



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

STANDING COMMITTEE ON COMMUNITY AFFAIRS

ESTIMATES

(Additional Estimates)

WEDNESDAY, 25 FEBRUARY 2009

CANBERRA

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**SENATE STANDING COMMITTEE ON
COMMUNITY AFFAIRS
Wednesday, 25 February 2009**

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

Participating members: Senators Abetz, Adams, Arbib, Barnett, Bernardi, Birmingham, Mark Bishop, Boswell, Brandis, Bob Brown, Carol Brown, Bushby, Cameron, Cash, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, 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, Stephens, Sterle, Troeth, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Abetz, Barnett, Bernardi, Bilyk, Boyce, Carol Brown, Colbeck, Cormann, Crossin, Farrell, Fifield, Furner, Hogg, Humphries, Lundy, Mason, Moore, Polley, Ryan, Scullion, Siewert, Sterle, and Xenophon

Committee met at 9.32 am

HEALTH AND AGEING PORTFOLIO

In Attendance

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

Senator 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 Joanne Bransdon, Acting Assistant Secretary, Communications Branch

Ms Tracey Frey, Assistant Secretary, Business Group Taskforce

Ms Jan Williamson, Acting Assistant Secretary, Corporate Support Branch

Mr Neil Dwyer, Acting Assistant Secretary, Legal Services Branch

Ms Erin Bowen, Acting Assistant Secretary, People Branch

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

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 Vicki Murphy, Assistant Secretary, International Strategies Branch

Audit and Fraud Control

Mr Colin Cronin, Assistant Secretary

Health Policy Taskforce

Ms Rosemary Huxtable, First Assistant Secretary
Mr Simon Cotterell, Assistant Secretary

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, Acting Assistant Secretary, Healthy Living Branch
Mr Peter Morris, Assistant Secretary, 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 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 Michelle McLaughlin, Acting Head, Office of Complementary Medicines
Mr Michel Lok, Acting Head, Office of Manufacturing Quality

Outcome 2—Access to Pharmaceutical Services**Pharmaceutical Benefits Division**

Mr Stephen Dellar, Acting First Assistant Secretary
Ms Sue Campion, Assistant Secretary, Community Pharmacy Branch
Ms Diana Macdonell, 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, First Assistant Secretary
Dr Brian Richards, Executive Manager, Health Technology and Medical Services Group
Ms Samantha Robertson, Assistant Secretary, Medicare Benefits Branch
Ms Hilary Metcalf, Acting Assistant Secretary, Diagnostic Services Branch
Mr Peter Woodley, Assistant Secretary, Medicare Financing and Analysis 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
Ms Jennie Roe, Assistant Secretary, Chronic Disease Branch
Ms Judy Daniel, Assistant Secretary, Policy Development Branch
Mr Lou Andreatta, Assistant Secretary, Practice Support Branch
Ms Meredith Taylor, Acting Assistant Secretary, GP Super Clinics

Outcome 4—Aged Care and Population Ageing**Ageing and Aged Care Division**

Mr Andrew Stuart, First Assistant Secretary
Dr 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 Programs Branch
Ms Sallyann Ducker, Acting Assistant Secretary, Indigenous Aged Care Taskforce

Office of Aged Care, Quality and Compliance

Ms Carolyn Smith, First Assistant Secretary, Office of Aged Care
Ms Teresa 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 Mark Brandon, Chief Executive Officer
Mr Ross Bushrod, General Manager, Operations
Mr Chris Falvey, General Manager, Corporate Affairs and Human Resources

Outcome 5—Primary Care**Primary and Ambulatory Care Division**

See Outcome 3

Outcome 6—Rural Health**Primary and Ambulatory Care Division**

See Outcome 3

Outcome 7—Hearing Services**Medical Benefits Division**

See Outcome 3

Outcome 9—Private Health**Acute Care Division**

Ms Kerry Flanagan, First Assistant Secretary

Dr Andrew Singer, 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

Ms Louise Clarke, Healthcare Services and Information Branch

Private Health Insurance Administration Council

Mr Shaun Gath, Chief Executive Officer

Mr Paul Groenewegen, Deputy Chief Executive Officer

Outcome 10—Health System Capacity and Quality**Primary and Ambulatory Care**

See Outcome 3

Regulatory Policy and Governance Division

See Outcome 1

Cancer Australia

Professor David Currow, Chief Executive Officer

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

Ms Mary McLarty, Acting Assistant Secretary, Nursing Allied and Indigenous Workforce 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, General Manager and CEO

Ms Stephanie Gunn, Deputy General Manager

Mr Andrew Mead, Deputy General Manager

Mr Peter Hade, Chief Finance Officer

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

Mr Ian Coleman, Senior Principle Research Scientist, Office of Chemical Safety and Environmental Health

Dr Bernie Towler, Medical Officer

Dr Jenny Firman, Medical Officer

Outcome 15—Sport**Population Health Division**

See Outcome 1

Australian Sports Commission

Mr Brent Espeland, Acting Chief Executive Officer

Professor Peter Fricker, Director, Australian Institute of Sport

Mr Greg Nance, Director, Sport Performance and Development Division

Ms Judy Flanagan, Director, Community Sport Division

Australian Sports Anti-Doping Authority

Mr Richard Ings, Chairman

Ms Geetha Nair, General Counsel

Mr Kevin Isaacs, Chief Operating Officer

CHAIR (Senator Moore)—I declare open this hearing of the Senate Standing Committee on Community Affairs. Before we commence, naturally I acknowledge the traditional owners, but this morning I particularly want to acknowledge all those who organised and participated in the Terry Connolly ORGANised walk—the main event in Canberra during organ donor awareness week. I note that the Parliamentary Secretary to the Minister for Health and Ageing has shameless PR in front of her at the desk as well, but it is an important day.

The other thing I want to talk about is Ovarian Cancer Awareness Day. All of us at the front table have come without our blue ribbons, but that will be fixed by morning tea. I notice that Senator McLucas—again in shameless self-promotion—has got her teal ribbon on! But the ovarian cancer awareness process is very important, and this committee has a particular focus on that issue. On this special day we want to acknowledge that as well and see people absolutely bestowed with blue ribbons after morning tea.

The Senate has referred to this committee the particulars of proposed additional expenditure for 2008-09 for the portfolios of Health and Ageing, and Families, Housing,

Community Services and Indigenous Affairs. Our committee is due to report to the Senate on 17 March—a fine day—and 8 April has been set as the date for the return of answers to questions taken on notice. The committee's proceedings today will begin with its examination of the Health and Ageing portfolio.

We have circulated a program and at this stage we are working to that program. If there is any requested change or needed change will get that to people as quickly as possible. Ms Halton, for your staff, we are hoping that that will be the process by which we will move.

Ms Halton—Thank you.

CHAIR—Under standing order 26—we love those standing orders!—the committee must take all evidence in public session, and this includes answers to questions on notice. Officers and senators are well versed in the privilege protections and immunities and scope of questioning for estimates. If you need reminding, the secretariat has a copy of the usual rules applicable to estimates hearings and Leonie is happy to share that with you if you would like that.

I welcome Senator the Hon. Jan McLucas, Parliamentary Secretary to the Minister for Health and Ageing, the departmental secretary, Ms Halton, and all the officers of the Department of Health and Ageing. We appreciate your efforts in Senate estimates.

[9.37 am]

Department of Health and Ageing

CHAIR—Minister, do you have an opening statement you wish to make?

Senator McLucas—Just that I want to thank you, Chair, and Senator Gary Humphries for facilitating the late start today. That allowed a large number of Department of Health and Ageing people to be part of the Terry Connolly organised walk. I thank the hundreds of people from the Department of Health and Ageing who joined with Secretary Halton and Warwick Anderson from the NHMRC. We led a large team. I thank all members of parliament—there were a large number—who joined the walk. Over 1,500 people attended today, and I am advised that that is a big increase on the number that were there last year. A big thank you.

This is Organ Donor Awareness Week. The message that we, as parliamentarians, need to provide to our community is two-fold. We have to all register on the Australian organ donor register—and, yes, I have forms just in case anyone has not done so. That is the first step in what people need to do. The second, but probably more important thing that I plead with us all to do, is to have a discussion with our families about the fact that, if something terrible were to happen, we would want our organs used to improve or save the lives of those 1,800-plus people who are on the organ waiting list. We saw yesterday a fantastic event from Gift of Life ACT here in Parliament House. You get torn between the wonder of little Cordelia Whatman—12 months ago she was not going to live and now she is running around being a normal two-year-old—and the difficulties experienced by other people who are on that waiting list.

It is a sweet and sad experience to be involved with organ donation but we can make it better, and we intend to do that through the new authority that has been established and the

federal money that has gone to ensuring that our system here in Australia will be world's best practice. Thank you for that indulgence. Thank you, Chair, for facilitating what, as I said to Helen Watchirs this morning, is our making history today by making a Senate estimates committee step back for half an hour. Senator Humphries has just arrived. Gary, I did thank you, publicly, too for your assistance in delaying the start of estimates today.

CHAIR—Thank you, Senator. I think if any committee should be able to facilitate that process it would be us.

Senator McLucas—There is one other thing I should put on the record. I think that it is important that we recognise that our colleague Senator Judith Adams is not here today. I am sure all of us and all of the committee will send her our very best wishes. She is an important member of this committee and we look forward to her speedy return.

CHAIR—Absolutely. I feel we will be getting her emails later in the day.

Senator McLucas—Later?

CHAIR—She is in Perth.

Senator McLucas—It is the two-hour time delay.

CHAIR—Before the committee commences with cross outcomes, corporate matters, I suggest the committee begin with any questions on the portfolio overview on pages 2 to 23 of the PAES. Are there any questions on the portfolio overview?

Senator HUMPHRIES—I think these are general overview questions. Can I ask about the one-off two per cent efficiency dividend and have an update from the department on how that is being implemented and what implications it has had for the operation of this department.

Mr Sheehan—The department, as at the end of January, is achieving a next-to-break-even result and is coping reasonably well with the two per cent efficiency dividend.

Senator HUMPHRIES—What measures have been taken, bearing in mind what was said to the last estimates process about the efficiency dividend, beyond what was said last time within the department to cope with this efficiency dividend?

Mr Sheehan—Those measures are continuing. We have looked at the supplier costs and, in the main, looked at achieving efficiencies either through reductions in services or through better purchasing power.

Senator HUMPHRIES—Have the measures included the reduction of either temporary or permanent staff?

Mr Sheehan—In accordance with the budget papers, there has been a reduction in staff in the department since June of last year.

Senator HUMPHRIES—Of what order?

Ms Lyons—There has been a reduction since November 2007. Currently, our ASL is tracking at 4,410 and we are budgeted for 4,397. That is a difference of 13.

Senator HUMPHRIES—Does that include consultancies?

Ms Lyons—No.

Senator HUMPHRIES—You need to achieve that 4,397 by the end of the financial year?

Ms Lyons—That is correct.

Senator HUMPHRIES—And you expect to achieve that through natural attrition rather than through redundancies?

Ms Lyons—Yes.

Senator HUMPHRIES—Have you had to reduce any activities you would regard as core business of the department in order to achieve the dividend?

Ms Halton—No.

Senator HUMPHRIES—What changes are underway or planned for graduate recruitment, cadetships or similar programs in the department?

Ms Lyons—We have not made any changes or planned any changes at this time. I think it would be fair to say that the department considers the recruitment of graduates to be very important, and has for some time and will continue to do so.

Senator HUMPHRIES—I have noticed that there are cadets for this department on the occasions I have come here to address them. Approximately how many graduate recruits do you take in any given year?

Ms Lyons—This year, we have taken 67.

Senator HUMPHRIES—And that is consistent with previous years?

Ms Lyons—That is consistent. We did have an increase on that last year, but there was a lesser number this year.

Senator HUMPHRIES—Are any other employment programs or employment streams in the department being reduced or significantly affected by the efficiency dividend?

Ms Lyons—Not to my knowledge, but I do not have intimate details of some of the program areas. But from an overall perspective, no.

Senator HUMPHRIES—I have some questions I will put on notice about consultancies, but broadly what is the amount the department will spend on consultancies this year and how does that compare with the amount last financial year?

Mr Sheehan—Over the last three years, we have been relatively consistent at about \$33.7 million. In 2007-08 it was a little bit below that at \$32.9 million. For the period between November 2007 and October 2008, there was an increase to \$43.4 million, but that is related in the main to the levy on the contracts for the Pharmaceutical Benefits Advisory Committee, which is a 3½-year contract, and that is why there has been such an increase.

Senator HUMPHRIES—But that is a one-off expenditure, is it?

Ms Halton—It is a lump expenditure.

Senator HUMPHRIES—Can you give us an indication of whether the number of consultancies offered by the department has varied between those two periods?

Mr Sheehan—If I go back to 2006-07, the number of consultancies let that were greater than 10,000 was 485. In 2007-08 it was 450. As far as I am aware, for this current financial year we have only let about 140 consultancies.

Senator HUMPHRIES—140?

Mr Sheehan—Yes, for the current financial year to the end of January.

Senator HUMPHRIES—I would ask you to take on notice a question about the details of those consultancies—the names of the consultants, the subject matter of the consultancy, the duration and the cost of the consultancy, and the method of procurement whereby the consultancies were obtained.

Mr Sheehan—Is that for the current financial year, Senator?

Senator HUMPHRIES—Yes. You have already given me a total value for all the consultancies, which is great, thank you. Have the consultancies that you have undertaken been published in your annual procurement plan on the AusTender website?

Mr Sheehan—We publish the annual procurement plan on 1 July in accordance with the requirement, and we have just recently updated that. We normally have a revision after Christmas and I think that was done in the last week or so. There are obviously a number of new procurement activities that are undertaken as people get further into the year for their planning. I could get you a copy of the current procurement plan if you would like it.

Senator HUMPHRIES—Yes, please. Are you saying that you only update the site once a year?

Mr Sheehan—It is revised once a year.

Senator HUMPHRIES—So a consultancy let after 1 July would not usually appear until the following 1 July?

Mr Sheehan—No, it is a forward plan of activity for the financial year, and then generally around Christmas or in January we update it to ensure that, where there is new work that is planned, we are putting that on the register.

Senator HUMPHRIES—And that conforms with your requirements to do that under the government's guidelines?

Mr Sheehan—The requirement is to publish an annual procurement plan by 1 July.

Senator HUMPHRIES—I note the government has introduced the Federal Financial Relations Bill, which appropriates money for the Treasury to pass on to the states. Does your department receive any appropriations that will be transferred to Treasury under those arrangements?

Mr Sheehan—Yes, it does.

Senator HUMPHRIES—Can you tell me what they are?

Mr Sheehan—I do not have a list with me.

Ms Halton—We will give you that on notice.

Mr Sheehan—We can take that on notice.

Senator HUMPHRIES—Okay. You do not have an approximate idea of the amount we are talking about, do you?

Mr Sheehan—Excluding health care agreements? No, it is in the hundreds of millions. From recollection, I think it is between \$300 million and \$400 million, but I would need to check that.

Senator HUMPHRIES—Would you say that the department has enough analytical resources at its disposal at the present time? I am aware that the government has embarked upon a number of quite ambitious programs in the last year as it has come into government. I am also aware that there are pressures on all departments to reduce their staffing establishments. My fear is that—understandably—we will see a focus on front-of-house kind of operations, and what might tend to suffer in those circumstances is the capacity of the department to plan, to theorise, to work through and to analyse situations. I want to get a feel from you, as officers in the department, whether you feel you are well enough equipped to deal with those sorts of issues that the government is throwing at you as new programs.

Ms Halton—There is a process, as you well understand. When we are putting forward policy proposals to government, we go forward with those costed, and that includes, where we think it is appropriate, the cost of a staffing contingent or, where we are going to substitute one function for another—which we do—that is how we resource that. For example, the work that we did on the COAG healthcare agreement was much as we have done for every healthcare agreement that I have been associated with—which, I hate to say, are those since 1988! We have found the resources in the combined resources of the portfolio. That is basically what we have done. We are very clear when we deal with our colleagues in the Department of Finance and Deregulation—they are good and close friends—about what the resourcing implications are going to be for those things and how it is that we are going to resource them. I think it is fair to say that those requests have been acknowledged. We have been funded where we sought that funding. Sometimes we have vigorous discussions about those resources with Finance, but that is as it should be. Sometimes we do fund internally. But that process continues, and we vigorously make our case if we think there is a case to be made.

Senator HUMPHRIES—To take an example, I assume there were some costs for the department to provide support to the process of the National Health and Hospitals Reform Commission.

Ms Halton—There was funding in total for the hospital reform commission. It had been set up with a secretariat. That was funded by government. Dr Bennett and I have talked on the odd occasion about additional kinds of support that we provide, and we are able to do that.

Senator HUMPHRIES—You are confident you have the resources to provide high-level, high-quality advice to government on the areas with which you are entrusted at the moment?

Ms Halton—Yes. It is my job to make sure that we do that.

Senator HUMPHRIES—Did your agency use any depreciation funding for recurrent expenditure in 2007-08?

Mr Sheehan—Depreciation funding that we have used has been a part of our broader appropriation for government. In the past, we have had lower-than-expected levels of capital expenditure, but that is because we have a new building that is anticipated to be constructed in the early part of next financial year.

Ms Halton—The answer is that we use depreciation funding for what it should be used for. Anyone who drives through Woden at the moment will have seen, rising from a site, a building, and that is where a lot of our depreciation money is about to go.

Senator HUMPHRIES—What site is this?

Ms Halton—Sirius. You may know our building, which has the red stripe down the side of it; that is probably the most obvious one. Near where Albermarle and Alexander are, the original Sirius building, which was demolished, is now being replaced by a much larger building, and the larger proportion of our department will be consolidated in a couple of buildings. One of my objectives over the last seven years has been to improve the efficiency of the place by having people co-located. It is a function of property arrangements; it takes this long to do. That building—which, I have to say, is going up at an absolute pace—next door is basically the last part in that strategy. That is where this depreciation money is going.

Senator HUMPHRIES—When is it expected to be completed?

Ms Halton—It may be completed early, but the Chief Operating Officer can tell you more about that.

Ms Lyons—As of last week, February 2010.

Senator HUMPHRIES—Very good. I look forward to coming to the opening.

Ms Halton—You would be very welcome.

Senator HUMPHRIES—I hope so. I will have to gatecrash! It will be estimates next year—I will get a leave pass. Thank you, Chair!

Has any depreciation funding been used for purposes other than the replacement of capital items in 2007-08?

Mr Sheehan—Not to my knowledge.

Senator HUMPHRIES—It sounds like it is all spent on those things anyway. How much has your department spent on the replacement of capital items in the first six months of this financial year?

Mr Sheehan—I think I will have to take that on notice. I do not have a total but I will get you one.

Senator HUMPHRIES—Thank you very much. I have a couple questions about the stimulus package. I did not notice much in that for health. Is there anything that I am not aware of for health and ageing in the package?

Ms Halton—The package was published, so it is a self-evident fact that that package did not contain particular health initiatives.

Senator HUMPHRIES—I just wanted to check in case I have overlooked anything.

Ms Halton—No, you did not miss anything.

Senator CORMANN—Is there any fine print that we have not seen?

Ms Halton—Not that my eyesight can detect.

Senator BERNARDI—Did it contain anything for Health and Ageing?

Ms Halton—No.

Senator BERNARDI—Nothing at all for the priority areas of Health and Ageing?

Ms Halton—No.

Senator BERNARDI—How disappointing.

Senator CORMANN—Just on that point, did the Minister for Ageing, Justine Elliot, not put out a press release yesterday about the eligibility of aged care facilities for insulation, Pink Batts and various other bits and pieces under the package?

Ms Halton—To the extent that there are general provisions, but you asked specifically about Health and Ageing. The general provisions apply if one—

Senator CORMANN—So you as a department are aware that there are rebates available for aged care providers to encourage energy efficiency?

Ms Halton—I can ask the aged care people to come and answer that question specifically if you like.

Senator CORMANN—I will ask you some more questions, and perhaps I will flag that for later.

Ms Halton—Sure.

Senator CORMANN—I was intrigued when you said that there was nothing in it. I do not think there is much but it seems—

Ms Halton—The question was whether there was anything specific, and the answer is no. There is nothing specific.

Senator CORMANN—I think the parliamentary secretary is scrambling to find something, and it looks as though she has.

Senator McLucas—We can answer those questions when we have the people from Ageing here.

Senator CORMANN—It was a generic question about the stimulus package, though.

Mr Sheehan—I have quickly added up that list. It was about \$7 million.

Senator HUMPHRIES—That was \$7 million for?

Mr Sheehan—Capital expenditure.

Senator HUMPHRIES—In the first half of this financial year?

Mr Sheehan—Up until the end of January, and that includes about \$2 million for the fit-out of the new building.

Senator HUMPHRIES—Was the department involved in discussions about putting together a stimulus package? If so, did it make any suggestions or bids for funding under the package?

Ms Halton—No. We actually have our own fund for infrastructure, and we were not involved in that stimulus package.

Senator HUMPHRIES—I have some questions which, as I said, I will put on notice, but I also have some others which I will ask now. How many reviews are currently being undertaken in this department?

Ms Halton—The last time we answered that question we asked, ‘Are we talking major reviews or every single little review?’ and I think you indicated that you were interested in major reviews. I think we took that question on notice previously.

Senator HUMPHRIES—So the answer is unchanged from the previous occasion?

Ms Halton—I will go back and review that answer just to confirm that everything in that list is still current. I think it is, but we will confirm that for you just in case there is anything that came a bit after. I do not think there is.

Senator HUMPHRIES—I will put the rest of my questions on notice. Thank you.

Senator CORMANN—As a follow-up on the topic of the stimulus package, were you asked by government to put forward proposals within the health portfolio that could be considered part of the \$42 billion stimulus package?

Ms Halton—As I think we have said in the past, we do not indicate what advice we have given to government in relation to matters.

Senator CORMANN—I know that we have had this discussion again and again, and I will say again what I say usually—

Ms Halton—And then I will say again what I say usually.

Senator CORMANN—You might refuse to provide the content of the advice, but we as a committee are totally entitled to ask about the existence of it. Anyway, I will not waste the committee’s time. I thought that this might be a good opportunity for you to pay tribute to Professor Horvath, who I gather has the pleasure to be with us at Senate estimates for perhaps the last time. Is that right?

Ms Halton—You are suggesting that I would take my timing from your indication that I should do so. But it had been my intention to acknowledge at the end of estimates the contribution of people who are to retire, which is in fact our standard practice in this committee. While I acknowledge that entree you have given me, I will resist it at this point if you do not mind. I will do what I always do, and in fact what we have always done, which is to acknowledge people at the end of the committee.

Senator CORMANN—If I can put it into context, these are whole-of-portfolio and corporate matters that we are talking about. I was going to ask you some questions about your new appointment, and I thought it would have been inappropriate for me to do so without first having taken the opportunity to pay tribute to the years of service of Professor Horvath.

Ms Halton—By all means. Then he will get two roasts for the one retirement—not that he is actually retiring, might I add. So no-one should take the fact that I do not wax on at length at this particular point as not being a reflection of my great regard for his contribution. But by all means please ask me other questions about the appointment.

Senator CORMANN—I am doing really well, aren't I? Here we are back at Senate estimates, I have asked two questions and you have successfully refused to answer both!

CHAIR—It is a long day, Senator.

Senator CORMANN—Yes, there is a long day to come. You are aware of a story that appeared in Crikey two days ago—

Ms Halton—Yes, I am, do go on.

Senator CORMANN—Exactly, it is also about corporate matters, as you are aware. It talks about interesting times at the Department of Health and Ageing.

Ms Halton—Yes. Why don't you read the whole thing into the record, Senator, I would love you to.

Senator CORMANN—I will take your lead, then. The article says, 'With Jane Halton having been confirmed as secretary for another five years, she is obviously feeling secure enough to push the public service envelope. Having given one deputy secretary the nudge, she has turned her attention to the lower assistant secretary ranks. There is a current recruitment round for several positions at that level headed by some very senior and experienced officers and an independent search firm but Ms Halton won't accept their recommendations. She has sent the selection report back twice to the department now demanding that they reconsider.' I thought I would give you the opportunity to correct the record.

Ms Halton—I would be delighted. I think there are two regards one can have with respect to Crikey. The fact that they are allowed to publish—if I can use the word—such complete crap suggests something about the fact that one is still of interest. Maybe at one level that is reassuring. I can tell you that I have not rejected the recommendations of the committee. It is fair to say that the committee itself did send the report back to the person writing it, because it was not well written as I understand it, a couple of times.

Senator CORMANN—So it was a matter of grammar rather than content.

Ms Halton—I have not seen it, but the chair of the committee told me that there was an inadequate write-up. I have not seen it. When it is finished, it will come to me. So, no, I have not sent it back because I am unhappy with its outcome at all.

Senator CORMANN—I did ask you some questions, I think, after having congratulated you at the last estimates for the renewal of your contract, as to what your intentions were in terms of your senior leadership team in the department. Is there anything else that you can share with us at this point? We are now a couple of months down the track, is there anything that you can share with us in terms of changes, restructures or changes in emphasis that you might have decided on since we last met.

Ms Halton—The short answer to that is that we are having an internal discussion at the moment about where the emphasis lies. You understand the health portfolio well—

Senator CORMANN—Thank you.

Ms Halton—and you understand that as issues come and go we have to resource particular issues and the emphasis shifts. We have not made any steps in relation to restructuring. I do think we will be looking at where the balance of resources lies. You would know that there

has been a lot of emphasis recently in terms of maternity services and the health and hospitals commission et cetera. We have not taken steps yet in that respect but I will be looking at those issues.

You would also understand that people do come and go—and I will make very nice remarks about John later on—but Professor Horvath did indicate to me prior to Christmas that he wished to spend a little more time with his family who are in Sydney. I am very pleased that Professor Horvath has indicated that he will continue to be available to the department part time, which is delightful. I am more than grateful. We have been extraordinarily lucky I believe to be able to recruit Professor Jim Bishop who is I think incredibly well-known nationally and I am absolutely delighted that he has been prepared to come and follow on in Professor Horvath's significant shoes as the chief medical officer. He will be starting with us after Easter. He will come obviously to his first estimates in May. I think Professor Horvath said that the first time that he came to estimates it was a bit of a learning experience, so we are looking forward to Professor Bishop coming for that first learning experience. That Crikey article did refer to the fact that Philip Davies has indicated his intention to move on. He has not yet said publicly where he is going because that is a matter of negotiation between him and someone else. It would be inappropriate for me to pre-empt him saying where he is going. I do know, but you would understand that that is not my position to reveal but he is looking forward to a new challenge. So, no, we have not taken particular steps but inevitably people—and I think I have almost forgiven him—do find it necessary to spend time with their families. There will be a few changes at the senior level.

Senator CORMANN—I am sure he will miss us terribly!

Ms Halton—Perhaps we could require him to still attend estimates in his part-time capacity I am sure he would love to do that!

Senator CORMANN—I seek the advice of the chair or the minister. What would be the most appropriate spot to ask questions about the National Health and Hospitals Reform Commission report? Senator Humphries asked some questions. Is this under acute care or is it—

Ms Halton—It depends on what you want to ask, really.

Senator CORMANN—If we can work together and if you do not tell me I am in the wrong spot, I am happy to leave it until later.

CHAIR—It is our process to give it a go, and then the officers always tell us. So, if you have some questions on that issue, with the agreement of the other senators we can move into some general questions on that now, and then, if there is anything more detailed, we refer it to that—

Ms Halton—That is right. If I do not have the relevant officer here, when we get to that bit with the officer I am happy to tell you.

Senator CORMANN—As an opening question, I am keen to understand the process from here as far as the department is concerned. I understand that you cannot talk to us—you have made that sufficiently clear by now—about policy advice and recommendations, but I am just trying to get a bit of a sense from a process point of view as to where we are going from here.

Ms Halton—Essentially, this is still not an issue for the department in terms of process, because, as has been said several times—and I think that when Dr Bennett spoke at the Press Club she was quite clear—what has been released to date is an interim report from the commission. The commission have put the interim report out with a view to seeking input. They are very actively soliciting views, ideas and comment in relation to the full range of matters canvassed in the report, and I think Dr Bennett has acknowledged that there may be other things that people think should have been there, or perhaps should have been there in greater detail, on which people should also provide comment to the commission. I think they have indicated that they would really like to receive that form of input probably in the next month or so, with a view to then being in a position to finalise their report by mid-year, and then that report would be delivered to government. What the government will then do with it, obviously, is consider it. I cannot tell you what the process will be inside government because it is too early.

Senator CORMANN—I understand that. The interim report, as I understand it, was handed to the minister in December, so presumably—well, copies of the report that I have are dated December 2008.

Ms Halton—Whether they handed it to her in December or just after Christmas, I cannot confirm. I thought it was after, but—

Senator CORMANN—Late December or early January, let that be as it may. I suspect that any minister would send that sort of report down to the department for some sort of advice. Did the government or did the minister give you some time lines by which she wanted to get a response back from the department to facilitate the considerations of government?

Ms Halton—No, we are not working to a time line on this matter at the moment. I think actually it is quite difficult, given that the commission report is not final. The commission is indicating interest and some directions, and obviously we are reading that with interest and thinking about those matters, but until we see the final commission report I think it will be a little hard to say categorically what the time line will be. And the minister will no doubt have a view about that time line which she will release.

Senator CORMANN—I guess the reason I am intrigued about not having a time line—and we talked about this last time—is that the Prime Minister and the Minister for Health and Ageing at various times have said that, unless significant progress in implementing a national health reform agenda has been made by the states and territories by the middle of 2009, the government will put to the Australian people a proposal to take over the running of 750 public hospitals. The middle of 2009 is four months away, so I suspect that, if we take the government at its word, that is the outer deadline. I find it very difficult to comprehend that, if you have four months left before the government is going to assess whether sufficient progress has been made, you have not been given a deadline by which to finish your part of the input. It seems that we are running out of time.

Ms Halton—Senator, I would not conflate the two issues here. We have a Health and Hospitals Reform Commission that is thinking quite long term. And then we have a separate process, particularly via COAG but also in respect of the government's election commitments, about working with the states in relation to the operation of hospitals. Most obvious amongst

that are particular moves in relation to elective surgery, but we could go on. Obviously, there is the work that we did with the states during COAG around the COAG agreement about the better functioning of the health system and most particularly the hospitals, but not exclusive to the hospitals—that process and the COAG timetable and reporting on progress under the COAG timetable I would not conflate with the Health and Hospitals Reform Commission, because I think they are on slightly different tracks.

Senator CORMANN—Senator Humphries did ask you about the support that the department provided to the commission and I think you mentioned that you had had a couple of phone calls but not much beyond that. That is what it sounded like to me. Doesn't the department have a secretariat within the Department of Health and Ageing supporting—

Ms Halton—No. Again, we need to be clear here. There is a secretariat, and we received an appropriation from the government—

Senator CORMANN—How much was that?

Ms Halton—I would have to take that on notice. It was a number of millions of dollars. We created a secretariat, and a number of departmental staff have been seconded. But because the commission is meant to be—and is—proudly and resolutely independent, it is not a creature of the department. So even though there is a significant number of departmental staff, but also others from outside working in that secretariat, it is not my secretariat; it is actually Dr Bennett's secretariat.

