COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

STANDING COMMITTEE ON COMMUNITY AFFAIRS

ESTIMATES

(Supplementary Budget Estimates)

WEDNESDAY, 22 OCTOBER 2008

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SENATE STANDING COMMITTEE ON

COMMUNITY AFFAIRS

Wednesday, 22 October 2008

Members: Senator Moore (*Chair*), Senator Siewert (*Deputy Chair*), and Senators Adams, Bilyk, Boyce, Carol Brown, Furner and Humphries

Participating members: Senators Abetz, Arbib, Barnett, Bernardi, Birmingham, Mark Bishop, Boswell, Brandis, Bob Brown, Bushby, Cameron, Cash, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Ellison, Farrell, Feeney, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Hanson-Young, Heffernan, Hurley, Hutchins, Johnston, Joyce, Kroger, Ludlam, Macdonald, Marshall, Mason, McEwen, McGauran, McLucas, Milne, Minchin, Nash, O'Brien, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Siewert, Stephens, Sterle, Troeth, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Adams, Bernardi, Bilyk, Boswell, Boyce, Carol Brown, Colbeck, Cormann, Crossin, Hanson-Young, Heffernan, Humphries, Lundy, Macdonald, Milne, Moore, Parry, Payne, Polley, Ryan and Siewert

Committee met at 9.02 am

HEALTH AND AGEING PORTFOLIO

In Attendance

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

Senator the Hon. Chris Evans, Minister for Immigration and Citizenship

Department of Health and Ageing
Whole of Portfolio
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
Mr Chris Reid, General Counsel

Business Group

Ms Margaret Lyons, Chief Operating Officer
Mr Stephen Sheehan, Chief Financial Officer
Ms Laurie Van Veen, Assistant Secretary, Communications Branch
Ms Tracey Frey, Assistant Secretary, Taskforce Branch
Ms Jan Williamson, Assistant Secretary, Corporate Support Branch
Mr Neil Dwyer, Section Head, Legal Services Branch
Ms Erin Bowen, Acting Assistant Secretary, People Branch

Ms Sharon McCarter, Assistant Secretary, IT Solutions Development
Ms Ida Thurbon, Acting Assistant Secretary, IT Strategy and Service Delivery

Portfolio Strategies Division

Mr Richard Eccles, First Assistant Secretary
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 Strategies Branch

Audit and Fraud Control

Mr Colin Cronin, Assistant Secretary

Health and Hospitals Reform Commission

Dr Christine Bennett

Outcome 1—Population Health

Population Health Division

Ms Jennifer Bryant, First Assistant Secretary
Dr Mark Doverty, SES Adviser
Ms Andriana Koukari, Assistant Secretary, Population Health Programs Branch
Ms Jenny Bourne, Assistant Secretary, Targeted Prevention Programs Branch
Ms Cath Peachey, Assistant Secretary (Acting), Healthy Living Branch
Ms Susan Rogers, Assistant Secretary (Acting), Population Health Strategy Unit
Ms Virginia Hart, Assistant Secretary, Drug Strategy Branch
Mr Bill Rowe, Assistant Secretary, Sport Branch

Regulatory Policy and Governance Division

Ms Linda Addison, First Assistant Secretary
Ms Alice Creelman, Assistant Secretary, Governance, Safety and Quality Branch
Ms Kylie Jonasson, Assistant Secretary, Research, Regulation and Food Branch
Ms Jenny Hefford, Assistant Secretary, Blood and Regulatory Policy Branch

Therapeutic Goods Administration

Dr Rohan Hammett, National Manager
Dr Ruth Lopert, Principal Medical Adviser
Mr Charles Maskell-Knight, Principal Advisor Regulatory Reform
Mr Craig Jordan, Chief Financial Officer, Business Management Group
Dr Larry Kelly, Head, Office of Devices, Blood and Tissues
Dr Leonie Hunt, Head, Office of Prescription Medicines
Dr Peter Bird, Acting Head, Office of Non Prescription Medicines
Ms Terry Lee, Head, Legal Services Group
Professor David Briggs, Head, Office of Complementary Medicines

Australian Institute of Health and Welfare

Dr Penny Allbon, Director
Ms Julie Roediger, Deputy Director
Dr Paul Magnus, Medical Adviser
Mr Andrew Kettle, Head, Business Group
Ms Jenny Hargreaves, Head, Economic and Health Services Group

Ms Susan Killion, Head, Health Group
Ms Alison Verhoeven, Head, Housing and Disability Group
Dr Fadwa Al-Yaman, Acting Head, Social and Indigenous Group

Australian Radiation Protection and Nuclear Safety Agency

Dr John Loy, Chief Executive Officer

Food Standards Australia New Zealand

Mr Steve McCutcheon, Chief Executive Officer
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, Legal and Regulatory Affairs

Office of the Gene Technology Regulator

Ms Elizabeth Flynn, Acting Gene Technology Regulator

Outcome 2—Access to Pharmaceutical Services

Pharmaceutical Benefits Division

Mr Stephen Dellar, Acting First Assistant Secretary
Ms Sue Campion, 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 Gay Santiago, 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, Medical Benefits Division
Dr Brian Richards, Health Technology and Medical Services Group
Mr Michael Ryan, Acting Assistant Secretary, Medicare Benefits Branch
Mr Peter Woodley, Assistant Secretary, Medicare Financing and Analysis Branch
Ms Yvonne Korn, Assistant Secretary, Diagnostic Services Branch
Ms Jenny Williams, Acting National Manager, Office of Hearing Services

Primary and Ambulatory Care

Ms Megan Morris, First Assistant Secretary
Ms Jan Bennett, Principal Adviser, Office of Rural Health
Professor Rosemary Knight, Principal Adviser
Mr Leo Kennedy, Assistant Secretary, Service Access Programs Branch
Mr David Dennis, Assistant Secretary, Workforce Distribution Branch
Ms Sharon Appleyard, Assistant Secretary, Rural Health services and Policy Branch
Mr Rob Cameron, Acting Assistant Secretary, eHealth Branch
Dr Tracey Bessell, Acting Assistant Secretary, GP Super Clinics Branch
Ms Jennie Roe, Assistant Secretary, Chronic Disease Branch
Ms Judy Daniel, Assistant Secretary, Policy Development Branch
Mr Lou Andreatta, Assistant Secretary, Practice Support Branch

Outcome 4—Aged Care and Population Ageing
Ageing and Aged Care Division
Mr Andrew Stuart, First Assistant Secretary
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
Mr Keith Tracey-Patte, Acting 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
Mr Chris Falvey, acting Chief Executive Officer
Mr Ross Bushrod, General Manager, Operations
Mr Rex Shaw, Chief Financial Officer
Ms Bridget Paul, Manager Accreditation Policy and Quality Assurance
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 for Aboriginal and Torres Strait Islander Health
Ms Lesley Podesta, First Assistant Secretary
Dr Geetha Isaac-Toua, Acting Senior Medical Adviser
Ms Joy Savage, Assistant Secretary, Remote Health Services Development Branch
Mr Mark Thomann, Assistant Secretary, Budget and Planning Branch
Mr David de Carvalho, Assistant Secretary, Policy and Analysis Branch
Mr Garry Fisk, Acting Assistant Secretary, Performance Management Branch
Ms Rachel Balmanno, Assistant Secretary, Family Health and Wellbeing Branch
Outcome 9—Private Health
Acute Care Division
Ms Kerry Flanagan, First Assistant Secretary
Dr Bernie Towler, Medical Officer
Ms Veronica Hancock, Medical Indemnity and Dental Branch
Ms Gail Yapp, Acute Care Strategies Branch
Ms Georgie Harman, Organ and Tissue Policy Branch

Ms Penny Shakespeare, Private Health Insurance Branch
Mr David Martin, Healthcare Services and Information Branch

Private Health Insurance Administration Council
Mr Shaun Gath, Chief Executive Officer
Mr Paul Groenewegen, Deputy Chief Executive Officer

Private Health Insurance Ombusman
Ms Samantha Gavel

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

National Health and Medical Research Council
Professor Warwick Anderson, Chief Executive Officer
Dr Clive Morris, Chief Knowledge Development Officer
Ms Hilary Russell, Chief Operations Officer

Professional Services Review
Dr Tony Webber, Director
Ms Alison Leonard, Executive Officer

Outcome 11—Mental Health

Mental Health and Workforce Division
Professor Rosemary Calder, First Assistant Secretary
Ms Rosemary Bryant, Chief Nurse and Midwifery Officer
Professor Harvey Whiteford, Principal Medical Adviser Mental Health
Dr Jennifer Thomson, Principal Medical Adviser General Practice
Mrs Eithne Irving, Principal Medical Adviser Nursing
Dr Andrew Singer, Principal Medical Adviser Workforce Medical Education
Ms Maria Jolly, Acting Assistant Secretary, Medical 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, Assistant Secretary, Workforce Development Branch

Outcome 12—Health Workforce Capacity

Mental Health and Workforce Division
See Outcome 11

Outcome 13—Acute Care

Acute Care Division
See Outcome 9

National Blood Authority
Dr Alison Turner, Chief Executive Office
Ms Stephanie Gunn, Deputy General Manager, Corporate and Blood Counts

Outcome 14—Biosecurity and Emergency Response
Office of Health Protection

Ms Cath Halbert, First Assistant Secretary
Ms Fay Gardner, Acting Assistant Secretary, Health Protection Policy Branch
Ms Sandra Gebbie, Acting Assistant Secretary, Surveillance Branch
Dr Gary Lum, Assistant Secretary, Health Emergency Management Branch
Dr Margaret Hartley, Principal Scientific Advisor, Office of Chemical Safety
Dr Andrew Pengilley, Medical Officer, Health Emergency Management Branch
Dr Leslee Roberts, Medical Officer, Surveillance Branch
Dr Marion Healy, Director, National Industrial Chemicals Notification and Assessment Scheme

CHAIR (Senator Moore)—I declare open the supplementary hearing of the Senate Standing Committee on Community Affairs considering the budget estimates for the portfolio of Health and Ageing. The committee has referred a list of the outcomes relating to matters which senators have indicated that they wish to raise at this hearing. In accordance with the standing orders relating to supplementary hearings, today's proceedings will be confined to matters within the relevant outcomes. Senators are reminded that written questions on notice in respect of the supplementary hearings must be lodged with the secretariat by the conclusion of these hearings—that is, the close of business this Friday, 24 October. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators, I trust, 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. I am not going to read them out.

I welcome Senator Jan McLucas, Parliamentary Secretary to the Minister for Health and Ageing; the departmental secretary, Ms Jane Halton—Ms Halton, congratulations on your reappointment—

Ms Halton—Thank you, Senator.

CHAIR—and officers of the Department of Health and Ageing. Welcome back. As you know, there will be senators moving in and out during the day, and that is because there are other hearings happening. So it is not because there is any lack of interest in your hearing; it is that people are trying to balance portfolios. We expect a few people coming in and out during the day. Parliamentary Secretary, do you have an opening statement?

Senator McLucas—No, but I am very happy to answer questions, thank you.

CHAIR—Okay. Ms Halton, would you like to say anything?

Ms Halton—Senator, if you would not mind, I will just make an observation. As you know, Indigenous matters have now been moved to a side hearing. I will start by apologising. As you know, it is my practice to always attend estimates in relation to the portfolio. Because the senator and I are meeting food ministers on Friday, I cannot be here. So, whilst we have the good, the bad and the ugly back here, we do not have our Indigenous affairs colleagues.

CHAIR—I take it that is your senior staff, Ms Halton.

Ms Halton—Yes, absolutely. So, whilst we have our esteemed colleagues here, we do not have our Indigenous colleagues. I would like to place on the record my apologies that I cannot

be here. We will try and make sure that that does not happen again. I have asked Jeff Harmer, who as you know is the Secretary of FaHCSIA, and he will be here for those estimates. Obviously my senior officers with the relevant responsibilities will be here, but I place on the record my apologies.

[9.06 am]

CHAIR—We will now move into the whole of portfolio and corporate matters.

Senator CORMANN—I might kick off by congratulating Ms Halton on her reappointment.

Ms Halton—Thank you.

Senator CORMANN—Can you outline for us your priorities for your next term.

Ms Halton—Secretaries do not have priorities other than to serve the government of the day. I think you would be aware that we have a very large agenda in front of us. You would be highly conscious, I have no doubt, given your interests, that we have a portfolio objective of better health and better ageing for Australians. That is what I am intending to continue to deliver.

Senator CORMANN—I will rephrase the question. In the context of the government's policy agenda in health, what are your organisational priorities as the secretary of the health department at the beginning of your new term?

Ms Halton—In a sense, the last answer still pertains. We have a large number of matters that we are pursuing—and you would obviously be very aware of a number of the matters that the government has kicked off. We have a significant level of engagement with the COAG process. We have a number of matters that we are looking at in terms of the operation of the health system. We also have a very big system that we are continuing to run. I think it is fair to say that focusing the resources of the portfolio on all of those matters is essentially my priority, and I know it is the priority of the senior team that you see behind me.

Senator CORMANN—Are you planning any changes to the departmental management structure in the near future?

Ms Halton—Not particularly. Again, you would be aware as an observer both inside and outside of the parliament that bureaucratic structures wax and wane as there are changes in priorities. But there is no significant plan afoot at the moment in relation to the structure of the portfolio or the department.

Senator CORMANN—When are you planning to table your annual report? As I wanted to prepare myself for this, I note that it has not been tabled yet. Have you got a time line yet?

Ms Halton—Yes. Next Friday.

Senator CORMANN—Just for the record, it would have been useful to have the benefit of that annual report before we went into this supplementary estimates session. I have a final question before I cede to Senator Boyce: have there been any changes in senior appointments to the department since the last estimates hearing?

Ms Halton—I think the answer to that is no. I beg your pardon: we have appointed an inaugural Chief Nurse, Rosemary Bryant, a woman who comes with stellar credentials for the position. That is a new position.

Senator CORMANN—How are you going with achieving the efficiencies—staff reductions et cetera—that were foreshadowed in the budget? How many staff have left by now?

Ms Halton—Again this is a question of the balance, the ons and offs, if I can describe it in that way. At our last hearing we indicated that we were expecting to see a reduction. I think it was a bit under 180, and I think we are about in that zone. I think it is probably slightly closer to 200 in net terms—remembering that this is always a net equation. I can get my Business Group colleagues to give you the precise numbers.

Ms Lyons—The portfolio budget statement indicates that we are to reduce overall by 179 ASL in the course of this year. At this time we are trending to get to that number.

Senator CORMANN—Where did the 179 come from in the department?

Ms Lyons—They range across a number of program areas.

Senator CORMANN—Spread evenly across all of the program areas, or is there a program area that is particularly impacted? Can you perhaps give us a breakdown of it on notice?

Mr Sheehan—Yes, we could give you the breakdown for the different outcomes compared to what was in the PBS by outcome.

Senator CORMANN—Is the reduction in staff impacting on the department's capacity to do its job in any way?

Ms Halton—We are quite a large portfolio and, whilst any reduction of staff has an impact, this would be described as being at the margin.

Senator CORMANN—There were 180 staff that added value to the department at the margins?

Ms Halton—No, you cannot say in a department with thousands of staff that this is having a significant impact—a material impact—on the operations of the department. It is having an effect at the margin but it is not material.

Senator CORMANN—Thank you.

Senator BOYCE—What was the staff at 30 September?

Ms Halton—What was the staff?

Ms Lyons—The headcount was 4,886.

Senator BOYCE—Is that full-time equivalents or what?

Ms Lyons—No, that is a headcount.

Senator BOYCE—Can we do it as an FTE?

Ms Lyons—The FTE is 4,413.2.

Ms Halton—That is an interesting head—the 0.2.

Senator BOYCE—Thank you. Ms Halton, we have heard a lot about the Harmer review being conducted by Jeff Harmer. What input has Health had into that review to date?

Ms Halton—As you are aware, the Harmer review is looking at pensions. There are some relationships to this portfolio. I think it is fair to say that we have had some conversations with Dr Harmer and the portfolio in relation to that review but as yet they have been fairly limited. That is not inconsistent with my expectations because obviously pensions are relevant to this portfolio in some areas but not in all.

Senator BOYCE—Yes, obviously a large number of a more target audience would be people on government benefit of some sort. When you say 'some limited involvement', what form has that involvement taken?

Ms Halton—Probably the best way to put it is that there has been a dialogue between offices. You would be aware that there are relationships in terms of safety nets and relationships in relation particularly to the operation of aged care. Essentially, there has been a discussion between offices. I am not aware, but I will take correction from my colleagues, that we have provided any detail—as in written input—yet. My expectation is that we will talk to them in relation to those matters, but they need to frame what the particular questions are and where their thinking is coming from in order that we can provide informed input in a framework.

Senator BOYCE—I think we are looking at a February date for the Harmer review.

Ms Halton—That is my understanding.

Senator BOYCE—I will throw this question out, and you can tell me if you can answer it or not. When would you expect that more formal involvement might occur?

Ms Halton—I would think probably next month. That was my expectation and I had a sidebar conversation with Dr Harmer myself on this issue a week or so ago.

Senator BOYCE—What form would that take?

Ms Halton—We do not know yet. I guess that is what I am saying to you, because my understanding is that their thinking is developing and they need to think about the framework of what they are doing in order to ask us questions. When they have got some questions to ask us in specific terms then we will be in a position to give them some specific input.

Senator BOYCE—I might ask the same question again tomorrow. The other question I had related to what I understand are attempts to reduce silos within the departments. The departments most commonly taken into consideration for that are health, FaHCSIA, education et cetera. Tell me about the involvement of the Department of Health and Ageing in efforts to function in a more cross-portfolio way.

Ms Halton—If you scratch the colleagues sitting behind me, they will all recount to you my endless rants about the need to break down silos. We have been on this subject for quite some time.

Senator BOYCE—It sounds like there might have been some catch-up going on, or attempts at it.

Ms Halton—What we are very conscious of—I hope—is that not only do we need to break down those silos inside the portfolio but we also need to be working with colleagues. I think there is a very clear understanding of that. You just mentioned the pensions issue. Pensions are not just an issue that relate to FaHCSIA or to taxation or whatever they also relate to us. In a number of areas we have been working with colleagues in other portfolios specifically in recognition of shared agendas. Going back to the conversation we just had about Indigenous estimates, that is a very particular and real example at the moment. But again, the senator and I, with an interest in food, have been working quite closely with agriculture on those issues. I think you can look at a number of parts of the department's business and say, 'How does that relate to another portfolio?' Drugs would be another case in point as would alcohol where we have a relationship with the Attorney-General's Department.

Senator BOYCE—In an organisational sense, without some sort of formal program built around it, it is likely to be ad hoc and episodic. Are there any moves towards a formal mechanism for removing siloisation?

Ms Halton—'Desiloisation', we have to think about that.

Senator BOYCE—I hesitated.

Ms Halton—Yes, I think it was a sensible hesitation. No, I would not say formal, structured yes, formal no. I think there is a distinction.

Senator BOYCE—Can you explain what your view of that distinction is?

Ms Halton—I think formal means you set up an institutional arrangement, some kind of bureaucratic structural what-have-you to manage or run something; institutionalised means a way of doing regular business. So in terms of institutionalising what you do, it should be a matter of ensuring that you always talk to and think through who the interlocutors are inside government.

Senator BOYCE—But we are talking about cultural change as you pointed out.

Ms Halton—Yes, absolutely.

Senator BOYCE—I am trying to get to what you might be using to drive cultural change?

Ms Halton—Inside the portfolio?

Senator BOYCE—Yes, start there.

Ms Halton—Inside the portfolio, we have run a number of development type arrangements. In fact, we can talk a little bit, if you are interested, about what we have been doing with our EL1s and EL2s, which goes precisely to this issue.

Senator BOYCE—Sorry, you just turned away as you said that.

Ms Halton—What we have been doing with our executive level staff would be an example. We are running a series of workshops with our executive level staff and that has included bringing in outside portfolio executives to talk about a series of issues, again, to push these issues in relation to an understanding of the importance—

Senator BOYCE—So a light goes on about, 'Hey, we are all working on the same problem just from different angles'.

Ms Halton—Yes, precisely. It is very interesting. The executive level staff in the department have been attending these sessions that we have been running in numbers that we were not always anticipating.

Ms Lyons—500 to 700 a session.

Senator BOYCE—So 500 to 700 health and ageing departmental executives are coming along—

Ms Lyons—Middle managers.

Senator BOYCE—to listen to what, an invited guest?

Ms Lyons—It is a combination of things. For instance, the secretary made the first address. A number of the deputies have addressed them. We have had some external visitors, such as the Public Service Commissioner, come and address them. The focus that we have is a particular person on the day, with both internal and external speakers.

Senator BOYCE—That is very hopeful. That is great.

Ms Halton—We are absolutely delighted.

Senator BOYCE—So basically 20 per cent of your workforce turns up to find out how to talk to other departments.

Ms Halton—And to also understand more about what is going on in the general environment. You can do your job much better and can be much better oriented if you understand everything that is going on. These are busy people, so we do not—

Senator CORMANN—I hope that Treasury goes to those same meetings.

Ms Halton—We have not invited any external agency people. They are very busy, and so we structure this is quite discrete, short time blocks so that they can attend. Notwithstanding the fact that we have tried to make it easy for people, we are really pleased.

Senator BOYCE—When you say 'short time block', do you mean 30 minutes?

Ms Halton—An hour.

Senator HUMPHRIES—I want to ask about the new razor gang that the government has set up to review expenditure, I assume in anticipation of next year's budget. Has the department had discussions with the people doing the expenditure review with respect to any cuts of savings that might be made by DoHA?

Mr Eccles—Yes, we are in discussions with central agencies about those matters.

Senator HUMPHRIES—Obviously, this is focused around next year's budget. You are not expecting any earlier outcomes from that process?

Mr Eccles—That is really a matter for the Department of Finance and Deregulation.

Senator HUMPHRIES—Is it a formal committee that you are dealing with or is it simply a discussion with the department of finance? How is it structured?

Mr Eccles—There are very clear and recognised contacts in the department of finance that are looking after the razor gang review, as you termed it, and we have very clear contacts in

our department in a unit headed up Ms Powell. We are in very regular contact with them. But there is no formal committee as such.

Senator HUMPHRIES—This is not simply designed to assist this department to meet the extra efficiency divided that was decided on in the last budget; this is looking at other spending priorities in the context of the next budget.

Mr Eccles—This is not about the efficiency dividend.

Senator HUMPHRIES—What special accounts does DoHA hold?

Ms Halton—By 'special accounts', do you mean specific special accounts and not standing appropriations?

Senator HUMPHRIES—Yes.

Mr Sheehan—We have 11 special accounts. I can get you a list of them. They are: the alcohol and education and rehabilitation account, the Australian childhood immunisation register, the human pituitary hormones special account, the gene technology regulator—

Senator HUMPHRIES—You can probably put that on notice, if that is all right. We do not need to go through that right now. Can you tell me roughly how much is in all of those accounts put together?

Mr Sheehan—I would have to take that on notice.

Senator HUMPHRIES—Okay. If you could do that, that would be great. Do you use the interest from those accounts to fund other operations of the department?

Mr Sheehan—Only some of those accounts have interest appropriated to them. The funds are used for the purposes covered by that special account.

Senator HUMPHRIES—Not outside the account? They are not used by the department as a whole?

Mr Sheehan—No.

Senator HUMPHRIES—Has the department complied with interim requirements relating to the publication of discretionary grants?

Mr Eccles—Yes.

Senator HUMPHRIES—It has. Excellent. With respect to freedom of information, has the department received any advice on how to respond to FOI requests that are made of it?

Ms Lyons—No.

Senator HUMPHRIES—Can you tell me how many FOI requests the department has received since the beginning of this year?

Ms Halton—The financial year or the calendar year?

Senator HUMPHRIES—I was thinking of the calendar year, but if you have figures on a financial year basis that is fine, too.

Ms Lyons—For the year to date—that is, to 30 September from 1 July—we have had 56 requests.

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

Ms Lyons—Thirty-two requests have decisions outstanding and there are none that are overdue. I deduce from that that we have made decisions on 24.

Senator HUMPHRIES—Favourable decisions on 24?

Ms Lyons—I believe so, but I would have to take that on notice. I do not have that detail with me.

Senator HUMPHRIES—Could we have those figures from the last financial year as well?

Ms Lyons—Yes. I have those. Last year, in 2007-08, the department received 180 requests.

Senator HUMPHRIES—How many were granted and how many were denied?

Ms Lyons—Thirty-eight were withdrawn, thirty-one were deemed withdrawn because there was no further response from the applicant, 23 were given full access, 48 partial access, 34 were refused access to documents that they were seeking, and three requests have decisions outstanding but are not overdue.

Senator HUMPHRIES—Thank you very much. Finally, have any conclusive certificates been issued in relation to any of those FOI requests?

Ms Lyons—No.

Ms Halton—No, we have never had a conclusive certificate.

Senator HUMPHRIES—Okay. That is very good.

Senator CORMANN—I have a final question on general issues. Has the minister ever expressed any concern about the quality of the advice that she was receiving from the department?

Ms Halton—No. With every minister that we have, we have a dialogue and a debate about what needs to be provided in what sort of timeframe and a regular discussion about what is required to meet her needs. Have I had any indication of any serious concern from her in relation to the product? No.

Senator CORMANN—Thank you.

Senator ADAMS—I have some questions on the Australian healthcare agreements. Does that come here?

Ms Halton—That is technically acute care, but it depends on what it is.

Senator ADAMS—It is about the timelines of the Australian healthcare agreements. Do you want me to start asking those questions here?

Ms Halton—I do not mind. I can answer those questions if you like.

Senator ADAMS—What is the anticipated timeline for the new Australian healthcare agreements?

Ms Halton—You would be aware that there is a whole COAG reform process underway at the moment. The healthcare agreements are essentially part of that process. There is quite a lot of discussion going on with the states at the moment in relation to the operation on what we currently know as the healthcare agreement. It is our expectation that that matter will be

discussed at COAG on 17 November. You are aware that the current agreement expires in June of next year. It is obviously our expectation that it will be resolved before that. It is our expectation that the matter will be discussed in November.

Senator ADAMS—Will the next healthcare agreement be for five years or less?

Ms Halton—I think the government has indicated that the new financial arrangements will be ongoing and there will be an ability to amend or review them at certain points during their life, but the precise timing of that is not yet known.

Senator ADAMS—What statistics and information does the Commonwealth hold on the closure of rural and regional public hospitals in Australia over the period of the current Australian healthcare agreements?

Ms Halton—For that we will need Acute Care.

Senator ADAMS—Then probably other questions I have on that are all for Acute Care too. My next questions are on the national Health and Hospitals Reform Commission. What is the timing of the interim and final reports from the commission?

Ms Halton—The commission is obviously independent of the department; it was set up and is operating at arms-length from us. My understanding is that we are expecting to get an interim report either late this year or early next year. I suspect it may be early next year. I am not aware that the chair of the commission has indicated to the minister one way or other, but my expectation is later this year or early next year. And, obviously, their final report is due in the middle of next year.

Senator ADAMS—How is it possible for the reviews that may be regarded as a subsidiary to the work of the national Health and Hospitals Reform Commission to make recommendations and proposals that will be consistent with the blueprint being prepared by the commission?

Ms Halton—I think the chair of the commission is very clear on this and I have certainly heard her say this on multiple occasions, that she and her colleagues are focusing very much on 2020, so they have a long-term vision for where the system is going. The reviews that we have currently got underway are very much looking at the detail of what is currently in operation. That said, I think it is important to understand that there is a very healthy dialogue going on between the various people doing, for example, the day to day of the current operational reviews that we might be doing, with the commission so there is at least an understanding of where each other's thinking is going.

Senator ADAMS—Just as an example, how can the national preventative healthcare work or the national primary healthcare strategy be meaningfully developed in the absence of knowledge about the overarching blueprint for the whole system likely to be recommended by the commission?

Ms Halton—I guess I would say to you it is a bit chicken and egg, really. Essentially, the long-term vision for the system has to, by definition, be informed by where we are today because where we are today is absolutely germane and relevant—you are not creating a system on a blank sheet. So the people working on primary care are looking at what we actually have right this minute and saying: 'How should we evolve what we have got? How

do we take account of the changing needs of people in the community? How do we manage issues in relation to workforce? How are we actually going to look at the impact of, for example, chronic disease? And how are we going to do that now and in the next few years? How are we going to actually deliver a really good quality health system?' The commission, looking way out to 2020, are saying: 'What should be our aspirations? What should be the right thing in terms of a system at that point? But, then, how are we going to get there, what are the steps to get there?' So the two are really very clearly related. As I said, I know Dr Bennett, as the chair of the commission, is very much engaged also with what is going on in those are the reviews.

Senator ADAMS—There was just a concern that if these groups were working on things for the future but there was no overarching program or framework then just where were they going.

Ms Halton—The short answer to that is: people need to talk to each other. It is a bit like the Senator Boyce's question earlier about whole-of-government and silos. These things are not being done in silos, they are actually being done with a clear knowledge and view of each other and a constant traffic of conversation.

Senator ADAMS—Good. Thank you.

Senator BERNARDI—Ms Halton, you can relax for a moment; I have a couple of questions for Senator McLucas. Senator McLucas, earlier in the year you stated that you were going to ask the TGA for a formal response to concerns about the regulation of complementary medicines. I know that the TGA has not been called today, but these are simple questions about your statements. Have you received that report?

Senator McLucas—I am happy to take these questions now but it may be better when the TGA is here. Yes, I have—

Senator BERNARDI—I do not think that the TGA is coming.

Senator McLucas—The TGA has not been called today?

Senator BERNARDI—No.

Senator McLucas—Have I received a report from the TGA in terms of the complementary medicines comments that were made earlier this year? Yes, I have but it is part of a broader discussion that we are having around reform in the TGA across all four elements of the TGA that are managed.

Senator BERNARDI—You were quoted in the *Age* back in January as saying that there was a real sense of urgency about the regulation of complementary medicines. Strong comments were made about not wanting guff and that sort of thing. I actually supported you in the Senate chamber and you said that you would remind me of those comments. I will now remind you of your comments. It is 10 months since you made these comments. When can we expect some results?

Senator McLucas—You may be aware that the previous government was negotiating with New Zealand to establish trans-Tasman regulatory arrangements in terms of therapeutic goods. Those discussions have not been able to be continued because of the difficulties that

New Zealand has had getting support through their parliament for a trans-Tasman regulatory structure for therapeutic goods. That happened in July last year.

On coming to government, I asked the TGA for a list of reforms that we could undertake that had been agreed across the sectors. In the middle of this year we held a series of fora where the therapeutic goods sectors—the medical devices, the complementaries, the over-the-counters and pharmaceuticals—came and we confirmed with them the reform agenda. That is now agreed and we are progressing with bringing forward legislative instruments that will put that into effect.

Senator BERNARDI—There is a lot of double-speak there. With respect, there have been 10 months and you have said that we have not been able to reach an agreement with New Zealand. This is about the regulation of complementary medicines here, which you have acknowledged is not optimum. I agree with you; I think that there is a very poor complaint mechanism. You have suggested:

We have to have a system that is robust, that provides good information to consumers without putting a burden on the sector that would add a layer of expense that would potentially not be in the best interests of consumers.

We do not want to see additional bureaucracy or additional expense—

Senator McLucas—Then you would be aware that this government is a government of deregulation, unlike the previous one.

Senator BERNARDI—It would be nice to see. But when is there going to actually be a result?

Senator McLucas—We will have legislation to the chamber as soon as the chamber allows. There is a process, Senator, of bringing legislation to the chamber. First of all, it has to be drafted and then it gets clearance by the legislation committee, and we are in that process.

Senator BERNARDI—This is an urgent issue, remember. You said it was an urgent issue in January and the year has nearly elapsed. What has happened to the urgency?

Senator McLucas—I absolutely refute that. We are on the job and we are going forward very promptly with bringing forward this reform agenda. I am sure that if you have the opportunity to speak with those in the sector they would express to you some relief that we are finally moving forward.

Senator BERNARDI—Clearly there are different aspects of urgency. You can rush bills through at your whim and cobble them together over the weekend yet, with something which you say is a matter of urgency, after 10 months there is still no formal response that we have actually seen. There has been no meaningful change. Does that sound like urgent action?

Senator McLucas—We are bringing forward a series of legislative instruments—they may be legislation; they may be regulation—to progress those elements of the trans-Tasman agreement that were agreed through consultations done by the previous government and then finalised by this government. We will have that in front of the parliament in good time.

Senator BERNARDI—In good time? I am sure that will satisfy those people who are negatively affected by this! What about the website that you said you were considering starting with regard to this? How is that travelling?

Senator McLucas—That is part of the whole process.

Senator BERNARDI—Will you spend another $10 million—is that the figure?—on this one, as with the GroceryWatch website?

Senator McLucas—No.

Senator BERNARDI—You will not be spending that much money?

Senator McLucas—No.

Senator BERNARDI—How much money will you be spending on it?

Senator McLucas—That is yet to be ascertained.

Senator BERNARDI—Will anyone actually use it? Will it be relevant or will it be like the GroceryWatch website?

Senator McLucas—Senator Bernardi, you were saying that you supported—

Senator BERNARDI—I do, but I do not support inaction, which is clearly what you have been doing.

Senator McLucas—I refute that.

Senator BERNARDI—So when can we expect a result in this? When can we expect legislation to be drafted and introduced into parliament? When can we expect to see your website? When can we expect to see some protection for consumers?

Senator McLucas—You will see the legislation after it has been approved by the legislation committee.

Senator BERNARDI—When is that going to be?

Senator McLucas—Maybe you could ask the legislation committee.

Senator BERNARDI—You are responsible for it.

Ms Halton—Senator, you know well that there are priorities in relation to legislation and that there is quite a large program. As the senator says, there is a very clear program in relation to changes. That will get priority in the legislation program, and then those things will come in when that program enables us to bring them in. I think the key message here is that all efforts have been made in the portfolio to actually bring together the work that had been done in the trans-Tasman context. It is unfortunate that, because of matters in New Zealand, we were not actually able to bring all of that package in, which was the intention; to disentangle that to put it into an Australian reform package, which is what has occurred; to then put that into legislation; and to then get it into the legislative program, as has been occurring. There has to have been a consultation process with industry to ensure that the disentangled—if I can describe it in that way—component, the Australian component, meets with their needs and also meets with our needs in relation to responsible regulation. That is what has been occurring, and getting it priority inside the legislative program is where we are now.

Senator BERNARDI—So the legislation has been drafted—is that what you are telling me?

Ms Halton—In some cases we have legislation. In some cases we are finetuning. This work is very far advanced.

Senator BERNARDI—Could you tell me what date it was submitted to the legislative review committee?

Ms Halton—No, I cannot tell you that, because I do not have that information with me.

Senator BERNARDI—Would you take it on notice and provide it to me in reasonable time.

Ms Halton—We will certainly see what we can do.

Senator BERNARDI—What do you mean, 'see what you can do'? I would like you to actually tell me.

Ms Halton—I have to go back and check the records.

Senator BERNARDI—It obviously has been, because Senator McLucas has suggested to me that the delay is with the Expenditure Review Committee.

Senator McLucas—That is not the delay; that is the process.

Senator BERNARDI—So it has been submitted, and now it is with them and it is up to them when it actually gets through that process?

Senator McLucas—Yes, that is right. Their job is to prioritise legislation through various departments.

Senator BERNARDI—Here is what I would like to know—and it should not be hard; it should not be an undertaking that, 'I will try and get the information.' It should be, 'Yes, we will get that information.' When was it submitted to the Expenditure Review Committee?

Ms Halton—We are happy to do that.

Senator BERNARDI—Thank you.

Senator CORMANN—As we are raising issues of this sort of nature in portfolio matters, I thought I would touch on a pretty dramatic article that appeared in the *Age* earlier in the week on organ donations. I note that Senator McLucas has been commenting on it throughout the week. Essentially we have Associate Professor Tibballs making some pretty dramatic statements that allegedly, across Australia, organ donors were not truly dead when their organs were taken. Obviously this is a very sensitive issue, and I am broadly supportive of where Senator McLucas came from in her comments, but nevertheless I note that on Tuesday, Senator, you were ruling out a review of organ donation guidelines, whereas in the *Age* today there is an article saying that you are now considering a review of organ donation guidelines. This is obviously something that has a lot of risk attached to it. People who need, for want of a better word, access to organs would obviously be concerned about the risk that these sorts of comments could scare people away from being prepared to donate.

Senator McLucas—Absolutely.

Senator CORMANN—So I would like for you to clarify for us the position of the government, what you intend to do moving forward and whether you are intending to perhaps

get something on the record in the *Journal of Law and Medicine* to counter what has been put out.

Senator McLucas—Thank you very much for that question. I appreciate the opportunity to put our position on the record. The article in Tuesday's edition of the *Age* was more accurate than the one that appeared this morning. The article says:

> The Federal Government is considering national guidelines on organ donation after cardiac death, because of inconsistent policies among states and territories.

I think that is extending what I said to the journalist. Associate Professor Tibballs has put an article in a journal called the *Journal of Law and Medicine*—as I understand it. I have not yet been able to ascertain whether that is a peer reviewed publication, but I think it is true to say that what he is saying in that article is a view not shared by most intensivists in this country. I am concerned about the impact that article will have on people's confidence in our systems, and I have said as much in the newspaper. I think Australians need to be very confident that we have very good intensivists who follow the NHMRC guidelines closely. The difference between cardiac death and brain death is a very technical area. The Chief Medical Officer might be able to provide you with some further information. I thank you for the question.

Prof. Horvath—This is a sensitive area, and from time to time people raise questions. The NHMRC guidelines regarding donation are very carefully thought through when followed, and they are followed to the letter. Personally I have been involved in this area for over 30 years. The area of minor controversy around the donation following declaration of cardiac death is a little more difficult, and there are some state variations about procedures and regulations. I chair a committee that reports to ministers and is looking at this and, because it is a sensitive area, there is a desire by all to make those procedures uniform across Australia. They represent a very small number of donations—about 19 donations last year, if my memory serves me correctly, out of nearly 191. The vast majority of donations are where there is brain death declared. This goes back to the late seventies when Michael Kirby was heading the Law Reform Commission. After extensive consultation there was agreement of what constituted brain death and the tests that need to be done by two independent doctors. These are followed very, very carefully in this situation.

Senator CORMANN—I had a long conversation last night with Professor Geoffrey Dobb, the Chairman of the Australian and New Zealand Intensive Care Society. He told me that Australia has the most stringent guidelines compared to other jurisdictions. Can you just confirm that for us?

Prof. Horvath—That is correct. And Professor Dodds is on both of my committees, reporting to ministers as an expert adviser and a member of those committees. He is helping to frame those changes around donation after cardiac death. What he says—that the Australian guidelines around brain death are amongst the most stringent in the world—is correct.

Senator CORMANN—In closing on this issue, could I urge the federal government to perhaps commission some peer review or essentially an alternative point of view in the expert journal that might put this to bed?

Ms Halton—Senator, can I make a comment about this. Again, thank you for the question. It is a very important question and it is very important that we provide an assurance to the

community that they can have complete confidence in this system. We have got a huge new investment in relation to organ donation, because we do not have the organ donation rate we should. It is really regrettable that people put into the public arena material which actually undermines that confidence. In implementing the package—and the department is working phenomenally hard; you know that the legislation was introduced and it has got bipartisan support, and thank you for that. It is incredibly important that, in order that we can save more lives, people can actually have confidence in the system. As Professor Horvath says, the medical profession are right behind the changes that we are making, but it is in a framework where we have world-leading practice on matters such as that and consumers can genuinely have confidence. What we want is that when people are asked, often in very difficult circumstances, whether or not they are prepared for their loved one to be a donor, they have complete confidence in that system, and then the answer should be 'of course'. But we need to make sure that people are comfortable with that in order that the answer will be 'of course'.

Senator CORMANN—Thank you for that, Ms Halton.

Senator HEFFERNAN—I want to raise the patent problems with BRCA1 and BRCA2, Ms Halton. I see this is a serious problem for future medical research in Australia and, just to background the committee, this is about the patenting by Myriad in the United States of the BRCA1 and BRCA2 genes and the mutation technology against that, the testing of which is now conducted in nine laboratories across Australia. It is now about to be called in under a patent and commercialised and monopolised. My first question, Minister, is: is the responsible minister aware of a press release which was made available through the Australian Stock Exchange on 11 July 2008 in which GTG, Genetic Technologies, announced it had made a commercial decision to enforce the rights granted to it under the exclusive licence, in which Genetic Technologies is going to enforce in Australia the patent? In 2003, you would be aware, Minister, that, as a generosity to the women of Australia and New Zealand, they said they would not enforce the patent. Are you aware of that letter?

Senator McLucas—Yes, I am, Senator, but I will ask Ms Addison if she could give you some information.

Ms Addison—Yes, we are aware of the letter.

Senator HEFFERNAN—Is the minister aware that Genetic Technologies Ltd, as the exclusive licensee of Australian patents—I could run through them but I will not; you can have them on notice—for the various patents that apply to it, 686004, 691331, 691958 and 773601, has sent a letter, as a consequence of their patent and in putting them on notice, to the various government funded laboratories in Australia advising them of its intention to enforce its patent rights?

Ms Addison—Yes, Senator, we are aware of the claim that they intend to enforce their rights and the letter that they have sent about enforcing those rights.

Senator HEFFERNAN—To clarify the position for the minister, I will read a letter to a Melbourne laboratory, the Peter MacCallum Cancer Centre, which is a great institution:

I am writing to notify you that Genetic Technologies Limited (Genetic Technologies) is seeking to enforce its intellectual property rights with regard to offering diagnostic testing of the BRCA1 and

BRCA2 genes for suspected cases of hereditary breast and ovarian cancer syndrome in Australia and New Zealand.

In the interests of avoiding costly and time consuming litigation, Genetic Technologies proposes a commercial solution whereby Genetic Technologies will perform all of Peter MacCallum Cancer Institute's future BRCA1 and BRCA2 testing requirements as settlement of all Peter MacCallum Cancer Institute's past and prospective infringement of our exclusive patent rights.

Are you aware of that?

Ms Addison—Yes, Senator, we are.

Senator HEFFERNAN—Does the minister have a copy of these letters?

Senator McLUCAS—Not with me.

Senator HEFFERNAN—I have got them but if you could table them for the committee I think it would be helpful.

Ms Addison—Senator, we are aware of the letters that the company sent to the individual laboratories and we have been talking to our state and territory colleagues. I will have to check whether we have actually got a copy of any of those letters.

Senator HEFFERNAN—Thank you. Is it correct that the Australian government or any of its agencies have indemnified any of the government funded laboratories over the intellectual property rights held by GTG?

Ms Addison—Sorry, Senator, I missed the first part of the question.

Senator HEFFERNAN—Is it correct that the Australian government or its agencies have indemnified any of the government laboratories?

Ms Addison—No, Senator.

Senator HEFFERNAN—Has the Australian government or its agencies asked the ACCC to investigate this?

Ms Addison—Senator, if it is okay, I might refer to my colleague Chris Reid, General Counsel.

Mr Reid—It is fair to say there have been discussions between the ACCC and the department of health on the subject of these letters from GTG.

Senator HEFFERNAN—Just to keep the record straight, on 22 May 2003, Genetic Technologies wrote to the manager of the Sydney Stock Exchange and said:

GTG also announced that the intellectual property rights it had obtained from Myriad for breast cancer susceptibility testing will not be enforced by GTG against any other service providers in Australia and New Zealand—and were a gift from GTG to the people of Australia and New Zealand.

There is also correspondence that I have and can make available to the committee which sets out the problem in New Zealand, where it is understood that the Commonwealth government has told the Peter MacCallum institute to continue doing the testing for New Zealand breast cancer and they will indemnify them against any litigation. I have that letter—you are not aware of that?

Ms Addison—Senator, we are not aware of the Australian government having indemnified. We are aware the Victorian government have indemnified the Peter MacCallum institute.

Senator HEFFERNAN—That might clarify that. Do any of the funds provided by the Commonwealth to the states for the purposes of the provision of health care include funds for state departments of health to provide genetic testing for breast and ovarian cancer?

Ms Addison—Not that I am aware of, Senator, but I would have to take that on notice to check.

Ms Halton—Not specifically, Senator. We provide, as you know, aggregate funding.

Senator HEFFERNAN—Can you give us the details of what funding you do provide?

Ms Halton—No, we provide aggregate funding via the healthcare agreements. We do not provide specific funding with respect to those activities.

Senator HEFFERNAN—So you provide it untargeted?

Ms Halton—Untied, other than to Health.

Senator HEFFERNAN—Is the responsible minister investigating the validity of any of the patents which GTG claims rights over?

Ms Addison—Senator, we have actually sought from the company copies and evidence of what they claim to have, but they have declined to provide it.

Senator HEFFERNAN—Very good. Has the responsible minister asked IP Australia for a report as to how it is that patents which GTG claims rights over were granted?

Ms Addison—No, we have not. We have been in conversation with IP Australia and we are conscious that that obviously is the area of legislation that they administer. Mr Reid may have some comments on that.

Mr Reid—Senator, we have obtained copies of searches on the patents that are in question. We have not sought any advice as to the validity of those patents—the application of those patents.

Senator HEFFERNAN—You may or you may not be aware—I can provide you with it; I am well briefed on this—of the European challenge to the BRCA1 in which Myriad failed in court to hold its patent in Europe. You are aware of that?

Mr Reid—We are aware of that, yes.

Senator HEFFERNAN—There are plenty of people willing to fund the challenge to the patent, but the downside is cost against you if you lose. Is there a possibility, Minister, that the Australian government could challenge this in the way they have done in Europe? I think the general public needs to understand the implications of the removal of all laboratory data, with all laboratory research being monopolised, as it has been in the United States, where it has become a money-making exercise by a monopoly for a gene that is naturally occurring in the body. I will go to the technical details of why we this think it should fail as a patent, because it is not an invention and it is not actually law in Australia. It is law in America and it is just an agreement in Australia to agree to the patent licence—it is a convention, I should say.

Ms Addison—We are concerned with the action that the company is taking. The relationship, however, in terms of the laboratories and the testing is a commercial one between the states and territories and the testing laboratories themselves. This means, in terms of the idea that the Australian government would take a cause of action, that we do not have grounds to take a cause of action in that context.

Senator HEFFERNAN—Once again this is an issue. There should not be any politics in this. This is for the good of Australian families. I can provide you with the patent application for the prostate gene that the same company now wants in order to tie up all prostate research. It is a damnation on the system that this could be allowed to happen. Has the minister responsible had any written or oral communication with GTG or its representatives, legal or otherwise, with respect to GTG's claims to patent rights over the genetic testing of BRCA1 and BRCA2?

Mr Reid—We have had communications with GTG in which we requested a copy of the licence from Myriad Genetics, the American company under which GTG claims Australian patent rights. They declined to provide it to us and we have not seen it.

Senator HEFFERNAN—Madam Chair, can I suggest with great respect that this is an issue into which this committee should immediately commence an inquiry? It has serious implications for the wellbeing of the women and men of Australia in a highly sensitive health area. I think public awareness needs to be highlighted. The state governments need to support the Commonwealth government so it can go to the states and say: 'Hang on. What is all this?' During the last five years in Europe, 20 organisations have challenged the validity of these patents, and it was found through the courts that the BRCA1 gene patent was invalid. Could I put on notice to the government: would it be prepared to fund a challenge of these patents in the Australian court system?

Senator McLucas—We share your concern. We are working through the intricacies of the legal situation. We have to resolve it and we are certainly taking strong advice.

Senator HEFFERNAN—From my understanding and for the benefit of the committee, for the same work that has been going on in New Zealand the Victorian government—it must be—has offered to indemnify Peter MacCallum, which is a great institution, against any litigation. If it comes about, this would cause the enforcement of the patent on nine laboratories across Australia, which means that all data and all research would disappear. They have until November 6 and they have delayed from October 6 to November 6. BRCA1 and BRCA2 affect about 15 per cent of women. In Australia, if you are predisposed to the gene and there is a mutation, you can be treated and you can get that advice through cancer counselling. In America they are trying to turn it into a generic test at $2,500 a pop with a monopoly, and it is a very targeted set of genes, so it is a moneymaking commercial exercise. I thank you, Madam Chair, for the chance to put everyone on notice that I think it would be wise, and I recommend to the committee that we have a Senate inquiry on this.

Ms Addison—If it would assist, there is currently through the Department of Innovation, Industry, Science and Research a review of the IP arrangements for this type of test underway. It is not appropriate for me to talk about what the Department of Innovation, Industry, Science and Research is doing, but we can provide you with the details of the review that is currently

being undertaken. I wanted to add to my answer that, because the relationship with the states is a commercial one between the laboratories and the states and territories, we are working with the states and territories and looking at their legal options.

Senator HEFFERNAN—Can I just say that at Westmead Hospital, for instance, or at other hospitals, from the various people I have spoken to—without dobbing them in—everyone is alarmed about what this is going to do to the future. Certainly the breast cancer foundation will be listening to this today, because we need to put everyone on notice that we need to overcome, Madam Chair, the fact that now in the commercial world you can patent something that is naturally occurring. Luigi Palombi at the ANU, who is a patents expert, would be happy to come along and give evidence on the fact that it is not an invention—it is a naturally occurring gene—to challenge the whole principle of the applying of patents. This will absolutely disrupt breast cancer testing and prostate cancer testing. Thank you very much.

CHAIR—Thank you, Senator. Are there any further questions under whole of portfolio? No. Senator Boyce, you have questions for the Institute of Health and Welfare; can you give me an indication of how many. I am just seeing whether we should break first or complete questions for the Institute of Health and Welfare.

Senator BOYCE—I think I could get through all my questions in about a quarter of an hour.

CHAIR—Are there any other questions for the Institute of Health and Welfare from senators? Yes. On that basis, I think we will call the institute and then break after we have had their evidence. Good morning. I welcome the witnesses from the Australian Institute of Health and Welfare.

[10.05 am]

Australian Institute of Health and Welfare

Senator BOYCE—Good morning, Dr Allbon. I wanted to start out by going back to where we were in May-June: how is the institute's work progressing in terms of the efficiency dividend and the staff reductions?

Dr Allbon—As we said in the June estimates hearing, in response to the efficiency dividend we lost around $170,000 out of our organisation, and the way that we intended to deal with that was to reduce the size and comprehensiveness of the Australia's Welfare publication, which is due out in 2009, and also not to publish the welfare expenditure data which we have in the past but instead to review that data to ensure that it meets the needs of all stakeholders. We are proceeding with those two: we are into the start of the planning and writing for Australia's Welfare, and we will not be providing two of the chapters that we have in the past, and we have commenced the review of the database for welfare expenditure.

Senator BOYCE—What will the reduction in the size of *Australia's welfare 2009* mean? Perhaps if you tell me what the chapters that you are leaving out are.

Dr Allbon—As I said at the time, the chapters will be the resources chapter in relation to welfare and the chapter that had been there in the past in relation to broad indicators of welfare—we will not be updating and proceeding with that chapter. In relation to the resources, as I said, we will be having a review of how well that information meets the needs

of stakeholders, so hopefully that will mean that, in the future, in that chapter we will be able to provide information that is more useful. But, in terms of the 2009 publication, that will be missing.

Senator BOYCE—But what will the effect be on your clients—I suppose that is the word I should use?

Dr Allbon—That part of the information will not be available, but part of the review is to ascertain how useful it has been and whether it could be improved.

Senator BOYCE—So government programs that might rely on this data will be the poorer for the lack of that information, one presumes—or the lack of an update.

Dr Allbon—Yes, that is correct. That information will not be updated but the extent to which it has been useful is something that we are reviewing.

Senator BOYCE—It is a concern, but I guess we just have to see where it all goes. Your major clients are government agencies and departments. Could you just tell me briefly whether there has been any change or any developments among the people you work for?

Dr Allbon—Essentially, no. We have a small amount of funding that is appropriation based. That remains the same and the bulk of our funding comes from the Department of Health and Ageing, essentially, for fee-for-service work, specific projects that they would like information on or work done on. In terms of other clients, we have probably increased the amount of work we have been doing in subjects such as homelessness and housing, because they have been of high policy interest to this government. So basically the mix is pretty similar.

Senator BOYCE—So what has driven any change is changing policy priorities—

Dr Allbon—Yes.

Senator BOYCE—but at the present time all that is really affected is doing some more work. Presumably, that fed into the green paper on homelessness and the like—

Dr Allbon—That is correct. And certainly with the COAG process and the importance of performance indicators—

Senator BOYCE—I was getting around to COAG in a minute. There is one question I should probably ask you here, just a technical one. COAG, per se, I presume is not an entity that would be a client. You would be asked by a COAG member rather than COAG itself to do work. Is that correct?

Dr Allbon—That is correct, yes. COAG itself has not contacted us.

Senator BOYCE—In terms of the information you are talking about not providing on Australia's welfare, what other sources are there for that data?

Dr Allbon—It would be possible for others to compile that information, I presume, but in order to have it pulled together in that way there would not be any other single existing source.

Senator BOYCE—There would be no other way you could get that information other than to assemble it yourself?

Dr Allbon—That would be correct, yes.

Senator BOYCE—Are there any private groups who do that sort of work to your knowledge? I am presuming that it would only be university researchers who might do it.

Dr Allbon—From time to time organisations like Access Economics rear their head in that kind of a space and do some work there. NATSEM sometimes does. Basically it depends upon who funds whom to do the work really.

Senator BOYCE—I did want to talk about COAG and the whole area of national health reform and processes that are happening. What input has the Institute of Health and Welfare had? We are looking at a lot of changes so presumably there are new ways of collecting data, new definitions of things that we are trying to standardise right around Australia. What input has the Institute of Health and Welfare had into that?

Dr Allbon—Our role has really been to work alongside those who are making the policy decisions about what they want to measure to ensure that what they want to measure is in fact measurable without a massive input of funds or whole new systems being put in place. In some cases that may be the case, but we have expertise around what is currently measured, what could be added into what is measured, what would be feasible to measure, and the ways in which you could measure it. Essentially, it has been a very cooperative relationship with those who are determining the policy of what it is they want to measure, with us providing the commentary on how feasible that is and how that could be achieved.

Senator BOYCE—Who are the people who are making these policy decisions?

Dr Allbon—COAG—

Senator BOYCE—Officials or ministers? What face does COAG present to the institute?

Dr Allbon—The COAG subgroups.

Mr Kalisch—Perhaps I can add a little bit more content around the COAG process. It really started when the health ministers asked AIHW to do some work around performance indicators earlier in the year and that really started them in the dimension around providing some specific advice on performance indicators. There is a COAG Health and Ageing Working Group convened and chaired by Minister Roxon and the AIHW together with ABS and officials from all of the jurisdictions have been working around developing a set of performance indicators and outputs that will then go to COAG for their consideration and final endorsement.

Ms Halton—We should be clear, Senator: AIHW is a technical adviser into the process.

Senator BOYCE—Absolutely; and I was about to ask you about a specific example that came up in Queensland earlier this year. It may be common knowledge within the department of health but it certainly is not in the general public that not all hospital beds are beds, that they can in fact be chairs or trolleys or couches, even. The media reports at the time said that what constituted a 'bed' was not a nationally consistent item either. What I am trying to get to is that if we are looking at reforming health then things like those definitions must, surely, be nationally consistent. I was wondering what input a group like the Institute of Health and Welfare would have in that process.

Ms Halton—Perhaps I can put a framework around that. We actually had one of these meetings yesterday, as it happens. There are a group of officials who are looking at what are the core performance reporting indicators in relation to the relationship between the Commonwealth and the states in terms of financing. The agreement is basically that we will have our expert technical advisers advising us on what is collectable, how it should be collected and what the definitions should be. So the institute is obviously our most expert technical adviser on these matters but the officials are having the argument, the discussion, the debate—

Senator BOYCE—The officials from the health departments?

