saga, but would it be the only case of this kind? Are there other areas and other circumstances where it has taken seven years to get a bed?

Mr Stuart—Occasionally, unfortunately, yes. There are one or two other sagas of frustration around the country, and the most frequent and most significant slowing of progress tends to be due to planning issues that arise in the course of due diligence or construction.

Senator BOYCE—So back to those sorts of issues of, 'Whoops! It's contaminated land'?

Mr Stuart—Most providers make good speed, but there are the occasional ones that cause significant difficulty. The government has promised to review this process. The government has promised to look hard at what can be done to accelerate it, and we will be conducting that review and consulting further with the sector about it. That review, I am sure, will touch not only on what providers do but also on what councils do and how we in the department, and providers, relate with councils.

Senator BOYCE—What is your current policy if a bed is not ready in two years?

Mr Stuart—We then start to actively follow them up, and we ask them to please explain, after that, on a regular basis.

Senator BOYCE—Have you taken bed allocations off providers in those sorts of circumstances?

Mr Stuart—Yes, we have on occasion, but the most usual occurrence is that we simply refuse to extend any more.

Senator BOYCE—And they lose the allocation.

Mr Stuart—And then they lose the allocation.

Senator BOYCE—So someone else is then required to reapply for it?

Mr Stuart—We then have an allocation in the next allocation process.

Senator BOYCE—Given that the decision has obviously been made that beds are a good thing in that area?

Mr Stuart—Yes, that is right. But you do that at some cost once the sod has been turned and the building has commenced, to go back to the start gate with another provider can lose a lot of valuable time for the local people in terms of actually getting aged care on foot; so, where no progress is made and there is not a good explanation, yes, we just let those ones lapse.

Senator BOYCE—Whose decision is that if we are talking about, 'Well, maybe if we just keep working with this provider they will produce beds in nine months, whereas if we let that allocation lapse it could be two years before there's a bed in this part of the world'? Where does that decision come from?

Mr Stuart—The department administers those decisions.

Senator BOYCE—Can you give me any sense of the scale—of the number of times you would have allowed allocations to lapse? I am not looking for an actual figure, but 10 per cent, half a per cent?

Ms Rosevear—It would be significantly less than 10 per cent, but I am happy to take that question on notice.

Senator BOYCE—That would be good, thank you. If possible, if you are able to do it without too much effort, could I have a state breakdown of those figures.

Ms Rosevear—Yes.

Mr Stuart—Yes, we can do that.

Senator BOYCE—Thank you. Thanks, Chair.

CHAIR—Senator Colbeck.

Senator COLBECK—How much did we pay for the Thornton data?

Mr Stuart—We would have to take that on notice. We do not have that information with us.

Senator COLBECK—Okay. We would appreciate finding out as soon as we possibly could. Thank you.

CHAIR—Senator Humphries.

Senator HUMPHRIES—I was going to say I can give you the information because it is on the AusTender website. It was $129,294.

Senator COLBECK—Thank you very much.

Senator HUMPHRIES—Send me the cheque later!

Senator COLBECK—What a resourceful lot—$129,000.

Senator HUMPHRIES—Yes.

Senator COLBECK—For the wrong questions.

Senator HUMPHRIES—Can I ask about the appointment of our Ambassador for Ageing, please.

Mr Stuart—Yes.

Senator HUMPHRIES—She is a very talented comedienne. She has given me lots of pleasure over the years. I am just not sure what qualifications she was viewed by the government as having to take on the role of Ambassador for Ageing. Can you describe what her qualifications and experience were for that role?

Senator McLucas—I probably should answer that question. Ms Noeline Brown, who is celebrating her 70th birthday this October, is a national icon, as I think you have indicated. She is not only a comedienne, but a talented actor as well. She has done a lot of very good work promoting positive, healthy ageing.

Senator HUMPHRIES—In what capacity?

Senator McLucas—She is a well-loved Australia Day ambassador, I understand. She is active in her community and in her support for Meals on Wheels. Since her appointment, Ms Brown has promoted a number of health initiatives, including the free flu vaccinations for the elderly; the bowel cancer screening project, which was named after a prominent Australian; and water safety for older Australians.

Senator HUMPHRIES—It was more her qualifications for being appointed in the first place that I was focusing on.

Senator McLucas—It has been well received by the ageing sector, not the aged care sector, as you would know. I have got a lovely photograph here that I am quite happy to table, Chair, of Michael O'Neill, the CEO of National Seniors, at the event where Noeline Brown was given the position of the Ambassador for Ageing, and I think it has been well accepted by seniors organisations that she is a fine candidate for such a position.

Senator HUMPHRIES—Can you describe the process whereby she was actually chosen. I appreciate that the position is a high-profile one and one you need to choose carefully to choose the right person for; so how was the decision made to appoint the ambassador?

Senator McLucas—It was a decision by the minister—and a very good one.

Senator HUMPHRIES—The Minister for Ageing?

Senator McLucas—That is right.

Senator HUMPHRIES—We do not know whether there was a panel of people from whom she chose a name, or a process whereby she sought nominations from organisations or colleagues, or anything like that, for who this ambassador should be?

Senator McLucas—As I understand it, it was a decision of the minister. If there is anything further that the minister would like to provide you by way of process, we will bring that back to you as soon as we can.

Senator HUMPHRIES—Okay. Are you saying that the department had no role in the appointment—the department was not asked to express a suggestion about a name—that it was simply the minister's decision?

Mr Stuart—The department was asked for advice and did provide advice to the minister.

Senator HUMPHRIES—Can I ask whether that was advice about possible names or advice about the suitability of this name?

Senator McLucas—No, you cannot.

Senator HUMPHRIES—I can ask. You do not have to answer!

Senator McLucas—You said, 'Can I ask?' and I said, 'No, you can't.'

Senator HUMPHRIES—All right.

Senator COLBECK—You actually literally answered the question for a change, Senator. You are doing all right!

Ms Halton—You can ask and we will not answer.

Senator HUMPHRIES—Yes, we have got that sorted out. Thank you. Does the ambassador have an office—or an embassy?

Senator McLucas—There could not be a more appropriate term. Or a seal, perhaps!

Mr Stuart—Not at this stage. No, the ambassador does not have an office. You mean as in a physical office—

Senator HUMPHRIES—Yes.

Ms Halton—Four walls and a desk.

Mr Stuart—as in a place you plug a heater in and sit in?

Senator HUMPHRIES—Yes.

Mr Stuart—No.

Senator HUMPHRIES—I do not know what you do with your office, but I was thinking more of a computer or files.

Ms Halton—He is not meant to plug heaters into his office. We are going to go and inspect—

Mr Stuart—We are in Canberra. No, not an office—not at this stage.

Senator HUMPHRIES—If I am, say, having an event at an aged care facility and I want to invite the ambassador to come along, how do I get in touch with her?

Ms Bromley—Invitations for the ambassador come in either via the minister's office or directly to the department.

Senator HUMPHRIES—And you direct them to her?

Ms Bromley—We discuss with her her availability and, yes, we forward them on to her and we discuss it.

Senator HUMPHRIES—Does she have any staff?

Ms Bromley—The Office for an Ageing Australia provides her with some administrative support but, no, she does not have staff.

Senator HUMPHRIES—Does she receive remuneration for the position?

Ms Bromley—Yes, she does.

Senator HUMPHRIES—Can I ask what that is?

Mr Stuart—Yes. The remuneration falls into two parts. Melinda, would you outline that? I think it is probably simplest if we answer that question in two parts because the ambassador is on a current contract until the end of this financial year and then there will be a three-year contract from the beginning of next financial year, so we are able to tell you about both of those. Just start with this financial year. I will start, while Melinda finds her place. The remuneration is in two parts. There is an amount for the use of her persona, her signature, her public presentation and so on; and there is an amount in the nature of payment for time. The payment for time is consistent with the Remuneration Tribunal guidelines for holders of part-time office, clause 2.3, chairperson category 3, and I hope Melinda has found the numbers.

Senator HUMPHRIES—That is a Rem. Tribunal determination, is it?

Mr Stuart—That is a Remuneration Tribunal determination. The remuneration in the contract is consistent with that determination. Melinda?