Senator CORMANN—But it is funded out of the health portfolio allocation—

Ms Halton—Yes.

Senator CORMANN—so, as such, you are the accountable public officer.

Ms Halton—Absolutely. In fact the chief executive instructions in relation to procurement and everything else all apply. Dr Bennett and I have had a couple of very serious discussions about accountability and having to make sure that all of this is done appropriately et cetera. One of the advantages of course of having departmental staff in the secretariat is that they understand all those issues around accountability.

Senator CORMANN—So what sorts of issues did those discussions relate to?

Ms Halton—The importance of the CEIs and ensuring that they were adhered to.

Senator CORMANN—Were there any specific issues causing you concern?

Ms Halton—No—

Senator CORMANN—It was a proactive conversation?

Ms Halton—It was a proactive conversation.

Senator CORMANN—It was not because there was anything specific—

Ms Halton—No. The reality is that people who do not work inside the Commonwealth public sector sometimes do not always understand—

Senator CORMANN—No kidding!

Ms Halton—the full accountabilities. Being a diligent and proactive secretary, it was in my mind to ensure that the importance of the CEIs was communicated before we started so we did not have any problems.

Senator CORMANN—How many staff are there in the secretariat? It is headed by Peter Broadhead, isn't it?

Ms Halton—Peter Broadhead, who is probably one of the better known of the departmental staff, is on the policy side. I do not know that we have the other names with us—

Senator CORMANN—I am not interested in names as such; I am interested in numbers—

Ms Halton—We will have to give it to you on notice.

Senator CORMANN—Whatever the views on content, I thought it was a very well-written report. It was very well drafted and I suspect that the department has assisted in that. Is that something that the commission did internally or—

Ms Halton—They did.

Senator CORMANN—It was very impressive in terms of the actual quality of the drafting, I thought. I might just leave it at that at this stage and follow up with some other issues later.

Senator BOYCE—Professor Horvath, do you have any involvement at all in the establishment or development of testing that is used for people intending to migrate to Australia?

Prof. Horvath—No, Senator. We have an MOU with the immigration department where we may provide advice to them, but Immigration set their own standards and they work through all of those themselves.

Senator BOYCE—Could you tell me perhaps what advice, if any, has been provided in the last 12 months?

Prof. Horvath—I would have to take that on notice, Senator.

Senator BILYK—Following on from the questions earlier about whether there is specific money allocated through the Economics Stimulus Package—and we know that there are some other areas that aged care and others can tap into—can you tell us about the overall investment in health that the Rudd Labor government's got including the financial outlays from the COAG meetings in November?

Ms Halton—So you want to know the COAG appropriations?

Senator BILYK—Just broadly—what money has been put into health through the COAG.

Ms Halton—We do not have the relevant officer here at the moment but—

Senator BILYK—I am happy to ask it again later.

CHAIR—We can see to that later. We can always come back if we find that.

[10.14 am]

CHAIR—On that basis, we could move to outcome 1, Population health, which is always a biggie. I anticipate it will take a good part of the morning; it normally does.

Senator SIEWERT—I have a number of questions in this area, but I suspect that the first one will take us quite some time, and—surprise, surprise!—I want to talk about alcohol.

Ms Halton—Really, Senator!

Senator SIEWERT—Yes, really!

CHAIR—Ms Halton, because this is such a big area we are going to go topic by topic. So we are going to start with alcohol and allow senators to ask any questions they have on that issue. So, on alcohol: Senator Siewert.

Senator SIEWERT—I would like to start by asking questions around hospitalisation data for alcohol-related harm and then I want to talk about the recently released—just yesterday, as I understand it—Access Economics report. Can I first ask about the hospitalisation data for alcohol-related harm. As I understood it from our previous discussions and also those with experts in the field, it is pretty hard to measure that sort of data—is that a correct understanding? What sort of measures do we have in place at the moment for hospitalisation?

Ms Bryant—Yes, it is; it is an arcane science, and there are some technical difficulties in terms of answering questions. Perhaps I could get Ms Hart to outline for you what data we have and so on. Would that be helpful?

Senator SIEWERT—Yes it would.

Ms Hart—We use a range of data because, obviously, hospital data tends to pick up the severe end and the immediate end of some of the drinking problems. So we have data that is collected from hospital admissions that we use to track the immediate impact of alcohol-related harms.

Senator SIEWERT—Who collects that data?

Ms Hart—That is collected in the main hospital accident and emergency data.

Senator SIEWERT—Do the admitting staff collect that data?

Ms Hart—That is correct. In terms of the details of the process, I would probably need to consult with my colleagues in the hospital area. But my understanding is that the data is collected according to coding rules and frameworks at the point of contact with the accident and emergency department or admission.

Senator SIEWERT—And what is your latest data?

Ms Hart—I will just need to find that in my briefing.

Mr Kalisch—Perhaps I can add a little more here. We do not actually have this data now. The data that we receive from states and territories we receive from them after they have cleaned the data properly, after they believe they have reliable statistics, and generally also after it has been through a process at the Australian Institute of Health and Welfare.

Senator SIEWERT—So after it has been through—

Mr Kalisch—After it has been to the Australian Institute of Health and Welfare, and legitimate questions and resolutions are made around the quality of the data. Certainly the data that Access Economics has received has been received directly from states and territories. It has been received in a number of different ways. It is very early data—that is, it is only two or three months after the core month has passed—and that data is subject to considerable revision as they get new data and as they clean it. There is an issue that the AIHW generally goes through in cleaning and improving the quality of the data, and I think the Access Economics report does make significant caveats about the quality of the data and the need for further time to elapse for the data to be improved and for trends to emerge. Perhaps I can add one further issue: the data that has been made available to Access Economics has not been provided on a consistent basis.

Senator SIEWERT—What do you mean by that?

Ms Halton—It is not comparable.

Mr Kalisch—It is not comparable completely between states. Sometimes they use different codes. In most instances they use the F10 code—which is around medical and behavioural disorders due to use of alcohol. In some other states they add various other subcomponents so that it is not completely the same code. The other thing I should add is that I understand that only from July 2008 have states been using that code—or that there has been a consistent instruction to use that code in a common matter.

Senator SIEWERT—The F10?

Mr Kalisch—Yes, the F10. So it has been interpreted by states up to that time, we understand, in slightly different ways—in ways that we cannot explain. The other aspect is that it is done on a hospital-by-hospital basis. So there is a question, particularly without it being part of a national minimum data set up to that time, as to whether the procedures and ways in which it has been interpreted at the hospital level gives you good quality data.

Senator SIEWERT—I have further questions but I think Senator Cormann needs a point clarified.

Senator CORMANN—You essentially say that it is not comparable between states, and I can readily understand that, but is the data useful on a state-by-state basis in assessing trends on a state-by-state basis? In other words, I do not think that you might be able to compare incidents from one state to another. However, presumably, within respective states the data is comparable, so it would give you some sort of indication of a trend.

Ms Halton—No, let us be really clear about this. There is only an instruction to use this classification in a uniform manner from a particular point in time, which means by definition it will have changed in a number of places.

Senator CORMANN—That is what I am asking.

Ms Halton—Yes. Secondly, this data has not been cleaned or scrutinised by anybody. Thirdly, I note—and I have to say this is one of the shoddiest pieces of work I have seen in some time—

Senator CORMANN—There is no need to get stroppy.

Ms Halton—No, but this is a very important issue. The bottom line here is that this is not clean data. It is not comparable data. And, furthermore, we know that ED admissions, for example, have increased. There is no comparator in here. You cannot see what the total number of admissions is—what proportion it forms. This is an incredibly poor piece of work, and the reality is that this data would not have been processed appropriately and properly for many, many months.

Senator CORMANN—I just heard what Mr Kalisch was saying, and I thought it was a reasonable point. I just wanted to clarify whether his point related to a comparison between states or whether it also applied to what happened within a state's data itself.

Mr Kalisch—On that issue, we assume the data might have changed within the state. Certainly the greater problem is across states, and I suppose I would draw you also to the appendix in that Access Economics report where they actually do the analysis on a state specific basis. With most of the analysis in the report they aggregate the data from the respective states. As I was saying to some of my colleagues, it looks like they are adding apples, oranges and pineapples together, coming up with a chart and then looking at the trend. They actually do what you suggest in perhaps a more robust approach in looking at what happens in a particular state. They look at the data for 12- to 24-year-olds, males and females, in a particular state, and what is particularly apparent, and I think quite startling, is that for every state except Victoria they find no discernible change.

Senator CORMANN—No discernible change?

Mr Kalisch—No discernible change. That is in the Access report, and I suppose this is—

Senator CORMANN—So no reduction?

Mr Kalisch—No. No reduction, no increase—no discernible change from trend. That can be explained partly—

Senator SIEWERT—Over the time period of?

Mr Kalisch—Two to three months.

Senator SIEWERT—The first two to three months.

Mr Kalisch—Yes. And that is all the data that they have been able to access at this time. I suppose that made us particularly wary about the report itself and the analysis. You are getting quite stark differences in the conclusions that they are drawing where they aggregate the data on an Australia-wide basis or they look at it on a state-specific basis—and their conclusions are wildly different. That made us very nervous about the quality of the data.

Senator CORMANN—I have some more questions but I will sit back.

Senator McLucas—Can I just make a point there. The report itself actually says there is no agreed national approach to collection of diagnosis codes and demographic information for ED patients. I want to make a broader point. Alcohol and the alcopops tax are the big issue of the day at the moment. You have to remember that this report was commissioned by the people who make alcopops. It is in their interest that they make a case. It is extremely misleading—

Senator CORMANN—But we are still entitled to ask questions about it.

Senator McLucas—for this report to appear in the way that it has. It is seriously flawed information, and it has been designed to make a point. Unfortunately—

Senator CORMANN—We are keen to have some government data, but that has not been forthcoming.

Senator McLucas—We have plenty of data, the ATO data, and that is the data that we should be looking at. But the other data—

Senator CORMANN—The ATO data tells you nothing about consumption—nothing.

Senator McLucas—The other data that you might find interesting, Senator Cormann, is the data around ED admissions that occurred after 2000 and the change in youth drinking culture in this country. I think that we need to also look at the fact that the changed taxation treatment of alcopops from 2000 on has fuelled in our country a changed drinking culture, particularly of teenagers and more particularly of young female teenagers.

Senator CORMANN—What you are saying there is not consistent with the Australian Institute of Health and Welfare data, which actually shows that, if anything, there has been a reduction from 2001 onwards. The Australian Institute of Health and Welfare last time told us that they will not be doing another National Drug Strategy household drug survey for another three years. If you refer me to ATO data, that tells us nothing. It might tell us about the levels of taxation revenue; it might tell us about the number of sales. It does not tell us anything about at-risk drinking or about the levels of harm from at-risk drinking.

Senator McLucas—It tells you that the amount of spirits that have been consumed in this country since April last year has diminished, and that is surely a consideration that your party should have in making a decision about what you do in the Senate.

Senator CORMANN—With all due respect, it actually is not. The consideration is whether there is a reduction in at-risk and harmful drinking. Whether people drink spirits in a responsible fashion to higher or lower levels is completely irrelevant for the government, with all due respect. The question is whether there is a reduction or an increase in the level of harm from at-risk levels of drinking. To this point, I have not seen one piece of evidence that suggests that there is a reduction as a result of the increase in the alcopops tax. I am asking the government to provide us with any evidence if they have got it. We have been trying everything to get you to provide evidence.

Senator McLucas—This is misleading. That is the point I am making.

CHAIR—Senator Cormann, you have had your point of clarification.

Senator SIEWERT—There are a couple of points I want to follow up that came out of the further comment. One was the issue of cleaning of data. Could you explain that? To the uninitiated it sounds like it could be how you fudge the data, so I want to ask about what you mean by ‘cleaning the data’. Secondly, there is the issue around the point that Senator McLucas brought up—that is, the consistent data and how the data has been measured in the past and is being measured now. How do we get a handle on ED admissions and how they are related to alcohol? And why don’t we have a consistent approach across Australia?

Ms Halton—I will start on this, and then Mr Kalisch might follow. I have to say that I actually started my career doing research and doing survey work. I started my career doing

this academically and then at the Bureau of Statistics. So my knowledge of this is a little antique, but the principles still apply. It is the case when you are coding and classifying particular responses that sometimes you make errors, sometimes you record in ways that are illegible, and sometimes you miss classifications, so you just do not record things. The reality is that, when you get a set of raw data, you have to go and look at that data to deal with missing classifications, classifications where you have recorded an F99 and there is no such category et cetera et cetera.

All of what look to be flaws in the data need to be interrogated. Sometimes you need to go back and look at the original source to see whether in fact someone has keyed in something incorrectly. Sometimes it will just be missing data. That process does take a while to ensure that the data set that you have is as accurate as it can be, that you have removed all evidence of obvious error. I think it is a fair question—that people do not think that there is fudging—but the truth of the matter is that people just make human error when they are doing things. In the old days, in fact, people used to enter data twice and then look where the data entries did not match up. Mr Kalisch can give you more detail on this.

In terms of the issues we have in respect of classifications and their use in hospitals, you would probably be aware that we have been attempting quite vigorously over a number of years to have a consistent basis of classifying hospital activity. We have had more success in relation to acute in-patient admissions, where there is an international classification, the ICD classification, and there are a series of other things which go to funding, which means that it is actually easier to drive a consistent basis on which to classify. You can still end up with different utilisation in different places depending on the protocols that are applied to the use of the data, but it is fair to say, particularly with ambulatory care, accident and emergency, that we have not had historically great success in getting consistency in that data. At this point, I will throw that to Mr Kalisch, who can give you more detail.

Mr Kalisch—Just going back to the coding dimension: Ms Halton correctly identified that human error is really the thing that we are trying to combat here and deal with. Miscoding just happens, and it takes time for those things to be amended. Sometimes there are complex computer systems that identify where there is the potential for miscoding, and states take a little while to clean up their data. That is why, often, the Institute of Health and Welfare produce data that is one or two years late, because they are waiting for the states to provide them with clean data, and then they also go through more rigorous testing of the data.

Senator SIEWERT—Okay. So we can expect—

Mr Kalisch—We can expect some revisions.

Senator SIEWERT—We can expect some revisions. We are also debating, as Senator McLucas has said, a very controversial tax in the forthcoming weeks. We have got that report, which has also now contributed to the debate. It would be useful to be able to get up-to-date data as soon as possible.

Mr Kalisch—It would be.

Senator SIEWERT—The point is: are we able to get some data beyond what is in the Access Economics report that is actually clean data that can contribute positively to the debate?

Ms Halton—The answer to that is that we would have to have a conversation with the people doing that work to find out how quickly that could be done. It is quite a slow and laborious process just checking for internal inconsistencies—for example, has someone with a male gender delivered a baby? You are looking for things inside the data where you go, ‘That can’t be right,’ and it is those kinds of things that people go through, looking to clean the data sets. We will find out what the timetable is around that. There will be other things available over the course of this year in terms of data, but I think we should take on notice what is going to be available when, because we will have to ask the people doing that work.

CHAIR—We will have a break now and then continue. I have a couple of points on the format. We will not be having questions on outcome 7, Hearing services. We only had that confirmed by a senator this morning. The sport portfolio will be at 1.30, directly after lunch. Senator Evans will be in the chair for that part. In this area, I have had a request about some questions on insulin pumps and obesity. I am proposing that we come back at a quarter to 11, and we will have those questions on obesity and insulin pumps then. At the end of those questions, we will go back into this discussion about alcohol, which I think will take a considerable time.

Proceedings suspended from 10.34 am to 10.48 am

CHAIR—The program that we have managed to put together is as follows: we are going to start with obesity then we are going to do men’s health and then we are going to go back to alcopops.

Senator BARNETT—It is good to be here. We are limited by time, and I know that Senator Boyce has a good deal of interest in the obesity issue, like me and many others in the parliament and in the nation. Could you provide the latest facts on obesity rates amongst adults and children?

Ms Peachey—The latest survey we have done on children was the 2007 Australian National Children’s Nutrition and Physical Activity Survey, a snapshot of about 4½ thousand children aged two to 16 years. It found that 17 per cent of those children were overweight, six per cent were obese and five per cent were underweight.

Senator BARNETT—And what about for adults?

Ms Peachey—In terms of adults, the ABS survey in 2004-05, the National Health Survey, indicated that 62 per cent of men were either overweight or obese, and 45 per cent of women were either overweight or obese.

Senator BARNETT—And on notice could you advise the committee on the obesity rates that you have on a decade-by-decade basis for adults and children going back to 1970, please.

Ms Peachey—Certainly.

Senator BARNETT—The government announced obesity to be a national health priority. Could you advise us on the initiatives that have been undertaken to implement that policy since it was announced? I am happy for you to take that on notice if you cannot identify those specifically for us now.

Ms Peachey—There is a range of initiatives, Senator Barnett, both in the primary care and primary prevention space. We could run through those initiatives, or it might be more helpful for us to provide you with a list of what they are and—

Senator BARNETT—I would be pleased if you would put those on notice. Finally, in terms of National Health Prevention Task Force, can you provide a status report on their work to date?

Mr Morris—The task force released its discussion paper, *Australia the healthiest country by 2020* on 10 October last year. Since then it has conducted consultations at 39 venues with close to 1,000 participants and has received 378 submissions—and a few more will probably arrive. It is currently in the process of analysing that extensive range of consultative material as it moves towards drafting the National Preventative Health Strategy for submission to the minister in June this year.

Senator BARNETT—Has it made a report and recommendations to the minister?

Mr Morris—No, it has not. It furnished advice the minister in the third quarter last year on the possible design for a national preventative partnership, what is now known as the National Partnership Agreement on Preventative Health, but it has not furnished—

Senator BARNETT—Is that a public document?

Mr Morris—No, it is not.

Senator BARNETT—Can you table that advice?

Ms Halton—It is advice to the minister so we would have to take advice into that.

Senator BARNETT—Can you take it on notice?

Ms Halton—Yes, we will.

Senator CORMANN—It is good to see that it is not personal.

Mr Morris—The task force has not issued any public recommendations. The discussion paper was an airing of directions and ideas.

Senator BOYCE—Ms Halton, you were at the last Senate estimates as part of the launch of the obesity initiative and distributed some rather mean tape measures—

Ms Halton—I hope that everyone has used them.

Senator BOYCE—There were 700,000 of them we were told being distributed as part of that campaign. Where is that campaign at right now?

Ms Halton—Did you use it?

Senator BOYCE—Yes.

Ms Halton—And did you take steps, Senator?

Senator CORMANN—Did you? That is the more important question.

Ms Halton—I think that it is well-known that I always take steps, Senator.

Senator CORMANN—Did you use the tape measure?

Senator BOYCE—Yes, I did. I handed it around to my friends and family.

Ms Halton—And did they find that refreshing—

Senator BOYCE—Educative!

Ms Halton—That is good. That was the whole point.

Ms Peachey—Do you want to know when the next wave of activity—

Senator BOYCE—There was a television campaign that was part of that. Where is that campaign at? How much of the funds for that campaign have been expended? When is the next part of the campaign? What have you done to assess the success of the campaign to date?

Ms Peachey—The television activity is going to commence again. It starts on 1 March 2009. It will recommence on television and on radio, in the print media and with outdoor promotion activity and it will run until 29 March. In terms of expenditure: the breakdown of expenditure for the campaign so far, over the years from 2006-07 through to 2008-09, is \$10,681,264.

Senator BOYCE—Sorry; I am having trouble hearing you.

Ms Peachey—Total expenditure to date is \$10,681,264.

Senator BOYCE—Out of how much are you anticipating spending this financial year?

Ms Peachey—The expenditure for this financial year—

Ms Bryant—I think that is pretty much in line with expectations.

Ms Peachey—Yes, I think we are on track.

Ms Bryant—It is in line with the budget we had available.

Senator BOYCE—What is the budget, then?

Ms Bryant—It is around \$1 million more, I think, than has been expended.

Senator BOYCE—So you have \$1 million more to spend this year?

Ms Bryant—Yes, of that order—I would have to check to give you the exact figure.

Senator BOYCE—Probably the most relevant question in my view is: what has been done to assess what the campaign has achieved to date?

Ms Bryant—Our colleagues in the Communications Branch might be able to assist us with some data on that.

Ms Peachey—I can advise you that the official evaluation does not commence until March.

Senator BOYCE—Until the end of the March campaign?

Ms Peachey—No, until March. The report will not actually be provided to us until about May, but it commences in March. I would have to check the exact date the official evaluation commences.

Senator BOYCE—We have spent \$10 million advising Australians via television advertising and the like to worry about being obese. Do we know what success we have achieved there—what level of knowledge has been achieved?

Ms Peachey—I can certainly tell you the sort of impact that it has had to date in terms of the number of hits on the campaign website. In the period from 17 October 2008 until 17 January 2009, there were more than 6.8 million hits—about 3½ thousand a day. We have had 330 healthy tips posted on the website by members of the public.

Senator BOYCE—So that is 330 in how many months?

Ms Peachey—In that three-month period. But that is where members of the public are putting up their own tips on how to be healthy. More than 139,000 copies of the 12-week planner have been distributed. One hundred and forty-three thousand tape measures have been distributed.

Senator BOYCE—So 143,000 out of 700,000 tape measures have been distributed—is that right?

Ms Peachey—In that period, yes.

Senator ABETZ—That would have been good for the stimulus package—a tape measure for everybody, instead of Pink Batts! But there you go.

CHAIR—Thank you, Senator Abetz, for assisting Senator Boyce.

Ms Bryant—To go back to your earlier question, we did take baseline data prior to the commencement of the campaign, in around November, and there was a first—

Senator BOYCE—Can you tell me about the character of that data? Was it attitudinal?

Ms Bryant—I think it was predominantly focus-group testing. It was a survey of attitudes, knowledge and intended behaviour.

Senator BOYCE—So is that survey publicly available?

Ms Halton—No, it is not. It is part of our ongoing baseline work that we do as part of campaign work, and then what we do once we have actually run the campaign is to go back and look to see about that impact, and that will be part of the work that we are doing. So, in addition to the indications in terms of the number of website hits, distributions et cetera, we will use our research people to look to see, against the baseline data, what impact the campaign has had and will have, following this next round.

Senator BOYCE—Why wouldn't that data be available—the baseline data? I mean, I can understand that, yes, you would be wanting to compare it with your results, but I do not know why that could not be made available now.

Ms Bryant—We normally put the baseline data in the evaluation report, which we will do in March. So the comparison will be made when that March report is prepared and documented. But, by itself, the baseline means relatively little.

Senator BOYCE—Isn't it a snapshot of what Australians in October last year thought about obesity, and of their level of knowledge of and interest in the area?

Ms Bryant—We could certainly look at the baseline work that we did in November and perhaps give you some information on notice.

Ms Halton—We will see what we can make available.

Senator BOYCE—It just surprises me somewhat, that—

Ms Halton—We will have a look to see what we can make available.

Senator BOYCE—When did you say that report will be available—May?

Ms Peachey—The evaluation report will be provided to the Interdepartmental Committee on Communications around June 2009.

Senator BOYCE—You have no other campaigns for this financial year, at least from March? Is that right?

Ms Peachey—Are you talking about television advertising?

Senator BOYCE—Advertising campaigns.

Ms Peachey—No. There will be a range of under-the-line activity and events that will be targeted at different groups, like healthy workplace events, barbecues and things like that. On the website, people can access tool kits around how to do that. The TV advertising will run from 1 March to 29 March.

Senator BOYCE—How much is the funding for this program for 2009-10?

Ms Peachey—Just over \$2 million has been made available for 2009-10 as part of the National Preventative Health Care Partnership funding for the ongoing campaign in this space.

Senator BOYCE—Is that \$2 million of federal funding?

Ms Bryant—The original Australian Better Health Initiative funding is a little over \$2 million for 2009-10. In addition, further funding has been provided for social marketing activity in relation to obesity as a result of the government's COAG announcement under the National Preventive Health Care Partnership. Additional funds for social marketing in this area will be available under the partnership agreement. They will supplement the \$2 million available from the Better Health Initiative.

Senator BOYCE—Is there a figure for that?

Mr Morris—The total figure is \$41 million of federal funding over four years for social marketing. In 2009-10, it will be a small outlay in the order of about \$1 million, which will be devoted to developing the next suite of campaigns in light of the evaluation of this current campaign.

Senator BOYCE—So it is \$3 million for next year from a number of sources.

Ms Peachey—That is the Australian government's contribution from a couple of sources, yes.

Senator BOYCE—Thank you.

Senator ABETZ—If I may, I have two quick follow-up questions on this—

CHAIR—On men's health or obesity?

Senator ABETZ—which have excited my interest.

CHAIR—You have snuck in with obesity.

Senator ABETZ—First of all, I assume and trust that the 330 public response health tips that are on the website are vetted before they appear on the website? Or can the public just

type up a health tip and have it immediately appear on the website? If that were the case, I would be very concerned.

Ms Peachey—I understand that we do have a look at those tips before they are put on the website.

Senator ABETZ—You ‘understand’. Can you confirm that that happens?

Ms Halton—We will come back and correct that if it is not the case.

Senator ABETZ—Thank you for that. How are we going to actually measure the success of this campaign? We were told about website hits, tape measures going out et cetera. That is all very good but at the end of the day I would hope that the standard by which we measure the success of the campaign will be the decrease in the weight of the Australian population. Of course, it will take some time to get another study done. Website hits and all that sort of information is very interesting, educative and helpful but at the end of the day the idea is that people should be shedding a bit of weight.

Ms Halton—I think you know very well that this is a long-term exercise—

Senator ABETZ—Yes.

Ms Halton—no pun intended. The bottom line here is that, as part of the COAG agreement in relation to health, one of the objectives we collectively set ourselves—that is, with the state governments and the Commonwealth—was to actually manage the issue of obesity and obviously the chronic disease consequences of that. This particular campaign is one part of all of those activities. I would not anticipate that one campaign will see the kind of macrobehavioural shift that we want to see—

Senator ABETZ—No, of course not.

Ms Halton—but we do want to be able to tell that people are aware of it, that the information contained in it is something that they have absorbed and, in time, that their behaviour does actually modify. It is not the case that one campaign is going to see everyone shedding a vast amount of weight, but even the fact that this group of people took those tape measures and did in fact put them around their waists and say, ‘Maybe I am overweight,’ or, ‘That’s okay for me,’ is an important part of awareness-raising in relation to this issue.

Senator BOYCE—They are not worth \$10 million.

Ms Halton—The tape measures did not cost \$10 million but the information communication, in terms of ensuring that people understand that weight has a consequence—that weight is not just an issue of image but actually has a health consequence—is an important message for the community to get, and until now they have not got it. That is why we have made such an effort in this campaign.

Senator ABETZ—Thank you. I did not come to this committee to talk about these matters, but they are very interesting. Thank you for your indulgence on that. I want to touch very briefly on something; time is short and I am not usually in this committee, so I will get directly to the point. It relates to the dismissal of Mr Warwick Marsh as a men’s health ambassador. A lot has been said and commented on about that. I do not want to canvass or trawl through that other than to put on the record, in case anybody is interested, that I have

known Mr Marsh over many years and I have known him to be a genuine and passionate campaigner on men's health issues. What I am trying to find out is whether Ms Roxon ever met with Mr Marsh prior to her becoming Minister for Health and Ageing and whether she received a document—I appreciate that this will have to be taken on notice—of whose exact title I am not sure; it is something like 'Gender matters'.

Senator McLucas—*21 reasons why gender matters*.

Senator ABETZ—Thank you, Parliamentary Secretary. It is *21 reasons why gender matters*. I am trying to find out whether Ms Roxon received that document in September 2007 and found no exception to the contents of that document while she was in opposition but then used it to dismiss somebody after she became minister. She knew Mr Marsh's views—whether they be right, wrong or indifferent. It seems that Ms Roxon did know what his views were, did receive documentation, did not comment on it and then, when the heat in the kitchen got a bit high, used that as a reason to dismiss a man who, quite frankly, has put men's health very much onto the public agenda in this country.

CHAIR—I think that is a question for the minister.

Senator ABETZ—Yes. Perhaps the minister could take that on notice, because I think some of the minister's protestations will be seen in a very different light when those questions are answered. I thank the committee.

Senator McLucas—I will speak with Minister Roxon's office today and see if there is any information she wants to provide to the committee, but I will say that Mr Marsh's qualifications and experience were the basis for his initial inclusion as a men's health ambassador but that the fact that Mr Marsh would not repudiate the extremely offensive statements that are contained within the document *21 reasons why gender matters* made his position as a men's health ambassador untenable.

Senator ABETZ—I have not read the document—

Senator McLucas—Neither have I.

Senator ABETZ—so I do not want to pass comment on it, but it is interesting that the minister apparently did not find it offensive when she received the document in September 2007—

Senator McLucas—I think it is inappropriate—

Senator ABETZ—when she was desperate to get the support of organisations such as the one Mr Marsh ran. But let us find out if—

Senator McLucas—I think that it is an assertion when you say that it was apparent that Minister Roxon had read that document. If there is any further information we can provide the community, we will do so.

Senator ABETZ—Chair, if I may beg indulgence, if the parliamentary secretary is able to come back with some verbal information today then I will be in 2R1. I would be grateful if I could be notified, just in case there is a follow-up in relation to that.

CHAIR—Certainly.

Senator ABETZ—I thank the committee.

Senator McLucas—I take the opportunity, though, before Senator Abetz leaves, to point him to a speech that the member for Bass, Ms Campbell, made in—

Senator ABETZ—I think you are losing me already, but tell me what Ms Campbell said.

Senator McLucas—It was a speech she made in the House of Representatives about the consultation that was held in her electorate of Bass. It is a very good speech that explains the value of these men's health ambassadors.

Senator ABETZ—I am not questioning that at all.

Senator McLucas—They are doing a terrific job, and I think that connecting with men about their health is something that this government takes really seriously—

Senator ABETZ—Oh, that is why Mr Marsh—

Senator McLucas—and something that the previous government did not in fact do.

Senator ABETZ—I say—and I will put this on the public record; I said that to the chair just before the morning tea break—that Mr Marsh was the person who campaigned around this building for this very issue, and I think it is a regret that my coalition colleagues did not embrace his campaign as much as Ms Roxon and the Labor Party did. I congratulate the Labor Party for doing it, but they knew what Mr Marsh was about. He was the one going around this building.

Senator McLucas—I will provide some information on that point.

Senator ABETZ—He was going around this building campaigning. It is regrettable that the coalition did not embrace it as I believe it should have. Labor did—and well done to Labor on that—but they cannot now all of a sudden claim that the man who was basically the architect of all this was unknown to them and had views completely foreign to them. That is the point I am seeking to establish. We will see what Ms Roxon's answers are.

CHAIR—As there are no more questions on men's health, we will now move back to the issue of alcohol.

Senator SIEWERT—We have had some conversations about the F10 codes. I want to ask a little bit about them so that I understand what they are measuring in the process.

Ms Halton—To the extent that we can answer those questions; we may have to take some of this on notice.