Ms Halton—Together with the central agencies. Central agencies are involved in this, so it is premiers departments, prime ministers departments, treasuries and the health officials.

Senator BOYCE—And it will be conducted at a public service level? It would appear from the sorts of stories that there could be some political sensitivities about how you go about defining some items within the health system.

Ms Halton—Yes, and certainly the expectation is that it is the officials and the work that is being done by officials, informed by our expert advisers. You are absolutely right that basically the definitions need to be consistent against these items that would be reported. And those items, which will then form part of the body of work done by the officials—this is a bit complicated, I am sorry—will then go to what is called HAWG—

Senator BOYCE—Who?

Ms Halton—Yes, HAWG. It's a fabulous acronym; not quite as good as PAWG, however—PAWG wins, in my view. It is the Health and Ageing Working Group, which is chaired by Minister Roxon but comprises all of those officials. And the HAWG then recommends to COAG. So, essentially, the technical work done by the officials comes into the HAWG, get signed off or otherwise amended, and is then sent—

Senator BOYCE—Into the political process.

Ms Halton—Correct.

Senator BOYCE—I am not too sure I am comforted by that explanation, thank you, Ms Halton.

Ms Halton—It is a fraction complex, but I have to say that what it is enabling is a really thorough ventilation of the issues, and the technical input comes in at the beginning of this process.

Senator BOYCE—Should it perhaps come in also again at the end? I know there is a bit of a temptation for people to tinker.

Ms Halton—No, and that is one thing I would say to you: I do not think there is so much of an inclination to tinker because what is produced then is a kind of complete schema, if you like, which has got all of this material in it. I do not think there will be a level of detail down to how you define this, that or the other. That will already have been done and signed off.

Dr Allbon—I might add that there will of course be data development areas that are identified within that schema, and the extent to which further work and further agreements

can be made between the states and territories would really depend on what they decide is a priority to do some further work on in that area. But it will be absolutely up to the political players or the policy players in that arena to decide where they want further work done.

Ms Halton—The other thing I would say about this, and I have experienced this over many years working in this field at varying levels, is that there is a real tendency particularly amongst the more junior officers sometimes to stand on their dignity a bit about what the definition of, say, an orange should be: 'In Queensland an orange looks like this but in South Australia an orange looks like that and we're just not going to agree on it.'

Senator BOYCE—Well, actually, ours would be the best!

Ms Halton—That is absolutely my point. Yours are the best, but regrettably someone else thinks theirs are the best, and you just have this absolute standoff about definitions. We are doing this in the e-health environment as well, and I actually recently said to a group of—and I am allowed to say this, with an apology—propeller heads—

Senator BOYCE—A group of?

Ms Halton—Propeller heads, the people who are down in the details. I said, 'You've got two choices: you guys can come to agreement about what an orange is or we are going to decide what an orange is; what would you rather?'

Senator BOYCE—Was there a specific orange in this case?

Ms Halton—Yes, there was a specific orange in this particular case.

Senator BOYCE—And it was?

Ms Halton—I would have to remind myself exactly what it was, but it was a particular definitional issue which we had not been able to get resolved among the junior technical officers, and so the senior officers had basically said: 'We have to have a standard definition. We are going to decide this unless you give us a universal recommendation.' And then they did give us a recommendation. What the process we are going through at the moment has enabled us to do is effectively crash through some of that stuff, isn't it, Penny?

Dr Allbon—Yes.

Ms Halton—So what we have been able to do is say, 'Here is a series of items; let's talk about what these measures should be, let's talk about what the definitions of these should be,' and they now form the recommended package that is coming into this HAWG process which will then go to COAG.

Senator CORMANN—Just quickly, I think these are different things. Whether it is a better orange is one thing, but it is still an orange. Whether it is a good or bad orange, it is still an orange. Now, surely a bed is a bed. How hard is it to define—

Ms Halton—It is no different. A mandarine or a clementine may be an orange, but are they a bed? Is a chair a bed? Is a bed a bed? It is exactly the same issue.

Senator CORMANN—But a chair is not a bed. A bed is a bed. A chair is not a bed. And that is my point. The reality is that you are making this comparison with oranges, and I can see an orange can be a good orange or a bad orange, but it is still an orange. If somebody asks

the question 'how many beds are there?' it ought to be pretty straightforward: 'That's a bed. That's not a bed; that's a chair.'

Dr Allbon—Can I perhaps comment on that, because this is the arena that we work in all the time. The bottom line for us is: what is it that the policy people are actually trying to measure in this? And when—

Senator CORMANN—The number of beds!

Dr Allbon—you are trying to measure a bed, you are not actually trying to measure a bed; you are trying to measure the capacity of a system—

Senator CORMANN—Then you should call it that.

Dr Allbon—and what the throughput is. I am not sure what the overall term is for something that is a bed and a couch and a chair.

Ms Halton—An orange, probably!

Dr Allbon—It is a space. It is a capacity, so—

Senator CORMANN—So you are saying the number of services rather than—

Dr Allbon—So what we have to do—

Senator CORMANN—Yes, but why don't we call it that? Why do we call it a bed if we do not mean a bed?

Dr Allbon—We will leave it up to you to create a new term for the capacity. But we go back to tin tacks: what is it that is trying to be measured here, because jurisdictions know that—

Senator CORMANN—Obviously not beds, anyway.

Dr Allbon—what they measure is what they will manage. We need to understand exactly what the concept is that they are trying to get at so that we can then advise on the various ways in which it can be done. But again, of course, it becomes a political issue, and the decisions are not ours. We can recommend things, but the jurisdictions need to come to some agreement as to what is the standard thing that they are trying to capture.

Senator CORMANN—So are you going to recommend a more accurate description of what it is that you are asked to measure, if it is not the number of beds?

Dr Allbon—I do not think the number of beds has been suggested as a COAG indicator anywhere. We can certainly talk about throughputs, separations from hospital—there are a lot of concepts that are measurable and easily measurable. So it is a case of going back. In many cases we cannot advise; we have to go back and say, 'Look, you people decide what it is you are actually trying to capture here,' and then we will advise on that.

Mr Kalisch—But, Senator, it is fair to say that there has been considerable progress working with the jurisdictions, with the AIHW, the technical advisers, as well as potentially the ABS, around the clear definitions, the clear measurement and agreement on the way forward. So it is going to get greater consistency.

Senator BOYCE—That was going to be my next question: could you characterise, firstly in health and then in welfare, where you think we are in terms of having a national understanding of what we are measuring?

Dr Allbon—I think enormous progress has been made over the last 20 years that the institute has been in place. It was put in place because Australia looked pretty abysmal in the international statistics. There has been an enormous improvement over that period of time.

We have what we call the Metadata Online Registry, which is the data about the data, and that provides a standard definition across an enormous range of health, housing, community services, disability services. It is used extensively and provides a real repository and captures the standard which the jurisdictions then comply with, so enormous progress has been made. These are difficult issues, and where there has not been as much progress as one might hope is where there are difficult political and policy issues about what exactly is being captured.

Senator BOYCE—The institute would now be regarded as the go-to place when you are looking at developing a new program or policy in this area and you want to sort out your underpinning data.

Dr Allbon—Yes, we have a work space on the METeOR, the online registry where people can go in and trial things, and then when it becomes a standard it becomes entered in there, so it is the standard across Australia for those.

Senator BOYCE—I have a couple of other specific questions. I am always impressed by both the quantity and quality of the reports that the institute puts out on an extremely regular basis. We have a $30 million advertising campaign on obesity, as I understand it, just starting off. But earlier this year I notice that the institute responded to an article claiming that Australia was 'officially the heavyweight champion of the world'. That was research that had been done by a private group. You responded by saying that your report on obesity, *Australia's health 2008*, was coming out the very next day but that in fact these figures were, in journalistic terms, a beat-up. I think the article was saying we are the fattest nation in the world. It got a lot of airplay at the time and it is still being used as a statistic. I did not see quite the same response to the Institute of Health and Welfare report.

Dr Allbon—There is a lot in a good headline, and I have to say—

Senator BOYCE—That we are not the fattest in the world is not exactly an exciting piece of information; is that what you are saying?

Dr Allbon—That is correct. I have to say that *Media Watch* contacted us because they were quite interested in doing a piece on why it was that that particular headline was picked up right across the media but our response to it was picked up only by the *Australian* and no other media. We certainly did not endorse the methodology that was used to come up with that conclusion, and the report itself was less strong about this 'fattest' claim than the media was.

Senator BOYCE—Would you like to put on record where we stand in terms of fat nations?

Dr Allbon—Certainly the level of obesity in Australia has been going up and up over the last 20 years.

Senator BOYCE—I do not think that anyone is admitting it is a problem.

Dr Allbon—The difficulty for us in saying where we stand internationally is the quality of the international data vis-a-vis our own. We certainly know that in the latest statistics we are not the fattest, but I could provide that information to you out of *Australia's health*.

Senator BOYCE—That would be useful.

Dr Allbon—*Australia's health* does include that information, but I do not have it with me.

Ms Halton—I think this gives us the opportunity to make a couple of points. Firstly, there was a serious methodological issue with that particular study. In fact, I have been obliged to write on a couple of occasions to people pointing out when they quote that fact that it is actually not accurate.

Senator BOYCE—Someone is doing a watch on how often this is used and writes to the media, because the point is that once it is out there—

Ms Halton—That said, you would not want to underestimate the impact of obesity. I think the senators would probably be aware, and I have not seen it on television but I am told reliably—

Senator BOYCE—I am told it started on Sunday, but I have not seen it either.

Ms Halton—It has started. I brought a copy to table for the senators. Inside is the tape measure. So, if you wish, take it back to your office, go into the privacy of your own office, get it out and try it and see what happens, and then give it to all of your staff.

Senator BOYCE—You have just taken up quite a few of the issues I was going to be raising on population and health, Ms Halton, and we will all look forward to getting out our tape measures.

Ms Halton—And if anyone in the press gallery wants it, I will give it to them too.

Senator BOYCE—I have a final question area. We were talking at the last estimates about the lack of statistics available in the area of unmet need for people with disabilities and their carers. You were working at the time to develop some changes to an ABS survey. What happened with that?

Dr Allbon—That certainly has moved ahead. In fact, there is a meeting today looking at just how exactly that survey of disability and carers will change. It will certainly have a bigger sample size—that has been agreed—which will give it some more reliable estimates. It is also important to change the questions in that survey so that they match up somewhat better with the service information. Unfortunately, the timing for that will be a bit delayed, so those changes to the questions are unlikely to come through until the next survey. But it certainly is planned that there will be a lot more reliable—

Senator BOYCE—When will that be starting—

Dr Allbon—The ABS survey goes into the field in 2009.

Senator BOYCE—So it will be in that one in 2009?

Dr Allbon—No. There will be an enhanced sample size in 2009, but there is quite a long lead time to getting the questions right so it will be the following survey that will have improved questions in it. That is the state of play at this point.

Senator BOYCE—That is not 2010, though, is it.

Dr Allbon—No. I think it is a three-year time frame.

Senator BOYCE—So in 2012 we might start to get that.

Dr Allbon—Yes, and that is just because of the lead time that is necessary to get the questions right and how often the survey is collected. But there has certainly been a lot of cooperation to try to match up the service information that we get with the survey information that the ABS survey collects.

Senator BOYCE—Okay. Thank you.

Senator SIEWERT—I am interested in looking at any work you do, or do not do, on gambling. There are some proposals around, particularly from the industry, to set up another research body to look into gambling. It seems to me it would fit more squarely in your area as it is, I think, an issue around health and welfare. I am just wondering what work you have done—and, if not, why not? I do not think you do a lot—is that correct?

Dr Allbon—We have in the past produced some information on gambling and we have been very interested to try to be involved in that. South Australia took the lead and they have developed a gambling data dictionary, which we were not involved in at all but have been asking to be involved in. It is apparently a national data dictionary, so I think it would be very useful to have that on our metadata METeOR system and to be able to standardise across states and territories. But it is not an area that we have had involvement in. We have certainly been very interested to talk to the community services departments about greater involvement, but it has been difficult to get funding to do that work. It would be fee-for-service work.

Senator SIEWERT—So it is more lack of resources that lack of interest.

Dr Allbon—It is lack of resources, yes.

Senator SIEWERT—This may be straying into a policy opinion, so tell me to stop if it is. Do you think it would sit more comfortably with you and the institute than having it in a separate institute, because of the expertise you have in health and welfare. I suppose I am coming from a bias of looking at it from a health and welfare perspective.

Dr Allbon—I could give you a biased answer, but it would not be—

Ms Halton—I think that is asking an opinion, Senator. It goes to a policy issue, so I do think it is an opinion.

Senator SIEWERT—I am trying not to stray into the inquiry and I am very aware that I am not supposed to ask questions about an ongoing inquiry, but it seems to me there are similar issues that you deal with in terms of addiction and that there are common themes that run between alcohol, drugs and gambling. Would that be a fair assessment?

Dr Allbon—What we do in relation to alcohol and drugs is to collect basic information because it is an issue that is of high community concern, so the logic might therefore extend over into gambling but that would be as far as you could draw—

Ms Halton—Can I make an observation about that, Senator? I think there is a difference here between enumeration and issues in respect of common factors in relation to addiction. I think that is where this becomes a much more complicated issue.

Senator SIEWERT—I do appreciate that.

Senator CORMANN—I have a quick follow-up question on the question Senator Boyce asked in terms of the work you are doing to assist COAG in defining performance indicators. Is that going to be published at any point in time?

Dr Allbon—The work that we originally did for health ministers last June is on our website, but since that time the work has evolved. We have refined that in response to jurisdictional comments et cetera. I cannot comment on what happens to it eventually through the COAG process, but it is certainly all aimed at public reporting in the end. The COAG process is that a COAG Reform Council will publicly report on these indicators, so I presume that it will be out there at some point.

Senator CORMANN—If I can put the question in context for you to clarify what aspect you are providing expert advice on: there is a pre-election commitment that, unless the states and territories lift their performance the way it is described in terms of the provision of public hospital services by mid-2009, the current government intends to take the question of taking over the running of public hospitals at a federal level to the next election. Obviously in order to be able to assess, measure and clarify whether or not states have lifted their game enough or have failed, there has to be a line in the sand and there have to be targets. Is that the sort of work you are doing where you are providing advice on what those targets ought to be?

Ms Halton—I think we need to be clear. The institute does not have a role in relation to policy advising on those matters. It has a role in relation to providing technical advice on the measures and so questions in respect of commitments made by the government are not properly addressed to the institute.

Senator CORMANN—I am not asking about policy advice because the policy has been set by the government and is on the Prime Minister's website; it is very clear. The way it is described in more bureaucratic terms is: unless there has been significant progress in implementing the National Health Reform Agenda by the middle of 2009 the government will take it to a referendum or take it to the Australian people to take over the running of public hospitals. So the policy is set. I guess what I am trying to get at is: if that is the policy, presumably the government is now going through a process of determining what those key performance indicators are and what those targets are that will assist the government in coming to a judgement. I guess what I am trying to hear from the institute is whether work that the institute is doing in providing technical advice feeds into that process of enabling the government to implement its policy.

Ms Halton—Again, and this is not a question that the institute can answer because the institute gives us advice on how to translate particular matters that we are interested in measuring into the numbers that enable us to make a genuine comparison across the country. That is what they have been doing, and, as Doctor Allbon says, on their website is the first go at that, which was the work that was done for health ministers because health ministers commissioned it. It has now gone into a more detailed refined process.

Senator CORMANN—I thought I would try and ask some more questions in the acute care section but when the issue came up I thought I would try my luck. I have some specific questions. Are you collecting statistics in terms of the instance of binge drinking?

Dr Allbon—We carried out, in 2007, the National Drug Strategy Household Drug Survey and that does have very detailed questions. The first results from that we published earlier this year and the more detailed results from that are being published in November. We do that survey on a fee-for-service basis for the department. It is normally a three-year rolling survey so those numbers on that survey would not be scheduled to be collected again for another three years.

Senator CORMANN—So if we wanted to assess again the impact of the government policy which is to impose a tax on alcopops and to identify whether there has been substitution between one type of alcohol and another we would not be able to rely on AIHW data for another three years—is that right?

Dr Allbon—It has to be collected by survey. No, there is no survey in the field at the moment from that source. I am sure there are other sources of information that other players will have around sales and all sorts of things, but that particular survey, the one we did, is not due to be done again for some time.

Senator CORMANN—As an expert in the field: what sorts of other reliable data sources would there be that could be accessed?

Dr Allbon—I am sure that the distillers association and all sorts of others are looking at sales. There are sometimes other surveys that are put in place, so there is a range of data sources that are available.

Senator CORMANN—I am not looking at sales so much because sales only tell you how much is being distributed—

Dr Allbon—The bulk, yes.

Senator CORMANN—it does not tell you how much is being consumed or how much is being consumed to dangerous levels. In light of the government's assertions—even though they did not consult the health department at the time—that they are trying to address a health problem, what I am trying to get at is: is there any data that you are aware of, if you do not have it yourself, that actually assesses the health impact of that particular measure?

Dr Allbon—It really has to be measured on a population-wide basis with specific questions with enough of a sample size that go down to the level of 12- to 15-year-olds et cetera. I am not aware of any other survey that is out there at the moment collecting that data. The secondary schools survey run by the Cancer Council in Victoria also does collect some data with not quite so much specificity or such a big sample size. But getting that level of information depends on quite an expensive survey. They are not done every six months; they are done every three years or so.

Senator CORMANN—A final question: on 3 October you issued a media release in relation to general practice and the title was 'Older doctors, older patients, bigger practices, fewer scripts'. Do you recall that?

Dr Allbon—This is in relation to a report put out by the general practice unit at the University of Sydney who collaborated with us.

Senator CORMANN—So this is not actually done by the institute?

Dr Allbon—No, it is done from the University of Sydney but they have a collaboration arrangement with us.

Senator CORMANN—So you feed into it?

Dr Allbon—We do.

Senator CORMANN—Okay. I will still ask the question because, looking at the data, there are obviously fewer single doctor practices and an ageing cohort of GPs. Are there any positive trends that you are aware of, on the basis of your data collection and surveys, when it comes to general practice?

Dr Allbon—It may depend how you look at it. There are increasing numbers of females in the GP workforce.

Senator CORMANN—That is a very good thing.

Dr Allbon—That could be looked upon as a positive trend.

Senator CORMANN—There is nothing other than that?

Dr Allbon—I would have to take that on notice; I am not sufficiently familiar with the report.

Senator CORMANN—Okay. Thank you.

CHAIR—Are there any further questions to the institute? There being no further questions, thank you very much for your evidence, as always. We will now break for 15 minutes.

Proceedings suspended from 10.43 am to 11.00 am

Private Health Insurance Administration Council

CHAIR—We will commence with outcome 9, and we have had a request that we have the witnesses from PHIAC first.

Ms Halton—Here they are, Senator. What an unexpected surprise!

CHAIR—Welcome, Mr Gath. Senator Cormann.

Senator CORMANN—I just thought, Ms Halton, there might be some answers that might inform questions to the department, so I thought I would start with PHIAC. Mr Gath, how many meetings has the PHIAC commissioner, CEO or board had with the Minister for Health and Ageing or her advisers since she took office?

Mr Gath—I cannot answer that question comprehensively because, as you know, I took over the position of CEO in June and the minister has been the minister since November last year, so there is a period of time that predates my current position. I can speak for the period I have been CEO, if you like.

Senator CORMANN—Perhaps you can give us a general indication as to whether it is fortnightly, monthly or twice a year, what the general rule is, and then you might take the question on notice for the period after the election and see if there is anything you can add.

Mr Gath—I have met the minister in a formal setting once, the commissioner has met her on a couple of occasions, I believe, and I have regular contact with her office, by which I mean it depends; it could be once every two weeks to a couple of times a day.

Senator CORMANN—Thank you for that. Has PHIAC been approached by the National Health and Hospitals Reform Commission for input or advice into the processes they are going through on private health industry issues?

Mr Gath—No.

Senator CORMANN—Sorry?

Mr Gath—No.

Senator CORMANN—Okay. Let's go into the fallout from the change to the Medicare levy surcharge. You would be aware of the final versions of the Medicare levy surcharge changes that went through the Senate after the government's initial budget measure failed?

Mr Gath—Yes.

Senator CORMANN—Was PHIAC consulted by ministers of the departments of health, finance or Treasury on the implications of any of the various compromise positions in terms of the impact on the financial health of the industry or the solvency and capital adequacy of individual funds?

Mr Gath—No.

Senator CORMANN—Under the revised final measure the government expects 492,000 Australians to drop private health insurance. PHIAC has collected comprehensive private health insurance membership data for a very long time. Based on historical experience and looking at your industry data, what are the demographics and other characteristics in terms of members that you expect to be the first ones to leave?

Mr Gath—That presupposes that we are engaging in a modelling process in terms of the implications of the legislation, and that is not the case.

Senator CORMANN—I am asking for historical data. We have gone through this in the past when significant numbers of Australians dropped private health insurance. PHIAC collects data in terms of age profiles of health insurance membership and I guess I am asking you about your historical experience as a collector of private health insurance industry data. Looking at the data that you have collected in the past, who are the first people to leave private health insurance?

Mr Gath—So you are asking me on the basis of historical information why people leave private health insurance?

Senator CORMANN—No. What are the characteristics of the membership profile of members that first would leave private health insurance?

Mr Gath—We do not collect data of that nature. What we know is that in general terms within broad cohorts, people enter and depart private health insurance—

Senator CORMANN—When did PHIAC first start to collect membership data?

Mr Gath—Neither of us know but it is a long time ago. We have been preparing reports for the parliament on the operations of the funds for about 20 years.

Senator CORMANN—Okay, 20 years, that is what I thought. That takes us back to about 1988.

Mr Gath—1989 was first report.

Senator CORMANN—So is it not correct to say that you do collect membership data broken down by age?

Mr Gath—We do collect information on the basis of age, yes.

Senator CORMANN—Perhaps you can take on notice for us the period between 1989 and 1998, a time when health insurance membership was going down by about two per cent a year. It caused great concern to the then health minister, Senator Graham Richardson, in 1993-94. Can you perhaps give us the breakdown of the age profile of those Australians that dropped private health insurance in that period? I would be very grateful for that.

Mr Gath—I will certainly take that on notice.

CHAIR—Can you supply that form of data, Mr Gath?

Mr Gath—I am not certain that I can, actually. I will have to verify whether that information is available but I certainly cannot answer the question right now.

CHAIR—I am wondering whether your database would be able to do that. He will take it on notice, Senator.

Senator CORMANN—I suspect that the data is available and, if it is available, I would very much appreciate it if you could provide it on notice. As a general rule PHIAC is responsible with the Department of Health and Ageing to assist the minister in making their determinations on rate change, and of course essentially you provide advice on the rate change applications submitted by funds. As a general trend line, if younger people leave while older and sicker members stay, how will this over time impact on private health insurance premiums?

Mr Gath—Your question, Senator, as I understand it, is that I am to presume that older people stay in private health insurance and younger people leave. Is that correct?

Senator CORMANN—You are not to presume that at all. The Minister for Health and Ageing has made the statement that the people who will leave first are the young and healthy. In fact the data that was provided to us by Treasury indicated that out of the 644,000 Australians that are expected to leave under the original measure, the department expects 57,000 to be older than 65. Essentially, they have got a pretty good breakdown and the minister has consistently said that the people she expects to leave are the young and healthy. If young and healthy members leave and the demographic of health funds on average becomes older and sicker, for want of a better word, how is that going to impact on health insurance premiums in a general way?

Mr Gath—I am happy to assume your proposition, if you are saying that I am to assume that younger, healthier people leave and older, sicker people stay. It is true to say that younger, healthier people overall contribute to more than they withdraw from funds. That is information which is published on a regular basis by PHIAC. In fact, the profile indicates that, up until about the age of 55, people overall at that age and below contribute more than they take out of private health insurance.

Senator CORMANN—That is exactly what I thought you would say. It was not that hard, was it? On the community rating, what does this mean for the cost of premiums for those younger people who do stay behind? Because not every young person is going to leave. What does that do in terms of community rating?

Mr Gath—Community rating is a policy which requires every fund to charge the same price to every person that applies to become a member, irrespective of their health status and various other matters which might otherwise be used as discriminators. The implications for community rating will depend on the funding question, the economic financial viability of the fund, its financial position and how it chooses to structure its own affairs. It is a matter for pricing by that fund.

Senator CORMANN—On which you provide advice to the minister when the fund puts that application forward.

Mr Gath—I was going to correct you slightly in relation to that earlier statement, Minister—sorry, Senator.

Senator CORMANN—I like it, I like it.

Mr Gath—Shadow Parliamentary Secretary, then, if I may I congratulate you on the appointment. PHIAC does not have a formal role in advising the minister under the new provisions of the legislation. The formal role for determining premiums is a matter for the minister, advised by her department. In the practical course of things, PHIAC is requested to provide advice to the department and the minister, and we do. We examine the pricing applications when they are received and we express views of a reasonably general nature about the character of the applications and the underlying cases that are submitted for premium increases.

Senator CORMANN—In the portfolio budget statements that is not quite what it says, is it? I referred to this during last estimates. Essentially, the minister intends to pass on the lowest possible premium increase supported by advice from PHIAC and the department. Are you saying that that is no longer the way it works?

Mr Gath—No. I am saying the document you need to refer to is not the PBS but the act. The act no longer refers to PHIAC having a formal role under the National Health Act provisions. There was a role for PHIAC described in the legislation, but since the Private Health Insurance Act 2007 was enacted PHIAC no longer has that formal statutory role as an adviser to the minister. But we continue, as the PBS acknowledges, to play a role in advising the department and the minister. But it no longer has that statutory—

Senator CORMANN—So you have got a machinery-of-government role but not a statutory role. Is that what you are saying?

Mr Gath—All I am saying is we do not have a statutory role anymore.

Senator CORMANN—Under the new regulatory regime, under the new private health insurance legislation, how much scope is there for extraordinary premium increases if there are unforeseen circumstances?

Mr Gath—That is a matter for the minister.

Senator CORMANN—Or the department, I guess; but I thought you might say that. Is PHIAC working with the department and industry to keep proactive in the context of the possible impacts of the Medicare levy surcharge changes, following on from the Medicare levy surcharge legislation? Are you talking to funds to work with them through any impact that might have on their viability, their capital adequacy, their prudential safety?

Mr Gath—Not yet. The legislation only went through a few days ago, Minister—sorry, Senator; I keep promoting you!

Senator CORMANN—You keep that thought!

Ms Halton—I will start administering electric shocks in a second, Senator!

Mr Gath—The legislation has only just passed the parliament, as you well know, Senator. We have not had the opportunity to have that detailed actual conversation with the funds.

Senator CORMANN—Is that something you anticipate doing?

Mr Gath—We have not scheduled anything of that character at the moment. It may not be necessary. I think the legislation is a matter for the funds themselves to absorb and respond to; that would be our preliminary view, I imagine.

Senator CORMANN—PHIAC has for some time placed a major emphasis on improving the quality of health fund boards and corporate governance. Are you confident that the boards of health funds have got sufficient depth and are sufficiently well equipped to deal with the challenges that come from things like the change to the Medicare levy surcharge and, now, things like the flow-on consequences from the global financial crisis?

Mr Gath—I think, speaking on an industry basis, the answer to that question is yes. The overall quality of boards in the industry has improved markedly over the last four or five years.

Senator CORMANN—So, when you say 'speaking on an industry basis' and 'overall', do you have specific concerns?

Mr Gath—There are no specific concerns, no. I think the reality is that we have a large number of funds ranging from large super businesses, if you like, through to quite small funds operating virtually on a community basis, and that obviously indicates there is a variability there. But PHIAC has been having a close look at those funds, particularly at those smaller funds, to ensure that minimum standards are maintained and at this stage I would say we are confident that all the funds are in reasonably good shape to be able to manage these changes.

Senator CORMANN—Yes. I am not asking you to point the finger at any specific fund. I guess what I am trying to get out of you is whether you are concerned. There clearly has been significant improvement in recent years, and PHIAC has played an important role in helping

to achieve that. But are you concerned about the capacity of any fund at this point in time, in the changed regulatory and economic environment, to remain prudentially safe?

Mr Gath—We shepherd many sheep, and they have different circumstances and different situations. Some of them are not as robustly healthy as others, but overall we are happy that the industry is in good shape and that any problems that have been identified can be managed within the normal course of prudential supervision. There is nothing that is in any way extraordinary or remarkable that would warrant particular attention at the moment.

Senator CORMANN—You say you 'shepherd many sheep'—we had oranges before; we have got sheep now. What are some of the things that you are doing to ensure that you shepherd those sheep appropriately?

Mr Gath—We receive quarterly reports from the funds which detail, in great detail, their financial affairs, the state of their investments, the way in which they are being conducted, information about their senior management group qualifications—a whole range of information which we scrutinise closely, we regularly monitor. And we have within PHIAC a scale of responses, ranging from very informal interactions through to formal exercise of our statutory powers, which we apply to the industry. There are some funds that we are dealing with at a relatively informal level in terms of addressing some issues that we would like to see better than they are, but there is nothing at all at the moment that brings us anywhere near the exercise of any of our formal statutory intervention powers.

Senator CORMANN—But what APRA is for the financial services sector is essentially what you are for the health insurance sector—

Mr Gath—Yes.

Senator CORMANN—So, since the current round of world financial market instability kicked in last month, have you undertaken any steps to assure yourselves and, I guess, the minister, that health fund investment profiles are in reasonable shape?

Mr Gath—Yes. We have looked at that issue quite closely, in fact.

Senator CORMANN—So are health fund investment profiles in reasonable shape?

Mr Gath—The overall position is that the investment environment within the funds does not pose any concern to us in terms of the ongoing prudential safety of any of the funds. So we are not concerned at that level about what is happening in the investment space with any of the funds.

Senator CORMANN—Let me try and explore how you went about that. Have you asked each individual fund to give you a detailed report of their investment outlook or an assessment of external financial events on their bottom line since the events of a month ago?

Mr Gath—We did that. In fact, we did it before that. We have developed quite a comprehensive database of information about the investment profile of each fund, so we know in great detail what all the funds are doing in terms of their investments.

Senator CORMANN—To the best of your knowledge are there any health funds that have exposure to either institutions crippled by subprime debt, short selling and hedging or any of the failed, bailed out financial institutions in the US and Europe, including Iceland?

Mr Gath—Do any funds have investments—

Senator CORMANN—You just mentioned that you have in-depth knowledge of the investment profile of health funds. I am asking you to reassure privately insured Australians that no health funds have any exposure to institutions crippled by subprime debt, short selling and hedging or any of the failed, bailed out financial institutions overseas.

Mr Gath—I am not sure that I can give that assurance because there are a large number of funds and a vast number of investments. Our present assessment is that the industry remains on a sound capital and financial footing, all insurers' health benefit funds are in compliance with the prudential standards and the industry capital position remains—and is projected to remain—in compliance. Should the position change, we will do what we need to do.

Senator CORMANN—In the context of what has been happening around the world from local government organisations to big business to merchant banks, organisations that we never thought would fall over have fallen over or have had to be bailed out, and you are saying that you cannot guarantee that there is no health fund out there that has some exposure to subprime debt, short selling and hedging and those sorts of things. Is this not something that you should reassure yourself of?

Mr Gath—We have. I am just trying to be a bit respectful of the individual circumstances of individual funds. If you are asking me whether some of the funds made bad investments, the answer is yes. Is it a concern to us from a prudential point of view? The answer is no. In other words the losses incurred—

Senator CORMANN—Okay. Let me try and understand what you are saying. Are you saying that some funds have had exposure but you do not think it will impact on their capacity to be capital adequate? Is that what you are saying?

Mr Gath—That is what I am saying.

Senator CORMANN—Thank you for that. How much power does PHIAC have to inquire into the details of health fund investment incomes and their portfolios? Have you got discretionary controls like mandating a maximum holding of high-risk equities?

Mr Gath—We have the general capacity to ask questions of the funds on pretty much any matter that we think is relevant to the discharge of our responsibilities and the funds, almost without exception, always comply. We have asked questions which gain detail to their investment portfolio and they have provided us with that information.

Senator CORMANN—Have the minister, the office or the department consulted PHIAC on the impact of the offshore financial events on the industry?

Mr Gath—Yes, we have provided briefings to the minister about those issues.

Senator CORMANN—Is it fair to say that most if not all funds' investment bottom lines will take a hit this year and that combined with the membership effects of the Medicare levy surcharge change creates an environment of upward pressure on health insurance premiums.

Mr Gath—When you say 'this year' are you referring to the financial year just completed?

Senator CORMANN—I think it really has only just started in this financial year.

Mr Gath—I cannot answer about this year. I do not know. The year has not occurred yet.

Senator CORMANN—What about if it was last year?

Mr Gath—The position last year? In relation to the position last year, PHIAC will be publishing, as it does each year in November, its report on the operations of funds. That is a statutory report in which quite a lot of information about the financial position of the funds will be disclosed and that is the time and place where we would ordinarily disclose information of that character.

I do not propose today in advance of that report—partially because there is some market sensitivity associated with some of that information—to say anything in detail about individual funds. But the overall position in relation to last year is that, while the investment income across the industry was not as significant as in previous years, the industry recorded both an underwriting profit and an operating profit—that is, inclusive of its investment incomes—which was within the historical range of normal and commercially acceptable outcomes for the industry. As a result, PHIAC has not intervened nor does it presently have any intention or reason to intervene in the affairs of any fund on grounds associated with the current investment climate.

Senator CORMANN—So what you have just read out is in terms of the state of affairs to 30 June 2008—is that right?

Mr Gath—No, it is the state of affairs as at 21 October 2008.

Senator CORMANN—21 October 2008?

Mr Gath—Yes.

Senator CORMANN—PHIAC is always good for current data and information. I just have a question on a different matter. Is PHIAC happy with the handling of the Medibank Private-AHM merger and the HCF-Manchester Unity merger?

Mr Gath—I cannot really answer that because that would be pre-empting the consideration of the council and, at the moment, those two applications are before the council. We have considered the first stage of the application in both cases, which is a fairly rudimentary decision where we have to consider whether or not the application amounts to a demutualisation in substance, which is the first legislative gateway that has to be passed through.

In both cases those funds have easily satisfied that requirement and they are now in the process of developing an information statement for their members, which we will look at, probably in the case of Medibank Private-AHM, at our November meeting and, in the case Manchester Unity and HCF, at the December meeting. At those meetings the council will be doing its statutory job, which is to have regard to the deals that have been put forward and consider whether or not they are in the interests of contributors. We are midstream in terms of both those transactions.

Senator CORMANN—Thank you for that. While we are at it, have you been monitoring the bedding down of the BUPA-MBF merger, which was a big one?

Mr Gath—We have been keeping an eye on it, obviously. At the moment we have got no reason to express any public concern about how it is proceeding.

Senator CORMANN—Can you describe to us the role that PHIAC plays? What is your interaction with the new merged fund in terms of bedding that down?

Mr Gath—It is a merged business but two separate funds have been maintained. There are still two reporting funds and we look at both BUPA and MBF as discrete reporting entities under the legislation. So we are also looking at the overall operation of the business. We are interested in seeing how it is settling in from the consumer perspective. We speak to the Private Health Insurance Ombudsman from time to time just to find out whether there is any consumer or contributor interest in the way in which the transaction is proceeding. At the moment we have no reason to be concerned about what has happened.

Senator CORMANN—In the context of these mergers that have been taking place, or are in the process of taking place, does PHIAC have a preferred operational policy position in relation to the optimum number of funds in the marketplace?

Mr Gath—No, we are agnostic on that issue. Our main concern is to ensure that the interests of contributors are protected and obviously any mergers or acquisitions that do occur do not adversely impact on the competitive forces in the market. But, apart from those considerations, we have no particular view.

Senator CORMANN—That is all for my questions to PHIAC but I have got some private health questions to the department.

CHAIR—Are there any other questions on PHIAC?

Senator RYAN—You mentioned before that, while your statutory role for advice regarding premium rate increase was no longer present, you provide general comments. I was wondering what the criteria for those general comments are regarding premium rate increases?

Mr Gath—We generally analyse each increase application and characterise it in three broad ways. We might tell the minister that in our view we think the application is reasonable, which is our way of saying I suppose that we think that it is something from our point of view that is clear to go. We might sometimes say that we regard it as not unreasonable, which is a shade of meaning further along the line intended to indicate that, overall, we are still reasonably happy but there may be aspects that you wish to look a little more closely. The third category is that we recommend that the matter be looked at more closely by the minister.

Senator RYAN—And what are the criteria you use to determine whether something is 'reasonable', 'not unreasonable' or 'to be looked at further'?

Mr Gath—Our primary concern is to ensure that the pricing proposals will not unduly impact consumers but at the same time ensure the ongoing prudential viability of the fund. So we are engaged in that balance.

Senator RYAN—And does one of those two major criteria take precedence over the other if there is such a conflict? Do you assign greater weighting to one of them?

Mr Gath—No, we are not. We see them as actually an appropriate, dynamic combination that in fact reflects the objectives of PHIAC under the legislation: we have a role to protect the interests of consumers and we have a role to ensure the prudential safety of the funds as well. So it is absolutely on all fours with what we see as our statutory responsibilities.

Senator RYAN—Do you mean you have not experienced a conflict between those two?

Mr Gath—If a fund is asking for an amount which is significantly above what we regard as being defensible in the circumstances or responsible, having regard to do what is necessary to retain prudential safety, we will point that out, obviously. On the other hand, it is not always that way. There are occasions when funds underprice, in our view, possibly because they are chasing the market, new members, and obviously price is an important consideration in chasing new membership. That might be seen as overweighting in favour of the consumer perspective. But we know from our experience that underpricing is simply deferring a problem which will eventually manifest itself in terms of either a big increase or actual prudential infringements.

Senator RYAN—Could I assume that, through this process, you have discussions with the funds, or do you simply see the application and provide advice? Does PHIAC speak to the funds about their applications, about these matters?

Mr Gath—We do not, no. We meet the funds and talk to them on a regular basis just in the course of doing our job, but the premium process is a formal process where the funds complete an application form that is set up for them by the department and we receive a copy of the application when it is received by the department. The department is the entity, on behalf of the minister, that administers the premium process.

Senator RYAN—Just a couple of final questions. I am aware that some of the funds set higher than the minimum prudential levels for their own internal governance requirements or for the various reasons that their boards make such decisions.

Mr Gath—Most of them do, in fact, yes.

Senator RYAN—Has PHIAC, in considering those issues, particularly about balancing consumer impact against prudential viability, had to previously consider whether or not a level of prudential protection that a fund might seek is above what PHIAC would consider appropriate, given the potential for conflict with the impact on the consumer? So there may be a premium rate increase where a fund may say, 'We would like to have a bigger buffer,' but PHIAC may have a different view. This is the sort of conflict I was alluding to.

Mr Gath—I think it all comes down to a sensible analysis of the individual application, just seeing what is proposed at the time. Some funds do ask for more than we think is appropriate, given their prudential position, and if that is the case we will point that out. It is not unknown.

Senator RYAN—So, just to clarify, PHIAC does see a role for itself in that. For example, if a board requested a particular rate increase and justified it on the basis of higher prudential protection, PHIAC could actually say, 'We don't think that is appropriate because it unduly impacts the consumer—not recommended'?

Mr Gath—Absolutely. That is our role.

Senator RYAN—One final question. In providing this sort of advice, do you take into account any sort of ministerial directive or is it purely independent advice?

Mr Gath—When we are advising the minister in this area, we are not performing a statutory role. We are invited by the minister to be, if you like, informed participants in that

process on her behalf. So we bring, obviously, our expertise to the role. We try to provide information and advice which is useful to the minister. So, if the minister says that she would like advice in a particular way and that she would be most assisted by information presented in a particular format, we will endeavour to provide her with useful advice.

Senator RYAN—Thank you.

CHAIR—Any further questions for PHIAC? No. That being the case, thank you, Mr Gath. We will now call the Private Health Insurance Ombudsman. Are there any questions for the Private Health Insurance Ombudsman? No? I am so sorry, Ms Gavel; it looks like there are no questions for you. I do apologise. It is terribly wrong that we called you today without having questions for you; it will not happen again. We will go back to the department and private health.

[11.35 am]

Senator CORMANN—I will just flag at the outset that I propose to ask questions on the flow-on impact on public hospitals in the section of acute care. I will just focus on private health in this section. My first question is: was the department consulted on the government's Medicare levy surcharge compromise? And my second question is about the final Xenophon-Greens compromise that was put to the Senate.

Ms Flanagan—That is correct. We were consulted.

Senator CORMANN—And you provided advice in the context of modelling the revised impact of that measure?

Ms Flanagan—Yes, we worked with Treasury to do that.

Senator CORMANN—How long before the announcement of each compromise was the department notified of any proposed shift?

Ms Flanagan—I am not quite sure what you are getting at.

Senator CORMANN—I am getting at the fact that the Senate was debating the Medicare levy surcharge bill, version 2, up until 6.30 on Wednesday night, and obviously the compromise came in in the morning. Did you work through the night? How did it work?

Ms Flanagan—As soon as we were requested to update the costings and to do further modelling, we did it.

Senator CORMANN—Are you aware that Medibank Private gave us evidence yesterday that they expect a membership drop of up to eight per cent, mainly in the younger and healthier age groups, as a result of this measure?

Ms Flanagan—Senator, we did get reports back from the evidence that was given by Medibank Private. I think they also indicated that they would be able to manage this change. They were sanguine about it.

Senator CORMANN—I guess they are a business; they are not the people that have to pay five to 10 per cent increases in premiums. Never mind. Are you saying that the government does not expect 492,000 Australians to leave as a result of this measure? Are you saying that the figure that was provided by the government is an overestimation?

Ms Flanagan—No. The figure that has been published—I think it is 492,000 as a result of the revised changes—is the estimate that is given. Just as we had other estimates when the levels were set at different levels—the earlier proposal, for example—so we have modelled that that will be the impact.

Senator CORMANN—So we expect 492,000 overwhelmingly young and healthy people to leave—

Ms Flanagan—No, I would just like to correct you there. We do not know whether they are going to be young and healthy. We have had this discussion before. It feels like a rerun of *Rocky* movies. We have tried to explain in the past that it has not been possible in our modelling to correlate age with the income levels of the people that will be leaving.

Senator CORMANN—Have you told the minister that?

Ms Flanagan—Again, we have had this discussion before. We were able to give you data by age from PHIAC, but in terms of correlating it to the numbers of people in those particular income levels, it has not been possible.

Senator CORMANN—I was listening to Senator Bilyk's speech in the Senate about the Medicare levy surcharge and she also repeated the minister's assertions that it is the young and healthy who are leaving. I am quite intrigued that you are saying—

Senator BILYK—That are likely to leave.

Senator CORMANN—I am quite intrigued that—

Senator BILYK—Are likely to leave.

Senator CORMANN—Okay. Are likely to.

Senator BILYK—There is a difference between saying 'are' and 'likely'.

Senator CORMANN—Everything in the budget is likely because you do not know whether it is going to happen until it actually happens. It is all estimates of what is likely. So you say that a proposition that it is the young and healthy who are likely to leave is not an accurate proposition. Is that right?

Ms Flanagan—It is a possibility but I am telling you that we have not been able to model it, so I cannot give you the exact numbers of the 492,000 or of that figure how many of them are, for example, aged between 20 and 30 or 30 and 40.

Senator CORMANN—Why not? I asked Treasury how many people over 65 they expected to leave under the original figure and just like that they said 57,000.

Ms Flanagan—I think you also asked us that question in the last Senate estimates and we gave you PHIAC data because PHIAC has data by age. The thing is, we could not correlate it with our modelling that Treasury had done in terms of income.

Senator CORMANN—You are talking about two different things. You are talking about the age of those that are currently in the system as opposed to what I am talking about, which is in terms of your forecast and assumptions. To inform your assumption, which Treasury tell us you have worked with them on, on how much you are going to save on the private health insurance rebate—which was 959, which became 879 and which is now 740.6—you have to

make some assumptions as to the age profile of the people you expect to leave. Clearly you did that. There is no question around this. I am not asking about PHIAC data which looks back. I am asking you about your modelling looking forward. When you come up with a figure of $740.6 million of expected savings, what is your assumption in terms of age profile of the people that you expect to leave?

Ms Flanagan—Again, we have looked at PHIAC data. We know how many people aged over 65 there are, historically, in private health insurance and because there is a higher rebate applied to those people we can look at applying that in terms of doing our calculations. Below 65 we cannot do it.

Senator CORMANN—You will tell me again that this is a rerun but I draw your attention to the fact that since we had the last conversation some of the Senate scrutiny has seen the government water down the original measure. In fact, the minister has said things like: 'We have listened to the Senate and we have taken on board what was said.' Have you quantified the additional impact on premiums now as a result? Last time you said it was second and third round that you did not model. Have you now done some modelling on the flow-on implications of the effects Medicare levy surcharge change on health insurance premiums?

Ms Flanagan—No, we have not. We have modelled, as we did with the original proposal, the actual impact on rebates and also the actual impact on tax revenue in terms of people not having to pay the Medicare levy surcharge. They are the two things that we have actually modelled.

Senator CORMANN—Are you aware of the reform of private health insurance discussion paper that was released by the then federal health minister Graham Richardson in 1993?

Ms Flanagan—That was a little bit before my time and I confess to not having read it.

Senator CORMANN—I am very concerned you have not read it because those who cannot learn the lessons of history are forced to repeat it. The then senator Graham Richardson came up with some pretty insightful sorts of conclusions. One of them was that declining rates of private health insurance membership—and you are telling us that it is going to decline by 492,000 people—has significant implications for the public system. As more people drop out of private health insurance the demands on the public health system grow. In other parts he talked about how people leaving will push up the cost of premiums for others. The department knew about this in 1993. Why does the department not know about this dynamic now and how come you do not assess these sorts of—

Ms Halton—Can I make an observation about that? Then Minister Richardson's comments in 1993 when, I should assure the senators, Ms Flanagan was maybe just a fraction older than 15—

Ms Flanagan—Thank you.

Ms Halton—Just a fraction older—

Ms Flanagan—Sweet 16.

Ms Halton—Maybe sweet 16—or 21 again, as my mother likes to say. I was around during that time, in the health context. I would remind you perhaps if you were around—and

we will not go into any issues in respect of your age, Senator Cormann. He was seven at that point, was he? The senator assures me you were seven. It is becoming far too detailed here.

Senator CORMANN—I will take it as a compliment. I was getting a bit jealous of Senator Bernadi.

Ms Halton—Indeed. The reality is, of course, the circumstances on those occasions—the comments and context to which Senator Richardson was referring—were extraordinarily different to the circumstances today. You need to remind yourself of what the landscape of health was, what the role of private health was and a whole series of other factors which we need to put those comments into context. So, yes, it is true that there are people inside the department who are very aware of that history and context, but I do not think the context in which those comments were made resembles the context today. It is a very different product in a very different context.

Senator CORMANN—If I can just engage you in this a bit because I think that this really is the crux of it and I am pleased that you are engaging in the discussion. The reality is that between 1983 and 1996 there was a dramatic fall in private health insurance membership. Senator Richardson, in an opinion piece in the *Canberra Times*, said: 'We never expected the fall to be as dramatic as what it was. We expected some people to leave.' That is exactly the same language the government is using now—'We expect some people to leave.' As it turned out, it became much worse, and the rest is history. There were a few dynamics at play then that are risks now, and we hear the Minister for Health and Ageing continuously talking about tax cuts for 250,000 people. She is the Minister for Health and Ageing and she is not talking about the implications, the second round effects, the third round effects and the overall impact on the health system. What I am trying to find out from your department, looking at the performance of your department and the sort of advice you are giving, is what sort of cautionary inputs you are putting into the system to make sure the government is aware of the risks of flow-on implications, particularly as we now know that these are the sorts of risks that have previously been identified.

CHAIR—Ms Halton, before you continue I think we should acknowledge the presence of the Special Committee on the Proposed Act on Hospitals of the parliament of the Republic of Indonesia, who are led by Dr Hakim Sorinuda Pohan. Welcome to our estimates. I know that the people with you have been explaining how it operates and I thought that the committee should be aware that you are visiting.

Ms Halton—Can I acknowledge, in view of our distinguished colleagues in the room, that we have a very close working relationship with the Indonesian Ministry of Health and, indeed, I have worked very closely with the Indonesian minister in relation to a number of matters of mutual interest between Australia and Indonesia. We welcome you as well.

Back to the question again, context is important here. Ms Flanagan has gone to what the matters are which determine what we have modelled and how we have modelled it, working with the Treasury, and the advice that has been given. But, if you go back to that history, the history is of very different circumstances—in particular, the removal of support for private health insurance. To make comparisons with what happened in 1993—we could have a whole historical diatribe here about what has gone on; we could drag out the 10 Commandments and

go back to that level of history—I do not think is helpful. The truth of the matter is this matter is being dealt with in the context of the current industry, the current supports that are provided to private health insurance. That is the modelling that we are doing.

Senator CORMANN—Thank you for that, Ms Halton. There is a purpose in this, and that is to establish what the thought processes were so that in two, three or four years time, as we observe what actually did happen, we can go back through some of these discussions. Essentially the answer to the question of whether you have quantified the additional impact on premiums now is no. Was Senator Fielding offered compensation for low-income earners? Senator Fielding was on the record as saying that he was concerned about the impact on low-income earners. He then changed his position and was prepared to support even version 2. Was he offered any compensation for the impact on low-income earners of increased premiums?

Ms Halton—We cannot answer that question.

Senator CORMANN—So that is not something that you were involved in? I will just go through a few other questions. From your point of view, is it likely that there will be additional pressure on premiums as a result of what is happening overseas? You would have heard me ask the questions of PHIAC on that.

Mr Kalisch—We have all just heard the advice of PHIAC on that matter, and their advice would be taken into account in the next premium round. It is a matter that would need to be assessed at the time.

Senator CORMANN—Can you clarify what PHIAC's role is? The budget statement says that the department will, together with the Private Health Insurance Administration Council, support the government's assessment of private health insurance premium applications. It is obviously a new role now because it used to be a statutory role for PHIAC; now it is no longer. Can you talk us through how this is going to work in practice?

Mr Kalisch—I suppose it is how it has worked in practice in the past and how it continues to work in practice just in the recent—

Senator CORMANN—So there is going to be no change, just that there is no statutory—

Mr Kalisch—We will continue to have a strong close working relationship with PHIAC. We will continue to seek their advice around the premium increases that are being sought.

Senator CORMANN—On what basis?

Mr Kalisch—On the basis that they have something to contribute that is of worth to the minister's consideration.

Senator CORMANN—What was the rationale for removing that statutory role? I am genuinely interested.

Mr Kalisch—I am not sure that that really makes any difference. In a practical sense we still work with PHIAC, we value their advice and that advice is put together in terms of the minister's consideration.

Senator CORMANN—That is you and the current leadership of the department. PHIAC's role appears to be much less strong now, without the statutory component to it.

Mr Kalisch—The issue really goes back to the previous government and the legislation that they put in in terms of private health insurance and what the rationale was for that change.

Senator CORMANN—I understand. Let me rephrase the question. Have you got some protocols or guidelines in place to manage the interaction between the department and PHIAC on this?

Mr Kalisch—We have working arrangements that have been well established and are followed.

Senator CORMANN—And they are the same as they were before?

Mr Kalisch—Yes.

Senator CORMANN—Is there, under the new private health insurance legislation, the capacity for funds to submit additional requests for a rate change in extraordinary circumstances?

Mr Kalisch—I think the legislation allows for rate changes to be applied for at any stage. There is no restriction or guidance around when they can seek to apply but, as you know, the protocol is that they generally apply at the one time.

Senator CORMANN—If things went pear shaped internationally, further than they have, health funds could approach the department and say, 'We have to have an extraordinary rate change round'?

Mr Kalisch—Health funds could approach the minister for that, but as Mr Gath answered in his evidence he does not expect that to be the case.

Senator CORMANN—Just looking at some of the things the minister said and whether the department is doing any work on them, the minister said previously that if there are any regulatory changes that can make funds' ability to offer affordable quality cover easier then she is willing to consider them. Medibank Private yesterday talked about Lifetime Health Cover amnesties or holidays. Are these some of the changes that are on the table or being considered?

Mr Kalisch—That is in the way of policy advice that we would provide to government and we are not willing to disclose the nature of those conversations. But, yes, we do have conversations with the minister about policy options.

Senator CORMANN—We are back to the discussion that seems to be a problem particularly with this department. I am not asking for the content of advice, even though, in order for you not to answer, you would have to claim public interest immunity. I am asking you about the existence of advice, rather than the content of advice. Have you provided advice on things like amnesties or holidays from Lifetime Health Cover?

Mr Kalisch—What I am saying is that, yes, we have provided some advice to the minister on potential PHI policy changes that would advantage consumers.

Senator CORMANN—I might put the question on notice with the senator representing the government. Is the government prepared to considered flexibility around Lifetime Health Cover to help offset the damage done elsewhere?

Senator McLucas—I am not going to—

Ms Flanagan—Senator, can I just say that the minister gave a speech recently to the Health Insurance Association where she asked the industry to make suggestions on changes to try and reduce regulation, so she has actually asked the industry to put forward measures to reduce or ameliorate the impact of regulation. I think that was only a week or two ago.

Senator CORMANN—Going back to the premium round, have you started the process of managing the traditional annual round, the 2009 premium round?

Ms Flanagan—Yes, that has started. We sent out a circular to the industry asking for them to submit premium applications on 17 December.

Senator CORMANN—Are you confident in the context of the changed regulatory environment that funds will be able to put those applications in by that deadline?

Ms Flanagan—They have given us no indication that that will be a problem for them. It is around the same timetable as they had last year.

Senator CORMANN—I understand, but you mentioned before that legislation only just changed last week. It seemed to take a very long time after the budget announcement even for a big fund like Medibank to model the impact of the measure on them. There has been significant policy change; there is the international environment. Are you saying there is no problem for any health funds to meet the time line?

Ms Flanagan—At the moment no health fund I think has come to us to indicate that there will be a problem with meeting that timetable.

Senator CORMANN—If they did, what would be your approach to that?

Ms Flanagan—We would need to look at it on a case-by-case basis.

Senator CORMANN—There is capacity to provide extensions?

Mr Kalisch—As we have just mentioned, health funds can put in an application at any time anyway.

Senator CORMANN—Can you talk us through the rest of the process. What are the other key dates? You said 17 December is when they have to submit their applications. What happens after that?

Ms Shakespeare—Over December 2008 and into January, assessment of applications will occur in the Department of Health and Ageing and also with the Private Health Insurance Administration Council, and for some of the applications the Australian Government Actuary will look at those. Advice will then be provided to the minister in January. The minister will consider the advice from PHIAC, the Government Actuary and the department. We expect that insurers would be notified of the minister's decision in February or between February and March, depending on whether there need to be any further applications submitted by individual insurers, and then premium changes would take effect from 1 April.

Senator CORMANN—That sounds very familiar. That is the same process that has happened for years, isn't it?

Ms Shakespeare—That is right.

Senator CORMANN—Has there been any change in the process whatsoever this year compared to in previous years?

Ms Shakespeare—No.

Senator CORMANN—I find that interesting because Minister Roxon has made so much of the rigour of the scrutiny she would apply but essentially the process is exactly the same.

Ms Halton—Let us make a distinction between the timetable and what occurs inside the timetable. I think the minister's comments go to what occurs inside the timetable as against the timetable.

Senator CORMANN—Okay. That is a bed and chair discussion, isn't it, or whether it is a good orange or a bad orange?

Ms Halton—A mandarin or a clementine—yes, we can go back to that, Senator.

Senator CORMANN—You have now made the comment that it is about what happens inside the time line. What is the difference? How is what happens inside the time line now different to what happened before?

Senator McLucas—The previous government had a very hands-off approach to this process. This government has quite a different approach.

Senator CORMANN—So what are you doing?