Ms Bromley—Yes. The fees in the current contract period are $17,008 GST inclusive, which is made up, as Andrew said, of a $9,000 licence fee and $8,008 based on remuneration at the Rem. Tribunal guideline figure of $572 a day for 14 days of service.

Senator HUMPHRIES—Fourteen days between now and the end of the financial year.

Mr Stuart—Between her appointment—during the term of this financial year.

Senator HUMPHRIES—She used to live in the Southern Highlands—I do not know if she still does or not. But when she goes outside New South Wales, does she have entitlements to buy airfares and a travelling allowance and things like that?

Ms Bromley—Yes, she does.

Senator HUMPHRIES—Is there a job description for her?

Ms Bromley—We pay for her travel. She does not get an allowance per se, but her travel costs are covered by us, yes.

Senator HUMPHRIES—Has she got a job description?

Ms Bromley—She does.

Mr Stuart—There is an agreement, with a schedule which is attached to the agreement, which sets out what the ambassador will do.

Senator HUMPHRIES—Can we have that tabled?

Mr Stuart—Yes. I am quite prepared to table the agreement, if you would like the agreement tabled.

Senator HUMPHRIES—That would be nice. Thank you very much. Can you tell me, roughly, where has she been since her appointment?

Ms Bromley—She has had a range of activities. She has done quite a number of media interviews. I have a list of those, if you would like me to go through them. I think there have been about 28 interviews. She has done 28 radio, newspaper and TV interviews. She has also been to a range of events, including Red Cross volunteers and Cancer Council Biggest Morning Tea in Grafton in northern New South Wales. She has been to the National Community Care Conference and given a dinner speech; Royal Lifesaving Society of Australia, where she has been promoting the grey medallion and falls prevention initiatives; Illawarra Retirement Trust, celebrating a volunteers evening; an aged care facility. Do you want me to keep going?

Senator HUMPHRIES—No. But you have obviously got a list there of her engagements. Is it possible to have that list available?

Ms Bromley—Yes, certainly.

Senator HUMPHRIES—The only other thing I was going to ask is if we could have a listing of the total expenses that have been incurred by the position and that includes, obviously, the expenses on travel.

Ms Bromley—Yes. I have that here. The expenses for the ambassador includes: supporting activities in terms of communication, the hire of a photographer, around $350; ambassador's travel to date, as at 30 May, $6,975; staff travel—that is, an officer from the department who has travelled with the ambassador on occasion; not every occasion but on a couple of occasions—$3,520; and other consumables. We have printed business cards and a letterhead for the ambassador. The business cards were $32 and the letterhead came to $192. They are the costs to date.

Mr Stuart—So total expenditure to date is $24,645.

Senator HUMPHRIES—Will we see her at the next estimates to answer questions about her role?

Senator McLucas—I think she might be too busy.

Senator HUMPHRIES—She might be.

Senator McLucas—I understand that the ambassador has been extremely busy and I also understand that she has been invited by the Western Australian member, Mr Troy Buswell, to speak to senior Australians in his electorate on how to keep fit, eating healthy, and services for seniors. So it is not only Catholic Health Australia, it is not only National Seniors, and it is not only the Aged Care Association of Australia who are really grasping the opportunity to

welcome the Ambassador for Ageing; it is also the Liberal Party state opposition leader in Western Australia, so that is fabulous.

Senator HUMPHRIES—I can see you smiling, Ms Halton, so just wipe that smile off your face, please.

Senator McLucas—Is she smiling? Are you smiling?

Ms Halton—I am not smiling.

Senator McLucas—No. You should not be smiling!

Senator HUMPHRIES—Thank you.

Senator BOYCE—We should invite the ambassador here next year.

Senator McLucas—Did you want me to table this beautiful photograph?

Senator HUMPHRIES—Yes, please.

Senator McLucas—I table the photograph.

Senator HUMPHRIES—Can I have it framed?

Senator McLucas—No.

Senator HUMPHRIES—No, okay.

Senator McLucas—It would be too expensive.

CHAIR—Senator Colbeck on the same point?

Senator COLBECK—Yes, thanks.

CHAIR—Are you on the same point? Right.

Senator COLBECK—Still ringing. They are going home.

CHAIR—They are finishing. No work ethic!

Ms Halton—Is that a promise?

Senator COLBECK—No. I said they are going home, not us. Do not get too excited. Mr Stuart, you read, in respect of the remuneration of the ambassador, what I believe would be a scale position from the Remuneration Tribunal which you said, I think, was equivalent to a chairman?

Mr Stuart—Chairperson category 3 for holders of part-time office.

Senator COLBECK—So that is a scale of determinations that is made by the Remuneration Tribunal and then the minister would choose one of those that was deemed appropriate for the position as remuneration for Ms Brown.

Mr Stuart—Yes, that is right.

Senator COLBECK—So it was a selection process by the minister to appoint to that level of appropriation, given an equivalence considered to a part-time chair of what?

Mr Stuart—I just want to clarify—while Melinda tries to work that out—that the department—

Senator COLBECK—Chair of what sort of committee or what sort of—

Mr Stuart—obviously provided advice to the minister about that and the minister made a decision.

Ms Bromley—'Public office' is not specified in this determination: daily fees, with effect from 1/7/2007; category 3 chairperson, $572 per day.

Senator COLBECK—Is that a public scale? Can I go somewhere and look at that scale or not?

Mr Stuart—I believe so, yes.

Ms Bromley—It is determination 2007/10 from the Remuneration Tribunal.

Senator COLBECK—Thanks for that. Regarding the splitting of the payment, are there any other examples where a salary or a fee, in that circumstance, has been split?

Mr Stuart—Yes. We were aware of, for example, Healthy Active Ambassadors that the former government appointed I believe during last year, a number of high-profile athletes and other performers to promote good health and healthy activity in Australia, such as Harry Kewell, Hi-5 and Layne Beachley. Those contracts contained a mix of payment for time and payment for use of the persona.

Senator COLBECK—So there is a precedent for use of a persona?

Mr Stuart—Yes. This is not an unusual arrangement at all.

Senator COLBECK—That will do, thank you.

Senator HUMPHRIES—You gave me the figures on the amount she was contracted to be paid until the end of this financial year, but you said there was another three-year contract?

Mr Stuart—Yes.

Senator HUMPHRIES—Can we have the figures for that as well, please?

Ms Bromley—That is yet to be negotiated.

Mr Stuart—But essentially we are anticipating paying the ambassador $54,000 during the course of next year and the split will be on a similar kind of pro rata basis to the kind of split for the current year, between the licence fee and the per diem.

Senator HUMPHRIES—Thank you.

CHAIR—Senator Adams.

Senator ADAMS—This is about the number of places and how many approvals there have been for community care, residential high and low care that have been returned to the department. I have several questions for those people.

Mr Stuart—Just so I can understand, this is where we allocate aged-care places?

Senator ADAMS—That is correct, the ones that have not been taken up and have come back to the department.

Mr Stuart—Do you mean once we have allocated them or do you mean when we run an approvals process and then they are not fully allocated?

Senator ADAMS—Yes, that is right.

Mr Stuart—The latter?

Senator ADAMS—That is the first one; and then the other ones that have been allocated and have not been taken up completely.

CHAIR—I think you should get both, Mr Stuart.

Mr Stuart—Okay, let's go!

Senator ADAMS—Over the financial years 2005-06, 2006-07 and 2007-08, how many approvals have there been for community care, residential high and low care that have been returned to the department, and from which aged-care planning regions were these returned?

Mr Stuart—I am still not 100 per cent sure I understand what you mean about 'returned to the department'.

Senator ADAMS—These are ones that have not been taken up for some reason.

Mr Stuart—So we have given them to providers, we have allocated them in a round and they do not use them and we get them back?

Senator ADAMS—Yes. Does that happen?

Mr Stuart—That is pretty rare. We would have to take that on notice. I do not think we have information with us.