Senator SIEWERT—Is the F10 code connected to the international F10 code? Is it internationally consistent?

Ms Halton—We will take it on notice.

Senator SIEWERT—I am asking because I want to know if our understanding of the F10 code is that it deals with the issues around the diagnosis of mental health as it relates to alcohol addiction, or are we using it in a broader definition of alcohol related harm in general?

Senator McLucas—We will take that on notice and try to get you some information today, if at all possible, but I point you to the media release today from the Public Health Association of Australia, where Michael Moore starts off by saying, amongst other things:

It is extraordinary to draw conclusions in this complex area from very limited data based on one, two or three months' experience. It is even more extraordinary that the report appears to base most of its conclusions on: i) the ICD F10 category, which is primarily about alcohol dependence and abuse ...

But we will add to that in a fuller answer.

Ms Halton—I make the point that the ICD is the International Classification of Diseases, so it is the standard, but the issue of the consistent application of these categorisations is the thing that David Kalisch was talking about earlier. What we know is that, unless you have trained people consistently in terms of what is meant by each of these classifications, you end up with—I think he was getting into fruit salad—apples and oranges.

Senator SIEWERT—That is where I am going with this. I am not trying to split hairs; I think how we measure and get accurate data on alcohol related harm is particularly important. As I interpret from advice I have been given—because I am not a doctor or a health expert, though I am trying to become more of a health expert—it is about alcohol addiction. Somebody fronting up at an ED, particularly if they are a young person, may have alcohol related injuries, whether they have been in a fight, have lost consciousness or been in an accident. Are they then classified as F10? That is related to alcohol addiction. Are they bingeing? Bingeing is not necessarily addiction.

Ms Halton—That is right.

Senator SIEWERT—I am trying to get to what this figure is, whether they would be better using another classification and whether it is giving an accurate reflection. That is why I am asking.

Ms Halton—I think I see it. One of my first concerns when I read this was that it was one very narrow slice of data and not the rest of the data. My instant suspicion—I will be quite honest about this—was that that was because, if you looked at the rest of the data, it would not have told you something you wanted to hear. I think that is the issue here. You have to look at the whole package of data. The data has to be clean so that you can form an informed, professional judgment about what the data is telling you.

Senator SIEWERT—There are a couple of points here. I would appreciate you taking on notice the question of what you think those classifications are. I accept the point that you are criticising the Access Economics report on the grounds that they have taken only one classification and made various interpretations. I would like to know what classifications we should be using to measure binge drinking. This seems to pick up the alcohol addiction but, particularly for young people, it looks like we should be using broader classifications that deal with alcohol related harm.

Ms Halton—Yes, and what we need to do—and I am happy to do this—is to have a conversation with the classification people about what it is they say in relation to the correct use of the ICD. I do not code in ICD so I am not going to tell you what I think those codes mean. This is the whole point about making sure that those people who are actually applying these codes in clinical settings understand consistently what they do with, for example, patient X—how they classify what they present with to make sure that it is consistent. As David Kalisch was indicating, we know that there was inconsistent utilisation in relation to this area,

and people were asked to do it in a consistent manner from a particular date. So we will come back to you on notice.

Senator SIEWERT—That would be appreciated, because the other point that the Public Health Association raises is the inconsistent use. As I understand it, they are also saying that, now that awareness is increased on alcohol abuse, there is perhaps more frequent use of that classification. Is that a valid assumption?

Ms Halton—That was exactly the second thing I said when I saw this report—precisely that.

Mr Kalisch—In fact, that is a well-known reporting effect.

Ms Halton—Exactly.

Mr Kalisch—It is a well-known reporting effect that once issues become more prominent—and child abuse is probably one of the other areas of public policy—

Ms Halton—Yes, people use the classification.

Senator SIEWERT—You seem to have been pretty critical of the Access Economics report.

Ms Halton—I do not think it is necessarily an ornament to their reputation.

Senator SIEWERT—I must admit that, from my reading of it, I am inclined to agree with you. But it does raise the serious issue—and we touched on this earlier—about how we do measure the effects. How do we measure—and I accept the argument that the ATO figures are showing an impact there—a true effect of the impact of this measure and other measures? How do we do that if we have not yet got our data reporting process correct? Have you undertaken any measures beyond the Access Economics report—along the lines of what Senator Cormann was asking earlier? This is not good statistics, so how do we do it in an accurate way?

Senator McLucas—The purpose of the change in the treatment of tax on alcopops is to bring about culture change. I think that the Senate generally agrees that that is what we need to do. Culture change takes time, but we can use the ATO data and the Nielsen data on how much alcohol is being consumed as an indicator of consumption. What we are trying to do through this proposal, and through the work we are doing through the preventative health task force, is to change the culture. We are of the view that that culture was generated by the taxation treatment that began in 2000. In 2000 these drinks were exempted and made cheaper. They became more easily obtainable, particularly by young people. There was a 254 per cent increase in the consumption of RTDs from 2000 to 2006. There has been an explosion in the design of them. There has been an explosion in their consumption. But what we are trying to do is change the culture, particularly amongst young people. To measure that will take time. You cannot measure it using eight weeks of data.

Senator SIEWERT—I am convinced of that argument and I appreciate you trying to bring about a change in the culture of drinking. What I want to know is how we then make sure that that is actually achieving the objective.

Senator McLucas—Yes, how do we start to measure that.

Ms Halton—This is where this is quite a complex piece of social research. Essentially, what we have to look at is a series of things: firstly, we will have to look at the data that comes out in relation to young people's drinking behaviours; secondly, we will have to look at the harms information; thirdly, we will actually have to look at some of the data which comes from police in terms of what happens in the community more broadly.

Senator SIEWERT—Have you started collecting that data? Is there any police data available?

Ms Halton—Again, we are looking at all the available sources. In fact, Ms Bryant just gave me the sheet that shows when we are going to get the next set of data in relation to young people's consumption, which should be later this year. There will be a number of data collections. We do not necessarily get all of this as an administrative by-product. Obviously the tax information is available to us quite quickly; everything else comes more slowly. But as those things, be they administrative by-product or, for example, the survey—the next one we are going to get is on Australian secondary school students' use of alcohol, which is about the prevalence of alcohol use—

Senator SIEWERT—That is actually talking to students themselves, I remember from the previous inquiries.

Ms Halton—Yes. That will be published later in this year and we would expect to have a look at what is happening with those behaviours. As the senator says, we know what has happened from 2000 onwards in growth in use of those particular products. This survey will give us a snapshot of what is happening across the nation. We all know what is happening with our kids because we see it and we see it with their mates, but we need to know what is happening out there, and that will help us.

Ms Bryant—I should add, though, that the data was collected in the field in the second half of 2008 and it will be—

Senator SIEWERT—The school survey?

Ms Bryant—Yes, the school survey, and it will be published in late—

Senator CORMANN—What was it?

Ms Bryant—The Australian secondary school students survey.

Senator SIEWERT—Do you remember we talked about it in the previous inquiry?

Senator CORMANN—Yes, I was just trying to identify which one you were talking about.

Ms Bryant—The data was collected in the field in late 2008, so I am just drawing your attention to the fact that there would have only been a short period of time before that data was physically collected.

Senator CORMANN—Lies, damned lies and statistics, eh?

Ms Bryant—It will be published in late 2009.

Senator CORMANN—Is the data clean?

Ms Bryant—By the time it is published it will be.

Senator CORMANN—I just thought I would ask the question.

CHAIR—I propose that we have until 20 to 12 on this issue of alcohol. The reason I am pulling this up is that we have a two-day inquiry on this issue in a week's time and I do not think it is appropriate to take the time in this committee.

Senator SIEWERT—The Access Economics report was released yesterday and there has been a lot of media talk about it, so I think it is important that we get some of those details out now. Minister, you made a comment about the data on ED admissions going up from 2000?

Senator McLucas—No. That was consumption data.

Senator SIEWERT—I must have misheard you.

Senator McLucas—I am glad you asked the question, then!

Ms Halton—I made the comment that the presentations to emergency departments in total have gone up.

Senator SIEWERT—Okay, that is what I heard. I just wanted to clarify that. So presentations to EDs overall have gone up.

Ms Halton—That is right.

Senator SIEWERT—Including alcohol related ones, or just overall they have gone up?

Ms Halton—In total. My point was that you need to look at the composition of those presentations, both in terms of age and the use of the classification, to actually form any seriously informed opinion about what that data tells you.

Mr Kalisch—On the ED data, perhaps I could just clarify that the real difficulty we are going to have with that form of data is that there is still going to be no nationally consistent approach to the collection of the data.

Senator SIEWERT—At all, or at the moment?

Mr Kalisch—Hopefully, in the future. We are working on that aspect, but it will be some time off that the nationally consistent data applies to the hospital separations data.

Senator SIEWERT—You are taking the question on notice around the F10.

Ms Halton—Yes.

Senator SIEWERT—Could you also give me the codes for—

Ms Halton—We will give you all of them.

Senator SIEWERT—And highlight the ones that relate to alcohol harm?

Ms Halton—Yes. We will give you all the codes in this space that are relevant. If you want the entire book of classifications, we would be delighted to give you a copy, but you probably do not need it.

Senator SIEWERT—No.

Ms Halton—We will give you all the codes that are relevant, plus the descriptors.

Senator SIEWERT—That would be appreciated.

CHAIR—Could we get the responses to the questions on alcohol as quickly as possible, before the next inquiry?

Ms Halton—Yes, we will.

CHAIR—Senator Cormann.

Senator CORMANN—Thank you, Chair. First up, Senator McLucas, you mentioned that what the government is trying to achieve with this measure is a change in culture. Are you trying to achieve a change in culture or are you trying to prevent harm from alcohol abuse?

Senator McLucas—Both.

Senator CORMANN—I am just trying to understand exactly what the government's intentions are. If young people have a preference for a product, a legal product, that might not be your preferred product and they consume it responsibly, you think that is a culture that ought to be changed?

Senator McLucas—We are strongly of the view that there has been a growth in the use of this particular product because, firstly, it is cheaper and, secondly, because the manufacturers of this product have designed a product which is very desirable to young people because the sweetness of the drink masks the alcohol. We know from the last drinks data—and on the graph it goes straight up—that young women in particular are increasingly using sweet alcopops as their preferred drink.

Senator CORMANN—So you are saying that the government does not like it that the product of choice for young women of a legal age to purchase and consume alcohol is what is described as alcopops?

Senator McLucas—Sorry, I do not—

Senator CORMANN—You are talking about a change in culture, and I am trying to ascertain what it is the government is trying to achieve.

Senator McLucas—Inappropriate use of alcohol needs to be changed.

Senator CORMANN—That is a different thing altogether.

Senator McLucas—No, it is not. It is what we have been saying consistently.

Senator CORMANN—When does the use of alcopops become inappropriate?

Senator McLucas—Probably when you turn up at the emergency department. That is a problem.

Senator CORMANN—Okay. I agree with that.

Senator McLucas—Probably when you fall over in the street; that is a problem. You have seen the photos on television. We are trying to change that notion out there that it is acceptable to get yourself to the point where you cannot control your behaviour.

Senator CORMANN—I totally agree with what you have just said—

Senator McLucas—Good.

Senator CORMANN—but I think it is a bit different from where the conversation started. I am trying to ascertain where the line is and what it is that the government is trying to

achieve so we can test whether the government is indeed achieving it. We have established that what you are trying to achieve is to prevent at-risk drinking, drinking that causes harm, essentially, but you do not have a problem with young people consuming alcopops at responsible levels. Is that summarising appropriately the position of the government?

Senator McLucas—This measure is attempting to provide a lever that we can pull—and that is price; we know that young people are price sensitive—that will ensure that less alcohol is being consumed at that risky level.

Senator CORMANN—But you do not have a problem with people of legal age purchasing a legal product and consuming it at responsible levels? Because that is their personal choice—their preference for one product as opposed to another product.

Senator McLucas—This government is not telling people what they should and should not drink. What we are trying to say is that risky behaviour is damaging to young people and we will pull that lever to try and stop that damage happening.

Senator CORMANN—The reason I ask—

Senator McLucas—Can I make the point that the growth has also been particularly at the underage level, and that is a really serious concern.

Senator CORMANN—Again, growth in itself is not a problem. What would be a problem is if there were growth in at-risk drinking. Now—

Senator McLucas—I do not see how you can say that. If there is growth in the use of a particular alcohol product, one would reasonably expect that there would be growth in misuse.

Senator CORMANN—That is not right, Senator, with all due respect. If you have got a new product category in circulation it is because it is responding to new and emerging consumer demands, and there are new generations of young people every couple of years coming through and young people today have got different preferences from young people 10 or 20 years ago or, indeed, from when you and I were young many, many years ago. I might have drunk beers, but these days young people drink alcopops.

You can expect that there is growth if there is a new product. What I think would be a concern is if that product is consumed at at-risk levels, and I hope that is where the government is coming from. The reason I asked the question is because you talked about trying to change the culture and I did not know that that really captured what I understood the government was trying to do. I thought the government was trying to prevent harm from alcohol abuse.

Ms Halton—Senator, can we be clear about this, though. The minister said very clearly that we are trying to discourage a culture where it is appropriate and socially rewarded to go out and get—if I can use the vernacular—hammered by consuming far too much alcohol.

Senator CORMANN—But that is any alcohol product—with all due respect.

Ms Halton—Yes, but the reality is—as the Senator has pointed out—a product which contains a large amount of sugar, which masks the amount of alcohol in it, is actually far more consumable, particularly to a young person, than something which does not necessarily taste

sweet et cetera. I think the point about culture here—and we certainly see this in the focus group work we did about the ads on teenage binge drinking—is that those ads show very clearly that young people are responding to different information stimuli in the environment, and we have to change their view that this is socially acceptable behaviour, because it is certainly seen as that at the moment.

Senator CORMANN—I promised the chair that I would not go on—there is a whole heap of questions that I could ask on this but I will not delve into it in terms of whether it is more dangerous now when young people mix their own drinks et cetera. But I will not go into this. Just one final question from me: the minister, in her second reading speech introducing this legislation, said that this measure was backed by the evidence. We have been asking for evidence now for some time, through various means. We have been asking about the evidence that the government has collected regarding any reduction in risky or high-risk drinking and/or at-risk behaviour among all drinkers—young people in particular, both men and women. To date we have not received any information back. As I understood the evidence of the Australian Institute of Health and Welfare at the previous estimates committee, there will not be another National Drug Strategy Household Survey for another three years. You mentioned that some work has been done in terms of a secondary school survey late in 2008. But what evidence does the government actually have at present that the 70 per cent increase in the tax on alcopops has actually reduced at-risk drinking? I am not asking about sales. I am not asking about whether there has been growth—

Senator McLucas—You do not want to hear the sales figures; do you?

Senator CORMANN—The thing is that, while you can tell me that sales have gone up by 100 per cent, it says nothing. What I want to know is—

Senator McLucas—It says nothing?

Senator CORMANN—Well, it does not.

Senator McLucas—Why not?

Senator CORMANN—In itself, it does not.

Senator McLucas—There is less alcohol swilling around out there. There is less drinking occurring.

CHAIR—Can I ask both of you: this is not the place to have this kind of debate. So ask your question, Senator Cormann, and then there will be a response. And I would appreciate it if you did not jump in on each other.

Senator CORMANN—My question, very specifically, is: what evidence does the government have that there has been a reduction in at-risk drinking, and/or at-risk behaviour as a result, with a causal link as a result of the 70 per cent increase in the tax on alcopops? It is a very specific question.

Senator McLucas—I will refer you again to the data and a quote from ACNielsen that concluded that it was not correct that overall consumption had risen:

Most of the decline is in the youth-friendly alcopop segment. The Government's decision to reverse John Howard's RTD tax concession seems to be working.

Senator CORMANN—So the authoritative evidence that the government is referring to is the ACNielsen survey?

Senator McLucas—And the Australian Taxation Office data.

Senator CORMANN—I rest my case.

Senator McLucas—And I rest mine.

CHAIR—I am sure this shall continue.

Senator BILYK—I am beginning to wonder whether Senator Cormann is doing cash for comments or something up there. But anyway, there were some interesting comments—

Senator CORMANN—Madam Chair, I demand that you request the senator to withdraw that.

Senator BILYK—Oh alright, I withdraw it.

Senator CORMANN—That is an outrageous slur on a fellow senator. You are impugning my motivations.

Senator BILYK—Oh alright, I withdraw it, but—

Senator CORMANN—It is an outrageous statement, quite frankly.

Senator BILYK—You have had your time, Senator Cormann.

CHAIR—Senators, everybody knows the process—I would ask people to remember the process—the senator has withdrawn.

Senator BILYK—I am however interested in the—

Senator CORMANN—Well, I can tell you now, it is not true.

Senator BILYK—Excuse me, Senator Cormann, you have had your turn. I was quite quiet while you had your turn.

Senator CORMANN—I did not attack you personally.

Senator BILYK—I am interested in the ATO figures and I understand that the clearance figures from May to January 2009 show that the total spirits clearance decreased by 7.9 per cent compared to the same period in 2007-08 and compared to solid growth in the previous three years. What impact has the alcopops measure in particular had on the total clearance of spirits? I am interested in how we relate those two things together.

Senator McLucas—From May to November 2008—seven months since the increase—the Australian Taxation Office has reported that total spirits clearances, both excise and customs duty, decreased by 9.6 per cent relative to the same period in 2007. While straight spirits clearances increased by 16 per cent, RTD clearances decreased by 37 per cent which has totally offset the straight spirits increase.

Senator BILYK—Do we know what sort of growth there has been in alcopops in recent years?

Senator McLucas—My recollection—I will correct this if it is wrong—is that between 2000 and 2006 the increase in sales of ready-to-drink drinks or alcopops was 254 per cent.

Senator BILYK—It was 254 per cent? I know we do not have any national or emergency department admission statistics at the moment but does the department have any statistics about the rate of underage teenage girls engaging in risky drinking at all? Do you have anything there?

Ms Hart—We do have information, broken down by sex, about the rate of risky drinking in underage drinkers and we have that from two surveys. One is the population based household survey. The other is the specialist survey that is done amongst secondary school students. We know that, for example, more than a quarter of 14- to 19-year-olds put themselves at risk of alcohol related harm in the short term at least once a month. The definition for ‘harm in the short term’ is greater than seven drinks for boys or men and greater than or equal to five drinks for women. We also have a number of other cuts of the data that are published out of the AIHW household survey by age, by levels of risky drinking—both short- and long-term harms—and by preference for type of beverage.

Ms Halton—I think it is worth adding to that that, whilst Ms Hart has given you the data in terms of short-term risk, we need to be clear that the standard is moving very clearly to a recommendation that people under the age of 18 should not consume alcohol. It is an important issue.

Senator BILYK—I have to admit I have never drunk an alcopop in my life, so I declare that now. You might not be able to answer this because it is probably more a medical question, but I understand that alcopops are sweet and, because tastebuds do not mature until you are probably 17 or 18 or whatever, if they are made sweet that means that people cannot taste the alcohol in them and so they just drink them like fizzy drinks. Is that right?

Ms Hart—That is correct.

Senator BOYCE—Try telling that to my 84-year-old mother who drinks sweet sherry quite a lot.

Senator BILYK—Maybe she just has sweet tastebuds.

Senator CORMANN—Every generation has its preferred drinks.

Senator BOYCE—Exactly.

CHAIR—Now that we have had the committee response to the question, Professor Horvath, do you have a response?

Prof. Horvath—I would have to take the tastebuds on notice. I know a lot about tastebuds and salt. Salt matures at different ages and it takes you a while to lose the taste for salt. I do not know about sugar.

Ms Hart—This is not a physiological answer but it is a good database answer. The National Drug and Alcohol Research Centre some years ago did something referred to as the taste and perception study, where they looked at the preferences of young people for sweet and milky alcohol based drinks over those without those elements in them, and they established that there was a strong preference for alcoholic drinks with high sugar levels in them, but also—I think, importantly—that the perception of drunkenness after the consumption of sweet and milky based drinks was lower than for straight alcoholic drinks.

CHAIR—That is the end of this session on the alcopops issue. Now we will move on to the general issue of drugs.

Senator CORMANN—As an opening question, has there been any change in approach towards the fight against illicit drugs with the change of government in 2007?

Ms Bryant—From a practical point of view—from the department's viewpoint of our administration of programs and our approach to production of education and prevention materials—there has been no material change at all.

Senator CORMANN—I will ask the question in a different way. Has there been any change of approach or a changed emphasis on the application of harm minimisation?

Ms Halton—No.

Ms Bryant—No. Harm minimisation has always been a part of a comprehensive approach to supply-side and demand-side measures and to our overall approach to treatment and prevention.

Ms Halton—The short answer is no.

Senator CORMANN—Can you give me a quick outline of the programs that you are currently funding at a high level to combat illicit drug use?

Ms Hart—Yes, I am able to do that. We have a range of programs that centre around the provision of prevention initiatives, capacity-building in the sector and direct service-delivery programs. I will briefly run through those. Starting with the key programs that support service delivery in the non-government sector, we have the Non-Government Organisation Treatment Grants Program. That is a nationwide program that provides just over \$134 million over three years and supports about 197 non-government treatment services. They provide an extensive range of treatment services for both alcohol and other drug issues. They include counselling, detoxification and rehabilitation services. We also support the Amphetamine-Type Stimulants Grants Program. This has been a two-year program which provides funding of \$16.3 million to equip more than 70 services to provide better treatment for amphetamine-type stimulant users. This is in recognition of the emergence of ATS—amphetamine-type stimulant—drugs as a concern in the community and in the treatment sector.

Senator CORMANN—With all of these programs and initiatives, you would be contracting a lot of non-government organisations to provide some of them?

Ms Hart—That is correct. For both programs, we ran a grants round. There was an open advertisement, and organisations that were eligible as drug and alcohol treatment service providers in the NGO sector could apply.

Senator CORMANN—Is this ongoing funding or is this funding that has a finite deadline to it?

Ms Hart—The funding for the program is ongoing. The contracts with the individual service providers are traditionally over a three-year period.

Senator CORMANN—So the funding for both programs is ongoing?

Ms Hart—I should correct that. The funding for the Non-Government Organisation Treatment Grant Program is ongoing. Currently, contracts are in place for three years. The

Amphetamine-Type Stimulants Grants Program that I mentioned was a time limited initiative over two years.

Senator CORMANN—When does that run out?

Ms Hart—That runs out at the end of this financial year.

Senator CORMANN—Is there any indication from government that funding will continue under the forward estimates?

Ms Hart—As I mentioned, that is a time limited program, so under forward estimates it currently ceases at the end of this financial year.

Senator CORMANN—So there is nothing that is going to replace it after 30 June 2009?

Ms Hart—Many of the other programs which also focus on amphetamine-type stimulants users are ongoing. There are a number of sources of funds that support treatment and prevention of ATS issues.

Senator CORMANN—Essentially, the number of available services, come 1 July 2009, will be less than what it is today.

Ms Bryant—No. The time-limited amphetamine-type stimulants initiative was, if you like, an infrastructure or capital program. So it assisted them to build an additional room or appropriate facilities on an existing treatment service.

Senator CORMANN—So it was not for services?

Ms Bryant—The Non-Government Organisation Treatment Grants program provides recurrent funding for the ongoing treatment services. So there will not be a reduction in treatment services available per se; it is just that there will be no more infrastructure building funding from—

Senator CORMANN—Just to pick up on that point: so all of the funding for treatment services under the illicit drugs strategy is ongoing?

Ms Bryant—That is correct.

Senator CORMANN—So none of it stops on 30 June?

Ms Bryant—The funding for their recurrent activities is ongoing.

Senator CORMANN—Okay. Thank you very much

Senator SIEWERT—I am keen to follow up on some specific questions around naltrexone. I also have some questions for the TGA around naltrexone—but as soon as they heard me say ‘naltrexone’ they probably realised that, anyway. Can you tell me where we are up to with funding for naltrexone? How much funding is going specifically for the implants program at the clinic in Western Australia? Are you able to tell me that?

Ms Hart—I can talk about funding that is provided to the Fresh Start Recovery program in Western Australia, which is for a range of drug treatment services. I can also talk about the clinical trial that has recently been completed.

Senator SIEWERT—Okay.

Ms Halton—It is the clinical trial that you are interested in?

Senator SIEWERT—Yes. That would be appreciated. I would like to know what funding is going to the Fresh Start Recovery program and what it is specifically for. Is that possible?

Ms Hart—Yes, that is certainly possible. So—just so that I am clear—you would like to know about funding for the Fresh Start Recovery program and also the clinical trial of naltrexone implants?

Senator SIEWERT—Yes, please. And where we are up to with that, and whether there are any other funding options available—is that possible?

Ms Hart—Yes. I will start with current funding provision which is to the program—the service in Western Australia. The funding is for employing a counsellor, an occupational therapist, a social worker and a psychologist, and it supports clients, who are then receiving counselling, education and support, to re-enter the community. The current grant is \$618,180, and that is for the period from 2009 to 2010-11. The Fresh Start Recovery program is also in receipt of a further \$160,000, which is under the Amphetamine-Type Stimulants Grants program that I mentioned earlier, which runs until June this year.

Senator SIEWERT—What specifically is that grant for?

Ms Hart—That is for staff training. Most of the funds under that, as Ms Bryant has mentioned, are for time-limited projects, infrastructure, training and support.

Senator SIEWERT—That is to June?

Ms Hart—That is until June this year.

Senator SIEWERT—And is that the only funding that they are receiving?

Ms Hart—That is funding that they are in receipt of for running the service, from my area, but I can just mention some other sources of funding. There is state government funding that is provided to that service as well. I do not have the exact figure here but I understand it is in the order of \$1 million per annum from the Western Australian government through the Drug and Alcohol Office.

Senator SIEWERT—So that is the extent of the funding they are getting from the Commonwealth at this stage.

Ms Hart—The other component you asked about was the component relating to naltrexone implants—so the treatment component?

Senator SIEWERT—Yes.

Ms Hart—There has been a series of grants provided, so I can run through those. The National Health and Medical Research Council provided funding to look at data to do with naltrexone treatment and health service utilisation of \$111,625. There was funding for a naltrexone clinical trial of \$404,675 and funding of \$216,200 for a study making a comparison between the effects of naltrexone implants and methadone maintenance treatment on mental and physical health in heroin users. I have a series of other grants that have been provided through the department. Would you like me to provide you with the information on those?

Senator SIEWERT—Yes, I will get you to give that on notice. Can you tell me about the trials and where you are up to with them?

Ms Halton—My understanding is that the evaluation report has been received by the NHMRC. It has been sent for international peer review and I am awaiting receipt of both the report and the peer review from the NHMRC.

Senator SIEWERT—When was that received?

Ms Halton—I cannot answer that question. I will take that on notice.

Senator SIEWERT—If you could. What is the process from here—you are waiting for the peer review and then once you have got the peer review you carry out your evaluation. Where to from there? Is any future funding dependent on the outcomes of the trial?

Ms Halton—That is essentially a matter for government. The money that was provided was for a clinical trial and that is complete, as I understand it. So the report of that trial now needs to be considered by government.

Senator SIEWERT—I am aware that this may be a policy question, and if it is then I will maybe flick it to the minister: what is the department's opinion of naltrexone implants?

Ms Halton—Our opinion—and we do not usually express opinions, as you know—is that we are currently waiting for the trial information on which to found a professional judgment about that as a treatment.

Senator SIEWERT—From what I can gather from that comment, any future funding would be reliant on the outcomes of the trial?

Ms Halton—That is not a decision for us; that would be a decision for the government. I have not seen the document yet so I do not know what it says, but I am looking forward to reading it so I can form a view on the question of effectiveness or otherwise.

Senator RYAN—I am just looking at the list of approved grants dated 19 January 2008. In your list of approved grants by the department under program 1.3 drug strategy, amongst many Australian groups there is a \$30,000 grant to the New Zealand Police. I was wondering what that might be for. It stood out, being non-Australian.

Ms Bryant—We would have to take that on notice.

Ms Halton—It would not surprise me, given that in all our ministerial and official groups we are Australia and New Zealand. We will find out what it is exactly, but it does not actually strike me as extraordinary because, for example, to go back to the data discussion we were just having, if we are actually to do work on data or something with all the police forces there would be some—

Mr Learmonth—It might be precursor data.

Ms Halton—Precursor data, exactly. We will find out what it is. But they are part of the work that we do on drugs, health and everything else, and we have quite a good working relationship across the Tasman—particularly with police forces. We often look to ensure we have comparability so we can actually look at these issues in two countries.

Senator RYAN—Great, thanks.

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

Senator CORMANN—Are you aware of the House of Representatives committee inquiry report *The winnable war on drugs*.

Ms Bryant—Yes we are.

Senator CORMANN—Is the department working on a government response to that report?

Ms Hart—Yes, it is. We are in the process of consolidating responses. There were, I think, some 30-odd recommendations and quite a large number of issues canvassed in the report so it has required a whole-of-government response, and the department is in the final stages of consolidating that response.

Senator CORMANN—Is there a time frame yet for when this is going to be finalised?

Ms Hart—We are very close to being able to put it to the minister for approval.

Senator CORMANN—So have any recommendations out of the report been implemented yet or are we waiting to see the formal response first?

Ms Hart—Without going into the details, because it does cover a lot of ground there are recommendations relating to treatment and support across a number of areas, both this department and FaHCSIA, that correspond to programs that are currently being implemented. But I would need to go through it recommendation by recommendation because it is very detailed in the areas it covers.

Ms Halton—I think the thing about this area—as you understand, Senator—is that it has so many connections to so many different portfolios, so actually getting a response is a bit like rounding up the kids from *The Brady Bunch*. You have to talk to A-G's, you have to talk to FaHCSIA et cetera, so it does take us a little while to put the report out, get some views, bring it back together and then consolidate it into something which is coherent.

Senator CORMANN—The challenges of whole of government!

Ms Halton—That is right.

Senator CORMANN—Thank you very much.

CHAIR—I know that Senator Ryan has a question on vaccinations. The proposal is to go to that question and then to TGA. Then we are waiting for Senator Xenophon to come back, we have got a couple of questions on tobacco, and then Cancer Australia. I am hoping to finish this by 12.30 so I am just checking to see whether there are any senators who are missing out on their opportunity with that time frame. Senator Siewert has a few. Okay. Senator Ryan.

Senator RYAN—Thank you, Chair. Minister, I am assuming, with regard to the national immunisation program, that this is the appropriate place to ask about national tendering. It was announced in last year's budget, I understand, that the government will be moving to national tendering on vaccines. As I understand it, nothing has been announced as yet. I was wondering where the government was on moving towards a national tender.

Ms Bryant—Senator, the concept of national tendering for vaccine purchasing was first canvassed publicly in the COAG communique of March 2008. COAG confirmed a decision to proceed with that proposition at its November 2008 meeting, and I think, again, that is

reflected in the communique. Since confirmation that that was an element of the reform of health financing, we have been working closely with our colleagues in the states and territories to develop the arrangements for national vaccine purchasing in a way which maintains the high-quality outcomes that Australia already has through its immunisation funding arrangements.

Senator RYAN—When is national tendering expected to begin? It was mooted to be July this year.