Senator McLucas—We will look very closely at every application and ensure that any premium rise that is requested is looked at very, very closely. The previous government had what is described as a tick and flick approach. We have a very robust approach to any application for increases in premiums.

Senator CORMANN—How does that happen in practice? What are you doing that is different from what happened before inside the process?

Senator McLucas—Scrutinising applications.

Senator CORMANN—I think Ms Flanagan was keen to answer.

Senator McLucas—Scrutinising applications to make sure that any increase that is approved is the minimum possible to ensure viability of the fund but also to ensure the smallest premium increase to private health insurance consumers.

Senator CORMANN—Has that measure changed at all over the last five years? Looking at what you are providing advice on, it is to ensure increases are the minimum needed to maintain insurer solvency requirements so that insurers can meet their claim obligations to members. That is exactly the same as it was before, isn't it?

Senator McLucas—It is a different approach from the minister. The previous minister, in our view, did not scrutinise applications as closely as the current minister does.

Senator CORMANN—What were the average increases over the last three years? Can you provide average increases in premiums over the past three years on notice, or do you have it ready?

Ms Shakespeare—We have got information about what the average increases were for the last three years, but we would have to take on notice working out the average of those three years.

Senator CORMANN—I am sure the minister always, when premium rate changes are announced, provides an average figure. So I guess I would be interested to get the average rate change that was approved at the beginning of 2008, the beginning of 2007 and the beginning of 2006. We will be able to make our own judgement, moving forward, about how strong the minister's scrutiny is when it comes to private health insurance premiums.

I have just a few questions in relation to informed financial consent. What is happening? The minister has talked about this at the Australian Health Insurance Association. Can you just tell us what is actually being done to follow through on the minister's public commitment to informed financial consent?

Ms Flanagan—I think the government, even before they were elected to government, made it clear that they were very concerned to increase the rate of informed financial consent and they would be looking at legislative options if that were required to do so. We are in discussion with the minister and the minister's office about what options might be available to increase the rate of informed financial consent. I cannot give you the detail of that, but I just want to make it clear that the minister has made it very clear to us that she wants to find a solution and she wants to see an increase and an improvement in the rate of informed financial consent.

Senator CORMANN—That is exactly the same answer you would have provided when Minister Abbott was still the health minister because he looked at the options, worked with the AMA trying to encourage people forward, committed to informed financial consent, did this and did that. What is different now compared to what happened before the election?

Mr Kalisch—One of the aspects that has changed as the latest data has come in is that it does not suggest an ongoing improvement or substantive improvement in informed financial consent.

Senator CORMANN—So the education campaign has not worked?

Mr Kalisch—It seems to have pretty much plateaued out.

Senator CORMANN—At what percentage, roughly?

Mr Kalisch—It depends on—

Ms Flanagan—17 per cent.

Senator CORMANN—What is the target that you are looking for?

Ms Flanagan—We are not really into targets. We want things to improve, so, until we know what the action might be that we can take, we are not going to know the rate of improvement.

Senator CORMANN—Were you not looking for a percentage of where informed financial consent properly occurs? Did you not have a measure? When that education campaign started, you had a target, did you not?

Mr Kalisch—I think the previous government looked for ongoing improvement. I cannot recall them ever setting a specific target.

Senator CORMANN—So how would you measure?

Mr Kalisch—It is measured through surveys, and there have been a number of surveys. The latest one that has come through suggests pretty much a plateauing of informed financial consent and not an ongoing improvement, despite the education campaign.

Senator CORMANN—You are saying to me that patients receive informed financial consent in only 17 per cent of cases?

Mr Kalisch—No. Seventeen per cent do not receive it.

Senator CORMANN—Okay.

Mr Kalisch—But it does change particularly by specialty and in different circumstances. Some are much worse than others.

Senator CORMANN—Are there plans for any more surveys?

Mr Kalisch—I would think that, as this issue proceeds, we would need to get further information about how it is progressing.

Senator CORMANN—What is the Private Health Insurance Branch involvement with the National Health and Hospitals Reform Commission? Are you feeding into that process to ensure that the contribution of private health as a part of the overall health system is properly taken into account?

Mr Kalisch—It is probably fair to say that the department as a whole is working with the National Health and Hospital Reform Commission. Ms Halton mentioned that earlier in terms of the engagement that we have across the range of issues they are canvassing and considering that go across the health system.

Senator CORMANN—But no specific focus on private health in that context?

Ms Halton—They do have a specific focus on private health—in fact, I am very conscious of their interest in private health—but, as Mr Kalisch said, we supported them across a range of areas. Again, going back to my earlier comments, they are at arm's length. Firstly, they have come to us for a dialogue in relation to a whole series of issues, which occurred with all the senior people in the department. If they ask us for particular information or support, we provide that.

Senator CORMANN—I will leave it at that.

Senator ADAMS—I would like to take a little bit further the modelling the department has done on the effect of the changes to the Medicare levy surcharge regarding elective surgery waiting lists. Have you done modelling on that as to what effect it will have for the states?

Ms Flanagan—No, Senator, we have not done that. We may possibly talk about elective surgery in outcome 13, which has now been moved. Certainly, at the moment, the targets that the states agreed to try and achieve by the end of this year are being more than met.

Senator ADAMS—Are being more than met?

Ms Flanagan—Yes.

Senator RYAN—My question is regarding the formal advice the department provides to the minister regarding premium rate increases, and I understand the interaction you have with PHIAC. Are there set criteria either through common practice, past practice, or through the legislation by which that advice is provided in terms of the advice criteria for recommendations?

Ms Flanagan—There are not set criteria, but, just as PHIAC indicated, the sorts of things that the minister would be interested in ensuring are that, in effect, not only do the funds remain viable because you want them to be a viable business into the future but also the people that hold private health insurance get the best value product they can possibly get at the most affordable and appropriate price that they can get it. So there are a range of factors taken into account but there are no set criteria.

Senator RYAN—Have you as yet received any directive from the minister about how you should be considering these premium rate increases when they presumably close on 17 December?

Ms Flanagan—No, we have received no formal advice from her. As they say, once the process starts we will be engaging with her because, as the Parliamentary Secretary to the Minister for Health and Ageing has indicated, she wants a very close scrutiny of the applications. So we will be engaging with her to ascertain what she is interested in.

Senator RYAN—In previous years—I am not sure if you were involved in previous years—have you received formal advice from the minister to consider the rate increases in particular contexts or by particular criteria other than those you have mentioned?

Ms Flanagan—No, I do not think that is the case.

Senator RYAN—Thank you. Yesterday we heard from Medibank Private, who are projecting a fall in membership of somewhere between four and eight per cent, and Senator Cormann today referred to the government's figures of 492,000 people leaving health insurance. I understand that your models are not yet in a position to determine who or what the makeup of those departing members of various firms would be, but we have heard from other people that they are likely to be younger and healthier or what we might call net contributors to the insurance pool. We have also heard from Medibank Private that, obviously, when you lose net contributors from an insurance pool it puts pressure on premiums.

Ms Flanagan—And/or they have to take action as a business to deal with that pressure.

Senator RYAN—Which Medibank also addressed. In determining the department's recommendations to the minister about premium rate increases, is having fewer net contributors, fewer members who put in more than they take out, one of the things that the department would take into account in recommending—I am not sure if you use the same terms as PHIAC—which is reasonable, not unreasonable or to be further looked at? Is that one of the criteria by which you would determine your recommendation to the minister?

Ms Flanagan—As I say, we will be taking a range of factors into account. Until we get the premium applications and see what the insurers are asking for and the reasons for which they are asking it, I am just speculating at the moment and I would rather not do that. We will wait until we get the premium application in.

Senator RYAN—In the past, has a declining insurance pool where the net cost per member might be going up as net contributors are withdrawing been a criterion that has been used to recommend—I should say 'recommend', because the minister approves—or otherwise rate increases?

Ms Flanagan—At a former hearing we indicated that on historical trends, for example, the underlying rate of growth in terms of participation has been going up over the last 12 quarters, so it is not just the impact of this change but also the underlying rate of growth and what might be happening to that. We need to look at the whole range of factors to take into account what the impact may be on each fund and the argument that they are going to make for whatever premium increase they are going to see.

Mr Kalisch—It is probably fair to say that this assessment is made on a fund-by-fund basis. Each fund would present its case about its own unique business circumstances. Fund membership is one part of it. Their investment profile is another small part of that. Also, I recall that in the last premium round we had a number of insurers that refashioned their products, that modified what value proposition they were going to offer in terms of their profile of their products.

Senator RYAN—I understand that is obviously particularly targeted towards what you would call these net contributors, for obvious reasons. This leads to my next question—and I apologise, as I was obviously not here in the last round of these hearings. Medibank Private Ltd referred to how they have various commercial strategies in place to try to address this. In considering whether or not to recommend approval for premium rate increases, if Fund A is more successful in keeping more of those with a different commercial strategy than Fund B, what approach does the department take to that? Obviously Fund A might then ask for less but Fund B, through maybe having the national average of departing members who happen to be net contributors, may end up asking for more. Does the department, when it considers this on a fund-by-fund basis, actually apply the rule that, because Fund A was better than Fund B, Fund B is not going to get its premium rate increase?

Senator McLUCAS—That is what 'fund-by-fund basis' means.

Senator RYAN—It is my point that it is possible then that if people depart membership of private health insurance and some funds are more successful than others then some people who are members of private health insurance will actually see an increase in their premiums by virtue of people departing the funds, in this case maybe because the fund is not so commercially successful at ensuring that these net contributors or younger people stay in.

Mr Kalisch—But I suppose you would see that in the normal market events anyway—as market share changes over time, as some funds are smarter at the management of the business and offer products that are more highly sought after in the marketplace. This is not unusual. This happens every time.

Senator RYAN—I appreciate that, but I was drawing back towards the impact of the changes in the Medicare levy surcharge. The minister has said we will not look favourably on any funds that use it as an excuse for increasing premiums. If we set aside the fact that they cannot use it as an excuse because they have to be approved by the minister, in this case we have a situation where a policy change may be causing people to leave funds and some are

not as successful as others in addressing that and their premiums go up by more. Surely—and this is a question to you, Parliamentary Secretary—this contradicts what the minister says.

Senator McLucas—Consumers have the opportunity shop around for the best product. Really that is what we want. We want competition in the market so that people get the best product possible and consumers are allowed and encouraged to make that choice.

Senator RYAN—That assumes, however, that no fund goes up by any amount because of the impact of this particular—

Senator McLucas—No, it doesn't. This is no different, Senator Ryan, to what happens every year with applications for premium rate rises. If one fund is better at managing its business than another fund and can—

Senator RYAN—Or the impact of government policy that causes premiums to increase.

Senator McLucas—Or one fund is better at devising a policy which is highly attractive to consumers. That is business and that is the way it operates and has operated. We encourage competition within the sector to provide the best quality range of products possible and encourage people to move if they are not getting the best service.

Senator RYAN—I appreciate that. I was trying to get to the point here that there is a potential price increase because of this policy. If the minister does consider the number of net contributors who are coming into or exiting a fund in terms of prudential requirements or the impact on consumers then the impact of this policy has to potentially increase the price of these products. That price will vary; I am not saying it will be the same between Medibank and BUPA. But, if that is taken into account, surely it has to mean that part of the price rate increase, if it happens, is going to be due to the departure of these net contributors.

Senator McLucas—I do not think you can predict that at this point in the cycle.

Senator RYAN—Thank you.

Proceedings suspended from 12.19 pm to 1.31 pm

CHAIR—We now go to general questions on Population health with Senator Humphries.

Senator HUMPHRIES—Thank you very much, Chair, and thank you for accommodating my needs. You will recall that in the 2006-07 budget there was a decision to provide $500 million over four years to increase investment in health and medical research and that was to be channelled through the NHMRC.

Ms Halton—Right?

Senator HUMPHRIES—I am looking at a budget paper here from 2006-07. There was additional funding in 2008-09 of $158 million—

Ms Halton—Is this Population health?

CHAIR—We are on Population health.

Senator HUMPHRIES—I think we checked this and we were told it was outcome 1, Population health. Doesn't NHMRC come under Population health?

Ms Halton—No, and NHMRC is not here.

Senator HUMPHRIES—I do not want to ask questions of them but I understand this is the area where we talk about research funding.

Ms Halton—No, it is not. Tell me what you want to know and I will see if I can answer it.

Senator HUMPHRIES—I am interested in knowing what the future of that funding is. I read a report in the *Herald Sun* that the funding is going to be cut and I want to know whether that is true or not.

Ms Halton—I read that report too, Senator.

Senator HUMPHRIES—The *Hansard* cannot pick up that very expressive comment you are making.

Ms Halton—Sorry, waving one's hands in the air does not actually constitute an answer. I apologise to Hansard profusely. Senator, I have no knowledge of such a plan. I do not know where that report came from.

Senator HUMPHRIES—I assume you similarly cannot reassure us that there is no possibility of the expenditure review process we spoke about earlier today looking at expenditure of that kind?

Ms Halton—Obviously, expenditure review processes are as they always are.

Senator HUMPHRIES—Okay. I will have to be satisfied with that. Thank you.

CHAIR—Are there any general questions for Population health? I will call Senator Ryan.

Senator RYAN—My question relates to the cervical cancer vaccination program. My attention was drawn to an article in the Adelaide press in September that showed that almost a third of the target group was opting out of the Gardasil vaccine that is provided as part of that program. Is the rate of opting out similar across Australia?

Ms Bryant—At the moment, we do not have data for any jurisdiction about the uptake of Gardasil. We know how many doses have been purchased from the supplier and distributed to the states and territories, but we do not know what has gone into arms, so to speak.

Senator RYAN—Is that consistent with other vaccination programs and immunisation programs, or is that something that is going to be chased up in future months or years?

Ms Bryant—For most childhood vaccination programs, the Australian Childhood Immunisation Register exists which is managed by Medicare. GPs and other immunisation providers provide notification to that register and the data is stored, so we can tell you coverage rates for other vaccines. For HPV—Gardasil as it is at the moment and Cerverix as it comes on stream—we are building an HPV register currently as we speak. The states and territories are maintaining the data locally to be added into the register when the system is built, but that build is not yet complete and consequently we do not yet have the data. In a matter of months—so it will be early next year or whatever—we hope to have data available as the build of the register is completed but we do not yet have coverage data.

Senator RYAN—If the take-up rate was roughly 70 per cent, is that level an issue of concern to either the medical officials or the department, or is there no particular preferred level? That is lower obviously than all the childhood immunisation rates.

Ms Bryant—Yes, childhood immunisation is over 90 per cent for most vaccines. Clearly, for an immunisation program in general, the objective is to maximise coverage. With the HPV vaccine, there are certain qualifiers to that. For example, although there is a catch-up program for women up to 26, the vaccine is most efficacious when it is given to people before they are likely to have been exposed to the virus. So if a woman in consultation with her GP or whatever thought there was a risk she had been exposed to the virus, then they may choose not to have the HPV vaccination. There are qualifiers where it would not be of maximum efficacy, so it is not a straight-out case of maximising coverage. But, in general, that is always an objective. If people were declining the vaccination because of a lack of information to inform them, clearly we would be concerned to do better on that front, but we are confident we have good products out there that provide the information that people need.

Senator RYAN—Would a lower rate like that—that is, lower when compared to the childhood immunisation rate—potentially reduce the cost-effectiveness of the program? I know with childhood immunisation you have a herd immunity issue, so would a lower rate for cervical cancer, HPV vaccine, have an impact on the cost-effectiveness? You may not be able to answer that.

Ms Bryant—I think that is probably a bridge too far in terms of my technical capacity. It might be something we could get you some advice on notice, but it is not one I feel able to comment on.

Ms Halton—I seem to recall—and Professor Horvath can correct me if I am wrong—that this is actually a case-by-case cost-effectiveness; it is not an issue of herd immunity. Am I right?

Prof. Horvath—Absolutely. Unlike normal transmitted diseases, this will not confer herd immunity on the population.

Ms Halton—So the cost-effectiveness is therefore case-by-case.

Senator RYAN—Thank you very much. The final question I have is this: has there been a downward trend in any other immunisation programs over the last two to three years? I am particularly concerned about whether resistance to this vaccine may actually provoke people to reconsider childhood immunisation activity.

Ms Bryant—To my knowledge, I think the short answer to that is no. I would probably need to look at the register data for all 13 of the vaccines. We will see what we have here, if you can indulge us for a moment.

Senator RYAN—I would be happy for you to take that on notice.

Ms Halton—Okay.

Senator BOYCE—You may not be able to answer this just yet also, Ms Bryant, but I know that there are a number of religious groups in Australia that are very actively opposing the cervical cancer vaccine on moral grounds. Are you aware of whether that would be influencing the take-up rate for the vaccine?

Ms Bryant—Senator, I have seen the sort of media coverage that doubtless you have seen as well that suggests that that may be the case. In all of our literature, what we try to ensure is

that people have access to information that provides facts, like 'Even if you have a cultural or religious belief'—

Senator BOYCE—'It does not actually affect your sexual activity; it just protects you if and when you choose.'

Ms Bryant—Also, it is not solely about the woman and her receipt of the vaccine. It might be about her partner's behaviour as well.

Senator BOYCE—I appreciate that, but I was wondering if that would be a factor that was discouraging people from being vaccinated.

Ms Bryant—I can only speculate, as you can.

Senator BOYCE—Thank you.

Senator RYAN—My question is to you, Senator McLucas. On 15 October 2008, pursuant to Senate order 95, a list of grants were tabled, described as 'Consolidated funds: A number of grant recipients' under program 1.3, Drug Strategy. The amount was for just over $17.4 million, but there were no details associated with these grants.

Ms Halton—Is this under the Murray motion?

Senator RYAN—That is all the information I have with me on it.

Senator COLBECK—There is a new Senate order from June this year that required all appointments to be tabled seven days before estimates.

Senator RYAN—With respect to that $17.4 million that was part of a long list, was there any reason that they were all described as consolidated funds, a number of grant recipients, because it was part of a very large list of grants tabled over a period?

Senator McLucas—Can I take that on notice, please, Senator Ryan, so we can give a proper answer to your question?

Senator RYAN—Yes. I was interested particularly in the criteria for the grants, obviously, if it is possible—who the list of the consolidated funds for the number of grant recipients went to and whether any of those grants were determined purely by ministerial discretion if not by the criteria.

Ms Halton—It rings no bells with me, Senator, which means it has never crossed my desk. We will find out.

Senator RYAN—Thank you very much.

CHAIR—Any other general population questions?

Senator ADAMS—Just on the Gardasil program for boys: what research has been done and has anything conclusive come about with that?

Ms Bryant—Senator, I understand that the producer, CSL, had done clinical trials in boys and that they had established safety and efficacy, and that that is taken into account in the registration and appropriate uses determined by the TGA.

Senator ADAMS—So has any approach been made to the Commonwealth for funding for such a program?

Ms Bourne—My understanding is that the manufacturers have not approached the Pharmaceutical Benefits Advisory Committee for consideration to put the vaccine on either the National Immunisation Program or the Pharmaceutical Benefits Scheme.

Senator ADAMS—Thank you.

Senator BOYCE—One of my first questions had been going to be about the obesity campaign and we now have provided to us the whole kit. I am sure everyone measured themselves over lunch and is not going to reveal the results thereof. This campaign is going to cost $30 million. Is that new money? Where does that money come from?

Ms Bryant—Senator, that money was, I think, a 2006-07 budget measure under the Australian Better Health Initiative.

Senator BOYCE—Yes.

Ms Bryant—It was $250 million Commonwealth money, and the states had collectively contributed a further $250 million, so that $30 million comprises $20 million of that Commonwealth allocation of 250 and around 10—in round terms—in collective state contributions.

Senator BOYCE—The campaign itself: I am seeing some of the information about what the campaign will be. Can you run us very quickly through what this campaign is going to look like? I understand it has already started.

Ms Bryant—Yes, Senator. I might ask Ms Van Veen to give you the detail on that.

Ms Van Veen—The campaign started on Sunday evening with a 60-second commercial and there is a follow-up commercial, a 30-second one, that starts tonight. That particular television commercial is highlighting the issue in terms of waist circumference and the risk of chronic disease and providing Australians with new information on the risk of chronic disease. The 30-second commercial that follows tonight is the follow-up ad that actually moves to giving Australians messages about what tactics and activities they can start to incorporate to become more active and to eat more healthily. There is print advertising involved with it—magazine advertising—radio advertising and online advertising, so there is a range of different strands to it.

Senator BOYCE—Have all of those campaigns begun or just the television one?

Ms Van Veen—The other elements have begun. The NESB print starts today, so it depends on the publication dates.

Senator BOYCE—I realise that, but I am just working out how you are going to roll it out, that is all.

Ms Van Veen—Yes.

Senator BOYCE—Now, the folder that Ms Halton very helpfully gave us all: who gets that?

Ms Halton—Senator Colbeck, there is one there for you, too.

Senator BOYCE—Who gets that?

Ms Van Veen—We have been working very closely with states and territories and with NGOs on this campaign to disseminate materials. I suppose what we really want is this campaign to live beyond the mainstream advertising that is occurring. We have involved people like the Heart Foundation, Kidney Health Australia, the Chronic Disease Prevention Alliance, the Cancer Council of Australia, the AMA and the Food and Grocery Council. We have provided them with these materials and they have come out with media releases of support on it. Also, it is a means by which we can actually get our messages disseminated further through those channels. There is quite a—

Senator BOYCE—When you say 'disseminated further through those channels', what you are hoping is that they will send out to their affiliates and members—

Ms Van Veen—That is right.

Senator BOYCE—You have sent them a couple of thousand of these, have you?

Ms Van Veen—We want to make sure that we are distributing where people want them and that they can actually order these materials from us online. We are talking to pharmacies, through AGPN. There is a range of channels so that people can order materials for GPs to hand out in their surgeries—the booklet, the tape measure. The states and territories are also working with NGOs and staging local activities. So they can either basically support the campaign by looking at some of the proposed articles that can be run in their newsletters or they can actually order products and materials for dissemination.

Senator BOYCE—How many of the 'How do you measure up?' kits were printed in the first run?

Ms Van Veen—I do not have the number of kits. I can get that for you.

Senator BOYCE—That would be good.

Ms Van Veen—I have the figure on the tape measures. We have 700,000 of those.

Senator BOYCE—Seven hundred thousand tape measures? Good.

Ms Van Veen—I can also get you the number of booklets.

Senator BOYCE—Can you give me the costings on the elements of the campaign—the TV, the radio et cetera?

Ms Van Veen—In terms of the campaign, there is a media buy of $12.5 million that has been committed. That runs from the start of the 19th. We have two phases of activity. If I talk about television in the first instance—

CHAIR—Thank you, Senator Heffernan. I am glad to see that the tapes are easy to use.

Senator BOYCE—So, Ms Van Veen?

Ms Van Veen—Thank you. Television runs over the next month, but we have print advertising running from October through to January, because we know that consumption of magazines is quite high over the summer period.

Senator BOYCE—So is consumption of food.

Ms Van Veen—Yes, more reason to be out there with these types of messages.

Ms Halton—And the beach cricket could be a counter to this.

Ms Van Veen—Exactly. We have online advertising running over a period of time. The next major burst is in March in terms of television and again following with radio, magazines, online et cetera. So there is another month of activity then. To go to your question of the cost of the components, the overall cost is $12.5 million for the media buy, of which $6.94 million is television. Magazines is $1.24 million—and I am rounding. NESB radio and press is $377,000. Indigenous radio and press is $103,000. We have outdoor advertising, shopping centre panels, messages in shopping trolleys. That is $1.7 million. Overall it is $12.5 million.

Senator BOYCE—And that will be spent over what period? About 12 months, is it?

Ms Van Veen—The online takes us to the end of June next year. We have magazines running to mid-June next year, so we do have a small hiatus in there, but in the main the range of messaging that—

Senator BOYCE—So we are really talking about an eight-month campaign. What are we hoping to achieve with this eight-month campaign?

Ms Van Veen—In the first instance we are trying to make people more aware of the risks of chronic disease. We know from our formative research from past campaigns that have been undertaken, and we have not had a national campaign of this scale—

Senator BOYCE—Not on anything at all?

Ms Van Veen—There have been some messages on Go for 2&5, two fruit and five veg, but not on chronic disease.

Senator BOYCE—Sorry—are you talking about obesity and chronic disease?

Ms Van Veen—Yes. So there has been activity on what people need to do. From our formative research we were able to determine that people did not know why they needed to do it and that the risk of chronic disease was directly associated with a waist circumference measurement. So we have equipped people with a simple self-assessment tool which, through concept testing, has enabled them to make their own personal assessment, based on the information provided, of where they sit in the scale of things, and we have also equipped them with information to motivate them to take action.

Senator BOYCE—How will you be measuring the success of this campaign?

Ms Van Veen—We have already done a benchmark study and we will be doing a follow-up.

Senator BOYCE—A benchmark study of?

Ms Van Veen—Within the age group of adults, 25- to 50-year-olds. As a result of these campaigns, we go out and do a quantitative study to measure where our attitudes and behaviour are at and intentions before we actually introduce the activity. We then will be running two follow-up surveys. One is called a diagnostic survey, a telephone survey, to understand how the ads are working. There will also be a larger scale telephone survey which gets into more details in terms of what the messages are that people derived from this, awareness of some of the messages that we have been conveying, how they got those messages and through what source and what the reported action is—that is, fundamentally,

did they get a tape measure, did they measure it and are they aware of the risks here? So it will be across a range of key questions. Because this is a COAG campaign, we have been working with a state and territory campaign reference group who has been involved in all aspects of this, including the evaluation approach.

Senator BOYCE—When does this translate into a statement like 'We have seen a reduction of X per cent in the number of Australians who are obese'?

Ms Van Veen—A campaign on its own will not achieve all of that, and really we are at the start of this journey in trying to turn that around.

Senator BOYCE—You are trying to achieve attitudinal change.

Ms Van Veen—That is right.

Senator BOYCE—And you have an eight-month campaign to do it.

Ms Van Veen—What I have focused on at the moment is the planned rollout of activity between now and June. There is also funding remaining for more activity in the next financial year.

Senator BOYCE—There is one other thing you can probably help me with. I think the binge-drinking campaign is still running in some places, we also have anti-smoking campaigns going and there are some around ice and other amphetamine type drugs. When do we get to the limit of people's attention span or interest in being improved?

Ms Van Veen—I think the issue there is that we are talking about different target audiences, different age groups, different issues. For example, the 'measure up' campaign is not targeting young people. With regard to tobacco, to date a lot of the campaigns have been focused on adult smoking. There is obviously the youth initiative to be looked at. Through the process of looking at how these can be rolled out in a way to ensure that, we are meeting the communications objectives of each one. We are not going to necessarily have ice users targeted by some of the other campaigns.

Senator BOYCE—They are probably not going to be obese anyway.

Ms Van Veen—Yes.

Senator BOYCE—But is there any work being done about—perhaps the term we can use could be this—improvement fatigue?

Ms Bryant—We get a pointer to that sort of thing in the follow-up studies that Ms Van Veen has mentioned in the benchmark research we do and the sorts of surveys we do afterwards to see what impact they have had in.

Senator BOYCE—But they are related to each campaign.

Ms Bryant—Yes.

Senator BOYCE—And they would tell you if someone said, 'I'm sick of the government telling me how to do something.'

Ms Bryant—You would begin to get a pointer to that sort of thing emerging, but it is not evident to us in that sort of work to date.

Ms Halton—I also think old-fashioned feedback as in letters to ministers and emails to the secretary are important to look at. We are telling people things which are an inconvenient truth in a sense, and they do not necessarily always want to hear that message. But I have not had anyone write to me yet and say, 'Would you please stop telling me what to eat et cetera et cetera.' I genuinely think if you are on the boundary of that that people would start to write to you or write letters to the editor or whatever complaining about it. We have not had that, although it would not make us stop necessarily.

Senator BOYCE—I am not suggesting it would. But, if there is some sort of psychology about it, it would affect the effectiveness of each new campaign when there is already something of a sense that the government is a nanny state anyway. It would certainly feed into that. One small campaign, or initiative, that I noticed that has just started is one on eating disorders. The National Eating Disorders Collaboration has only had half a million dollars directed at it. Perhaps this is a question for the minister: why only half a million dollars for eating disorders?

Senator McLucas—I do not know what you are reading from.

Senator BOYCE—It is my own notes. There was a 'comprehensive, coordinated national approach' to eating disorders released by Minister Roxon on 14 October. The media statement said:

The Rudd Government will invest $500,000 to help develop a comprehensive, coordinated national approach to eating disorders.

Ms Halton—Certainly that is part of the mental health—

Senator BOYCE—And body image apparently is to be the name of the campaign.

Ms Halton—It is not so much a campaign. I think it is actually work that is being done. The minister, and I think she is right to focus on this, is concerned that we need to balance the messages here because we do have a significant issue with obesity. We all know about that, and we do not want to inadvertently cause problems in terms of eating disorders, particularly in much younger people.

Senator BOYCE—And attract the wrong audience to the obesity campaign. Is that what you mean?

Ms Halton—Yes, that is the one. There was a young woman who came to talk to us at one of the community cabinets recently who was a sufferer of an eating disorder, and she actually came to make that point. She made it incredibly eloquently and we were very grateful that she made the point to us. The minister is concerned and that is why that grant has been made.

Senator BOYCE—Which agency will take the lead on that campaign? I did not quite get a sense of who is going to be running the eating disorders campaign.

Ms Halton—It is not really a campaign. It is actually a grant to the organisation that is doing work in that space. Sorry, but I cannot remember the name of the organisation. In fact you had it, Senator.

Senator BOYCE—Body Image? No, that is not the name of the organisation.

Ms Halton—I am not sure.

Senator BOYCE—It says in the media statement:

The Government will select a suitable organisation in the next few months …

Ms Halton—There you go. We are going to tender, which is why I cannot remember their name.

Senator BOYCE—So it is going to tender, is it?

Ms Halton—In fact, it is good that I could not remember the name because it means there is not an organisation as yet.

Senator BOYCE—Just one other question, because I think it is important to see what your thinking around this is. I keep getting told, for instance, that gastric banding is the only clinically proven way of decreasing weight and that it should be a Medicare item for obese people. I share the view that I think is being expressed by some of the glances around the table. Nevertheless, this is powerful advertising to what are sometimes quite desperate people. How are you tackling that?

Ms Halton—Professor Horvath, do you want to say something here?

Prof. Horvath—Gastric banding is a surgical procedure. There are a large number of surgical procedures that have been tried, some of them very innovative. All of them carry certain consequences and side effects. Gastric banding is the one that has stood the test of time as actually being the most functional one associated with sustained weight loss, but it is only a part of a whole range of issues around weight loss. It is not just a matter of going in for gastric banding and saying that it should be available across the board. It really needs to be a part of an entire package of weight loss. In a sense it is a therapeutic end of the type of program that we are now trying to do across the community.

Senator BOYCE—Nevertheless, you can get the impression from some of the media and promotional material that this is an easy one-step fix.

Prof. Horvath—It is not an easy one-step fix. In fact, for that group of people who have not been a part of a comprehensive weight reduction strategy run by people who know what they are doing, it does not work. The studies that have shown it to be effective have been a part of a whole strategy of psychological therapy, dietary therapy and ongoing support.

Ms Halton—Professor Horvath, am I right in remembering that it is actually for the morbidly obese as a general rule?

Prof. Horvath—Yes. It is for the group who are morbidly obese. I add that it involves an anaesthetic as it is a surgical procedure—neither of which is without some potential hazard.

CHAIR—Are there any more questions on general population health?

Ms Halton—While senators are thinking about that, Senator Ryan, I would like to go back to your question about the grants and the $17 million. It turns out that it is a labelling error. That is actually the money that we provide to the state governments under the Illicit Drug Diversion Initiative.

Senator RYAN—Thank you very much.

Ms Halton—So it is the Illicit Drug Diversion Money that goes to the states.

Senator RYAN—Would it be possible to see a list by states and territories?

Ms Halton—I am sure we could find that, but that is what that money is for.

Senator RYAN—Thanks a lot.

Senator BOYCE—My other questions went to chronic disease more generally. I am trying to get a sense of where the Sharing Health Care Initiative is at. Is it happening? Is it overarching all the chronic diseases?

Ms Halton—It is actually program 5. We are just checking which program it is.

Senator BOYCE—Should I keep these questions for later?

Ms Halton—Is that okay?

Senator BOYCE—That is fine. However, that brings me to dental treatment for people with chronic disease. Does that come within the population health area? No. I thought it was covered by outcome 1.

Ms Halton—No, it does not.

Senator BOYCE—I can put that aside.

Ms Halton—Just so that we can be clear to tell you which program to ask it under, are you talking about the MBS item or the grants programs to states?

Senator BOYCE—The grants to states. The particular question I wanted to ask was about the suggestion that Victorians are not accessing the dental treatment program for people with chronic disease at the same rates as other Australians.

Ms Halton—That is the medical benefits item as against the grants to the states item.

Senator BOYCE—All right. We will leave that till later.

Senator CAROL BROWN—Can you update the committee on what has happened since the nationally consistent principles were adopted for the solarium industry? Where are we up to in the process?

Senator McLucas—Senator Brown, you will find that comes under ARPANSA.

CHAIR—I know that Senator Hanson-Young has a couple of general questions on population health. Senator Colbeck and Senator Adams, you have questions on FSANZ. I do not know where you fit, Senator Heffernan!

Senator HANSON-YOUNG—I have some questions about pregnancy counselling. Could the department provide the committee with an update on how many calls the service is currently getting? I would also like some more information in terms of the average cost per call and how much time is spent on each call.

Ms Bryant—Between 1 May 2007 and 30 September 2008 there were 5,748 calls made to the helpline. The numbers are actually reasonably steady at about 350 calls per month. We could certainly be more precise with that, but that is around average. The average cost of calls to the helpline for the 12 months of 2007-08 against the monthly fee that we pay McKesson, the service provider, is $185.

Senator HANSON-YOUNG—Per call?

Ms Bryant—Per call.

Senator HANSON-YOUNG—On average or is that per call?

Ms Bryant—Yes, it is an average.

Senator HANSON-YOUNG—Is it a unit price or per the length of the call?

Ms Bryant—No, it is an average.

Senator HANSON-YOUNG—My understanding is that there was a proposed review of the service. Is that still underway? Looking back at my notes from the last budget estimates, the terms of reference were yet to be drafted. Do we know where that is up to?

Ms Bryant—In September the minister launched a discussion paper on improving maternity services in Australia as part of the national action plan for maternity services. That review is looking at the full range of services including pregnancy care, birthing options, postnatal care and peer and social support for women. In the first instance we are having a look at this as one of a range of services available to women as part of that review.

Senator HANSON-YOUNG—So the original review is not happening and it has been rolled into this process now. Is that correct?

Ms Bryant—As a first step, yes.

Senator HANSON-YOUNG—So do we have an outline of the terms of reference of that particular review?

Ms Bryant—I think my colleagues in outcome 5 would have all the detail of the terms of reference for that review. There has been a discussion paper launched by the minister and that is in the public domain. We could certainly arrange to get you copies of those sorts of things.

Senator HANSON-YOUNG—Thank you. What is the time frame around that review and when would we be looking at seeing recommendations in terms of the pregnancy counselling service?

Ms Bryant—The overall time frame for the maternity services review I think is the end of June 2009—or is it the end of this calendar year? It is outcome 5, so excuse me for not having that detail at my fingertips. Can we check those details and get them to you?

Senator HANSON-YOUNG—That would be great. Have there been any discussions or meetings to consider the continuation of the helpline, or will it continue until we have some recommendations in June 2009? Is that the proposal?

Ms Bryant—It will continue until the government takes decisions about the directions it wishes to pursue.

Senator HANSON-YOUNG—So how does it work at the moment if there is a complaint about the service? If there is an issue with the service, what would be the process for dealing with that and feeding that back to the department?

Ms Koukari—We have monthly and quarterly reports from McKesson, which is the company that runs the helpline. They are required to provide us with information about complaints received. They do that regularly and there have been no complaints received.

Senator HANSON-YOUNG—There have been no complaints at all?

Ms Koukari—No. There have been some issues around different aspects of the operation of the helpline. I think one of them was that someone could not read the website on their laptop—that kind of thing.

Senator HANSON-YOUNG—So more about the functioning of the service?

Ms Koukari—Yes.

Senator HANSON-YOUNG—Throughout this review, and I understand that it is broader now and not just about the pregnancy counselling, will the option of adopting a more transparent, non-directive type of telephone service be looked at?

Ms Koukari—It is a transparent, non-directive service.

Senator HANSON-YOUNG—Do the terms of reference deal with reviewing the types of organisations that clients are referred to?

Ms Bryant—The maternity services review is more around assessing the value and the services that women need by way of peer and other support in the course of their pregnancy. So it is coming at it more from the value that women attach to having that type of service available at this point. So in the context of the maternity services review, we are not looking at the type of provider of the service, such as the contractor or whatever. We are looking at the types of services that women need as a form of support, and the helpline does not refer people.

Senator HANSON-YOUNG—I realise that, but obviously there has been contention as to what types of organisations clients have been referred to in the past.

Ms Halton—Let us be clear—referred to by whom?

Senator HANSON-YOUNG—Referred to by the person who picks up the phone.

Ms Halton—Not in this case. This helpline does not refer people.

Senator HANSON-YOUNG—What I am asking is, if people want to know what all of their options are in terms of their pregnancy, through this review that is happening are we looking at what options we are providing people through the service?

Ms Bryant—The service provides comprehensive information on all three options in a pregnancy: to continue with the pregnancy and keep the baby, adopt the baby or terminate the pregnancy. It does not provide referral to providers of any of those services, so it does not provide referrals to adoption agencies or to termination services.

Senator HANSON-YOUNG—I understand that. What I am asking is: through this review, are you looking at whether that is a service that should be provided, other than a telephone service?

Ms Halton—No.

Ms Bryant—No.

Senator HANSON-YOUNG—Thank you. I have asked that four times now. Does the information that you get in the quarterly and monthly reports give you some idea of the types of issues that clients are raising? Do you have a summary of the issues that people are talking to the service about?

Ms Koukari—Not really. We get some information on whether the calls are in or out of scope, such as whether people are ringing for information, media or requests or just to find out more about the service or whether people are ringing for counselling. We certainly do not get information about the types of counselling requests, although we have asked for some demographic information to be kept, such as how many men, how many women and their ages, if people choose to provide that information to us.

Senator HANSON-YOUNG—Surely that is information that you need to do a proper review of the service. You want to be seeing what types of things people are asking for.

Ms Bryant—It is part of the privacy arrangements surrounding the operation of the helpline. We are very careful about protecting individual clients' right to privacy. As Ms Koukari says, we keep high-level detail about the types of callers and that sort of information but not detail about the content of counselling calls.

Senator HANSON-YOUNG—So do you have any idea of what type of advice the counsellors are giving to clients?

Ms Koukari—Yes. We have a training manual for the training of the counsellors, and McKesson has developed a manual for counsellors to use which includes scripts and ways to talk to people about different issues that they might raise. Those have been approved through an expert advisory committee within the department. So we know that they are the counselling services that are being provided to those clients.

Senator HANSON-YOUNG—In the monthly and quarterly reports, do you have a breakdown of what types of questions callers are asking and what type of advice is being given back, in terms of the top five issues?

Ms Halton—No, and I think we have said that before. This is exactly the way the helpline was set up and I think the officer has now said that several times. There was a great deal of discussion in this committee over a number of years about the need to ensure that people felt confident that what they had rung in relation to and indeed what they were told would be managed with a great deal of concern in relation to the privacy. That said, the aggregate information that would be collected in relation to the nature of what the helpline does, again, was discussed at length indeed with a number of the senators who are sitting around this table to ensure that there was comfort and that we could actually measure what was going on in a way that enabled public scrutiny and accountability but did not breach privacy.

Senator HANSON-YOUNG—Can you flesh out for me how the review of the service is going to be effective and how it is being conducted so that we know that we are offering a service to people that is effective and useful for them?

Ms Bryant—As I have said, in terms of it being effective and useful, the maternity services review will give us information about the types of services across a wide range of topics from peer support to parenting support to other things that women are seeking and find useful. The fact that we have no complaints about the helpline and that individuals have, unprompted, said to the helpline, 'That was very helpful, thank you,' gives us an indication that this service is valued by those who choose to use it.

Senator HANSON-YOUNG—In the last estimates debate back in May there was discussion about having a review of the pregnancy counselling service. You are now telling me that that review is not happening in its entirety but is being rolled into this broader review. How can we ensure that we are still able to look at this service and the effectiveness of this service within that broader context so that we know that that service is effective and useful for the people who are calling and it is doing what it should be doing? I am not necessarily saying it is not; I am just asking how we can be sure if it is simply being rolled into another broader review.

Ms Halton—It is a first step.

Ms Bryant—It is a first step and we will get a set of information from the maternity services review. We also have the reporting data that the provider is required to give us quarterly about the clients who use the service and other high-level data, and we will look at those different datasets and pull them together.

Senator HANSON-YOUNG—In terms of the monthly and quarterly review, you have said what is not in them. What is in them?

Ms Koukari—We have a number of key performance indicators for the helpline. What is in them are things like the number of calls, how long it took to answer the calls, how many hang-ups there were—that is, how many people did not wait to have a response—and those types of things. So they are the types of things that we are looking at.

Senator HANSON-YOUNG—Is that information that we can get on notice?

Ms Bryant—We could probably give you some aggregated, high-level data.

Senator HANSON-YOUNG—That would be great. They cost $185 per call and we get 350 per month on average, so how much is it costing to run this service overall?

Ms Bryant—Expenditure on the helpline from its commencement to 30 August 2008 was $2.36 million, and expenditure in 2007-08 was $1.029 million.

Senator HANSON-YOUNG—Are the differences in that cost because the number of calls has gone down or is that because of set-up costs?

Ms Bryant—It included some communication and training and other activities in the first stage.

Senator HANSON-YOUNG—How much do we spend on promoting the service so people know that it is actually there?

Ms Bryant—We do not have an active communication campaign or anything running at present and I would have to take on notice the actual cost of communication activities to date, but it is in the phone book, for example, and there are other costs, and we still have some materials in pharmacies, I think.

Ms Halton—Which people can order.

Senator HANSON-YOUNG—When they call, are people asked at any stage how they found the service?

Ms Koukari—No.

Senator HANSON-YOUNG—So we have no idea what is driving people to the service more than anything else?

Ms Koukari—No.

Senator HANSON-YOUNG—I imagine that would be something you would want to put into a review process.

Ms Bryant—We have to be quite careful that in an effort to collect information if a person is emotionally distraught or wanting to have a conversation about those things—

Senator HANSON-YOUNG—Absolutely, I understand that.

Ms Bryant—you do not then irritate them by taking them into a set of demographics.

Senator HANSON-YOUNG—Do you have any data from the service provider as to where they think people are coming from, how they are finding out about the service and how they are being referred to the service?

Ms Koukari—No. We do have some information about people being referred to the service. We have recently been told that some callers are ringing from South Australia because their GPs are referring them to the counselling service prior to them referring them for a termination. So they are referring the women to the helpline for a counselling session before they will refer them for termination.

Senator HANSON-YOUNG—How do we know that?

Ms Koukari—Those people have offered that information voluntarily to the helpline.

Senator HANSON-YOUNG—Is that something that gets put into the reports?

Ms Koukari—No, that is day-to-day business.

Senator HANSON-YOUNG—In terms of the broad review, do the terms of reference look at the communication strategies around these services?

Ms Bryant—I do not think communication strategies around particularly services are part of the terms of reference of the maternity services review.

Senator HANSON-YOUNG—So even though we are spending $2.36 million on a service we do not actually have a strategy for how to tell people that it is there to use.

Ms Bryant—It is in the *Yellow Pages* and so on. There are products available through pharmacies that alert people to the existence of these services and similar products are available in GP clinics.

Ms Koukari—And on our website.

Ms Bryant—And on our website. When I say we do not have an active communication campaign, we were, for example, at a point in time having convenience advertising on the backs of toilet doors and that sort of thing. We are not actively doing that at the moment, but those other products do exist.

Senator HANSON-YOUNG—Just to clarify, can you tell me what else is fitting into that broader maternity services review? We have the pregnancy counselling. What other areas are we looking at? How are we getting out there and figuring out what services people are after?

Ms Halton—The maternity services review is actually not under this program. I can tell you that the maternity services review is being conducted by the chief nurse. She is looking at all manner of issues in respect of what it is that women need to support them during pregnancy and during the course of giving birth. She is going to be here later on so she could perhaps answer those questions then.

Senator HANSON-YOUNG—Can I ask whose decision it was to halt the pregnancy counselling services review and simply roll it into this broader review?

Ms Bryant—I do not think there was so much a decision to halt a review. It was to begin with an initial analysis of issues through this maternity services review vehicle.

Senator HANSON-YOUNG—Does that mean that the information that I have from the *Hansard* of the May estimates saying that there was going to be a review into pregnancy counselling services was actually not correct?

Ms Bryant—It may have been correct in May. In fact, it was correct in May. But the government has taken decisions to do some initial steps through this avenue first.

Senator HANSON-YOUNG—Whose decision was that?

Ms Bryant—Decisions about the conduct of reviews and those sorts of things are generally a matter for decision by the minister.

Senator HANSON-YOUNG—So the minister decided that we would not have a review specifically around the pregnancy counselling service and we would simply put it in as part of the terms of reference for this broader maternity services review?

Ms Bryant—That is not what I said.

Senator HANSON-YOUNG—That is why I am clarifying it.

Ms Bryant—I said that the minister decided to commence with some initial steps of understanding the needs of women in terms of peer and social support through the maternity services review.

Senator HANSON-YOUNG—I think that was it, thank you.

Senator COLBECK—I am just interested in an update—and Professor Horvath may be able help me with this—on the current situation particularly in the Asian region, but then a little bit more internationally, on the H5N1 virus.

Prof. Horvath—That actually comes under the Office of Health Protection, outcome 14.

Ms Halton—What were your particular interests?

Senator COLBECK—I wanted a quick update of the number of cases in the region. I am quite happy to put the questions on notice if that would help speed things up for the day. I wanted to get a sense of how many cases have been reported in the region. Are there any hemispherical differences in the disease rates and incidence and things of that nature? I wanted very much a quick snapshot of where things are at the moment.

Prof. Horvath—Very quickly, the actually numbers we will take on notice because I do not have them with me. From memory, there have not been any new cases reported to WHO certainly in the last weeks to months, but we will get a confirmation of those figures for

tabling. As far as H5N1 in the poultry population is concerned, it remains endemic in most provinces in Indonesia. There are certainly intermittent outbreaks in Vietnam and some in Thailand but they usually come under control reasonably quickly. There is a continuing very high level of surveillance throughout the region. Similarly, there is a very high level of awareness with the WHO.

You may be aware that Ms Halton chairs the intergovernmental meeting on looking at virus sharing and the issues around virus sharing, which is very important to us and the region. Although the focus on H5N1 is certainly less in the media now, nonetheless there is a huge amount of virus in the poultry population in the region. We are now coming into that time of the year—the Northern Hemisphere winter—when traditionally the cases tend to be more common. I hope that clarifies it for you.

Senator COLBECK—What about the incidence of human contraction?

Prof. Horvath—That is what I am saying. We will give you those figures, but from my memory we have not had any WHO notifications of human H5N1 for quite some weeks, if not months. We will get on notice the last case that was reported.

Ms Halton—We will see if we can get that information for you and read it into the record later this afternoon. It is just a question of getting the numbers. Can I make the point—I think this was what Professor Horvath was going to—in terms of the number of human-to-human cases, there is partly a season effect—I think we have discussed that here before—but we need to understand that the number of human cases does not necessarily go to the actual level of risk we face. The WHO has not changed the risk status in relation to that.

Senator COLBECK—So the risk status has remained as it is?

Ms Halton—Correct.

Senator COLBECK—In that information can you just give me something on the hemispherical differences in prevalence?

Ms Murnane—There has not been a case in the Northern Hemisphere this calendar year.

Senator COLBECK—So it is still very much restricted to the Asian area?

Ms Murnane—To the south-east Asian area.

Ms Halton—We will get that information.

Senator COLBECK—I might come back and get a briefing on that later.

Ms Halton—Sure.

Senator ADAMS—I will turn to BreastScreen.

Ms Halton—While we are preparing for BreastScreen, Senator Boyce, can I just tell you that there are 710,000 tape measures, not 700,000. There are an extra 10,000.

Senator BOYCE—I was worried about the extra 10,000.

Ms Halton—So if Senator Ryan loses his, I have a spare. In terms of kits, we have got 500 printed right this minute but we are going to print them based on need. In terms of the eating disorders question—I love BlackBerries because someone sitting back in the office has sent a very quick email in relation to that question—

Senator BOYCE—We would love to have BlackBerries but we do not have them.

Ms Halton—They are actually a curse, if I am going to be strictly honest with you, because you are expected to be connected to them in your sleep. We are advertising for someone to run that collaboration. It was first advertised in the press last weekend. The second advertisement will be this weekend. We have actually got that process underway.

Senator BOYCE—Are you able to tell me when the closing date is and when you would expect to appoint someone?

Ms Halton—The closing date—I will have to open the email again—

Senator BOYCE—I can put that question on notice.

Ms Halton—What I am being told is that we are hoping to get moving on this as quickly as we can. It depends on us having a suitable person or group of people come forward. We have to have a process of assessing them, but it would be as soon as we can move on it.

Senator BOYCE—If this is meant to counter the obesity message to a particular group it obviously would need to be simultaneous, one would imagine, with that campaign.

Ms Halton—Yes, although there are a number of strategies that you would be using in this phase. Okay, BreastScreen, we are ready now.

Senator ADAMS—Last time we spoke, I think there was a review. I had asked about the increase in the age range of the screening program, for younger women decreasing from 50 to 45 and then going up from 69 to 75. Has anything come of that?

Ms Koukari—The committee is still in the deliberation phases, so we are still waiting for some of the evaluation reports to come in. The committee will be meeting in December to prepare its final report which will then go to AHMAC next year. As part of that, one of the considerations is the age range for screening, which is: is there evidence to expand it—

Senator ADAMS—Reduce or expand it, either way.

Ms Koukari—Having said that, women 40 to 49 and over 70 are eligible for screening.

Senator ADAMS—I am fully aware of that, but once again it is that letter, and then again at 69 when they leave they feel that they are abandoned. I just feel that it is something that is coming up all the time. The second thing is digital mammography. What is happening there? Is BreastScreen going to take that up or will it still just stay as the mammography?

Ms Koukari—Different states and territories are at different stages in terms of where they are up to in considering the introduction of digital mammography, so it varies from state to state. Some governments have made commitments to move over from analog to digital technology. But in preparation for that, for the BreastScreen Australia program itself, we supported the program to develop accreditation standards for digital mammography. So where services are using digital, women can be assured of the safety of the services that are being provided.

Senator ADAMS—Just another query on Cocos Island, how did the women there have their mammograms? I have had a letter from the chief executive of the council there and they are very concerned because their women at the moment are having to fly to Perth. Could you help me with that?

Ms Halton—You would be aware, Senator, and I have had representations not just from people from Cocos but from some of the other islands, that those services are largely organised by the territories, as in territory people. We do not actually have a direct relationship with that service delivery.

Senator ADAMS—So whom would I contact to try to improve their lot?

Ms Halton—Which department is territories in?

Senator ADAMS—That is where I have been. I have been going around in circles trying to—

Ms Bryant—Correct me if I am wrong, Andriana, but screening services and immunisation and other services are provided by the state government, and Cocos and Christmas, I think, come under the Western Australian government's broad arrangements—

Ms Halton—Whereas Norfolk does not. Norfolk is a stand-alone, so it is a bit variable.

Senator ADAMS—All right. I will keep chasing that up. I just thought you might have a little bit more information.

Ms Halton—The other thing that I think we have to realise is the issue of the cost-effectiveness of having a machine on Cocos—and I take the point about people having to fly. It is not conceivable that you would ever have the full range of equipment—

Senator ADAMS—I realise that, but it is just the fact that there are a number of women who are missing out because they are not able, firstly, to fly. I do not know what they are getting as far as subsidies or anything like that, but I thought I would start here before I work my way through to anything else. Thanks for that. The next one is to Professor Horvarth on your bowel cancer screening.

Ms Halton—His bowel particularly, Senator, or someone else's?

Prof. Horvath—How did the good senator know?

Senator ADAMS—Usually you answer my questions. I ask these questions every estimates, so that was why I asked the question.

Ms Halton—I was just wondering whether you were asking for a personal testimonial, Senator.

Senator ADAMS—We will get around that one. Professor Horvarth, as far as the kits being returned, has the percentage gone up?

Prof. Horvath—I will refer that to Ms Koukari.

Ms Halton—While he regains his composure.

Ms Koukari—We are a bit inured to bowel talk. The participation rate has gradually increased and we have moved from a 30 per cent participation rate to about a 40 per cent participation rate in the program. That was at the end of the first phase of the program.

Senator ADAMS—Has there been any funding put aside to retest people in two years time, after their first test, as a follow-up? Is there any expansion of the program to do that?

Ms Bryant—Retesting is not currently part of the present phase of the program, Senator.

Senator ADAMS—So there is no thought in the future about doing that?

Ms Bryant—Senator, that would be a matter for future government decisions. Clearly I cannot speculate as to what they might be.

Senator ADAMS—It is just that a number of specialists have written papers about it, saying that they feel that the second testing is very important and possibly two years is the time to do it to cut the number of deaths from the disease. With some research that is being done, they have cut them by one-third just by their coming back for that second year.

Ms Bryant—Senator, I think the terms of the government's election commitment, in media releases and so on, said that they intended to introduce screening for 50-year-olds as a first step in moving toward screening in line with the NHMRC guidelines, which is biennial screening. But other than that as part of government's commitment framework I cannot speculate on timing or those things.

Senator ADAMS—Women's health: is that an overall one? It is mainly on a research question.

Ms Halton—Give it a go.

Senator ADAMS—It is sexual health. A university professor has written, saying, first up, how well the Senate committee did to get out with our gynaecological inquiry and the consequence of getting $1 million to set up the gynie cancer centre, saying that that is fine for ovarian cancer but what about the endometriosis and polycystic ovary syndrome and all those other sorts of things. This professor specialises in women's sexual health but cannot find any way of getting any research dollars. I thought it was a general question. Can someone help me there? Where I can point to?

Ms Halton—So research dollars as in basic research, as in NHMRC research, translational research?

Senator ADAMS—Probably. I think it is just anything so that she can really move in that direction. The comment was that she has tried and tried and there just does not seem to be any avenue for research and yet there are so many more people coming up with endometriosis and these sorts of issues that she would like to be able to research.

Ms Halton—Certainly, Senator, the reality is that the majority of our research money, as you know, comes through the NHMRC, which is basically peer reviewed, and the quality of the research proposal is actually what will determine whether or not something will be funded. Professor Horvarth can talk about that in more detail.

Prof. Horvath—Absolutely. NHMRC is the place for research proposals to go. They are really taken on the quality of the research, the track record of the researcher and all of those important things. It is a competitive process. That is where I would suggest that your correspondent goes in the first instance.

Senator ADAMS—Good. Thank you.

Senator BOYCE—The need for a particular sort of research is a priority, as well.

Prof. Horvath—There are specific lines that NHMRC does have, but again it has to meet the fundable line of credible research.

Senator ADAMS—Cancer Australia is coming separately?

CHAIR—Separately.

Senator ADAMS—All right, that is enough for me.

CHAIR—We will move to FSANZ and start with FSANZ.

[2.41 pm]

Food Standards Australia New Zealand

Senator SIEWERT—I have a number of areas I want to talk about, but I want to talk about genetic engineering, GMO and the report Greenpeace has just released, and labelling. The issues that Greenpeace raises in its report are around safety and safety assessment but also labelling. I understand Senator Colbeck wants to talk specifically about labelling as well—is that correct?