Senator ADAMS—Now I want to talk about the capital funding to do with this. The allocation of beds in the last aged-care approval round were undersubscribed in Western Australia. The minister has advised that these beds will be rolled into the next round. This rollout will increase the currently prescribed 1,600 beds that have already been proposed up to just shy of 2,000 beds available to be allocated in Western Australia. Could you please explain why providers in Western Australia would be disposed to apply for 2,000 beds in the next aged-care assessment round when there has been a notable decline in applications in the state? This is compounded by the fact that there are currently around another 2,000 beds sitting offline, either not built or decommissioned for perhaps redevelopment issues. In Western Australia, that is the problem.

Mr Stuart—We are hopeful, first of all, that we will see a number of those places allocated during the current process. We advertised in April for places in WA under the government's election promise for $300 million in low-interest loans, so we are keen to see what kinds of applications we get under that process. That closes in a couple of days on 6 June. Under that process the loans are being made available to go with the places in order to try to encourage providers to take them up. We are doing a couple of other things a bit differently to try to encourage providers to take them up.

I have been told by a couple of providers from WA that I know well that a couple of them took a holiday from application last year, but that does not necessarily mean that they will not be applying in future. While there are particular issues in WA, it is also true that there were a number of providers who had been allocated places the year before and the year before that and who felt they already had sufficient development on hand and who therefore did not put up their hand last year.

Senator ADAMS—There is another question, on zero interest loans, but I will continue with this question. Has the same thing happened in Tasmania with the undersubscription of places in the last round?

Mr Stuart—Yes.

Senator ADAMS—Has the department analysed the outcome of the aged-care approval rounds in Western Australia and Tasmania and developed a response as to why they have not been taken up?

Mr Stuart—Yes. As I say, we are hopeful that the $300 million in interest-free loans will help bring some applications forward. We are about to find out.

Senator ADAMS—Regarding the interest-free loans, in response to a question on notice in the Senate on 9 April 2008, on the allocation of beds in Tasmania and Western Australia, the minister indicated that zero interest loans to establish facilities in areas of high need may be part of the solution. However, the $300 million for 2,500 places equates to $120,000 per bed. Would the department provide examples of where in Western Australia you can build a facility for $120,000 per bed and, even more specifically, in the areas of need.

Mr Stuart—There is a variability in building costs and there are aged-care providers still building lower than that. There are others building higher. We are not dictating the exact amount in the application; we are allowing providers to apply and to explain to us why they think what they are applying for is reasonable. Then we will assess those applications against each other to see which provide the best value for money under the scheme. The commitment from the government has certainly been that this scheme will allow up to 2,500 places to be constructed, so we are going to be trying to maximise the government's value for money as we always do.

Senator ADAMS—Thank you.

Senator CAROL BROWN—The low-interest loans, from what I can see, have had a positive reception. You have announced the round. Could you just run through the time lines and some of the criteria associated with the loans?

Ms Rosevear—The minister announced the loans process back in March and again when they were advertised on 12 April. Applications for the zero real interest loans close this Friday. Depending on the number of applications we receive, we expect to be able to make recommendations to the delegate—which is Andrew—towards the end of July, early August.

Senator CAROL BROWN—When will you be able to let providers know if they have been successful?

Mr Stuart—We are hoping that that will occur during August.

Senator CAROL BROWN—How many beds are we looking for in this round?

Ms Rosevear—The $300 million zero-interest loan round is being done in three stages. There is an initial $150 million for up to 1,250 places in this particular round. There will be a review, an evaluation, of how that went within the six-month period thereafter, and then there will be a second round which will provide the balance of the $150 million thereafter.

Senator CAROL BROWN—The first round is all in areas of high need?

Ms Rosevear—Yes.

Senator CAROL BROWN—It is envisaged that all of the rounds will be in areas of high need?

Ms Rosevear—Yes. The government's commitment is that the loans are to build or expand aged-care beds in areas of high need.

Senator CAROL BROWN—Thank you.

Mr Stuart—You asked about the criteria. They are: a good past conduct as a provider; a good past record in making places operational, so we are looking for providers who have got experience in actually building things and finishing them; sound financial viability; a willingness to provide aged-care services in the identified areas of high need; a willingness to address any additional care needs, such as the provision of care for people with special needs, Indigenous, non-English-speaking background, severe dementia and the like; and the ability to access a site suitable for the provision of aged care in the identified area.

Senator CAROL BROWN—I am from Tasmania, and it is my understanding that all of Tasmania is classified as high need. Yes?

Mr Stuart—Yes.

Senator CAROL BROWN—Can you fill me in on the situation in Western Australia?

Ms Rosevear—Yes. In Western Australia—

Mr Stuart—Because of the experience in the most recent rounds, we have included most of Western Australia, except for an area where we have not had difficulty attracting applications.

Ms Rosevear—It is, essentially, all areas in Western Australia except the metropolitan regions of south-west, metro east and metro south-east.

Mr Stuart—That is of Perth.

Ms Rosevear—Of Perth. And the Great Southern aged-care planning region; all other regions have been included—

Senator CAROL BROWN—It is very well targeted.

Ms Rosevear—Thank you.

Senator ADAMS—I will continue with questions on the zero-interest loans. Given that there are so many beds currently off line in WA, could some reconsideration be given to allowing providers in Western Australia, with existing provisional allocation, to also apply for and access the zero-interest loans as a contributing component to the amount that they need to borrow to continue, to commence or to complete construction?

Mr Stuart—That has not been the decision of the government for this round. I would say a couple of things about that. The first is that the places that we have already allocated were allocated on the basis of applicants in the past that applied to the department on the basis that they demonstrated that they were able to construct the places with the available funds. So to now open up the loan scheme to those providers would seem to suggest that perhaps they were not being completely frank in the first place or that something else has transpired. But

there is a review of this program after the first round, and that issue may be able to be further considered, depending on the response. Of course, if the response is good and we are able to establish new services in hard-to-service areas, using this loan scheme, then I am sure that will be the government's preference.

Senator ADAMS—I would say that, with the price of land in Western Australia, perhaps these people that have applied had not bought their land at that stage and it cost a lot more than what they thought. I do not know; that is just my supposition. Would the department confirm that the government has not done away with the grant to not-for-profit aged-care facilities and replaced them with the zero-interest loans?

Mr Stuart—I can confirm that. The existing capital grants program remains.

Senator ADAMS—They remain still. Good.

Senator COLBECK—Does it remain at a similar level?

Mr Stuart—Yes.

Senator ADAMS—Regarding the Ministerial Council on Ageing, in Senate estimates in February the department said that the minister was keen to implement the Ministerial Council on Ageing and expected public statements to be made soon. Has the council been formed?

Ms Halton—Yes.

Mr Stuart—Yes.

Senator ADAMS—Has it had its first meeting?

Mr Stuart—No. The first meeting is scheduled for Friday of next week, 13 June.

Ms Halton—Friday the 13th. How unfortunate!

Senator ADAMS—As far as nominations are concerned, obviously all the nominees have accepted and are on the council. Is that correct?

Mr Stuart—The Council of Australian Governments decided the membership of the council, which is ministers with responsibility for ageing in all the jurisdictions and a representative from local government, and an observer from New Zealand will also be invited.

Senator ADAMS—Has the representative from local government been appointed?

Prof. Cullen—There is a local government member on the Council of Australian Governments, and it is the same person.

Senator ADAMS—It is that person. Thank you. The $6.2 million for the council is being met from within current resourcing in the department. Where in the department is the money being sourced from?

Mr Stuart—There are two parts to that answer. The simplest answer is that the secretariat functions are currently being undertaken by David Cullen and his team in my division.

Senator ADAMS—That is all the resourcing that is needed for them?

Mr Stuart—There will be a discussion between ministers at the first meeting. Whenever councils are established, ministers meet for the first time and there are some standard issues

on the agenda, and they include things like chairing arrangements, as well as secretariat arrangements, and the ministers, we expect, will have a discussion about secretariat arrangements at the first meeting. But until then Professor Cullen and his good team will provide secretariat duties.

Senator ADAMS—Will that $6.2 million create a shortfall on the department that will affect the delivery of programs and initiatives?

Ms Halton—No.

Senator ADAMS—We will move onto the 2020 Summit.

Ms Halton—In what respect?