Ms Bryant—There are 13 vaccines currently on the national immunisation program, and each of the eight jurisdictions has its own tendering arrangements for the purchase of those vaccines. So it is eight times 13 different contractual arrangements or something of that order.

Ms Halton—104.

Ms Bryant—Well, some of them are multiple vaccines in a single contract; that is really what I was saying.

Senator RYAN—Yes, I appreciate that.

Ms Bryant—So there are a large number of contracts. They each currently have different expiry dates, as the states and territories have contracted. Some of them the states and territories have entered into relatively recently. Some are close to expiring now. We envisage that, as their contracts expire, we will progressively tender and take them over and pick them up, but it will be a transition process that takes quite some time to complete.

Senator RYAN—By that, do you mean we looking at two to three or five years? I cannot recall the length of these contracts. I assume it is basically upon contract expiry.

Ms Bryant—Yes, of that order. The contracts for purchasing are generally of a two-three-five year time frame, and we will progressively pick those up as the existing state contracts expire.

Senator RYAN—I understand that because there are multiple vaccines listed for particular indications—if I am using the correct terminology—the states can choose different manufacturers for, say, pertussis or chicken pox. Is it envisaged that we will be moving to a single national supplier for a period of time to supply, for example, a vaccination for pertussis. I know that a lot of them are combined. Will different vaccine suppliers still be used around the country for the same indications?

Ms Bryant—The short answer is that there will still be different suppliers for two main reasons. One is that we would generally not go for a sole supplier, as is the case with the flu deeds which the Commonwealth currently has. We seek to have a minimum of two suppliers so that, for example, if anything happens in a manufacturing chain or if there is a quality control problem there is an alternative supplier and we are never left without a secure supply of appropriate vaccine. So we would not sole-source as a matter of principle. The second is that, in consultation with the states and territories, some vaccines are more appropriate for some subpopulation groups, such as Indigenous people, and we would look to ensure that there remained a choice of vaccines on the program so that the appropriate ones were used in groups like Indigenous children and so on.

Senator RYAN—Will you be tendering for multiple suppliers of vaccines?

Ms Bryant—Yes.

Senator RYAN—Will the government choose two suppliers to each supply half the total amount required for a particular vaccine for an infant cohort, for example? Will it be done on that basis or on the basis of, say, two eligible suppliers and the states being able to choose one of them?

Ms Bourne—We are working really closely with the states and territories immunisation coordinators to work out these sorts of details. There are administrative issues. For example, in a fifty-fifty situation and then a state had to manage two different methods of administration—for instance, one rotavirus vaccine has two doses and the other has three—the issue would be how they would manage it in doctors surgeries and things like that. There are a whole lot of administrative issues that we need to work out with the states and territories. We will put in a system that makes sure that it is administratively efficient for them and for us as well, taking into account what Jenny Bryant said about ensuring supply.

Senator RYAN—The states have different mechanisms, and obviously I am more familiar with Victoria's. I am assuming that the Commonwealth government will not be getting into distribution and supply; it will be managing only national tenders. The states may have different ways of doing it but the Commonwealth will not be doing the distribution and supply. Would that be a correct assumption?

Ms Bourne—The arrangements are that the only thing that would change in the program would be the purchasing. Basically, the states and territories would continue to do the task and functions that they currently do, and we would continue to do the things that we do, as well as the purchasing.

Senator RYAN—Is there any indication when there might be more information publicly available on this?

Ms Bourne—No. We are working on it.

Ms Halton—But soon.

Senator RYAN—Thank you.

Ms Halton—Can I just go back to Senator Bilyk's question in relation to the COAG allocation to health. In the November COAG meeting, COAG announced a package of \$64.4 billion, which comprised the New National Health Care Agreement which delivers from us to the states \$60.5 billion in Commonwealth funding for the years 2008-09 to 2012-13. This represents an extra \$4.8 billion over the then forward estimates, including a \$500 million increase in base funding in 2008-09 and a higher ongoing rate of annual indexation of around 7.3 per cent. Reforms delivered through the national partnership agreements focused on the areas of hospitals and the health workforce, preventative health and Indigenous health, totalling \$3.9 billion from the Commonwealth and a further \$1.4 billion from states and territories.

Senator SIEWERT—I want to follow up the issue around naltrexone implants. It is my understanding—and I could well be wrong—that the implants were previously being exported but they have been stopped from being exported. Is that correct? Could you answer that question in the framework of where it is up to.

Dr Hammett—You are partially correct. Perhaps I could paint a broad picture of where we are at. You will appreciate that, under the Therapeutic Goods Act, there are requirements for good manufacturing practice to ensure that public safety is accounted for among manufacturers of things like naltrexone implants. For a manufacturer to be able to supply a product in Australia, they have to have a manufacturing licence. In November 2005 a particular company in Western Australia that has been manufacturing naltrexone implants applied to the TGA for a particular kind of licence, which is called a clinical trials good manufacturing practice licence. That allowed them to produce implants for the clinical trials that you heard about earlier from Ms Bryant. Under the provisions of that clinical trial licence, those naltrexone implants can only be used for clinical trials. They are not allowed to be exported or used for any other purpose. That was made clear at the time of licensing and in subsequent communication with the company. Subsequent to that, the company has now applied for a full manufacturing licence and is working through the process with the TGA at present. As recently as 6 February we had communication from the company advising us that they would be supplying us with further information to support the application.

Senator SIEWERT—Has the company been exporting implants, or is that an incorrect understanding on my part?

Dr Hammett—My understanding is that that is correct—that they have been exporting the product previously. It has been emphasised to them that, under the conditions of their licence as a clinical trials manufacturer, they are not eligible to do that.

Senator SIEWERT—When did you notify them of that?

Dr Hammett—I will have to take that on notice to give you the correct date, but, as soon as the TGA became aware that they were exporting the product, we followed that up with the company and reacquainted them with the conditions of their licence, which they had been notified of previously.

Senator SIEWERT—How long will it take to go through the full licensing process?

Dr Hammett—That depends on how quickly the company is able to increase the rigour of their manufacturing process to meet the standards of a full licence. When new products are being developed, for a product like a naltrexone implant, which is not registered anywhere in Australia and which is under development, there are provisions in the code of good manufacturing practice that encourage companies to do that development under certain conditions that make sure they meet minimum standards of safety and quality. If they want to go to larger scale production outside the clinical trial setting, where there is very close oversight from ethics committees and very close monitoring of the process, they have to meet a higher standard of manufacturing quality. We are really waiting on the company to be able to meet that standard. We have been working with them, we have been over and inspected them and we have now requested certain information from them. As I said, on 6 February they indicated to us that they would go away and seek that information and provide it to us. So the ball is in their court and we are waiting to get further information from them.

Senator SIEWERT—I presume they met all the requirements for the process of gaining a licence for clinical trial manufacturing.

Dr Hammett—That is correct—at the time of licensing.

Senator SIEWERT—As part of the full licensing process do they have to carry out more clinical trials? Is that part of the licensing process?

Dr Hammett—No, it is not.

Senator SIEWERT—Is it possible to provide—and I appreciate that there are privacy issues here so I am not asking for what you have told the company—a list of the generic requirements?

Dr Hammett—Certainly.

Senator SIEWERT—If it is on the website, I can get it from there.

Dr Hammett—It is. We can certainly provide that for you. There is an Australian code of good manufacturing practice which is harmonised with international codes of good manufacturing practice. It is the same code that we would apply to any other product so that if you or I use it we are sure that it has been manufactured appropriately. We can provide that.

Senator SIEWERT—I understand there are now some naltrexone implants being manufactured overseas. What is the process for bringing in those implants and using them in Australia in a clinical trial process or in a more broadscale application?

Dr Hammett—An Australian distributor or sponsor of overseas manufactured naltrexone implants who wanted to make those available widely in Australia would need to apply for registration to the TGA and they would need to have the full good manufacturing practice licence and go through the TGA's processes for registration for the implants. However, medical practitioners could choose to source their naltrexone implants for individual patients from overseas sites through the provisions of the Special Access Scheme.

Senator SIEWERT—So individual practitioners or clinics can use the Special Access Scheme, which is presumably what clinicians are doing now.

Dr Hammett—Individual clinicians can do that for their own patients. Under their supervision they can do that.

Senator SIEWERT—Thank you. I wanted to clear up that particular area.

Dr Hammett—I should also add that it is the expectation of the Special Access Scheme that if clinicians are doing that they are informing their patients of the fact that they are using an unregistered product, that these products have not been evaluated by the TGA for their safety or quality. We would expect that would be part of the normal professional interaction between the medical practitioner and their patient.

Senator SIEWERT—Thank you very much for that. I appreciate it.

Senator CORMANN—The budget said that the government would consider implementing a reform agenda to update and streamline the existing regulatory framework for therapeutic goods in Australia. Indeed, legislation is before the parliament at present to deal with that. In that context and considering that the TGA works on cost recovery, has the TGA finalised the related increases in industry fees and charges for listing and assessing prescription medications and medical devices?

Dr Hammett—We are going through that process for 2009-10. The TGA on an annual basis negotiates its fees and charges for the services that it provides to industry. We met with

all of the industry associations in November and December of last year and sought information from them about their expected levels of applications for the 2009-10 financial year. We are again meeting with all the industry associations next Tuesday to get an update on what has been happening with the global financial crisis from their perspective. We will then be finalising the fees and charges by the end of March.

Senator CORMANN—So the sequence is: you talk to industry, you finalise your recommendation and then it goes to the government?

Dr Hammett—Correct.

Senator CORMANN—So at this stage it has obviously not been signed off and you will not be able to give me any indication at all what those increases will be. I will wait and see.

Senator McLucas—Senator Cormann, that is the normal process.

Senator CORMANN—I understand that. I am not being critical. Don't worry.

Senator McLucas—It was the inflection in your voice that concerned me.

Senator CORMANN—I am very sorry about the inflection in my voice. It must be my accent.

Senator McLucas—No, it was not your accent. I would not be so rude.

Senator CORMANN—I will try to soften it. In relation to the Productivity Commission's suggestion that the Australian government give New Zealand a three-month ultimatum to restart the joint regulatory regime process for therapeutic goods, what is the current status of discussions with our friends?

Ms Halton—That is a policy question, which is inappropriate for the TGA.

Senator CORMANN—Is that a policy question?

Ms Halton—It is a policy question. The reality is that those negotiations were run out of the department. The Productivity Commission seems to have taken an interest in this. I am not quite sure, but it does not have any status inside government.

Senator CORMANN—If there were discussions about therapeutic goods regulation between Australia and New Zealand, the TGA would not be involved in that?

Ms Halton—They would be, but it is a policy issue and we run the policy issues out of the core department to try to keep it at least a bit—it is a related issue, but there also needs to be some separation between the actual regulatory function and the development of policy.

Senator CORMANN—Are you currently involved in joint regulatory arrangements for therapeutic goods with New Zealand?

Dr Hammett—Perhaps I can refresh you on the status of the joint agency project that was started several years ago. On 16 June 2007 the New Zealand government advised the Australian government that negotiations to establish a joint regulatory agency should be postponed as they were unable to obtain the necessary numbers in their parliament to pass enabling legislation. As I understand it, that is the current status of the joint agency—that is, negotiations are postponed pending advice from the New Zealand government that they might

be in a position to pass enabling legislation. We are not actively negotiating with our counterparts in New Zealand around any of the regulatory matters to establish a joint agency.

Ms Halton—Nor are we waiting for them.

Dr Hammett—Indeed. What we have done since that postponement is move forward with the issue that you started this question with, which is regulatory reform on an Australia-only basis. The Australian government has harnessed the work that was done leading up to the joint regulatory agency, taken the best of those reforms that were agreed by all of the stakeholders and is introducing them into legislation. Indeed, there has already been passage of some amendments, there are more in the current sitting of parliament and more will be completed in the next sitting of parliament.

Senator CORMANN—Thank you. I hope that was not too critical.

Senator McLucas—No, that was lovely. We are very proud of the work we are doing in reforming the TGA.

[12.17 pm]

Cancer Australia

CHAIR—We are going to hopefully complete the session with Cancer Australia.

Senator BOYCE—Just an interesting issue to start off with, or one that piqued our curiosity. There was a \$14 million funding announcement for 42 projects to fight cancer, which included organisations, as you would expect, like Cancer Council Australia and the National Breast Cancer Foundation. It also included beyondblue. What are beyondblue doing about cancer? Why are beyondblue there?

Prof. Currow—I think you are referring to the priority driven collaborative cancer research scheme that Cancer Australia is administering nationally in conjunction with a number of funding partners across the country. Their interest is the ability to ask researchers to address particular problems rather than simply having investigator driven research brought forward for project funding. Each of those partners, either alone or in concert with the other partners, is able to define those priorities. We are just about to receive applications for the third round of this program. The second round, as you note, included beyondblue as a partner, as does the 2009 round. Their particular interest relates to depression and anxiety that relates to the diagnosis of cancer, to people with cancer, to cancer survivors and to their families and friends. We would see this as a wonderful synergy to look at some of the psychosocial aspects of the diagnosis of cancer, and I am delighted that beyondblue are a partner and continue to be at this time. I would note that for each of the priorities that have been put forward to date, we have had fundable applications against those priorities. It really has ensured that we are answering questions that are of policy and practice interest in this program.

Senator BOYCE—I do not quite understand what you mean by ‘fundable applications’. You would not expect to receive unfundable applications, would you?

Prof. Currow—Yes, at times. To be blunt, yes.

Senator BOYCE—What constitutes an unfundable application? It does not meet the criteria or it is too broad?

Prof. Currow—We work with the National Health and Medical Research Council in this area, so all applications in this program are firstly evaluated by the National Health and Medical Research Council for science and feasibility, for innovation, and for the track record of the applicants. They evaluate the quality—

Senator BOYCE—Not necessarily the practicality though, is that what you are telling us?

Prof. Currow—Not at all. There is a cut there that says this may be unfundable because the science or the innovation or the feasibility is not sufficient to warrant public funding. So that is what I mean by unfundable.

Senator BOYCE—So then you assess the ones that have passed the NHMRC criteria for what?

Prof. Currow—In conjunction with funding partners in that space, we evaluate for the ability of applicants to demonstrate their collaboration with similar research projects, their involvement of consumers, their previous track record—not of publication of their findings, but of the translation of their research findings into practice, policy or further research. So there are some additional questions, they are very brief. It is a two-stage process and, in its third year, it appears to be working very well.

Senator BOYCE—So beyondblue would be the only non-clinical part of this? I am just trying to think of how—most of the programs you would fund under this would be clinical cancer trials or research. The beyondblue one is about focus groups and psychosocial research?

Prof. Currow—No, it may include clinical trials of evaluating new ways of supporting people with cancer who are depressed or anxious. So it certainly in no way limits those researchers. All of the partners have decided that they want to have a focus on cancer, and they have expressed that in different ways. I am happy to go through the priorities that beyondblue have set, if that would be helpful?

Senator BOYCE—Perhaps I could have that answered on notice, Professor Currow? I am very conscious of the time and that there are other people who want to ask questions. I want to move on now to breast cancer screening and the fact that we have had comment in a number of places about the fact that breast cancer screening can produce results, find benign lumps and so forth, but that there is a suggestion that invasive surgery is being done when it is not always warranted. Everyone is very much in favour of the breast cancer screening program, but, at the same time, there would want to be some confidence that as far as possible we are not undertaking misdiagnosing what is being seen or undertaking unnecessary cancer operations.

Prof. Currow—It may be that that question is best directed to the screening section. I think the broad issue of screening is one where we do need to understand that we are taking a well population, we are looking for an asymptomatic disease and, in so doing, we may identify a number of people, depending on the screening program, who have disease that otherwise may not have caused them difficulty in their lifetime. Having made that diagnosis, however, there is the very difficult clinical decision between that person and the clinicians who are advising them as to how to deal with that cancer.

Senator BOYCE—There is also the precision, as I understand it. Material that came from Professor Simon Chapman at the University of Sydney suggests that the precision in which benign cancers can be differentiated from aggressive or life-threatening cancers is not what it could be.

Prof. Currow—If I may, I think the statement was actually that they are both cancers. Cancer has been diagnosed; one is more aggressive than the other—

Senator BOYCE—Absolutely.

Prof. Currow—but none of these is benign. I think that is a distinction which is tremendously important in that statement. These are cancers. The question is our ability with science today, in 2009, to make the distinction between a cancer that is going to behave aggressively—that is, spread widely throughout that person's body—and one which may in that person's lifetime remain localised. I think a great deal of research effort in Australia—

Senator BOYCE—That was going to be my question: how are we attempting to become more precise?

Prof. Currow—Absolutely. I think there are research efforts in Australia and around the world that are seeking to do exactly that—to make a distinction and a contrast between those cancers that are relatively slow growing and have a low likelihood of spreading elsewhere in that person's body and disease that is likely to cause them problems. There are already many pointers that help in that process on a day-to-day basis in clinical practice, but as with many things there is an ability to refine that, and much work is being pursued in that area.

Senator BOYCE—Do you have a sense of how many research projects into this area are being conducted in Australia at the present time?

Prof. Currow—Cancer Australia did an audit of the amount of money from major funders in cancer research covering the years 2003 to 2005. Importantly, we approached funders rather than fund recipients in that process and then looked at categorising their research from basic science through to the causes of cancer, prevention, early detection, screening, treatment and survivorship. What we see is, in fact, a spread of resources across each of those areas of cancer control. Australia continues to invest significant resources in cancer research in each of those areas. The National Health and Medical Research Council invests a major percentage of its project funding, as well as its people support and infrastructure support, in that area.

Senator BOYCE—Into cancer generally?

Prof. Currow—Absolutely.

Senator BOYCE—But what about the precision of breast screening.

Prof. Currow—I cannot quantify that.

Senator BOYCE—You cannot quantify that?

Prof. Currow—We certainly have not collected data at that level of detail.

Senator BOYCE—I have one last area of questions. There have been reports—and this is germane, I think, to an inquiry that the community affairs committee will be doing shortly—that Genetic Technologies, which is a Melbourne company, has been stopping genetic testing

of breast cancer samples being done anywhere except in its laboratories. Are you aware of this issue?

Prof. Currow—My understanding is that that particular company is not enforcing that view at this time and that testing is continuing, as it has been for the last several years, in several laboratories around the country.

Senator BOYCE—Could you—perhaps on notice—give us a list of the laboratories that are doing it? Would you have any way of knowing the number of tests being done?

Ms Halton—Professor Currow will not have access to that information. I am sorry, Senator. But I can confirm—

Senator BOYCE—Does the department have it? I just want to assure—

Ms Halton—Medicare Australia may have it.

CHAIR—That is what I was wondering: whether it is a Medicare question.

Ms Halton—It will not be us as a portfolio—it will be a question of where those benefits are paid—so I do not think we can answer that question. But what I can assure you—and this is an issue that we have been watching quite closely—

Senator BOYCE—My next question was going to be to you and the minister—

Prof. Currow—Yes, we are very aware of this issue.

Senator BOYCE—as to the idea of patenting DNA tests. It is obviously of concern to this committee and, I imagine, to everybody. What is currently happening there?

Ms Halton—As you are aware—you have already referred to it—there is the inquiry which is going to proceed on this matter. We obviously regard this particular issue as being very serious. We are following it with some considerable interest, and we have been having a number of conversations inside government about it. I probably cannot say much more than that other than to assure you that it is something that we are very aware of and proactively working on.

Senator BOYCE—Are there any other patent areas that concern you in the health department?

Ms Halton—That is a very big question.

Senator BOYCE—I know, but—

Ms Halton—I think it is in the genetic area that we would probably have the most concerns. Again, that is something that we are very conscious of and working on.

Senator CAROL BROWN—I am not sure if this is the right section to ask this in, but last year you launched the skin cancer campaign. Are you able to answer questions about that?

Ms Halton—It is a population health question; it is not a question for Professor Currow.

Senator CAROL BROWN—Are we coming back to population health?

CHAIR—No. Do you want to ask it really quickly?

Senator CAROL BROWN—No, I will just put it on notice.

Ms Halton—We are happy to answer it on notice.

CHAIR—Thank you very much.

Proceedings suspended from 12.31 pm to 1.31 pm

Australian Sports Anti-Doping Authority

CHAIR—We are going into considering outcome 15, which is the sport section. We know we have got a number of questions in ASADA. We have Senator Mason and then, moving into the other half, Senator Fifield and Senator Bernardi. There could be other people, but they are the people I know about. Minister, do you have an opening statement?

Senator Chris Evans—Only that I am very glad to see you, Madam Chair, and pleased to be here. Nothing else to add.

Senator BERNARDI—Are you happy to see us too?

Senator Chris Evans—Senator Bernardi, I am always happy to see you.

Senator BERNARDI—Thought so.

Senator Chris Evans—I get to read a lot about you these days, so I feel like I know you better.

Senator BERNARDI—One day I will write about you.

CHAIR—On that basis we will go to ASADA.

Senator MASON—I have some questions for Mr Ings.

Ms Halton—And here he is, Senator.

Senator MASON—Mr Ings, my questions really follow up on my questions last year relating to privacy. You may recall them.

Mr Ings—Yes.

Senator MASON—I want to go backwards, and then we will come up to the present day. If I am incorrect in any of this, please let me know. In June 2007 ASADA made their first approach to Medicare proposing a pilot program to cross-reference medical records with lists of banned substances. Medicare raised potential issues of privacy. But then ASADA sought advice from the Australian Government Solicitor advising that the pilot program was, in fact, legal.

Mr Ings—I do not have the exact time line in front of me, but that does sound about correct in terms of the time line.

Senator MASON—In September 2007, a list of 900 athletes and auxiliary staff was provided to Medicare for the purposes of cross-referencing medical records. Do you agree with that?

Mr Ings—Yes, that is correct.

Senator MASON—On 26 September the ASADA board was told of the project?

Mr Ings—There were a number of steps involved in addition to that. There was an update for the ASADA members on 26 September, but that is correct.

Senator MASON—Then on 14 March 2008 the *Australian* newspaper revealed that ASADA and Medicare Australia were working together on a pilot project, whereby athletes' prescription records would be examined for any evidence of the use of banned substances. Is that right?

Mr Ings—Yes, that is correct.

Senator MASON—I have got a copy of that here. It is on page 1; it hit the front page of the *Australian*. It is headed 'Secret anti-doping probe', by Sean Parnell. Sometime shortly thereafter, the Privacy Commissioner launched an own-motion investigation into the pilot program. At around this time, a second advice sought from AGS stated that that the program was a breach of the information privacy principles. Is that right?

Mr Ings—That is correct, yes.

Senator MASON—In June last year I asked you a series of questions as to why you had not sought the Privacy Commissioner's advice on the privacy implications of the program, and you said that it would be very prudent in future to seek the Privacy Commissioner's advice. Is that right?

Mr Ings—That is correct.

Senator MASON—I understand on 30 June 2008 the Privacy Commissioner contacted ASADA outlining three recommendations to 'assist ASADA in its future information-handling practices', is that right?

Mr Ings—That is correct.

Senator MASON—You put out a media release to that effect. Then on 11 July 2008 you formally accepted the Privacy Commissioner's advice, that, 'ASADA interfered with the privacy of athletes and support personnel by improperly disclosing their personal information to Medicare Australia.' You also mention that ASADA was then reviewing its procedures. Is that right?

Mr Ings—That is correct.

Senator MASON—Do you agree with that chronology?

Mr Ings—Yes, that would appear to be the chronology. Yes.

Senator MASON—All right. I was flicking through your annual report and in your letter to Minister Kate Ellis you say that this report complies with section 74(1) of the Australian Sports Anti-Doping Authority Act and is in line with the requirements for annual reports that were approved by the Joint Committee of Public Accounts and Audit dated 18 June 2008. Is that right?

Mr Ings—Yes, that is my letter.

Senator MASON—Right. Why is none of the chronology I have just outlined in the annual report?

Senator CORMANN—Very good question.

Mr Ings—Just let me confirm that for you. Senator, apart from going through the report, if you have reviewed the report and it is not in there, then it is not in the report.

Senator MASON—It is not. You would be aware that there is a statutory requirement for you to furnish this sort of information. You know that, do you not?

Mr Ings—Yes, I would imagine there would be. It is a matter that has been publicly disclosed to ministers and other parties.

Senator MASON—In the document entitled *Requirements for annual reports for departments, executive agencies and FMA Act bodies*, at seven it says:

The content of annual reports should:

(a) *be consistent with the purposes of annual reports* – in particular, annual reports should be written in plain English and provide sufficient information and analysis for the Parliament to make a fully informed judgement on departmental performance;

Is that right?

Mr Ings—Yes, I believe that is correct.

Senator MASON—There is nothing about that chronology in this annual report, so this parliament can make an assessment of ASADA. You know that, do you not?

Mr Ings—Again, I would have to go through the annual report to determine—

Senator MASON—I have been through it. Believe me, it is not there.

Mr Ings—Okay.

Senator MASON—Secondly—

Senator Chris Evans—Senator Mason, I do not want to interrupt your flow. We have obviously discussed this at estimates before, so it is all on the public record.

Senator MASON—Sure.

Senator Chris Evans—But what information are you suggesting should have been included in the annual report? Obviously—

Senator MASON—I think this should have been mentioned. Anything, as I just mentioned, minister. I used the words of the guidelines.

Senator Chris Evans—Yes.

Senator MASON—Let me just read them out again.

Senator Chris Evans—No, no. I have no difficulty with that.

Senator MASON—So we can make an assessment of departmental performance.

Senator Chris Evans—Sure, but obviously you would not put the whole chronology in.

Senator MASON—No, no.

Senator Chris Evans—So your suggestion is there should have been some reference to the issue.

Senator MASON—Yes, clearly. I mentioned in my chronology that there is no mention of the ASADA Medicare pilot program—none at all; no mention of the advice sought by ASADA from the Australian Government Solicitor; and no mention of the Privacy Commissioner's own-motion investigation and its adverse findings at all. None of this is

mentioned at all. Remember, this was an issue that hit page 1 of the *Australian*. It was not some minor issue. In fact, it hit the *Australian* newspaper three times. I should also read this out, Mr Ings, for your information. Minister, that is why I think—

Senator Chris Evans—Yes.

Senator MASON—In section 12(2) of the annual report requirements it says ‘External Scrutiny’, and it says this:

The annual report must provide information on the most significant developments in external scrutiny of the department and the department’s response, including particulars of:

(a) judicial decisions and decisions of administrative tribunals that have had, or may have, a significant impact on the operations of the department; and

(b) reports on the operations of the department by the Auditor-General (other than the report on financial statements), a Parliamentary committee or the Commonwealth Ombudsman.

Now, your annual report has listed ‘External scrutiny’ on page 48. Going through external scrutiny, there are some of them you mention—for example, there are no relevant reports from parliamentary committees and no relevant reports from the Commonwealth Ombudsman. That is fine. But there is an adverse finding from the Privacy Commissioner, which is external scrutiny, and that is not mentioned. The annual report must provide that information. In other words, it is a mandatory requirement and, again, it does not mention it.

Mr Ings—From the perspective of ASADA, I believe you are correct—a matter such as that should be disclosed in the annual report. This was a matter that was subject to full and frank disclosure through this committee and also through various press releases. The advice from the Privacy Commissioner came in late June. I do not think that is any excuse, but I can assure you that in future annual reports that will be included in the report for appropriate disclosure. But I do not believe that the facts relating to this matter have not been subject to significant public disclosure and public scrutiny.

Senator MASON—Mr Ings, honestly, at moments like this it is best just to throw up your hands. Parliament has to make an assessment of how ASADA has performed. That is why we have annual reports. This committee and parliament in general cannot make an accurate assessment unless you fully canvass information regarding an issue that hit page 1 of the *Australian* three times within a few months. Minister, could I ask for your help? What might we do here?

Senator Chris Evans—I actually think you made a very fair point. I think Mr Ings has accepted the point. I agree with you. Some reference should have been contained in the annual report. I think it is also fair to acknowledge, as Mr Ings said, that there is no suggestion that there is any secrecy about this. This is the third occasion, I think, on which you have given strong articulation during estimates to the issue.

Senator MASON—That is why I cannot believe it was not included.

Senator Chris Evans—No, it does—

Senator MASON—Did you turn your mind to it at all, Mr Ings?

Senator Chris Evans—Just let me finish. I am not so concerned necessarily about whether it received publicity, but a senator has pursued the issue at relevant forums and it is a matter of

some substance. It is a matter, as you say, about which there was a finding which was not positive in terms of the measures that were undertaken. I think you make a reasonable point that it should have been included in the annual report. I think Mr Ings has accepted that, and I think Ms Halton, the minister and Mr Ings will take that on board. So I am prepared to throw up my hands, Senator, and say I think you are right and that in future we ought to pay more attention to making sure such things are declared in the annual report.

Ms Halton—Can I add that I agree with your point completely. This is the ASADA report. I have just written Mr Ings a note to suggest that he should issue a corrigendum to his annual report. When we had an error in our annual report, which we did due to a typesetting problem, we issued a corrigendum to that report so the report—

Senator MASON—This is not typesetting, Ms Halton.

Ms Halton—No, but my point is that even in respect of typesetting errors I issue a corrigendum.

Senator MASON—Yes, sure.

Ms Halton—I do not wish to have something sitting in front of the parliament which is not accurate and so I correct it. I wrote a note to Mr Ings saying, ‘You should offer to issue a corrigendum’ I think that is what should happen, and Mr Ings and I will discuss that.

Mr Ings—And I would be happy to do that.

Senator MASON—Mr Ings, did you turn your mind to the inclusion of this matter in the annual report? You did not even turn your mind to it?

Mr Ings—There is a team effort involved in preparing annual reports. They are handled by various levels of staff, but at the end of the day I am accountable for reviewing every word in the annual report, and I believed that it was a fair and accurate reflection. But you do make an excellent point. It should be corrected and it will be.

Senator MASON—How many times last financial year did ASADA appear on the front page of the *Australian*?

Mr Ings—Once.

Senator MASON—In relation to this matter?

Mr Ings—Yes.

Senator MASON—That is why it is very hard for me to be too forgiving, generous as I am, Minister, as you know.

Senator Chris Evans—Senator, I have complete confidence in you being forgiving. You will be highly critical but forgiving, I am sure.

Senator MASON—Mr Ings, this could be partly remedied by a corrigendum, as Ms Halton suggested, but in terms of policy will you be outlining in your next annual report how you have addressed the Privacy Commission’s adverse findings?

Mr Ings—Yes, we will, absolutely.

Senator MASON—Ms Halton, will you look after this as well?

Ms Halton—I will make it my personal business.

Senator MASON—Thank you, Ms Halton.

Senator FIFIELD—Mr Ings, I was having a look the other day at a question on notice that Senator Bernardi asked in October last year about reviews being undertaken into or by ASADA. With great economy, ASADA answered ‘two’, which I am sure is correct. I wonder if you would not mind taking me, as someone who is ignorant of the subject matter of those two inquiries, through what they are and who was conducting them.