Senator COLBECK—Yes.

Senator SIEWERT—So maybe we should start with labelling and then move on to safety assessments.

Ms Halton—As you wish. Just be aware, Senator, that labelling has a policy and a regulatory dimension. So depending on the question, it may or may not be a FSANZ or a department question. We will just see how we go.

Senator SIEWERT—That is fine. If it is a department question, where should I be asking?

Ms Halton—That end of the table. They are there.

Senator SIEWERT—So as long as we have everyone at the table, that is fine. You can play traffic warden.

Ms Halton—Yes. It is all good.

Senator SIEWERT—Where are we up to with the states around labelling? The last time I asked this question around labelling we got to the point where we all had a common understanding, or I understood from your answers that you could not do anything about labelling until it got referred from the states. Where are we with the issue around improving labelling for genetically modified products?

Ms Addison—The states still have made no reference through any of the food ministerial council processes for a request for a review of labelling in terms of genetically modified organisms.

Senator SIEWERT—Is the position still maintained that the current policy is the appropriate policy, or are you looking at labelling that requires all genetically modified material to be identified on the label?

Ms Addison—We are not currently doing any work on genetically modified labelling.

Senator SIEWERT—None at all? I will find the government's exact commitment shortly in terms of genetically modified organisms and their commitment to actually guaranteeing that nothing is released before they are safe, for a start.

Senator COLBECK—Can I help you? This is their policy here.

Senator SIEWERT—Do you want to read it out?

Senator COLBECK—It states:

Labor will also ensure that the process for assessment of GM crops includes careful consideration of health and environmental risks.

Safe and beneficial standards must be established beyond reasonable doubt and standards must be met to the satisfaction of the government, the scientific community, the consumer community and the farming community.

This is out of the agriculture policy, so I know that we are coming from a slightly different direction, but there is specific reference in there under the heading of 'Food labelling and genetically modified crops'.

So my question is: has there been any instruction passed through from the government for action with respect of this? I might take a little bit of contest with what Ms Addison said about who can actually put issues on the table. I know that the states all have a capacity to do that, but surely the Commonwealth has also the capacity to put issues on the table for discussion. Has there been any direction? I think we had some discussion at the last estimates about the list of promises and whether or not they were held and understood. So are there any directions here with respect to labelling? I can expand my question out to basically get it out of the way, because there is some discussion with respect to the labelling of seafood. It states:

A Rudd Labor Government will review the provisions of the Food Standards Code relating to seafood to ensure they adequately address the known risks.

There are four dot points that talk about country-of-origin labelling, strengthening compliance arrangements, working with the organic sector and also an Australian grown label, which comes under the Trade Practices Act, so that might not be something that affects this portfolio.

Senator McLucas—Sorry, I am not sure what your question is, Senator.

Senator COLBECK—I am asking what action has been taken on all of those promises that were made at the election. These are election commitments. We have had our discussions at previous estimates about the importance of your commitments. My question is: has any action been taken to progress those promises? That is the issue that I have and I presume—

Senator McLucas—By way of assistance, I can advise you that on 5 May this year the Biotechnology Ministerial Council met. Those ministers, of whom I am one—the parliamentary secretary—agreed that the government considers that GM technology can play an important part in helping to deal with emerging challenges, including those arising from climate change and the pressure on global food supplies and the management of pests and diseases as well as benefiting the environment through reduced chemical use, and consumers through development of products with enhanced health benefits. Australia needs to equip itself to benefit from the opportunities offered by this technology while maintaining the ability of individual producers to choose whether or not to adopt it and individual consumers to choose not to buy GM foods.

The government considers GM crops should not be approved for commercial release unless they are safe to health and the environment. Similarly, GM foods should not be approved for sale unless they have been assessed as safe. The government supports the existing national

framework for management and regulation of GM crops and food, which includes careful assessment of health and environmental risks. Once a GM crop has been assessed and found to be safe for commercial release, decisions on whether to allow its production in part or all of a state or territory are a matter for that jurisdiction. The government recognises that there continues to be some level of concern in the community on a range of issues relating to GM crops and food and that there needs to be a well-informed public debate on these issues.

Senator COLBECK—That sounds to me like the communique out of that ministerial council meeting.

Senator McLucas—I am not sure that it is described as a communique but it is the result of that meeting.

Senator COLBECK—It sounds like it is communique language to me—and that is fair enough—but it really does not address the question that Senator Siewert is asking and particularly that I am asking. Senator Siewert is asking specifically with respect to genetics; I am asking with respect to seafood safety standards, which comes under the Food Standards Code as well, and also the country-of-origin labelling. I am adding a couple of layers onto Senator Siewert's question—I understand that—but I do not think it addresses Senator Siewert's questions about action.

Senator SIEWERT—No, it definitely does not.

Senator COLBECK—Because the Food Standards Australia ministerial council would be the one that would deal with that and that would be health ministers and agricultural ministers. I am positive that the Commonwealth would have the capacity, as does each of the states individually, to put an issue on the table if they wanted to pursue that. There has to be agreement around the table for that occur—I understand that—but I am interested to know whether the action has occurred to put the issue on the table.

Senator SIEWERT—In fact, is it on the agenda for Friday?

Senator McLucas—No, it is not on the agenda for Friday. But let us not forget that every assessment for genetically modified food in Australia is assessed for safety by FSANZ.

Senator SIEWERT—We will get there in a minute because, as you know, there is extreme doubt about whether the safety assessment is, in fact, adequate.

Senator McLucas—We are happy to answer those questions.

Senator SIEWERT—I have a series of them on that one. But the point is that consumers still demand the right to know what is in the food they are eating. I think Australia has a long way to go in terms of their safety assessment as it relates to GMO, or genetically engineered products or materials in products. But despite that, consumers demand the right to know. Not only that, New South Wales said when they agreed to release GM canola that they would seek better labelling standards. If it is not on the agenda, they obviously have not spoken to the Commonwealth about getting those better standards.

Ms Addison—That is correct, Senator.

Senator SIEWERT—And the Commonwealth is not taking any initiative, either, in terms of trying to get better labelling standards that actually come a bit closer to what other countries are prepared to label on their products.

Senator McLucas—Maybe we could get some discussion about what other countries do. Yes, we are different to some but not to others.

Mr McCutcheon—I just want to clarify the question. You are talking about what other countries do in respect of labelling or in respect of the food safety assessments?

Senator SIEWERT—What I am asking is: what is Australia doing about improving our standards so that all genetically modified ingredients are put on labels so that consumers have a choice? I already know what is and is not included on the label. We have been through that lots of times. The point is that not all ingredients that are genetically modified are noted on the labels of products.

Dr Brent—I think what you are talking about here is labelling for the presence of DNA or protein or the process that was used to produce the food. We label for the presence but not the process. That means that highly refined sugars and oils are not labelled even though the process of genetic engineering was used to produce that food. You do not label because you cannot detect any DNA or protein in there. So that is the current state of our labelling. In countries like the EU, for example, they have gone to processed based labelling.

Senator SIEWERT—Exactly, and 90 per cent of consumers want full labelling. There has still been no work done by the Commonwealth. Do you intend to take it to the states?

Senator McLucas—The question, Senator Siewert, is how would you enforce it? I have spent a lot of time thinking about this. How do you enforce a system which is not trackable one way or the other?

Senator SIEWERT—Sorry?

Senator McLucas—You cannot test it one way or the other. I recognise the EU has gone down this path, but if a food manufacturer uses a genetically modified food and it is refined to the point that you cannot actually identify the difference in the DNA—let us talk about canola oil—then if you put a label on it that says, 'This product has no genetically modified canola in it,' or 'This product does have genetically modified canola in it,' you cannot track that. You cannot work out using the final product whether that is true. That is the difficult thing.

Senator SIEWERT—You could require manufacturers to actually notify whether genetically modified organisms or processes have been used. There could be mandatory reporting for a start.

Senator McLucas—Yes, I understand that, but if someone wants to break the system the enforcement is almost impossible.

Senator SIEWERT—The same could be said for a number of products and a number of processes. You are relying on mandatory reporting in a number of these areas.

Senator McLucas—So how do you enforce it is the question I ask and I cannot answer that question. If a manufacturer is intentionally trying to hide the fact that they have used genetically modified canola then they can do it because we cannot test the final product and

say that it has GM material in it because the refining process excludes all of the DNA that could be tracked.

Senator COLBECK—We will just move off that for a moment. I would like to ask whether there have been any instructions issued at a policy or a FSANZ level for a review process. Page 11 of the fishing industry policy document says, 'A Rudd Labor government will review the provisions of the Food Standards Code relating to seafood to ensure that they adequately address the known risks.' Has a review been undertaken and, if there has, what are the results of the review?

Mr McCutcheon—In respect of the review of the seafood standard, as I think it is phrased in the election commitments—

Senator COLBECK—It just says that it 'will review the provisions of the Food Standards Code relating to seafood'. I suppose, yes.

Mr McCutcheon—There has been some preliminary work done by FSANZ on that matter. There is a range of standards in the Food Standards Code that would apply to imported seafood. Our preliminary assessment of that would suggest that in our scientific opinion the current standards—for example, the contaminant standard, the additive standard, the pesticide residue standard and so on—are set at levels that provide the appropriate level of protection for the Australian consumers.

Senator COLBECK—Effectively that is the advice you are sending back to government.

Mr McCutcheon—As I said, this work is still in progress, but that is our preliminary advice.

Senator COLBECK—Would the results of that work go towards reviewing the existing testing protocols for seafood imports?

Mr McCutcheon—That is a separate element of that particular election commitment, and that was one that the Australian Quarantine and Inspection Service was—

Senator COLBECK—I did have AQIS written next to it, but I thought there might have been some intersection between AQIS and FSANZ on that matter. I would have expected that there would be, particularly given some conversations we have had on other matters recently.

Mr McCutcheon—There certainly has been consultation and discussions between FSANZ and AQIS on the general—

Senator COLBECK—But they have carriage of that work.

Mr McCutcheon—That is their area—the actual testing regime.

Senator COLBECK—The primary industries document talks about consideration of amendments to the Food Standards Code to clarify country of origin labelling requirements. Has there been any instruction or any work done in respect of that commitment?

Ms Addison—Senator, there is nothing available.

Senator COLBECK—So there is no work occurring on that. You are not involved in the organic labelling. That would be done through the department of agriculture. I think the other one spoke of trade practices, so that would be somewhere else. Thank you very much, Chair.

CHAIR—It is three o'clock now and I was told that that is when we would change and go to sport. I am waiting for the arrival of the ministerial relief for you, Senator McLucas. We might break for five minutes at this stage. We have a number of people who want to ask questions of FSANZ after 4.15 pm. We have allocated 3 pm till 4.15 pm to the sport portfolio and then we will come back to you. We will break for five minutes to wait for the changeover.

[3.03 pm]

Australian Sports Anti-Doping Authority

CHAIR—I thank the officers from outcome 15, Sport. We will start with questions to ASADA.

Senator BERNARDI—I would like to ask you some questions about drug testing of the Beijing Olympic team and the Paralympic team. In regard to the Beijing Olympic team, how many of the athletes in that team were tested prior to the Olympics? I should be more specific—say, from February until the Games themselves.

Mr Ings—During the period of the pre Olympic Games testing, ASADA collected 1,541 samples and 640 blood samples from 846 athletes in contention for selection for the Australian Olympic team bound for Beijing. Every one of the 433 athletes finally selected for the team was tested at least once, 30 per cent were tested twice and 22 per cent were tested between two and five times.

Senator BERNARDI—Sorry, 33 per cent were tested twice?

Mr Ings—That is correct. Thirty per cent of the members who finally made the Olympic team were tested at least twice.

Senator BERNARDI—And what was the other figure you said?

Mr Ings—Twenty-two per cent were tested between two and five times.

Senator BERNARDI—What about with the Paralympics?

Mr Ings—The Paralympic program involved the testing at least once of all 164 athletes who were selected for the team.

Senator BERNARDI—Was there any testing of athletes prior to the selection of the team? You suggested there were 846 athletes in the pre-Olympic testing and not all of them made the team, so how many of those were there in the Paralympics?

Mr Ings—I do not have that data with me. I can confirm that all 164 athletes on the team were tested at least once, but I could take on notice if any additional athletes who did not make the team were tested prior to the games.

Senator BERNARDI—Thank you. I would be happy with that. Returning to the Olympic team, how many of the 1,541 samples were retained in what has been described as a deep freeze?

Mr Ings—ASADA operates a deep-freeze facility. It is something that ASADA flagged in advance of the pre Olympic Games testing. There were a total of 220 samples which were collected and subsequently put into The Tank, which is ASADA's deep-freeze facility at the National Measurement Institute in Sydney.

Senator BERNARDI—How many of those 220 samples were actually from individual athletes, rather than multiple samples from the same athlete?

Mr Ings—There were 220 samples which were put into The Tank, and prior to the program ASADA committed to ensuring that every athlete in medal contention—so every athlete receiving medal scholarship funding—would have a sample put into The Tank. I can take on notice and get you a breakdown of how many of those 220 samples relate to multiple samples from the same athlete.

Senator BERNARDI—I would be interested in that. I am certainly not making any suggestions of impropriety of athletes but there were some remarkable results. I am just interested in whether some of those athletes who perhaps were not identified as medal contenders had their samples retained.

Mr Ings—Again, ASADA does keep samples long term. It is only a subset of the total samples that ASADA would collect but, equally, for any athlete competing in Beijing the International Olympic Committee and the World Anti-Doping Agency put in place a similar program for the long-term storage of samples. So if an athlete did collect a medal in Beijing and they were not subject to long-term storage in Australia because they were not deemed to be in medal contention, their sample would have been collected and subjected to long-term storage by WADA and the International Olympic Committee.

Senator BERNARDI—I accept that, but I also accept that in a competition like the Olympic Games athletes peak for those sorts of events and quite often any doping violations take place well before that.

Mr Ings—Absolutely.

Senator BERNARDI—I am mindful of that. I am interested in how many individual athletes comprise those 220 samples, including multiple athletes. I am also interested in your criteria for retesting them.

Mr Ings—The criteria that we use for retesting is if ASADA should receive any information subsequently which would indicate that an athlete or a group of athletes may have been involved in using a prohibited substance which was not known at the time and for which there is a test available to detect that substance today. So it is not blanket retesting; it is not a fishing expedition. These samples are retained in the event that we uncover at a later date evidence which would suggest that an athlete may have been using a substance unknown at the time the sample was originally collected so we can target retest it with the new technology.

Senator BERNARDI—Of the 1,541 samples that were taken, how many were blood and how many were urine samples?

Mr Ings—I will have to take that on notice for the breakdown between blood and urine samples.

Senator BERNARDI—Similarly, do you store blood and urine samples in the deep freeze?

Mr Ings—ASADA stores urine samples in the long-term deep freeze. ASADA is working through the mechanisms that we would need to put in place for the more complicated long-term storage of blood samples. So these are predominantly urine samples.

Senator BERNARDI—What was the total cost of the testing program pre Olympics?

Mr Ings—The total cost of the program—the fully allocated cost—is approximately $1 million. That is what the Australian Sports Anti-Doping Authority committed to a series of initiatives, including our testing, our investigation and the long-term storage, working in partnership with the Australian Olympic Committee.

Senator BERNARDI—I am advised that in the ASADA annual report—I have not seen it myself but someone sent this through to me—it was revealed that there were 300 fewer tests conducted last year.

Mr Ings—Yes, that is correct.

Senator BERNARDI—Why is that?

Mr Ings—The reason there were 300 fewer tests is ASADA breaks up our testing program between a government funded component, which is a number of 4,200 tests which were completed in the last financial year, and then a user-pays component, where major event organisers and sports come to ASADA to pay for the commissioning of testing. The major difference in the test number is that in the previous reporting year there was the FINA world swimming championships where FINA, with their event, conducted approximately 300 user-pays tests, and of course that event was not held in the last financial year.

Senator BERNARDI—Okay. So you are suggesting to me there has been no increase in testing year on year—from last year to the year before—in a realistic sense because if you take out the 300 it is on a par?

Mr Ings—Yes. Approximately, for the last three years, there have been 4,200 government funded tests conducted. The number of user-pays tests can vary from year to year depending on major events. Two years ago we had the Commonwealth Games, where there were 1,000 additional user-pays tests conducted.

Senator BERNARDI—Okay. In the last three to four years there have been approximately 4,000 government funded tests.

Mr Ings—4,200; that is correct.

Senator BERNARDI—So there has not been an increase or an escalation in drug testing as would be suggested by a blitz on drug testing which we read about earlier this year. It is just the same but just changed the focus.

Mr Ings—It is true that the number of government funded tests have not increased. But to complement ASADA's testing program there has been significant investment and also significant capability built into conducting non-analytical investigations. So it is a new capability that can complement traditional testing, which means, if you look at it holistically, Australia's antidoping framework is much more capable of detecting doping violations because we just do not test but we work cooperatively now with other government agencies.

Senator BERNARDI—For the benefit of those of us who are not familiar with the terminology of non-analytical testing, can you briefly explain—I want to let you go as soon as I can—what it is.

Mr Ings—Yes, most definitely. There are eight actual different types of antidoping rule violations in the wider code. Only one relates to a positive test—that is, the offence of presence, the presence of a prohibited substance in a sample. The remainder relate to what are called non-analytical antidoping rule violations. So predominantly ASADA has been working closely with the Australian Customs Service on matters such as use, such as attempted use, such as trafficking and such as possession—offences which cannot be detected through traditional testing. With ASADA's broad relationships with Australian Customs, working with Customs on information they have collected, ASADA is able to prosecute such cases.

Indeed, if I may, in the last month there have been a number of announcements that ASADA has made of athletes who have been sanctioned based on information received from Australian Customs—most notably Andrew Wyper, an athlete in the sport of cycling, for the importation of anabolic steroids and human growth hormone, and Mark Rolands, another athlete in the sport of cycling, for the multiple use of a human growth hormone between 2005 and 2007, to identify just two of the recent announcements.

Senator BERNARDI—Human growth hormone and anabolic steroids, unless they are prescribed to you, are illegal drugs, aren't they, or you are not allowed to import them into Australia?

Mr Ings—That is correct. The Australian Customs Service is very vigilant on the borders at airports and mail exchanges in detecting such importations.

Senator BERNARDI—We accept that and I think the Customs Service do a great job and simply they are notifying you then of when people have been caught in possession of these drugs. Do they have to be registered athletes? Do you have a list of athletes that you give to Customs and say, 'These are the suspects we're interested in'?

Mr Ings—Within the ASADA legislation Customs can provide to ASADA information that they have collected with regard to seizures of prohibited substances at airports and mail exchanges. In our annual report we will be indicating that in the last year Australian Customs provided information to ASADA on over 1,800 individual seizures of steroids and human growth hormone coming in through airports and mail exchanges into Australia. The vast majority of those seizures do not relate to athletes, but it is prudent for ASADA to review every such seizure to confirm that no Australian athlete or support personnel has been involved.

Senator BERNARDI—Okay. So you are investigating whether athletes are involved in illegal conduct related to the possession of doping materials? Is that a fair characterisation?

Mr Ings—Just to correct, the Australian Customs Service and various state and federal police forces are looking at any criminal involvement that an individual may have with the importation and trafficking. Once that process is complete, ASADA is looking at the administrative process in partnership with Sport as to whether a violation of an antidoping rule for sport may also have been involved.

Senator BERNARDI—Okay. You have broadened the scope of gaining information with regard to doping violations or potential doping violations, but there has been no increase in blood or urine tests over, really, the last three years?

Mr Ings—That is correct. Indeed, in the last year before ASADA was launched there were 14 athletes through a testing only program who were detected committing antidoping rule violations. In the last financial year ASADA announced that there were 27 athletes who were found to have violated antidoping rules through a combination of our testing program and our enhanced capability to conduct investigations. So athletes involved in doping today in Australia have a much more significant chance than ever before of being detected and sanctioned because of this new framework.

Senator BERNARDI—But only if they are importing drugs themselves. Let us be realistic about it. If you are an athlete and you want to buy some steroids at your local gym, Customs are not going to detect you. It is only in-competition or out-of-competition testing that is going to catch you, realistically.

Mr Ings—Also ASADA does work in partnership with state law enforcement agencies. It is a combination—

Senator BERNARDI—I accept all of that. I accept that there are law-breakers and things of that nature, but realistically when people think about doping violations they think about athletes being tested. If you are an athlete who is not caught breaking the law, there is no greater chance of getting caught, because there is no greater level of blood or urine testing today than there was three years ago.

Mr Ings—An athlete would not necessarily have to break the law to have the matter referred to ASADA as well. If Customs or state and federal police detect any evidence that an athlete may be involved in the importation or distribution or use of prohibited substances, ASADA has access to that information to build a bank of intelligence that the authority can use in investigating and prosecuting antidoping rule violations.

Senator BERNARDI—Okay. I appreciate that. Let us move on. With regard to your Stamp Out Doping hotline, you had 42 calls last time we met. How many have you had now?

Mr Ings—I think the last information I have is the answer to the question on notice, which indicates that 42 calls were received. But I can take that on notice and get a more current figure for you.

Senator BERNARDI—You might bring that information with you each time and save some time. I ask you to take this on notice as well: the cost per call ratio to actually have this hotline operating, because it would be a stand-alone call centre.

Mr Ings—The cost per call is negligible. We have existing staff who are involved in conducting our investigations who field the calls when they come in on the hotline. In terms of receiving 40 to 50 calls per year, there is no incremental cost that the authority would incur in employing other persons to field those calls.

Senator BERNARDI—I accept that, so there is no need to get back to me with that information. But you can let me know the updated figure as to how many calls the antidoping hotline has received, since you are to provide the answer on notice.

Mr Ings—Yes. I am happy to take that on notice.

Senator BERNARDI—Just briefly, ASADA has had some issues, whether they be fair or unfair, relating to privacy and relating to confidentiality of some materials. In August of this year there was the publication of a list that had been provided to ASADA by Jason Akermanis about a hot list of potential dopers or something like that in AFL. Are you familiar with what I am talking about?

Mr Ings—Yes. I am familiar with the media reports, yes.

Senator BERNARDI—With the media reports, and that is what I am basing it on as well. Did ASADA conduct any investigation into the leaking of this list or the publication of this list and whether it was an internal issue with ASADA?

Mr Ings—No. The information to which you refer was actually provided to ASADA more than a year ago, so the reports as recently as June, as you indicate—

Senator BERNARDI—August.

Mr Ings—Or August of this year relate to information that ASADA had received and actually processed more than a year before that. There is no indication that information was provided by anybody at ASADA to anyone in the media. There is no suggestion from people in the media or from Mr Akermanis that there was any leak of confidential information. ASADA does retain a great deal of confidential information, but this information is also held by other parties, including athletes who make allegations, national sporting federations and support personnel for various athletes. So, no, I am confident in ASADA's processes and people to protect the confidentiality of the vast amounts of private information that we hold.

Senator BERNARDI—Have you seen any implications—this is the last question—of the reduction in the advertising for the antidoping program from the most recent budget?

Mr Ings—From ASADA's perspective, there has been no reduction. Our appropriation is the same. Our income from our user-pay testing is the same and our programs that we are implementing remained unchanged in the last financial year.

Senator BERNARDI—Okay. Thank you.

CHAIR—Are there any further questions for ASADA? If not, thank you very much. We will now call the Australian Sports Commission.

[3.21 pm]

Australian Sports Commission

Senator BERNARDI—Mr Espeland, congratulations on your appointment as the acting CEO of the Australian Sports Commission. The Beijing Olympic Games were an unqualified success for Australian sport. However, we have seen the departure of the CEO. We are going to see the impending departure of the chairman of the Australian Sports Commission. What planning has been undertaken thus far in preparation for the 2012 London Olympics?

Mr Espeland—We have a four-year planning cycle that commences about 15 months in advance, in this case, of Beijing for London. That process involves a transparent assessment of each of the national sporting organisations. It also involves what we term national pathways planning—a collaborative effort between the commission, including the Australian

Institute of Sport, and the sports, a review of AIS programs and also a review of our national talent identification programs. There is then a process to bring that material together for the board to consider funding for the next four years.

Senator BERNARDI—Has the board considered the funding for the next four years? If this started 15 months ago, has the board considered the funding for the next four years for sports?

Mr Espeland—We have made a submission to Mr Crawford. We will make a presentation to Mr Crawford, who is the chair of a sport panel for the independent review of sport. The commission will make a presentation on the key elements of its submission Friday week. Obviously, Mr Crawford has been required, as part of his terms of reference, to bring forward a report against the terms of reference, including a preliminary report on high-performance sport, before the end of this calendar year.

Senator BERNARDI—There is no firm plan for the 2012 London Olympics?

Mr Espeland—The sports have their strategic plans in place. We fund each year against those strategic plans. There is an ongoing process.

Senator BERNARDI—How can you fund against strategic plans when you do not know yourself what the direction is?

Mr Espeland—We do have an understanding of the resources available to the commission until the end of this year. That is where the funding is being provided against the current strategic and cost operational plans.

Senator BERNARDI—So you know about the funding until the end of this year, but you do not know about funding after that?

Mr Espeland—We have a considerable amount of money that is in our baseline. There are also a number of other measures that we would expect to be considered as part of the normal budgetary process which occurs in this cycle basically every four years.

Senator BERNARDI—But this is notwithstanding the fact that the minister has said that inflation is such a problem that sport is going to take a cut as well. She has said that. You are planning on getting budget increases; is that right?

Mr Espeland—I think the record will show that both the Prime Minister and the Minister for Sport have made public comment about support from the Rudd government for high-performance sport.

Senator BERNARDI—And yet they have not given you any indication—

Mr Espeland—There is a process and the independent review, which the commission accepts very readily. The model of Australian sport and the model of international sport does change. Internationally, I think sport is at a bit of a crossroad and so is Australian sport. It is right and proper to take stock and bring someone independent in, like Mr Crawford, who has a very good track record in terms of looking at sport issues.

Senator BERNARDI—I am not disputing his track record, but the fact is that right now there is no long-term strategic planning apart from this review because you do not have the

capacity in which to do it because you do not know about your budget, you do not know about your funding and you cannot provide any assurances to sport.

Ms Halton—There are a couple of things here. As Mr Espeland has said, the minister and the Prime Minister are on the record in relation to a commitment to high-performance sport. Secondly, the government has put out a paper in relation to its directions and it has announced the review. I think the minister has been at great pains to make it clear that there is not any backing away from support for sport. I think she has been at great pains to do that. She has, however, pointed out a couple of economic realities in relation to the budgetary environment, but it is in the context where she has said categorically that there is a commitment in this space. I do not think Mr Espeland can say anything much more than that. There is a process we are going through.

Mr Crawford is doing that review, which you are aware of. He is dividing up the work on the review so the first part, which he will give an interim report on early in his deliberations, is specifically in relation to the high-performance part precisely because of the budget cycle and the budget issues. I think the process is set up now to make sure the government has got early advice on this matter and that advice is provided to enable and inform the budgetary process. Then we will be in a position to move forward and give everyone what they want, which is some certainty.

Senator BERNARDI—When you talk about budget issues, $10.4 billion can be decided over the course of a weekend. I would suggest that near enough to 12 months is time enough to be able to determine future financing arrangements for sport.

Ms Halton—I have spoken to Mr Crawford about the time it takes. What he is doing is what he would say categorically is not an over-the-top analysis of sport. He has been quite clear to the minister and me that he wants to actually have a look on a sport-by-sport basis and to do this really thoroughly. That is what he is doing. You understand that sport has only come into the portfolio relatively recently. My judgement is that he is going to give us a very well considered report which will give the government a very solid basis on which to make decisions.

Senator BERNARDI—There are four people on the review panel; is that right?

Senator Chris Evans—I have five names here.

Senator BERNARDI—What is the remuneration for each of those people?

Mr Rowe—There is a daily sitting fee of $1,050 for the chair and $600 for the members.

Senator BERNARDI—How many days would you expect this review committee to sit? What would be the total cost of the review?

Mr Rowe—I am not in a position to give a total cost. It will depend on the number of days that they sit and the amount of travel. Currently, the review is funded for $500,000, and that position will be reviewed.

Senator BERNARDI—When is the review expected to report?

Mr Rowe—The review is expected to report in 2009.

Senator BERNARDI—When?

Mr Rowe—The precise date in 2009 will be a matter for the government and the chair to work out.

Senator BERNARDI—So it is an endless review, an endless summer?

Mr Rowe—I cannot comment on that.

Senator BERNARDI—And we cannot plan for the future quadrennium for the London Olympics until the review is reported, and yet we do not know when the review is expected to report? I find that extraordinary.

Senator Chris Evans—I think the secretary outlined for you that she had spoken to Mr Crawford about ensuring that he made an interim report on the high-performance end of his consideration. I do not know whether she is able to assist with a time frame, but certainly she reported that that would be the first step. We will be getting that earlier than the complete report. I do not know whether you have a time frame.

Ms Halton—I do not want to verbal Mr Crawford. He will be coming to a view in relation to this either at the end of the year or early next year, so in other words in time for the budget cycle and to give some assurances.

Senator BERNARDI—Thank you, I am sure we will talk about that.

Ms Halton—In due course we will.

Senator BERNARDI—No doubt. Mr Espeland, I will go back to you for a moment. Who attended the Beijing Olympic Games under an official accreditation but not as part of the team who was either in government or from the Australian Sports Commission?

Senator Chris Evans—I can say that I thought the minister for immigration should have been there.

Senator BERNARDI—Quite right.

Senator Chris Evans—But was not invited.

Ms Halton—I think I should say that I thought the secretary of Health should have been invited and was not.

Senator BERNARDI—And I am sure Mr Espeland would say—

Mr Espeland—Accreditations were provided by the Olympic movement to Mr Mark Peters, who is the retired chief executive officer, and Professor Peter Fricker, the director of the Australian Institute of Sport.

Senator BERNARDI—What about from government? Which members of the government attended? Minister, perhaps you can answer that.

Senator Chris Evans—I know the Prime Minister went and the sports minister and I know Mr Shorten went to the Paralympics. Has anyone got a list—

Senator BERNARDI—I am interested in who attended and what staff members attended from the government's perspective.

Senator Chris Evans—Sure. I will take that on notice if I cannot find anyone. I suspect, in this portfolio, we would only have people from within the portfolio. The minister attended.

Ms Halton—The minister attended.

Senator BERNARDI—Similarly, I am interested in who attended the Paralympic Games. You mentioned Mr Shorten.

Senator Chris Evans—I know Mr Shorten.

Ms Halton—And the minister attended, Minister Ellis?

Senator Chris Evans—But you want on notice the ministers and the ministerial staff.

Senator BERNARDI—And the ministerial staff who went.

Senator Chris Evans—We will take that on notice.

Senator BERNARDI—Mr Espeland, do you know who attended the Paralympic Games from the Australian Sports Commission?

Mr Espeland—Yes, accreditation was provided to me and to two other staff members. I can give you those names, if you like.

Senator BERNARDI—Yes, please.

Mr Espeland—Ms Deborah Waser and Mr Nick Hunter.

Senator BERNARDI—I want to go back to Ms Halton. Is the department undertaking or has the department been requested to undertake any investigation of a lottery style funding scheme for sport?

Ms Halton—No, Senator. I am aware that there has been some speculation around that style of arrangement but I am not aware that we have done anything specifically inside the department on that, noting that we are waiting on the review and a series of other things. What will be in that I cannot speculate on.

Senator BERNARDI—I am not in the habit of criticising. It was floated by the minister. I am just interested in whether it has been progressed, that is all. But not within your department? You would expect it to be modelled by your department, though, would you not?

Ms Halton—Certainly. As with all of these things, it would depend on the nature of the proposal. It would depend on whether it had tax implications. Would we do some work on it? Yes, very definitely, if this were a proposition. Would we go to other agencies? I think the answer is also yes, most likely.

Senator BERNARDI—The Australian Sports Commission would not be asked to make a proposal in this regard, would they?

Ms Halton—Certainly, the policy proposals that come forward to government would come through the portfolio proper. We do work with each of our agencies. Sometimes we ask them for details on input and sometimes we ask them for whole proposals. So I would not want to speculate. It is a hypothetical that we are talking about, but obviously the Sports Commission, in areas where they have an interest, would be a party.

Senator BERNARDI—But it was flagged by the minister.

Ms Halton—Yes.

Senator BERNARDI—She raised it publicly and nothing has been done about it as yet.

Ms Halton—No, but as I said, I think that is in the context that we have a review going on. Any number of things may be looked at. Mr Crawford is entitled and enabled to look at any number of things.

Mr Learmonth—Financing sport funding and the potential for diversification of that are part of the terms of reference of the Crawford review. So I would expect that the panel would look at a range of matters that go to funding.

Senator BERNARDI—But they would need to request some sort of modelling. Would they do that internally?

Mr Learmonth—That would be up to them, and to the extent that they need expert advice, expert assistance or support I am sure they will raise that and we will provide it in a way that is appropriate to the task.

Senator BERNARDI—Okay. But it has not been brought forward to the department as a request?

Mr Learmonth—Not as yet.

Ms Halton—Not at this—

Senator BERNARDI—Not at this point in time. Thank you. The current chair of the Australian Sports Commission, Mr Peter Bartels, finishes his term in November.

Ms Halton—Correct.

Senator BERNARDI—Has there been an appointment of a new chair?

Ms Halton—No, there has not.

Senator BERNARDI—When will we expect that to be announced?

Ms Halton—Obviously, that is a matter for the minister and for the government.

Senator BERNARDI—Can I go back to the Australian Sports Commission, Mr Espeland. We had some outstanding success in a number of sports, most notably—and I say this without being disparaging to any other athlete—a gold medal in men's diving, which is quite extraordinary. He is an AIS scholarship holder; is that right?

Mr Espeland—Previously the gold medallist was an AIS scholarship holder and more recently a New South Wales Institute of Sports scholarship holder.

Senator BERNARDI—So he was not funded by the AIS or the ASC in the lead-up to the Beijing Olympics; is that right?

Mr Espeland—Whenever the team forms on a national basis as the Australian diving team then support does flow through from the commission.

Senator BERNARDI—Yes, to the team but not specifically. I will come clean with you: I understand that he was in receipt of a special scholarship, if I can put it that way, and there are not many recipients of it; is that correct?

Mr Espeland—He was supported directly by the Australian Sports Commission with a direct athlete support grant and also under the government funded Australian government

sport training grant initiative. So there were two amounts of money provided to the athlete in terms of the run-up to Beijing.

Senator BERNARDI—So how many other athletes would have been in receipt of one of those amounts? The first one was the direct athlete support grant. How many athletes would have been in receipt of that?

Mr Espeland—There was at that particular time only the one.

Senator BERNARDI—Only the one?

Mr Espeland—Yes.

Senator BERNARDI—So he was truly a special athlete. Obviously he is a gifted diver; there is no question. But there was only one?

Mr Espeland—There was a question in terms of his eligibility for support under the government training grant. The commission took the view that this athlete was indeed medal potential and should be supported. So we did just that.

Senator Chris Evans—If you pick winners, they win.

Mr Espeland—And particularly in such dramatic circumstances.

Senator BERNARDI—How does an individual athlete not qualify for a particular general grant and then get a special award?

Mr Espeland—It is based in the first instance on benchmark events. This particular athlete left the sport and came back to it probably about the middle of last year, I think would be the case, and really did not turn up in force until the national championships held in January this year.

Senator BERNARDI—Would it be fair to say that he was in receipt of this scholarship because of the advocacy by a former member of the Australian Sports Commission board and the former CEO?

Mr Espeland—That is a private matter for that person in terms of supporting an athlete. I should also mention that his daily training environment was provided by the New South Wales Institute of Sport.

Senator BERNARDI—I am not critical of this.

Mr Espeland—And his coach was there. His coach needs to be congratulated as well.

Senator BERNARDI—I think it is a terrific thing—absolutely terrific—but I am concerned that the two people who identified this amazing talent and advocated and supported him are no longer part of the Sports Commission. That is what worries me. Who is going to be the next person who is missed because these two people are no longer there?

Mr Espeland—I am sure the selection process and the government's appointment going forward will throw up the right sorts of people.

Senator BERNARDI—Clearly, the selection process did not work effectively because they had to create a special brand of scholarship for this individual.

Senator Chris Evans—But isn't the evidence from Mr Espeland that there were special circumstances here in terms of the athlete leaving the sport and coming back late. The thing that I am most impressed about is that we actually showed the flexibility, which seems to me is not always shown in these matters, to actually accommodate that.

Senator BERNARDI—Minister, I agree with you.

Senator Chris Evans—No, I know what you are saying.

Senator BERNARDI—I agree with you, but my concern is that I do not want to see these sorts of medal-potential athletes slip through the cracks in the future. If only two people were out there advocating, which is what I am advised of, or strongly advocating—

Senator Chris Evans—If this had not happened, it would not be such a great story.

Senator BERNARDI—That is probably right. But we are not chasing stories.

Senator Chris Evans—No, but it is one of the highlight stories.

Senator BERNARDI—Absolutely right. There are a couple of other things I would like to talk to you about and I will address this to you, Ms Halton. The Blackwood Football Club received a letter from Mr Gary Gray, the Parliamentary Secretary for Regional Development and Northern Australia, committing $130,000 under a Better Regions initiative to lighting for their oval. You might say, 'What's that got to do with us?' It has got to do with you because Minister Ellis stated to a question on notice that the funding would be delivered under the Sport and Recreation Facilities budget. I am wondering whether the Blackwood Football Club is extremely fortunate and is getting two grants of $130,000 or whether the Labor Party does not know who is giving money to whom. While you are looking for that, I am interested in where the funds will actually be appropriated from.

Ms Halton—Which football club was it?

Senator BERNARDI—The Blackwood Football Club.

Ms Halton—Where is the Blackwood Football Club?

Senator BERNARDI—In the great state of South Australia, in the suburb of Blackwood.

Ms Halton—Sorry, I should have better geography.

Mr Rowe—I can confirm that the Blackwood Football Club is indeed listed for a grant of $130,000 to upgrade lighting, a grant that will be administered through this portfolio. I am sorry, I cannot comment—

Senator BERNARDI—On Mr Gray claiming credit for it. He wrote a letter to them and claimed credit for it. So it is not passing the buck; it is claiming the credit now.

Ms Halton—I am sure Blackwood are very happy.

Senator BERNARDI—I am sure they are, but they only got one lot of it instead of two.

Senator Chris Evans—I am aware that Mr Gray is very keen to promote his achievements in the electorate of Brand, but I have not noticed on past occasions an interest in promoting himself in Blackwood in South Australia. I am sure there is a good reason for it and I am happy to take it on notice, but I suspect we are talking about the one single payment which is administered by this portfolio. If I am wrong, I will correct the record.

Senator BERNARDI—So you will take that on notice. I would be interested in how it happened. Minister, while you are here and in such an expansive mood, have you tabled that list of election commitments?

Senator Chris Evans—Yes. Has it been circulated? I gave it to the secretariat.

CHAIR—Sorry, we should have done it. We apologise. We thought we had.

Senator Chris Evans—I thought it had been distributed because I gave them a copy.

Senator BERNARDI—That is fine. I just wanted to make sure it was and that you were not leading me astray earlier.

Senator Chris Evans—Madam Chair, at the previous hearing, Senator Bernardi and the former Senator Kemp were keen on getting a complete list of the Sport and Recreation Facilities funding and the minister was keen to provide it prior to this hearing. It has been completed. I think the last project was signed off on yesterday in time for the complete list to be presented today, so I formally table it on behalf of the minister and the department.

CHAIR—Thank you.

Senator Chris Evans—Sorry, Senator Bernardi. I thought it had gone around.

Senator BERNARDI—That is all right. I appreciate you compiling the list. It has obviously taken a great deal of time and I do appreciate it. Incidentally, how many programs are on this list?

Mr Rowe—There are 91 projects on that list.

Senator BERNARDI—These were the ones that were announced in the budget.

Mr Rowe—They are the projects that are listed under the 2008-09 budget measure, Sport and Recreation Facilities.

Senator BERNARDI—The minister did claim there were over 100 election commitments.

Mr Rowe—There were over 100 election commitments for Sport and Recreation Facilities. Not all of them are administered by the Department of Health and Ageing.

Senator BERNARDI—So some might indeed come under Mr Gray's portfolio?

Mr Rowe—Yes, and there were also in addition to that list separately itemised facilities in separate budget measures.

Senator BERNARDI—Which was only for about six or seven of them, if I recall, Mr Rowe. Is that right?

Mr Rowe—For other budget measures, I think there were four.

Senator BERNARDI—So I was being generous. That takes it up to 95.

Mr Rowe—There were other facilities that were reaffirmed by the government when they reaffirmed MYEFO and PEFO commitments.

Senator BERNARDI—So does 'reaffirmed' mean reannounced to say, 'Look what we're doing'?

Mr Rowe—No. There were commitments made in the Mid-Year Economic Fiscal Outlook and the PEFO listing; there were a number of those projects. Also, in the Health and Ageing document I could refer you to, *Budget at a Glance*, there are a number of other projects listed in that document.

Senator BERNARDI—Is the Mackay stadium in here?

Mr Rowe—No.

Senator BERNARDI—That does not come under this portfolio, then?

Mr Rowe—No. I will just check. I understand the Mackay sports centre is administered by the Department of Infrastructure, Transport, Regional Development and Local Government. That is the Mackay stadium.

Senator BERNARDI—Thank you, I appreciate that. There has been a commitment by the government to 30 communities for The Big Issue homeless soccer program. Is that correct, Ms Halton?

Ms Halton—Can you say that again?

Senator BERNARDI—There has been a commitment by the government, and I am just trying to find the exact details.

Ms Halton—Is this the international competition?

Senator BERNARDI—No, it is to fund a soccer tournament in 30 communities, I think.

Senator Chris Evans—Is this the homeless soccer tournament?

Senator BERNARDI—Yes.

Senator Chris Evans—This isn't the international homeless tournament?

Senator BERNARDI—I do not think so. It is dedicated to the 30 communities.

Ms Halton—The only homeless soccer I am aware of is the international competition which will occur in Melbourne.

Senator BERNARDI—Here it is. There is $3 million in funding to The Big Issue for development of its community street soccer program.

Ms Halton—I do not think that is under this portfolio, is it?

Senator BERNARDI—It would be.

Mr Rowe—Yes, it is administered in our portfolio.

Ms Halton—I beg your pardon. And is this the one that actually leads into the international tournament?

Mr Rowe—As I understand it.

Ms Halton—Yes.

Senator BERNARDI—The funding will be used to establish and operate the program in 30 communities across Australia and will benefit 3,000 participants. Are you able to tell me what 30 communities that will be?

Mr Rowe—I could not hear that question.

Senator BERNARDI—Can you tell me those 30 communities? I am happy to speak up. Senator Evans always tells me to pipe down in the chamber.

Senator Chris Evans—The sound is a bit low coming from Senator Bernardi.

Mr Rowe—I do not have the detail of the 30 communities.

Senator BERNARDI—Would you be able to take that on notice and get it for me?

Mr Rowe—I can take that on notice.

Senator BERNARDI—Thank you, Mr Rowe. Similarly, Minister Ellis has announced that the government will be providing around $400,000 in grants towards the Sports Leadership Grants for Women. Ms Halton, are you able to advise me how many grants have currently been awarded, and what is the value of those grants?

Ms Halton—That is an Australian Sports Commission issue.

Senator BERNARDI—Mr Espeland?

Mr Espeland—The Sports Leadership Grants for Women were jointly funded by the Office for Women and the Australian Sports Commission, and they are managed by the Australian Sports Commission. In 2008-09, 378 applications for sports leadership grants were received. The total request for funds was roughly $1.56 million, and leadership grants totalling $400,000 have been distributed to 144 projects throughout regional and metropolitan Australia. The projects cover five key areas: high performance coaching and officiating, Indigenous women, women in disability sport, women from culturally and linguistically diverse backgrounds, and women in general sport leadership.

Senator BERNARDI—Okay. Would you be able to provide me with a breakdown of how many of those projects fit into each of those neat little categories that you just outlined?

Mr Espeland—Yes, we certainly can.

Senator BERNARDI—Do you want to do it today or do you want to take it on notice?

Mr Espeland—Probably in terms of timing—

Senator BERNARDI—I am happy if you take it on notice.

Mr Espeland—We will take it on notice.

Senator BERNARDI—As long as you get back to us as soon as you possibly can. Similarly, I am interested in how many of these grants were in metropolitan areas.

Mr Espeland—We can give you the full split.

Senator BERNARDI—You said that 144 projects have been awarded.

Mr Espeland—Some are to individuals and some are actually to sporting organisations.

Senator BERNARDI—Thank you. Would you be able to provide us with that?

Mr Espeland—We can give you a full split.

Senator BERNARDI—I am actually also interested in the names of the organisations and individuals, if you could provide those as well.

Mr Espeland—We could also provide a brief description of what the project is.

Senator BERNARDI—It is always the best approach to give as much information as you possibly can. I have found that is very helpful.

Ms Halton—Was that a homily, Senator?

Senator BERNARDI—No, but I am happy to make it one. For the next couple of years at least I am happy to do that. I do have some other questions but I am mindful that Senator Lundy has a few questions. I am happy for her to ask a few.

Senator Chris Evans—Before you do, can I respond to an earlier question. Senator Bernardi, I am advised that in this portfolio in terms of Olympic attendance Minister Ellis, one adviser and one departmental staffer attended the Olympics. For the Paralympics, Minister Ellis, one adviser and one departmental staffer attended. I know that the PM went, and I am pretty sure Mr Shorten went in his capacity as the parliamentary secretary for disabilities. They are outside of this portfolio. In terms of this portfolio it was only Minister Ellis, one adviser and one departmental staffer for both events.

Senator BERNARDI—I appreciate that. They would have all received accreditation from the Australian Olympic Committee; would that be right?

Mr Espeland—I would say more broadly from the Olympic movement. Accreditations can come from other than the AOC.

Senator LUNDY—I wanted to take this opportunity to get a report back on our performance at the Olympics and the Paralympics. I know there has been quite a bit of commentary about it in the press, but I have made a habit over the years of getting an official report back for the parliamentary record.

Mr Espeland—I think overall for both Games it was a pleasing result. Obviously China, as we sought to do and did do in Sydney on home ground, looked to produce their best result and certainly did that. In terms of benchmark events leading into the Olympics and based on world rankings, there was probably an expectation that we would win something like 38 medals. It was not so much a prediction but based on objective criteria. The result was obviously up a reasonable amount from that.

It was good to see canoeing and diving on the final few days. If we could do as well in the stadium as we do in the pool then we would probably be up with China. That was pretty pleasing, particularly as two of our best athletes were not available through injury. I think there were some great stories. A silver medal in the 100 metres hurdles for women was an infectious aftermath for Sally.

In terms of the Paralympics, again it was a good result. The APC had been looking at 92 or 95 medals. We dropped off to around about 80. Again, China did remarkably well. I know that our deputy chair and head of the APC and IPC member, Mr Greg Hartung, has commented on how well the Chinese did in terms of supporting the Paralympics. I was there myself and it was great to see the stadium filled. It was a great meet.

Obviously there were some disappointments, particularly in cycling, which reflected the focus of the UK on that sport. That was down from Athens, where the results were first-class. But going in the opposite direction, there was significant improvement from yachting, for example. Indeed, the Australian Sports Commission and Yachting Australia have worked very

closely since Athens, because we did want to turn it around, in providing support for their new coaching structure and providing equipment in particular.

It was a case of recognising that in the sport of yachting the Australian culture is that we can handle the big winds but not necessarily the zephyrs and the venues with strong currents. More and more they are the type of venues that yachting events are held at. We very much worked with the sport. We included even strength and conditioning—that is, weight loss—for a number of our sailors. It was a very comprehensive approach to turn that around. That offset what were disappointing results from cycling.

The swimming was fantastic. A significant thing to note was the big improvement in our relay teams which I think can be directly attributed to the Dolphins and the broader swimming community accessing the new swimming facilities at the Australian Institute of Sport at Bruce. The new pool is not a competition pool; it is more of a training and research pool. It provides an opportunity for Swimming Australia to bring both the male and female teams together and practise the relays. Obviously the starts, turns and changeovers are crucial. You can gain or lose almost whole seconds overall.

Obviously, with the nonavailability of some of the male swimmers and the domination by that great American swimmer we still did pretty well. People like Brenton Rickard did fantastically well. There were a number of personal bests. Some old troopers are still going around. All in all, I think it was a games of good results, great colour and great cultural stories for Australians forever.

Senator LUNDY—Thank you for that. What was the medal count for both the Paralympics and the Olympics?

Mr Espeland—We finished fifth on the overall medal table and sixth on the gold medal tally winning 46 medals. That is down from 49 in Athens and 58 in Sydney.

Senator LUNDY—And the Paralympics?

Mr Espeland—I think it was a very good result. As I said before, we were not so much making predictions; we were just tracking benchmark events. We did have some people, like the diver we were talking about, who really blossomed in the last run into the games and produced fantastic results. Steven Hooker produced another great moment of high drama. Pole vault is quite good sports theatre. He had been ranked first in the world in 2007 but did not perform that well at the world championships in Osaka earlier this year, but he certainly came back and produced a fantastic result in Beijing in September.

Senator LUNDY—Have you got the Paralympics medal count there?

Mr Espeland—The Paralympics count was 79. It was down a bit. It is down a bit from Sydney, noting that the figures for Sydney included events for athletes with an intellectual disability. This is still very much an issue within the Paralympic movement. There has been a joint statement issued recently by the IPC and the international federation for athletes with a disability saying that the matter will be under careful consideration around about this time next year for possible inclusion of some events—and I say ‘possible’ but the signs are quite encouraging—in London.

Senator LUNDY—Thank you.

Senator BERNARDI—Mr Espeland, I will address this question to you. Page 2-32 of Budget Paper No. 2 states that there is a $22.8 million allocation for the Beijing and London summer Paralympics and the Vancouver winter Paralympics. Do you have a breakdown of how this funding is allocated to those particular events?

Mr Espeland—No. First of all, that is not the full measure of support.

Senator BERNARDI—It was labelled as 'additional contribution'.

Mr Espeland—Exactly, yes. In fact, I will need to check but possibly some of that was also for television coverage. Certainly I can provide a breakdown. But, in the end, it is a matter of working through with the APC. It is not specifically identified. There is some flexibility there for the sports in terms of their strategic plans. Our checks and balances are to make sure that it goes towards those sorts of measures that the government is looking for.

Senator BERNARDI—I make the presumption that that $22.8 million is for specific funding of the teams for those three events. Is that an incorrect supposition?

Mr Espeland—In fact, we have worked through with the APC, and we do have a breakdown of that $22.8 million which I can provide for you now if you like.

Senator BERNARDI—That would be great.

Mr Espeland—Some of it was to replace funding that was lapsing at the end of last year—$2 million for that; the Paralympic preparation program, $850,000; mainstreaming within sports, $750,000; enhancement for the AIS program, $750,000; Paralympic sports task force, $200,000; talent search program—

Senator BERNARDI—Can I interrupt you, Mr Espeland. It might be easier if you can table it if there is a long list of them with amounts of money.

Mr Espeland—We can certainly do that.

Senator BERNARDI—I appreciate that. Similarly, as you have labelled them additional contributions, can you tell me what the total government expenditure is on Paralympic sport?

Mr Espeland—It would be for this year $8.75 million. I think that is pretty close. I think last year it was about $1 million because there was $1 million last year for the television coverage. I think the ABC should be congratulated on the Beijing coverage for the Paralympics. It was fantastic.

Senator BERNARDI—That will be a matter for another estimates committee. I would hate to cross over here.

Mr Espeland—It does go to show that live television coverage really does profile a sport.

Senator BERNARDI—I agree. That brings me to another question. I think there was allocation of funding to establish a women's football league. It would not be your domain, but Ms Halton would probably know about the allocation to establish a women's football league, including televising of that league.

Mr Rowe—The funding provided for that is to the department, Senator Bernardi. The department under an MOU has made that funding available to the Australian Sports Commission. The detail of that particular item is probably best addressed by Mr Espeland.

Mr Espeland—The policy parameters of the additional money were to a facilities program for sport to cover the costs associated with the involvement in the Asian Football Confederation for assisting in the establishment of a televised national women's league and for a number of coaching initiatives right down through the sport.

Senator BERNARDI—Has an agreement been reached on the televising of the league?

Mr Espeland—I think there are still some discussions going on between the Australian Broadcasting Corporation and FFA.

Senator BERNARDI—So there has not been an open tender for the rights to broadcast this league.

Mr Espeland—This was a matter for the sport and basically for those television—

Senator BERNARDI—But you are administering the funds. You would want to make sure that there was an open and transparent process.

Mr Espeland—Not necessarily. It does not necessarily work that way.

Senator BERNARDI—You do not like open and transparent, Mr Espeland?

Mr Espeland—I do, but obviously these sorts of opportunities are known to all and it is a matter of coming up with who is interested in providing the coverage. Then there are bilateral discussions, and there could be a series of them, and an agreement is struck on a commercial basis between the sport and the television organisation. We are certainly looking to make sure the proper amount of money is spent in this process. But that is a commercial arrangement between the broadcaster and the sport.

Senator BERNARDI—Would it be correct to make the assumption that all free-to-air broadcasters, including the public broadcasters, and subscription television would be advised that funding was available for the broadcast of a league and that they should lodge expressions of interest?

Mr Espeland—The actual measure is to do with the establishment of a televised league. In the end, this amount of money is not ongoing. I suppose I am just being sensitive to my understanding of where the ABC are at in their discussions at the moment.

Senator BERNARDI—Okay. I do not want to traverse that. If you are only negotiating or talking to one party, it is not much of a transparent process, is it? You may as well get the government to just—

Senator Chris Evans—I do not know anything about the detail of this. But from the involvement I had before I know that when you have so few players often it only takes one telephone conversation to tell you that they are not interested. You can have a tender and go out for the best price, but if you know channel whatever says, 'That is not our market; we're not interested,' you are down to maybe two players at best pretty quickly.

Mr Espeland—Looking at other leagues, as one broadcaster has moved out, the sport obviously rings up other broadcasters and another takes up the position or else that sport is looking at a circumstance where they will not have coverage.

Senator BERNARDI—But all broadcasters would have received a phone call, wouldn't they?

Mr Espeland—In the end, every sport is looking for coverage. It is very, very important particularly for a middle sport, so to speak, particularly for women's sport. It is through the use of live coverage that the sport grows a profile. It grows its champions and it has its heroes. That leads obviously to the possibility of sponsorship and merchandising. It is crucial as a first step along the way to building a business.

Senator BERNARDI—Thank you.

CHAIR—You only have five minutes left and I know that Senator Ryan has a couple of questions.

Senator BERNARDI—I have two more questions if that is all right. Minister Evans, can you please advise me of the name of the adviser who attended with Minister Ellis?

Senator Chris Evans—I will take that on notice.

Senator BERNARDI—I am happy if you take that on notice.

Senator Chris Evans—In taking that on notice I will check whether we normally give up the names of personal staff. I want to warn you about that because we have had some understandings previously at estimates about whether we divulge the names. I will take both whether I want to give you the name and the name on notice.

Senator BERNARDI—Like when you told me that you wanted to give me this list seven months ago. It took seven months to get the list—seven months!

Senator Chris Evans—All I am saying is that I seem to recall that the practice over years has been that we do not actually name the staffer. I will take both on notice. But there was one on each occasion.

Senator BERNARDI—Are you going to write me a little note on why it did take seven months to get the list?

Senator Chris Evans—All I can say is that since I have been on the job you have got the list.

Senator BERNARDI—You were on the job seven months ago.

Senator Chris Evans—I have been compiling the list.

Senator BERNARDI—On 18 March I asked for it. You are a slow typer, let me tell you.

Senator Chris Evans—To be honest, if I were typing it it would have taken seven months, as my staff will attest.