Senator ADAMS—I have two questions on that. What policy initiatives came out of the 2020 Summit that the department is investigating in relation to ageing and aged-care issues?

Ms Halton—The way the 2020 Summit worked—and you will have seen that the Prime Minister released what might be described as the 'extended play version' of the report—is that the department, through Minister Roxon, is providing advice on all of the ideas that came out of the health stream, which of course is where the Ageing elements were largely dealt with, and those matters will be considered by government. I think the Prime Minister made quite an extensive statement about this very recently.

Senator ADAMS—Do you have that list of initiatives or whatever it was?

Ms Halton—No, not with us, but it is in the public arena.

Senator ADAMS—Would we be able to have it?

Ms Halton—I think it is on the website. Our web guru can probably pull it up for you.

Senator ADAMS—The minister recently announced measures for residents who go missing from aged-care facilities, particularly those with dementia. When residents go missing, what process will be required of providers to make reports?

Ms Smith—What we envisage is that the provider will have to go through a process of deciding that a person is missing without explanation. We need to allow for the circumstance that the person has gone for a planned outing or is actually able to come and go from the service at will, but there will be a point at which the provider becomes worried that the person is missing and there is no reasonable explanation for that, and what we envisage is that they would notify the department as soon as possible after they alert the police.

Senator ADAMS—I understand that MediTag bracelets are at the consulting stage. Is the government going to mandate bracelets, and who will pay for them?

Ms Smith—I think you have flagged that the minister has asked the office to consult with the aged-care sector on the value of these bracelets in a residential care setting. There have been no decisions at this point to move to mandating them. We have been asked to consult with the sector.

Senator ADAMS—If these bracelets are mandated, how would consent be obtained if the resident is medically unfit to provide his or her consent?

Ms Halton—That is a hypothetical. As has just been indicated by Ms Smith, the minister has asked for some process of discussion around the issue. It is a long way before anything actually happens, so it is a hypothetical which I really think we cannot get to.

Senator CAROL BROWN—Who has been consulted in regard to the MediTag bracelets?

Ms Smith—This measure was only announced on 2 June. There have been some discussions, I gather, with groups such as Alzheimer's Australia, at a very preliminary stage, but no formal consultation has begun yet. But we would intend to consult such groups as the aged-care advisory group and the Minister's Dementia Advisory Group, as well as a broad range of interested parties.

Senator CAROL BROWN—Can I ask the reason behind this initiative, even at this stage?

Senator McLucas—I understand that there have been a number of people who have gone missing and found themselves in very serious circumstances and I think the minister is responding to knowing about that. There have been a number of deaths of people who have, very sadly, wandered away from residential aged care. There is this process of consultation underway at the moment so that we can find a solution, so that, firstly, the department knows as soon as someone goes missing, once they are deemed to be truly missing, and additionally we can work out a way to provide the best system of alerting others to the fact that that person might have dementia and need assistance.

Senator CAROL BROWN—Thank you.

Senator COLBECK—Are there any programs that might be looked at in any individual facilities that they have put in place to protect themselves and their residents? Is there anything in place at the moment that might be used as a potential model?

Ms Murnane—I do not think there are tags. There was an article in one of today's newspapers about tags. That is subject to consultation. But certainly there are homes that have sensors and lights so that when people move in the room or move out of the room, particularly at night, that will attract a visit from the staff.

Ms Smith—The design of the building also plays an important part. Residents who wander are encouraged towards internal doors rather than external doors, and then there are alerts on external doors as well. Providers use a variety of strategies to manage this kind of behaviour currently, but the purpose of the consultation will be to see if the MediTag bracelets are a useful addition to that.

Senator COLBECK—What does the MediTag bracelet actually do?

Ms Smith—I think there are a variety of devices that could be used in this situation, ranging from something that simply identifies that someone has got dementia by use of a symbol, similar I suppose to a diabetic notification, so that, if that person does wander off, it is obvious to people who might encounter them that they have got dementia and there is more likelihood, I suppose, that they might be assisted.

Senator COLBECK—The MediTag bracelet is, effectively, an identification bracelet?

Ms Smith—That is one of the forms, I think. It could range through to some sort of device which allowed that person's movements to be tracked.

Ms Murnane—This is going a step or two up the ladder of what is possible: the sort of bracelet that actually is able to record movement at a central place.

Senator COLBECK—There are obviously a lot of technologies that are available for tracking. For instance, perhaps have something on a front door that records if someone goes through the door and sets an alarm off, or something of that nature, as part of the process. I wondered if there was anything that any facilities were using, because it is an issue that has been around for a while. I have heard some frightening stories and some amusing stories from facilities that I have visited, and it is sometimes quite a vexed issue in the management and the safe care of the residents. Thanks.

Senator HUMPHRIES—Has the department launched an investigation into the leaking of the report of the operation of the Office of Aged Care Quality and Compliance over the Easter weekend?

Senator McLucas—What report are you referring to?

Senator HUMPHRIES—I am asking about the leaking of the report of the operation of the Office of Aged Care Quality and Compliance. I understand it occurred over the Easter weekend this year.

Ms Murnane—We have not launched an investigation of that sort into the release or publication of any information relating to aged care.

Senator HUMPHRIES—Okay. I have to confess I do not know much about the nature of this report. I was asked to ask this question. Can you tell me what the report of the operation of the Office of Aged Care Quality and Compliance said and where its contents were reported?

Ms Smith—That report is actually on the department's website. It covers the data from the first six months of the new complaints investigation scheme.

Senator HUMPHRIES—You are saying that it was not a leak at all; it was simply information that was placed on the department's website?

Ms Smith—I do not know that it has been established that it was a leak. It received quite a lot of media coverage at about the time you suggest.

Senator HUMPHRIES—It received coverage for what? For the nature of the information or because it was made available in a certain way?

Ms Smith—I think there was interest in some of the statistics in the report about the number of complaints and what the outcomes were.

Senator HUMPHRIES—You say the report appeared on the department's website.

Ms Smith—The report is on the department's website, yes.

Senator HUMPHRIES—Was it there as of the weekend of Easter?

Ms Smith—I do not believe it was, no.

Senator HUMPHRIES—So are you saying that it has been put there since that time?

Ms Smith—Yes.

Senator HUMPHRIES—So when it was released—when it was made available to the media, to put it that way, over the Easter weekend—had it been planned by the department to be made available to the media at that time?

Ms Murnane—No. The department did not make it available to the media that weekend.

Senator HUMPHRIES—Do you have an idea of how it became available to the media?

Ms Murnane—I do not, no.

Senator HUMPHRIES—Is any of the information in the report sensitive or damaging to anyone's interests in any way?

Ms Murnane—There are sensitivities around a lot of information that is on the department's website and on the aged-care site, but it is felt that it is best to be transparent and provide the information about the sector that will be of interest to the public, of interest to families of people who are in residential care and who are seeking residential care.

Ms Smith—That is the sort of information that the department has traditionally included in the report on the operation of the Aged Care Act and in our annual report, in a summarised form, so we felt with a new scheme that it was important to have that.

Ms Halton—To consolidate that.

Ms Smith—To consolidate that in a report at that time.

Senator HUMPHRIES—When this report was produced, was it the intention at that point that it would be published on the website or otherwise be made available?

Ms Smith—I think it was always envisaged that it would be made publicly available at some point, yes.

Senator HUMPHRIES—What you are saying is that its releasing over the weekend of Easter was really just a question of unplanned timing rather than anything inappropriate being put into the public arena.

Ms Murnane—Yes.

Senator HUMPHRIES—So you do not feel it is serious enough to launch an internal investigation as to how this unplanned release occurred?

Ms Halton—No.

Senator HUMPHRIES—There are leaks and there are leaks. This was not a planned exercise by the minister's office.

Ms Halton—We cannot speak for the minister's office.

Senator HUMPHRIES—No, you cannot, but Minister McLucas presumably can.

Ms Halton—I do not know that she can, actually.

Senator HUMPHRIES—I am sure she was—

Senator McLucas—I feel somewhat embarrassed. This is the first I have heard of this.

Senator HUMPHRIES—It is obviously very important, so you should find out about it. Obviously you do not know whether the minister in fact made this information available?

Senator McLucas—No.