Ms Halton—These are not government reviews, so we are having a look internally. I think you would be aware that this is a function that came into the portfolio after the last election. Probably not surprisingly, we have taken some interest in the governance arrangements, not that I am looking for complete consistency across the portfolio, but I am particularly interested in the effectiveness of the governance arrangements. So essentially we have done this work internally.

Senator FIFIELD—So it is a department of health review into—

Ms Halton—Yes, that is correct.

Senator FIFIELD—Was it one review or two?

Ms Halton—Two.

Senator FIFIELD—What is it each review looking at? Is one looking at the effectiveness of the current portfolio arrangements?

Ms Halton—That is probably a little broad.

Mr Ings—One is looking at the governance of ASADA and the other is looking at cost recovery arrangements for ASADA.

Senator FIFIELD—And both these reviews are still ongoing?

Mr Ings—Yes, they are. They are in the hands of the department at the moment.

Senator FIFIELD—In response last year to the question on notice, the advice was that each of these reviews was expected to be completed by 31 December last year. From what you are saying, that has not happened.

Ms Halton—It is fair to say that we have documents but the consideration of those documents is not completed. So you might as well say that the process of the review in total is not completed.

Senator FIFIELD—I am not surprised that the department has documents. I am sure you have many documents in relation to this.

Ms Halton—We do.

Senator FIFIELD—But it would be fair to say that these reviews are not complete as was indicated last year.

Ms Halton—No, the work on the reviews is complete, but the conclusion of the reviews—the policy advice that might go to ministers—is not.

Senator FIFIELD—When is that likely to happen?

Ms Halton—Soon.

Senator FIFIELD—Is ‘soon’ days, weeks or months?

Ms Halton—Soon. One never likes to be too specific about time, because you never know what else is going to intervene.

Senator Chris Evans—My advice is that it is not far away.

Ms Halton—That is right.

Senator FIFIELD—We have gone from ‘soon’ to ‘not far away’.

Senator Chris Evans—‘In the fullness of time’ means you can whistle Dixie. ‘In the near future’ means relatively soonish.

Senator FIFIELD—Not far away sounds further into the future than soon, Minister.

Senator Chris Evans—Which word would you prefer to be reassured by?

Senator FIFIELD—I would just prefer an actual time frame.

Ms Halton—And I cannot give you one.

Senator Chris Evans—You are not going to get a time frame, but it is not long away.

Ms Halton—This is under active consideration.

Senator FIFIELD—Whoa!

Senator Chris Evans—That certainly ended any credibility we had on that!

Ms Halton—We should have rehearsed our lines.

Senator FIFIELD—That is right. With the governance arrangements, is there anything in particular that it is looking at? I have had someone mention to me, and I do not know if this is correct, that the chair and the chief executive are one and the same person. Is that right?

Ms Halton—That is right. The governance is outlined in the legislation at the moment. I think I am probably pretty well known on record as suggesting that the governance arrangements as they are currently drafted are a little odd.

Senator FIFIELD—Odd?

Ms Halton—I just do not think they work particularly well. We wanted to have a look, in the context of how we work inside the portfolio, as to the success or otherwise of those governance arrangements.

Senator FIFIELD—Thank you for that. Mr Ings or Ms Halton, you would recall that in the May 2008 budget that the national illicit drugs in sports campaign was axed, which I think was \$32-odd million. Was it a figure of that magnitude?

Mr Rowe—Yes, in the last budget there was a saving of around \$32 million resulting in a commitment by this government to a figure of \$21 million to implement an illicit drugs in sport program.

Senator FIFIELD—Okay. Thank you for that. It is ironic, given today we have been talking a fair bit about alcopops taxes and the like which have been in the media, that on the one hand, the government is keen to take a great stand against consumption of harmful

substances in one area, but easing off in another. My question is: has the ASADA or the department had government flag with them the possibility of further savings, of further expenditure reductions in ASADA?

Mr Rowe—No, Senator.

Senator FIFIELD—Has there been any suggestion from government that that might be required?

Mr Rowe—No, Senator.

Senator FIFIELD—That is good news, is it not? Does ASADA have the capacity to further cut its cloth without having an effect on its core functions?

Mr Rowe—Senator, perhaps if I could clarify, the illicit drugs in sport function is something that the department deals with, not ASADA. ASADA's business is in anti-doping under the wider code and the UNESCO Convention.

Senator FIFIELD—So ASADA had no role in that?

Mr Rowe—ASADA had no role in the rollout of any policy. It would have provided advice as an expert on education programs and so on, but its involvement would not specifically go to the rollout of an illicit drugs in sport policy.

Senator FIFIELD—So advice, yes, but no actual role in the administration of that.

Mr Rowe—No role in any implementation.

Senator FIFIELD—Thank you for that, my mistake. That is all I have for ASADA.

Senator BERNARDI—Have you had any further involvement in the AFL's drug policy or any contribution to the changes they announced, I think, late last year?

Mr Ings—No, Senator. The AFL illicit drug policy is a sports based policy. ASADA's role, again, is in anti-doping; ASADA conducts the anti-doping program for the AFL. The AFL conducts their own illicit drugs policy.

Senator BERNARDI—Yes, I understand that, but you were not consulted or asked to provide input into it, at all?

Mr Ings—No, I do not believe we were.

Senator BERNARDI—Okay, thank you.

CHAIR—We will move on to the Sports Commission, thank you, ASADA.

[1.55 pm]

Australian Sports Commission

Senator FIFIELD—I just have a few questions in relation to the Crawford Review.

Ms Halton—Which is probably not a question for the Sports Commission.

Senator FIFIELD—Is it for the department itself?

Ms Halton—Yes.

Senator FIFIELD—Thank you. The review was announced by Minister Ellis on 28 August last year. I think you have already answered my first question, Ms Halton. I was just going to inquire about the administrative support for the review. Who provides that?

Ms Halton—The department.

Senator FIFIELD—It is the department, so it would be the sports section; is that Mr Rowe's?

Ms Halton—Yes. The sports branch.

Senator FIFIELD—Branch, thank you. Is a branch larger and more important than a section?

Ms Halton—Mostly. Unless it is a very important section!

Senator FIFIELD—Fantastic.

Senator Chris Evans—You have to stop watching those *Yes, Minister* tapes!

Ms Halton—I do.

Senator Chris Evans—That is the second one.

Senator CORMANN—Next you will be talking about oranges again.

Ms Halton—Oranges got quite a good run.

Senator CORMANN—We actually met it at Crikey.

Ms Halton—We have already discussed Crikey. You might not have been here, Senator.

Senator FIFIELD—No, I was here.

Ms Halton—Yes. I am going to write a shadow autobiography at some point, which is my life according to Crikey, because it is a whole different life.

Senator FIFIELD—I think a number of us have second lives on Crikey.

Ms Halton—Yes, exactly.

Senator FIFIELD—So in Mr Rowe's branch has there been a particular secretariat set up to service the review?

Ms Halton—There is a secretariat.

Senator FIFIELD—Thank you, and so they have full responsibility for collating submissions, summarising them.

Ms Halton—Yes, if you would like Mr Rowe to come back to the table, he can tell you the full nature of their administrative support.

Senator FIFIELD—That would be lovely, thank you.

Ms Halton—Without re-rehearsing my *Yes, Minister*.

Senator FIFIELD—I can see on this committee, humour is used as a cunning tool of deflection!

Senator Chris Evans—You would have to say it was a classic, though.

Senator LUNDY—It is called, 'Ready, Senator Fifield'.

Ms Halton—We are a very good humoured committee.

Senator LUNDY—You will be pleased to know that Senator Kemp set the benchmark there.

Senator FIFIELD—No doubt

Senator Chris Evans—Fondly remembered.

Senator FIFIELD—Thank you, Mr Rowe. My question was about the range of support that you provide to the Crawford Review?

Mr Rowe—It is secretariat support in organising meetings of the secretariat, organising consultations on behalf of the secretariat, preparing papers for the panel that they request, gathering information, undertaking some research for the panel on a needs basis, and providing some input and background to their deliberations generally. There are the usual administrative tasks of travel and accommodation, and those sorts of things as well.

Senator FIFIELD—Does that include payment to the panel members?

Mr Rowe—We process the payments to the panel.

Senator FIFIELD—What are the payments to the panel members?

Mr Rowe—My recollection is that the chair of the panel is paid in the order of \$1,000. I can get the precise figure—

Senator FIFIELD—That is per sitting.

Mr Rowe—Per sitting, per day, and I think I am just getting the exact figure: \$1,050 for the chair and \$600 for panel members.

Senator FIFIELD—Thank you. Would you be able to provide the committee and—you may have it or you may have to take it on notice—what the total expenses are to date of the panel members, the daily allowance.

Mr Rowe—We will take the precise figure on notice, thank you.

Senator FIFIELD—Thank you. If it could include daily allowance, travel allowance, flight expenses, those sorts of things.

Mr Rowe—Sure.

Senator FIFIELD—Have you a budget for the work of this panel; you are not expected to absorb it within your—

Mr Rowe—No, the department has allocated separate funding for this purpose.

Senator FIFIELD—And how much is that?

Mr Rowe—Initially, an amount of \$500,000 has been allocated. We are currently in a mid-year review of our budgets, and we are giving consideration to needs for the remaining part of the year.

Senator FIFIELD—Thank you for that. You might be able to help me with what the panel members themselves have actually been up to since the review commenced. I am sure they have met together as a group, they have met each other and they have met you. Have the panel members themselves actually undertaken any consultations?

Mr Rowe—Yes, they have. They have met as a panel on six separate occasions so far and held discussions with 52 key stakeholders in sport including umbrella sporting organisations, the Australian Sports Commission, state and territory ministers of sport and recreation and their departments, the institutes and academies of sport and Commonwealth government sport agencies. The panel has received and considered 52 submissions from those people and in addition, has received 98 submissions from the public as a result of the public call.

Senator FIFIELD—Okay. And when the panel has met with these stakeholder groups, has the panel met them as a whole or has it been individual panel members meeting with particular groups?

Mr Rowe—It has varied. They have attempted to meet stakeholders on their own patch, so there has been some logistics to consider in terms of getting stakeholders to meetings. On occasion there have been a range in number of panel members involved in the consultations.

Senator FIFIELD—But I think you said that that panel itself has only met, as a whole, six times?

Mr Rowe—It has had six meetings as a panel.

Senator FIFIELD—Has the panel met as a whole with the minister?

Mr Rowe—The panel has met, as I understand it, recently with the minister, as a whole and, to my understanding, that is the only occasion. I would stand corrected on that. I would need to check that.

Ms Halton—We will correct that if it is wrong, Senator.

Mr Rowe—I am just reminded that the minister, in the early stages, attended a meeting for a brief period of time via teleconference. So, technically, I suppose, that is a meeting with the minister.

Senator FIFIELD—But they have essentially been in the nature of a courtesy contact.

Mr Rowe—I could not tell you whether it was a courtesy contact. The minister has received an interim briefing from the panel after the first round of consultations. I would not call that a courtesy contact.

Senator FIFIELD—But it is an independent review, so that the meetings the minister has are not seeking to give guidance towards outcomes.

Mr Rowe—The minister will, obviously, advise the panel on the government's policy directions, as outlined in the paper published last year. To that extent, the minister would advise the panel of the government's basic platform, but the minister is not seeking to give directions to the panel. The minister is looking for advice from the panel.

Senator FIFIELD—Independent advice. Just to clarify: the ASC, I understand, held forums in October last year—on 2 and 3 October, Community Sport in Canberra; on 9 and 10 October, Sporting Excellence Forum in Melbourne; and on 17 October, High Performance Coaching in Brisbane. Those forums were separate from the Crawford review. Were they forums the ASC was conducting for its own purpose or were they conducted to perform part of the input into the Crawford review from the ASC?

Mr Espeland—They were related to the Crawford submission. The ASC made a submission back in October that was informed to a limited degree by those forums we held because there were timing problems. We did indicate, in lodging the submission in accordance with Mr Crawford's deadlines, that we would like the opportunity, because of those forums, to lodge an addendum. That was lodged with the panel earlier this month. A significant part of that addendum covered basically the take-out from those three forums: the high performance forum, community sport forum, and the coaches forum. It was not the commission looking to put its own spin on it; it was really the ideas, the discussions, the way forward that was coming from those elements of the sports sector. We thought we could do this as an aid to assisting the Crawford review.

Senator FIFIELD—Was there anything in particular that was lacking from your original submission?

Mr Espeland—We took the opportunity to refine some of our thinking about how the national institutes of sport work—the state and territory academies and institutes, and also the AIS—and about our coaching, which is clearly a very significant part of the Australian sports scene, and I am sure will figure largely in Mr Crawford's report.

Senator FIFIELD—The reason I am asking about your forums and the Crawford panel's consultations is I was aware of what the ASC was doing and I was concerned that, perhaps, the ASC might have, in effect, been tasked to do a number of the consultations instead of the review. But I am heartened to hear the extent of the panel members' own involvement in those.

I could not find a time frame for the review in either the minister's press release of 28 August last year announcing the review or in the terms of reference. In answer to a question on notice about the time frame, the answer was some time in 2009. Are you able to give a more specific time frame, maybe better than soon or not far away?

Mr Rowe—I can say that the final report is due in 2009, and the government is committed to responding to the report by the end of the year, but, beyond that, I cannot give you anything more precise.

Senator FIFIELD—Thank you. It does, to me, a layman standing outside just looking on, seem that there will be a fair degree of uncertainty for the sector until the review is completed and the government responds. Do you think, Minister, that it is reasonable that the sporting sector has to wait the best part of 18 months before having the government's response because there is an incredible degree of uncertainty?

Senator Chris Evans—As the officer made clear, the minister is committed not only to the report being finished but also to her response being finished by the end of the year. The minister has also been focused on getting it right and doing it properly, and that is why she has appointed the review and appointed people with the appropriate skills and experience to conduct it. She has provided certainty in terms of funding to ensure that effort is not undermined. I am sure the officer can take you through the funding commitment. Mr Rowe, are you best able to do that?

Mr Rowe—Either me or Mr Espeland.

Senator FIFIELD—Does that include the \$12.6 million for high performance sport?

Ms Halton—That is right.

Senator FIFIELD—That is from 18 November.

Ms Halton—Essentially, the strategy here is to ensure that people have certainty in relation to that funding for elite sport. The minister has been quite clear that she is expecting the report from the review group in the second half of this year. She has made the commitment that she will ensure that there is a response to the report by the end of the year. I think she is very aware of issues in relation to ongoing funding and certainty, and that is why the timetable she set is as it is.

Senator FIFIELD—It does look as though the \$12.6 million is a stop gap. Would that be a fair way of describing that?

Ms Halton—I actually do not think that is a fair way of describing it. Trying not to sound like *Yes, Minister* just for a second, the reality is that this provided a continuation of funding, and it does not pre-empt the review outcome. What is being done here—and Mr Crawford has been given a wide range to look at how we are going in the space, what our structures are, the funding, et cetera, et cetera. He is not being fettered in relation to the matters that he is considering. As soon as that report is available to us, then it will go to government for consideration. The idea about providing that certainty in relation to funding is to say to people that there is certainty. In fact, the minister is on the record on a number of occasions saying we are not downgrading our support for sport, but we do have to look at structures, funding arrangements, et cetera, and that is what is being done.

Senator FIFIELD—Is the \$5.5 million that came from the ASC to the 10 national sporting organisations earlier this month in a similar vein to provide certainty in the absence of the review finalisation?

Mr Espeland—I think it adds to that. It was clearly a government decision in terms of continuing the funding beyond the end of this financial year, and that has been most welcome by the sports. One-third of that, roughly, was for supplementation to national sporting organisations. Another third was to add to their international travel funding, which is, as you understand in this particular circumstance, an ever-increasing impost upon the sports. I think most importantly, there was \$4.5 million of that which will continue on the Australian government's sport training grant, which goes directly to athletes to support their training environment.

Senator FIFIELD—How were the 10 national sporting organisations chosen? Firstly, how many national sporting organisations are there?

Mr Espeland—There are a bit over 80 and we fund a bit over 60.

Senator FIFIELD—Eighty?

Mr Espeland—There are a bit over 80 that are recognised. There are a lot more than that. But we have a process of recognition which—

Senator FIFIELD—You only fund the ones you recognise?

Mr Espeland—Yes, that is correct—but not all of them.

Senator FIFIELD—No—clearly. How were these 10 chosen? What was the criteria?

Mr Espeland—Broadly speaking, on the basis of international success. But there are some sports that are in a particular stage of their development that you would look at on a particular basis. An example is basketball, which is going through a very significant reform and reshaping process. So it took into account the individual circumstance of each sport in terms of governance, high performance or changes to the sport. But it was broadly based on securing or enhancing our chances of securing international success.

Senator FIFIELD—So it is not based on past international success; it is based upon the potential for international success.

Mr Espeland—Absolutely. But past international success brings with it some measure of comfort as to the good office of that organisation.

Senator FIFIELD—Because a psychologist will tell you that the best predictor of future behaviour is past behaviour?

Mr Espeland—It is one of the factors. But things change in sport and you need to constantly monitor the shape of the athlete cadre and whether their governance is in turmoil—there are a whole range of factors. But for those sports like swimming which have delivered in spades in the past we have great confidence that they will continue to do for the future.

Senator FIFIELD—You would be heavily criticised if you did not put a decent whack towards swimming.

Senator BERNARDI—Or rowing.

Senator FIFIELD—Or rowing. Rowing was one of the 10, Senator Bernardi, you would be happy to know. Who actually took the decision to choose those 10? Was it the commission or was it government?

Mr Espeland—No, it was the commission board.

Senator FIFIELD—It was the commission board. Is the criteria and the rationale for each of those 10 something which could be provided to the committee?

Mr Espeland—There were broad criteria, as I mentioned. But then there were the individual circumstances and particularly the timing as well—where we are in the cycle and what proposals the sports could possibly deliver on.

Ms Halton—As a member of that board I can tell you that the board takes that issue seriously. While staff in the commission may have a view, the board then discusses line by line what we think.

Senator FIFIELD—The board makes the decision.

Ms Halton—It does.

Senator FIFIELD—So is it possible for the criteria and the rationale for each of those funding decisions to be made available to the committee?

Mr Espeland—We have made a public release as to what sports that money is earmarked for. That went out with the announcement.

Senator FIFIELD—I am aware of that. Who is getting what money is clear. But I am asking about the actual rationale for each decision.

Ms Halton—We do not publish individual, decision by decision reasons. I am sure that it would be possible to summarise on a page the key selection criteria in the aggregate. Clearly, we are not going to, precis the line by line discussion that went on. But I am sure we could give you the series of bullet points that are relevant.

Senator FIFIELD—If you could, that would be useful. Thank you. You mentioned, Ms Halton or Mr Rowe, that an interim report had been provided by Mr Crawford to government.

Ms Halton—I do not want to use the word ‘verbal’, but I do not recall us having said that.

Mr Rowe—No, I did not say that. What I said was that an interim briefing had been provided to the minister.

Senator FIFIELD—So how is an interim briefing different to an interim report?

Mr Rowe—The interim briefing that was provided was oral, as opposed to a report, which is normally written.

Senator FIFIELD—But the oral briefing was not based on any document?

Ms Halton—Whether or not the review has a document, we cannot comment for them. But what we can confirm is that—

Senator FIFIELD—Sorry: who is ‘them’?

Ms Halton—I beg your pardon: the review group—Mr Crawford and his colleagues. But what we can confirm is that their preliminary views were provided to the minister in an interim briefing, as I think Mr Rowe said.

Senator FIFIELD—What was the date of the interim briefing, Mr Rowe?

Mr Rowe—I think it was 2 February. I will check that. Sorry: it was 9 February.

Senator FIFIELD—Is that the only interim briefing that has been given to the minister?

Ms Halton—We cannot speak on behalf of them in terms of all of the interactions. This is what we are aware of.

Senator FIFIELD—But that was a briefing by the Crawford review rather than by the department?

Ms Halton—Yes; correct.

Senator Chris Evans—I think the minister may well have had an interaction with Mr Crawford at some other occasion. But I think if you are asking about formal interaction, the minister was briefed by him after their first round of consultations earlier this year.

Senator FIFIELD—Thank you for that. There is another question by Senator Bernardi. There is very keen interest in this area. I think Senator Bernardi might have a question on the Crawford review.

Senator BERNARDI—I have a couple of questions on the Crawford review before we move on. Frankly, I have been involved in the administration of sport and I know a lot of the people around the table here. We have a review 18 months after the last quadrennium funding

effectively ceased. We still do not have a plan for sport in this country. I know that the Crawford review is very, very important. But right now things have moved on. You said yourself, Mr Espeland, that things change in sport all the time. When are we going to start having a coherent vision for our performance at the next Olympic Games in 2012?

Mr Espeland—The quadrennium funding extends until 30 June this year. That was the basis, against the backdrop of the Crawford report, for the government providing that extension until 30 June next year. The certainty provided by that \$12.6 million, with the assistance of what the commission board have provided in the \$5.5 million, has allowed the sports to catch up on some of their additional costs for international travel and has allowed them to look at the employment of coaches. There are planning processes going on.

The commission is working very hard with the all the stakeholders—AOC, APC, the NSOs, the AIS, NESC and the SIS/SAS institutes. It is a case of moving forward towards the next round of events, which are particularly highlighted by the Olympic and Paralympic Winter Games in Vancouver, the Commonwealth Games in India next year and ultimately on to London in 2012.

Senator BERNARDI—I have no doubt that the commission is working very hard and trying to liaise with national sporting organisations to do the best that they possibly can. But the Olympic cycle is one that sporting organisations need certainty over. You have mentioned that the extension of the previous quadrennium's funding has gone on for another year, and I accept that. But that is not a substitute for a four-year plan as to how we are going to develop, build and provide support for sport culminating in the Olympic Games, which is basically how it has been done. My concern is that we are just treading water. I know that that is a concern of some sporting organisations and some sports administrators out there as well.

Mr Espeland—It is fair to say that the sports do have plans in consultation with their stakeholders. Those plans are being worked on; they are being delivered. From any sport's perspective, they will be clearly looking for something to come post-Crawford that would enhance those programs. But they have a degree of certainty that allows them to get on and work on their daily training environment, their international travel component and developing new equipment. So the drive forward and the support of our athletes through the coaches and other parts of the high performance program still continues.

Senator BERNARDI—Let us imagine for a moment that Mr Crawford reports at the end of this year and then in the next budget, which is in 2010, outlines a whole new vision for funding and support of sport and all the things on how it is meant to be approaching its business. How confident are you that you can implement that two years out from the Olympics without disrupting preparation for organisations and really creating, perhaps, a deal of confusion?

Ms Halton—Senator Bernardi, it will not surprise you at this point, when I hop in and say you are actually asking the officer a hypothetical question.

Senator BERNARDI—I am.

Ms Halton—And I understand the point you are making—people like certainty. We all understand that. I guess what Mr Espeland is trying to say is what we have done with the continuation of the funding is enabling people, particularly who are looking after elite athletes

who they are grooming and bringing through, aiming for those Olympics and Commonwealth Games and other things, to keep going with those training programs. The minister is really pretty clear in saying she is not on about reducing the support in this space. She has been pretty clear about that. Now, what we do not know is where Crawford is going to come to in terms of broad structures and how you improve on all of that. We all take our sporting achievements very seriously. She understands that; we understand that. One of the reasons she is saying that she is going to work towards and deliver a response from the government by the end of this year is precisely so that we can think about implementation mindful of timetables. So I understand your concern, and I do understand people's concern about this. But she has been pretty clear about saying the road forward is a positive one. Everyone understands that implementation in any kind of a change needs to be managed in such a way so that we do not disrupt exactly what it is you are talking about. So we are very conscious of that.

Senator BERNARDI—I am pleased to hear that, Ms Halton, because it is a very real concern.

Ms Halton—Yes, I understand.

Senator BERNARDI—And let me tell you, in this space inertia, however long, takes a long time to start the momentum building again. That is the great concern for sport in this country.

Ms Halton—I absolutely understand that.

Senator BERNARDI—That is all. That is my two cents' worth. Thanks, Chair.

Senator FIFIELD—Sorry, I should have asked before. Just back to the \$5.5 million that went to the 10 national sporting organisations. Were the national sporting organisations aware that this money was available and invited to state their case?

Mr Espeland—No, they were not. It was agreed by the board that we could consult on a unilateral basis with those sports that we felt, as I say, we could achieve international success. Now, informing this was a long process involving all the sports for about 18 months, which was called National Pathways Planning. Out of that process we were very much aware of where sports were looking to go and where they could go in the next, basically, 12 to 18 months. That was a consultative process involving all the stakeholders I have previously mentioned.

So it was not that we started with a blank sheet of paper, but we really could not use that at this point in time, because of the significant changes to the financial circumstances that the sports found themselves in. So it was based on a long consultative process with the sports. They were not aware that this money was possibly coming. But we did need to go back on a unilateral basis to those sports that we identified as having the best prospects of international success to update those plans.

Senator FIFIELD—So there was not the chance in that sort of process that there might have been some vital piece of information that a national sporting organisation might have provided to you, had they known that—

Mr Espeland—The National Pathways Plan is very comprehensive, but we were also cognisant of the fact that there had been changes; there certainly had been changes. We were

also aware of other opportunities that were out there. They were all factored in together to come up with that list by management in the first instance, and then get the board to agree so that we could have some unilateral discussions, confidential ones, to refine, basically, their position.

Senator FIFIELD—As a result of this unilateral approach, was there any grumpiness on the part of the other 70-odd organisations who did not receive any money?

Mr Espeland—There has been one sport in particular. But as I explained to the senior management, they are undergoing a particular—

Senator FIFIELD—Can you say which sport that was?

Mr Espeland—Basketball, as I mentioned before. They were not included on the list. That is why I said before—and perhaps I gave the impression that we looked at the particular circumstances of basketball—to include them was actually to the contrary, because at this point in time we do need to wait and see what happens with their reform process. So I have spoken with the CEO and he is fairly comfortable that there will possibly be other opportunities in terms of target investment for other programs the commission has.

The commission has taken the view over the last few years, this year, and will likely take the same view next year that it will hold back \$1 million of that \$4 million that was part of the terminating funds is now extended to 30 June 2010 to allocate on an annual basis based on the particular contemporary needs. That is a very open, consultative process; all sports are asked to submit into that process. So there are, and there will be, other opportunities.

Senator Chris Evans—I am actually solving basketball's problems, senator, it will be pleased to know—I keep making American imports Australian citizens, which has no end of the impact of our basketball performance. So I actually should be funded, I think.

Senator FIFIELD—I thought you were more of a soccer man, Minister.

Senator Chris Evans—No, I am a rugby man. We do have a few merit in the basketballers keen to settle here and we welcome them.

Senator FIFIELD—Amen.

Senator FIFIELD—Would you take a unilateral approach again? Is that the MO of the commission?

Mr Espeland—No. These were particular circumstances. I was approached by the press and asked if this was the way of business for the future; no, it is not. We are looking for a comprehensive planning process, but the opportunity presented itself at this time and in these circumstances and the board thought it was an appropriate thing to do.

Senator FIFIELD—Yes. Maybe the spirit of Operation Sunlight will—some of their rays will drift over from the Department of Finance and Deregulation. Thanks for that.

Mr Rowe, sorry, going back to the corporate review for a second. Have each of the, I think, 80 national sporting organisations met with at least one member of the independent panel?

Mr Rowe—No, Senator. I cannot give you the precise number. I can get that number for you. All of the national sporting organisations were invited to meet; not all took that opportunity.

Senator FIFIELD—Could you provide a breakdown of each of the national sport organisations who have met with one or more members of the panel, and, in fact, for that matter, us a list of each organisation who has met with a panel member?

Mr Rowe—Sure.

Senator FIFIELD—As I said before, I think there is an impression that the ASC might be undertaking the bulk of consultations. But if you could provide us with that detail, then we could be assured that the panel is, in fact, executing its responsibilities fully.

Mr Rowe—Indeed.

Senator FIFIELD—That would be useful. Thank you for that. I am not sure if this might be for Mr Rowe or for ASC. Could someone take us quickly through the measures which are being undertaken to review our 2008 Olympic performance. I know some brief detail was provided in answer to a question on notice, but for someone who has come in fresh to this, that would be of assistance.

Mr Espeland—Each sport analysed its quadrennial performance culminating in Beijing; and that includes the Paralympics—the APC. That information and analysis, which is done in consultation with us, is fed into National Pathways Planning so it can inform, basically, the next quadrennium. That is not to say that that NPP process does not commence until after the games in August and September; it starts about a year before that. As I mentioned before, it is about 18 months into the process—so there is analysis. We have also provided more of a strategic level analysis in terms of trends, which we provide to the AOC/APC forum.

Senator FIFIELD—Sorry, that was to the—?

Mr Espeland—The AOC and the APC jointly put together, in consultation with the national sporting organisations, an approach to government. The commission provided its analysis to that forum in terms of trends on the Olympic and Paralympic scene. So there is analysis sport by sport, and also global analysis. At the same time, as our submission reflects, we have looked very carefully at our competitor countries, to the extent you can. The UK is very transparent. It is less so in many other countries. Other countries have support that is difficult to draw out because it is in other sectors. But that is a matter of public record. We provided that to Mr Crawford, and it is on our website.

Senator FIFIELD—When is the process finalised?

Mr Espeland—The process for?

Senator FIFIELD—Just the review process.

Mr Espeland—Never. It is ongoing.

Senator FIFIELD—For the funding period 2009 to 2013, when does the ASC expect that it will determine the priority of national sporting organisations?

Mr Espeland—Following the announcement by the government of the continuation of the 12.6, we have advised all sports that they will continue to receive at least their 2008-09 allocation through 2009-10.

Senator FIFIELD—Thank you. Just from the ASC's point of view, does it provide a challenge for you to undertake these reviews and assessments in the absence of the corporate review?

Mr Espeland—It is analysis that needs to occur. We have said as a matter of public record that we really welcome the Crawford review. It comes at a crucial time in Australian sport, and the expectation is that Mr Crawford and his team will get it right and provide a very thorough, informed and substantial report to government. It will remain up to government how they deal with it at this stage. I think the sense that the Crawford review is interfering is not the point; it is a fundamental review that is very necessary at this point in time.

Senator FIFIELD—Thank you for that. Could you just refresh my memory. At the last Olympics in Beijing, where did we finish in the medal tally?

Mr Espeland—I think we were fifth—

Senator FIFIELD—Was it fifth or sixth?

Mr Espeland—That is right—based on gold medals. The colour waned a bit, actually, from gold, which is a bit disappointing.

Senator FIFIELD—So was it sixth that we—

Mr Espeland—I will need to check on it. I think it was sixth, yes.

Senator FIFIELD—I would think that would be at the forefront of everyone's minds at the table.

Senator Chris Evans—I suspect it is still probably the best performance per head of population in the world, so we should not flog ourselves too hard.

Senator FIFIELD—Senator, to answer, perhaps New Zealand may have. What year was our best ever gold medal—

Mr Espeland—In Sydney in 2000, which is what you would expect. It does not matter how good the games is, if you do not do well on the track and field and in the pool then it will be remembered for the success it was not.

Senator FIFIELD—Okay. I was just wondering who the sports minister was then.

Mr Espeland—Jackie Kelly, I think.