Senator BERNARDI—I have one last question. Professor Fricker, I address it to you as the head of the Australian Institute of Sport and in charge of sports science and sports medicine. Have there been any research undertaken or requests to conduct research or consideration of conducting research into genetic testing of athletes?

Prof. Fricker—No. There has been some discussion about where the Australian Institute of Sport might participate in some aspects of gene testing of athletes, but no decisions have been made on that.

Senator BERNARDI—In the interests of time, it is something I would like to explore at a future estimates so please bring along the information. I would appreciate that.

Prof. Fricker—Certainly.

Senator RYAN—Minister, my question relates to the list I referred to before, which I now have further information about, which was sent by Minister Roxon to the President of the Senate on 15 October. It was all of the approved grants within the portfolio for the period 24 June to 29 September this year. It relates to some of the sports grants. It appears that some are listed there and some are not. I want some clarification of what the department actually administers and what it has tabled.

On 1 July the Minister for Sport and the member for Corio announced the government's funding to upgrade Skilled Stadium in Geelong. On the same day it announced just under $400,000 of funding for three other clubs or facilities in the Geelong area. I was wondering why some were on that list that was sent to the President of the Senate, in particular Geelong Skilled Stadium, but the other three facilities—the Corio Bay Rowing Club, Key Reserve, Torquay, and the South Barwon Football Club—were not on the list tabled to the Senate.

Ms Halton—I will have to take some advice on that, Senator. It will be a technical explanation about the nature of the commitment et cetera. It may be which portfolio it is.

Mr Rowe—With regard to Skilled Stadium, I am just checking where that is administered.

Senator Chris Evans—I think it might be under another portfolio.

Senator RYAN—Skilled Stadium?

Senator Chris Evans—Yes.

Senator RYAN—Skilled Stadium is actually on your list. It is the other three that are not.

Senator Chris Evans—I see.

Ms Halton—It will be one of two reasons: either there is something technical about how that list is drawn up and/or it is in the other portfolio. In either event, I am going to have to basically get the advice.

Senator RYAN—Does the department keep a list? It strikes me that while the Minister for Sport is announcing these things they would probably fall within this portfolio more often than not. I am new here, so I would have made the assumption that common practice was that many times it would fall within the portfolio. Does the department have a list of grants announced by the Minister for Sport but that are not administered by your department, if that was the explanation as to why it would not be in this particular list sent to the Senate?

Senator Chris Evans—We will get you an answer to that, but the point is that, for instance, I often do announcements in Western Australia as a WA based minister in other portfolios. It is often that sort of thing.

Senator RYAN—I appreciate that.

Senator Chris Evans—But you said Skilled Stadium was on the list of the 91. I cannot find it there.

Senator RYAN—I have it—

Senator Chris Evans—I thought Skilled Stadium—

Senator RYAN—This is not your list. This is a list—

Senator BERNARDI—I have 125 on my list.

Senator RYAN—This is a list that I referred to in another question to another part of the portfolio.

Senator Chris Evans—Skilled Stadium was in the former government's projects list that I had.

Mr Rowe—Skilled is administered in this portfolio, I can confirm that—that is the Geelong stadium.

Senator RYAN—It is the other three that—

Senator BERNARDI—It is not on this list, though.

Senator Chris Evans—It is the former government's project. Skilled Stadium was actually the Howard government's initiative, according to my notes. So that is why it would not be on that July-September—

Senator RYAN—This is not a list I am referring to.

Senator Chris Evans—No, that is why it would not be on the July to September statement, though, because the funding was in the previous financial year.

Senator RYAN—It is on a June to September statement here, Skilled Stadium.

Senator Chris Evans—All right.

Ms Halton—We will take this on notice and sort it out.

Senator RYAN—I would be interested in whether the department had a list of announcements made by the Minister for Sport that were not administered by your portfolio.

Ms Halton—No, not generally, Senator. It is exactly as Senator Evans says. If it is sport relevant we may know about it, but we do not methodically gather up all of the announcements any of our ministers make which are not our administrative responsibility.

Senator Chris Evans—I think what the department can do is give you information on all the facilities that it is engaged in funding and probably give you a heads-up as to whether Infrastructure is funding some others.

Ms Halton—But we will go looking for these three.

Senator RYAN—I would appreciate that, because they are on the list Senator Evans tabled but they are not on the list here. So it is approval times.

Ms Halton—We will find out about that.

Senator RYAN—Thank you.

Ms Halton—Senator Bernardi, with regard to Blackwood—

Senator BERNARDI—Yes, a fine suburb.

Ms Halton—A fine suburb.

Senator BERNARDI—Good football team.

Ms Halton—In an excellent town. I can now tell you that the Gary Gray letter was apparently prior to the budget, so it is one commitment. The funding came into this portfolio.

So when the moneys were appropriated in the budget the issue of which portfolio was administering which commitments actually became clear. It is administered out of this portfolio, but that is why apparently—

Senator BERNARDI—Just to clarify, Gary Gray wrote to the Blackwood Football Club before the budget saying, 'Congratulations, you've got this money.'

Ms Halton—In relation to a commitment.

Senator BERNARDI—The minister then wrote after the budget—

Ms Halton—Because then the money had been allocated to us.

Senator BERNARDI—saying the same thing?

Ms Halton—Yes.

Senator BERNARDI—What date did the minister write to—

Ms Halton—That I cannot answer.

Senator BERNARDI—Could you take that on notice and let me know, please?

Ms Halton—We can take that on notice.

Senator BERNARDI—Because it seems like there is a grabbing of glory: it has already been announced once and they are going to announce it again. There is a pattern of this, it appears.

Senator Chris Evans—I have seen projects where the sod has been turned eight or nine times, Senator.

Senator BERNARDI—There are a few sods that need turning over, I think, in the lower house, then.

Senator Chris Evans—Both sides are just as guilty of that, so I do not think we will go there.

CHAIR—Thank you very much. That is the end of sport. We will return to FSANZ.

[4.20 pm]

Food Standards Australia New Zealand

CHAIR—We will now go to questions to FSANZ.

Senator SIEWERT—It may just be a policy question I am asking. I want to take up where we left off in terms of labelling. We were up to the issue around traceability et cetera. I am just wondering whether either FSANZ or the department has done a review of how the process in Europe works. They use a traceability process so that each component has documentation of the nature of the materials. As I understand, it has been operating since 2004. So I am wondering: if Europe can make it work why we cannot—or has there even been a look at or a review of the process that they use?

Dr Brent—After the GM food labelling standard was approved by the ministerial council they put a proviso on that that three years after the approval of the GM food labelling standard a review would be undertaken. That review was undertaken and that review also included a comprehensive summary of all of the GM food labelling regimes across the world, including

the EU. The opinion that came out of the ministerial council was that Australia's current GM food labelling standard was fine, was operating properly, and they did not want any further work done on it at that time.

Senator SIEWERT—When was that review carried out?

Dr Brent—It was carried out three years after the approval. I am not exactly certain. I think it was around 2003.

Senator SIEWERT—The review was carried out in 2003?

Dr Brent—Yes.

Senator SIEWERT—Okay. If it was carried out in 2003, that is five years ago, and the year before the new standard came in in the EU. So my question still stands: have you looked at the new process that is used in the EU and the documentation process about the traceability issue?

Dr Brent—Actually, I think at the time of the review that we did for the ministerial council the EU had changed their labelling regime from the presence to the process. So we did look at that at that time.

Senator SIEWERT—Okay. Could you just clarify that for me, because I understand it is since 2004 and another process has been operating?

Dr Brent—Senator, I am not sure exactly what process you are alluding to in 2004, but we could take that on notice.

Senator SIEWERT—If you could, that would be appreciated because, as I understand it, the new labelling requirements came into practice in 2004.

Dr Brent—With regard to the process that goes on in Europe, it is quite a lengthy and convoluted process to get something changed. It is possible that at the time that we did the review for the council we already knew what was going to happen and it may have taken a while—until 2004—to get that into their legislation, but we can check that for you.

Senator SIEWERT—If you could, that would be appreciated. Is the review on the web?

Dr Brent—It was certainly made public.

Senator SIEWERT—I will find it on the web then. I do not want to ask for something that I can find myself.

Dr Brent—It was a very lengthy review.

Senator SIEWERT—Okay. Thank you. Can I go on to the Greenpeace report that was released yesterday and their comments around some of the approvals of some of the products that have been signalled in the report as being of concern. They are products, as I understand it, or components of products that FSANZ has approved. One of the ones they talk about is MON863 maize, which has been found to produce evidence of liver and kidney toxicity. Have you looked at the new information that has come out on that?

Dr Brent—The issues around MON863 have been looked at extensively over many, many years by many, many people. We have looked at that data very comprehensively, like other regulators around the world have, and we simply do not believe that there is good evidence

that there is liver toxicity from MON863, and that is the view also of other regulators. That particular maize is approved in Canada, the US and Japan. I am not sure, but I think it has also been approved in the EU now. It has certainly been looked at by the European Food Safety Authority and they came up with the same view as all the other regulators around the world. So the evidence or the information that has been put out by some of those groups is not very well presented. It probably misinterprets what the data actually says.

Senator SIEWERT—I am not going to have time to go through all the products that they list—and I will put some on notice, because I appreciate the time—but another one they talk about is Bt63 GE rice. I understand there is contamination of Chinese rice products with this particular product and that both the EU and New Zealand have been implementing testing regimes to test for this particular brand. Is Australia?

Dr Brent—I think Bt63 rice was one of the issues, one of the others, that they quote in that report. That report, by the way, we only received on Monday, so we have only had a quick look at it. Those are issues where there were accidental contaminations of unapproved events that happened in the US, for example. What we have done there is we have had a look at the available data from the companies and also from our regulatory colleagues, because we have MOUs with those colleagues and we can swap data and information on a daily basis. Those products are still illegal to be sold in Australia. They are not approved. Bt10, for example, and Bt63 are not approved. They are illegal to be sold. But on the basis of the data that we received, we did a risk assessment and our opinion was that if those products were coming into Australia, they would be coming in, if at all, in very, very small quantities and the risk to public health and safety was very, very small. So it is a case where they are safe but still illegal and out of compliance.

Senator SIEWERT—You have not asked AQIS to test for the presence of that particular rice in products coming in?

Dr Brent—Again, I would have to take that on notice, but I am pretty sure at the time we asked AQIS to put these products on their risk list to be looked at for imported foods.

Senator SIEWERT—So you did put it on their list?

Dr Brent—I would have to take that on notice, but I am pretty sure. That is normally what we would do—we would tell AQIS that something could be coming in and that they should be looking at it on their risk list.

Senator SIEWERT—If you could take that on notice, that would be appreciated because as I understand it they do not test for it unless you ask them to. Thank you.

Dr Brent—Senator, just as a clarification, when we give AQIS advice about what goes on the risk list, it is only when we consider it to be a human health and safety concern. In those cases, our advice was that there was no human health and safety concern so they may not have been put on the risk list, but we can take that on notice.

Senator SIEWERT—If you could, that would be appreciated because I understand in fact that New Zealand, for example, did and withdrew the product's availability in New Zealand.

Dr Brent—Again, I cannot comment on what New Zealand did at that time. We could use our networks to find that out for you.

Senator SIEWERT—If you could, that would be appreciated. Is the risk analysis that you did a publicly available document or is it a document that you could table?

Dr Brent—The risk analysis on Bt63 or Bt10?

Senator SIEWERT—The Bt63.

Dr Brent—Certainly when we did those risk assessments we put some information up on our website about our risk assessment opinion.

Senator SIEWERT—Again, I will go there. You do not need to table it. If it is there on the public record, I will go and find it. Thank you. There are a series of products that the report talks about so I will put those questions on notice. What I am also particularly keen to go through with you, though—and I will try to do it quickly, Chair—is what postmarket monitoring of the effects of GE food on human health you are doing. I am thinking about the allergic reaction and those sorts of things. Who is responsible for doing that?

Dr Brent—When we receive an application for approval of a GM food, we do in our view—and the view of WHO, FAO, Codex and other regulators around the world—a comprehensive safety assessment. Our opinion at the end result of that is that these foods are safe. During the safety assessment we look at the history of use and the safety of the donor organism and the host. We look at the potential for toxicity and allergenicity. We look at the molecular characterisation and the compositional analysis of the GM food compared to the non-GM food. So, having said that it is safe, we do not believe there is any necessity to look at postmarket monitoring.

Senator SIEWERT—So you do not do any—that is the bottom line?

Dr Brent—We do not do it because we do not believe it is necessary.

Senator SIEWERT—There have been allergic reactions to GE products, however, haven't there?

Dr Brent—I do not know where you are getting that information from, but our evidence certainly shows that there have been no allergic reactions to GM foods.

Senator SIEWERT—I have a whole heap of different papers that indicate allergic reactions to different GE products.

Dr Brent—In humans?

Senator SIEWERT—In humans, yes.

Dr Brent—I am sorry, but we are not aware of any of those allergic reactions and we do comprehensive scoping of all of the available evidence. I am happy to have a look at anything you have got there. We are always happy to look at new data, but every time we do a safety assessment of a GM food application we take all of the evidence into account. As I said, the same data and the same opinions have been a result of these assessments that have been done by the US FDA, Health Canada, Japan and the EU, so if there were really allergic reactions to GM foods I am sure all of those regulators would have found them. If there was any issue at all about allergenicity or toxicity or any human health and safety concern, FSANZ would not approve a GM food. I can assure you of that.

Senator SIEWERT—Have you ever knocked back a GM food?

Ms Halton—Senator, you say you have got a number of articles. We would actually be interested to see those.

Senator SIEWERT—I do not actually have them here, but I do have them in my office so I will make sure I send them.

Ms Halton—Thank you. That would be great.

Dr Brent—There have been some experiments done where people have looked at transferral of a brazil nut gene into another plant. They are experiments; they have never been commercialised. You have got to put it into context.

Senator SIEWERT—You do not actually test the products yourself, though, do you? You rely on industry data.

Dr Brent—That is right. We rely on industry data but also all of the available data from scientific literature from our regulatory colleagues, from the World Health Organisation and, as I said, the Food and Agricultural Organisation and the Codex Alimentarius Commission. I think it is fair to say that the overwhelming consensus of scientific opinion is that GM foods that have been approved are safe.

Senator SIEWERT—I think I would beg to differ on some of the evidence that I have read. Have you ever knocked back a GE product?

Dr Brent—The answer to that is no.

Senator SIEWERT—I understand some other food regulators in other countries have.

Dr Brent—I think I will answer that question by saying that, for just about every application—I cannot say every one—we have ever received on a GM food, our process is that if we require any clarification at all on any aspect of the assessment we go back to the applicant and ask for clarification. So that might be results on experiments that are not clear and so on. We do that on a routine basis between us and the applicant, but we do not publicise that. That just happens under our process.

Again, we also put in a lot of work up-front when we receive an application or when we receive advice from industry that they are going to submit an application. So we meet with them and we make sure that all of the evidence that we require under our guidelines is present in the application package. What Greenpeace may be alluding to is that when that same sort of process happens in Europe and the European Food Safety Authority requests some clarification from the applicant then that is made public. I think that is what they are alluding to but I am not sure. The answer is no, we have never knocked back an application, but for the majority of those applications we have asked questions and we always have that right to do so. We have the high ground in this process.

Senator SIEWERT—Are there any products that are banned elsewhere that you have approved in Australia?

Dr Brent—I think recently the Austrian government banned the growing of GM foods, GMOs. I am not sure they banned GM foods coming into Austria. But as far as I know there are no bans by other countries. Certainly all of the approvals that we have given—and, again, Greenpeace got it a little bit wrong in their report because they talked about 50 approvals; we

have only given 36 to 38 so far, so they got that wrong—are also approved in the US, in Canada, in Japan and many of them in the European Union as well now.

Senator SIEWERT—All of the ones that you have approved have been approved in the EU?

Dr Brent—No, almost all of them—many of them. In the EU, they have approved at least greater than 20 GM foods. We have approved 38 and the US has approved up to 90.

Senator SIEWERT—Can we go back to the EU. Are there products there that have applied and been knocked back but we have approved—you say there are 20—or have they just not bothered to try to get them into the EU?

Dr Brent—What I can say is that quite a few of the approvals that we have given here have also been approved in the EU.

Senator SIEWERT—Quite a few but not all.

Dr Brent—Not all of them. As I said before, the EU are a little bit slow in terms of their approval system, and their approval system is quite convoluted. What happens over there is that an applicant will apply for a GM food approval through a member state and then that member state refers it on to the European Food Safety Authority for their scientific opinion. Then it has to go through other processes such as the European Parliament, the Council of Ministers and then the European Commission, so it takes a while. Also, history would show that in the past the European Commission and the European Union have been a bit slow in terms of that approval process.

Senator SIEWERT—Okay. Can we just go back to the Austrian example. Did they just ban the growing of GMOs or growing for GMO products?

Dr Brent—Again, I am not 100 per cent sure what they have banned, but I think it is the growing of GM foods. Bear in mind also that Austria has taken a unilateral decision against the EU on this. So the European Commission and the European Union could actually take Austria to court to reverse what they have done. I do not know whether they will or not, but that is the process that operates over there.

Senator SIEWERT—So, when we are told that a certain crop has been banned in Austria, is that because there is an across-the-board ban on the growing of GMOs?

Dr Brent—Again, I would have to take that on notice because that Austrian decision was taken, I think—I do not know—a month ago or so. So I think it is about the growing, but it could be across-the-board. I am not sure.

Senator BOSWELL—Madam Chair, I just wonder whether I could ask Senator Siewert if she has much more, because I have to be somewhere else and I am trying to be in two places at once.

Senator SIEWERT—I do not have much more on GE. I am just about finished on GE, but I have some other questions on FSANZ.

CHAIR—When Senator Siewert finishes her GE questions, if it is okay with you, Senator Siewert, we will go to Senator Boswell. I know that Senator Boyce has some FSANZ questions as well and I want to finish FSANZ by about five past.

Senator SIEWERT—Okay. Just to clarify, there is no post-approval review of any of the products that you have already approved?

Dr Brent—There is no postmarket monitoring per se. There were attempts in the UK to do some research on this issue. The UK Food Safety Authority or agency actually commissioned some research to see how difficult it would be to do postmarket monitoring on GM foods. I think the result of that and the consensus was that it was virtually impossible to do that sort of work. I think the UK spent almost £1 million on that research and it was dropped.

Senator SIEWERT—Thank you.

Senator BOSWELL—Was FSANZ made aware of media reports in the US in April 2007 about the issue of melamine additives in pet food that caused the deaths of 14,000 pets?

Mr McCutcheon—Yes, we were aware of those reports.

Senator BOSWELL—Has FSANZ received any advice from the States or overseas authorities on concerns of melamine additives in the following products that are exported by China: wheat gluten, rice gluten, rice protein, rice protein concentrate, corn gluten, corn gluten meal, corn by-products, soya bean, soya gluten, soya meal and mung bean protein? Have you received any advice from the States concerning melamine additives in those products?

Ms Fisher—We did receive advice from the US Food and Drug Administration during the pet food scandal earlier on and some of the products that you named were looked at as possible sources of the melamine contamination and there was found not to be a problem in Australia.

Senator BOSWELL—Has a testing regime been put in place for melamine additives in any of those products?

Ms Fisher—In relation to food for human consumption, we have looked at some of those products like soy milks et cetera because they were seen as a potential source where you might get melamine contamination. So we did add them to our testing regime in this latest melamine incident.

Senator BOSWELL—You have tested. So who did the testing?

Ms Fisher—We work collaboratively with the Commonwealth, states and territories and New Zealand and we have developed a coordinated survey plan so the task was divided up amongst different states and territories. They went out and collected the samples and sent them off for analysis. So we certainly looked at soy milk. We divided it up into products that might potentially be a human health and safety concern, so rice protein was not on the list but soy was.

Senator BOSWELL—Can the department guarantee that no melamine contaminated pet food has been imported into Australia from China?

Mr McCutcheon—That is not really our area of responsibility. Pet food sits under the Agriculture portfolio.

Ms Fisher—We understand they are investigating the most recent reports of—

Senator BOSWELL—So if a tin of pet food comes in, that does not come under FSANZ?

Ms Fisher—No.

Senator BOSWELL—Okay. Europe has banned imports of baby food containing Chinese milk. I take it we have banned it, too?

Ms Fisher—Infant formula is not allowed into Australia because it has a high dairy content and there are restrictions on dairy products coming into Australia for quarantine reasons. But as soon as we heard the news about the infant formula contamination in Australia, we asked the states and territories to go and check that there was no illegal product on the shelves, particularly in Asian grocery stores.

Senator BOSWELL—I will get to that in a minute. Can the department guarantee that no food additives that are contaminated with melamine, including those banned by the US FDA, which I have previously mentioned, have entered Australia from China?

Mr McCutcheon—We cannot give guarantees but we can say that melamine is an adulterant and adulterants are banned. If adulterants of that kind are found in Australia, then they are automatically—

Senator BOSWELL—How do you find them? That is the point. I am familiar with AQIS and it seems to me that plant and other imports coming into Australia have a greater security than food coming into Australia. It seems that AQIS intercepts any plant or rural product coming into Australia at the gate. This particular foodstuff can come into Australia and get on the shelves, and, when the alarm is raised that 14,000 pets have died or four babies have died because of this, it triggers you to inquire. You then go around and ask the state governments to take some action, or the state governments ask you to take some action. It seems to me to be a very loose way of protecting Australia's health. In fact, AQIS would stop something with a disease at the gate, whether it be fruit and vegetables or a plant. However, the system that is set up in Australia seems to allow foodstuffs or products to be imported, and the system seems to be very lax—more lax than the requirements on plants and animals. I think that maybe someone has to investigate this. It seems to me that the alarm gets triggered after the event, and I do not think that that is satisfactory.

Senator McLucas—It is a reasonable comment you make, but can I put it this way to you: why would we test for melamine when you are looking in a milk product? Why do we not test for cyanide in a milk product? You do not know it is there until you are advised it is there. The testing regime that we would have to undertake would be so enormous and you would be taken to the World Trade Organisation for trade related inappropriate behaviour. Do you understand the point I am making?

Senator BOSWELL—I do understand it.

Senator McLucas—But you cannot test for something that you do not know is going to be there. This is a criminal activity in China and these people were intentionally trying to avoid—

Senator BOSWELL—I am not criticising the people.

Senator McLucas—No, I understand that.

Senator BOSWELL—They were riding to instructions. I am not making any criticism of the department, but it seems to me that we have less scrutiny on the foodstuffs that people eat than we do on plants and animals coming in.

Ms Halton—I do not know that I agree with that proposition, and I will tell you why. Basically, with plants, what we are doing is we are indulging in a quarantine process and we are actually looking for a range of known problems in relation to securing and being sure that we do not import diseases. As you know, one of our great strengths as an exporter is as a clean, disease-free agricultural sector—something you are much more familiar with than I am. But we know what we are looking for in respect of agriculture. We actually know what it is we are trying to stop coming in and we basically go looking for it and we put up every barrier we can find to it.

In relation to prepared foods and foodstuffs, as we have just been discussing, I actually genuinely think the issue is far, far bigger and far more complicated. It is exactly as Senator McLucas says: the only way to put up the same kind of impenetrable barrier is to test every single product, every batch of every single product, for every known thing that you can humanly think of. Practically speaking, that is not deliverable. So what do we do? We basically have a range of risk based assessments we make, but we also rely offshore on our colleague regulators and things of that sort. It is exactly as Senator McLucas says: what we have in the Chinese circumstance is criminal behaviour. Yes, we react to that when we see it, but for naturally occurring and other kinds of problems we do manage on a risk basis. But I really do not think drawing the same parallel with agriculture is actually a fair thing, because it is a different basis on which we are operating.

Senator BOSWELL—Thank you for that, but I have a lot of other questions and I know that I will get the gong if I do not hurry with them. With imports from China, we must have rung an alarm bell. Can the department guarantee that no confectionery, biscuits, chocolates—M&Ms, Snickers—or anything else that comes in from China that could have been contaminated has entered Australia? The alarm bells are ringing now. Have we tested biscuits that come in? Have we tested all the foodstuffs that are coming in?

Ms Fisher—We have tested a range of products. In fact, one particular brand of biscuits has been found to have melamine contamination—low levels that do not represent a risk to health and safety. So those products have been taken off the market. We have tested more than 120 foods so far and there is more still to come and, of those, there have been only five positive detections and only one of those—

Senator BOSWELL—I am pleased that there are only five, but five can do a lot of damage, particularly if it is a popular line. Once the alarm bell goes off, I think it is reasonably important that tests are done on products that come in from these countries that have been found to be using this product.

Ms Fisher—Indeed, and that is why we did move to a pretty extensive testing program and we were able to share information with our international counterparts and go and test any products that they had found detections in and vice versa.

Senator BOSWELL—I am sorry to cut you off, but I have to get through this. What about frozen vegetables? Are you testing them when they are coming in from China?

Ms Fisher—There was a report that melamine had been detected in vegetables from China. It is from a questionable source and we are pretty sure it was a false report. However, we did test mushrooms, because of the four vegetables named they seemed the ones, if they were contaminated, most likely to be of concern. We just had results this afternoon showing zero detection. The Koreans and Malaysians were also tested and also no detection of melamine was found. So it does seem pretty likely that it was a false report.

Senator BOSWELL—So you cannot guarantee it. How many tests have you done on vegetables?

Ms Fisher—We just tested the mushrooms, because by that stage we were pretty certain that it was a false report. It originated from a Falun Gong newspaper article and the references they gave to other articles did not exist.

Senator BOSWELL—I know Falun Gong is not a reliable source, but if there is melamine in foodstuffs I would have thought that all vegetables coming in from China would have—I do not mean you have to test every piece of carrot or something, but reasonable tests on vegetables should be carried out.

Ms Fisher—If there had been melamine present in vegetables it would not have been through melamine adulteration, as happened with milk. I will just hand over to my scientific colleague to explain how it might have got there and why it is not of such a concern.

Dr Bartholomaeus—Melamine has been added to milk deliberately to mimic protein. So first of all, that is why it is not readily detected, because if you do a normal detection for protein this shows up as protein. That is why it was put there. With vegetables, there is no incentive to add melamine for that purpose, because that is not a value-adding aspect of the vegetable. The way melamine may get into vegetables, if it were actually occurring, would be through its use as a fertiliser, because it releases nitrogen slowly in the soil. It is not used for that purpose in Australia or in the United States. But it is possible it might have been used that way elsewhere and if it were used that way it would be very unlikely to be taken up as melamine, per se; it would be the nitrogen source that is taken up by the plant. The other way it can get there is through the breakdown of cyromazine, which in some countries—not Australia, I might add—is used as a pesticide on vegetables. It is approved by Codex and there is a residue for that. As part of that residue definition, melamine is not included because of its low toxicity.

In terms of our resources and where we place them to get the greatest benefit, vegetables are not on the priority list. Melamine is actually of very low toxicity. The reason we are having problems in China is the exposure rather than the inherent hazard of the melamine itself. So you need high exposures for prolonged periods of time. So to test vegetables it would not be productive.

Senator BOSWELL—I do not think we need any exposure. I think we need zero exposure. If you tried to bring in a banana that had any type of disease in it—anything—it would get knocked back at the gate. Again, you are saying, 'Let's take a bit of a punt here. As long as we don't overexpose it to the people who buy the food, then we will give it a bit of a punt.' There should be no—

Dr Bartholomaeus—That is not correct, Senator.

Mr McCutcheon—I do not think we are saying we are taking a punt.

Senator BOSWELL—There should be no exposure.

Mr McCutcheon—I think what we are saying in the case of vegetables is that the risk of vegetables having melamine contamination is very, very low for the reasons Dr Bartholomaeus outlined.

Dr Bartholomaeus—And if it did have contamination, it would be at the lower end. If we are going to do a survey, we are going to look at products where the potential is high to have the melamine there in the first place and the likely levels are high. There are two issues here: one is unsuitability and the other is health and safety. Our focus in this instance is the health and safety of the Australian population. Unsuitability is still of a concern for us, but it is not something we are going to put resources into at a time when we have a potential public health and safety issue. So that is where our focus has been.

Senator BOSWELL—How many tests have you conducted on food products—fresh and manufactured—being imported into Australia from China?

Ms Fisher—Over 120 samples have been taken and tested and there is an ongoing program.

Senator BOSWELL—That is good. But what are they on? You have taken 120 tests. Can you give to me—I do not want you to read them out, but could you table them—what they have been on?

Ms Fisher—Yes, we could provide that information.

Senator BOSWELL—I would appreciate that.

Ms Fisher—Would you like us to take it on notice so we could put them into some sort of order? It is just a long list.

Senator BOSWELL—No, you can just get the officer to take a copy of that.

CHAIR—Is that a document that you can just copy or do you need to have it taken away and give it back to us?

Ms Fisher—Some of the information was provided to us on an in-confidence basis by non-government agencies.

CHAIR—We will get the department to provide it afterwards so you can get it.

Senator BOSWELL—Yes, that is fair enough. I have one more question. Can the department provide a list of all new and existing import applications for food and agriculture, fisheries and forestry products from China?

Senator McLucas—It is not our department.

Senator BOSWELL—So that is Trade, I take it?

Ms Fisher—The agriculture department.

Senator BOSWELL—All right. Thank you very much for that. I do not intend any criticism; I just am concerned that it seems that there is a lesser amount of scrutiny on food products that we eat than plants and animals that come in.

Senator McLucas—Senator Boswell, we share your concern, but I have to say that your contention that there is a lesser scrutiny of food products is not something we share. The process that we have of ensuring the safety of food coming into Australia is a sound one. We are going through a process of testing products that contain milk coming from China. This is a result of criminal activity undertaken by those in China intending not to be found out. I want to commend the officers for the relationship that they have had with food safety organisations across the world in dealing with this.

Senator BOSWELL—I take that. There was no intended criticism.

Senator McLucas—I understand that. I do not want anyone to go away with the view that we scrutinise food less than we scrutinise pet food or fresh product.

Senator BOSWELL—You point out that it is criminal activity.

Senator McLucas—That is right.

Senator BOSWELL—It would seem then that we should be testing all food products coming in from China for the next little while?

Senator McLucas—I am not sure that you could say from China because there are criminals in every country, Senator Boswell. We have to be even-handed in the way we deal with our importation of food. But can I say we are going through a list of products that contain milk, as Ms Fisher has advised, in order to ascertain if any of them are a problem for human health and safety in our country.

Senator BOSWELL—Thank you very much.

Senator SIEWERT—I have several more questions. I know I am running out of time, so I will put some questions on notice. I particularly wanted to ask about the fish additive in wine and the decision for exemption from mandatory labelling so that they have to list fish products on the labels. Can you tell me how that decision came about and why and what happens to us vegetarians?

Mr Stockwell—The question of isinglass in wine resulted from an application we had from a wine-producing organisation and beer producers. The reason that isinglass has been listed on the ingredients list is part of the requirement to declare allergens. Fish and crustaceans are part of a number of materials that are considered to be allergenic. In this case the application contended, and our view concurred with that, that there was very little risk of allergenicity from isinglass. The reason is that it is a particular fraction of fish swim bladders. The way it is treated and manufactured means that the allergenic protein is not present. Secondly, in the wine production process the residual isinglass is very small because it is filtered out as part of the manufacturing process once it has done its job of clarifying the wine.

Senator SIEWERT—So it is filtered out so it is supposedly not there?

Mr Stockwell—If it is there it is there in extremely small quantities.

Senator SIEWERT—Have you got specific studies that show it is no longer there as an allergen?

Mr Stockwell—The applicants are required to provide evidence of that sort. They did provide evidence from a number of studies, including studies that were conducted on people

who had previously been found to be allergic to fish protein. So they were specifically selected subjects. Our risk assessment across all that and across the other information they provided, particularly around the low residual levels, enabled us to come to the view that there was a low risk, if any risk, to consumers.

Senator SIEWERT—Is it exempted in other countries? Is it listed in other countries?

Mr Stockwell—Yes, it is exempted in other countries.

Senator SIEWERT—Is it not exempted in some countries?

Mr Stockwell—I am not sure of the countries that would require that but suffice to say that a number of countries, including some European countries, have allowed that exemption. The exemption originated in Europe some years ago—I cannot quote the timetable—for the very same reasons.

Ms Halton—If, in pursuit of rigorous vegetarianism, you are trying to find a wine you can drink, avoid the French and go substantially medium priced and you are safe. It is used in very high-quality, high-priced wines. At the middle of the range you are pretty safe.

Senator SIEWERT—I am pretty safe.

Senator BOYCE—Cask wine.

Ms Halton—It is a little extreme to be advocating cask wine at this particular moment. I think we can go slightly more up market than that.

Senator BOYCE—I was being sarcastic.

Senator SIEWERT—Can you tell me where the process is up to at the moment? So FSANZ has made its decision?

Mr Stockwell—The proposal is at what we call draft assessment stage. So we have a recommendation which is out for public notification at the present time. We will be receiving submissions from interested parties in due course.

Senator SIEWERT—Thank you for that. I wanted to move on very quickly to food colourings and pursue the issue around the latest report on some of the food colourings. You are undertaking, if I remember correctly or my advice is correct, a nutritional survey of children. I understand that you are waiting on that to determine what your next step is in terms of food colourings. Is my understanding correct?

Dr Brent—That is correct.

Senator SIEWERT—Where are you up to with that study? When is it expected to be finalised?

Dr Brent—It is very close actually. We are hoping to have it out in the next few weeks. It is very close. I guess what we can say is that the overall picture is that the levels of colours that are being used or added in Australian food are quite low—actually much lower than the maximum permissible levels.

Senator SIEWERT—That is in Australian foods?

Dr Brent—In Australian foods, that is correct. But also the levels that we are finding are much lower than, for example, the levels that were used in the experiment in the UK that was

published called the Southampton study. They used those colours in mixtures that are at very high levels, an unreal picture really. Some of those levels in that experiment exceeded the ADI, which is the acceptable daily intake. It is the amount that you can consume on a daily basis over an entire lifetime without any ill effect.

Senator SIEWERT—That will be released to the public?

Dr Brent—Yes, it will be.

Senator SIEWERT—Do you envisage a discussion or consultation process with the public over that? What is the next step?

Mr McCutcheon—One thing we do intend to do—and the new chair of the board has agreed to this—is when that report is made public one of the first groups we are going to meet with for discussion is the Keep Kids Safe campaign people. We have given them that undertaking.

Senator SIEWERT—Did you say as soon as it is released?

Mr McCutcheon—We will set up a meeting with them to discuss it.

Senator SIEWERT—I forgot one self-interested question on labelling. I refer to the vegetarian standard that you are working on. Is it application A545? I meant to ask this before but I got my head stuck in food colouring.

Mr Stockwell—I believe that is the number.

Senator SIEWERT—Where is that at?

Mr Stockwell—That is still in our processes. We still have not come to a conclusion. It is still at the initial assessment stage.

Senator SIEWERT—As I understand it, the solution to my wine-drinking problem would be potentially this vegetarian—

Ms Halton—Would you like to rephrase that, Senator! We are from the department of health.

Senator SIEWERT—My ability to choose and other vegetarians' ability to choose could potentially be this. How soon would we have to stop drinking wine before we could be assured that we are drinking wine that is not contaminated with meat?

Mr Stockwell—I think the initial report will be out towards the end of this year, Senator.

Senator SIEWERT—Towards the end of this year. Okay.

CHAIR—Calendar year?

Mr Stockwell—Towards the end of this calendar year.

Senator SIEWERT—Okay. So you are talking about a couple of months.

Mr Stockwell—Yes. That is our expectation. We cannot guarantee it, but that is our expectation.

Senator SIEWERT—Thank you.

Senator BOYCE—I have some questions around the melamine issue but I will put those on notice. The only question I would particularly like to ask about now is with respect to representations I have had from the Australian olive industry saying that a large amount of olive oil imported into Australia claiming to be 100 per cent extra-virgin olive oil is in fact not and in some cases is down to having 50 per cent oil content. I presume this has been brought to your attention.

Ms Halton—It is an ACCC issue, Senator.

Senator McLucas—It is misleading.

Senator BOYCE—It is not a labelling issue? This product is claiming to be 100 per cent extra-virgin olive oil. According to tests done by the Australian industry, it is not.

Ms Halton—That is an ACCC matter.

Senator McLucas—That is an ACCC matter.

Senator BOYCE—So you would not be involved at all in that?

Ms Halton—They might seek some advice from us but they would pursue it, and that is where a complaint should be lodged.

Senator BOYCE—Thank you.

Mr McCutcheon—Just on that, Senator, we do have a memorandum of understanding with the ACCC. We have a formal agreement with the ACCC, so we converse quite regularly on issues where there is some common interest.

CHAIR—Thank you very much, FSANZ. Thank you for being flexible, for coming on both sides of the break. We are going to finish population health in the next 25 minutes. That means we will want to talk with both ARPANSA and Cancer Australia. So ARPANSA is next. I know you have been lurking there, Dr Loy. There are some questions for you.

Ms Halton—Senator, can we just be clear. Are you expecting therefore that we will not have Aged Care before dinner; is that right?

CHAIR—No, we are not having Aged Care before dinner. We will be having Aged Care immediately after dinner.

[5.10 pm]

Australian Radiation Protection and Nuclear Safety Agency

CHAIR—Welcome, Dr Loy, and thank you for your patience.

Senator BOYCE—First of all, I just wanted to get some information from you. I understand that you are developing a federal framework for the Department of Environment and Climate Change around the regulation of lasers. The inquiries that have been made to me were particularly in relation to laser beauty therapies. Can you tell me what is happening there?

Dr Loy—When you refer to the Department of Environment and Climate Change, that I assume is the New South Wales department.

Senator BOYCE—The New South Wales health department very squarely said that ARPANSA were going to fix this any minute by developing a federal framework for the regulation of lasers and laser equipment.

Dr Loy—Yes. What they are referring to is a process that is conducted under the Radiation Health Committee, which is a committee of state and territory radiation regulators and me, which is supported by ARPANSA. That committee is charged with developing national uniform radiation protection regulations across the board. In the case of the use of lasers on humans, it received a report of a working group quite some time ago and accepted that there was a case for the development of a nationally uniform approach to regulation of lasers and intense-pulse light sources used on humans for a variety of purposes including hair removal and other beauty practices.

Senator BOYCE—When you say 'some time ago', are you talking about six months?

Dr Loy—2005.

Senator BOYCE—Are these the sorts of incidents we have had where lasers have been pointed at pilots and aeroplanes? They are not laser pointers?

Dr Loy—No. That is a separate process altogether.

Senator BOYCE—Okay.

Dr Loy—The issue then was to try to turn that into an argument that was persuasive in terms of regulatory impact assessment. To be honest, we have found it to be quite a difficult matter to get the data to demonstrate that there is a sufficient problem and that the approach of the suggested regulation that has been looked at by the Radiation Health Committee is the way forward. That has proven to be difficult, partly as a resource issue and partly just simply gathering sufficient data to be convincing. My expectation is that we will have concluded that discussion with the Office of Best Practice Regulation by around the end of November, and at that point we would then publish the draft regulation and the draft regulatory impact assessment for a period of public comment before it would then proceed to be considered further by the Radiation Health Committee and then by ministers.

Senator BOYCE—So the answer is that we have got regulations coming but the form of those is not yet known?

Dr Loy—The proposed regulations were looked at by the Radiation Health Committee. They have not been published yet. They are not particularly complex. They talk about the need for the training of people using this equipment. There is a more complex issue about the potential for melanoma conditions not to be detected.

Senator BOYCE—With tanning beds and the like.

Dr Loy—Yes, and that is a suggestion that would need an assessment by a medical practitioner if the practice is being carried out by someone who is not a medical practitioner. They are the basic things that are in the proposed regulations. As I said, the difficulty has been partly a resource difficulty in terms of gathering data.

Senator BOYCE—Because you do not have the funding to do your own research?

Dr Loy—That is right, and it has also competed with other issues like solaria and so on.

Senator BOYCE—I realise that, yes.

Dr Loy—It has been quite a challenge to gather the data. As I said, I am hopeful—I am not promising—that we will persuade the Office of Best Practice Regulation that we have a sufficiently persuasive draft regulatory impact statement to release by around the end of November.

Senator BOYCE—I will wait for that, Dr Loy. Moving to probably the other end of the scale of your activities, can you update us on where you are with radioactive waste management? I am not sure whether we have a site or do not have a site.

Dr Loy—The practice of radioactive waste management is not my responsibility, nor does it belong to this portfolio. Radioactive waste management, from the Commonwealth's point of view, is formally a responsibility of the Department of Resources, Energy and Tourism. We, of course, have an interest from the point of view of ensuring the safe management of radioactive waste that is used by Commonwealth agencies like ANSTO, in particular. Again, we work with the states and territories to try to develop nationally uniform regulation of radioactive waste. Most recently that process has published an overall safety guide on the predisposal management of radioactive waste which covers a lot of the radioactive waste issues in Australia. So it is about trying to improve the management before we get to the stage of actually disposing of it.

Senator BOYCE—And what about safety around the actual disposal? We only have fairly low-level radioactive waste in Australia, as I understand it, anyway.

Dr Loy—Yes. We certainly have quantities of low-level radioactive waste. We have some smaller quantities of waste that you would characterise as a higher level than that—intermediate-level waste—and that will include the returning reprocessed spent fuel from France and the UK. It also includes old radium sources, for example, and some higher activity sealed sources that are past their effective use date. So there are a number of issues. I am aware certainly that the Minister for Resources and Energy has reiterated the government's commitment to move ahead with proposals for dealing with at least the Commonwealth's holdings of radioactive waste, and when those proposals come forward they will be subject to ARPANSA regulation and we will deal with it in that regulatory context.

Senator BOYCE—Given that there has not been much moving ahead going on in the last year or two, do you have any safety concerns about the radioactive waste and its management in Australia?

Dr Loy—No specific concerns in the sense that, from the Commonwealth's point of view, we certainly believe the radioactive waste holdings of ANSTO, the Department of Defence and CSIRO are well managed. Having said that, it is not desirable to continue going on this way forever and at some point Australia has to grasp the nettle and move ahead with a repository and deal with the problem.

Senator BOYCE—What would be the consequences if we stay in this holding pattern for, say, three years or five years?

Dr Loy—It is one of those problems where you say it is well regulated now but there is always the risk that people will lose track of particular forms of radioactive waste. It would

certainly not be major things like the spent fuel and so on, but things like radium sources or, say, some high activity sources that may have been used in a university environment and then Professor X retires—

Senator BOYCE—Because they have been spread out?

Dr Loy—Yes. So one would not want to have confidence in the longer term. One can never say, 'Right now it is an absolutely urgent problem,' but I think it is something that does need to be moved ahead with as soon as it can be managed.

Senator BOYCE—Because if we do not do something about it now, it will become an urgent problem?

Dr Loy—Yes, that is right.

Senator BOYCE—In what sense could it become urgent?

Dr Loy—I think also we have the issue of the reprocessed spent fuel from the operations of the HIFAR reactor. That will return to Australia and we will have to have a solution to deal with it in a storage manner. So we will have to say where that material goes and how it will be looked after. That is coming up as an important issue. We do have other—

Senator BOYCE—That is in 2010, is it?

Dr Loy—I think it is after that date, but I would refer you to I think an answer made by the Minister representing the Minister for Resources and Energy and Minister for Tourism to a question from a senator about the return date. There is some flexibility but we have a commitment to the French that we will not, if you like—

Senator BOYCE—Shilly-shally?

Dr Loy—Okay. So we do need to address that issue.

Senator BOYCE—Thank you, Dr Loy. I will put the rest on notice.

CHAIR—Thank you, Dr Loy, and thank you for your patience. We will now move to Cancer Australia, who have been waiting patiently.

[5.22 pm]

Cancer Australia

CHAIR—Welcome, Professor Currow, and thank you for your time. Again, we are rushing and we do apologise.

Ms Halton—Can I ask a question?

CHAIR—Certainly you can.

Ms Halton—Will this be the end of program 1?

CHAIR—Yes, it is.

Ms Halton—So the other officers from program 1, if they are not Cancer Australia, can run at speed out of the building.

CHAIR—If they are very fast, yes. We have done general questions and the three specialist agencies.

Ms Halton—There will be chaos as they head out, but they are all looking for that little signal!

CHAIR—We will now go to questions. I call Senator Adams.

Senator ADAMS—Professor Currow, I refer to a letter written to you by Professor Neville Hacker regarding the establishment of a national ovarian cancer foundation. Do you know what I am talking about?

Prof. Currow—Yes.

Senator ADAMS—Dr Phuong Pham from the minister's office suggested to Professor Hacker that an audit of cancer research had been done by Cancer Australia. I gather Professor Hacker asked if he could have a copy of the report. Has the report been finished?

Prof. Currow—The report is in the public domain. It is available on our website and has been for some time. I believe that has been conveyed to the good professor.

Senator ADAMS—Good. I note that Professor Hacker and his other colleagues are hoping to work very closely with you regarding something like this. Has any work been done on the establishment of a national ovarian cancer foundation?

Prof. Currow—The government's commitment has been to a national centre for gynaecological cancers. It is working closely with the National Breast and Ovarian Cancer Centre. At this stage, any further work on a national ovarian foundation is a decision of government. Importantly, as you would be aware, Cancer Australia has been administering a priority-driven collaborative cancer research scheme that is asking that specific research priorities are addressed by researchers. For 2007 and 2008, ovarian cancer has been a specific priority within that program.

Senator ADAMS—Thank you. That is all that I have.

CHAIR—Are there any other questions for Cancer Australia?

Senator BOYCE—A report from the Institute of Health and Welfare earlier this year said that 434,000 Australians would be diagnosed with non-melanoma skin cancers this year but that those cancers would be unreported because of current reporting guidelines. What is Cancer Australia's view on this? What are the ramifications of this?

Prof. Currow—The Australian Institute of Health and Welfare report was done jointly with Cancer Australia and it was released recently. The issue of mandatory reporting of cancer—that is, cancer as a reportable disease—is managed at a jurisdictional level, so each state and territory has its own legislation governing that. The Australian Institute of Health and Welfare works closely with the state and territory cancer registries and also hosts the Australasian Association of Cancer Registries secretariat here in Canberra.

With regard to non-melanoma skin cancers, the burden of those cancers is clearly very high, particularly in primary care, and I think the report highlights that strongly. With regard to mortality and indeed hospital admissions, I think the report demonstrates that there is an increasing reliance on hospitalisation but that mortality has actually been quite stable over a long period of time.

The challenge is: how do we report every single skin cancer and how do we link separate episodes of skin cancer in the same person in a way that will be meaningful and genuinely add to policy and indeed practice? I think the process of reportable cancers currently excluding non-melanoma skin cancers is certainly defensible in terms of the population effect of trying to capture every single case, particularly when people will have repeated cases over a lifetime.

I think the sort of snapshot that the Australian Institute of Health and Welfare has provided in conjunction with Cancer Australia together with the national skin cancer survey is a very rounded picture. At the end of the day, cancer registration is so that we can be aware of trends, particularly in treatment patterns, mortality and life years lost. Given those parameters, I think the current status is acceptable.

Senator BOYCE—So as long as we have sufficient information to inform policy correctly—that is the point, is it?

Prof. Currow—Absolutely.

Senator BOYCE—I will put some other questions on notice.

Senator HEFFERNAN—What do you think the implications are for future cancer research with the patenting of human genes? I use the example of the BRCA1 and BRCA2 and the current application by Myriad to get the patent on the particular gene that is prostate prevalent. From my backgrounding information, there is a great danger to future research and the monopolisation of information et cetera.

I understand further there are about 48 non-protein genes that have patent applications up at the moment. Bear in mind this is law in America but not in Australia. Would you like to, for the information of the committee—I am hoping that a Senate inquiry will come out of this—just give your professional assumption on what it would mean if the nine laboratories across Australia, for instance, that now do testing and research on breast cancer have to confine, through the gene patent, all of that work to one laboratory in Victoria?

Prof. Currow—The issue is a complex issue. I think what I can say without speculation is that the future of cancer treatment will more and more be driven by an understanding of the genetic predisposition to particular cancers in particular people or particular populations. How we deal with that as a community is a decision for the community, but there is no doubt that the future of cancer treatment will be built strongly around a much better understanding, which is being rapidly refined at this time, as to the genetic factors associated with cancer and associated with the risks of cancer.

Senator HEFFERNAN—With the BRCA1 and BRCA2 genes, there are four patents—three of them refer to the gene and one to the mutation. Do you think it is a fair thing for something that is present in the body to be patented and commercialised and monopolised? All the good work that is going on at the Peter MacCallum Cancer Institute and other places has been put on notice to cease operation on 6 November. All the data, all the accumulation of genes—all of that is going to be destroyed or centralised through this offer to put them on notice. There are a lot of good people in all of those laboratories and in the community giving consideration to women's health through identifying the predispositions to various things,

including breast cancer and prostate cancer. Would that not be a dampener on the market, as Luigi Palombi at the ANU says, who is a patent expert?

Prof. Currow—I cannot comment on his statements, but I can say that the future of cancer treatment, the future of cancer research, does require that this information is available to researchers and policymakers. How that is made available is a matter for the community and government to decide, but there is no doubt that a loss of such information is likely to have a significant effect, not just on women but also on cancer across the community and, as such, it is of concern.

Senator CAROL BROWN—I am not sure if you can actually help me. I think I have missed my chance. Do you have any role to do with the regulatory regime that is being put together for the solarium industry?

Prof. Currow—No, that sits with regulatory affairs and ARPANSA.

Senator CAROL BROWN—Sorry. I will put them on notice, thank you.

CHAIR—Thank you very much. That is the end of outcome 1, Population health. We will now move to outcome 13, Acute care.

[5.33 pm]

Senator CORMANN—As I flagged in this section on private health, to start off I would like to spend a little bit of time just to explore the flow-on implications of the Medicare levy surcharge change to the public health system. Your responsibility in this outcome is to provide funding support to the states and territories to improve access to public hospitals and health services. I know at a meeting that the health minister had with state and territory health ministers at the end of July there was an agreement and an acknowledgement of sorts that there will be additional pressure on public hospitals and there would be some compensation provided in the context of the next Australian Health Care Agreement. Has this compensation been factored into public forward estimates, or will it come out of contingency reserve?

Mr Kalisch—Senator, there was some discussion—and from what I recall a relatively short discussion—among ministers. The item was structured not just around what potentially could happen as a result of the Medicare levy surcharge change, but there was some recognition that public hospitals also operate in a fairly dynamic environment and that this was one of the aspects, among many, that could be looked at in the future and was going to be the focus of some future consideration. That discussion of health ministers also recognised, I think, the decision at one of the earlier COAGs about the immediate injection that the government was also putting into the public hospital system of $500 million into the base plus also guaranteeing at least $500 million in indexation for this financial year.

Senator CORMANN—I will ask you some questions about the $500 million and the other $500 million a little bit later but just focus on this meeting at the end of July, because some pretty clear comments were made after that meeting. I will quickly read a few of them so I can ask those questions in that context. The *Age* of 23 July states:

Victorian hospitals have been guaranteed compensation from the Federal Government as a result of an influx of patients to public hospitals following changes to the Medicare levy.

… … …

Victorian Health Minister Daniel Andrews said after a meeting of health ministers yesterday that he had been reassured that Victorian hospitals would be compensated for extra patients in public hospitals …

Mr Andrews also said:

… what we've got coming out of this is fundamental agreement to monitor the drivers of growth (in hospital demand) …

The *Australian Financial Review* of that same day states that, at a meeting of health ministers in Canberra, ministers agreed to closely monitor the demand for public health services, as part of negotiations of course, Then health minister Jim McGinty said that uncertainty over the effects of changes to the Medicare levy surcharge threshold was a significant contributor to the commitment to monitor growth. To conclude that, Senator Siewert, as part of the negotiations to see that final compromise through the Senate, also got an assurance from the government that there would not be an adverse impact on public hospitals. My question is: considering that you have agreed and that ministers agreed to monitor the impact on public hospitals, what is the process that you are using and how is that feeding into the next Australian Health Care Agreement?

Ms Halton—You made a number of statements in those opening remarks in relation to what was allegedly agreed to and I cannot let those go without being really clear that there was a communique from that meeting and there was an agreement to monitor, which I think is the latter part—

Senator CORMANN—Which is Public Service language.

Ms Halton—No, it is not Public Service language. I think 'monitor' is very clear—to look at the numbers. Let us make it quite clear. But citing press reports as being authoritative sources of what was agreed at that meeting I think is not reasonable. The bottom line here is that the minister was quite clear. There will be monitoring of what happens in this space, but those press reports are just that; they are press reports.

Senator CORMANN—Are you now saying that you do not expect any shifts in demand? I think that was something that had been generally established. There is debate about the quantum—I would say there is a lot and you would say there is less. There is some argument about how much additional demand there will be. Clearly, state and territory health ministers took some comfort from the concessions or from the comments that were made by the federal minister for health at that meeting in terms of monitoring changes in demand for public hospitals. Clearly, they have interpreted this on the public record as meaning they would get some compensation as part of the next Australian Health Care Agreement. My question is: how are you monitoring, between now and the end of the year when the Australian Health Care Agreement is supposed to be signed, any shifts in demand?

Ms Halton—That is a matter that obviously we will talk to the states about in due course. You will recall that we have already had a long conversation with the AIHW here about a whole series of discussions that we are having about data. I think there have been more discussions over the last couple of months about data in this space than I can recall in my career in this portfolio which is quite extensive. The question of how the aggregate of funding will be agreed for hospitals as part of the broader COAG reforms which comprehend, effectively, what we now know is the hospital agreements is a matter that will be discussed

between the treasurers and heads of government and the heads of government will meet on 17 November.

Senator CORMANN—Have you asked the states to provide you with data in terms of any changes in demand for public hospital services following on from that—

Ms Halton—We ask the states to provide us with any number of items. This is exactly what I have said—that is, we are currently talking to the states about what will be the data items that will be used as monitoring of part of a new agreement as part of the COAG reforms.

Senator CORMANN—So has the department had any specific requests from state or territory governments for additional funding as a result of the Medicare levy surcharge change?

Ms Halton—No.

Senator CORMANN—So you are not aware of comments made by the new Minister for Health in Western Australia that he is seeking annual compensation from the federal government of about $50 million a year?

Ms Halton—I presume that is another press report, is it, Senator?

Senator CORMANN—That is quoting directly. The Minister for Health, Kim Hames, says that he will be seeking annual compensation from the federal government of about $50 million a year.

Ms Halton—No, Senator, I am not aware of it.

Senator CORMANN—That is dated Thursday, 16 October.

Ms Halton—No, I am not aware of that, Senator. I have to say that I have not had the pleasure of meeting the new Minister for Health from WA yet, but I certainly have not seen that report.

Senator CORMANN—Have you done any modelling since the compromise was reached with Senator Xenophon in terms of flow-on effects on public hospitals?

Ms Halton—No, Senator.

Senator CORMANN—I still cannot get my head around this. Treasury is driving an initiative that clearly is going to have an impact on the health system and the minister for health and the health department are not conducting some fundamental modelling on the impact on the public hospital system. It just seems strange.

Mr Kalisch—It is not at all, Senator. The issue is one that we have certainly considered and looked at. Certainly, the evidence that we have seen from other independent experts to the Senate committee also talked about a modest at best impact on public hospitals. I think you were there when Professor Deeble also gave his evidence around this matter. We are, as Ms Halton said, also talking to government around what the nature of the broader health agreement might be which will comprehend these and many other aspects.

Senator CORMANN—So with regard to the monitoring of the impact of the Medicare levy surcharge change, is that going to be a separate process or is this going to be something that is rolled into the Australian Health Care Agreement negotiation?

Mr Kalisch—I think one of the challenges is actually to try to disentangle out what might be the sort of small impact from this measure as opposed to all of the other things—

Ms Halton—But we said we would look at this annually. I think there was an undertaking made.