Senator HUMPHRIES—When was it put on the website?

Ms Smith—I do not have that information with me.

Senator HUMPHRIES—Could you obtain that information for me and take it on notice?

Ms Smith—Yes.

Senator HUMPHRIES—Thank you. It was put to me that the leaking of the report undermined the valuable work that aged-care workers undertake in the industry and caused a degree of panic among older residents and their families. Would you agree that that may have been the reaction of some people when they discovered the contents of the report?

Ms Murnane—We cannot really answer that, except to say that information of this nature is made available through the website, through answers to questions at hearings such as this, in answers to parliamentary questions generally, but that sort of information is also accompanied by the statement of confidence in the industry that, on the whole, a good job is being done and that the system of accreditation, of complaints, of random visits, is working.

Senator HUMPHRIES—You are saying to me that no-one has made any representations in the earshot of any of the department's relevant officers about concern or damage that the placing of this report—

Ms Murnane—To my knowledge, no, but I will just check with my colleague.

Ms Smith—I think there has been some concern expressed about the way that information was reported by the media, but stakeholders are keen to talk to the department about how we can work together to ensure there is better public understanding of the information.

Senator HUMPHRIES—But you have not investigated the unplanned release of the report and you do not propose to?

Ms Murnane—No.

Senator HUMPHRIES—And you do not know who released the report? You have no idea?

Ms Murnane—No.

Senator COLBECK—But surely the release of the report in an unplanned manner, the way that we are discussing, undermines the capacity to put out a supporting statement with it which perhaps would mitigate some of the concerning media reaction that came out of the information when it came into the media in an unplanned way. You did not have the capacity to provide, as you quite rightly say, the very important supporting information about how well the industry is going generally and that the systems of checks and things of that sort are working. So the balancing perspective that comes with a planned release of that report was not available to you in that particular circumstance and that, quite understandably, brings that concerning media comment. It does not give you the chance to balance it out because they got this raw information without that commentary.

Ms Murnane—All we really know is what was published in the media, not what was actually given to the media or how the media came upon that. We do not know and cannot comment on that.

Senator COLBECK—Again, I think that is all the more reason for concern. If you want to provide balanced information out there, there should be a level of concern that this information has been released in an unplanned way. Let us not call it a leak, let us say it was released in an unplanned way and the capacity to balance the information was not available to the government in this circumstance. I think it is reasonable that you would want to have some understanding of what happened so that you do not have the same circumstance occurring again and the concern that might be created, perhaps in an unwarranted manner, amongst residents and providers.

Ms Murnane—Given this was information which would not have been considered classified or secret, even on a temporary basis, it does not then fall into a category at which you would mount an investigation. In terms of the balancing commentary and observations, they were very quickly made in response to the publication by the media.

Senator COLBECK—But again you have missed the media cycle, haven't you? The media stuff is already out there, if you do it in a planned way. I am not disputing that it was going to be put on the public record or that it was originally intended to be that process. I do not think that that is an issue at all. The concern is that you have had, for whatever reason and whatever circumstance, an unplanned release of information and, again, it has not allowed the government or the department, or whoever was going to make the announcement, the capacity to provide the balancing information. Therefore, you get that reaction that may not have been there.

Who knows what the media is going to do in respect to this stuff, but you do not have the capacity to provide the balancing information that may have mitigated some of the circumstances and provided that commentary. It is all very well to put it in part way through the media cycle, but we all know that once the media cycle is gone, it is gone, and the story is over potentially very quickly but the effects of it linger.

Ms Murnane—The response to that by the department and by the minister, to balance that commentary and to contextualise it, was made very quickly. Maybe it would have been better if it was simultaneously, but that can happen when you brief the media and you brief in a balanced, contextual way and one part is reported. In the scheme of things, yes, it probably was not perfection and it was not something the department did, but in terms of whether the unbalanced impressions that this may have generated were able to be corrected, they were.

Senator COLBECK—I do not dispute any of that but it is things that need not have had to be done and I am surprised that it is being treated in such a relaxed manner; and I am happy to be surprised.

Ms Halton—In a way there is not a lot of point us making a commentary about the media as to how they handle these things.

Senator HUMPHRIES—Wasn't one of the problems that possible comparison of data from the report that was published with data from previous reports was difficult because different reporting standards were used in this report to those used in previous reports? As a

result, it made it harder for people to work out what was going on and it added to some of the confusion and concern in the community about what this report was actually saying about those providers.

Ms Smith—The comparison point for the previous year is the old complaints resolution scheme. That counted cases differently than the new complaints investigation scheme, but that is made clear in the report.

Senator HUMPHRIES—If you saw the full report, no doubt you would realise that.

Ms Smith—I do not know what the media had available to them.

Senator HUMPHRIES—The media grabbed at a figure. They think they have a hot story, they rush about, they pick out the aspects of it which are salient, prurient or salacious, and next thing you know you have panic on your hands. Who else other than the department had the report?

Ms Smith—I will have to take that on notice. I was on leave at the time.

Senator HUMPHRIES—You do not propose to amend the reporting format of the reports in the future in order to make them more comparable with earlier reports, to get a better understanding of what is happening on a continuous basis?

Ms Smith—We cannot make them more comparable because it is a different legislative regime. We can look at whether there is a need to put in more contextual information to help people to understand the difference. That will become less of an issue as time goes on because we will be talking about data from the same legislative regime.

Senator HUMPHRIES—There were 64 notices of required action that were outstanding at the time of the leaking of the report. Are any of those notices still outstanding?

Ms Smith—By 'outstanding' do you mean that they have not yet been met?

Senator HUMPHRIES—Yes.

Ms Smith—I would have to take on notice the status of those current NRAs.

Senator HUMPHRIES—Can you give me a rough idea? Are there still 63 out there, or two?

Ms Smith—At any point in time we have a number of notices of required action that are either still to be met or have just been completed.

Senator HUMPHRIES—Someone mentioned earlier on—I think it was you, Ms Murnane—that Minister Elliot had indicated that she was going to ensure that there were more unannounced visits to aged-care facilities in Australia. Has the shift upwards in number of visits begun already or is this in the future?

Ms Murnane—It is true that I said that. I know that Minister Elliot has made a number of announcements in relation to strengthening the compliance system. One of those did relate to visits but I would like to check the detail of it. There has been support for unannounced visits but I want to check that. Carolyn?

Ms Smith—The increase in visits for the agency was to be during 2008-09. They were to undertake 7,000 visits in 2008-09.

Senator HUMPHRIES—Compared with how many in 2007-08? I thought you said there were planned to be 7,000 unannounced visits in 2008-09. How many unannounced visits are there planned to be in 2007-08?

Ms Smith—The agency will conduct up to 7,000 visits during 2008-09, which will be a combination of announced and unannounced visits.

Senator HUMPHRIES—Is that more or less than we could expect in 2007-08?

Ms Smith—We would need to ask Mr Brandon about that.

Mr Brandon—In 2007-08, we plan to do 5,103 visits, which is a mix of site audits, review audits and support contacts. We will do 7,000 in 2008-09.

Senator HUMPHRIES—Up to 7,000?

Mr Brandon—We will do 7,000 in 2008-09. The minister has said we should do 7,000. We do the base and then we do visits according to need.

Senator HUMPHRIES—What is the break-up of unannounced and announced visits for this year?

Mr Brandon—Year to date—end of April—we have undertaken 2,652 unannounced support contacts and 1,309 announced support contacts.

Senator HUMPHRIES—So that is 3,900 or so, and you have 5,000 to do, did you say?

Mr Brandon—That is support contacts.

Senator HUMPHRIES—Can we divide them? Can support contacts be announced or unannounced?

Mr Brandon—Yes, they can.

Senator HUMPHRIES—What is the other sort of visits that can happen?

Mr Brandon—Site audits and review audits. In the year 2007-08 we plan to do a sum of 5,103 visits. In 2008-09 we will do at least 7,000.

Senator HUMPHRIES—It is a bit formulaic, isn't it? If you decided there was a problem in a certain area and you had to get out there and do visits, you would just do the visits, wouldn't you, rather than think, 'We're at our quota already,' or 'We've already got to the target, so no more visits'?