Senator FIFIELD—I definitely would not want to refer to her as the most successful sports minister. I would not want to refer to her at all, so I might just leave my questions there at that point. I was hoping it was Rod Kemp, I must say.

Senator Chris Evans—As normal, we will leave it to you to disparage your own colleagues; we do not need to do it!

Senator FIFIELD—It is more deserved sometimes than others.

Senator Chris Evans—I know. I am not opposing your view.

CHAIR—We will keep going on the sports area going until ten to three and then I am finishing up on this particular item—so 10 minutes.

Senator BERNARDI—Mr Espeland, I will direct my questions to you. Taekwondo Australia, is that what it is called, or Sports Taekwondo? There are two groups—

Mr Espeland—There are two groups, yes.

Senator BERNARDI—Taekwondo Australia is the group that lost their accreditation; is that correct?

Mr Espeland—The ASC withdrew their recognition of them as the peak body for the sport of Taekwondo in Australia towards the end of November 2007.

Senator BERNARDI—Accordingly, the Australian Sports Commission does not recognise them or fund them any longer as a result of that accreditation loss; is that correct?

Mr Espeland—I should point out the recognition withdrawal flowed as a matter of direct consequence of the international federation withdrawing their affiliation from Taekwondo Australia. The rules, in turn, of the World Taekwondo Federation turn upon the organisation having membership of their national Olympic committee. I suppose the starting point for this withdrawal of recognition was in late October 2007. The ASC withdrew their recognition of membership from Taekwondo Australia. As a result, the World Taekwondo Federation withdrew the membership of Taekwondo Australia as being affiliated to that international body. Our criteria are quite clear—you have to be a member of the international body.

Senator BERNARDI—I get that. We have been through the history of this at previous estimates, but is it fair to say that the ASC demanded some changes from Taekwondo Australia to their constitution and governance arrangements which went unfilled—

Mr Espeland—Yes.

Senator BERNARDI—which then prompted the actions of the international body? Is that in the wrong order?

Mr Espeland—No. The sequence of events was this: some time in September 2007 the sport decided to revert to a constitution which did not meet our minimum standards for the issue of public funds. As a result of the governance arrangements they went back to the issue of conflict of interests through a non-independent board, which did not give us any confidence whatsoever that the sport could function without those conflicts of interests prevailing not in the interests of the sport. That was in September.

As a consequence of that of that governance, after some further discussions, we withdrew our funding in early October. We had not withdrawn recognition. The recognition issue started with the initiation via the AOC to withdraw their membership, which knocked onto the WTF and then knocked back onto us. So by late November, I think, we had withdrawn recognition. They are separate issues. In relation to the governance, we are continuing to work with the organisation. They are not recognised by us but in good faith they are trying to amend their constitutional problems. We were working with them as recently as in December last year in a meeting we held them and again in January of this year.

Senator BERNARDI—How many individuals are involved with Taekwondo Australia as members or affiliates or however they like to be described?

Mr Espeland—I could not tell you. I could take that on notice, but I could not tell you.

Senator BERNARDI—Okay. But things have moved on. We have been told that nothing could be done by the Sports Commission. I will paraphrase again, as I do not have the *Hansard* in front of me. But basically we have been told that their hands are tied and that nothing can be done—

Mr Espeland—On the governance side, as I said, we are working with them. The governance really cannot be addressed in a formal sense until the recognition is put back in place, which turns upon that membership of the AOC. My understanding is that earlier this year, or maybe late last, Taekwondo Australia appealed to the AOC for re-inclusion. The AOC's response to that was to initiate a mediation process which, I understand, involved the AOC, Taekwondo Australia, and Sports Taekwondo Australia, which is the other organisation that was mentioned. I understand that that mediation is now complete. The AOC would like to communicate with the commission but, noting that the mediation was a private and confidential matter, they first need to seek the agreement of the other two parties. If that is granted then we would expect the AOC to write to us with the outcome of the mediation and their position going forward.

Senator BERNARDI—Right. Would it be fair to say that this is then a difficult process for those that are involved with Taekwondo Australia? Lots of members of parliament have been lobbied or received communications from them outlining the pain that it has caused their organisation—and they admit that some of it is their fault, frankly. There are something like 15,000 people attached to that association in one way or another. Have representatives of the Australian Sports Commission met on a regular basis with Taekwondo Australia? I know you said you supported them in their governance, but have you provided advice in that regard?

Mr Espeland—The other area is in coaching. Each of the sports own their own coaching courses but if you are a recognised sport then you are able to access the quality assurance that the commission provides through its national coaching accreditation scheme. In the case of derecognition, which is what occurred, we then grandfather any existing coaches and support them to the end of their period of accreditation but we do not endorse any new coaches that pass the course once that recognition is withdrawn. We have had a lot of discussions with them about continuing to support their coaches until that grandfathering clause finally works through or until something else is resolved.

Senator BERNARDI—What about addressing their governance issues? Have members of the Sports Commission met with representatives of Taekwondo Australia and taken them through what they need to do in order to fulfil their criteria.

Mr Espeland—Yes, they have.

Senator BERNARDI—How often has that taken place?

Mr Espeland—It certainly took place with the initial spiel.

Senator BERNARDI—Back in 2007.

Mr Espeland—There were meetings in late 2007. There has been a dialogue going on with the sporting organisation fairly generally. I mentioned before that there were two recent meetings, in December late last year and January this year, which have been very comprehensive discussions with the sport. I believe that they have a full understanding of

what is necessary from the governance point of view as a minimum standard and also as best practice.

Senator BERNARDI—Mr Rowe, you might be the person to answer this question: has the minister met with any representatives of Taekwondo Australia about this matter?

Mr Rowe—Thank you for your confidence in me, but I cannot answer that question.

Senator BERNARDI—Who can?

Mr Rowe—On questions that deal with national sporting organisations, the Sports Commission normally prepare material and briefing for the minister's meetings.

Senator Chris Evans—I have a note that says the minister met with Taekwondo Australia and representatives in December last year. I thought we actually had a discussion about this at some stage.

CHAIR—We did at in the last estimates.

Senator Chris Evans—I will take that question on notice. If what I have just said to you is not right, I will let you know. The suggestion is that she might have met with Taekwondo Australia representatives in December last year, but I will double-check. If that is wrong, I will advise the committee and make sure we ring your office.

Senator BERNARDI—The date would be of particular interest to me.

Senator Chris Evans—I will take that on notice, but I thought the question was if she had met with them. As I say, I have it on a note but I just want to double-check.

Senator BERNARDI—I appreciate your attention to it.

Senator LUNDY—I want to ask you about the interrelationship between our sports system as overseen by the Sports Commission and university sport. In particular, has the Sports Commission been able to make any observations about the impact of the VSU legislation on sport generally—and particularly about some of the deleterious impacts of VSU on our sports system overall—given the intersections between the various activities both on and off campus?

Mr Espeland—We monitor the situation very closely with the management and the board of Australian University Sport. We have had a number of dialogues. The commission has been represented in a number of forums that they have run over the last period. I am also aware that Australian University Sport and the Australasian Campus Union Managers' Association commissioned a joint report which involved a survey of all the people that affected. They reported back that they expected the impact this year to be that \$200 million, including GST, would not be available. On net present value over the next 25 years they reported that shortfall would be coming up towards \$3 billion. So it is an issue that has been closely monitored by the university sport sector and each of the universities themselves. I think almost 40 universities are members of Australian University Sport. Some are much more forward in their sport approach than others, but it has been a collaborative effort. As I said, that joint submission by those two organisations was presented to the review process that was undertaken about midway through last year.

Senator LUNDY—Thank you for that. Obviously it has had an impact at both the participation end and the elite end. Are you able to reflect on the—and I am happy for you to take this on notice—the dollar value of the contribution universities have made in the past to development of elite athletes in this country and how that was impacted upon as a result of VSU?

Mr Espeland—I am happy to take that on notice.

Senator Chris Evans—Chair, the information I gave Senator Bernardi was right—the minister did meet with them in December last year.

Senator BERNARDI—Do you have a date?

Senator Chris Evans—No, I will take that on notice, but it was December last year.

[2.47 pm]

CHAIR—We will now move back to finalise population and health. Senator Hanson-Young has said that she will be putting her questions on pregnancy counselling on notice. I also have to say that Food Standards have not been called because we did not indicate our interest, but Senator Siewert has questions which we have now put on notice.

Ms Halton—Sure.

CHAIR—Senator Siewert and Senator Xenophon now have questions on tobacco.

Senator XENOPHON—I want talk to you about designated areas within gambling venues that are often referred to as premium, high-roller or private rooms. In four jurisdictions these rooms continue to operate under exemptions from smoke-free workplace laws. As I understand it, these exemptions apply in New South Wales, Queensland, Victoria and WA casinos. They have been ended in South Australia and the ACT. The Queensland government has previously committed to having a nationwide ban on smoking in casino high-roller rooms and has put something, as I understand it, to the ministerial advisory council. When did this proposal to ban smoking in high-roller rooms go to the AHMAC, and what is the status of it at the moment?

Ms Bryant—Queensland, as I understand it, initially put that item on the agenda for AHMAC in June 2008. Members initially agreed to refer it to the Population Health Information Development Group, which is a principal committee of AHMAC. Then in July, when health ministers actually met, the item was withdrawn by Queensland on the day of the meeting. I think that was probably a procedural issue, it perhaps being the wrong committee. Such a matter would normally go to the Ministerial Council on Drug Strategy. To my knowledge it has not come back to either committee at this point.

Senator XENOPHON—So there is no proposal to bring it back on the agenda?

Ms Bryant—It was a state government that put it on the agenda and I have no knowledge of what it might be intending.

Senator XENOPHON—Does it have to be one of the states that puts it on the agenda, or can the Commonwealth put it on the agenda?

Ms Bryant—Any jurisdiction may put an item on the agenda for a ministerial council meeting.

Senator XENOPHON—Is the Commonwealth considering putting it back on the agenda, given the occupational health and safety considerations of workplace smoking?

Ms Bryant—The issue of smoking bans for workplaces and public venues on occupational health and safety grounds is generally a matter for states and territories in their legislation, because they are the ones who have the enforcement regimes, including inspections by health and environment officers, and they do the monitoring of compliance. So in general we rely on state and territories to deal with these issues.

Senator XENOPHON—I understand the enforcement and how enforcement regimes work, but there is nothing to stop the Commonwealth, for instance, putting it back on the agenda for consideration.

Ms Bryant—There is nothing technical that would preclude the Commonwealth taking that action. A decision to do so would obviously be a matter for the portfolio minister, and we would need to consult the minister as to her views and intentions in that regard.

Senator XENOPHON—Sure. So that means there is not an end date to phase out these exemptions that has been considered at this stage?

Ms Bryant—I am not aware of any end date that has been considered.

Senator XENOPHON—Okay, thank you.

Senator SIEWERT—I want to ask about tobacco as well—about the tobacco tax as it is applied. As I understand it, there has not been an increase since 1999 in the level of tax on tobacco?

Ms Halton—We need to be a little careful here, Senator. As soon as you use the word ‘tax’ it is actually not us; I understand that that is a Treasury portfolio matter.

Senator SIEWERT—Is there any answer to that question you can give, understanding that it is not on any of the details of it?

Ms Halton—Yes, I am just saying that depends on what the detail is.

Senator SIEWERT—The general concept is to use the tax as a health tool.

Ms Bryant—The tobacco excise, as I understand it, is indexed regularly in line with CPI, but I am not aware of any increases outside the CPI regular increases.

Senator SIEWERT—My understanding of our level of tax—I will use that word—from levies at the moment is that it is actually now significantly below other OECD countries. Is that correct?

Ms Bryant—I may ask Ms Hart to respond to that.

Ms Hart—I do not have the figures beside me at the moment. I can see if one of the officers here can pull them out. We are slightly behind, but at the moment the total government tax component, including the GST, is about 65 per cent of the recommended retail price of a pack of cigarettes. I will just see if one of my officers has a comparative table.

Ms Halton—I think the answer to this is: no, we do not have data. We could do it for you, though.

Ms Hart—I think you are right—that is the short answer—but we will come back to you with the figures and confirm what they actually are.

Senator SIEWERT—That would be appreciated. At the same time, if you would not mind—or perhaps you know it—when was the last time it was increased? I am not talking about CPI. I am talking about a real increase.

Ms Bryant—I think we said we will take that on notice.

Senator XENOPHON—Can I ask a supplementary—

Senator SIEWERT—I have got two other ones on which I suspect I will be told to go to another portfolio, so you go before me.

Senator XENOPHON—Has any research been done on the effect last time there was an increase—what that did to the take-up rate or to smoking rates amongst children? Some tobacco control groups say that tax increases actually make a difference, particularly amongst minors.

Ms Halton—Yes, absolutely. Certainly that is absolutely our view—that the level of taxation has an effect. Again, we can come back to you in terms of the detail about what happened last time, but as a general principle our view—and this is the same view that was put in relation to the issue around alcohol—is that an increase in the tax, particularly, does affect consumption, particularly with young people.

Senator XENOPHON—Has any work been done on what an increase of, say, another 50c or a dollar on a packet of cigarettes could do to the consumption levels amongst minors?

Ms Halton—Again, we do not go into the detail of what we might have done on this. There may well be external work, which we will certainly have a look at. We will come back to you on those.

Senator XENOPHON—Thank you.

Ms Halton—Yes, we do have that information.

Ms Bryant—I think there has been work done and figures we can give you that would inform you.

Senator SIEWERT—In particular, it would be interesting to see that not against young people but against other vulnerable groups—I do not know if vulnerable is the right word for tobacco—that are resistant to efforts and still have a high percentage of smoking. For example, I understand younger women do, as well as Indigenous people in particular.

Ms Halton—And Indigenous health workers are probably the worst.

Senator SIEWERT—Yes, although I understand there is now a health program that is trying specifically to tackle that.

Ms Halton—We are doing something.

Senator SIEWERT—And my home state of Western Australia in particular is tackling that as well.

Ms Halton—Yes, we are.

Senator SIEWERT—On issues around revenue, I presume, I should go to Treasury.

Ms Halton—You would be right.

Senator SIEWERT—Yes, I will put those on notice for Treasury. Thank you.

Senator XENOPHON—I have a question on the efficacy of measures in terms of funding programs. You may want to take this on notice, but what research is there to indicate that a combination of, say, counselling and nicotine replacement therapy works? I know there has been a trial in South Australia of giving out patches—I think it involves about a thousand people—that started two or three years ago. I think it was the first of its type in the Commonwealth. Can you just tell me where we are in working out what is the best way of getting bang for your buck in getting people to quit smoking?

Ms Halton—Let us come back to you on notice on that, Senator. One thing you can say about addictions, as people who work in this space say, is that they are a relapsing condition. We know that there are some measures which have a macro effect across populations. We know also that for some people particular approaches are effective. So I am happy to give you a bit more detail on notice in relation to those things.

Senator XENOPHON—In particular, I am interested in any work of the ministerial council in relation to the South Australian trial.

Ms Halton—Yes, sure.

Senator XENOPHON—Thank you.

CHAIR—Any further questions on population health? I think, Ms Halton, we have finished outcome 1.

Ms Halton—Okay. Thank you, Senator.

[2.58 pm]

CHAIR—Thank you very much to the witnesses who waited for that. My proposal is that we will move into outcome 14, where I think there are a few questions from Senator Siewert, and then take the break before we move into the larger area of aged care. So we will move to outcome 14, Biosecurity and emergency response.

Senator SIEWERT—Perhaps you can just tell me the process that is used in making a decision for what goes on in an emergency, what is picked up under the emergency response provisions and how you decide when something is going to be added to the list.

Ms Halbert—If I understand your question correctly, you are wondering how we decide whether it is a national emergency.

Senator SIEWERT—Yes.

Ms Halbert—There are criteria under the national health security agreements which were signed between the Commonwealth and the states. We have some provisions in the National Health Security Act which guide us on what constitutes a national health emergency. That might be something that is affecting more than one jurisdiction or if a jurisdiction needs assistance or if we are repatriating people from overseas. So there are some criteria contained

there. The agreement with the states and territories lays out the arrangements that will come into place if we decide that it is a health emergency of national significance.

Senator SIEWERT—So, if something is coming up that a jurisdiction thinks is potentially going to be of national significance, there is a process where it brings it to your attention.

Ms Halbert—Exactly. What they will firstly do is contact the National Incident Room. Once we have conferred with each other and decided whether there is a potential incident that will require assistance either from the Commonwealth or from other states, Deputy Secretary Mary Murnane will convene the Australian Health Protection Committee. That is made up of the deputy secretary, the Chief Medical Officer, chief health officers from all the states and territories, Emergency Management Australia and Defence. We usually convene by teleconference at that stage and, again, just try and assess the situation and see if help is going to be needed or might be needed, in which case states and territories will go off and assess their capacity to provide that assistance.

Senator SIEWERT—Thank you. When was the last time those provisions were used?

Ms Halbert—In the recent bushfires the Australian Health Protection Committee met by teleconference, I think, four times to see if Victoria, in particular, needed any assistance. We had just met prior to that to discuss the heatwaves in South Australia and Victoria. As it turned out, those jurisdictions did manage things but there was some concern for a while, and that was followed quickly by the bushfires. Again, it turned out that Victoria could manage but other states and territories were put on alert to provide assistance if required.

Senator SIEWERT—And prior to the heatwave and the bushfires?

Ms Halbert—That is what I was thinking. It was quite some time before that—when the bombs went off in Mumbai.

Senator SIEWERT—In terms of biosecurity, are the same provisions used for when you are making decisions about an emergency response in a biosecurity issue?

Ms Halbert—These are generic arrangements that will cross all kinds of potential health emergencies.

Senator SIEWERT—When were the last provisions used for a biosecurity alert?

Ms Halbert—We have never had call to use them for a biosecurity incident.

Senator SIEWERT—I have this matter on my mind because there will be a bill dealing with it coming before the parliament. When you are making decisions about how to deal with biosecurity and what is on the list, is that list shared with the states?

Ms Halbert—I think you are referring to the stockpile?

Senator SIEWERT—The stockpile, yes.

Ms Halbert—There is a subcommittee of the Australian Health Protection Committee, which considers what things might be required for the stockpile. We do not share with the actual lists with the states and territories of what is contained in the stockpile, but they contribute to advice on what might be needed. There is another security related list, which is the security sensitive biological agents, but I do not think you are referring to that?

Senator SIEWERT—No, I am talking about the stockpile.

Ms Halbert—Yes.

Senator SIEWERT—So the states are not aware of what is on the list?

Ms Halbert—No, we do not share the list with them. As I say, they contribute to the overall advice we get on what might be required. For pandemic related contents of the stockpile, for example, they do not what is in the stockpile for that, but, in relation to the biosecurity elements, that is not shared with them.

Senator SIEWERT—So where it relates to potentially infectious diseases, that list is shared?

Ms Halbert—That is right.

Senator SIEWERT—Okay.

Ms Halbert—They are aware of those contents. It is only the biosecurity related contents that have not been publicised for the reason that we feel it is best not to broadcast what we have got, in case that highlights what we do not have.

Senator SIEWERT—Okay. In general, how often on average do you update the stockpile?

Ms Halbert—It is really constantly reviewed. We get briefings from the security agencies on a regular basis. We also have an internal committee that considers what might be required in the stockpile, and that has got experts from within the portfolio. Dr Gary Lum is a member of a national counterterrorism related subcommittee on chemical, biological and radiological substances, which also provides advice for us. So if we had reason to review it at any time we would, but we keep it under regular review.

Senator SIEWERT—You said you share the issues concerning the pandemics lists with the states. What happens where a biosecurity risk may come in the form of an infectious disease?

Ms Halbert—The pandemic related elements of the stockpile have been quite widely publicised, so that is not an issue. Also, we rely on the states to deploy those. If a particular issue came up, we could share information with the states and territories under the provisions of the National Health Security Act and we would do so.

Senator SIEWERT—So, with bird flu, for example, we know what is on the list there and that that is share. But anything that could be a biosecurity risk—

Ms Murnane—There is quite a lot we will share. For example, the states know we have certain antidotes for certain nerve agents and chemical substances that could be used and on occasions when hospitals have exhausted supplies of those in an individual situation—this was not a terrorist use—they have rung and asked that we release those antidotes to them. The chief medical officer has always complied with that, and then what they will do is replenish the stockpile.

Senator SIEWERT—Sorry, that has distracted my train of thought. If the states ever have any questions about anything that potentially could be a threat, are they able to access information? How do they access information?

Ms Halbert—Yes, certainly. As I said, we have got provisions where we can share information between an individual jurisdiction and the Commonwealth and between jurisdictions, and we are covered by those definitions I referred to earlier of ‘health emergencies’ and ‘national significance’. Something like a possible bioterrorism event would clearly be covered by that.

Senator SIEWERT—So the only area where you do not want to share the information is where it represents a biosecurity threat?

Ms Halbert—No, and for the reason I have referred to earlier we just do not want to make the whole contents available.

Senator SIEWERT—So the new provisions that are coming in are specifically just around biosecurity threats and not about the other emergency response?

Ms Halbert—That is right. The section 18A exemption—the TGA exemption—is to allow the department to stockpile things, but there is another provision that seeks to not have those biosecurity elements tabled.

Senator SIEWERT—I understand that.

Ms Halbert—So there are two parts to it.

Senator SIEWERT—So the states can still participate in a process for pandemic disease and anything that is not related to biosecurity. Is that correct?

Ms Halbert—Absolutely, yes.

CHAIR—Thank you for your evidence. That concludes outcome 14. I think, seeing we are going to move into aged care, which we will be a significant chunk, we will have a break now.

Proceedings suspended from 3.09 pm to 3.28 pm

CHAIR—Thank you, thank you, Mr Stuart. I am sorry we made you rush. We have got a number of people with questions on outcome 4, Aged care and population ageing. Senator Cormann will commence.

Senator CORMANN—Before I get into questions on the aged-care approvals round, which I am sure you are expecting, can we start talking about the issue that I touched on this morning—that is, the application of the Energy Efficient Homes Package to nursing homes. Can the department give us a general overview in terms of energy efficiency of aged-care homes?

Mr Stuart—We can do our best.

Mr Stuart—In general, the building stock in aged care is of variable age, with some going back to about a 40-year age, and quite a lot of new development over the last few years. The energy efficiency in aged care would range from old style, almost hospital-like buildings—which may or may not be energy efficient, but are probably cool most of the time—through mid-aged buildings, through to quite new ones, many of which have individual rooms with en suites and with individual temperature control, both heating and cooling, for each room. So it is actually quite highly variable.

Senator CORMANN—So are you aware of any rebates that may be available to aged-care providers to encourage energy efficiency?

Mr Stuart—Yes, we are.

Dr Cullen—Senator, I understand that under the Energy Efficient Homes Package announced recently aged-care homes are eligible to apply for the rebate for insulation, which is available to landlords.

Senator CORMANN—When you say ‘I understand’, when did you first come to that understanding?

Mr Stuart—We came to this understanding during yesterday.

Senator CORMANN—That was my impression—that it might have been a reasonably recent understanding—hence my question.

Mr Stuart—We thought we understood the situation and new information came to light in discussion between departments yesterday. So, until that point, we had been advising Minister Elliott’s office that we did not think we were part of this package because of the way it was written, but further clarification with department of environment yesterday revealed that, in fact, we are. So mea culpa, but we have clarified the situation.

Senator CORMANN—Which is why the minister’s chief of staff would have advised the opposition on Monday that, in fact, aged-care providers were not eligible, which is why we then received subsequent advice that, in fact, they are.

Mr Stuart—Exactly.

Senator CORMANN—When the opposition checked that with the department of environment, they were still not aware. That was on Tuesday, so today the department of environment is well aware; is that what you are reassuring us?

Mr Stuart—Yes, and it was clarified both with the department of environment and with the office of Minister Garrett during the course of yesterday.

Senator CORMANN—So when did you first speak to the department of environment about extending the solar hot water and insulation rebates to aged-care providers?

Ms Halton—As I understand what they are saying, it is not actually extending; I think it is clarifying the intent.

Dr Cullen—Senator, this department first became aware of it then; however, since then I have re-read the committee report of the Senate committee on finance and business and to that committee inquiry, the department of environment, in answer to a question as to whether it would apply to aged-care homes, indicated that that was certainly under consideration at that time. Since then I have become aware that the department of environment had certainly been considering this from the very—

Senator CORMANN—So, after the package was introduced into the Senate, before it was passed, it was under consideration, but it had not been finally decided yet, and you became aware yesterday that it was definite that aged-care providers were eligible.

Dr Cullen—I do not believe that is what I said. The evidence that I have read, which was given to a Senate committee, indicated that the department was in the process of finalising the eligibility criteria or the guidelines et cetera and that, in doing that, the issue of aged-care homes had been raised, and it was addressing that in the guidelines. That was in evidence given on 12 February.

Senator CORMANN—So what makes an aged-care facility eligible for the rebate?

Dr Cullen—My understanding is that it is eligible for the rebate because the rebate is paid to people who rent accommodation.

Senator CORMANN—I find it very disconcerting, Dr Cullen, when you keep saying ‘my understanding is’. It seems a bit approximate.

Mr Stuart—Senator, you have to understand that there is another department in charge of this, and we are in contact with them. They are a day or two away from issuing guidelines and we have been having conversations with them. So, when David says that he understands, that is the advice that we have received, and I think we are entitled to stand by it.

Senator CORMANN—Your minister put out a press release yesterday announcing that guidelines would be released tomorrow. So the announcement was there just before estimates. The guidelines are to be released just after estimates. So I assume it is quite legitimate for us to ask questions of your department, given that it is your minister who has been making the public statements about it. Is that a fair assumption for us to make?

Mr Stuart—Sorry—there were two conversations going on. I apologise. Could you repeat that?

Senator CORMANN—The point I made is that your minister, Minister Elliott, put out a press release yesterday, the day before estimates, that guidelines would be issued tomorrow, the day after we deal with this portfolio in estimates. Given the fact that your minister is the one who is making the public statements in relation to this, I would have thought it is fair for me to ask questions of the department supporting the minister on these matters. Is that a fair assumption?

Mr Stuart—Yes; I think we can answer questions about what it is that we know and when we knew it, which we have done, which is that we received new information yesterday in discussion with the department of environment.

Senator CORMANN—What is your understanding of how many aged-care facilities are insulated?

Mr Stuart—That is not something that we collect information on, Senator.

Senator CORMANN—Would the department of environment have collected information on this?

Mr Stuart—No, I do not think so. I do not think that information is publicly available, because it is not a matter which is directly relevant to a government entitlement or program.

Senator CORMANN—It is now, isn't it?

Mr Stuart—It will depend on application.

Senator CORMANN—So, essentially, as a department you are advising the government on costings as part of the \$42 billion stimulus package and costings of this particular Energy Efficient Homes Package, but you were not able to provide advice to government about the current circumstances in the aged-care industry in terms of levels of insulation or otherwise?

Mr Stuart—Senator, I am saying to you that we do not know about the insulation status of all of our aged-care homes in Australia. We provide funding for resident care for those aged-care homes.

Senator CORMANN—I understand that. But I guess I am just trying to get my head around how the government has costed this aspect of the \$42 billion stimulus package. I will just run through it, just for you to confirm whether my understanding is correct. You do not know how many aged-care facilities are insulated, you do not know how many aged-care facilities will be partially insulated and you would not know how many aged-care facilities have no insulation at all?

Ms Halton—No, Senator, and the bottom line here is that this is not a question that we can go. We have a certain series of legislated obligations and obligations in relation to running this program which do not include those matters and therefore we do not have data on it. That is the end of the story. The bottom line is this is a policy which is run out of a different department, and so those questions, I think, have to be directed to that department in terms of those issues.

Senator CORMANN—But if it is run out of a different department, why is it that Minister Elliott is putting out press releases on it, announcing it? Why is it that the chief of staff in the minister's office is providing advice, which changes from day to day, to the opposition about what may or may not be happening, and it is directly related to the aged-care industry. Are you able to tell me how many aged-care facilities would be eligible for the solar hot water rebate?

Dr Cullen—Senator, my understanding is that the solar hot water rebate is available to tenants of rented properties. The department of environment informs me that that would include aged-care homes. So it would seem to me that, regarding all 3,000 aged-care homes that meet the relevant criteria, which I believe include things like you not already having solar hot water, the tenants of those buildings would be eligible to apply for the rebate.

Mr Stuart—Senator, I would just like to make it really clear in relation to your earlier question that, on Monday evening, I had a conversation with Walter Secord when he rang me, the minister's chief of staff, and I shared with him what I then believed to be the case, which was that the rebate did not extend to aged-care homes and, subsequently, during the course of Tuesday, in further conversation with department of environment, that advice changed, and then we provided new advice to the minister and the minister's office.

Senator CORMANN—I understand the sequence and I think you have put that on record before, and I think that that is quite appropriate. But how many aged-care facilities would be eligible for pink batts?

Dr Cullen—Again, my understanding from the department of environment is that all aged-care homes that do not currently have insulation would be eligible to apply for the insulation rebate.

Senator CORMANN—But you do not know how many aged-care facilities currently have got their own insulation?

Mr Stuart—We have answered that question, Senator.

Senator CORMANN—Yes, you have, indeed. Do you know what the estimated cost is of insulating those aged-care facilities which lack appropriate—

Ms Halton—No, Senator, we do not.

Senator CORMANN—So, to date, are you aware of whether anybody has applied?

Ms Halton—Again, Senator, this is not a program we administer. It is not a series of questions we can answer.

Senator CORMANN—You have obviously had discussions over the last two days with the department of the environment, and your minister has gone out and made a statement about it. In those discussions with the department of the environment, have you been told whether aged-care facilities would be restricted to a single \$1,000 insulation rebate or is each individual resident able to attract a rebate in their own right—that is, would aged-care providers be able to pool whatever individual eligibility would be attracted to individual residents?

Mr Stuart—Again, I think that is an issue for the department of environment and its guidelines.

Senator CORMANN—So it is not something that has come up in your discussions, as you understand it?

Mr Stuart—We have not asked that question yet, Senator.

Ms Halton—And, Senator, I am more than happy to communicate your question to that department and then they can answer it on notice.

Senator CORMANN—What sort of information has been given to aged-care providers alerting them to available rebates?

Mr Stuart—Senator, the minister yesterday put out a press release, and a number of aged-care providers have welcomed that information and a number of peak bodies have welcomed the information and indicated that they will promulgate that widely through the industry to make it known. I think it was really the role of the minister for ageing to let the industry, that she has a close relationship with, know about this opportunity, and then it will be a matter of the providers accessing the guidelines when they become available from department of environment.

Senator CORMANN—Tomorrow.

Mr Stuart—Tomorrow.

Senator CORMANN—I will leave it at that in relation to energy efficient homes packages. In relation to the construction of aged-care facilities, what action is the department taking to address decisions by providers to put construction of aged-care facilities on hold until such time as the funding mechanism makes construction viable?

Mr Stuart—Just while Ms Rosevear joins me, we have an existing approach, which has been developed over a period of years, to invigilating over and managing the timetable for residential aged-care providers in planning their aged-care homes. After the aged-care place allocations are made, or in conjunction with them being made, we have an expectation of a timetable and we have, I think, quarterly follow-up—

Ms Rosevear—Yes.