Senator CORMANN—There is an amendment to the legislation which requires you to do an annual review.

Ms Halton—That is right.

Senator CORMANN—Did the department warn Treasury at all of the likely flow-on effects? You have just said it would be a modest increase in demand—whatever the definition of 'modest' is—but even if it is modest it is still an increase in demand and it is a cost shift from the Commonwealth and the privately insured to the states and the territories. Is that something that you raised with Treasury?

Mr Kalisch—That is the nature of policy advice. I am not meant to go into that.

Senator CORMANN—Talking about the Australian Health Care Agreement more generally, the last agreement officially expired on 30 June 2008—a couple of months ago—and I gather that the next one is to take effect on 1 July 2009. Can you just give us a bit of a snapshot on the state of play as to how negotiations are going?

Ms Halton—No. Senator, this actually goes precisely to the question we addressed, I think, basically first up today which was in relation to the COAG process. In terms of the COAG process, I think I went through earlier on today the whole HAWG agreement subgroup process of meetings—which seems to be, at the moment, endlessly—which leads into advice which will go to treasurers and heads of government and that will then be brought to conclusion in November when heads of government meet on the 17th.

Senator CORMANN—Okay. I am not asking you to tell me exactly what you are putting to the states or the states are putting to you; I am asking you about the process now. Between now and 1 July 2009, what is the process? You are confident that you will be in a position to sign the Australian Health Care Agreement on 17 November?

Ms Halton—Senator, in terms of whether or not there is an actual signing ceremony on the 17th, the intention as stated by the government is that the question of reform—

Senator CORMANN—It is stated in the budget papers.

Ms Halton—Yes, but there is reform in a number of these areas. It is not just in relation to health; it is in relation to education and I could go on. The way we, the Commonwealth, deal with states is being fundamentally overhauled and that is to be given expression, subject to agreement, by a reshaped financial relationship between the Commonwealth and states which would be finalised in November. That is the plan.

Senator CORMANN—This is the Senate supplementary estimates where we assess your portfolio budget statements and page 188 of your portfolio budget statement states:

A new National Health Care Agreement is to be signed by December 2008 and commence in July 2009.

In seeking to probe the performance of your department, I am asking whether you are on track to meet that deadline which you advised us about in the budget papers?

Ms Halton—Certainly, I can advise you that all advice and all negotiations and discussions with the states indeed are occurring at the moment. Ultimately, this is an agreement which will be struck between the Prime Minister and the premiers, so I cannot commit on behalf of the Prime Minister or the premiers as to whether or not they will reach agreement. But in terms of the work that needs to be done to formulate proposals that they will have on the table in front of them, yes, I can assure you that that will be the case.

Senator CORMANN—Is there a dedicated negotiation unit in the department for this purpose?

Ms Halton—There is a group of people. I do not know whether they would describe themselves as a negotiating unit. I think they might describe themselves as 'put upon', but there is a group who are dedicated to this task, yes.

Senator CORMANN—So who is in charge? How many people are focused on this?

Ms Halton—Who is in charge? I am in charge, Senator. That is a well-known fact.

Senator CORMANN—Of this particular unit?

Ms Halton—Of this particular unit? There is an officer in charge of that particular unit.

Senator CORMANN—Is it a secret as to who that is?

Ms Halton—No, it is not a secret, but we do not tend to read the names of officers into transcripts. It is not the way we generally do business, but it is a woman who is a division head in the portfolio who is extraordinarily well respected on both sides of politics.

Senator CORMANN—And she is focused on this 100 per cent of the time presumably?

Ms Halton—Yes. I think, much to her regret, she is focused on this 100 per cent. In fact, she would probably tell you 120 per cent if she had the opportunity.

Senator CORMANN—I am sure she finds it a very enjoyable job.

Ms Halton—She really does enjoy it. She is probably watching right now. She is probably throwing things at the television.

Senator CORMANN—What interaction is there, because at the COAG meeting on 17 November there will be two things on the table—the national health reform agenda and the Australian Health Care Agreement? What sort of interaction is there between the two processes?

Ms Halton—They are one and the same thing. I do not want to mislead you, Senator, but essentially in signing a new financial framework between the Commonwealth and the states, as I understand it, the intention is that this will be an overarching agreement to which there will be a number of—can we describe them as—schedules. If I am wrong, the Treasury will no doubt send a lightning bolt my way. But essentially there will be a number of parts of this agreement, one of which will relate to health.

Senator CORMANN—What I heard you say earlier was that the National Health and Hospitals Reform Commission was quite separate and independent from the department whereas the Australian Health Care Agreement traditionally has been a five-year agreement where you presumably take the lead in terms of negotiating that on behalf of the Commonwealth through the states and territories. I am just trying to understand structurally how this is working. Does the National Health and Hospitals Reform Commission tell you where their thinking is going? Do they have the strategic context for the negotiations of the healthcare agreement? How does it work?

Ms Halton—Certainly, the Health and Hospitals Reform Commission were actually asked to provide some very early advice in relation to issues, in particular in relation to indicators. They did do that. I think as I said in evidence earlier on today, the Health and Hospitals Reform Commission have a responsibility to think 2020—so to think out there. They are doing that and this agreement is structured around the system and some reforms we want to make in the short to medium term. I think I talked earlier on today about the connectedness or at least the attempt to ensure we do not have—I think we used the term—stovepipes between the various processes that are going on. But the Health and Hospitals Reform Commission is not actually driving this COAG reform.

Senator CORMANN—Okay. The National Health and Hospitals Reform Commission only reports or presents its final report in June next year. The Australian Health Care Agreement is due to be signed by December. So is this just going to be another Australian Health Care Agreement like the ones we have had in the past? Where are there going to be differences?

Ms Halton—As I think I tried to say, Senator—and perhaps I am not putting this very clearly—the driving message here is that the whole financial relationship between the states and the territories is going to be quite different. I think the Treasurer is on the record as saying that the number of individual SPPs—and this is why I will categorically get this wrong—will go from 100-and-something to only a handful, five or six.

Mr Kalisch—Ninety-two to five.

Ms Halton—Ninety-two to five. There you go. The arrangements that govern the way those funds are used and the reporting and a whole series of other things will actually be fundamentally different. That is exactly the point.

Senator CORMANN—You are still focusing presumably on specific performance targets and things of that nature. Is there something that you can talk to us about?

Ms Halton—This is a discussion which we are currently having with the states. In fact, an email I just read was about the next meeting to talk about exactly this, with a state jurisdiction complaining that they could not possibly get to a meeting in that timetable. The question of benchmarking—in other words, what could be expected in return for additional funding—is very much a live debate. The question about what standards of performance could be expected—and I think, as we discussed earlier when the AIHW were here—what should be the measures that are part of this agreement and that get reported regularly into the public arena and to the COAG Reform Council for a judgement about whether people have performed, is exactly what is being discussed at the moment.

Senator CORMANN—Those new healthcare agreements are due to start from the middle of 2009. Still on the Prime Minister's website there is a pre-election commitment that—and I will try to get the Public Service language right—unless significant progress has been made towards implementation of the national health reform agenda, the Commonwealth will put to the Australian people that the Commonwealth should take financial control of the 750-odd public hospitals. That is odd timing, isn't it? You have a new Health Care Agreement that starts on 1 July 2009. How will you measure that the states have actually lifted their performance sufficiently?

Ms Halton—I should make a general point that the language to which you refer is not Public Service language; it is political language. It is the Prime Minister's language. We did not write it for him, so he might take offence that he has been described as being bureaucratic. We obviously are working with the states now in a whole range of areas in order to reform and improve what is going on. I could point, just as an easy example, to elective surgery and the progress that has been made in relation to elective surgery. But you have rightly, I think, gone to what the Prime Minister has said. Certainly we have been working proactively on a range of fronts. I know that the minister has been very keen to work with her colleagues to improve performance over this period. And yes, what will happen in COAG will add to that and will put greater focus and greater transparency on it. But we are not sitting waiting until June of next year or the end of next year or whenever to do something about improving the performance in hospitals.

Senator CORMANN—What is the definition of 'significant progress'? How will the Australian people know that the states and territories have either met or failed to meet the expectations of the Commonwealth in terms of lifting their performance?

Ms Halton—Senator, I cannot answer that question because it is not a matter on which I can say much other than that is a policy question and I cannot tell you about what policy matters might have been advised on. It is a matter for the Prime Minister, the minister and the cabinet to determine what those criteria are.

Senator CORMANN—With all due respect, Ms Halton, this is not a policy question. If I am phrasing it wrongly, I will try to rephrase it. The policy has been set. The Prime Minister set the policy: unless the states and territories have made significant progress towards implementation of the national healthcare reforms by the middle of 2009 then he will put it to the Australian people that he wants the Commonwealth to take over financial control of 750 public hospitals. That is the policy setting. What I am trying to understand from you is whether your department has an understanding of what 'significant progress' means? Have you been provided with a definition of 'significant progress'?

Ms Halton—No, Senator. I think these things are a little iterative in terms of our advice versus people's decisions on our advice about what is meant by that term. There is not some statement that I am aware of in the public arena. But I think the general public would have a fair understanding that 'significant progress' means significant progress. I have already pointed you to the fact that, for example, in elective surgery we actually have made some pretty good progress, and I think people should be pretty comfortable with that. But beyond that I really cannot comment.

Senator CORMANN—'Significant progress' means nothing unless you put it into context. You spoke this morning about good oranges and bad oranges.

Ms Halton—No, types of oranges. You got into good and bad; I got into types.

Senator CORMANN—You talked about types of oranges. You said that people in Queensland might think Queensland oranges are better than oranges somewhere else.

Ms Halton—Actually, I think we were on mandarins and—

Senator CORMANN—One politician's definition of 'significant progress' might be a very different proposition to another politician's definition of 'significant progress'. What I am trying to ascertain is whether as professional public servants you have been given some objective guidance as to what 'significant progress' means. This is a pretty significant decision that the Prime Minister has put out there in terms of the running of hospitals: 'unless significant progress is made we will put to the Australian people to take over the running of public hospitals'. That is a fundamental public policy issue that is out there. Surely, as the department responsible, under acute care, for relations with states and territories on public hospitals, you would be asking yourselves the question as to what 'significant progress' means so that you can prepare yourself for what might be around the corner. You might be the one that has to end up running public hospitals across Australia.

Ms Halton—I am very aware of that, Senator.

Senator CORMANN—You just proved my point. You are aware of that. So I ask again: when do you actually think we will have reached a point where either significant progress has been made or significant progress has not been made?

Ms Halton—Senator, again, you are getting into an area where you are asking me to speculate. The bottom line is—and some of the senators around this table can tell you—that I am quite determined about never speculating in these committee meetings.

Senator CORMANN—Okay. You are currently negotiating with the states and territories the next Australian Health Care Agreement, which starts on 1 July 2009. How can you negotiate in good faith with the states and territories if you are not able to tell them what is expected of them in terms of reaching that benchmark of 'significant progress'? You are currently sitting down with the states and telling them, 'This is what we expect from you in terms of the agreement that starts on 1 July 2009.' That happens to be the date when the Prime Minister will make the decision about whether or not he wants to take over public hospitals. What are you putting to the states and territories in terms of what it is you expect them to do?

Ms Halton—Again, Senator, we are talking to them in a number of different contexts. We are talking to them in relation to the structure of the COAG process and the COAG agreements. We are talking to them about processes of reform. We are talking to them about specific initiatives such as elective surgery. I could go on. We are not entering into the realm of a discussion about whether we are or are not taking them over. That is not appropriate for us to do that. What we are doing is looking at materially shifting the way hospitals work and we are talking to them about how it is, in the new COAG environment, we will actually be able to monitor and to measure, against agreed benchmarks, what is going on.

Senator CORMANN—Are you talking to them about your expectations that patients should have more timely access to quality public hospital care?

Ms Halton—Senator, I am not going to go into the detail of the measures and things of that ilk. We have already pointed out to you the work that was done by the AIHW which is in the public arena. It is on their website so you can have a look at what those items were in terms of the work originally commissioned by health ministers. I can tell you that that is not a bad place to start by way of looking at it. In terms of the specific detail of what has currently only been discussed, can I say, by officials—not yet gone to the minister, not yet gone therefore to heads of government—I cannot really go into any more detail.

Senator CORMANN—In closing on this, at the end of the day Australians want to know that there are going to be some improvements in terms of the timeliness of access to quality hospital care, that they will be waiting for less time and that there will be fewer people on the waiting list. Surely when the Prime Minister talks about significant progress and the states lifting their game, from his point of view he is looking at people having to wait less time and get treatment in clinically appropriate time frames. Is that something that you are currently negotiating with the states?

Ms Halton—Again, Senator, I have said to you that I am not going to talk about the detail of what is currently being discussed because it is at a very early stage. But, if you look at what we currently have in the public arena, go back to elective surgery. That is actually about improving access to hospitals for people who have been on waiting lists for surgery. In fact, we have already delivered half of those additional places. That gives you a flavour, I think, for where this is going.

Senator CORMANN—Thank you very much. I will move on. You mentioned the $1 billion pledge for the healthcare agreements. Of course that was made in the context of the healthcare agreement that expired on 30 June 2008 being extended by another year. Can you confirm whether the $500 million paid in the 2007-08 budget came from the 2007-08 budget or was brought forward from the 2008-09 budget?

Mr Kalisch—It was appropriated from the 2007-08 budget.

Senator CORMANN—So that was out of the surplus that was left by the previous government?

Mr Kalisch—It was out of that budget. I do not think you can actually say it was a surplus left or surplus achieved by this government. It was actually the final accounting of that full financial year, which had both governments.

Senator CORMANN—You are assuming that I am much more political than I actually am. This was out of the 2007-08 budget that was brought down by Treasurer Costello in May 2007?

Mr Kalisch—No, this was about the budget that was brought down by Treasurer Swan in May 2008.

Senator CORMANN—You just said it was paid out of the 2007-08 budget.

Mr Kalisch—Sorry, it was paid in the 2007-08 financial year from the May 2008 budget. So it was paid in a very short space of time just after the budget.

Senator CORMANN—Was it accounted against the 2007-08 financial year or was it accounted against the 2008-09 financial year?

Mr Kalisch—It was accounted in the 2007-08 financial year.

Senator CORMANN—Which is the last financial year that came out of the budget that was brought down in May 2007. That is just a factual statement.

Mr Kalisch—Yes, but there were some budget decisions that were taken in May 2008 that also impacted on the 2007-08 financial year.

Senator CORMANN—So when did the states receive this money?

Mr Kalisch—They received it in June.

Senator CORMANN—Were there any guidelines or criteria for how this money was to be spent?

Mr Kalisch—I think the same conditions as applied for the Australian healthcare agreements were moved onto that money, so the matching payments and various other things still applied.

Senator CORMANN—Do the states need to report on that expenditure?

Mr Kalisch—Yes.

Senator CORMANN—How will the $512.5 million included in the forward estimates interact with the healthcare agreement negotiations and payments once the new agreement is signed? How do they relate to each other? Is that essentially put on top? Does it increase the base as part of CPI or is it something that—

Ms Halton—It was a one-off contribution.

Senator CORMANN—I think there are two aspects to the $1 billion figure. One aspect is CPI; is that right?

Mr Kalisch—One aspect was guaranteeing indexation of at least $500 million. So if the CPI produced a lesser amount, states and territories were guaranteed to get at least $500 million. If, for example, CPI was higher, the states and territories would get that higher amount above the $500 million.

Senator CORMANN—But they would not get less than $500 million?

Mr Kalisch—That is right.

Senator CORMANN—So there is a $500 million one-off payment which was paid in 2007-08 and then there is the CPI component. I will move on. The most recent state of our public hospitals report indicates that the number of private patients in public hospitals continues to trend up. What is the department's view about that, if any?

Ms Halton—In what respect? We do not have a particular view on it. We notice it.

Senator CORMANN—This is in the context that privately insured Australians are of course entitled to free access to public hospital care the same as every other taxpayer. If that trend continues that is another driver of further increases in private health insurance premiums. In previous years, as part of the Australian healthcare agreement, there were

conditions—and I am sure Mr Kalisch knows what I am talking about—where states and territories were not allowed to coerce privately insured patients to use their private health insurance in public hospitals.

Ms Halton—That is correct.

Senator CORMANN—To varying degrees various state governments have used methods to strongly encourage privately insured patients to use their private health insurance. That has increased the utilisation of private insurance in public hospitals. As a department have you got a view on that?

Ms Halton—Hang on a second. You have made an assertion there which, I have to say, I do not know there is a lot of evidence for. To the extent that it is ever brought to our attention that anybody is coerced, inveigled or otherwise had pressure put on them to use their private health insurance, that is actually reportable and we investigate those issues.

Senator CORMANN—I did not say that people had been coerced. I said there is a provision in the healthcare agreement that people should not be coerced and that various states are using various strategies to strongly encourage that.

Ms Halton—Strongly encouraged and coerced may be quite close—

Senator CORMANN—In my home state of Western Australia there was a review called the Reid review. There was a specific chapter focused on that objective to increase the number of privately insured Australians who use their private health insurance in public hospitals. Has the department got a view on this?

Ms Halton—Not particularly.

Senator CORMANN—It is not something that concerns you?

Ms Halton—We are concerned if people have pressure put on them to use their private health insurance if that is not their wish. In relation to the utilisation of private health insurance when it is a free choice of the person, no.

Senator CORMANN—I turn to the Enhanced Primary Care Program and the EPC dental services. There have been some reports in the media—and I understand that reports in the media are not always accurate—about a study of the Sydney university based Association for the Promotion of Oral Health that said that 75 per cent of benefits under that program are paid to dental patients in New South Wales and that patients in other states—from Victoria to Western Australia—miss out. The accusation is levelled that the program is not appropriately advertised or promoted. Can you give some comments about this? What are your strategies to address that inequity—that is, where people in New South Wales are getting a benefit that the people in Western Australia, Victoria and other states are not?

Ms Flanagan—First of all, I would challenge your contention that people in WA are not getting what people in New South Wales are getting. The scheme is currently open and available to those with chronic disease who get a care plan from their GP. Just because there might possibly have been what you would regard as an uneven take-up between the states does not mean that people in WA are not getting access to the service.

Senator CORMANN—I have not said that people would not get access. What I have said is that 75 per cent of benefits have been paid to patients in New South Wales. That is not me saying so; that is Ms Roxon, who said that the scheme had been monopolised by New South Wales dentists who had claimed $78 million, 75 per cent of the funding, over four years. In Western Australia only one per cent of benefits were paid. Can you give us a breakdown per state of the benefits that have been paid under the program?

Ms Flanagan—Yes, we can. Do you want it by percentage?

Senator CORMANN—Yes.

Ms Flanagan—For the ACT, it is 0.1 per cent; Northern Territory, less than 0.1 per cent; Tasmania, 0.3 per cent; Western Australia, 0.6 per cent; South Australia, 2.1 per cent; Queensland, 3.8 per cent; Victoria, 18.2 per cent; and New South Wales, 74.9 per cent.

Senator CORMANN—In essence you have just confirmed what I put forward as a proposition and you said I got it wrong. That seems pretty inequitable in terms of the payment of benefits. What is the cause of it?

Ms Flanagan—It is a demand driven program.

Senator CORMANN—So you are saying that people in Western Australia have got 0.6 per cent of demand even though we have 10 per cent of the population, whereas people in New South Wales have 75 per cent of demand. I find that hard to believe.

Ms Flanagan—I would hope that you are not suggesting that the way the program operates is that New South Wales is being favoured over any other state. It is a demand driven program. People are identified with chronic disease, with dental issues—

Senator CORMANN—Ms Flanagan, you say that with a straight face. So people in New South Wales have got 75 per cent of demand and people in Western Australia have got 0.6 per cent of demand?

Ms Flanagan—No, they have 75 per cent of the take-up under the program to date—

Senator CORMANN—Does it concern you that there seems to be such inequity in the take-up rate?

CHAIR—It might be useful to let the officer complete her answer for *Hansard*. Ms Flanagan, you were saying?

Ms Flanagan—As I said, this is publicly available data. We were interested in that statistic but, again, I think the parliamentary secretary will indicate that the government is interested in closing this scheme down at the earliest opportunity. It has tried twice in the Senate to do so.

Senator CORMANN—Is that why it is not being promoted in Western Australia, Victoria, South Australia, the Northern Territory and the ACT? Is that why people in New South Wales are the only ones who are able to benefit from it?

Mr Kalisch—I am not aware of any disproportionate strategies that are state based at all. This is the same approach. I understand that you suggest it is quite different by states, but at the end of the day we do not have strategies that are pursuing quite different usage rates.

Senator CORMANN—You are the national Department of Health and Ageing.

Senator McLucas—Senator Cormann, let me assist in some way. I had complaints made by constituents in a regional centre in Queensland who said to me that they had called every dentist in their city and not one of them wanted to be part of this particular program. That may explain some of the problems you are experiencing in Western Australia. We agree that there is an uneven take-up, and that is why we want to replace this program with the fairer Commonwealth Dental Health Program. I think the figures that you have had read to you by Ms Flanagan underline that there is a much fairer and better way to deliver Commonwealth funds into dental health in this country, and that is through a Commonwealth Dental Health Program, as we have attempted to do.

Senator CORMANN—This program is currently the law and I think you will find that your government is not doing what needs to be done to ensure that people across Australia, not only in New South Wales, are properly informed of the benefits that are available under a program that was endorsed by the Parliament of Australia.

Senator McLucas—It is not a matter of promoting. I think there are fundamental problems with the structure of the program, including the explanation I have just given you of my personal experience in trying to assist constituents in a very large regional city in Queensland where not one dentist was prepared to be part of the program.

Senator CORMANN—Have you read the study by the University of Sydney based Association for the Promotion of Oral Health?

Senator McLucas—Sorry, I have not.

Senator CORMANN—I suggest you do because you will find that research says that one of the reasons for the high uptake in New South Wales is that there is an independently organised promotion campaign in New South Wales while there is no promotion whatsoever in any of the other states.

Senator McLucas—I think the important words are 'independently organised'.

Senator CORMANN—This is a program that, as I said, is current law. It is something that the Parliament of Australia has charged the government of Australia to manage. At present, you are in a situation where 75 per cent of the spending is in one state. What are you doing to ensure that that spending is more equitably spread across Australia?

Senator McLucas—We are attempting to bring in a more fair approach to dental health.

Senator CORMANN—It is your rhetoric that it is more fair. I disagree.

Senator McLucas—You asked me what we are doing and that is what we are doing. We want to bring in a fairer system of Commonwealth funding for dental health in Australia through a Commonwealth Dental Health Program. It was a commitment we took to the last election. It was very well received by the community and, unfortunately, we have not been able to garner the support for it in the parliament. We are strongly of the view though that it would be a fairer way for the Commonwealth to invest in dental health in this country.

Senator SIEWERT—Minister, with Senator Cormann's agreement, could I jump in and ask a few questions about this particular program, because I am aware that we are finishing this at half past six. Is it possible for you to provide us with the details of how much advertising there has been and where you have spent on this particular program?

Ms Flanagan—We have not advertised the program because the government announced before the election that it intended to close the scheme down. The new scheme only came into operation in November. In effect, the government was then elected. It has been the government's intention all along that this scheme be closed down, so there has been no advertising.

Senator SIEWERT—It has been a very popular scheme for a scheme that has not been advertised.

Ms Flanagan—In New South Wales it certainly has.

Senator SIEWERT—And in some of the other states. Could you provide us with the details of the number of people who have actually used this scheme?

Ms Flanagan—Yes, we can do that.

Senator SIEWERT—Are you able to do that now, or will you have to take it on notice? I am after the number of people, not services.

Ms Flanagan—The number of people for four years is 67,050 patients.

Senator SIEWERT—That is over the four years. I am keen to know the figures for when the enhanced program started in November.

Ms Flanagan—Yes, that figure is 61,055 to 31 August.

Senator SIEWERT—I can do the maths then on the number of people in each state who have used that. Have you got details on the postcodes of the people who have actually used these services?

Ms Flanagan—No, we do not have that detail.

Senator SIEWERT—Do you have details on the income of the people who have used these services?

Ms Flanagan—No, we do not have income data either.

Senator SIEWERT—You do not have income or postcodes?

Ms Flanagan—No.

Senator SIEWERT—Do you have any data that indicates the capacity of people to pay for the services?

Ms Flanagan—I think we know that some have co-payments but, again, I would need to take that on notice to see what data we might have.

Senator SIEWERT—That would be appreciated. Do you have any data that compares the cost of this particular service with the Medicare dental scheme that is available to veterans?

Ms Flanagan—Again, I do not know that we can do a comparison. I think you would know that this is a capped program. You can get services up to $4,250, so it would not really be a fair comparison even if we did have an average of what we paid for veterans.

Senator SIEWERT—Can you tell me then how many veterans annually use the Medicare dental scheme available to them?

Ms Flanagan—We will take that on notice and see whether we can get that from the Department of Veterans' Affairs.

Senator SIEWERT—That would be appreciated. Do you have any data on the number of veterans who actually use dentists in the public dental scheme versus private dentists?

Ms Flanagan—Again, we would have to ask the Department of Veterans' Affairs if they have that data.

Senator SIEWERT—If you could take that on notice, that would be appreciated. I want to ask about the teen dental program that has already started. I know it has only just started, but have you got any data on it yet?

Ms Flanagan—Yes, we do. Up until 31 August there were 18,260 services delivered. As I think you would know, there are 1.1 million teenagers who are eligible for the program in a year, but we are sending out letters and vouchers to them across the year.

Senator SIEWERT—So how are you advertising it? Are you just sending them out through data that you already have?

Ms Flanagan—Yes. We have Medicare data by age so they receive an individual letter with the voucher. If you like, we could give you a copy of the letter with text as to how people can use the voucher.

Senator SIEWERT—That would be appreciated, although I do not think my son qualifies as a teenager any longer.

Ms Halton—Does that mean he is not a teenager or he just does not qualify?

Senator SIEWERT—He thinks he does not qualify, more than anything. Is it possible to provide any data on the users of the service by postcode? Do you keep any of that data?

Ms Flanagan—Again, we would need to take that on notice. I need to check whether we can provide anything by postcode. I doubt it, but we will check.

Senator SIEWERT—That would be much appreciated.

Senator CORMANN—I have two specific areas which are nice, friendly ones to finish off on.

Ms Flanagan—That will be a change!

Senator CORMANN—You would be surprised! That is very unkind, actually.

Ms Halton—It is all right. She will be counselled later. She is feeling a little tired and emotional.

Senator CORMANN—I am sorry you have been on the receiving end of the democratic process.

Ms Halton—Is that what you call it?

Senator CORMANN—Yes, that is what it is. I have got to say this is the best part of it. I think it actually does help to improve public policy, believe it or not. We talked about obesity a bit earlier today. In August, the New South Wales government put out a policy framework for dealing with obesity. It actually includes provision for greatly expanding access to

bariatric surgery, like lap banding and gastric bypasses, for public patients. Historically—and I am aware of this because it has been a significant growth procedure in the private sector and nine out of 10 patients who undertake this procedure are privately insured patients—I am trying to understand whether the Commonwealth has had a position on bariatric surgery as a fundable form of treatment for obese public patients, especially those with serious comorbidities like type 2 diabetes.

Ms Halton—Senator, maybe you were not here when we discussed this.

Senator CORMANN—Sorry; I might have missed this.

Ms Halton—We did have quite a long conversation about this earlier.

CHAIR—That question was answered, so I would prefer if possible to—

Senator CORMANN—Can you just quickly summarise it for my purposes?

Ms Halton—He can do the abstract—

Prof. Horvath—Just very quickly, it is really a part of a complex treatment program, not a one-off therapy. It really has to have the appropriate psychological support and all the other issues. Perhaps I could refer you to quite a lengthy reply I gave earlier.

Senator CORMANN—Sorry; I was not aware. I must have been out at a different committee at that stage. I have a final question. Does venous thromboembolism—I have a non-English speaking background, so bear with me—mean something to you?

Prof. Horvath—Yes.

Senator CORMANN—It is VTE for short. It is a major problem in hospitalisation, with some estimates suggesting that one in 10 hospital deaths have a VTE link. There is a National Institute of Clinical Studies working group that is looking at national VTE guidelines or standards. Does the Commonwealth support, as part of good hospital practice, these guidelines being included as part of the Australian Health Care Agreement?

Senator McLucas—I am not sure the agreement can go to recommending one particular type of therapy over another.

Senator CORMANN—Do you—

Prof. Horvath—Perhaps to assist you in this, the National Institute of Clinical Studies has a study going. It has done some survey work and recently, with NHMRC, it launched a further study which, if I am correct, Minister Roxon launched. It is a multihospital study. It is an important area and there has been a lot of education of the profession and of hospitals on how to best manage, again, a very complex area. But I do not believe that I have any information—whether that would be part of the agreement—as such.

Ms Halton—Can I put a little extra on to that?

Senator CORMANN—Yes, please.

Ms Halton—You know we have the Safety and Quality Commission. We may put something like that in the agreements; we may not. It may be one of the sentinel indicators we look at. That is quite conceivable, but it may not be. If it were not, the reality is the work of the Safety and Quality Commission, which is looking at safe, good practice and then

spreading that right across hospitals, is the vehicle we would generally use to pursue this. As Professor Horvath said, with the work that is being done by NICS through the NHMRC, when we get evidence in relation to this particular issue—or indeed any other—then the question in the Safety and Quality Commission is how we put in place systems to ensure that that good practice is adopted. So the commission is talking about this quite a lot.

Senator CORMANN—That is where my question is coming from. I was very clumsy in putting it; I concede that. What role does the Commonwealth see it has, whether it is through the Australian Health Care Agreement or through other mechanisms, in terms of working with the states and perhaps even private hospitals to minimise the incidence of things like VTE?

Ms Halton—That is a completely fair question. The answer is, firstly, it would be my expectation that there will be something about safety and quality in the agreement. What form it will take—because as I have already explained we are in the process of these discussions at the moment—I do not know. There should be something. I think the minister is on record as expressing her concern in relation to a number of safety and quality issues. It is something she takes very seriously. So there is that vehicle. But because the Safety and Quality Commission is a creature of Commonwealth and state ministers—it is set up under the health minister's umbrella—it has a specific charter to basically go to all of these areas and then to make recommendations to all ministers about what can be done to improve safety and quality. So the Commonwealth takes—and I know the Commonwealth minister takes—a very active interest in those things.

Senator CORMANN—Thank you very much. I will put the other questions on notice.

Senator HUMPHRIES—Thank you. I just want to ask a little bit about procedures for organ donation, particularly kidneys. Why is it that we appear to have a system in Australia for allocating the next recipient of a kidney donation that is different to the procedure used for other kinds of organ donation? I understand that with other kinds of organs, subject to issues of appropriateness of age and other things that go with compatibility, essentially there is a kind of a ranking arrangement so that a person who has been waiting for a long period of time for a cornea, a heart or any other kind of organ is more likely to be at or near the head of that queue than a person who has only just been allocated a place on the queue. But, with kidneys, there is a computer algorithm which determines the allocation, and the time spent on the waiting list is a minimal, or at least less important, factor in the allocation of kidneys. Can you explain to me why that is?

Ms Halton—I am sure the professor would love to.

Prof. Horvath—Thank you. It is a lovely Dorothy Dixer. The issue with kidneys is that, whilst waiting on a waiting list—unlike with livers, hearts and lungs—fortunately there is dialysis and a patient can wait, although transplantation is by far optimal. The other reason is that there is now a lot of data in the literature that indicates that, the closer the organ you receive to your own tissue type, the better the long-term outcome. Therefore, there is a huge effort made to do the best possible match. For example, all the algorithms say that, if there is a perfect match anywhere in Australia, that organ and that recipient, for a perfect match, will be matched up and all other issues overriden. Because you have got dialysis, you have got the

time, once a donor is identified, to do the tissue typing, which takes some hours, and then match the kidney to the recipient.

The other issue is the time between transplantation and getting the actual kidney from the donor and putting it into the recipient. With a kidney, it can be up to 24 hours, and you could even stretch it a little bit longer. You do not have that same liberty with hearts, lungs and, to a much lesser extent, livers.

So there are a number of medical and technical reasons for that algorithm. There is some discussion between the different state agencies as to how much weight you should put on waiting time. I know that the different states use waiting times as a slightly different model. One of the things with the new transplantation authority that will start on 1 January is, in fact, that it will give the same weighting to waiting time across all jurisdictions. So there will be the same set of criteria—there will be uniform criteria—for the allocation of kidneys across all states and territories following the authority's establishment on 1 January.

Senator HUMPHRIES—I understand that that process you describe has been in place for quite a long time—40 years or so.

Prof. Horvath—That is correct.

Senator HUMPHRIES—But surely in that time anti-rejection medications have been greatly improved. Surely the necessity of a good type matching is not as great today as it was 40 years ago. Even though it is desirable, it is not anything like as important in achieving an effective transplant as it was 40 years ago.

Prof. Horvath—You are correct to an extent. For the acute one-year graft survival, that is correct. But for the longer 10- to 20-year survival, the better the match the better the outcome.

Senator HUMPHRIES—Isn't it appropriate, though, to give some weighting to the needs of people who have been on the waiting list for a long time and whose condition at some point will begin to deteriorate—because dialysis cannot indefinitely sustain their level of health—and to allow them to obtain kidneys ahead of those who might just have arrived on that list and have some years of stability ahead of them through dialysis?

Prof. Horvath—You have hit on, I think, the one unresolved area in the distribution of organs. You are absolutely right. How much weighting you should put on waiting times is an unresolved issue between transplanters and continues to be a matter for discussion. I am aware that over the last few years—and I have not been that closely linked to it for the last five years—there has been more weight put on waiting time than there was before. It really becomes an ethical debate as to whether you give a kidney to someone who has a better chance of having good renal survival for five to 10 years or to someone who has been on a waiting list for a long time and in whom it is very possible that that kidney will not have such a good chance of survival. I think it is important that there be a lot of debate about this and that the new authority address this as one of its important issues into the future.

Senator HUMPHRIES—Will it do that?

Prof. Horvath—It will; it is one of its terms of reference.

Senator HUMPHRIES—Thank you.

Senator McLucas—It is an important issue, Senator.

Senator HUMPHRIES—Yes, absolutely.

Senator McLucas—We have allocated $1 million in the proposal. It has not come to the Senate yet. It has been through the House of Representatives. There is $1 million allocated in the package to deal with this particular question, not just about kidneys but about the broader question of allocation.

Senator HUMPHRIES—I congratulate you on that package, that legislation. It is a very commendable step in the right direction.

Senator McLucas—Thank you. It is a fantastic package. I also take this opportunity to commend the chief medical officer. the secretary and Ms Harman for the work they did in pulling it together. It was terrific, fantastic work.

Senator HUMPHRIES—Indeed.

Senator ADAMS—I have some questions on the Australian healthcare agreements, which I started on this morning. I want to quickly finish with that. They are to do with closure of rural hospitals. What statistics and information does the Commonwealth hold on the closure of rural and regional public hospitals in Australia over the period of the current healthcare agreements? This could be taken on notice if you do not have it with you.

Ms Flanagan—It is probably best if we do take it on notice. In terms of remote hospitals, we do not necessarily have information on the time period that you have asked for, but we do have it for 2002-03 and 2006-07. There were 92 remote hospitals in 2002-03 and 93 in 2006-07, and there were 70 very remote hospitals in 2002-03 and 72 in 2006-07.

Senator ADAMS—This was about closure of them, though—they did not all close, obviously.

Ms Flanagan—No; in fact, we are increasing them. As a total they have actually increased. That is a net result.

Senator ADAMS—What statistics and information does the Commonwealth hold on the closure of emergency departments in rural and regional public hospitals in Australia over the same period, the period of the current healthcare agreements?

Ms Flanagan—We will need to take that on notice.

Senator ADAMS—Good. I have another question on the closure of maternity units in rural and regional public hospitals in Australia over the period of the current healthcare agreements.

Ms Flanagan—Again, we will take that on notice.

Senator ADAMS—Has the department had any discussion with state governments about how to measure and allocate funding for rural public hospitals under the next Australian healthcare agreements?

Mr Kalisch—The issue of funding is something that is going to be taken up by treasurers and first ministers as part of the broader Commonwealth-state financial framework.

Senator ADAMS—Could you take that on notice, too, for me, please? It is on rural public hospitals.

Mr Kalisch—Yes.

Senator ADAMS—I would like to know what happens there.

Ms Halton—Mind you, we should just acknowledge that we usually attempt to answer questions on notice in a timely fashion. Whether or not we can answer this one—

Senator ADAMS—Yes, I realise that.

Ms Halton—There are other constraints beyond our control as to when that question gets answered.

Senator ADAMS—This one could go with those: has the department had any discussion with state governments about how to measure and monitor services provided by rural public hospitals under the next Australian Health Care Agreement? It is just to flag those things. That would probably be very useful because it is something that is concerning my rural colleagues. Thank you.

Proceedings suspended from 6.37 pm to 7.33 pm

CHAIR—Welcome back. Thank you, Senator McLucas. Welcome, Mr Stuart and Ms Smith. We have an hour for Aged Care, so we will get right into it. Senator Adams, we will get going.

Senator ADAMS—Thank you very much. When is it expected that the aged-care approvals round for 2008 allocations will be announced?

Mr Stuart—The approvals round is going to be advertised in November, with applications to close in December and announced outcomes expected in about June of next year.

Senator ADAMS—Since 1 July 2006, how many providers have handed back to the department allocated but not operational residential places?

Mr Stuart—I know I have that here, because I know that we answered a question on notice about that. So we are already on the record for you.

Senator ADAMS—All right, thank you.

Mr Stuart—I will see if I can find that. The time frame?

Senator ADAMS—1 July 2006 until now.

Mr Stuart—These are places that were allocated but have been returned to the department.

Senator ADAMS—Yes, they are not operational yet, just allocated.

Mr Stuart—That have been returned to the department. These comprise both lapsed and surrendered allocations, so ones where the clock basically runs out on them or where people hand them back.

Senator ADAMS—So that clock is two years. Is that correct?

Mr Stuart—We can provide extensions where we think people have a reasonable case, but when we do not think they have a reasonable case, they lapse.

Senator ADAMS—After two years?

Mr Stuart—The total numbers were 2006-07, 449 and 2007-08—that is, until December 07 at the stocktake—271.

CHAIR—Mr Stuart, who is the delegate for that decision?

Mr Stuart—There are, I believe, a variety of delegates, but I will ask Allison Rosevear to speak to that.

Ms Rosevear—With the surrendered places, it is not a decision of a delegate. The provider just chooses to hand them back. With places that lapse, it could be one of two things. They may have requested an extension to the provisional allocation, and then the delegate would have made a decision not to extend, in which case the places will lapse when the time runs out. The delegate is usually a senior officer in one of the state or territory offices.

Mr Stuart—So it is a departmental delegation exercised by senior officers in the state office generally.

Senator ADAMS—That first question was how many providers. Then my second question, which I have not asked you yet, was, how many allocated places have been handed back? Could you provide a breakdown of places on a state and territory-wide basis?

Mr Stuart—Could I direct you to the answer to question E08-070 from the last hearing, where you will find a table—which I have with me, and I am happy to table it again—that covers the years 2005-06, 2006-07 and 2007-08 and which is places by state.

Senator ADAMS—Yes, if you could perhaps table that now.

Mr Stuart—I only have the one copy, but I am certainly happy to do so.

Senator ADAMS—Okay, thank you. Since July 2006, how many providers have handed back operational licences to the department? Once again, could the department provide a breakdown of these returned licences on a state and territory basis and the date that they were returned to the department?

Mr Stuart—We can do that, but we do not have that with us. I have with me the answer to the previous question, which is a nice table of the number of places, but that table does not show the number of providers that those places came from. So we will take that one on notice for you.

Senator ADAMS—Thank you very much. In the 2007 aged-care approvals round, Western Australia and Tasmania were undersubscribed. Is it expected that those states will continue to be undersubscribed?

Mr Stuart—The gap was actually substantially made up by the zero real interest loans round. We will have to look at what are the economic conditions in the current application process expected in November and how providers evaluate those, but the gaps that were left from the last round were in fact made up in both of those states by the zero real interest loans.

Senator ADAMS—And they were all taken up?

Mr Stuart—The entire gap from the previous round was made up, plus a bit, in both of those states.

Ms Rosevear—I will find that for you. In Western Australia, we were able to allocate in the zero real interest loans round 347 residential aged-care places and 28 community care places. This was approximately the gap in the 2007 ACAR in Western Australia. In Tasmania we were able to allocate, through the zero real interest loans round, 130 residential aged-care places and 24 community care places, which was larger than the gap in the 2007 round. I believe there were 103 residential places that we were unable to allocate in ACAR 2007 in Tasmania.

Senator ADAMS—Have those places all become operational?

Ms Rosevear—No, they are provisional allocations, and the providers have a two-year clock to make them operational.

Senator ADAMS—Is there any anticipation of other states also being undersubscribed for the 2008 round?

Ms Rosevear—We have never had any trouble in previous rounds in allocating the number of places for any of the other states in the aged-care approvals round, and we do not anticipate a problem at this stage.

Senator ADAMS—So it has just been Western Australia and Tasmania?

Mr Stuart—Yes, and only in that round from last year.

Senator ADAMS—Does the department agree that 70 per cent of aged-care residents are classified as high care?

Prof. Cullen—I think the statistic that you might be referring to is that 70 per cent of new entrants are classified as high care.

Senator ADAMS—I am asking about 70 per cent of aged-care residents at the present time.

Prof. Cullen—I do not have that figure with me at this moment, but it is not 70 per cent.

Senator ADAMS—It is or it is not?

Prof. Cullen—It is not. It is lower than 70 per cent, but I do not have that figure.

Senator ADAMS—How low do you think it is?

Prof. Cullen—It is more than 60 per cent but lower than 70 per cent. I am sorry, I do not have that figure.

Senator ADAMS—That is all right.

Mr Stuart—My memory is that it is in the low 60s, but we will try and get that confirmed for you as soon as we can.

Senator SIEWERT—Senator Adams said 'of existing residents'. The comment you made then was 'new residents'. Is that true for new residents?

Prof. Cullen—Since the introduction of the ACFI, the data shows that 70 per cent of new residents are being classified in high care.

Senator ADAMS—The reason I asked that question is that I would like to know why the department continues to manage an allocation process set at 44 high-care places, 44 low-care

places and 25 community care places. With those statistics, does the department move its allocation for those places according to what has been found out the year before? As you say, since the ACFI system has been in, obviously the aged-care places have increased.

Ms Murnane—I can sort of sympathise with the question, because it does seem an anomaly, but it is the result of ageing in place, which was a conscious policy of the previous government to allow aged people, as they needed a higher form of care, to stay in the same home.

Senator ADAMS—So that is the reason?

Ms Murnane—It is the result of that. It is absolutely the result of people entering a home as a low-care resident and then progressing to being high care and instead of having to move, as they would have previously, being able to stay in the home. While, looking at it on the surface, your question is perfectly understandable, that is the underlying reason.

Senator ADAMS—Those numbers, though, as people age in place, have increased and we now have 70 per cent with the new ACFI classification. Is there any adjustment to those 44 high-care places?

Ms Murnane—As Dr Cullen said, we will check that figure. I think you are probably close, but let us check that.

Prof. Cullen—I need to correct myself, and I apologise for this. Seventy-two per cent is the number of new residents who will be classified as high care on the ACFI. However, the ACFI is not the only determinant of whether you are high or low. The ACAT that you had prior to entry also determines whether you are high or low. When the ACAT is taken into account, 56 per cent of new residents are classified as high.

Senator ADAMS—And then you have the ageing in place ones that are moving through the system.

Ms Murnane—Yes.

Prof. Cullen—That is correct.

Senator ADAMS—My mathematics is just not working with this 44 high, 44 low and 25 community care places. So my next question is: when we have the next round, will that be adjusted?

Ms Murnane—It is not planned to be adjusted for the next round.

Senator ADAMS—Thank you. Will the department provide data as at 30 June 2008 in respect of the number of operational aged-care places, allocated aged-care places and the average occupancy by state and territory and national figures in each category? You can take that on notice, because I do not expect you to have those figures there.

Mr Stuart—Not at 30 June 2008.

Senator ADAMS—No.

Mr Stuart—I would like to let you know, though, that we are not far away from finalising the collation of data from the June 2008 stocktake. Our practice has always been to make that available to senators, and we will continue to do so.

Senator ADAMS—Taking you back then, will the department provide data as of 30 June 2007 in respect of the number of operational aged-care places, allocated aged-care places and the average occupancy by state and territory, and national figures in each of the categories?

Mr Stuart—That data is already on the public record, but we will certainly be able to provide it again.

Senator ADAMS—Good; thank you. Now I would like to ask some questions on the Aged Care Funding Instrument. Will Access Economics be engaged to continue to assess the financial impact of the Aged Care Funding Instrument, commonly known as ACFI, specifically on new admissions over the next six months, so that the industry has a 12-month picture of the financial impact of ACFI?

Prof. Cullen—At the most recent meeting of the industry reference group for the ACFI, I gave the commitment that Access Economics would make a further analysis, following their preliminary analysis, of those issues.

Senator ADAMS—Thank you. Will Access Economics be engaged to assess the financial impact of the Aged Care Funding Instrument on low care and on high care? Would that come under their brief?

Prof. Cullen—They have already analysed the financial implications of the new funding instrument to show that there would be an increase in real terms because of the introduction of the ACFI, and that is the result of their first submission. So I think they have already done that.

Senator ADAMS—Would you like to take that on notice and send the committee the result of that?

Mr Stuart—The results of that have been published on the departmental website.

Senator ADAMS—When are the validations going to commence to confirm that the ACFI assessments that have been reviewed by Access Economics are accurate?

Mr Stuart—I want to try and clarify that question a little bit. It sounds like there are two sets of issues there wrapped up in one question. Are we talking about the department's validation program of ACFI assessments?

Senator ADAMS—That is what I want to know. Are they going to be reviewed to see if they are accurate? It is fine to have someone out there assessing everything, but how do you check that, because the funding is so important, and based on this—

Mr Stuart—I understand.

Senator ADAMS—I want to know what process you have to ensure that what Access Economics has come up with is accurate. Does that explain my question?

Mr Stuart—Yes, thank you.

Ms Smith—We have had a longstanding validation program under the previous funding instrument, the Resident Classification Scale. We are in the process now of winding down the RCS validation program, and we will be commencing the ACFI validation program shortly. We are in a period of transition, because we still have some residents whose funding relates to

their RCS classification. So we are still doing some RCS validation, but we will be moving into ACFI very shortly.

Senator ADAMS—So the department does the validation of Access Economics' results?

Ms Smith—We validate the ACFI assessment done by the provider. I cannot comment on the Access Economics—

Mr Stuart—I think I understand what you are getting at, but Access Economics is not doing any ACFI appraisals. It is doing research. It is looking at all the ACFI appraisals that have been done by providers and comparing them with what we expected would happen and finding that there is a slight benefit towards providers in the funding that is being provided. I think the issue of the validation of the claims is a somewhat separate question. The providers make the claims and then the department takes a sample of them and assesses whether they are accurate.

Senator ADAMS—So you are saying, in relation to the results so far, that the ACFI providers are doing better rather than not doing as well.

Mr Stuart—On average.

Prof. Cullen—Certainly all providers currently are doing better under the ACFI because of the grandparenting arrangements, which ensure that no resident can receive less funding than what they did under the RCS. What the ACFI finding shows is that, when the ACFI is fully implemented and when grandparenting is washed through the system, so that there is no longer any grandparenting support, and the cap on the top of the ACFI has been removed, providers will receive, in real terms, 2.9 per cent additional funding than they would have received if the RCS—the previous classification—had continued.

Senator ADAMS—How many more years is the grandparenting going on for?

Prof. Cullen—The grandparenting will continue as long as there is a resident in care who was classified under the Resident Classification Scale and his or her needs have not yet increased.

Senator ADAMS—Therefore, the ones that are ageing in place are going to keep going?

Prof. Cullen—No. The ones who are ageing in place will tend to be reclassified higher as the years go past. So they will move off the RCS onto a higher classification.

Senator ADAMS—So they will move off it?

Prof. Cullen—The average length of stay is less than three years, so one would expect a turnover of residents within six years. As I say, grandparenting has only ever been offered to the industry. The grandparenting ensures that they maintain at least the same level of funding for a resident.

Senator ADAMS—Has the KPMG team identified low-care providers who are struggling, particularly those in rural and remote areas, and what assistance is being offered to those providers?

Prof. Cullen—The government has provided $3 million for KPMG to provide advice to providers who wish to approach KPMG. This is advice on how they can restructure their

business in line with the new funding instrument. So far KPMG has received 75 telephone inquiries and 54 email inquiries. It has received 27 applications for assistance.

Those applications for assistance are then prioritised against a set of criteria which was agreed by the industry. Those criteria are about size. The smaller you are, the more likely you are to be prioritised. The more rural you are, the more likely you are to be prioritised. The greater the group that you belong to, the more capacity you have to have financial expertise yourself, the less likely you are to be prioritised.

So, against the criteria agreed by the industry, 11 providers have been prioritised for assistance. Of those 11, five are currently receiving assistance and six have just been prioritised and will be receiving assistance in the near future.

Senator ADAMS—Are those 11 predominantly in rural areas?

Prof. Cullen—I do not have that data before me, but the nature of the prioritisation algorithm which was agreed by the industry would say that they would be in rural areas, yes.

Senator ADAMS—Mr Stuart, you probably remember the questions I asked last time which pertained to rural areas. That is where a lot of my information comes from. Since the commencement of ACFI, older people who would have previously entered low care as RCS6 or RCS7 are now in many instances unable to gain sufficient points to attract funding under ACFI. Previously, residents needed to attract 10.5 points to receive an RCS7 subsidy. Now they need to attract 18 points to attract the same level of subsidy. What is the government doing to assist these people to have their needs met?

Mr Stuart—The comparison between the ACFI scale and the RC Scale really cannot be made in terms of number of points. That is a bit like comparing Fahrenheit and Celsius temperatures. That does not work. There are many more points on the ACFI scale. But the fundamental basis of the question is that, between the two scales, there are both people who score perhaps lower and bring less funding at the very lower levels on ACFI and other people who would not have been funded very much under RCS who are being funded more under ACFI. We think it is measuring better the care needs of residents. As for what the government is doing about people who have rather low-level care needs, the answer to that question is overwhelmingly in the community care area, with community care packages and other expansion of community care places.

Senator ADAMS—When we get out to rural and remote areas, of course, those community care packages unfortunately cannot be accessed, simply because these people live too far away. Therefore, they do need residential care. So how do they get on, because with waiting lists it is becoming more and more difficult to get that lower end of the scale into a residential care facility? I would like the department to take that on board, because that is a real problem for the smaller rural areas. It is fine to have the aged-care packages, but, for anyone to actually be able to accommodate the person that is having the aged-care package, there is a certain limit, as far as kilometres go, that they can go and assist them.

Since the introduction of ACFI, approved providers are having to decline older people entry to low care who have been assessed as eligible. I would like to know what the government will do to assist these people who have been assessed as low care to gain entry

into an aged-care facility. Is there any sort of subsidy or any way that these people can be looked after? It is a practical problem, but it is happening.

Mr Stuart—Is that a different question from your previous question?

Senator ADAMS—Yes, it is.

Mr Stuart—I am having a bit of trouble understanding the difference.

Senator ADAMS—I am asking what the government is doing to assist these particular people. We were talking in the first question about the points that they needed, but now I am saying that we have a group of people who have been assessed as low care but there is nowhere to put them. So what is going to happen? That group seems to be growing.

Mr Stuart—I do not think we have any evidence about that.

Senator ADAMS—You may not, but certainly in Western Australia I do, and from the providers that have written to me—and I can certainly supply you with the names of providers that are having problems—it is a real problem and it is becoming a bigger problem.

Prof. Cullen—From the care recipients' point of view, the answer is the same as the answer we gave to the previous question, which is that the level of community care provision is substantially greater now than what it has ever been in the past and that those care recipients would be eligible to receive community care.

Senator ADAMS—Yes, but what if they do not live anywhere where they can get community care? That is what I am trying to ask you. There are certain restrictions as to how far people can travel every day. If someone has to be got up in the morning, organised and then put to bed at night and you have to travel 40 or 50 kays, who is going to do that?

Mr Stuart—We do have other provisions for people in rural areas. There is quite a lot, actually, of community care provision in rural areas. When we get out into really quite small towns, we use multipurpose services as the basis for delivery.

Senator ADAMS—I am fully aware about that, because it is one of my favourite things.

Mr Stuart—Including community care provision by multipurpose services.

Senator ADAMS—That is right.

Mr Stuart—It is only when we really start to get out into the very rural and remote areas that we actually have more sparse community care delivery. If the care need is predominantly housing, there is a program that we have been running now for a few years, whereby we have been encouraging retirement villages and other congregate care type settings to apply for community care packages. The concept there is that people have their housing needs met in an independent way and then the retirement village operator or housing operator provides community care into those units.

Senator ADAMS—Unfortunately, Mr Stuart, Western Australia has a lot of communities that probably have a population of between 1,000 and 1,500. These people do not want to leave their community, but there is no facility for them. These aged-care facilities, if there are any, are full, and we do not want them going into appropriate residential care if they do not have to. In some places they do have independent living with associated meals and things like that, but not everyone can do it. Providers, as I said, are tending to take the higher paying

residents in, and this cohort of people, which is getting larger, is being left behind. This is the reason I am asking that question, because I do not want to see my constituents not having an appropriate place to go.

Senator McLucas—Senator Adams, I am talking from my experience as a senator in a rural area as well—

Senator ADAMS—I know, but where you live in Queensland, Senator McLucas—

Senator McLucas—Where I live and where I am going to talk about are two different places.

Senator ADAMS—Okay.

Senator McLucas—I was speaking with a western shire in Queensland recently, and they are providing—and this is a really small town—really innovative community care services, even to people who live on properties. That is a lot of travel, but the way they package up their community care service delivery suits the care recipient but also the reality that they live some hours from town. So there are some innovative providers of community care out there doing some terrific things.

Senator ADAMS—I am sure there are.

Senator McLucas—That is in a town of 1,500 people, which is larger than the town I was born in. I know that, in my town, community care is being provided, and very well.

Senator ADAMS—It is in the town I came from, too, but there are a number of people even in the city, these lower standard people that have been assessed for low care, who cannot find a place to go. A lot of them are not being assisted with community care packages because it is not enough. I am trying to paint that picture because it is a problem.

Low-care facilities stand to lose considerable funding under the ACFI's medication requirement. Procedures such as taking blood pressure, blood glucose, catheter care, ulcers, the crushing of tablets and sorting of medication will not attract funding if they do not meet the new requirements under ACFI. Given the loss of funding, is the department reviewing the medication requirements under ACFI?

Prof. Cullen—It is important to understand that the ACFI is not a care-planning tool. It is a funding tool designed by independent experts. The ACFI looks at those procedures which best correlate to the relative cost of care and uses those procedures to determine what the relative cost of care is for a resident. Simply because the tool does not provide points for doing a procedure does not mean that that procedure does not have to be provided, nor does it mean that funding is not provided for that. Funding may well be provided for something else.

To give you an example, under the old RCS there were questions about both nutrition and hydration. You could receive points for both helping someone eat and helping someone drink. Under the new ACFI the points are for helping someone eat. There are no points for helping someone drink. That does not mean that we do not expect that people who need help to drink should not get that. What it means is that the analysis which established the ACFI showed that, if you answered the nutrition question, you have essentially already answered the hydration question and therefore you do not need to ask that question. It is wrong to look at

what things score points under the ACFI and think that those are the only things which are funded. They are simply the mechanisms by which the level of funding is determined.