Mr Brandon—That is correct. That is why I was a bit cautious when you said up to 7,000. I think I said something like we will do them according to need. So we have a baseline and we will do at least 2,855 unannounced visits—that is one per home—and then, if our planning works as we expect it will, we will then do more unannounced visits according to need, based on our case management of each home.

Senator HUMPHRIES—Thank you.

CHAIR—It is close to 10.30. I am checking the time about this component and then moving on to pharmaceuticals. One more question?

Senator ADAMS—This is on the aged-care access initiative. With regard to the government's decision to dismantle 300 Australian GP network aged-care panels across the

country, what was the intention behind this decision, given the aged-care industry is struggling to attract and retain GP services in a residential aged-care setting?

Ms Halton—This is program 5 for tomorrow morning.

Senator ADAMS—Right; we will put that one away till then.

Senator HUMPHRIES—Can I call the agency back, please, and just ask how and when will the aged-care assessment round improvement and efficiency consultation occur? The Campbell report: does that ring any bells?

Mr Brandon—Yes. I think it is 2003, if my recollection is any good.

Senator HUMPHRIES—I am glad it rang some bells for you. It did not ring any for me.

Mr Brandon—The Campbell report is the evaluation and accreditation report that was placed on the departmental website yesterday.

Senator HUMPHRIES—When will the Campbell report into accreditation, quality and effectiveness be released?

Ms Halton—Yesterday.

Senator HUMPHRIES—How and when will the consultation on strengthening residential care accreditation and monitoring systems occur?

Ms Smith—We are considering how we will take that forward. There will be a range of people in the sector who will have an interest in talking to us about their views of the current accreditation processes and what improvements they see as necessary. Clearly, the agency will be an important part of that process as well. The report was released yesterday, as we have just discussed, so we are just starting to think through how we will take that process forward.

Senator HUMPHRIES—Could we expect the consultation to be underway by the end of the year, for argument's sake?

Ms Smith—Well before that.

Senator HUMPHRIES—That is good to know.

Senator ADAMS—This next question is on the police checks in nursing homes. The minister has signalled her intention to strengthen the current protocols and protections for nursing home residents and said she would write to all of the nation's accredited residential aged care facilities and providers of community care packages. What concerns have been raised by aged care facilities, providers of community care packages, unions, peak body organisations and any other body or person in relation to the police checks?

Ms Smith—The department wrote to peak body associations, industry associations and unions in early March, and we also wrote to all approved providers, as you have indicated, to seek their comment and views on the proposed strengthening. We have received a range of views. We are currently analysing those and we will be then providing advice to the government.

Senator ADAMS—When do you think your guidelines will be available?

Ms Smith—We are aiming to have this measure commence later this year. We have to provide advice to the minister. There will then be legislative amendments drafted, and the accompanying guidelines for providers. We are aiming for September for that process.

Senator ADAMS—How is the department dealing with the difference in legislation and penalties for the same offence across states and territories?

Ms Smith—That is one of the issues we are sorting through, but the police check process is one that has been in place since last year and was, in fact, an initiative of the previous government, and this is a strengthening of the current arrangements. These issues were grappled with when we developed the original amendments.

Senator ADAMS—Were there any issues with different states having different penalties for those that were found to be a problem?

Ms Smith—There have been some of those issues raised with us, mainly at an individual level, but we do rely on the legislative regime in terms of those penalties at a state and territory level and we have no capacity to change that.

Senator ADAMS—I have got one more question, just on workforce shortages. Is that in here, as far as aged care nurses go?

Ms Halton—Aged care nurses, no. It depends on what the question is, sorry.

Senator ADAMS—It is the progress that the government has made with its increasing the nursing workforce initiative, and that is on the aged care initiative for nurses.

Senator McLucas—That is the funds to re-enter nursing.

Senator ADAMS—I know it is a combination of the two.

Ms Smith—Nurses who return to work in aged care from 15 January are eligible to apply for the bonus payment and that first payment will be due six months after they commence work, so the earliest possible date that a nurse could access that bonus is 15 July. We are in the process of finalising the arrangements with the private sector organisation that will be administering the payment of those bonuses, both to the individual nurse and to the homes, to assist in the retraining costs. We have also been promoting the initiative at a number of nursing expos and other events around the country. We have been consulting with the industry and the nursing organisations and we are getting lots of positive feedback about the initiative.

Senator ADAMS—So there are a number of people showing interest?

Ms Smith—There are, yes.

Senator ADAMS—How many? Any idea?

Senator COLBECK—Have you had any applications, or can't people make applications yet?

Ms Smith—We need to finalise the administrative arrangements first before we can give you an indication of the numbers.

Senator COLBECK—So we haven't received any applications, or you just can't tell me yet?

Ms Smith—The application process—

Senator COLBECK—Has not opened?

Ms Smith—Anyone who commenced work after 15 January is eligible to apply.

Senator COLBECK—And we are within six or seven weeks of being able to start making payments?

Ms Smith—Yes.

Senator COLBECK—But we do not have any process yet to start making those payments?

Ms Smith—We are in the very final stages of having that process in place.

Senator COLBECK—When will documents be available?

Ms Smith—We have already got quite a lot of material in the public domain, on our website, about how the program will work.

Senator COLBECK—Yes, but when can people start making applications?

Ms Smith—As I said, we are in the very final stages of finalising the agreement with the organisation that will be administering the payments on our behalf. Eligible homes and eligible nurses will then be able to submit their claims. We should be in a position at the next hearing to give you a lot more information about how many nurses and how many homes are participating in this initiative.

Senator COLBECK—I am just interested to know when we are going to have it all up and running. Is it one week, two weeks, three weeks, four weeks? Are we waiting for the minister to sign a minute or something of that nature?

Ms Smith—We are in the final stages of contract negotiations. It is imminent.

Senator CAROL BROWN—How much is the bonus payment?

Ms Smith—It is $3,000 after six months and another $3,000 after 18 months.

Senator CAROL BROWN—Is there a component that is paid to an employer at all?

Ms Smith—Each home that employs a returning nurse gets $1,000 to contribute towards retraining.

Senator CAROL BROWN—How many nurses are we hoping to get back into the aged sector?

Ms Smith—One thousand nurses.

Senator CAROL BROWN—Over how many years?

Ms Smith—Five years.

Senator CAROL BROWN—Thank you.

Senator HUMPHRIES—Could I ask about Bridgewater Aged Care Facility, please. I understand that an administrator has been appointed for that facility. Can we be confident that, with this move, the quality of care at the facility is not being compromised?

Ms Smith—The home was put into administration on 23 May at around noon, and we held a teleconference with the administrator at 2 pm that day, in which we briefed him at length on

the obligations he was assuming under the Aged Care Act as an approved provider, particularly emphasising what was needed in terms of ensuring quality of care. The department has appointed a clinical nurse adviser team to assist the administrator in ensuring that quality care is maintained, and the department and the agency are closely monitoring the delivery of care at the home to ensure that there are no issues.

Senator HUMPHRIES—A clinical nurse assistant team, did you say?

Ms Smith—A clinical nurse adviser team.

Senator HUMPHRIES—Is that designed principally to support the staff in the home?

Ms Smith—It is to support the staff and the administrator to ensure that quality of care is maintained.

Senator HUMPHRIES—So you are confident that the level of assistance to the staff there is of a high order as a result of these arrangements?

Ms Smith—I am, yes.

Ms Murnane—Both the department and the agency are visiting the home on a regular basis—on a daily basis.

Ms Halton—And the department officers include trained nurses who absolutely are paying a great deal of attention to precisely this issue.

Senator HUMPHRIES—Is Bridgewater insolvent as such?

Ms Smith—Vitality Care Commissioning Pty Ltd, which was the approved provider of Bridgewater Aged Care, has been put into administration. My understanding is that there are still decisions to be taken about whether the facility can continue to operate and be sold as a going concern or whether liquidation is the only answer. The administrator is sorting through a range of issues as quickly as he can to come to a view on what is the best way forward.

Senator HUMPHRIES—Could I turn to Alton Court. Have the residents of Alton Court been relocated?