Mr Stuart—with aged-care providers and statements from aged-care providers to the department about the progress that they are making. If at any time we judge that they are not keeping up with their commitments or there are not sufficient reasons or explanation for delay, and they can be many and varied, as you would imagine in building projects, then we generally let those places lapse. On other occasions they are revoked but that is less common. More often we simply let the extension expire and do not renew.

Senator CORMANN—Yes. Well, what is the extent of delays in the construction of aged-care facilities across Australia? Can you give us some facts and figures on that?

CHAIR—Senator, I just want to make that question clear. It is the delay across Australia—is that it? So, Mr Stuart, this would be the kind of thing that would be impacted by local governments, would it not, in terms of planning approvals and things of that nature?

Mr Stuart—Yes, the most common set of reasons that we are given for delays includes planning approval delays, particularly where there are objections from neighbours—sometimes also financing delays, with the building problems, building issues and so forth.

Senator CORMANN—Regarding the extent of financing delays, is that something that you have observed has been increasing as a reason for delays in construction?

Mr Stuart—I think in the context of the global financial crisis and the conversations I am having with aged-care providers, I think the answer there is yes, but I think it is too early to tell how significant that is. Anecdotally, we are certainly seeing a trickle of information to that effect.

Senator CORMANN—So have you done any modelling yet at all in terms of the impact of those delays in construction for whatever reasons on the future supply of aged-care beds?

Mr Stuart—No, I do not think we are really in a position to do that yet with any level of authority, and, no, we have not embarked on that.

Senator CORMANN—Were there any delays in construction before the global crisis?

Mr Stuart—Yes. It is—

Senator CORMANN—For reasons other than local government and planning?

Mr Stuart—Yes. As I said, also including finance, builders' delays and the need to make building amendments and things of that kind.

Senator CORMANN—So we cannot blame it all on the global financial crisis as such?

Mr Stuart—No, not over a period of years. The same sorts of issues have been coming up. You asked me the question about whether we think the financial issues are increasing, and I think, just very recently, there have been anecdotal signs.

Senator CORMANN—Returns on investment for aged-care providers, according to a number of reports—the Grant Thornton report and others—are already so low that financing of these projects is becoming increasingly difficult which is obviously made worse because of the economic circumstances. Is this something that the department is proactively assessing in terms of the impact from the supply and demand point of view?

Mr Stuart—The department has a close watch on all the data and all the indicators available to it.

Senator CORMANN—Yes, but you have not done any modelling?

Mr Stuart—Not of that specific issue. I think modelling is something you do when you have data over a period of time. In relation to the global financial crisis, I think it is rather soon.

Senator CORMANN—For quite a period, there have been delays; people have handed back bed licences; there has been pressure on supply. When will you conduct some modelling that will then enable the government to make some public policy decisions on how to respond to the increasing demand in the context of shrinking supply?

Dr Cullen—Senator, if one were to examine the available evidence, then the best available evidence would be the ABS collections on building activity. That evidence would tell you that building activity in the aged-care industry is higher now than it has been at any time in the last decade. In the two years to September 2008, the industry commenced construction on aged-care homes totally \$2.8 billion, which was an increase of 45 per cent on the value of building construction which had occurred in the two years ending in 2006. So the available evidence from the ABS on building activity would indicate that there is more building activity going on—a 45 per cent increase in building activity going on—than there was in the recent past. The other set of building activity data which the ABS collects is on actual construction work done, and construction work done is also at a higher rate in the year ending September 2008 than in any year since in the decade that statistics have been collected on aged-care construction.

Senator CORMANN—Regarding the figures that you have just given me, isn't that because of the higher costs of construction?

Senator BOYCE—Could we have it in bed numbers?

Senator CORMANN—Yes—could you perhaps give us that in terms of—

Dr Cullen—I do not have that analysis in front of me.

Senator CORMANN—The data you have just given me now is essentially a result of increased cost of construction. It does not tell us anything in terms of—

Dr Cullen—It indicates the level of investment which is occurring. The construction cost has to be financed. This indicates that the amount of investment which is being financed by the industry is 45 per cent higher in the two years ending September 2008 than it was in the two years ending September 2006, so they had access to that much more finance.

Senator CORMANN—Dr Cullen, are you suggesting that the supply of aged care beds will meet the ratio that is set by your department?

Dr Cullen—The policy settings are by government, and I am suggesting to you that the ABS figures show that there is more construction activity under way.

Senator CORMANN—You are not answering my question. Are you suggesting that the supply of aged care beds will meet the ratio set by government?

Dr Cullen—I am unaware of any data which would indicate that that would not be case.

Senator CORMANN—Let us go to the issue of bed licences then. Can you provide us, on a state-by-state and territory basis, a breakdown of the number of bed licences that were returned in 2008-09?

Mr Stuart—Senator, I am looking at a response to an earlier Senate question. On 15 January you asked about bed licences granted in the years 2003 to 2008, and how many have not been built and how many have been surrendered.

Senator CORMANN—It was a good question, wasn't it?

Mr Stuart—And we provided some data.

Senator CORMANN—But you did not provide the answers on a state-by-state basis. I have just asked you whether you could provide me with a state-by-state breakdown?

Mr Stuart—What is the latest data that we would have?

Ms Rosevear—The latest data we would have would be as at the 30 June 2008 stocktake. We would be able to produce that information from that stocktake. I do not have it with me.

Senator CORMANN—Sorry, I find it very difficult to hear you.

Ms Rosevear—Sorry.

Mr Stuart—We have that data for the June 2008 stocktake. We do an annual stocktake.

Senator CORMANN—So you will have the next stocktake in June 2009?

Mr Stuart—Yes, for June 2009. So we can provide a state breakdown for 2008 on notice.

Senator CORMANN—Thank you very much. As you are looking at that, could you also provide a state-by-state and territory breakdown of the bed licences that were returned by for-profit providers and not-for-profit providers in 2008 and 2009? I suspect that that same proviso that you have just mentioned would apply for that as well.

Mr Stuart—Yes.

Senator CORMANN—I would be interested to know how many bed licences have been returned to the department for the period 1 January 2009 to 25 February, today. Perhaps you could take it on notice unless you are able to answer it on the spot.

Mr Stuart—That is for the first few months of this calendar year?

Senator CORMANN—That is right, yes; for the first eight weeks, so to speak.

Mr Stuart—Senator, we can make an attempt to get that information, but it is not going to be entered into the systems until we do the June stocktake.

Senator CORMANN—Are you aware of when people hand back licences? This is pretty recent. I am talking of the last six to eight weeks.

Mr Stuart—Yes, but what I am going on to say is it is a matter of going back to state and territory offices and asking them for the information that they hold on administrative files.

Senator CORMANN—This is not something that you monitor on an ongoing basis in Canberra?

Mr Stuart—We do annually in a stocktake.

Senator CORMANN—But you do not, on a month by month basis, get regular updates on how many licences have been handed back?

Mr Stuart—There is a constant movement in places coming on stream and, no, we do not monitor that on a month by month basis from central office. We do an annual authoritative stocktake of what is the position at that point.

Senator CORMANN—Is the department concerned that, given bed shortages, you are continuing to lose beds from the system?

Mr Stuart—I do not think we are losing beds from the system, Senator. The supply of aged care continues to grow.

Senator CORMANN—Let us talk about how many applications you have received in the current aged care approvals round. Start off with my home state of Western Australia. How many applications have you received—and I am talking about the number of beds versus how many were available from the department's point of view, or according to what the department put out there for tender?

Ms Rosevear—Senator, we received 11 applications totalling 536 places in Western Australia.

Senator CORMANN—Sorry. Can you say that a bit slower? I could not hear that.

Ms Rosevear—Sorry, Senator. In Western Australia we received 11 applications for a total of 536 beds.

Senator CORMANN—And that is compared to how many beds available?

Ms Rosevear—There were 1,208 advertised in Western Australia.

Senator CORMANN—What is the status of this aged care approvals round at the moment? Is it closed?

Ms Rosevear—Yes. Applications closed in December.

Senator CORMANN—So essentially it is about half?

Ms Rosevear—Yes.

Senator CORMANN—And you are saying that, in my home state of Western Australia, there is not a problem in terms of supply of aged care beds?

Mr Stuart—Senator, you asked me where aged care beds are disappearing, and I said to you that they are continuing to grow in number.

Senator CORMANN—As long as they grow in New South Wales and Victoria, everything is okay?

Mr Stuart—No. They are going to continue growing in number in Western Australia as well.

Senator CORMANN—But not at the speed that is required.

Mr Stuart—I think that is a correct observation, Senator, and what we are doing about that is that we really emphasised Western Australia in the zero real interest loans round and had some success in making up the gap from the previous round. We are going to target Western Australia again in the coming—in the next—zero real interest loans round, which will kick off when the current round closes.

Senator CORMANN—How successful has that zero, interest-free, loans round been?

Ms Rosevear—Senator, in Western Australia, we offered loans totalling approximately 46 million to build, I believe, 347 new residential aged care places.

Senator CORMANN—You have offered them because people have actually made an application for them?

Ms Rosevear—Yes. They made an application.

Senator CORMANN—While I am from Western Australia, I do not want to keep the parochialism going. Just take it that all of the questions that I am asking, I am interested to get that same information for all other states and territories, but, clearly, there is a differentiation on a state-by-state basis in terms of the way this is playing out, which is why I think we do need to get whatever information we are asking you for, at least on notice, on a state-by-state basis.

Mr Stuart—Senator, Western Australia has been a challenge for the last couple of years, which is why the targeting of the zero real interest loans is very strongly towards Western Australia, but there has been a coincidence of a number of factors in Western Australia, including the mining boom and the shortage of staff, and now we are coming into a credit crunch. Interestingly, perhaps, the credit crunch will help change the position on availability of staffing in Western Australia but that poses new problems for the industry in Western Australia.

Doubtless there are challenges in Western Australia; we certainly acknowledge that. The zero real interest loans process, we have done our best in the department to target towards Western Australia, and will do again. We will also look at making up any temporary gap that occurs in relation to residential care with increased allocations of community care, both at a higher level and for community aged care packages. That is certainly very much under consideration as we go through this approvals round.

Senator CORMANN—Under active consideration, Mr Stuart? That was a joke! Clearly there is a gap between the need for additional aged care beds and the supply that is available in Western Australia. That was in this round, and also in the previous round, was it not?

Mr Stuart—In the previous round, and also in this round, but mitigated by the zero real interest loans, and with another round to come.

Senator CORMANN—Can you give us a snapshot across states? Victoria and New South Wales seem to be doing reasonably okay, but can you give us a snapshot in terms of the

circumstances in some of the other states, and the Northern Territory? Also in Queensland, Senator Boyce reminds me—and I am sure Senator McLucas would be very interested in that.

Mr Stuart—Senator, I am happy to do that. We kind of talked past the question you asked about the last zero real interest loans round in Western Australia. Allison has that data available, and then we will come to the round in other states.

Ms Rosevear—So the under-allocation compared to the places made available in the 2007 aged-care approvals round was in the order of 350 residential aged care places that we were not able to allocate. In the zero real interest loans round that was conducted and announced in September last year, we were able to offer loans totalling \$46 million for 347 residential aged-care places in Western Australia. So we have filled that gap and, as Mr Stuart said, we will again target Western Australia in round 2 of the zero real interest loans round.

Senator CORMANN—So now the information in relation to the other states?

Ms Rosevear—In Tasmania, which was the other state where there was under-allocation in the 2007 aged-care approvals round, we had hoped to allocate another 104 residential aged care places in 2007. In the first round of the zero real interest loans round, we actually allocated 130 residential aged care places and offered loans totalling a little over 16 million for that state.

Senator CORMANN—In the Northern Territory?

Ms Rosevear—In the Northern Territory, in the 2007 round we actually over-allocated. There were actually 11 places advertised for Darwin.

Senator CORMANN—That was in 2007. What about in this round?

Ms Rosevear—In this round, we advertised 24 places, but we did not receive an application.

Senator CORMANN—How many applications did you get?

Ms Rosevear—We did not receive an application.

Senator CORMANN—So it was zero—is that right?

Ms Rosevear—That is right. We did actually allocate those 65 places in the 2007 round, which in fact was their forward allocation for, I think, the three years, but we chose to still advertise them.

Senator CORMANN—But if you had already filled the forward allocation, why did you make an additional allocation now?

Ms Rosevear—We did advertise them.

Senator CORMANN—Because there was as need, presumably?

Ms Rosevear—Yes. There is certainly always a need in a state with a high level of Indigenous people.

Senator CORMANN—So there is a need, but there has been zero uptake?

Ms Rosevear—In this round, we have not had an application for the Northern Territory.

Senator CORMANN—And then Queensland, just to make sure that Senator Boyce has got the information in relation to the great state of Queensland.

Mr Stuart—In this round, 75 applications for 3,639 places against 2,416 available.

Senator CORMANN—And this year's figures for Tasmania, because apparently you gave us last year's figures on that?

Ms Rosevear—Yes. This year we received three applications seeking 53 places with 131 places available. So, again, Tasmania will be targeted in round 2 of the zero real interest loans round.

Senator CORMANN—Do you break down the analysis you do on the need for services or aged care beds on a regional basis?

Ms Rosevear—Yes, we do.

Senator CORMANN—You do, don't you. So how many regions that had beds available did not actually receive any applications?

Ms Rosevear—I do not have that data available, Senator.

Senator CORMANN—Can you perhaps get us that on notice, including a list of the regions that had beds available but where no application was received?

Mr Stuart—We will have to look at how meaningful that is. We are happy to do it, if we can. But quite often the advertisement is for a whole state with an emphasis towards a particular region rather than exclusively targeting a region. So we will look at—

Senator CORMANN—Mr Stuart, with all due respect, I think from our point of view as senators scrutinising the government, it is very, very useful. Because clearly you make an assessment as to what the need is on a region-by-region basis. You allocate beds on that basis. We have already seen that there is significant variation on a state-by-state basis. I want to know where the regions are that are currently missing out compared to the need that you have identified. So, if you do not mind, I would like you to take on notice these questions: on a region-by-region basis, for how many regions where you allocated beds have you not received any applications? And also, for which regions have you received fewer applications for beds than what was available?

I would very much appreciate that. Just from my point of view, to conclude on the aged-care approvals round, the 2008-09 aged-care approvals round was six months behind schedule. Will the department provide an undertaking that the timing of the announcement of the 2009-10 aged-care approvals round will make up for the six-month time lag?

Mr Stuart—No, Senator. The delay in this particular round was due to the department's implementation of the government's election commitment to implement a zero real interest loans round, which we did from go to whoa in a relatively short period of time and which the minister announced in April. The following round was then advertised and we are going through assessing it. And then the next round will be advertised—this one will be announced in June and the next one will be advertised in—

Ms Rosevear—Approximately September.

Mr Stuart—about September of 2009.

Senator CORMANN—So the reason why this latest round was delayed is because you were busy with doing something else the government had asked you to do?

Mr Stuart—I do not think that is quite a fair construction.

Senator CORMANN—Well, that is what you have just said. Correct me if I misinterpreted what I heard you say.

Mr Stuart—The industry had an opportunity to apply, in a purpose-built round, for zero real interest loans. And the industry was advised about the change in schedule and about the new timetable for the succeeding rounds.

Senator CORMANN—But this zero real interest loans initiative is an initiative of the new government, is it not?

Mr Stuart—Yes, it was an election commitment.

Senator CORMANN—So it was an election commitment. And in the normal course of events, if you had not been asked to implement that election commitment, you would not have had a delay of six months—that is what I heard you say before. You said that the reason for the delay was the work you were doing on the interest-free loans scheme.

Mr Stuart—Yes, that is right. The government had a commitment to a zero real interest loans scheme which the department implemented as quickly and effectively as possible.

Senator CORMANN—But essentially what you are saying is: we are delaying getting new beds on stream through the normal process—I mean, were you impacted by the efficiency dividend? Is that why you were not able to chew gum and walk at the same time?

Mr Stuart—No.

Senator CORMANN—Why would you not be able to do both? If there is an election commitment, would you not expect that the government would fund you to be able to deliver the election commitment as well as doing your normal job?

Mr Stuart—There was just a decision taken to run one competitive process at a time, and there was a very specific focus, through the zero real interest loans round, on filling gaps in aged care allocations in hard to reach areas—in particular, in rural and remote areas. We were able to allocate the most places out of any state or territory into Western Australia, and in Tasmania. And so there was just a premium put on running the zero real interest loans round in such a way as to maximise interest for the places which are usually hard to fill.

Senator CORMANN—That message must have been lost on aged care providers, because I have spoken to aged care providers, both in Tasmania and in Western Australia, and they are very concerned about the six-month delay and what it means in terms of bumping the next round. In fact, there is a perception that they are missing out on what was, appropriately, a reasonable expectation. I suggest that either you communicate better, that people should consider that there was a premium available that justified that six-month delay and essentially are now missing out and having to wait longer for the next round. Anyway, you are not going to comment. I might just let somebody else have a go for a while.

Senator COLBECK—Can I just ask you something?

Ms Rosevear—Certainly, Senator Colbeck.

Senator COLBECK—Just on the issue of those targeted areas that you are talking about, is there a particular cohort of provider type? So, for instance, Tasmania is largely community based or not-for-profit. Is that the area where you are seeing a shortfall—in that type of provider? Are those the areas where you are seeing the major shortfall in the applications—where you have got a market that is more predominantly made up of not-for-profit type providers?

Mr Stuart—No, I do not think we have done an analysis of that. I do not know that that is true, and without—

Senator COLBECK—I am just trying to get a sense of why it is occurring like that. I know my market relatively well, as Senator Cormann does his; I am just trying to match up what I am hearing in local circles and why it that might be the case. If there is not a fundamental reason behind that, I would then be concerned that, given that you are targeting areas where there is low uptake, that could become part of a strategy to attract government funding into the process. I think you understand what I am saying.

Mr Stuart—I do. I guess there has to be a thought that the applications—for example, in Tasmania—in the current round, are on the low side because there are providers who are waiting for the next zero real interest loans package to be released. That is a possibility, for sure. I would say, though, that, from talking to various providers, I am aware of providers—both not-for-profit and for-profit—that are continuing to apply for places and providers that have decided to sit out for a year or two. There are those providers that have actually got a significant backlog now of projects on train from the large sorts of levels of releases of the last few years, and they have a lot of building still to do. Some of those are just sitting out temporarily.

Senator BOYCE—Why are they sitting out?

Mr Stuart—Because they have a very large development set of projects already under way.

Senator BOYCE—There is no one sitting out because they simply cannot see a return to be made in the industry?

Mr Stuart—There are certainly providers saying that, too. There are others who are having difficulty obtaining finance, and there are others who want to consolidate their existing aged-care places.

Senator COLBECK—Are there providers who have had previous allocations but may not be able to afford to fund them and are waiting for additional rounds of zero interest loans to facilitate that process?

Mr Stuart—The zero real interest loans round is not open to previous allocations.

Senator BOYCE—I wanted to refer to a couple of media releases from Minister Elliott on 3 January this year and then 2 February this year, which relate to the aged-care application round. In the first one we have places sought coming to 12,857. In the second release the minister announces an updated figure of 13,956 places and there is a note that says:

* - These figures differ slightly from the January 3 data – as they take into account ACAR applications received after the deadline, but were clearly post-marked before the cut-out or where applications sent to other Department of Health and Ageing state offices.

I do not know quite what the second part of that mean. This is normally a tender process, is it not?

Ms Rosevear—It is a tender-like process. We would look at a postmark and see whether it looked like it would have arrived at a reasonable time if the postal service was working according to its usual practices. The issue with this one was an application closing time just before Christmas, when the postal service is at its busiest.

Senator BOYCE—Had you done this before?

Ms Rosevear—We would generally have an application closing time that was not just before Christmas.

Senator BOYCE—No, I mean have you accepted tenders that were received after the close-off of tender time?

Mr Stuart—I just want to be really clear with nomenclature. It is not a tender process. We work very hard to have as great a level of probity about this process as possible, but it is a policy driven grants allocation type process, not a tender process. We call it a tender-like process for that reason.

Senator BOYCE—I think the industry see it as a tender process and would have had the view, up until December last year, that, if it was not in by 4 o'clock on the day in question, it was not going to be considered.

Mr Stuart—Every application process has its own rules and, provided those rules are clearly laid out and adhered to, it is appropriate.

Senator BOYCE—Do you use exactly the same rules for the December 2008 one as for the previous rounds?

Ms Rosevear—Yes. If it was postmarked such that under normal circumstances it should have been received by close of business on the due date then we accepted that the applicant had submitted the application on time.

Senator BOYCE—And that has always been your practice?

Ms Rosevear—That has always been our practice, yes.

Senator McLucas—You are not suggesting, Senator Boyce, that applications from rural communities have been knocked out because they did not get through Australia Post in the time?

Senator BOYCE—I am definitely not suggesting that. That is not how I understand the process worked in the past, according to information from people who have taken part in many of these tender-like processes.

Senator McLucas—I think Ms Rosevear has clarified that the application of the rules is the same.

Senator BOYCE—I think Ms Rosevear has taken us as far as we can go with that. Why then did it take a month for you to catch up on the late-postmarked ones? When was the last one received?

Ms Rosevear—They were certainly all received, I believe, by Christmas or soon after. The application closing date was 19 December. We were in Christmas shut-down by that time so the officers would have looked at any applications that came in after that time and updated the database when they returned from Christmas shut-down.

Senator BOYCE—This still leaves me with something of a conundrum as to why, on 3 January, which is some considerable time later, the minister announced some figures based on people who met the deadline and then, on 2 February, a month later, put out a subsequent release increasing those figures—suggesting that they were even healthier and more competitive than they were earlier because of a postmarking issue. Why did it take until 3 February if the only issue was that a few of them were a bit late in the mail?

Ms Rosevear—The majority of the increase in application numbers was from applications that were sent to different state offices. An aged-care provider whose head office is in Victoria, for example, would have lodged its applications for Victoria, Queensland and New South Wales in the Victorian office. Those applications for New South Wales and Queensland would not have been logged in the system until they had been received through the internal post by the New South Wales and Queensland offices. So they were received by the department by the due date but not entered into the system until they arrived at the appropriate state that was going to assess them.

Senator BOYCE—Can you then understand that some in the industry might think that the delay was about puffing up the figures to make them look a bit better than they were?

Mr Stuart—I think you are asking us to speculate about what some other people might think.

Senator BOYCE—No one has complained about this process to you?

Mr Stuart—No.

Senator BOYCE—Not in any form?

Mr Stuart—No.

Ms Rosevear—Not that I am aware of.

Mr Stuart—No, but a letter could be in the mail!

Senator BOYCE—I am not sure if that is a joke, Mr Stuart.

Senator CAROL BROWN—Mr Stuart, along with the support that the Australian government gives in the zero real interest loans, are you able to provide an update on grants that have been made through the Capital Grants Program?

Mr Stuart—As you would be aware, each year there is capital associated with the aged-care approvals round. In the current aged-care approvals round there is a particularly large allocation of, in round numbers, \$44.6 million available in capital grants. About two-thirds of those grants will be going directly to services outside major capital cities, in rural and remote areas, and about one-third will be to targeted aged-care services—for example, services for

homeless people in the cities. Were you asking particularly about the capital allocations from the previous round?

Senator CAROL BROWN—For the 2007-08 round. Have you got the information regarding the previous round?

Ms Rosevear—Yes. In the 2007 round almost \$40.5 million dollars in capital grants were offered to providers.

Senator CAROL BROWN—Do you have that information state by state or by region?

Ms Rosevear—I do not have it with me. It is actually available on the department's website, but I can provide that to you.

Senator CAROL BROWN—Thank you.

Mr Stuart—In addition to the capital allocations in the round from 2007 there was also an out of round allocation of \$3 million on top of that number made to the Wintringham services for the homeless in Melbourne late last year.

Senator CAROL BROWN—Yes, we met them at the aged care inquiry just recently. We met the director at the Standing Committee on Finance and Public Administration inquiry into aged care.

Ms Halton—He is a very good man.

Senator CAROL BROWN—He is very, very good.

Senator SIEWERT—I wanted to go into the issue of regional figures in a bit more depth. Senator Cormann raised the issue around the regional allocations. Did you say you are not able to break those figures down and provide us with the?

Mr Stuart—We have taken it on notice to provide. My sole caution was that there is a methodological issue, which the department will have to wrestle with, about how we deal with places where we have said, 'We are going to target the whole of an area,'—for example, a larger area—'with a preference towards this particular place if we should happen to get an application there'. It is a bit hard to know exactly how to deal with that in the data that we will provide. But we will work it out.

Senator SIEWERT—The reason this has come up is that it was put to us that a number of beds were not taken up—that, despite the fact that in some some states it looked like there was an oversubscription, in fact in some regions there was not. So the figures are biased in that they make it look as if there were a large number of beds applied for, and in fact there were not.

Mr Stuart—It can be patchy. We are forever trying to target places towards areas that aged care providers have sometimes comparatively less interest in, and we sometimes get quite a few applications in some places and not in others. So over recent years we have been trying to encourage providers to go to the areas where there is less provision, both through zero real interest loans and also by now publishing on our website where it is that we are getting lots of applications and where it is that competition is less, in order to encourage future applications in those kinds of areas.

Senator SIEWERT—I would also like to get information that is as up to date as possible on the hand-back of beds. Evidence was presented to the committee and I have been told outside the committee process that a large number of bed licences either have been handed back in Western Australia or are on hold from being built. And every single witness who has said they are not building currently, even the beds that they have licences for, has said it is because they cannot afford to. So it is not about it being on hold until we get low-interest loans. It is because they cannot afford to.

Senator CORMANN—Even a low-interest loan has to be paid back.

Senator SIEWERT—Exactly. The people who appeared before us were also saying low-interest loans are not going to help. That is what I took from what they were saying. Do you not even have any anecdotal or informal information about how many beds have been handed back since June last year?

Mr Stuart—We have taken notice from Senator Cormann a question about how many since January until—

Senator SIEWERT—This year?

Mr Stuart—This year.

Senator SIEWERT—My understanding from your previous answer was that you do not have any from June.

Mr Stuart—We have information up to June last year, and we will do another stock take in June this year. In the meantime we have undertaken to see what data we can gather together from state and territory offices from the files for the first part of this year.

Senator CORMANN—Perhaps we should add the second part of last year to that.

Senator SIEWERT—That is what I am getting at. What about June to January? That is what I am interested in, because that is going to be a larger number than from January to now.

Mr Stuart—We will do that.

Senator CORMANN—But do not cancel the previous question.

Senator SIEWERT—No. Basically, let us just say from June to now.

Senator CORMANN—Yes, from June 2008 to now.

Senator BOYCE—Is it also possible to get the figures on the number of bed allocations that are out in the market but have not been built for more than two years?

CHAIR—We have that standard information, do we not, Mr Stuart?

Mr Stuart—We have certainly made it available on different occasions. Just as a sort of sense of scale, there are—

Senator BOYCE—But presumably that has changed since June 2008.

Mr Stuart—Yes. Just as a sort of sense of scale, there are about 30,000 approvals still being constructed out in the marketplace at the moment, because of the high level of approvals over recent years. We will try to also give a sense of scale to the number that get handed back.

CHAIR—To be clear, what you have been asked to provide—because you have had a number of requests—is the hand-backs from June to now—

Senator CORMANN—June 2008.

CHAIR—rather than for the 12-month, which you normally have at the end of June 2009. So it is the whole period—

Mr Stuart—Yes.

CHAIR—and also the historical data of the unused allocation that is out there.

Senator BOYCE—The ones that have not been built.

Senator CORMANN—But you are also going to give us the data that was available in June 2008 first, because that is the most recent on the state by state, and then whatever you can identify since then.

Mr Stuart—Yes.

Senator SIEWERT—The other thing that repeatedly has been said to me is that a lot of the stock in place now is old. So there are a number of beds that are new and there are number of beds replacing old beds. Of that stock that is being built, currently 30,000 units, how much of that is new as opposed to replacing old stock? Have you got an idea of that?

Mr Stuart—The 30,000 number that I mentioned are all new allocations from the last few years.

Senator SIEWERT—So how many on top of that are being decommissioned? It is all very well building new beds, but if you have got a stock that is actually coming out of commission—

Mr Stuart—In an industry with currently 3,000 aged care homes—180,000 beds—there is always a significant number that need to be refurbished every year. We sometimes get information about that, when it leads to a temporary closure of an aged care service while it is being rebuilt; other times not, because it is more of an upgrade or a renovation with residents in place.

Senator SIEWERT—You will be as well aware of the arguments as I am, which is that industry are saying they can no longer afford to upgrade and do that refurbishment because they are just not making enough money out of it to be able to recapitalise. So my question, as it stands, is: in your understanding, how many of the beds that are currently out there are nearing the end of their use-by date, for want of a better term?

Mr Stuart—We do not have specific data on the numbers of the age of particular rooms within particular buildings. What we do know is that there has been a very, very significant renovation, an upgrading process, within the sector over the last decade, leading up to the 2008 certification requirement. The industry has met that with great success. That has meant the decommissioning of very many multibed wards and the creation in the sector of a standard of single- and double-bed units with ensuites over that period. So there has been very, very significant rebuilding. In the evidence that Dr Cullen gave a short while ago, I think he pointed to the increase, actually, in the amount of investment in building activity in the sector, according to ABS data over the last couple of years.

Senator SIEWERT—It does not tally with the information that we are receiving from the industry itself. Is there no yearly reporting of the ageing of the stock?

Mr Stuart—We have information about the aged care building stock from the certification data, which shows very significant upgrading activity and a sharp drop-off in the average number of residents per room or ward in residential care. But I think it would be very challenging for us to try and collect information about the possible future or current renovation need of every aged-care room in every aged-care building. We do not have that level of information.

Senator CORMANN—Just in relation to the profitability of aged-care providers, does the department have statistics or data of the providers who are operating at a loss for the period 2006-07 and 2007-08?

Dr Cullen—So your question was: do we have data on—

Senator CORMANN—The aged-care providers operating at a loss for the financial years 2006-07 and 2007-08?

Dr Cullen—There are a number of different sources of data which might give some indication of an answer to the question that you are asking. Two of them are the Stewart Brown Aged Care Financial Services survey and the national ACS survey undertaken by Bentleys in Queensland. The department also collects the general purpose financial reports of aged-care providers.

Senator CORMANN—I thought so.

Dr Cullen—So that would be a data source available.

Senator CORMANN—You are telling me the sources that are available, but is this something the department proactively monitors in terms of the regulatory oversight in the context of—

Dr Cullen—You will recall at the last meeting of this committee in evidence we discussed this in great detail. One of the points to make there is that it is not always clear—we need to be careful about what you mean by ‘in profit’ and ‘in loss’, so perhaps if you could clarify that.

Senator CORMANN—Let me rephrase the question. In comes the expert, so perhaps we might get some information now. So have you got an answer for us?

Dr Cullen—I am sorry, you will have to repeat your question.