Senator ADAMS—I am looking at the practical issue here. As you would be fully aware, a number of the residential aged-care facilities are very short-staffed. They cannot get staff because of the wages that they have to pay. They have to compete. Once again I go back to Western Australia, with very high wages being paid because we are very short of workers, whether they be skilled or unskilled. Therefore the homes have to compete and, even in the rural areas, every able-bodied person that can work has a job.

These are the sorts of things that the provider that asked me to raise this issue is having trouble with. They are doing their best to look after the people they have in their care, but, with all these issues, they feel that they are not able to pay their carers the price they should be paying them and they are losing them, so therefore the care for the resident is not as good as it should be. That is the argument with that.

My next question is about the fact that that low-care facilities stand to lose considerable funding in the complex healthcare domain, especially in ACFI question 11, Medications, as ACFI only takes into consideration the time the staff spend administering medications and not any preparation time or crushing of medicines. That is what we were talking about before.

Prof. Cullen—Once again I must emphasise that the tool is not a care-planning tool. The tool is a funding tool. Obviously, if you administer a medicine, you must have prepared that medicine. If you measure the time it takes to administer the medicine, you can impute from that the time it would have taken to prepare it. You do not need to measure both things. By measuring the administration time, you get an accurate measure of what the cost is of delivering that medication, including the preparation, and therefore the tool is simpler for everyone to use and places less burden and less record-keeping burden on the providers by using this simplified method.

Senator ADAMS—Is the department reviewing the gap between ACFI's subsidy rates for activities of daily living, given that you need to score above 18 for low, 62 for medium and 88 for high, and many rural, remote and isolated facilities are becoming unviable? Once again we go back to that argument. It is a practical argument, but it is making it difficult, so are you prepared as a department to review that concern?

Mr Stuart—There is going to be an 18-month review of the ACFI, 18 months on from implementation day, which was 20 March this year. You can expect all of these issues to be looked at: what has been the impact of the ACFI on the kinds of clients, the remuneration for different kinds of clients, and so on?

Senator ADAMS—So that will start in June 2009?

Mr Stuart—Eighteen months on from 20 March. Maybe your maths is quicker than mine.

Senator ADAMS—I do not know. I am just thinking. Probably a bit later. That is good to know. I would like to ask some questions now about palliative care projects. The case management is only guaranteed funding until March 2009. Is the department considering offering funding extensions to these critical and successful pilot programs?

Mr Tracey-Patte—Your question was about the palliative care grants ceasing in June 2009?

Senator ADAMS—Yes, they only have funding until March 2009, according to my information. My question was: is the department considering offering funding extensions to these critical and successful pilot programs?

Mr Tracey-Patte—There are some local palliative care grant programs which supply palliative care grants to a range of different and innovative services. Each of those palliative care services, in their funding agreement, works towards being self-sustaining by the end of the program.

Senator ADAMS—That is what happens to every pilot, and you have very successful pilots going and then no funding. They are supposed to be sustainable, so I will perhaps ask the department how they become sustainable. This is really frustrating for me, because I have seen so many good projects—three-year funding and then they are dead because they just cannot sustain themselves.

Mr Stuart—This is not core service funding. To put this in context, palliative care is run under state and territory administrations. This is a kind of practice improvement program, where we provide grants on top of usual operational funding for practice improvements to be made. That helps a service develop new ways of doing things, and then we want those new ways of doing things to become sustainable for the service as part of its usual management. That is the kind of principle underlying these grants.

We are not withdrawing core funding for operation of palliative care from services here. We will also then be going out, I believe—and correct me if I am wrong—with a fresh round of funding for fresh developments of the same kind over the coming period.

Senator ADAMS—So those successful pilots cannot get an extension of funding? They have to be a greenfields—

Mr Stuart—If they want to develop an argument that they have further work to do which is a further innovation and which will build on what they have already done, then they are certainly at liberty to apply again for grants for the future.

Senator ADAMS—And they would be looked at favourably if they have come up with a new initiative that would complement what they were doing?

Mr Stuart—They would be looked at favourably if they were competitive compared to the other applications we received.

Senator ADAMS—Now we move to Parkinson's. Unfortunately this is something that, as you would be aware, is on the increase. Is the department aware of the potential savings to hospital costs and reductions in the escalating costs of aged-care facilities from Parkinson's disease specialist nurses? Do you see what I am talking about? You have a disease-specialist nurse who is looking after the Parkinson's patient, and where that person is in their home it is saving them being in hospital.

Ms Halton—Are you focusing on some particular piece of—

Senator ADAMS—Yes, I am coming to trying to give the Parkinson's disease specialist nurse a place. We have breast cancer nurses coming into the community, and this is another type of nurse that is valuable, if there is funding to keep them going, because the savings they can provide through someone not being hospitalised are incredible.

Ms Halton—Hospitalised or in respect of going to long-term residential care?

Senator ADAMS—Having to go probably into inappropriate residential care, because, if they could stay at home by having the Parkinson's disease specialist nurse to help the family to keep them at home, it would save them going into care more quickly than they would have to normally.

Ms Halton—I am going to have to say that I am not familiar with this particular area. But I have to say that I take a particular interest in Parkinson's. A number of people know I have a family connection with Parkinson's, so, if you have any particular information about that, we would be delighted to hear it. We probably need to make a distinction here between issues in respect of breast cancer as against people who have a long-term condition which can lead to significant functional disability. Obviously, we would be happy to look at this, but I do not know that it is something that we have current familiarity with.

Ms Murnane—What we might be able to do, Senator and Secretary, if you give us the information, is provide it to the home-nursing agencies in the states and territories.

Senator ADAMS—I will get the information for you.

Ms Halton—Absolutely.

Ms Murnane—Such people would be eligible for Home and Community Care services, so we would be happy to do that.

Ms Halton—Absolutely.

Senator ADAMS—This is something for the government to think about, along these lines: given that the government have acknowledged once again the benefits of the specialist breast cancer nurses by providing funding, will they examine the benefits of a specialist neurological nurse, especially in rural and remote areas where there are no neurologists?

Senator McLucas—We have just agreed to do that.

Ms Halton—We will have to look at that.

Senator ADAMS—All right, we will look at that and work on that. Regarding the extra service places—I am sorry I am rushing but I am on a time constraint here—when are the three remaining 2008 rounds for conversion of aged-care places to extra service places taking place, as we are moving through the 2008 rounds rather rapidly?

Mr Stuart—There will be an extra service round in conjunction with the aged-care approvals round starting in November. That will be on the same timetable as the approval round timetable that I outlined for you earlier.

Senator ADAMS—Then are there two more before 2008 finishes?

Mr Stuart—No, not before the end of 2008.

Senator ADAMS—So that means there have been two.

Ms Rosevear—This will be the third.

Senator ADAMS—This will be the third?

Ms Rosevear—Yes.

Senator ADAMS—Right. How many were there going to be? Four?

Mr Stuart—Yes, we have had four a year.

Senator ADAMS—So one is not going to quite make the grade for 2008?

Mr Stuart—We have moved the timetable around a fair bit this year as a result of the focus on implementing the zero real interest loans round in the middle of the usual aged-care approvals round process; so the round process has slipped to later in the year than usual.

Senator ADAMS—Now I will move to Home and Community Care. Who is on the Roles and Responsibilities Working Group developing the reform package for consideration by COAG at its next meeting?

Ms Halton—From us? Mary. It is high-priced help; experienced help.

Senator ADAMS—Very experienced.

Ms Halton—Very experienced help. This is important.

Senator ADAMS—Yes, that is right. We are going to get a practical somebody that moves into it.

Ms Halton—That is the one, correct.

Senator ADAMS—Has the department consulted with stakeholders in relation to reforming how HACC is delivered in the future?

Mr Stuart—Yes, we have. The department has consulted in about three different ways on community care policy. As long ago as four years, through the Way Forward, there was consultation about the relationship between HACC and Australian government community care programs.

Senator SIEWERT—When was that?

Mr Stuart—About four years ago: the Way Forward. Subsequently under the former government there was a review of subsidies and services in the community care space, under which the department received about 52 submissions from stakeholders on community care, including the relationship between Home and Community Care and other programs.

Senator ADAMS—Would we be able to have a list of those stakeholders?

Mr Stuart—They are all on the department's website.

Senator ADAMS—Okay, so we will be—

Mr Stuart—Subsequently I have had discussions with the minister's Ageing Consultative Committee on two occasions, but most recently about 10 days ago—you might be able to remind me of the date, David—in which we discussed aspects of community care reform.

Prof. Cullen—About 10 days ago.

Mr Stuart—Yes, about 10 days ago.

Senator ADAMS—We will put 10 days, thanks. I would now like to move on to community care packages. What is the audit process on providers who provide community care packages?

Mr Tracey-Patte—The community care package has a quality framework in place which has a continuous improvement in the quality of care services focus. It is a three-year cycle. The first cycle commenced on 1 July 2005, so we have just ended that first three-year cycle. Each package care service provider is required to complete a quality report, and each of the service providers is reviewed over the course of that three-year cycle.

Senator ADAMS—Are they reviewed face to face or reviewed on paper?

Mr Tracey-Patte—They are reviewed on paper, and over the course of the three years there is a face to face.

Senator ADAMS—They will have a visit of some sort, to speak to somebody?

Mr Tracey-Patte—That is correct.

Senator ADAMS—What audit mechanisms are in place with community aged-care packages which include extended aged care at home, dementia specific packages, to ensure that clients receive the amount of care they have been assessed as requiring? I will give you an example. I am aware of an organisation that saved over $900,000 in funds on unexpended funding of their packages. In some cases, this organisation has been funded to provide over 20 hours of care a week where in fact it has only provided three or four hours of care a week. This is the reason for asking about the audit.

Mr Stuart—I wonder if this is a case that we already know about and are acting on.

Senator ADAMS—Possibly it would be. I would hope you would know about it.

Mr Stuart—Otherwise, if it is not—I do not know if you are willing to share with us the details, but at that level of discrepancy between expected care hours and delivered care hours, that would be something we would want to have a serious look at. We would hope that our review cycle would identify that. We are in the process, I should inform you, of strengthening the community care quality arrangements.

Senator ADAMS—Good.

Mr Stuart—They are being reviewed. If there is a case of this kind, I would like to know about it and look into it further.

Senator ADAMS—All right. I will communicate with you on that one.

Mr Stuart—Thank you.

CHAIR—Senator Adams, do you have many more questions—

Senator ADAMS—I have got quite a few. I realise I am going to have to put a lot on notice, but I would like to get onto workforce. I have got a couple more on the Community Aged Care Package, and then I will do the workforce component. Why was the announcement of the 2008 community care packages allocation round delayed by months?

Mr Stuart—That would be the aged-care approvals round?

Senator ADAMS—No, this is the community care; it would have been amongst that group.

Mr Stuart—Yes, it would have been. I will get Allison to help us with that. We did run late in the timetable.

Ms Rosevear—Sorry. Was that the 2008 round?

Senator ADAMS—Yes, it was.

Ms Rosevear—The 2008 aged-care approvals round has not commenced. It has been delayed because we ran the zero real interest loans round, which is just completed. The 2008 aged-care approvals round will commence shortly.

Senator ADAMS—It would be the one before. This was about the announcement of the community care packages allocation, so it must have been 2007. Was that late?

Mr Stuart—Yes, we completed the 2007 round in early 2008.

Senator ADAMS—That is probably why.

Mr Stuart—Yes. The electoral cycle essentially intervened.

Senator ADAMS—Very fortunate, wasn't it?

Ms Rosevear—Andrew, in fact we announced the outcomes of the 2007 round in December 2007, which was essentially about when we had expected it to be completed. We were doing the assessments during the caretaker period. We announced it shortly after the round had been completed. There was no delay.

Senator ADAMS—Thank you. What is the shortfall of community care packages across Australia as of today's date?

Ms Rosevear—Once we have the finalised stocktake of aged-care places at June 2008, we will be able to say what they are; but we are aiming for a target of 25 community care places, including Community Aged Care packages, EACH and EACH-D, 25 per 1,000 people over 70 by June 2011. The previous target was 20 places by December 2007, and we have already exceeded that. We had exceeded that target as at the last stocktake, which was done in June 2007.

Senator ADAMS—So therefore there is no shortfall.

Ms Rosevear—Against the ratio we were planning, it exceeded the ratio that we were aiming for as at December 2007 and it is on track to meet the target of 25 places per 1,000 by June 2011.

Senator ADAMS—You can take this question on notice. Would you be able to give me a breakdown of the community care packages on a state and territory basis as of today, to work through it? You will need to take it on notice.

Mr Stuart—Yes, we will need to take it on notice. We will very shortly have authoritative figures for end June—the end June stocktake—so we are very happy to provide those. We will not have accurate data for today for a few more months, and that would be an extra effort to do a stocktake as of today's date. So if you would be happy with end June—

Senator ADAMS—All right, Mr Stuart, I will let you go to the end of June. That will be fine.

Mr Stuart—Thank you. That would be great.

Ms Rosevear—In any case, as at the end of June. The previous allocation was December 2007. Community care places generally come on line pretty much immediately, but within six months at the outside. So the June 2008 stocktake is likely to be representative of the number of places that are available today.

Senator ADAMS—Thank you. I will quickly move into workforce, because I am over time. Given workforce shortages, what is the department doing to improve the attractiveness of the aged-care sector for health professionals? I do note today that the minister has made an announcement about trying to entice more people into the aged-care sector, but unfortunately in Western Australia it is a problem to get them there to do their training, and keeping them probably is the hardest part.

Ms Smith—We recognise the challenges in addressing nursing workforce shortages and clearly it is not a problem just for Australia but internationally. We have got a range of measures that are in place to address the specific needs of the aged-care sector. That includes providing nursing scholarships to encourage more people to enter or re-enter aged-care nursing and to support enrolled nurses to upgrade their skills to a registered nurse level. We are supporting the return of nurses to the workforce through the Bringing Nurses Back into the Workforce program and we are also conducting research into the residential and community care aged-care workforce to inform policy and responses for the future.

We have also had the recent appointment of the Commonwealth nursing and midwifery officer, and we have been talking with her about how we can work with the sector to increase the attractiveness of aged care. We hope to be convening a discussion with deans of nursing shortly about how we can address aged-care needs. We also have a senior nurse adviser within the Office of Aged Care Quality and Compliance who is able to provide advice and information to us on how we can structure our workforce programs. We have had significant interest in the Aged Care Nursing Scholarship Scheme over a number of years and we have recently been taking feedback from the sector on how we can make that program more responsive to the needs of students. There is a very strong desire for students to study part time, so we are going to be making the program more flexible to meet those needs so that we can train more students for the same amount of money.

Senator ADAMS—What is the current shortfall in trained nursing staff that the department has identified? Do you have those figures? We will take that on notice.

Ms Halton—Yes, we will.

Ms Smith—I do not have that information available.

Senator ADAMS—You could take perhaps this one, that one, and the shortfall on personal care workers also that has been identified. My next question is: what strategies does the department have in place to address the ageing of its workforce?

Ms Smith—I think one important piece of data that we will have available shortly is the results of the 2007 workforce census and survey. The last survey was done in 2004. The data

is currently being finalised for the 2007 survey and that will be released in the next few months. I think that will give us some really up-to-date information on the sorts of issues that you are talking about.

Senator ADAMS—Thank you very much. I will put all the rest of mine on notice.

CHAIR—Ms Siewert, you have got five minutes.

Senator SIEWERT—I will go even quicker. Can I go back to HACC, please—home and community care. I want to pick up from where Senator Adams was asking questions about the previous consultations that have been carried out. Could you tell me what the plans are here for reform. I understand there is reform proposals on the agenda. Can you tell me if my understanding is correct, what is the time line, and are there any specific proposals being floated?

Ms Halton—Can you be clearer on what your understanding is.

Senator SIEWERT—I understand that there are currently discussions around the reform of Home and Community Care.

Ms Halton—Perhaps I can answer that question. We have had a lot of conversation already today on the COAG reform process, which I think you have been here for all of actually.

Senator SIEWERT—Yes.

Ms Halton—One of the proposals in the COAG context is in relation to what is titled 'Roles and responsibilities'. One of the issues under the 'Roles and responsibilities' heading is in respect of responsibilities as they pertain to HACC. The proposal that is on the table is that there should be a splitting of the HACC program, as it currently stands, with the states and territories to take full responsibility for the care of younger people with disabilities, and for the Commonwealth to assume total responsibility for the care of older people.

Senator SIEWERT—So what you are saying is the Commonwealth will assume responsibility for services for older people and states for disabilities?

Ms Halton—That is correct.

Senator SIEWERT—You said younger people with disabilities.

Ms Halton—'Younger' is probably a bit of a misnomer, isn't it, Mary?

Ms Murnane—Yes. We can give you the numbers. I do not have them in my head, but there are a lot of people in aged-care homes who would be defined as younger who are over 50. That is the majority.

Ms Halton—Under 65, yes.

Ms Murnane—Who are, sorry, under 65.

Senator SIEWERT—Because, as you would be fully aware, there has been debate about where that line is.

Ms Murnane—Yes.

Senator SIEWERT—So what you are saying is over 65, the Commonwealth takes care of; under 65 with disabilities, the state takes responsibility for.

Ms Halton—There is some way to go on this negotiation, as you would fully understand, and there is certainly a great level of concern. I know Minister Macklin has been putting the view that this needs to be done in an environment where the standards of care and the approach to the provision of services for younger people with disabilities—noting the term 'younger'—needs to be within an absolutely clear and explicit framework and it needs to be in the context of appropriate standards et cetera. Similarly, in respect of that older group, it needs to be in an environment where we can be very clear about what is going to be provided and the capacity to do that vertical integration that we have talked about.

Senator SIEWERT—What is the time frame for these? Are we talking about the same time frames that we have been talking about all day?

Ms Halton—Yes, we are.

Senator SIEWERT—Thank you.

Ms Halton—That said, if there is a decision taken on 17 November, it is not going to all change on the 18th, as you would well understand.

Senator SIEWERT—Yes.

Ms Halton—These are big changes, which have to be properly managed, with appropriate administrative transition et cetera. There is an absolute commitment to not disrupting the care of individuals through this process. Obviously over the longer term there is some real opportunity to streamline and provide more effective care for both groups.

Senator SIEWERT—I take on board the answers that Mr Stuart gave earlier in terms of the consultation and the review that has gone on previously, but what level of consultation has gone on with the sector around these specific changes?

Ms Halton—The specifics I actually cannot comment on. Obviously this is a high-level debate that has been going on that I have been a party to. I do know that the minister and a number of others have been talking to some people in the sector, but I have not been a party to that, so I am probably not in a good position to comment.

Senator SIEWERT—Minister, are you able to answer that one? Are you able to tell us what level of consultation has gone on about the specific reform with the aged-care sector and the disability sector?

Senator McLucas—Ms Halton has certainly described the process that we have been through. Sorry, what is your question?

Senator SIEWERT—I want to know the level of detail we are now talking about in terms of splitting aged care and disability to make the states totally responsible for one and the Commonwealth for the other. What level of specific consultation has occurred with the different sectors involved here, beyond the level of review et cetera that has happened before?

Senator McLucas—How about I try and get a better answer from the relevant minister?

Senator SIEWERT—That would be appreciated. Thanks.

Senator McLucas—Thank you.

Senator SIEWERT—I know that I am about to get the death stare from the chair.

CHAIR—You are.

Senator SIEWERT—I will put the rest of my questions on notice, but I do very quickly want to touch on the Thornton review, which was released last week, from memory—the latest one. That was last week, wasn't it? It seems to me from that review that the situation has deteriorated from the previous review in terms of financial performance. Have you made any provisions in the budget, or how are you dealing with the information that is turning up out of this review, because it seems to me that the long-term trends are not looking good.

Mr Stuart—There are two parts to this answer. The first is what the government is doing about funding in the sector and the second is some comments on the Grant Thornton work most recently published. As to the first, there is a substantial increase in funding in the sector this year, which is why we were a little bit puzzled about some of the data that is apparently presented in that brief report.

There is an eight per cent real growth in funding in the sector this year on a per-client basis arising from the legislation that was passed on 20 March, with significantly increased funding in that package through the ACFI and also through increased capital funding and then subsequently through the government's budget decision to increase funding under the conditional adjustment payment by $400 million over four years. I make that comment about increased funding at the beginning and then I will ask David to comment on the Grant Thornton report.

Prof. Cullen—I have seen the Grant Thornton report. I understand that it is intended to submit that report to the review of the conditional adjustment payment. That submission will be considered at the same time as the other benchmarking surveys of the industry, which have been completed recently. I have actually asked Grant Thornton if they are willing to provide the de-identified unit record data from their survey, because their survey results are very puzzling. They are out of line with the other benchmarking surveys which have been done and, on what little evidence is available, their sample seems to be quite skewed. Unfortunately, they have declined to provide that data. A further deficiency in the Grant Thornton analysis is that it chooses to analyse things at the average level. This is despite the fact that Professor Hogan, who is associated with that analysis, in his review of pricing arrangements, and all of the other major benchmarking surveys of the industry all agree that the best measurement of the adequacy of funding is to look at the performance of the top quartile of providers.

I think it is important that I put some other data in the public arena. Stewart and Brown Financial Services conduct a quarterly review of aged-care homes and they have released their report on the first nine months of this financial year. That showed an increase in the EBITDA, which is the measure that all of these people are using to talk about the outcome for these services. EBITDA is earnings before interest, tax, depreciation and amortisation. The Stewart and Brown survey shows that year on year for all services, just taking the average, which is the Grant Thornton measure, there was an increase in the EBITDA in high care from $1,900 to $3,300 and a small decrease in the EBITDA in low care from $4,800 to $4,500. For the top quartile of services, Stewart and Brown found that the top quartile in high care was making $8,400 and the top quartile in low care was making $10,700 per bed per year.

Another survey which has been done is the Bentleys MRI and James Underwood and Associates survey, which is a survey which Grant Thornton—previously known as Bentleys MRI—used to be associated with. That survey's most recent results are for 2006-07. That survey again showed that year-on-year change in average EBITDA across all services was upwards. They did high care and it increased from $3,100 to $3,900 and in low care it increased from $4,600 to $4,700. For the top quartile, that survey showed that high-care EBITDA had increased from $11,900 to $12,600 and low-care EBITDA had increased from $10,300 to $10,600.

So the evidence from the benchmarking surveys across the industry is not in line with what has been found in Grant Thornton. There is a lot of other evidence out there that there is no confidence in the sector. I will refer to two of those matters from the ABS.

CHAIR—Professor, I am sorry to do this to you, but this is the longest answer we have had all day.

Prof. Cullen—I will refer to two other pieces of data from the ABS. The ABS reports that building approvals in the aged-care industry have averaged over $100 million per month over the last year, and that is the highest level ever. They have also found that building commencements are averaging about $350 million a quarter over the last year. Again, that is about what has been true over the previous two years. So I would say that the balance of evidence out there is against the Grant Thornton report.

Senator SIEWERT—Thank you.

CHAIR—I would suggest if you want more on that that you put questions on notice.

Senator SIEWERT—I will put some questions on notice.

CHAIR—It seems to be a really important point, but we will have to end the aged-care section.

Senator RYAN—I have one that you will probably have to take on notice.

CHAIR—Put it on notice.

Senator RYAN—It refers to the list I was referring to earlier. In the same list that was tabled by the minister on 15 October, under program 4.4, Community care, there are a number of grant recipients shown as consolidated funds, which are listed as $311 million.

Ms Halton—States.

Senator RYAN—There are states listed underneath that, so could we have a breakdown by state as well?

Ms Halton—Sure.

CHAIR—Senator Boyce, do you want to put yours on notice as well?

Senator BOYCE—I have one question to put on notice too. The Ballina Ex-Servicemen's Club has had approval for a 55-bed facility since 2001. At the last estimates I was told that a building application approval was expected on 30 September. Did that occur? If not, why not?

Mr Stuart—Is this on notice?

Senator BOYCE—Yes.

Mr Stuart—We are happy to take that on notice. It is to do with the extraordinary Evans Head aerodrome story.

Senator BOYCE—I know, but we are getting to eight years now.

Ms Halton—Yes, I know. This is the one that we all know intimately.

CHAIR—Are we ready to move on to outcome 2, Access to pharmaceutical services?

Ms Halton—The officers from this division also cover palliative care, so before they all run off does anyone else have anything else to ask about palliative care?

CHAIR—My understanding is that Senator Adams had asked her last question.

Ms Halton—Was it the only one?

CHAIR—Yes.

Ms Halton—So they can go?

CHAIR—Yes.

Ms Halton—Thank you.

Senator BOYCE—I have a question on palliative care.

CHAIR—Put it on notice.

Senator BOYCE—This comes from some of the evidence that we took during the inquiry into PBS regulatory requirements. What input does the Department of Health and Ageing have in terms of getting drugs that would be seen as orphan drugs because they are only relevant to a small number of people seeking palliative care for a particular problem?

Ms Halton—Do you mean in terms of the PBS subsidisation?

Senator BOYCE—In terms of assisting the palliative care industry to highlight particular needs or in terms of conversations with regulatory bodies around needs in the palliative care area for particular medications which may have a small application or target group.

Ms Halton—I will get Mr Dellar to answer that question.

Senator BOYCE—I was putting that on notice.

Ms Halton—Okay, but there is a more generic answer to that in respect of drugs which are used by very small groups of people in relation to the need for a sponsor to bring it forward for PBS listing.

Senator BOYCE—I realise that, and I was wondering what role the department had in it.

Ms Halton—In terms of finding a sponsor, the sponsor for a product to come onto the PBS does not need to be the pharmaceutical company. In the past we have assisted other groups.

Senator BOYCE—There is also the facility for organisations such as the palliative care doctors of Australia group to do it.

Ms Halton—Exactly.

Senator BOYCE—I understand that these groups have explored this and found that they did not have the resources or the funding to do it, so is there a further role there for the department of health?

Ms Halton—We do not have funding to give them to do that, but it is fair to say that to the extent it is possible where that kind of case comes forward the officers turn themselves inside out trying to assist. We cannot do it for them but we can provide as much guidance, assistance, advice, coaching and a number of other things as is possible. We cannot actually give them the money or do it for them.

Mr Dellar—I can probably give you quite a short answer to this. We have a separate list in the PBS for palliative care medicines. We have a working group which supports the role of the PBAC in this area, and it meets periodically and reviews that list. It takes advice from people who are in the palliative care business and has initiated discussions with quite a few companies over a period of years now and has successfully persuaded companies to list quite a few drugs. Our record in the palliative care area is good.

Senator BOYCE—Would you be able to, on notice, give me the list of your successes over the last three years or some such?

Mr Dellar—Yes, we can certainly do that.

Senator BOYCE—Thank you.

[8.49 pm]

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

Senator CORMANN—How is the expenditure on the PBS tracking against budget?

Mr Dellar—Pretty much as predicted. Our budget for this year is expected to grow by 4.1 per cent, and we are on track.

Senator CORMANN—When you say pretty much, is it slightly above or slightly below?

Mr Dellar—We do not generally comment on that at this stage.

Senator CORMANN—Okay. Are there any significant new drugs in the pipeline to be approved that have the potential to impact significantly on expenditure in the foreseeable future?

Mr Dellar—There are always drugs in the pipeline.

Senator CORMANN—Sure, but significant ones?

Mr Dellar—Yes, there are a number of drugs where the PBAC has made a positive recommendation, but at this stage a decision on the listing has not been completed. I could name some.

Senator CORMANN—Perhaps you can provide us that on notice. I am also mindful of moving through the time.

Mr Dellar—I am happy to do that.

Senator CORMANN—On budget night, the government announced a subsidy on insulin pumps for young Australians with type 1 diabetes. That is being funded through the PBS. Is that right?

Mr Dellar—No, that is a separate program.

Senator CORMANN—What program is that being funded from?

Mr Dellar—It is a separate program particularly for subsidising insulin pumps for young people.

Senator CORMANN—Is this under the National Diabetes Services Scheme?

Mr O'Connor-Cox—The subsidy announced as part of the budget for insulin pumps is a new program. Associated with that, insulin pump consumables are funded under the existing program, the National Diabetes Services Scheme.

Senator CORMANN—You have created a new program for the pumps but you have means tested it. Is that a shift away from universal access based on clinical need?

Ms Halton—No. If you are taking a parallel with the PBS, that already has different levels of financial entitlement.

Senator CORMANN—But with this one it is a $500 to $2,500 subsidy towards what? How much do your pumps cost?

Mr O'Connor-Cox—They range. I have heard of figures of around $6,000 to $8,000.

Senator CORMANN—And north of that as well. So how does the means testing work? Where does it kick in?

Mr O'Connor-Cox—The subsidy of $2,500 is available for applicants where they are eligible. This is targeted at people with type 1 diabetes under the age of 18 with a family income of up to $61,923, and that threshold is indexed.

Senator CORMANN—Thank you very much for that. On chemotherapy drugs, in the budget you announced more efficient arrangements for the payment of benefits for chemotherapy drugs. Can you just talk us through the detail on how that is supposed to work?

Mr Dellar—The first thing to say is that that is a measure that is due to be implemented on 1 July 2009, so it is just a little way off.

Senator CORMANN—Yes.

Mr Dellar—As part of our preparation for that, we have been doing significant consultation with prescribers, users and companies, so we are still developing the detail of that, but the basic premise is quite simple. Chemotherapy drugs are administered to a patient based on the size of the patient, as described by the square metres of skin that they have. So a particular patient might need 300 milligrams of a drug but the vial that has the drug in it might contain 400 milligrams. At the moment the way it works is that we would then have to purchase and pay for one vial of the product, rather than the 300 mils that the patient needs.

What happens in the public sector is that, if there were six patients who needed the drug, infusions would be prepared in a special place, because these are dangerous substances that need to be prepared with care, and six patients might use four vials. It is actually that system that we are implementing for the PBS system. If a patient requires 300 milligrams, for example, the doctor would write a script for that. That would be paid for by Medicare, based on 300 milligrams of the product. The company that makes up the product would still buy a vial or two vials or 10 vials from the company and use those to make up the various prescriptions.

Senator CORMANN—You said that you are going through consultations. Can you outline for me who you are consulting?

Mr Dellar—I might let Declan answer that question, but, broadly speaking, lots of clinical people, lots of people with an interest in the issue.

Mr O'Connor-Cox—The list of stakeholders consulted to date consists of the Pharmacy Guild of Australia; the Society of Hospital Pharmacies of Australia; Baxter Healthcare and Pharmatel Fresenius Kabi, PFK when I refer to them—they are both significant third-party reconstitution service providers; the Medical Oncology Group of Australia or MOGA, which is the primary representative body for medical oncologists in Australia; the Private Cancer Physicians Australia, the primary representative group for oncologists and haematologists in the private cancer setting; the Haematology Oncology Clinics of Australasia or HOCA, which is the largest provider of day care services in Australia; the Wesley Hospital in Brisbane; Medicines Australia; the Medical Software Industry Association; and the Generic Medicines Industry Associations.

Senator CORMANN—Are you thinking about talking to private health insurers as well about the potential effects on their benefit arrangements and their members?

Mr O'Connor-Cox—We have not consulted with the private health insurance industry to date, but we will be consulting with them.

Senator CORMANN—You are quite confident that patients will not be disadvantaged in their access to chemotherapy drugs by this measure. Are you going to structure it in a way that is not going to disadvantage patients?

Mr Dellar—It is very important to us that we do not disadvantage patients in implementing this measure.

Senator CORMANN—In setting up those new arrangements, you will take into account the preparation of the chemotherapy mixture, including, as you mentioned, the very expensive use of high-sterile environments and procedures. There is a view among sections of the industry that this measure could well favour dedicated chemotherapy compounding centres, of which there are only two—Baxter and Pharmatel—at the expense of smaller operations that are spread across Australia. I would like you to comment on that.

Mr Dellar—Our primary objective is the efficient use of these very expensive medicines. It is true that there are two companies that specialise in making up infusions. I do not know why it would be the case that there can only be two companies and why there are not business opportunities that might arise from this for other people to get into this business.

Senator CORMANN—One problem is that it is very expensive—the infrastructure that you need. The advice that I have received is that those drugs are mixed from the original vial into an intravenous bag in a secure site and sterile environment. Staff are gowned from head to toe and wear two sets of gloves to prevent contamination. The minimum cost of a sterile facility is in the region of $300,000, in addition to basic buildings. Of course, those drugs have very short expiry deadlines, don't they? What I understand is happening at the moment is that, if you have got, for argument's sake, 60 milligrams and you only need 40 milligrams, the other 20 are used towards the next one. But you can only do that if you can manage that

practically. The fear is that this measure is going to make it harder to spread across patients and to keep the cost-efficient process at the grassroots level, and that it is going to push it towards a more centralised approach.

Mr Dellar—I would say two things: the first is that this is precisely what happens in the public hospital system every day of the week, where there is oncology treatment. So it can be done. However, having said that, there are certainly issues of wastage, and there is an acceptance that there will be cases where 100.0 per cent of a vial cannot be effectively used. One of those instances would be where there is a very low volume. A lot of oncology drugs are used every day all day in hospital settings, others are used much less frequently, and it could be that there are circumstances where a vial could not be saved until the next time that it is required. That is the basis of this consultation: to ensure that our system is pragmatic and achievable.

Senator CORMANN—So you will be aiming to ensure that, in the circumstance where what you have described happens, the benefit structure is not going to disadvantage people in that circumstance?

Mr Dellar—It is our intent to ensure that we make this as efficient as we can.

Senator CORMANN—But still be fair.

Mr Dellar—In a way that is fair and workable, yes.

Senator CORMANN—On a lighter note, you may have seen a recent episode of *The Hollowmen*, where they focused on a drug company's attempt to get a wonder drug onto the PBS.

Ms Halton—It is reality TV, Senator. Didn't you know that?

Senator CORMANN—I just wanted to check whether it was or whether it was not. I wanted to have an assurance from you, Ms Halton, that what was described in *The Hollowmen* was not something that would be successful in Australia.

Ms Halton—I can tell you—in fact, this was the subject of a conversation over the dinner break—that the reason we suspect that *The Hollowmen* may not be reality TV, other than it does look extraordinarily reliable, is that—

Senator CORMANN—I think they must use the same premises.

Ms Halton—regularly we have references to the health minister 'he', the health secretary 'he', and we are completely convinced that the head of the Prime Minister's department and his rather lacklustre offsider are not actually representative of the Prime Minister and Cabinet department but that they are actually former admin services officers masquerading. So that is the only small notion of comfort we take that it is not reality TV.

Senator CORMANN—I think you should organise a question at the next Senate estimates to the managing director of the ABC.

Ms Halton—Perhaps, Senator Cormann, you could assist us in that.

Senator CORMANN—I might just do that for you.

Ms Halton—Good.

Senator CORMANN—On a more serious note, are you satisfied that industry codes of conduct are sufficient to ensure that the Pharmaceutical Benefits Advisory Committee and officials are able to do their job without fear or favour and without being subject to the sorts of strategies that were employed?

Ms Halton—Literally, all jokes aside, the reality is that I think this process is without peer in the world. I say that very genuinely.

Senator CORMANN—I do actually agree with you.

Ms Halton—Having looked at these issues as they currently operate around the world, and looking at our systems, there is absolutely no doubt in my mind that this is without peer, and I am also completely confident—and I am forever grateful—that the people who assist us in these processes give of their time incredibly freely and with a huge level of professionalism. So, yes, I am confident that this part is not reality, Senator.

Senator CORMANN—Thank you very much, Ms Halton. I have a final question—and Madam Chair will be very pleased that I am within time—and I do have to have my parochial question. In today's *West Australian* on page 5 there is an article outlining concerns from Dr George O'Neil—who I am sure you have heard about—

Ms Halton—Yes.

Senator CORMANN—that he will be forced to stop producing naltrexone implants. Could you provide us with an update?

Ms Halton—This is actually—

Senator CORMANN—You are going to say that it is a TGA issue, rather than a pharmaceutical—

Ms Halton—I am going to say exactly that. I can tell you—and I am delighted to tell you this—that we do have a requirement in relation to good manufacturing practice that you would be highly aware of. I can tell you that there has been a very long conversation with Dr O'Neil about the need to ensure that, if he is manufacturing, he meets good manufacturing practice. That has not happened, and the TGA is basically discharging its regulatory responsibilities in its dialogue with Dr O'Neil.

Senator CORMANN—Is there any role for the Commonwealth? I am just asking this broadly in the context of access to pharmaceuticals, and I appreciate your indulgence in answering my question. If this is going to the ultimate position of where Dr O'Neil is not able to produce those implants and you have a cohort of people requiring access to those services that will be left without those services, what is your strategy on how to deal with that?

Ms Halton—There are several things here, one of which is whether they can be sourced somewhere else in an environment where they are manufactured according to GMP; secondly, as has been pointed out to Dr O'Neil I do not know how many times, he can ensure that his manufacturing practice meets the standard that is required of every other manufacturer in this country. I do not think that is unreasonable.

Senator CORMANN—Thank you very much. Thank you, Madam Chair.

CHAIR—Thank you. Thank you, Mr Dellar and Mr O'Connor-Cox.

[9.04 pm]

CHAIR—We now move to outcome 3, Access to medical services. Welcome, Mr Kingdon.

Mr Kingdon—Thank you.

Senator ADAMS—I would like to ask about the radio-oncology unit in the Northern Territory, to be built in Darwin: what is the progress on this, and where is it at? I have been asking this question ever since I have been here, but could you give me an update.

Ms Halton—It is nice to know some things do not change.

Senator ADAMS—I thought it might, so I thought—

CHAIR—Tell us it has changed.

Senator ADAMS—I had better know what was changing.

Ms Halton—No, there is—

Mr Kingdon—There is good news.

Ms Halton—Yes, there is good news.

Mr Kingdon—We have signed the contract with the Northern Territory government for the construction of the unit and the Territory are in the negotiating phase with the builders and a provider, and they are fairly confident that all systems are about to go.

Senator ADAMS—Yes, all systems. I will ask the next question: when will it be finished and operating?

Mr Kingdon—I was referred to as Sir Humphrey in another place in giving—

Senator ADAMS—I can remember years ago referring to you—how many years ago; 14, 15 years ago—in aged care, in another place.

Mr Kingdon—So I am being a little careful that I do not sort of enhance my reputation up in the north. We think it is usual to take about three years for a facility of this nature to be completed, but it can be done more quickly. We are encouraged that the Northern Territory government is very keen to see this implemented and we will be fast-tracking the process. I cannot give you a definitive date beyond what I think it ought to be. I think the Territory would like to see it done by the end of 2009, or at least the construction completed.

CHAIR—It is not in the contract, Mr Kingdon?

Senator ADAMS—It should be.

Mr Kingdon—We have sensibly put the three years into the contract—

CHAIR—That's the date—

Mr Kingdon—because we think that there is no point setting people up to fail; but, equally if they can achieve it, we will be absolutely delighted. I am hoping to get my invitation by the minister there.

Senator ADAMS—As far as staffing goes, are they looking at future staffing and training of their personnel?

Mr Kingdon—Yes. I am not sure whether they have completed the negotiations, but they have a provider whom they are expecting to operate the service, so I think they have got that all very well under control.

Senator ADAMS—I am very pleased to hear that, because I would hate to think that they went to all that trouble, got it built and then they could not staff it, knowing the shortage of our people that work in those areas. Thank you. You have made my night now. That is a positive.

Mr Kingdon—I will see how I am quoted up top now.

Senator ADAMS—Rural maternity services. Am I in the right place for this? No?

Ms Halton—What is it in respect of?

Senator ADAMS—It is about the maternity services review, but we have still got to get to primary care.

Ms Halton—The chief nurse is here somewhere.

Senator ADAMS—I will ask her that later. What about MBS items in rural areas?

Mr Kingdon—It depends what you are asking.

Ms Halton—Give it a go.

Senator ADAMS—Right. For the last 10 years—you can take this on notice, because I would not think you would have it with you—what is the average MBS and PBS expenditure per capita in rural and remote areas of Australia and the average MBS and PBS expenditure per capita in urban and metro areas of Australia? Could we have that on notice.

Ms Halton—Yes.

Senator ADAMS—Is there to be a review of Medicare and/or of Medicare item numbers in the future?

Ms Halton—The minister has commissioned a review of the MBS. Now, that is going to be more internal, and, recognising there are a number of things that we are looking at at the moment which obviously impinge on the MBS, my expectation is that we will see a number of things in relation to how the MBS operates. What that will be, I cannot foreshadow, but certainly the MBS is part of the review process we are going through at the moment.

Senator ADAMS—Is the minister determined to end what she calls 'six-minute medicine'? The question is: where will the extra doctors required in the rural and regional areas come from to deal with this if they are going to have longer consultations?

Ms Halton—There are a number of strategies. If the number of hours that general practitioners work goes up even slightly, that can make a huge difference in terms of access. We know there are a number of things about how remuneration works that can encourage additional hours from doctors, so it is not necessarily just additional doctors. There are also probably strategies in relation to the use of practice nurses. There are a whole series of strategies here, all of which are being looked at in a very genuine way at the moment.

Senator ADAMS—Good. What about GP clinics?

Ms Halton—That is program 5, but if that means we have done program 3, you can have GP clinics.

CHAIR—Senator Macdonald has two questions in this program.

Senator IAN MACDONALD—I want to talk about—

Senator ADAMS—Yes, okay. I will find my next one.

Senator IAN MACDONALD—Is immunisation in program 3?

CHAIR—We have finished with that.

Ms Halton—That is population health, they have gone home.

Senator IAN MACDONALD—Okay.

Ms Halton—Sorry.

CHAIR—No questions on immunisation—

Senator IAN MACDONALD—Could I just put some questions on notice then verbally. Can I just get some figures on what the expenditure was on the immunisation service?

Ms Halton—Would you like to be a bit more specific. There is not an immunisation service. We have a number of different immunisation services.

Senator IAN MACDONALD—I would have thought you might know what I am talking about. I mean—the fact that I do not—it is not my area.

Ms Halton—I can impute what you might mean, Senator.

Senator IAN MACDONALD—The $18.50 is something that I was made aware of a few months ago, but it was quite prominent in the papers on 10 October.

Ms Halton—Are you talking about the Practice Incentives Program?

Senator IAN MACDONALD—Yes. Has that been dealt with?

Ms Halton—No. That is program 5.

Senator IAN MACDONALD—What has been dealt with that you—

Ms Halton—Immunisation—the subsidy that is provided in respect to immunisation. The immunisation program—

Senator IAN MACDONALD—Is that not the $18.50?

Ms Halton—No.

Senator IAN MACDONALD—Okay. Well, I shall wait—

Ms Halton—Welcome to Health.

Senator IAN MACDONALD—Sorry?

Ms Halton—Health is a bit complicated.

Senator IAN MACDONALD—Well, it is to someone who has never been—

Ms Halton—No, even to people who work here, Senator, it is very complicated.

Senator IAN MACDONALD—Okay. I shall wait until 5 then.

CHAIR—Ms Halton, we are going to put any further questions in this area on notice and move into the next program.

Ms Halton—Sure. Excellent.

[9.12 pm]

CHAIR—We will move into outcome 5, which is primary care.

Senator BOYCE—Given the time constraints we have now, I will concentrate on GP superclinics. Surprise! Surprise! Perhaps the easiest way to start is if you were to tell us where we are right now in terms of the 31 superclinics that are going to be open within the next eight months.

Ms Morris—It was easy until you got to 'the next eight months'.

Senator BOYCE—In June 2009 there were 20 going to be happening.

Ms Morris—Of the 31 identified locations, we have held public consultation so far in 20 of those 31. Two funding agreements were executed before the end of the last financial year. They were with clinics in Ballan in Victoria.

Ms Halton—Which is near where?

Senator BOYCE—It is sort of north-west—Bendigo way.

Ms Morris—Yes. The other one is in Bendigo. They both had funding agreements executed before the end of last financial year.

Senator BOYCE—They were both done by direct agreement—is that correct?

Ms Morris—By direct agreement, yes. Several of the areas had identified funding recipients and Bendigo and Ballan were two of the areas where the funding recipients had been identified at the time of announcement.

Senator BOYCE—By direct agreement with whom, Ms Morris?

Ms Morris—In regard to Ballan, I understand it is with the Bush Nursing Hospital. I would have to check for Bendigo. It is a consortium led by Monash University.

Senator BOYCE—Okay. We have got two of them sorted. So they are functional?

Ms Morris—No, they are expected to be operational by late 2009.When you are talking about a capital program, it needs quite a long lead time to get it built and get the project up and working.

Senator BOYCE—That was going to be one of my questions.

Ms Morris—Yes.

Senator BOYCE—It does actually require a building?

Ms Morris—Well, it depends. There is a lot of flexibility in what will be funded, and it could well be that some applications are from existing clinics. There are alterations to existing services, and they of course will get into operation more quickly than others.

Senator BOYCE—Okay.

Ms Morris—Application processes have commenced in an additional seven locations.

Senator BOYCE—Which are?

Ms Morris—Which are the Blue Mountains and Shellharbour in New South Wales, Redcliffe in Queensland and Hobart eastern shores site B at Sorell in Tasmania—there are two eastern shores ones in Hobart: Clarence and Sorell—and Port Stephens, southern Lake Macquarie and north Central Coast in New South Wales. That would all be on our website.

Senator BOYCE—There are seven application processes. What does that mean? What are you talking about?

Ms Morris—It means that the public consultations have happened and there is a call for applicants. There are also six further sites where grant recipients have been identified. In some of them we have had public consultation, but we have not done Noarlunga or Modbury yet.

Senator BOYCE—Can you explain the difference between identifying a grant recipient and having approved an application?

Ms Morris—Basically, there are three different processes for funding. One is that the recipient was announced at the time the site was announced in the election commitments. For instance, for Ballan it specifically said 'the Ballan Bush District Hospital'. There were others where the division of general practice was named or a state department—whatever. The second process is where it was announced that the relevant state government would match the funding.

Senator BOYCE—So these are the ones that are listed as a joint government process, are they?

Ms Morris—Yes.

Senator BOYCE—Okay.

Ms Morris—And then the third was where there was a commitment to build a superclinic or establish a superclinic in an area, but neither the process nor the recipient was identified. For that we have what is called an 'invitation to apply' process. It is similar to a tender process, but not as fixed a process.

Senator BOYCE—The budget papers provided for 20 clinics to be up and running by June 2009. Where are you at with that target?

Ms Morris—It is a bit hard to tell at this stage of the year, but we are working as hard as we can to roll out the program. I would probably be in a better position to comment at next Senate estimates, but capital programs do take time and there are quite large amounts of money—

Senator BOYCE—But presumably it was known in May that capital programs take time.

Ms Morris—Yes, we know that. There are also large amounts of money, so we need to make sure that the process is quite rigorous.

Senator BOYCE—There are a couple of direct engagement ones, which I presume would be the fastest to action. Is that correct?

Ms Morris—Yes.

Senator BOYCE—They are not—

Ms Morris—They are the ones we approached early, which is why, for instance, both Ballan and Bendigo were funded last financial year.

Senator BOYCE—But we have also got, by my calculations, Geelong and Mount Isa listed as direct—

Ms Morris—Yes.

Senator BOYCE—I think they are the only other ones listed as direct—

Ms Morris—No, there are a few. There is Hobart eastern shores at Clarence and Palmerston in the NT. Palmerston is joint.

Senator BOYCE—Sorry; I was ignoring the NT. Do not tell any of the relevant senators.

Ms Morris—Basically there are more than Geelong and—

Senator BOYCE—Palmerston is listed as a joint government process.

Ms Morris—Yes, it is. I just had that pointed out to me by my colleague.

Dr Bessell—There are four direct funded sites: Ballan, Bendigo, Geelong and Mount Isa.

Senator BOYCE—So why haven't Geelong and Mount Isa climbed further up the list?

Ms Morris—We need to talk to the identified recipients and see whether basically they are ready to engage with us, and whether their proposal is at a stage where they want—

Senator BOYCE—But haven't you identified them already?

Ms Morris—Yes, they have been identified as sites where there is a need for a superclinic—and organisations who are willing to run one.

Senator BOYCE—Have been identified?

Ms Morris—Yes, but there is a gap between being willing to run one and having a fully-fledged plan for where it is going to be, how it is going to function, whatever else you need and what partners you may want to engage with you to help get it set up. The other thing is that it is quite a big program and we do have to stagger it to be able to deliver it.

Senator BOYCE—Yes. But, given that we were told in June that there would be 20 functioning within 13 months—

Ms Morris—That is still our aim. We may get there; we may not.

Senator BOYCE—But there are none functioning yet.

Ms Morris—No.

Senator BOYCE—No—and there are two on foot.

Ms Morris—Yes.

Senator BOYCE—Building could start when?

Dr Bessell—Building has not commenced at either of those sites yet. However, the funding agreements are signed and they are going through planning processes at the moment.

Senator BOYCE—So the building approvals have not been given yet?

Dr Bessell—Not that I am aware of.

Senator BOYCE—Okay. Can we just go back to the public consultations and the application process for the—I am just trying to think of a term to use—'Commonwealth-led invitation to apply' process, I guess would be a good term, because that is your term.

Ms Morris—Yes.

Senator BOYCE—How long is there from the time that you identify an area until you go to public consultation, until you put out tenders, until the tenders close? Can we have those time limits, please?

Ms Morris—All areas were identified roughly within a similar time frame—that is, at the time of the election announcements—

Senator BOYCE—Well, they were basically available before the election, weren't they?

Ms Morris—Yes.

Senator BOYCE—Yes.

Ms Morris—So the next process is to identify a process of public consultation which has involved checking a whole range of things. We obviously targeted those where there were identified funding recipients, but we also spoke to, for instance, the Australian General Practice Network about their views on what areas might be more ready to go ahead quickly. We also spoke to state departments of health—we have liased with them throughout—about their priorities.

Senator BOYCE—That is part of the public consultation, in your view?

Ms Morris—In every public consultation we have done, we have had someone from the—

Senator BOYCE—I am talking about community consultation, because they have occurred as well, haven't they, in all cases?

Ms Morris—The community is the public consultation.

Senator BOYCE—Okay.

Ms Morris—We have the relevant state department there with us.

Senator BOYCE—At the community consultation?

Ms Morris—That is right. We have a program of consultations which is on our website, and it is updated almost weekly, I think. As I said, we just cannot do everything all at once.

Senator BOYCE—No.

Ms Morris—It is a very big program.

Senator BOYCE—So you have a consultation, and then you call for tenders?

Ms Morris—Put out an invitation to apply, which is usually four to six weeks after the consultation.

Senator BOYCE—You put out the applications for tender?

Ms Morris—Yes.

Senator BOYCE—How long is the tender process?

Ms Morris—It is not strictly a tender process.

Senator BOYCE—Sorry.

Ms Morris—Sorry. I just avoid using it because it has—

Senator BOYCE—How long have you got to answer?

Ms Morris—About another six weeks after that.

Senator BOYCE—It has been put to me that the four- to six-week period between mere consultation and the application for tenders being—

Ms Morris—Is too contracted?

Senator BOYCE—Is too short, on the basis that consortiums, perhaps, of GPs or similar, even involving organisations and individuals, would have difficulty in getting themselves organised to be confident about putting a tender in in that period.

Ms Morris—From one area, yes, but I would say that the areas have been identified since October-November last year. The program of consultations has been up for some time, and we make the best endeavours to organise a consultation in an area where, to the best of our information—both from divisions of general practices and state health departments—whoever is likely to be interested in the position basically can go. I am not claiming that we will get that right in every site, but that is what we are trying to do.

Senator BOYCE—If I wanted to apply for, say, Gladstone or Ipswich, would I know right now when the community consultation was going to be and when the tenders would be opening?

Ms Morris—If it were in about the next three to four months, I am fairly confident that you would. Do we have every single consultation that is on the website?

Dr Bessell—Not the date for every single consultation, but the national program guide is on the website and has been since April. That includes the application process, a sample form and a sample funding agreement, and gives full details of the program. Those details are confirmed at the public consultations, so that information has been publicly available now for some time.

Ms Morris—What you are really getting to is the tension between trying to roll out essentially a capital program, which always has a long time frame—and in some cases they have big amounts of money—and giving people enough time to participate in it. I can only reiterate that we are trying to match the needs and the readiness of local communities in so doing. I am aware that there is the potential for this, and we are trying to work with local communities, not against them, in doing it.

Senator BOYCE—How many community consultations have taken place?

Ms Morris—Twenty.

Senator BOYCE—Can you give me a list of those? I do not mean now, but are you able to give me that on notice?

Dr Bessell—It is actually on the website.

Senator BOYCE—I know I could count them, but how many tenders have closed?

Ms Halton—There is that 'tender' word again, Senator.

Ms Morris—Invitations to apply?

Ms Halton—Invitations to apply. 'Tender' has this horribly legalistic—

Ms Morris—Yes.

Ms Halton—If you say 'tender' in inverted commas, we can probably live with it. A tender is a very specific legal process, with probity advisers and lawyers at dawn.

Senator BOYCE—Yes.

Ms Halton—Is it applications?

Ms Morris—Yes. We have said that two sites have been funded already, and application processes have commenced in an additional seven locations.

Senator BOYCE—Application processes mean that you have opened—

Ms Morris—As in the invitation, yes.

Senator BOYCE—the invitation to apply?

Ms Morris—I think one has closed recently, has it not?

Dr Bessell—Yes, that is right.

Senator BOYCE—So there is only one that has closed?

Ms Morris—This financial—yes, because the other two were identified recipients.

Dr Bessell—There are a number of ITAs that have closed. There is one that has finished the assessment, and we have identified a preferred applicant that we are now entering into the negotiation period with.

Senator BOYCE—For a third clinic?

Dr Bessell—Yes.

Senator BOYCE—I presume you would prefer not to tell us where that is right now—does it matter?

Dr Bessell—I think it would be perhaps better not to—

Ms Morris—I would prefer not to.

Senator BOYCE—I perfectly accept that at this stage of the negotiations you may not want to do that.

Ms Morris—I have referred incessantly to our website, mainly because I have to clear new items for it almost on a two- to three-day basis. So I can assure you that, as soon as it is public knowledge, it will be up there.

Senator BOYCE—When could we anticipate that being?

Ms Morris—I would not want to commit to a date, I am sorry, because it is a funding process. You go backwards and forwards. As Ms Halton explained, it is not a formal—

Senator BOYCE—But you are currently negotiating with one entity to—

Dr Bessell—We have a preferred applicant that we are about to begin negotiating with.

Senator BOYCE—All right. In terms of the ones that have been opened—the invitations to apply; we will stay away from 'tender', although councils do a lot of it—what has been the average number of applicants for clinics?

Ms Morris—Numerous. Yet again, I do not want to be too specific.

Senator BOYCE—Could you give me the highest number and the lowest number, in terms of the Commonwealth-led invitation to apply process applications.

Dr Bessell—We will take it on notice.

Senator BOYCE—Thank you.

Ms Morris—We probably need to seek some legal advice on whether we can do that. In some areas you may be able to identify who has applied, especially for numbers alone.

Senator BOYCE—I am not asking you to tell me for each one.

Dr Bessell—Nationally.

Ms Morris—Nationally, yes. We will take it on notice.

Ms Halton—We will tell you what we can on notice.

Senator BOYCE—All right—but more than one for each one?

Ms Morris—Yes.

Ms Halton—Sorry. I think the death stare is about to emanate.

Senator BOYCE—Yes, I realise this. I have two more questions and then I will put the rest on notice. When are the practice agreements for these clinics worked out, in terms of how many hours they will open, how many patients they are expected to service per day—all that sort of stuff? I presume you have requirements for that?

Ms Morris—Practice agreement? No, we do not have specific requirements, and 'practice agreement' is not a term that I would use. As part of the application, applicants will be putting down what mix of services they have, the range of primary health care professionals; what sort of patient group they are trying to target with that particular group of health professionals; what hours they will be opening. There are no hard and fast rules around that, but the program guidelines have criteria and, objectives for their superclinics.

Senator BOYCE—Which they must meet.

Ms Morris—Yes.

Senator BOYCE—Including 24-hour access?

Ms Morris—No.