Senator McLucas—Chair, I am wondering whether we are going to go to pharmaceuticals.

CHAIR—The opposition senators have requested to keep moving on aged care until about quarter to 11, and we will go to pharmaceuticals then.

Senator McLucas—We will go to pharmaceuticals at quarter to 11?

CHAIR—Absolutely.

Mr Stuart—We can answer some questions about Alton Court. Senator Humphries, what was your question?

Senator HUMPHRIES—Have the residents been relocated?

Mr Stuart—My understanding of the situation at Alton Court—and I will ask Allison to find her brief—is that the provider is in the process of a sort of orderly closure with a gradual movement of residents, that there are still a number of residents remaining at the service, and that care is being provided and supported until that orderly process is completed.

Senator HUMPHRIES—When is that likely to be?

Ms Rosevear—The service plans the closure over a three- to five-month period. In the meantime, they are not taking in any new residents.

Senator HUMPHRIES—In the meantime, it is not admitting any new residents, you said?

Ms Rosevear—Not admitting any new residents, no.

Senator HUMPHRIES—How many residents in total have to be relocated under that process?

Ms Rosevear—There are currently 33 residents in Alton Court.

Senator HUMPHRIES—They are the ones who are left after some have been relocated, presumably, or is that the total number that were there at the beginning?

Ms Rosevear—It is a 46-place home and they have currently got 33 residents.

Senator HUMPHRIES—When you relocate somebody in these circumstances, what follow-up is done to ensure that, with the trauma of relocation, people moving to a new location are properly settled and helped to adjust to a new environment?

Mr Stuart—Movement of residents between aged care homes is not unusual. There are quite a lot of transfers and movements that take place and, in this particular case—

Senator HUMPHRIES—It is usually done at the behest of the resident, isn't it?

Mr Stuart—Yes. This case is a little more unusual, in that the service is rather dated and unsuited for ongoing care in this particular building. But, again, it is not that unusual for a building to be decommissioned when it reaches the end of its useful life. As you would be aware, people these days expect rather more of aged care homes than they might once have. It is the responsibility of the current aged care provider to manage the transition effectively, and it is the responsibility of the new aged care provider to manage care effectively for the residents that arrive there. When processes are well managed by the service and according to usual processes, then there is not necessarily a need for the department to step in and take a close interest in an exceptional kind of way.

Ms Halton—There have been a number of these in the last couple of years, with buildings rebuilt, services moved et cetera. This is not as completely uncommon as people might otherwise think.

Senator HUMPHRIES—Have the staff who were at Alton Court been relocated as well? Have they moved to other locations?

Mr Stuart—I think we would have to take that on notice and ask the service. At the sort of high level, there is not a difficulty in experienced aged care staff finding employment. They are in reasonably high demand. What the department does take a great deal of interest in is to ensure that effective care continues to be provided at an aged care home when it is being decommissioned, so we would take the greatest interest in making sure that the provider has an effective staffing capacity for the residents that remain in the home.

Senator HUMPHRIES—Do you know if there are any outstanding claims for wages by the staff who have left Alton Court?

Mr Stuart—Not that I am aware.

Senator HUMPHRIES—You can let me know if there are in fact any outstanding salary claims.

Mr Stuart—I could ask the aged care home. I could ask them nicely, and they might tell me.

Senator HUMPHRIES—That is a matter for them and their employees, I assume you are saying.

Mr Stuart—Yes, that is right. Unless there are particular issues impacting on care of residents and there is a need for the department to step in, then we would not busy ourselves with the relationship between the employer and the employee.

Senator HUMPHRIES—That is all I have on aged care.

[10.41 pm]

CHAIR—Aged care is concluded, and I thank the officers. We will conclude the evening with outcome 2, Access to pharmaceutical services. Welcome, Mr Dellar and your officers. My apologies that you are the last, and we will to straight to questions.

Senator HUMPHRIES—The budget identifies $97.1 million for the listing of varenicline, or Champix. What additional amount will be available for counselling and follow-up to ensure that the money that is spent on subsidising this drug is effective and limits the number of people who relapse? The point I am making is that it is a very expensive drug—nearly $100 million available for subsidy for this drug—and, if there are not other follow-up procedures such as counselling and other support mechanisms, you might expect a lower than expected return on that investment. So how do we ensure that that investment is maximised by providing other services?

Mr Dellar—Varenicline is a prescription-only medicine and to get it you are required to undergo a conversation with your clinician. It is intended to be the sort of drug that you get access to when you are very serious about giving up smoking and, in most cases, people who would be prescribed with varenicline have probably tried a few other things and failed along the way. The way it is prescribed is that the first dose, which is an opening dose, if I could use that term, is for a short period of time—it is three weeks, from memory—and then you have to go back to your treating physician and persuade that physician that you have actually taken the medicine and that you have successfully not smoked, and then you get prescribed with the balance of the drug, which takes you through the full course of treatment. Of course, not everybody that takes varenicline would always completely succeed in giving up smoking, so there is a limit, and you cannot repeat this drug or stay on it forever without some constraints around that.

Senator HUMPHRIES—Does the Commonwealth make available funds, directly or indirectly, for smoking cessation courses?

Mr Dellar—The Commonwealth does, but I am not the person to give you answers to details about those activities. That is another part of the department.

Ms Halton—It is under Population Health. We do a number of things in relation to smoking, particularly via the PHOFAs and the work we do with the states.

Senator HUMPHRIES—I just would have thought that this would have been a very important case where you need to link those two areas of the department very closely and ensure that a person who was prescribed this would be able almost automatically to get access to some kind of support program, to ensure that the money was well spent.

Mr Dellar—Varenicline is a drug that is, from all reports, quite effective, but it is certainly the case that you would need counselling and support, and one of the conditions that a physician has to be satisfied of before providing either the first or the second prescription is that the person is undertaking some form of counselling and is involved in some sort of smoking cessation program. We do not think for most people that doing it cold turkey, if I could use that phrase, or without assistance and help, would be the best way of giving up smoking.

Senator HUMPHRIES—So it is a requirement that the doctor has to know that that is occurring before he can prescribe it?

Mr Dellar—The physician has to be satisfied that there is an arrangement in place.

Senator HUMPHRIES—What does an average dose cost to the taxpayer?

Mr Dellar—Sorry, I do not have information about the cost per drug. I can take that on notice.

Senator HUMPHRIES—If you would. You do not know what the cost to the consumer is? I suppose it is the standard amount, is it?

Mr Dellar—The cost to the consumer is the cost of the co-payment. It would be either $31.30 or $5, depending on whether or not the person has concession.

Senator HUMPHRIES—The other area I want to ask a question about is insulin pumps. We have heard that there is $5.5 million for young people under the age of 18 to receive these pumps. I just want to be clear on what happens when a person who has received a pump reaches the age of 18. What actually happens to their pump?

Mr Dellar—The subsidy is towards the cost of purchasing a pump, so a person that has one would keep it. The pumps do not last forever, of course, so eventually it would need to be replaced.

Senator HUMPHRIES—So if you have a pump and it breaks or something after your 18th birthday, you have to meet the cost of it yourself?

Mr Dellar—That is correct, though I should mention that the department does actually supply also the cost of consumables, and those would continue. They are things that the pump uses.

Senator HUMPHRIES—Beyond the 18th birthday?

Ms Halton—We already do supply consumables.

Senator HUMPHRIES—For how long?

Mr O'Connor-Cox—The pumps are usually covered by a warranty period of about four years, so if they break down within that period the company would replace them. Also, as part of this measure there is a transition strategy for children that turn 18 to help inform their

choices about whether they want to continue to pursue insulin pump therapy or resume insulin injections.

Senator HUMPHRIES—To follow this question about receiving consumables beyond the 18th birthday, for how long does the access to consumables continue?

Mr O'Connor-Cox—Provided they meet the criteria for access to insulin pump consumables, if that is what you are referring to—

Senator HUMPHRIES—Yes.

Mr O'Connor-Cox—that would last as long as they have a need for those consumables. Of course, that is linked to them using an insulin pump.

Ms Halton—It is not age restricted.

Senator COLBECK—What are the criteria?