Senator BOYCE—Not anywhere?

Ms Morris—No. One of the commitments, the one for Palmerston, included an after-hours clinic, but not 24-hour access.

Senator BOYCE—So what are these going to be offering that are not currently being offered?

Ms Morris—The aim of the superclinics is to provide good integrated multidisciplinary care to patients with health needs that would benefit from that. For instance, a superclinic could have I do not know how many GPs but there might be one, there might be three or it might suit a group of 10 GPs who all want to work part time, or you may have GPs who really want to supervise registrars but do not have the room in their own practice or do not want to make time but want to do that half a day a week at the superclinic. You will have a range of allied health professionals, some of whom may be there full time, some of whom may be there part time. There may be a room set up that is used by three different allied health professionals at different times of the week.

Senator BOYCE—But that would not be uncommon by any means in current medical centres.

Ms Morris—It is not uncommon, and there are some quite large practices that do similar things and there are similar programs run by some state governments. I know definitely New South Wales and South Australia fund similar clinics, and two of the three we are funding in South Australia are being jointly funded by the South Australian government as part of the program.

Senator BOYCE—Okay.

Ms Morris—It is essentially a capital program, though.

Senator BOYCE—I will ask two very specific questions then in relation to Strathpine, where there is an intention to put in a superclinic. There are currently at least two medical clinics there, both providing ancillary services, paramedical et cetera, including one that has a private day hospital as part of it. What is the superclinic going to do that those two currently are not doing?

Ms Morris—I cannot answer that for you, because it will depend on what the applicant applies to do.

Senator BOYCE—But can't you identify the need?

Ms Morris—But the superclinics are addressing identified needs for additional health care, sometimes for particular groups within the population. It could be that the existing GPs are able to cover mainstream primary health care but there are particular groups with particular health needs that are missing out in primary care, or there could be ongoing stress on the local acute-care facility.

Senator BOYCE—But don't you know that before you proceed? Why is it there at all if you are not aware of a quantifiable need in the area?

Dr Bessell—Each of the 31 locations has different health needs. Strathpine has been identified as having some unmet health needs. One of those in particular is with regard to the local Indigenous population. Queensland Health have made an offer of land and they have put in their statements of requirements for Strathpine, that they would like that superclinic to have a flavour that would meet the local health needs of all members of the Strathpine community but particularly also service the Indigenous community.

Senator BOYCE—Would you be able to, on notice, quantify the needs of the Indigenous community in the Strathpine area?

Dr Bessell—On notice, yes.

Senator BOYCE—Thank you.

Ms Morris—I would like to correct the record. The commitment for Palmerston in the NT is for 24-hour care.

Senator BOYCE—But that is the only one?

Ms Morris—Yes.

Senator BOYCE—One last question. I will put the rest on notice, Chair. I am told that at the Strathpine community consultation, the minister for health—this might be directed to you, Minister—attended, which is a very good thing, I would have thought, but brought with her the Labor member for Petrie and the former Labor candidate for Dickson and introduced them both to the audience during the consultations in those roles. Is this the normal way that community consultations are undertaken?

Senator McLucas—It is quite appropriate that the minister would have attended seven of the 20—

Senator BOYCE—I agree with that, Minister.

Senator McLucas—that have occurred. It shows the ongoing interest from both of those people in seeing that the GP superclinics come to fruition. I am certainly hoping to attend one in North Queensland shortly.

Senator BOYCE—Have you been taking failed Labor candidates with you and introducing them to the crowd as people who are responsible for assisting in that happening in the electorate?

Senator McLucas—This is the first one I am intending to go to, but thanks for the suggestion.

Senator IAN MACDONALD—Was the local member invited?

Senator McLucas—I do not know. I have just been advised of it in the last couple of days.

Senator BOYCE—The answer to that is no, Senator Macdonald, the member for Dickson was not invited, as I understand it.

Senator IAN MACDONALD—So it was in Dickson but the member for Petrie was there, plus the failed candidate—

Senator BOYCE—The former candidate for Dickson, yes.

Senator IAN MACDONALD—Incredible!

Senator BOYCE—I will put the rest of my questions on notice.

CHAIR—Senator Adams.

Senator ADAMS—Did Senator Cormann have one on GP clinics or not?

CHAIR—Senator Cormann is putting his on notice.

Senator ADAMS—Can I ask a question on my favourite topic in this area, PATS?

CHAIR—Is it just one question?

Senator ADAMS—Yes, it is.

Senator McLucas—Excuse me, Senator Adams, before you ask your question, can I say we will check whether or not the local member was invited, because there is a view at the table that that may have occurred, and we will come back to the committee.

Senator BOYCE—My information was that he was not.

Senator McLucas—We will come back to the committee with some information on that.

Senator ADAMS—I have been inundated with people wanting to know what has happened to the recommendations from the community affairs report into PATS. Would you be able to help me in that regard?

Ms Morris—I can. The shortest answer I can give you is that on 6 March this year the Australian Health Ministers Advisory Council agreed to direct one of its principal committees to establish a task force to examine the recommendation of the Senate committee's report and report back to AHMAC within six months. So all the states and territories are working together.

Senator ADAMS—That was the answer I got at the last—

Ms Morris—Yes, but it has not reported back yet.

Senator ADAMS—Is there anywhere I can find out who is on the task force—actual members?

Mr Davies—The task force is the CEO and/or deputy level people from all the jurisdictions, and I am representing the Commonwealth government on that task force.

Senator ADAMS—Could I have the names of the people on notice?

Mr Davies—Yes. I cannot recall all the names, but we can certainly give you that.

Ms Halton—What I can tell you is that the CEOs actually discussed where that task force is up to at their most recent meeting a week or two ago—

Senator ADAMS—Good.

Ms Halton—and it was agreed that a brief piece of paper would be provided to ministers to get some direction. It is fair to say this is a very difficult and contentious area. A number of different views were discussed by the CEOs and it was agreed that the chairs of the task force would provide a summary of some of these issues to go to ministers for some direction in order to inform the further work of the task force. Obviously this is something about which ministers have to decide in which direction they want to go. I think the task force is struggling. Is that a fair description, Mr Davies?

Mr Davies—It was struggling to reach a consensus.

Ms Halton—Yes, it was struggling to reach a consensus. There were several different views in the task force. So the agreement is that we will go to ministers and say: 'Look, there a couple of different things here to be discussed. Could you give us an adjudication on some of this?' Then the task force is going to go away and do some more work. So it is being actively considered.

Senator ADAMS—So it is still moving on. That is the main thing.

Ms Halton—Yes.

Senator ADAMS—Mr Davies, could I implore you to keep working very hard on this because, as you know, this one of the most difficult areas for rural people and it is getting worse as far as the cost of fuel and all the other associated issues that go with it. People are just not going to specialists in the city and having their treatment, and that is the part that really is upsetting me because I think somehow we have just got to get over this.

Mr Davies—Certainly with the discussions that I have been party to in that task force there is an absolute unanimity of view that this is a problem that we are all committed to addressing.

Senator ADAMS—Good, thank you. Could you tell me the status of the rural maternity services review at the moment? Is it finished or is it still in train?

Ms R Bryant—Yes, the review is entering its final stages. We have conducted five roundtables of key stakeholders. We have a submission process. I should have said at the outset that we distributed a discussion paper in September. There is a submission process underway, and submissions close on 31 October. We will have a report to the minister by the end of the year.

Ms Halton—For your information, we brought with us the discussion paper and we will table that.

Senator ADAMS—Thank you. I know that I am overstepping my mark here. Thanks very much.

CHAIR—Senator Macdonald.

Senator IAN MACDONALD—Thank you, Madam Chair. I only have three minutes, I am told by the chair. Can you tell me why the immunisation program—the $18.50, whatever it is called—was stopped? I assume it was to save money. Can you give me the figures of what it was costing and what has been saved. The third part of my question is: are you aware that this program, while it is important everywhere, had a particular resonance in remote and country areas, where GPs are attempting to do the right thing with immunisation but simply are not able to follow up without this incentive payment? The people who will suffer will be the young people, and it is particularly pronounced in country areas. It has been raised with me in Cloncurry, in north-west Queensland, where there is a group of doctors trying to do the right thing but, for every step they take forward, the government seems to be pulling the rug from under their feet. There are four questions there, which has taken me 30 seconds. If you can answer them in 2½ minutes we will be within time.

Senator McLucas—I can start by saying that I have signed a letter to you this evening.

Senator IAN MACDONALD—About that issue?

Senator McLucas—In response to your letter to the minister.

Senator IAN MACDONALD—Does it answer all of my queries?

CHAIR—Maybe you could hand it across.

Senator McLucas—I think it will probably answer your questions.

Senator IAN MACDONALD—Does it have the figures and why it was stopped?

Senator McLucas—It will not have the figures, but perhaps we could take that on notice.

Senator IAN MACDONALD—Why was it stopped? Give me the figures. Do you realise the impact it is having, particularly on country practices?

Ms Morris—I will try and skip through that for you. It was a measure under what is called the Practice Incentives Program, which, as you can tell from its title—and I think I said this last time, but you were not here—is there to provide incentives.

Senator IAN MACDONALD—Indeed.

Ms Morris—It worked very well as an incentive.

Senator IAN MACDONALD—Absolutely, it did.

Ms Morris—It was there to provide a payment, I understand, once the final immunisation in a cycle of immunisation was given. The immunisation figures were well over 90 per cent, I think, and the government has a set bucket of money within the Practice Incentives Program and priorities about where it spends money. I will let my colleague Mr Andreatta give you the figures, if he has then.

Mr Andreatta—You were after the savings figure?

Senator IAN MACDONALD—What the program cost.

Mr Andreatta—The actual service incentive payment?

Senator IAN MACDONALD—Yes, for the immunisation program.

Mr Andreatta—It is $83.5 million over four years.

Senator IAN MACDONALD—Why was it axed? I assume it was to save money, so there will be an $83.5 million saving?

Mr Andreatta—It is a savings measure. This is one of many financial incentives that are targeting immunisation. The remaining incentives in the general practice incentive scheme include an outcome payment for the practice of around $4,000 a year to achieve a target 90 per cent immunisation for the practice for children under seven.

Senator IAN MACDONALD—But if this is needed, why is it taken away? Is it not needed anymore?

Ms Morris—It has served its role as an incentive.

Ms Halton—I think that is more of an arguable proposition. There are several things here.

Senator IAN MACDONALD—I beg your pardon?

Ms Halton—That is precisely the arguable proposition—that in fact it had served its purpose. There are several things about immunisation. We had multiple incentives in place in a number of different places in relation to immunisation. Those incentives collectively were designed to lift us from a very poor performance for children under the age of seven in relation to—

Senator IAN MACDONALD—What makes you think it will not go back to a very poor performance once you take the incentive away?

Ms Halton—Because, to start with, the whole point about this was getting people to put the systems in place to ensure that they could record et cetera. Those systems should be well in place and—

Senator IAN MACDONALD—They are in place, but doctors are not going to pay staff to follow up the systems if they are doing it gratis. No matter what their Hippocratic oath says, in country areas particularly, they simply cannot afford to do it and they will not be doing it. So who will suffer? The children.

Ms Halton—These are not the only incentives. This is the whole point. There are a number of incentives, and those other incentives all remain in place.

Senator IAN MACDONALD—The chair has been very generous with me, and I do not want to enter into a debate, but if they were needed in the beginning, all of the incentives, and you take one of them off, there has to be less incentive, without going through the details.

Ms Halton—Except to the extent that some of those incentives enabled you to put in place the capital arrangements—the IT et cetera—to enable you to do it. Once you have put those in place—

Senator IAN MACDONALD—So the computer will ring a bell and then the computer will pick up the phone and say to the mothers, 'Hey, your children are due today,' and the computer will let them in the door and the computer will sit them down. Then the doctor will come and do what he does. The computer will do all that?

Ms Halton—The computer certainly will record and tell you who has not received their immunisation and, when those children come into your surgery next, which with children you are expecting them to do on a pretty regular basis, you will have it brought to your attention that they have not had their immunisation completed.

Senator IAN MACDONALD—We will see. It might be okay in the city areas, but we will see what happens in the country areas, because I am just not sure of the consultation that you have had. I suspect—well, I know—none.

Senator McLucas—Senator Macdonald, can I disagree with your assessment of practice in rural communities.

Senator IAN MACDONALD—Yes, sure.

Senator McLucas—I have found rural practice to be incredibly more community focused than city practice can be, because if you are operating in Atherton or Cloncurry, you know your client so much better than if you were operating, say, in Fortitude Valley. How many doctors are there in Cloncurry? Two?

Senator IAN MACDONALD—No, there are about five. You are welcome to go out and have a look at that.

Senator McLucas—They know their community.

Senator IAN MACDONALD—It is a model for what needs to be done in the bush—privately run. These are the sorts of things that keep it operating financially.

Senator McLucas—You said in your letter to me that Flinders Medical Centre will continue to do the immunisations.

Senator IAN MACDONALD—For as long as they are able to operate, because it is part of the overall—

Senator McLucas—No, I think you said they want to continue to do it.

Senator IAN MACDONALD—I am telling you, Minister, it is part of the financial package. There is another issue with practice incentive payments: if you want doctors in the bush, $83 million—you would waste that before morning tea every day of the week, just this department.

Senator McLucas—This government does not, I can tell you now.

Senator IAN MACDONALD—We will debate that some other time. Thank you, Chair. You have been very generous.

CHAIR—Perhaps, Senator, when you get the response, you will be able to take that up.

Senator IAN MACDONALD—I look forward to your letter with eager anticipation.

Senator McLucas—Excuse me, Chair. Can I clarify my response to the question to Senator Boyce?

CHAIR—Yes.

Senator McLucas—I am advised from the minister's office that opposition local members have also been invited to the consultations. In particular, the member for Dickson was personally phoned by the minister for health to advise him that that consultation was occurring.

Senator BOYCE—I will check that out further then. Thank you, Minister.

Senator McLucas—Thank you.

[9.55 pm]

CHAIR—We have some questions—not many—for General Practice Education and Training Ltd. We do apologise for keeping you waiting and also for the fact that you have come to a number of these sessions without having any questions. So we are determined that this evening you will at least have some.

Senator BOYCE—I had intended putting mine on notice, given the time constraints, but I certainly was not aware of the situation and I apologise too.

CHAIR—Senator Cormann.

Senator CORMANN—Thank you, Madam Chair, and thank you, Mr Janssen. We have had over the years, obviously, a significant workforce shortage issue that necessarily will take time to address, because of the training of GPs in particular. It obviously takes a while to start with somebody at year 1 in university and work our way through to having a fully qualified GP. My understanding is that we have actually got quite a large cohort of people coming through university training now and that numbers have increased quite dramatically, but there might be a bit of a bottleneck after that increased number of students leave university. Could you comment on that for us.

Mr Janssen—The numbers of medical graduates are on the increase and, as a consequence, our expectation is that the rate of applications for our program or for other specialty training is likely to increase, given the larger numbers.

Senator CORMANN—We need it to increase, don't we, because there is a shortage out there, particularly in rural and regional Australia?

Mr Janssen—That is correct. Certainly the graduate numbers coming through would provide junior doctors eligible to apply for the various training programs in general practice or in the other disciplines.

Senator CORMANN—What is your capacity under your current budget allocation to accommodate increased demand? That is what I am trying to get a handle on.

Mr Janssen—We are currently funded for 600 new full-time places—or places—each year, which generally in more recent years has been filling.

Senator CORMANN—Have you got a bit of a pipeline view of things? I am picking numbers out of the air, but if you have, over five or six years, 100 students and all of a sudden that becomes 300 students when people work their way through the system, the numbers presenting themselves in your program go up significantly. Do you see, in the way your pipeline is developing, that you have the capacity to handle the demand that is coming your way? I would have thought increased demand is a good thing.

Mr Janssen—We have estimated, based on training capacity out there among our providers in our general practices that are participating in the program, that we could increase the number of registrars coming into our program each year. However, if there was going to be a significant increase in places over a period of time, we would need to a little bit more work, certainly in the next few years, around building that capacity and the number of practices that will take registrars. But, yes, there is a capacity out there that is available.

Senator BOYCE—How many graduates did you turn away this year? How many applied and were not accepted?

Mr Janssen—At this stage the selection process is still underway.

Senator BOYCE—So why is the AMA saying that there were 200 graduates not accepted into GP training this year?

Mr Janssen—That is a question that would need to be put to the AMA.

Senator BOYCE—So you are saying demand does not exceed supply?

Ms Halton—Until we get to the end of the process this year, I do not think we can tell. There is a two-stage process. That is my understanding.

Mr Janssen—That is right.

Ms Halton—We have had the first stage and we have not yet had the second stage. So until we get to the end of that process, it is actually not possible for—

Senator CORMANN—I am still pursuing a line of questioning. Out of the practices that accept registrars, what sort of proportion would be in regional Australia?

Mr Janssen—Of the total pool of registrars that we have, around 75 per cent are working either in rural or remote areas or in areas identified with medical workforce general practice shortages.

Senator CORMANN—If you had to make a suggestion, based on the experience that you have observed and the way it is all working, on how this could be further improved, what would you say to us?

Mr Janssen—Again, there is data available publicly around projections in terms of general practitioner needs. That was produced by the Australian Medical Workforce Advisory Committee some time ago. There were identified shortages of general practitioners, which I think is acknowledged, and indications as to what the requirement going forward will be for general practitioners, based on the current model of practice and the current expected ratios to the community.

Senator CORMANN—Do you think that we could use something like the Practice Incentives Program to make it more attractive for senior doctors in regional Australia to participate in training registrars coming into the program?

Mr Janssen—For existing general practices to take registrars?

Senator CORMANN—Yes. Would it be helpful if you could increase the number of general practices that would be prepared to participate in the program?

Mr Janssen—At the moment we have an adequate number of general practices to service the annual intake and the program numbers that we—

Senator CORMANN—But it is only adequate if you do not want to expand it. What I am trying to get to is that getting more GPs on the ground is a good thing. That is what we need and that is why we have programs like yours, in order to achieve it. One of the problems has been that it is such a long lead time to get people to the point where they can actually participate in GP training and become GPs. Those numbers are going up.

My concern, and the concern that the AMA has raised and Senator Boyce referred to, is that perhaps we have not got enough capacity to actually, at that next level, post university studies—there are issues at the internship level, but then also at your level. What I am looking for is what you are looking at in terms of strategies to increase the capacity in your program so that we do not have that bottleneck, so that we can take full advantage of the increased number of students coming through the system.

Mr Janssen—There are two components. Firstly, there is some latent capacity available currently of practices that are accredited to take registrars but may not currently be taking one. Secondly, GPET is undertaking some work and looking at the economics of taking registrars into a practice.

Senator CORMANN—Sorry, when you say 'currently not taking one', why wouldn't they take one? What are the reasons that somebody who is accredited decides not to take one? Is it economic?

Mr Janssen—It could be a range of reasons. It could be that the training provider in that particular locality has allocated registrars to other practices. There may be an absence in that

practice for a period of the senior doctor on leave or for some other reason that would prevent them from taking a registrar, but they are still accredited. So there is a latent—

Senator CORMANN—Do you think we are doing as much as we can do to make taking on registrars as attractive as it needs to be?

Mr Janssen—On the basis of the program as we currently run it, with the numbers that are coming in, we are placing all the registrars in practices. We are also currently looking at what it is that we might need to do going forward to expand the pool of practices in a variety of localities and we are looking at identifying what those variables are, some of which would be economic. There are some advantages of taking registrars in terms of support in the practice, particularly in more rural areas where there may be a workforce issue that could in part be resolved by the training of the registrar, so we are looking at a number of things that we would then be able to influence to tip the balance of practices that may not currently take registrars but which would make it attractive for them. It is not necessarily always money. There are all sorts of other issues.

Senator CORMANN—So you are looking over the horizon, you are looking how you can expand the program. Money might be one thing, there might be others, but essentially you are looking at ways you can make the program more attractive to deal with the demand that, thankfully, is coming your way. Is that a good summary?

Mr Janssen—That is correct.

Senator CORMANN—Thank you, Madam Chair.

CHAIR—Thank you very much and thank you for your patience.

[10.05 pm]

CHAIR—We now move to outcome 6, Rural health.

Ms Halton—Can I make an observation? Five into 55.

CHAIR—Ten. Ten minutes for each.

Ms Halton—Good-o.

CHAIR—Thank you very much. Senator Adams.

Senator ADAMS—Firstly, can I ask some questions about the Office of Rural Health. Have I got the right people? Could you just tell me when you actually became established and how far you have gone with the program that you have ahead of you.

Ms Bennett—Certainly. On 30 April this year, the government announced that it would be establishing an Office of Rural Health. The office was established on 1 July, taking account of the need to transfer staff and delegations and the administrative processes that take a little while. The office brings together what used to be the rural health branch in the department, so the area responsible for most of the service delivery programs, and the workforce distribution area of the department into the one office. Since our establishment, the priority for the office, apart from the normal day-to-day management of all of the ongoing rural focused programs, is to begin the review of rural programs that the government has announced.

The initial focus of the review is on looking at the 60-odd targeted Commonwealth funded rural health programs, with a view to undertaking a review that takes a broad thematic approach to those programs, so not undertaking an individual service-by-service review of each of those programs. In many cases they have either been individually reviewed in the past or they sit within other broader program objectives as well, or they have been looked at and many other views have come forward already on them. The government has taken a decision that it would be more useful to look at the more strategic and thematic approach across the board, so we have established five themes that will guide the first process of our review.

We are looking to do that work over the coming few months. We are doing that by working closely with six key rural stakeholder bodies.

Senator ADAMS—Could you name those?

Ms Bennett—Yes, I can name them without looking these days! The Rural Doctors Association, the National Rural Health Alliance, CRANA—that is, the remote area nurses group.

Senator ADAMS—I know about CRANA.

Ms Bennett—SARRA—I can never remember what it stands for, except that it is allied health.

Senator ADAMS—That is all right, it is services for allied health.

Ms Bennett—Yes. Rural Health Workforce Australia and ARHEN, the Australian Rural Health Education Network. We have had some preliminary meetings with those six key bodies. It is probably worth reminding you that the National Rural Health Alliance, while it is one body, in fact represents 28 key rural organisations.

Senator ADAMS—That is right.

CHAIR—Could you name them, Ms Bennett?

Senator ADAMS—I could probably do that.

Ms Bennett—I have it all here.

CHAIR—That is a joke.

Ms Halton—Not in 10 minutes.

Ms Bennett—No. They cover a very broad spectrum of organisations as well. We have had a number of meetings with those groups to get their early thinking on what are the key issues. We are trying to focus on the particular insights, skills and experience in each of those groups, who represent different constituencies of interest. So we are trying to focus on their particular skills and input rather than driving them to some kind of common consensus point of view, because we think that will give us a greater depth of insight on what is required. We are meeting with them at the moment—I think we are up to the third meeting—to clarify, around our themes of interest, what their particular points of view are, and we will be developing a short issues paper in consultation.

The second phase, again in this 12-month period, will take into account not only that consolidation and refocusing of our programs but will take a broader look, taking into account

a little later in this year the impact that comes to us and the knowledge and the findings of various other reviews that are taking place. For example, we will either have seen the preliminary or final reports of things like the Health and Hospitals Reform Commission, the maternity services review and the primary care strategy. All of those broader reform processes have some impact, or will have, on the longer term future of broader rural health policy.

So we are starting with a look at our own individual programs and how we might consolidate, refocus and reprioritise those, and then we will move into looking at the bigger context and what that might look like for developing rural health policy.

Senator ADAMS—How many staff do you have, Ms Bennett?

Ms Bennett—Sixty-odd? I can give you the numbers. It would be around 60 to 70 in the office.

Senator ADAMS—That is good. I am very pleased to hear that. It has been something that has been on the agenda for a long time. I was on the Rural Health Alliance about 12 or 14 years ago. It is finally there, so I was interested to see just what you were doing. One more question on it: how is the Office of Rural Health planning to inform the public—and in particular rural areas— of the reforms to the rural health policy and the programs?

Ms Bennett—We are still in consultation with our minister about how broadly we may want to, especially in this second phase, undertake consultation. In this first phase we are focusing on those organisations and their member bodies. There will be the need for that as we go forward, depending on those other reviews and the broader issues.

The one other area that we are consulting with that I did not mention is state and territory governments through the rural health standing committee of AHMAC.

Senator ADAMS—That is good, thank you. That is a good positive. The national rural primary care strategy: do we have the right people for this?

Ms Bennett—Do you mean the national primary care strategy?

Senator ADAMS—That is right.

Ms Halton—Do you have more Rural?

Senator ADAMS—Go to someone? Put it on notice?

CHAIR—Yes, put it on notice.

Senator ADAMS—All right.

CHAIR—Sorry, too slow!

Senator ADAMS—Yes, I know. I have lots of questions.

CHAIR—You can put them on notice.

Ms Halton—We are about to see muscular chairing. I can feel it.

Senator ADAMS—Yes, we are. I know. All right, that is that. Thanks very much, I appreciated that.

CHAIR—Hearing services?

Ms Halton—I think Ms Bennett gets the mark for the longest answer to one question: quite breathless by the end.

CHAIR—Thank you very much, welcome back.

Ms Halton—Sir Humphrey is back.

Senator BOYCE—Mine is a generic question: what are the particular health issues around hearing and the services required by people with hearing problems that mean that hearing services are located within the Department of Health and Ageing rather than located within FaHCSIA, where you would find most other conditions that are a disability rather than a sickness?

Ms Halton—That is actually an administrative arrangements question for the government, to be quite honest. The reality is hearing services have been in this portfolio as long as I can remember.

Senator BOYCE—I know.

Ms Halton—Because of the nature of the way the program has been run, both historically and now, it actually does sit well within our program framework. As Sir Humphrey is pointing out to me, we do provide some treatment as well. Thank you, Sir Humphrey. I do not know what that makes me. If he is Sir Humphrey, who am I? Do not answer that question, and none of you answer it either.

Senator BOYCE—As you point out, Ms Halton, it has been in this department for a very long time.

Ms Halton—Yes, it has.

CHAIR—Senator Boyce, can I suggest, as that is such a wide question, that you actually put it on notice and see what comes back from the minister on that, because it is a threshold kind of question.

Senator BOYCE—I realise it is a threshold kind of question, but I thought this was an appropriate place to ask it.

CHAIR—Yes. Put it on record, and we will also put it on notice.

Ms Halton—Yes, sure.

CHAIR—It would be in terms of the points about the history of it and also that there is a treatment element, but it is an important question. Senator Adams.

Senator ADAMS—Has the department given consideration to improving the level of access to hearing health services for low-income adults who are currently in the position of being unable to stay in employment or get employment as they cannot afford the cost of hearing aids and cannot access the Commonwealth Hearing Services Program as they fall between the gap of 21 to 65 years?

Mr Kingdon—It is really a government decision, and obviously the department may well provide advice to the government on that issue.

Senator ADAMS—So there is no way that these people can get any other help with their hearing?

Mr Kingdon—There are some limited services through hearing banks, which are operated in most states, and there are some voluntary hearing services. But, no, they would have to attend a private hearing service provider.

Senator ADAMS—That is an area that we might have to look at a little further. Currently there are no mandatory minimum standards to become a teacher of the deaf, and deaf children typically leave school with poor literacy levels. We will probably hear more about that on Friday when we get to our FaHCSIA issues. Has the department looked into the establishment of mandatory minimum qualifications for teachers of the deaf? That does not come under your—

Ms Halton—That is not an issue for us.

Senator ADAMS—Where would we look at that?

Ms Halton—Education.

Senator ADAMS—So this is a question we could ask on Friday, seeing we will have the—

Ms Halton—You could. I suspect the answer will be that it is largely a matter for states and territories in terms of the teaching profession, but I would say ask it on Friday and see if they can come back with an answer.

Senator ADAMS—When I was on another committee visiting Balgo in Western Australia, we spent some time at the school. It was surprising the mature age adults that were there helping. They were probably the grey nomads moving around the country and they were doing six months, husband and wife—actually, two couples—and they were doing a very good job with this, because a number of those children had glue ear and were having big problems with it, but the adults had the patience. It was just the basic education, but it was good. That is just an aside, but I think perhaps in that instance it is important that these children are taught properly by someone that understands that a lot of the aggro and that sort of thing is caused because the children cannot hear. That is the end of my questions on hearing.

[10.20 pm]

CHAIR—We could move on to outcome 10, Health system capacity and quality. We do not have the officers yet.

Ms Halton—It does not matter. Start anyway.

Senator BOYCE—Do we have a timetable for the rest of the night?

CHAIR—Until 11 o'clock, yes.

Ms Halton—But we do not need to go to 11o'clock unless you desperately need to.

Senator BOYCE—I agree with you. My main questions were going to be regarding the breast cancer nurse strategy that was announced on 13 October.

Ms Halton—There you go! That prompted a response.

Senator BOYCE—Could you describe to me how that is going to be rolled out, particularly in relation to the current nurse shortages.

Ms Morris—Sorry, you were asking about—

Senator BOYCE—The breast cancer nurse strategy.

Ms Morris—And your question was how it is going to be rolled out?

Senator BOYCE—Yes. It has been announced.

Ms Morris—Yes.

Senator BOYCE—You are going to have 44 nurses, you have given us where they are supposed to be.

Ms Morris—It is nurses in 44 locations.

Senator BOYCE—Sorry. I meant nurses in 44 locations. We have the locations. When is this going to be happening? How are you going to recruit these nurses?

Ms Roe—We have a contract with the McGrath Foundation, who are negotiating on behalf of the government with each of the area health services where these are going, so they will be negotiating contracts with each of those organisations. We already have three nurses in place in Western Australia and about half of the contracts are now either in place or are on offer to each of the area health services.

Senator BOYCE—About half of them? So about 22 of them are—

Ms Roe—If you give me just a moment, I can tell you exactly as of two weeks ago. At the moment, there are 31 agreements out there. We are still awaiting the Northern Territory to come back with a proposal.

Senator BOYCE—When you get the Northern Territory to come back with a proposal, who is that in the Northern Territory? Is it the government?

Ms Roe—It is the Northern Territory government, that is right. With the 44 locations that have been negotiated to date, that is across all states. We are still waiting for the Northern Territory to come back to the McGrath Foundation.

Senator BOYCE—Why is that?

Ms Roe—I think it is just delays with the election and some of those things. Also they have to look at where best to place those nurses, and that is something that they have to look at in terms of population requirements. There are requirements with the program, certain criteria that have to be met, including that there is no breast care nurse in that community at the moment. It needs to be in the public system, it needs to be part of a multidisciplinary team, and those sorts of things. We do not think it is far off, but as of about a week or so ago, the McGrath Foundation still did not have a proposal back.

Senator BOYCE—You would be aware that there have been concerns in other areas about the Northern Territory government's apparent inability to spend all the Commonwealth funds it has to deliver health and social services, so that is why, when you said that, I was particularly interested in why.

Ms Roe—As I said, I think part of the delay was just the election and some of the issues around that. But the last I heard, it is within weeks away, so it is not far.

Senator BOYCE—I am still not quite sure of when we will end up with 44 centres that have nurses offering breast cancer services.

Ms Roe—As of 10 days ago, we had 17 either being reviewed by the health services or about to be signed.

Senator BOYCE—Seventeen that will get going?

Ms Roe—Yes, very soon. Either the contracts are out there or they are just waiting for the contracts to be executed.

Senator BOYCE—How was the McGrath Foundation chosen to be the service deliverer in this case?

Ms Halton—I think it was an election commitment.

Senator BOYCE—So it was announced during the election. So there was no—I dare not use the word 'tender', Ms Halton—process by which—

Ms Halton—I think it is called 'direct source'.

Senator BOYCE—Good. I certainly will not use the nasty six-letter word.

Ms Halton—Unless it is appropriate!

Senator BOYCE—Would you have any idea on what the experience of recruiting these nurses is? Is it easy to do or difficult to do?

Ms Morris—I do not think we can comment on that.

Senator BOYCE—Because you do not know?

Ms Morris—My understanding is we are not negotiating with the nurses directly ourselves, unless it is reported back to us that there are particular problems in finding—

Senator BOYCE—So you have not had any problems reported back about recruitment?

Ms Morris—No.

Ms Roe—Part of the measure, though, has allowed for training of registered nurses and specialist breast-care nurses. If they are not able to attract a nurse right then, they might be able to train somebody up.

Ms Halton—I have just been consulting with the chief nurse behind me. I will be absolutely gobsmacked if they do not have people beating their door down to do these particular roles.

Senator BOYCE—If you are offering training, yes, but not necessarily the numbers that might be needed to hit the ground running, for want of a better word.

Ms Halton—Yes. I do think (1) these are very attractive positions and (2) it is an area that a lot of people are interested in.

Senator BOYCE—How are you going to measure the success, the improvements, of this strategy?

Ms Morris—We are working on that. I do not think we can answer that tonight.

Senator BOYCE—So you are currently still working out—

Ms Morris—We are setting up the program now. The next phase is to work out how we then, as you say, measure its success.

Ms Halton—I think at the next estimates we will be able to give you quite a detailed exposition on that.

Senator BOYCE—I am slightly surprised that there would not have been some sense of what you were attempting to measure when the commitment was made.

Ms Roe—One of the things that we will be looking at is in terms of access, because we know that ensuring access to breast-care nurses provides a lot more support. This is particularly targeting women in rural and remote areas, so these are particularly isolated women.

Ms Morris—I am hesitating to answer, because at one level it is very easy to answer along the lines of—

Senator BOYCE—Yes. I realise there are all these assumptions you could make about what you would anticipate it would achieve, but I was presuming there would be something a bit more rigorous as well in terms of measurement.

CHAIR—Ms Morris, is there a pre-existing process of evaluating the existing McGrath nurses? They already have an existing network in the community, and I was wondering whether they had a pre-existing evaluation process for the ones who are currently working that you could work with. That can go on notice.

Ms Morris—We will take it on notice.

CHAIR—That is fine. I work with them, so I know—

Ms Morris—Yes.

Senator BOYCE—I have a couple of quick questions around e-health, for want of a better word. I was surprised, at the time that we did a related inquiry into the Patient Assisted Travel Scheme, at the apparent lack of interest in using e-health initiatives amongst the medical profession. You have a way of measuring your electronic communications by service providers—is that correct?

Mr Davies—We have very good data, which I think you are about to hear, on healthcare practitioners, particularly GPs, who are equipped with computers and who use computers for particular applications, if that is what you are looking for.

Senator BOYCE—Yes, that would be good.

Ms Morris—I can tell you from memory it is over 90 per cent, but I am not sure exactly.

Senator BOYCE—Ninety per cent have a computer and use—

Ms Morris—Use it for a range of electronic things. When you divide down what they are using them for, you get less for some functions that you might think would be useful in an e-health environment or require a bit more commitment to the use of electronic communications.

Senator BOYCE—I was thinking in terms of innovative use. Perhaps you might like to tell me a little bit about what you mean when you say you get less when you get down to things where you feel it might be useful.

Ms Halton—While people are page flipping down that end of the table, can I make a general observation. You would be aware that all of the governments funded the National E-Health Transition Authority some time ago, which is precisely around spreading e-health, if you can describe it in that rather generalist way.

Senator BOYCE—Yes, I was struggling a bit for another word. No-one seemed terribly excited by the idea, except at a very basic level, from what I could understand.

Ms Halton—Yes. It is probably important to understand that there are a whole series of things that you have to do to realise the whole e-health vision, and some of those are about putting in place basic infrastructure. There are things that we all know about, such as broadband and having computers on desks—the things that we understand as people who operate in the day-to-day environment. Then there are things which probably are not very well understood. I think I mentioned propeller heads earlier today. This is kind of the arch propeller head—real nerd city.

Senator BOYCE—The databases.

Ms Halton—*Revenge of the Nerds*! People worry about standards; interoperability; issues in relation to nomenclature, in other words, making sure when we describe a 'right leg' everyone is talking about the same thing; catalogues of medicine; and I could go on and on. Having got all of those things, what you need is the software and the ability to uniquely identify individuals—so Senator Sue Boyce is Senator Sue Boyce and nobody else—and we need to be able to identify practitioners and locations. When you have all of those basic components, then you can build a very large e-health capability, but what you do, even if you have those components, is start on some basic things—what software do you have on the practitioner's desk that enables them to record, for every patient they have, basic information: name, date of birth, height, weight et cetera?

Senator BOYCE—But, as you said, this initiative did start some years ago.

Ms Halton—Yes.

Senator BOYCE—So I am trying to get a sense of whether we have gone anywhere.

Ms Halton—Yes, we have. We had a program that did that infrastructure thing—the broadband et cetera—and that went incredibly well. People connected, both doctors and pharmacists. What NEHTA has been doing is building the infrastructure—those nerd-relevant things which the public do not have any interest in, and nor should they—but you need to make the system workable.

Senator BOYCE—But people would have an appreciation of it through their own businesses et cetera.

Ms Halton—Some, not all. But that work is—and I touch wood when I say this—actually nearing completion. We have done incredibly well. There is still some way to go on this, but it is pretty close.

Senator BOYCE—What is pretty close, sorry?

Ms Halton—The basic standards which will enable inoperability—describing the right leg as 'the right leg' and making sure that the messages that come from one place can be reliably

interpreted by the next place and that they are secure, because that is incredibly important. What we are doing now is talking about the beginnings of moving messages around the system so that business is conducted electronically. There are some obvious early areas which we are already working on—moving prescriptions around electronically. Not only will you get it produced if you have a hard copy off a computer, not in that spidery handwriting that pharmacists know and love but more usefully having it sent electronically to the pharmacy—

Senator BOYCE—To the pharmacist.

Ms Halton—where you want to go and collect it so that, when you get there, it is prepared.

Senator BOYCE—Yes.

Ms Halton—And then you can keep building layer on layer with that so that eventually what you end up with is a fully operating electronic health world. I say in electronic health: it is a bit like health itself. People say to me, 'Jane, when are you going to fix health?' Actually you never fix health. Health just continues.

Senator BOYCE—Incremental development.

Ms Halton—And this is exactly the same with electronic health. But what we are working towards is the first version of the universal electronic health record. That is the aim in the short to medium term.

Senator BOYCE—So you are saying that we can expect a quantum leap in the nearish future because all this will be bedded down. Is that what you are saying?

Ms Halton—I am always nervous about saying 'quantum leap'.

Senator BOYCE—Yes, well, say something else then.

Ms Halton—Yes.

Senator BOYCE—Use another term for me.

Ms Halton—What I am more inclined to say is that people will start to see the benefits of the investment and the tangible difference it makes in the near future. Until now a lot of it has been, I think, invisible to patients. They know that the doctor when they go to the surgery has a computer on the desk, much more these days than there used to be, and they tap away on it. Do they really notice it? Does it really make a difference to them, that they are aware of? Once, for example, your discharge record is electronically transmitted from the hospital you are admitted to, to the general practitioner, that is when you are going to see a difference.

Senator BOYCE—Yes.

Ms Halton—When your test results are transmitted. When your mammography, which is done in one location, can be sometimes read at a distance by a practitioner because you might not have someone who can read it where you are. You have someone who can actually do the mammography, but they cannot read it, but if that can be read at a distance then your general practitioner has access to that. Those are the kinds of changes that we are talking about.

Senator BOYCE—We are about to get into a catch-22 where the sort of technology that you are talking about could assist a lot in regional and remote areas.

Ms Halton—Absolutely.

Senator BOYCE—However, the broadband and other connections in the regional and remote areas may well prevent that.

Ms Halton—To be fair, you know that the rather unfortunately called DBCDE—is that right?

Ms Morris—DBCDE, or 'Debesity', yes—instead of 'obesity'.

Ms Halton—which we think, given that health—

Senator BOYCE—'Debesity'?

Ms Halton—DBCDE.

Ms Morris—It is the opposite of obesity.

Ms Halton—No, I think it is worse than obesity.

Senator BOYCE—Debesity?

Ms Halton—Yes, the department of—

Ms Morris—Broadband, communications and the digital economy.

Senator BOYCE—Yes, sorry. Now I know who you are talking about. I thought you were talking about the opposite of obesity there for a minute. I was very confused.

Ms Halton—Well, maybe they are. I do not know. As you know, they are rolling out broadband—the whole strategy in relation to connecting the nation—and we are talking to them about the need to ensure that that capacity is absolutely available for health. We have been talking to them quite specifically—

Senator BOYCE—So it does not become a basis for institutionalised discrimination.

Ms Halton—Yes. Health is an obvious and early application for that capacity and we are very conscious that it has huge potential in the bush, and so we really need to make sure that that is available to people in the bush.

Senator BOYCE—Mr Cameron was going to give me some figures. Is that right?

Ms Morris—Despite a lot of page flicking, I do not think we have it.

Senator BOYCE—Okay. That is all right.

Ms Morris—But I will just say that we do have them and we will take it on notice.

Senator BOYCE—That is great. Thank you, because it is a huge and helpful area. I am happy to stop. I have one more question, but I will put it on notice, if you prefer.

CHAIR—What is it?

Senator BOYCE—All right, I will ask it. One of your targets, I suppose, within the health system capacity area is increasing access to services for survivors of trauma and torture, and you have a target of 3,000 clients per year for this service.

Ms Halton—Mental health. Have we moved to mental health?

Senator BOYCE—No, I understood this was within this outcome. As I understand it, it comes within palliative care and community assistance, but I may be wrong.

Ms Halton—Mental health—outcome 11.

CHAIR—Let's call it mental health, because that means we can move on to mental health.

Senator BOYCE—That means we can just move on seamlessly.

CHAIR—Beautifully done, Senator. Mental health, item 11. I know that Senator Humphries has a couple of questions, as well. Senator Boyce, continue that one because we have Professor Calder at the table, and see whether it fits in.

Senator BOYCE—Yes. I am particularly interested in this area in terms of what it is achieving and whether you think the 3,000 clients per annum is a sufficient number. Do you actually see 3,000 clients a year?

Prof. Calder—I cannot comment on whether we think 3,000 is an adequate number. The current overall capacity of the program is 4,300 clients per annum.

Senator BOYCE—Your capacity is 4,300?

Prof. Calder—Yes, that is the program's capacity. We do not deliver the program; we fund it.

Senator BOYCE—Yes. How many clients are actually seen? Is that sufficient? Does it mean that there are people not seen? I suppose that is what I am asking.

Prof. Calder—In terms of the actual number that are seen, we would have to take that on notice. I do not have those figures in front of me. I apologise.

Senator BOYCE—So you do not know if there is unmet demand?

Ms Halton—Not that we are hearing about.

Prof. Calder—Not that we are hearing about at all.

Ms Halton—No. There was a period a good number of years ago where I was regularly hearing stories about people who were not able to access services. I have not heard that. That does not mean there is not any demand.

Senator BOYCE—No.

Ms Halton—But it is not something that has been brought to my attention.

Senator BOYCE—But a lot of these cases would be quite long term in terms of their needs.

Ms Halton—Yes, exactly.

Prof. Calder—That is correct.

Senator BOYCE—One thing I want to clarify: the 4,300 are actual people, not—

Prof. Calder—No, it is capacity. I cannot comment—

Senator BOYCE—No, sorry, you have a capacity for 4,300—

Prof. Calder—Yes, that is correct.

Senator BOYCE—actual people, not 4,300 client visits.

Prof. Calder—No. That is right.

Ms Halton—Bodies, people.

Senator BOYCE—Yes. I did not like to use that term given the topic, Ms Halton.

Ms Halton—Yes, sorry. It is late.

Senator BOYCE—Perhaps the other side of this, which you could take on notice unless you can tell me now, is: who are the clients? Can you characterise the clients of these services, obviously in broad groups?

CHAIR—Maybe you could take that one on notice if you wouldn't mind, because it is a wide—

Prof. Calder—It is quite a wide question. We can give you a descriptor of the purpose of the program.

Senator BOYCE—Yes. That is what I am after—a descriptor of the types of clients who are using these services.

Prof. Calder—If you would like me to give the description that applies to the program, it is to deliver medium- to long-term torture and trauma counselling services to humanitarian entrants who have pre-migration experiences of conflict and human rights abuses which make them vulnerable to developing mental health problems.

Senator BOYCE—Yes, but I am looking at the sorts of trends from people from particular areas or types of trauma et cetera.

Prof. Calder—We will take that on notice.

Senator BOYCE—All right. There are few little bits on that, but I will put them on notice as well.

Senator HUMPHRIES—On the last occasion we met, we were talking about the changed outlook for the mental health package announced in April or May 2006. We were talking about some cuts that were based on the expected shortages in the mental health workforce. Can you update the committee on where the projected shortfalls in mental health workforce stand at the present time? In other words, are we expecting to continue to have shortages of qualified staff necessary to deliver those programs on the scale thought at the time of the estimates in June? Are they worse? Are they better? Give me an update, please.

Mr Smyth—In the period since the last estimates, the mental health nurses program, which my colleague Wafa El-Adhami now looks after, has tracked upwards in terms of the number of nurses from some of the original estimates. I can give you the figures for where we are now with the number of clinicians involved in the Better Access initiative, if you would like.

Senator HUMPHRIES—Yes, please.

Mr Smyth—Also in the last budget there were some announcements about additional scholarship programs for nurses and psychologists. I think it is fair to say that there are ongoing efforts to improve the capacity of the mental health workforce in the country. We still obviously have difficulties in attracting the workforce that we would like to see into rural and remote Australia and we are making every effort to undertake that task.

Senator HUMPHRIES—I think we were told last time that the mental health nurses were the chief engine for driving a lot of the programs we were talking about that were part of that package in 2006. So I assume that correcting the problem in this area will be the critical element in enabling some of those programs to go forward in the future.

Prof. Calder—That is correct. That is why there have been, as we explained at the last discussion, the implementation of scholarships for both nurses and psychologists, targeting rural areas as well, to grow the workforce.

Senator HUMPHRIES—Can you give me a figure there on how those figures tracked?

Prof. Calder—I can. As at 31 August we had 397 organisations registered to participate in the Mental Health Nurse Incentive Program. To the end of June—so the fourth quarter of 2007-08—4,543 patients with severe mental disorders had received services under the program from 156 mental health nurses.

Senator HUMPHRIES—Are they all in rural areas?

Prof. Calder—No, not all of them. Most of them, yes. I do not have that figure in front of me. I can run through the states but not the locations.

Senator HUMPHRIES—Thank you very much. You mentioned the Better Access initiative.

Mr Smyth—Yes.

Senator HUMPHRIES—Did you say that there were figures available?

Mr Smyth—I have the number that are registered providers by each of the groups, if you would like me to provide those.

Senator HUMPHRIES—Yes, please.

Mr Smyth—The numbers registered as at 30 September 2008 were: clinical psychologists, 2,464; registered psychologists, 10,179; occupational therapists, 852; and 213 social workers.

Senator HUMPHRIES—I have heard it said that the number of occasions on which clinical psychologists are accessing the new Medicare provider number has greatly exceeded the projected take-up rate of those items. Can you confirm that?

Mr Smyth—The take-up of the overall package was greater than anticipated when the package was first implemented on 1 November 2006. The budget for the Better Access initiative was revised in the Mid-Year Economic and Fiscal Outlook last year, in 2007, upwards by about $266 million. My understanding, from discussions within our department, is that we are still tracking on that budget figure.

Senator HUMPHRIES—Do you have any figures indicating what the trends of employment patterns for clinical psychologists have been in the last couple of years, particularly the concern that was raised before the inquiry that this committee has recently done that people were leaving the public sector and moving into the private sector in order to take advantage of that new Medicare number?

Mr Smyth—We only have anecdotal information around that. The Australian Psychological Society has undertaken a survey of its members. I do not have that information

available. But they did, I think, suggest that there had not been any mass migration out of the public system into the private system. There were people that were doing some part-time work in the private system that were previously in the public system, but there had been no mass movement across into the private sector.

Senator HUMPHRIES—One last question. Is it possible for mental health nurses, under this program or otherwise, to effectively operate in a clinical setting with the clinical psychologists in a case management context, particularly in a rural area?

Mr Smyth—The Better Access initiative actually does not include mental health nurses. Mental health nurses are funded under our rural and remote measure under the specific Mental Health Nurse Incentive Program and under the Access to Allied Psychological Services program, part of the Better Outcomes Program.

Ms Halton—The reality is that you could put together a service in a rural or remote area that actually comprised several of those elements.

CHAIR—That had two lots of funding.

Mr Smyth—That is right.

Ms Halton—That is right.

CHAIR—Or a minimum of two lots.

Ms Halton—Yes, absolutely.

Mr Smyth—In fact, the department has just also funded a rollout of an interdisciplinary networks training package that enables mental health nurses, psychologists, OTs, social workers, GPs and psychiatrists to form multidisciplinary teams in a primary care setting and to case manage particular patients as well. So we are encouraging more of those multidisciplinary or interdisciplinary networks.

Ms Halton—If you remember, one of the key things we were actually trying to do with a number of those measures in 2006 was to utilise all of those resources as efficiently as we could. One of the reasons it was designed in the way it was designed was so that—we have relatively scarce resources in the body of psychiatrists. You do not necessarily want to be using them for absolutely everything but you should link them with all these other resources. We have been moderately effective in achieving that.

Senator HUMPHRIES—But there are no mandated elements to that? You do not have to have a psychiatrist at the centre of it or whatever?

Ms Halton—No.

Prof. Calder—The value of the Mental Health Professionals Association package which Mr Smyth has just talked about is that it will work with networks in local areas to facilitate the networks of clinicians actually working with each other in a sustainable way. So it is transcending, if you will, the funding arrangements and ensuring that all of the parts of a clinical pathway can work together professionally.

Senator HUMPHRIES—Can you get hold of that Psychological Society survey that you referred to?

Mr Smyth—Yes, we can.

Senator HUMPHRIES—That would be great. Thank you.

CHAIR—Thank you very much.

[10.51 pm]

CHAIR—We will now move to Outcome 12.

Ms Halton—Go for it, Senator Cormann. We are all clockwatching; we hope you are!

Senator CORMANN—Thanks. I wanted to ask a similar line of questions as I asked of general practice education. Were you in the room when we explored the medical training with the—

Prof. Calder—I was, yes.

Senator CORMANN—Under this section in the budget statements—medical training and the Australian government focus on increasing the number of medical trainees and working with the states and territories—there seems to be an issue. It is certainly something that the AMA raises. We have an increasing number of students but not enough places for interns in teaching hospitals and perhaps there is a bit of a bottleneck developing after the increasing number of students leave the universities. Is that something that at a Commonwealth level we focus on as we work with the states and territories from a workforce planning point of view?

Prof. Calder—The increasing number of undergraduates is well known. In the 2006 COAG decisions around workforce—

Senator CORMANN—And it is a good thing.

Ms Halton—It is an excellent thing.

Prof. Calder—It is an excellent thing. It is very important. In the 2006 COAG decisions, which included some of those increased places, there was also a commitment by states and territories to provide the clinical training that those increasing numbers of undergraduates would require. You might be aware that that has traditionally been provided in the public hospital system more specifically.

Senator CORMANN—Yes.

Prof. Calder—At the same time, the Commonwealth undertook to provide a program of training for specialists in the private sector, which was a new initiative. Traditionally that has occurred in the public hospital system. The program known as the expanded settings for specialist training program is about to move into its second year, so that is a new program. It is expanding capacity but by small numbers. The places that we have filled for the start of the 2009 calendar year are 198. There is also a pre-existing program, Outer Metropolitan Specialist Trainee Program, which also provides specialist training placements, including psychiatry.

So there is a small but growing capacity funded by the Commonwealth in the private sector. So there was recognition in 2006 that capacity had to grow.

Senator CORMANN—But in 2006 the Commonwealth agreed to certain things and the states agreed to certain things. What is happening on the ground? What is happening in terms of the number of training places in our teaching hospitals?

Prof. Calder—That is not data that we hold. As I have just explained, there are two levels of commitment in this area, and it is the states and territories who have the vast bulk of trainees—

Senator CORMANN—Did that go through COAG?

Prof. Calder—It has been the historical practice that students—undergraduates and graduates—are trained in the public health system, and the states and territories hold the data about how many they are training at any one time.

Senator CORMANN—The reason I am asking is that, if there is a problem identified and there are different levels of government that have to respond to different aspects of the challenge, this can only work if there are clear lines of communication. I am trying to find out what the Commonwealth has done with its side of the bargain in terms of training through universities. There appears to be a problem developing at the training and teaching hospitals level. Is that something, in the context of working with the states and territories, that we monitor, that we talk to the states about?

Prof. Calder—We do. There are a number of levels at which this occurs. Mr Kalisch is a member of the Health Workforce Principal Committee, which is a committee of senior officials working under health ministers to look at health workforce planning and development, and clinical training capacity is a key focus of that committee. There is a range of work being undertaken by the National Health Workforce Taskforce, looking at clinical training capacity. COAG has it on its agenda to revisit in the not too distant future. I think it is probably fair to say that there is clear anxiety about ensuring that there is adequate capacity. There are a range of activities in place to deliver on that.

Senator CORMANN—Is there currently a problem that needs to be resolved?

Prof. Calder—No. As I said, I think it is fair to say that there is anxiety about making sure that we have capacity.

Ms Halton—Not right this second, but we need to make sure that we continue to have that capacity.

Senator CORMANN—Thank you.

Mr Kalisch—The department is getting the numbers on what the states are doing now, so there is an active dialogue with them around that aspect.

Ms Halton—Yes, very much.

Senator CORMANN—Thank you very much.

CHAIR—Senator Boyce.

Senator BOYCE—I will ask one or two questions and put the rest on notice. We have had Minister Roxon recently say that the nurses 'back into the workforce' program, paying $6,000 to get nurses back into nursing, had been a bit 'slow in the uptake'. Could we have some figures about how many nurses have taken up the offer?

Prof. Calder—We are not in a position to provide figures. It is at a very early stage of the program. States are still working at implementing it. We will have a post-implementation review process starting shortly, which will start to identify some of the numbers and take-up, and we will be looking at doing an end-of-year report on the take-up in that calendar target.

Senator BOYCE—Some nurses have taken up the offer?

Prof. Calder—It is being implemented in states and territories now. We are about to start a post-implementation review with those states and territories and the private sector.

Senator BOYCE—What does a post-implementation review—

Prof. Calder—Look at how it is rolling out.

Ms Halton—Find out what the numbers are.

Mr Kalisch—Basically an initial check on implementation processes.

Senator BOYCE—These people got $3,000 after six months. Surely someone has got an idea of—

Prof. Calder—There may be some, but until we start working with the states, territories and private sector about the take-up—

Senator BOYCE—So who has taken the $3,000?

Prof. Calder—We have funding agreements with the providers—the state and territory authorities and the private sector—so they hold the funds and they will provide the payments as they fall due.

Senator BOYCE—So you have given them the funds?

Prof. Calder—Yes. We will then get a report back at the end of the financial year.

Senator BOYCE—They will say then, 'Well, you gave us money to bring in 200 nurses, but we only got 20.' I am getting the figures out of—

Mr Kalisch—They will certainly acquit the funds that they spend and give us full accounts of what they spend against what we have provided them with.

Senator BOYCE—Why would the minister be saying that it is slow on the uptake if we do not know what the figures are?

Prof. Calder—I think states and territories have been saying to us that it is slow to get going. We are working on it. We have run some media advertising. You would be aware that there is a shortage of nurses across the board.

Senator BOYCE—Yes. But this was about getting people back who were not nursing.

CHAIR—Senator Boyce, you will have to put everything on notice now.

Senator BOYCE—Okay, I will stop.

CHAIR—It is 11 o'clock and we have finished today's estimates. I want to thank the officers of the department: thank you very much, particularly those of you who have lasted all day. I do appreciate it. For those people who did not get a chance to have as much time as you would like: we will try and make note of that for the next estimates process. Thank you,

Hansard, and thank you, senators, for your cooperation. Community Affairs will gather tomorrow to look at FaHCSIA.

Committee adjourned at 11.00 pm