Mr O'Connor-Cox—I should say that there are some restrictions and criteria for insulin pump consumables. Predominantly, we are looking at it being targeted to people with type 1 diabetes; under some very limited circumstances people with very difficult-to-manage type 2 diabetes; women with gestational diabetes or who are pregnant and who are at risk of diabetes.

Senator COLBECK—I want to ask some questions in relation to the proposed cost recovery program for the PBAC. The budget documents expect a recovery of $9 million from the program. How was this figure arrived at? Who did the costings?

Mr Dellar—Cost recovery is just what it sounds like: it is the cost of delivering the service. $9 million is not the full-year cost of running the program that will be cost recovered, but, because we have a start-up with phasing-in of cost recovery from 1 July, we will not collect a full year's receipts in that year. But we have done an activity based costing of the functions which support the PBAC consideration and the process through to managing the listing of a new medicine and that is what it is costing.

Ms Halton—That is consistent with department of finance guidelines. There is a standard process.

Senator COLBECK—I knew there would be somebody else to blame.

Ms Halton—Of course!

Senator COLBECK—There always is, and it is usually Treasury or Finance.

Ms Halton—Yes, they are sitting ducks.

Senator COLBECK—That $9 million is based on a phase-in. What is the expected annual cost once the program becomes—

Mr Dellar—In a regular full year, $14 million.

Senator COLBECK—The rumours that I have heard are not that far away, but based on a full year rather than a phased-in approach. It starts, projected on when?

Mr Dellar—1 July, subject to legislation, and applications received on or after 1 July would be subject to the cost recovery process. Any application that we have that is being processed and is not complete would not be subject to the cost recovery.

Senator COLBECK—The $125,000 fee is based on your calculations of what it will cost to process an application. A typical application?

Mr Dellar—We have created quite a simple model, as you have seen. You are talking about the fee for a major submission. The $125,000 you are quoting is an approximate fee that I was talking about a week ago. We have now firmed up what we think the fee will be and it is actually $119,500. That is a major submission, which means it is a major new drug or it is a major new use of an existing drug. For a major submission we take a formal and professional evaluation as the centrepiece of our consideration. It is considered by the Pharmaceutical Benefits Advisory Committee, the Economic Subcommittee of that committee and the Drug Utilisation Sub-Committee in most cases. It will then progress to a thing called the restrictions working group. There are a lot of activities and difficult considerations. Yes, that is what it is actually costing today to do this.

Senator COLBECK—What do you call a minor submission and how much is that going to cost?

Mr Dellar—For a minor submission, $12,500 is the new figure. It is exactly what it sounds like. It is a smaller request relating to the tweaking, if I can put it that way, of the listing of a drug. It also does not have the full formal evaluation process. With a major submission we have a contractor or agent where there will be thorough report. A minor submission shortcuts a lot of that, so there is a less detailed evaluation. That is essentially the difference between them.

Mr Mitchell—A good example of a minor submission would be where you have listed the drug already and now you are adding new, different products of that drug. You might have listed tablets and now you are going to list an oral solution. Most of the merits of the drug have been examined; now we are looking at a particular new formulation of it.

Senator COLBECK—One of the difficulties that comes along when you are dealing with a cost recovery program is where you have what I will describe as a minor use product. So you have a small, narrow application that is not necessarily going to provide a major return to the producer and therefore there is a reluctance to submit that product for application. How do you intend to manage that?

Mr Dellar—There will be provisions for exemptions and waivers. Probably the largest single exemption will be drugs which are classified by the Therapeutic Goods Administration as orphan drugs, which is a category that means precisely what you said: not used by many people for many things but still with an important place in the spectrum of things that can be treated through medicine. There will also be, under controlled circumstances and with criteria, some capacity to waive. Where we get a circumstance where there is a drug that does not quite fit the orphan category but, for particular and specific reasons, the department is keen to see that drug listed, there will be a capacity to waive the cost.

Senator COLBECK—At what point in time would the drug company understand that there might be an exemption or a waiver? Would they know that up front?

Mr Dellar—They will know that up front.

Senator COLBECK—In the circumstance where you are keen to see it listed, I could understand that those discussions would happen early, but will they know up front that the drug might fit those categories or would they have to go through a process to convince you of that?

Mr Dellar—The major category of an orphan drug will be well understood by any company that has been through the TGA process and is approaching the PBS, and that will be most of them, so there will be no doubt in their minds that they have an orphan drug. Our process will be to affirm that that is the case, and there would be the exemption that flows. In the case of a waiver, yes, there will at times need to be a discussion between the department and the company. It is not unknown for the department to approach a company from time to time and ask for a drug to be listed or for an extension to a drug related to some matter that the Pharmaceutical Benefits Advisory Committee has identified.

Senator COLBECK—Understanding that there is some history to this proposal, what consultation has the department undertaken with industry prior to this recent appearance of the proposal?

Mr Dellar—The idea of cost recovery was first announced in the 2005 budget. Since that time there has been a series of consultations. We issued a discussion paper in April 2007 and there was a round of discussions then. We have had some minor follow-up conversations with industry since the announcement in May, but most of the shape and features of this cost recovery process have been well established for quite a few months now.

Senator COLBECK—What has been the tone of the feedback?

Mr Dellar—You might need to ask the member companies themselves, but I have certainly read in the press—

Senator COLBECK—Some of them have already been to see me, so I have a sense.

Ms Halton—It will not come as any surprise that, if you ask people to pay for a service that until recently they have had for no charge, they will not necessarily be falling over themselves with enthusiasm.

Senator COLBECK—I would not necessarily characterise it completely in that sense, but there are a number of concerns and I am trying to work my way through those. They will probably come up again later.

Ms Halton—I have not had a great deal of very negative feedback about this. The way I would describe the reaction is: not great enthusiasm.

Senator COLBECK—Does this change the financial footing of the organisation in any way?

Ms Halton—No.

Senator COLBECK—Do the management of the organisation and its funding need to have a reserve in case of ebb and flow of applications and things of that nature?

Mr Dellar—The way the finances will work is that we have agreed with the Department of Finance and Deregulation the cost of operating the service for every year, and that is provided

to us by department of finance. As money is brought into the system through receipts, through payments, it goes directly back to the department of finance, so there is not a precise and one-to-one correlation between the moneys.

Ms Halton—The bottom line is that there is no cash flow issue.

Senator COLBECK—So there is no need to build up a pool, a reserve of finances, to ensure maintenance of ongoing processes or anything of that nature?

Ms Halton—No.

Senator COLBECK—It is essentially that you get your dollars up front and then you give back what fees you have at the end of the year.

Mr Dellar—That is right.

Senator COLBECK—Or at stages during the year, depending on when they want their dividends back?

Mr Dellar—Fees will obviously come in progressively. As part of cost recovery, we have agreed to a review at the end of two years from its commencement to ensure that our predictions about fees are broadly in line with what actually happens.

Senator COLBECK—What will be the process for reviewing fees?

Mr Dellar—The cost recovery guidelines require a major review of any cost recovery process after five years of operation. We have put this checkpoint in at the end of two years to see to what extent the system is running properly and that the amount of fees coming in is about as expected. The issue there is that we have been required to predict the number of applications that we will receive. We do that principally on the basis of history. We think that our predictions are pretty good, but, until we see it happen, we can never be entirely sure.

Senator COLBECK—So you will have an initial review after two years and then at five-yearly intervals after that?

Mr Dellar—That is correct: two years, five years and then every five years thereafter.

CHAIR—Senator Colbeck, it is dangerously close to 11 o'clock.

Senator COLBECK—I am just contemplating whether I ask any more questions. Given the danger—

Ms Halton—In the next 16 seconds, Senator.

Senator COLBECK—I will let you have an early 16 seconds!

CHAIR—There could well be some questions on notice. Is that right?

Senator COLBECK—That is a possibility, but I do not think that is so much of a fear.

Senator HUMPHRIES—What is the other name for Tamiflu?

Ms Halton—Oseltamivir.

CHAIR—Thank you, Senator, and thank you again, officers, for your long day. We do appreciate it. Thank you, Hansard. Some of us will meet again tomorrow at nine o'clock.

Committee adjourned at 11.00 pm