Senator CORMANN—For the years 2006-07 and 2007-08 have you got any data or are you looking at and considering any data in terms of the number of providers who are operating at a loss for those periods?

Ms Murnane—As Dr Cullen said, this question actually is, in reality, more complex than you might think it, so we will just ask you to bear with us for a few seconds while we talk.

Dr Cullen—As I said earlier, because of the conditional adjustment payment we do now collect the general purpose financial reports of aged-care providers. I do not have the exact figures in front of me, but those reports would show that very few providers run at a loss—that is, that their expenditure exceeds their revenue.

Senator CORMANN—Is that for the periods 2006-07 and 2007-08?

Dr Cullen—For both of those periods.

Senator CORMANN—So since 1 July 2008 have you had reason to be concerned about the financial viability of any of the aged-care providers across Australia?

Dr Cullen—That is a very different question.

Senator CORMANN—But the context of my question is consistent. We have had the ABC childcare centres disaster. We are in a circumstance where a lot of those aged-care providers are under significant financial stress. The return on investment is extremely low and the cost pressures are extremely high. Essentially, it seems as if the industry is in crisis and I want to know from you whether you are aware of any aged-care provider that is under financial pressure and whether you are concerned about the financial viability of any of those aged-care providers.

Dr Cullen—The most recent data that we have I obtained only earlier this week. It may have been released last week. That was the National Residential Aged Care Survey conducted by Bentleys. That survey showed that the average EBITDA across the industry had increased and that the EBITDAs of all providers in the top quartile, which all commentators on the industry agree is the benchmark which providers can achieve if they wish to, again increased and are very healthy.

Senator CORMANN—Sorry, I am just trying to understand what you are saying, so correct me if I am wrong. Are you saying that the industry is in a strong financial position?

Dr Cullen—I am saying that all of the data shows us that efficient providers who provide high-quality care but who manage their costs proactively are making reasonable returns on their investments.

Senator CORMANN—So what is your definition of an efficient provider? Are they multi-room facilities? Is that it?

Dr Cullen—The analysis that we have done does not show a strong correlation between multi-roomers and efficiency, no.

Senator CORMANN—What proportion of providers around Australia would fit your description of 'efficient providers'—that is, those that essentially are in a strong financial position?

Dr Cullen—All that I am saying is that in all of the surveys which are done, if you look at the top 25 per cent of providers, you find that the average returns that they make are in the order of \$12,000 per resident per year.

Senator CORMANN—Dr Cullen, are you telling me that the department is not concerned about the financial strength and the financial viability of the aged-care sector moving forward?

CHAIR—And what about the other 75 per cent?

Mr Stuart—I would like to clarify. The department has a strong interest in the financial health of the aged-care sector—

Senator CORMANN—I hope so.

Mr Stuart—which is why we gather all of this information and keep a very close eye on it.

Senator CORMANN—So your reading of the situation is that the sector is in a strong financial position?

Mr Stuart—There are aged-care providers that are managing efficiently and prudently and there are always a small number of aged-care providers that are not. The failure rate in the aged-care sector is very, very low and continues, even in this difficult economic climate, to be very, very low.

Senator CORMANN—So you are saying that as long as you are a good manager and you are efficient at what you are doing you are going to make money out of aged care?

Mr Stuart—The evidence shows that the efficient, prudent providers are making a reasonable return on their investment.

Senator CORMANN—You mentioned very low numbers of liquidation, so how many providers did go into liquidation in 2008?

Mr Scott—The figures that we have looked at recently show that in the last 12 months around half a dozen approved providers have entered into external administration. That is some form of receivership or a voluntary administrator appointed.

Senator CORMANN—Half a dozen. How many beds does the half a dozen providers that went into some form of external administration represent?

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

Senator CORMANN—Presumably when a provider goes into external administration the supply of beds from those providers is at least under a cloud. Isn't that something that the department would, again, proactively monitor?

Mr Scott—Yes. If we have an approved provider that goes into some form of external administration, we are concerned, because there is obviously a risk to the ongoing viability of the approved provider of the care of residents.

Senator CORMANN—Can you provide on notice the number of beds that are essentially currently under a cloud as a result of providers going into external administration in 2008. Could I also ask you for the same information for the period 1 January 2009 to 25 February 2009, broken down by state. I am rushing through this now, because I am trying to work with—

Senator SIEWERT—Can I just add a little bit to that: also where facilities have closed down but have not necessarily gone into liquidation—closures.

Mr Scott—Sorry, Senator, so beds that have—

Ms Murnane—Senator, we will give that information, but facilities often close down and that is their choice. It can be a good thing that they close down. There are a number of reasons for that, which we can go into later if you would like. We will give the close-down figures, but it can certainly not be concluded from those figures that all those homes, or even any of them, are in financial difficulty without information that positively shows that.

Senator CORMANN—We are trying to get a picture, Ms Murnane. I will help you in terms of the comments that were just addressed. If you could put the information that Senator Siewert and I have just asked for into perspective by comparing it to whatever data you have got in the period since 2000, then that may be able to show whether there is any trend that is out of the ordinary, rather than what is in the normal course of business. Is that a fair way of putting it into context, Ms Murnane?

Mr Stuart—We talked before about renovations and rebuilds. That is really important for the vitality of the sector and to keep contemporary building and accommodation standards, and the single most common reason why buildings are decommissioned is in relation to the transfer of those places to a more modern and more suitable building elsewhere. The question that you asked about administration is a very straightforward one to answer. The question that we have already taken on notice, in relation to the small number of aged-care providers that have handed places back in recent times, is easily defined, but this other question is not something that you can take to be an indicator of the financial health of the industry.

Senator CORMANN—Mr Stuart, the interpretation is going to be a matter for us. It will be a matter of debate between between the opposition and the government at a different level. At this stage what I am trying to get from you are the facts, and then you can leave the interpretation to us. Be in no doubt that the government will point out if they think we are wrong. We are trying to get a picture of what the current state of the industry is and whether current funding arrangements are appropriate, given the state of the industry and given the need for additional aged-care beds into the future. If you could provide the information we have asked for on notice, we will then take care of interpreting it as we see fit.

Mr Scott—Senator, can I just clarify?

Senator McLucas—Can I just say, Senator Cormann, that the interpretation of straight figures needs to be understood in the context of the industry. For example, Senator Siewert's question about how many residential aged-care facilities have closed is a reasonable question. But the other part of the question is: where were the beds transferred to and what was the overall net gain or loss as a result?

Senator CORMANN—Do you want to put that question on notice, Senator?

Senator McLucas—I used to do that. So that is why I am urging caution.

Senator CORMANN—Feel free to put additional questions on notice, Senator. I am quite happy.

Senator McLucas—I am urging caution. You have to understand the industry, along with asking straight questions that are numbers, because we may have lost a number of building but lost no beds. And the point that Mr Stuart made about the closure of particularly smaller, older aged-care facilities can be actually a good thing—you end up with more modern and more efficient facilities, but, more importantly, facilities that provide better care in the long run.

Senator CORMANN—Senator, as a follow-up question to your statement just now, we can sort these out very quickly. Is the department able to assure us that all their beds in any facilities that were closed down have indeed been transferred?

Senator McLucas—We would have to take that on notice, wouldn't we?

Mr Scott—We would have to take on notice.

Senator CORMANN—So you cannot give us that assurance right now. It might well be that some were transferred, but you cannot tell us if all of them have been, can you?

Mr Stuart—No. But those that are not transferred I think are covered by the question about any hand-backs.

Senator CORMANN—I am relaxed; I think that we have covered the questions. I was just trying to deal with the very helpful intervention of Senator McLucas.

Mr Scott—I just want to clarify that the figures you would like us to provide are the number of approved providers and the beds allocated to them that went into external administration in 2007 and 2008.

Senator CORMANN—And the period 1 January to 25 February 2009.

Mr Scott—Yes. And then also, to put it in historical context, similar to 2000.

Senator CORMANN—That of 2000.

Mr Scott—Yes. The other issue I would just mention there is that external administration does not universally lead to an exit from the industry.

Senator CORMANN—Sure.

Mr Scott—Quite often it is a situation of transition to new management.

Senator CORMANN—Maybe you can provide a breakdown between final closures and providers that are still under a cloud because they are still under external administration. Whatever way you think the figures need to be fleshed out to make as clear a picture as possible, feel free. We are not meaning to go about this the wrong way.

Mr Scott—No. That is fine, Senator, I just want to make sure we were giving you what you need.

Senator McLucas—It is important, though, Senator, that you are very clear about what you are asking.

Senator CORMANN—I am sure you will make sure that it is very clear, Senator McLucas. Something that I am not all that clear about is the status of a person who lives in an aged-care facility. Are they a tenant, a resident, an owner, a landlord? What is the status of a person living in an aged-care facility?

Mr Stuart—Senator, they are an aged-care resident under the Aged Care Act.

Senator CORMANN—So how does that relate to the concept of tenant or landlord in the energy-efficient homes package?

Mr Stuart—Sorry. There are a couple of questions wrapped up in that.

Senator CORMANN—I am just trying to understand. Under the Aged Care Act, the person who lives in a nursing home, you tell me, is an aged-care resident, so they are not a tenant.

Ms Halton—Senator, they actually pay a weekly amount in respect of their accommodation. It is not like a strata title. They do not actually own, necessarily, that particular square foot that they occupy and they do pay in respect of accommodation.

Senator CORMANN—So you would say, Ms Halton, that aged-care residents are also tenants?

Ms Halton—Again, this is a matter for another department.

Senator CORMANN—No. I am asking you whether aged-care residents are tenants.

Ms Halton—I am saying to you that Mr Stuart has told you that under our legislation you are a resident. But what I am making is the distinction between somebody who might be an occupier of their own home as against somebody who has an arrangement to occupy, for a period, accommodation where they also receive care.

Senator CORMANN—So the short answer is, you are saying, aged-care resident equals tenant.

Ms Halton—I am saying aged-care resident may, for their purposes, equal tenant, but an aged-care resident is an aged-care resident, and that residency brings with it certain characteristics.

Senator CORMANN—So if the aged-care resident equals tenant, who is going to be able to apply for the energy efficient home package grant?

Ms Halton—Senator, you are going back to matters for another department.

CHAIR—This question was answered earlier, and the guidelines belong to another department.

Senator CORMANN—I tried—except the Minister for Ageing is the one that is pushing it out there from a PR point of view. In relation to the qualifications—

Senator McLucas—No. It is to provide information to residential aged-care providers. I think that that was a little bit inappropriate, Senator Cormann.

Senator CORMANN—Given that she found out that day that this was actually available, yes.

CHAIR—We move on—

Senator McLucas—Isn't it good that the minister found out that day and she provided the information to residential aged-care providers.

Senator CORMANN—I am taking my lead from the chair—

Senator McLucas—Good.

Senator CORMANN—and I am moving on to the qualifications of assessment teams employed by the accreditation agency. Why has the government supported the accreditation agency employing non-nurses to conduct audits related to clinical standards?

Mr Brandon—The requirements to be appointed as a registered aged-care quality assessor are set out in the accreditation grant principles. You are correct; the principles do not require a person to be a registered nurse—and that is probably no surprise because the 44 expected

outcomes cover a wide range of activities in a nursing home, of which clinical care is part. The core competence of a registered aged-care quality assessor is audit methodology. There are a whole lot of tools that we provide them to go out and assess whether the home is providing the services in accordance with the standards. Now, as a matter of policy, where there are high-care residents we attempt, most times successfully, to put nurses onto the assessment team. In fact, half of the registered nurses have nursing qualifications.

Senator CORMANN—Just as a follow-up—and then I will cede to Senator Boyce, who has to leave—how many nurses are employed by the accreditation agency from the audits as of 1 February 2009?

Mr Brandon—I can tell you the figure as at 31 December, and it has not changed much. On the register of registered aged-care quality assessors, of the 139 employed by us, 52, or 36 per cent, are registered nurses—that is of employees.

Senator CORMANN—So can you give me total numbers rather than percentages?

Mr Brandon—52 of the 139.

Senator BOYCE—I just wanted to ask one quick question of Dr Cullen, who has gone. Perhaps you can help me, Mr Stuart. The information he gave us around the top 25 per cent of residential aged care making 12,000 per person—

Mr Stuart—I am sorry, Senator. I might need David for this.

Senator BOYCE—Here he comes. Sorry to interrupt you, Dr Cullen. My question was: those financial health figures, for want of a better word, that you gave us earlier—is that publicly available?

Dr Cullen—The Bentleys data is available by subscription. Providers purchase it, and so does the department, from the surveyor.

Senator BOYCE—So you purchase it?

Dr Cullen—Yes.

Senator BOYCE—And you are not able to make it available to parliamentarians, who would have to purchase it privately?

Dr Cullen—I think they would be surprised if I was to make the data set available.

Senator BOYCE—The industry would also purchase this information?

Dr Cullen—I can certainly make a summary of the data available. We can make the department's summary of the data available.

Senator BOYCE—What the department gets?

Dr Cullen—Yes.

Senator BOYCE—And that will give us a sense of the returns that are being received nationally or on a state-by-state basis?

Ms Halton—Nationally.

Dr Cullen—Nationally.

Senator BOYCE—Perhaps it would be good, Dr Cullen, if we could have those figures on notice and then we can obviously have a look at them and decide if perhaps we should take out a subscription.

Dr Cullen—Certainly. On notice, I will provide you a summary of all of the key data sources and what they say.

Senator BOYCE—I do have a lot of other questions, Chair, but I just want to ask a few about a subject dear to everyone's heart, Mr Stuart, which is Evans Head.

Mr Stuart—Oh, yes, Evans Head.

Senator BOYCE—Would you like to tell me where we are at with the Evans Head nursing home, please?

Mr Stuart—I can certainly do that.

Ms Halton—We were only discussing that amongst ourselves before when you were on that item about delays, Senator.

Senator BOYCE—Would they be the winners at the moment, Ms Halton?

Mr Stuart—Actually, Senator, I have personally reviewed the status of all aged-care allocations that are older than five years recently. There are only a very small number.

Senator BOYCE—Can you tell me how many?

Mr Stuart—Allison will find it shortly.

Senator BOYCE—In fact, it would be good to know where they all are, if that were information that is available, and how many beds each one is—

Mr Stuart—I can do that. The number is quite low, and most of them are due to come on stream, I found to my satisfaction, in the next few months.

Senator BOYCE—And a bit of surprise, perhaps, Mr Stuart? But Evans Head is not of those.

Mr Stuart—There is only one that is due late this year, and there is only one longer than that, and that is Evans Head. So it is our stayer, Senator. On the current status of Evans Head—you would be aware of the story here—it is now looking at its third piece of land in consultation with the council. It is the old aerodrome site at Evans Head which has contamination issues and on which a clean-up has now been embarked.

Senator BOYCE—And which would be 150 metres from an airstrip, according to information I have been given—a much used airstrip

Mr Stuart—We will just deal with the aged-care issues. That clean-up—

Senator McLucas—You might ask when those beds were allocated and by whom.

Ms Rosevear—The Richmond Valley Council, in combination with the Department of Defence, have agreed to jointly fund a clean-up of the site and they have both agreed to contribute funding for that.

Senator BOYCE—I think perhaps that was information that was presented in June 2008, though—that the site clean-up was imminent and, in fact, building would start in December

2008. Building has not started; clean-up has not started. I realise the department is not responsible for sourcing the land and doing the development applications, but I guess what I am getting to is: when do you say Enough is enough and ask the minister, at the very least, to look at processes to circumvent this crazy situation?

Mr Stuart—This is the longest running and I have been asking myself the same question, it would not surprise you, from a point of view of administration. And it is a departmental administrative matter, not a ministerial decision, I would point out. There is a difficult choice for us. At each stage in this development there has been effective cooperation with the local council that has helped to source the land, and I am advised that land is very difficult to source in this particular area—

Senator BOYCE—Is that the council advising you of that?

Mr Stuart—Yes. The issue for us is that we would still like to see a development of aged care in that area for the older people of the area but it is very difficult to source land.

Senator BOYCE—Probably a whole new cohort of older people in the area, actually, than the originals.

Mr Stuart—So the choice for us is: continue on the path we are on with the full cooperation of the council and the defence department and the provider, who is the local RSL provider—

Senator BOYCE—Ballina RSL, I understand.

Mr Stuart—Either continue on or, if we finally were to lose patience, reallocate in a new round and potentially face exactly the same situation with a new provider with difficulty of accessing appropriate land and be back in the same place. I acknowledge, Senator, this is a difficult challenge for administration. I have had a very close look at it very recently.

Senator BOYCE—Have you visited the site, Mr Stuart?

Mr Stuart—There is currently an extension of the approval for a further one year, during which time we want to see the clean-up completed, and the department—

Senator BOYCE—Sorry, when you say one year that is one year from?

Mr Stuart—One year from January this year, during which time we want to see the clean-up completed. And if it does not continue on its newly agreed schedule I will be taking a fresh, very hard look at it.

Senator BOYCE—Are you aware if this matter has been referred to the New South Wales Ombudsman at all—the issue of the approvals or lack of them?

Mr Stuart—No, we are not aware of that issue.

Senator BOYCE—Would you expect to be, if it had been?

Mr Stuart—We are aware that there is a third party that has a concern about the development.

Senator BOYCE—Just one?

Mr Stuart—Not a party that the department has a business relationship with, so I do not think I can comment on that.

Senator BOYCE—People in Evans Head, older people I know who are constituents of mine in Queensland who would like to be in a home in Evans Head closer to their family and cannot currently do so: what can we tell them, what comfort can we give them? It might happen in the next 12 months?

Mr Stuart—The site cleanup is due to be completed within the next 12 months and then construction will start. So it is still some time off and as the responsible delegate I am very conscious of the fact that it is still some time off. But we do not see a faster path to residential aged care in the area.

Senator BOYCE—Do you consult with community groups at all about where aged care homes might be located or how they might interact with the community? Obviously, this is not necessary in every case, but perhaps in the more recalcitrant cases. Do you do that?

Mr Stuart—No. We do not consult with the community about aged care development applications. That is a local council responsibility.

Senator BOYCE—So you would have expected that the local council would have done that?

Mr Stuart—It is part of the local council responsibility to receive submissions and consider any appeals in relation to planning matters.

Senator BOYCE—Do you have any sense of whether they have or have not? I am not talking about this particular case; I am talking about in all cases. Is that a box-ticking effort or is it something that you actually actively would audit? Presumably, it is in the department's best interests for nursing homes to be located where communities would like them to be located in these smaller towns and villages.

Ms Murnane—I can say two things in answer to your question. First of all, in relation to the interest that we have taken, that the government has taken and that previous governments have taken in this interval between approval and start of construction, we certainly have done analyses that show that the main reasons are delays in development approvals. Ministers over the years have made approaches to the state ministers who have responsibility for local government and for planning. That has resulted in some changes. It also, some years ago, resulted in a change to the—

Senator BOYCE—These are process changes, not individual application changes.

Ms Murnane—No. I will come to individual applications. Individual applications are considered, and we ask the applicant to give us true and accurate information about whether they have identified land and whether they have an approval for that land. What we do not do is to go and check that. However, in terms of involving local communities, we do not involve local communities but we have something in each state and territory called the aged care planning committee. State government representatives, local government representatives and community and provider representatives sit around a table with the department and talk about what the analysis of the data tells us in terms of areas of need. Then that is supplemented, and sometimes changed, by the information that we get. So while there is not a focus on individual local areas—and that would be something that would be very difficult to do and might even then turn out not to be right—there is certainly a state-by-state, territory-by-

territory process to inform, to give life to and to amplify what our estimates are telling us and what the data is telling us.

Senator BOYCE—However, we have a situation here in which the council—I do not know if ‘misled’ is too strong a word—has misled the department about what would be achieved year after year. What can you do so that you are not having, perhaps, less than truthful information given to you year after year?

Mr Stuart—The situation here is more that there has been a fair bit of learning as we go about, for example, the two previous sites. I do not think that we would accept that we have had less than truthful information. The aged care provider and the council have made discoveries along the way, for example, about Indigenous land claims, environmentally protected zones and things of that kind.

Senator BOYCE—I will leave it there.

Senator CORMANN—I have a few questions in relation to your department’s approach to sanctions. I understand that the department has imposed sanctions on 37 services since 1 July 2006 because of serious risk. Does that sound right?

Ms Smith—Yes. I think that is based on a question on notice that we have provided.

Senator CORMANN—Yes. That is right. I am just making sure that we start from the same basis. Can you describe for us the process that the department follows as it works its way through assessing risk, identifying serious risk, providing varying degrees of sanctions and, perhaps, offering opportunities to fix up any problems that are identified? Can you talk us through what the best practice process would be from your point of view?

Ms Smith—The department’s processes are governed by the Aged Care Act, and our role is complementary to that of the Aged Care Standards and Accreditation Agency. The term ‘serious risk’ is a term that comes from the act and it relates to the role of the Aged Care Standards and Accreditation Agency. So, when they are in a home assessing the home’s compliance with accreditation standards, the assessment team can form an opinion, based on the evidence that they are reviewing at the home, that residents are at serious risk. Under the legislation, they are required to then inform the department of that within 24 hours.

A delegate of the department, generally based in our state and territory offices, would then review the evidence that has been provided in the agency’s serious risk report and form a judgment as to whether that evidence constitutes a test of immediate and severe risk to residents. If that is the judgment of the delegate, the department imposes sanctions. That is a process by which the department goes straight to sanctions, rather than going through a stepped process of informing the provider that there are issues of concern, which is a long pathway laid out in the act for when the compliance issues are less serious. In those less serious cases, the provider has an opportunity to make a submission and there is a slower and more gradual process. But, in the cases of serious risk, or immediate and severe risk, the situation is judged to be too serious to allow that staged process and you go straight to the imposition of sanctions.

Senator CORMANN—There are a couple of things in what you have said. Obviously it is all in accordance with the act, but you also mentioned that the process involves a judgment by

the delegates. Are you confident that the judgments of the delegates on a state-by-state basis are completely consistent?

Ms Smith—In addition to the fact that delegations are held at state and territory office level, we also have a process of quality control in central office. Before the decision is taken, the legal notice is discussed and cleared from a quality and a legal point of view in central office. That is one of our key mechanisms to ensure that there is consistency in decision-making across our state and territory offices.

Senator CORMANN—Perceptions and judgments can be subjective, can they not? I hear what you are saying in terms of quality assurance. I am interested in the specific circumstance of the Rosden facility in Victoria. Are you aware of that circumstance?

Ms Smith—I am.

Senator CORMANN—Can you explain to us the actions of the department in the context of the Rosden facility?

Ms Smith—In that situation, the department received a serious risk report from the agency, which was reviewed in detail by our Victorian office in consultation with officers in central office, including legal officers. There were a number of very serious issues identified in respect of that home, including issues which would have been very difficult to address in a reasonable length of time.

Senator CORMANN—The advice I have received is that the issues that were identified at Rosden were equivalent to issues that were identified at other locations where providers were given an opportunity to address them. Have you satisfied yourself that the test applied and the judgments made locally were indeed consistent with what happens in other parts of Australia?

Ms Smith—Senator, I think there is an active application for review of that decision underway. But certainly at the time, based on the evidence the department had before it, we were entirely confident in taking the judgment that we did. I cannot compare it to other homes in general, so I am not sure of the other homes to which you might be referring.

Senator CORMANN—But essentially there are three facilities that are now in receivership as a result. There are a number of residents in their 80s and 90s that were subjected to significant levels of distress, residents—and their families, I am told—that were very happy with the care they received. They had lobbied very strongly for essentially transition arrangements to be facilitated. Why was the original review audit report for Rosden entitled, ‘Review audit report’—and that was not to revoke but to vary—reviewed by the department and changed to revocation orders? Your original assessment was not to revoke but essentially to give the opportunity to address the issues that were identified. You made a decision to change that somewhere along the way. Why was that?

Ms Smith—You have put a lot of issues on the table there in one question. I think the first thing to say is that there was plenty of evidence, before the department took the action it did, that that provider was in financial difficulty. So I reject the claim that financial difficulties were actually a result of the sanction.

Senator CORMANN—So what were those issues that would be difficult to address in a short space of time?

Ms Smith—There were a lot of issues relating to the safety of the building and there was, for example, inadequate numbers of toilets. There were lots of physical hazards in the building. There were residents being housed in multibed wards.

Senator CORMANN—You mention an inadequate number of toilets. That seems to me like a long-term issue that does not arise from one day to another. If that was a problem that would justify closure. The home had a spot visit only two months earlier during which no issues were found. Only two months later the circumstances were in such a serious state that all residents were required to be moved from that aged-care facility.

Ms Smith—I would have to ask the agency to comment in terms of their previous visits to the home. The department's action was in response to the latest visit.

CHAIR—Mr Brandon, I think the issue was about the previous visit that—

Senator CORMANN—So essentially you have a visit, a spot visit two months earlier—and I cannot see Ms Carolyn Smith—and, as Ms Smith has just told us, there were not enough toilets and various other bits and pieces. How come these issues arose two months later? I note that I am advised that, two months before, there was no issue, and all of a sudden there were so many issues and there was such a problem with toilets that we needed to close the facility down.

Mr Brandon—When we visited on 23 September the issues that we identified were to do with fire exits, to do with manual bolts that did not open, electronic locking systems, the issue of fire management, numerous use of power boards and power extension leads along walls of residents' rooms, six female residents in a bedroom, and a pan room located in a resident's bathroom was noted to be open. It was a list of things that collectively created the notion of serious risk to the health, safety and wellbeing of the residents.

Senator CORMANN—So why couldn't these issues be fixed? Two questions arise. Did those issues arise within a two-month period and so they did not exist before? If they had, which I find hard to believe, why wouldn't you have given the opportunity to fix those issues?

Mr Brandon—The decision following the review audit was to—actually we never made a decision following the review audit because the home had no residents. The home had taken its residents out. You cannot make a decision concerning compliance with standards and delivery of services to residents if there are no residents.

Senator CORMANN—What do you mean there were no residents? There were a number—

Mr Brandon—Following this review audit, by the time we came to make the decision concerning its compliance with the standards—because that is the time at which they are compliant or not, following receipt of submissions from the home; we would then make a decision—we never made a decision because there were no residents there by the time that arrived.

Senator CORMANN—As I understand it, the decision to impose sanctions was received by Rosden on 23 September and the notice of revocation of their licence was received either that same evening or the very next day. Why was the provider not given an opportunity to rectify or defend the finding of the non-compliance report?

Mr Brandon—I am talking about the revocation of their accreditation. I suspect you are talking about the revocation of their status as an approved provider.

Senator CORMANN—That is right.

Ms Smith—As I said before, in the judgment of the department back in September last year the view was that the nature of the issues at the facility and the capacity of the provider to address them were such that revocation of the licences was the most appropriate course of action.

Senator CORMANN—Was the department aware that Rosden Private Nursing Home had planning approval for a \$19 million redevelopment, construction of which was due to commence in a few weeks?

Ms Smith—We certainly were aware of that application, and in fact that was one of the applications that we have been discussing this afternoon, which had been on foot for some time and no progress had been made. And based on the information we had available to us, they in fact did not have finance available to start construction any time soon.

Senator CORMANN—And you know that for sure?

Ms Smith—I do know that for sure.

Senator CORMANN—So I am still trying to get my head around it. In July 2008 there are no issues, in September 2008 we are concerned about lack of toilets and issues with fire exists, which all seem to be longer term sorts of issues, to the point where the secretary issues a revocation order. It is not just a sanction giving an opportunity to sort of fix things up, but a revocation order which deems that giving the approved provider the opportunity to work through the issues outlined in the review audit report was likely to be futile. It seems to be somewhat disproportionate. Certainly the industry feedback is that, compared to what your department would have been doing in any other equivalent circumstance, it was quite disproportionate.

Mr Brandon—If I could go back a moment, I have been hesitant as to your commentary about the visit two months before—because we did not visit two months before. The last time we were there was in December 2007, and I have just confirmed that with one of my people. So I am not too sure where ‘the two months’ before comes from.

Senator CORMANN—I understand there was a spot visit two months before. But if you tell me that there were no visits since December 2007 I take your word for that, but still—

Mr Brandon—I will follow that through our records.

Senator CORMANN—It would be good if you could check that on notice, because certainly the very firm advice that I have got is that there was a spot visit two months earlier at which no issues were raised.

Ms Smith—Is that a spot visit by the agency?

Senator CORMANN—That is as I understand it, yes.

Mr Brandon—I will have to take that on notice.

Senator CORMANN—The point still stands. I mean a number of toilets does not sort of reduce overnight. That would be an issue that would have been there for some time. Can you perhaps tell me if there has been a history of problems over a long period of time. What were the circumstances in December 2007?

Ms Halton—Senator, this is an observation but not necessarily in relation to this case, and it is made while the officers are checking their records. It could be the case that toilets become unavailable because of building issues. I am not saying that is the case here. So you cannot say it is not the case. Each circumstance has to be based on the facts, but the officers are checking.

Ms Smith—Senator, certainly I think, going back to your earlier point, the department is well aware that a decision to revoke places at a home is a very distressing one for the families, for the residents and for the staff, who have sometimes been doing their best under difficult circumstances. There was certainly quite a lot of emotion expressed about the decision that the department took. But, in view of the amount of debate and discussion that there was in relation to that issue, we did take the step of releasing the agency statement of major findings in relation to that issue, and that was put on the department's website.

In fact, we had a number of family members who approached the department, once that was made public, saying that that they had completely understood the basis for the decision following receiving that information. So people go through a range of emotions when a closure and relocation is happening. We also had a number of relatives approach us once their family members had been successfully relocated to other facilities saying that they had no idea, until they moved to their new facility, just what some of the issues of concern were at their previous facility. So this is a very complex area. It is very sensitive for the residents and their families; there is a perspective coming from the provider on the scale of the department's action. But we have heard lots of other perspectives, from people who have told us quite heart-warming stories about the fact that their relatives had not been mobilising properly because they had been getting no physio at Rosden, but that once they moved to their new facilities and were getting decent care they were suddenly walking again. So that is the sort of issue you have to look at in these circumstances. It is difficult and very complex; it is not as straightforward as sometimes the providers maintain.

Senator CORMANN—Sure. Is the department aware of any difficulties that Rosden had with labour disputes?

Ms Smith—Yes, the department is aware. In fact, we were approached by staff and unions with quite serious concerns about unpaid staff entitlements, and that turned out to be quite a marker of the financial stress that the provider was under.

Senator CORMANN—So essentially, was that the tipping point, the representations you had from unions and—

Ms Smith—The first issue of concern was sanctions imposed for poor care at another facility—Lakes Entrance, from memory. Once the department imposes sanctions on one provider in a group, we tend to have a look at the records in relation to related entities. We then became aware of the issues that were being raised by the unions and staff over unpaid entitlements and felt it was prudent to get a check of care at the two other facilities that were

operated by the same group of companies. So we requested that the agency do review audits at those two facilities, and then discovered quite serious concerns in relation to the Rosden facility.

Senator CORMANN—Thank you very much, Ms Smith. I will put the other questions on notice.

CHAIR—Senator Furner, you have some questions and then that is the end of aged care.

Senator FURNER—Firstly, in respect to the aged care workforce, is it possible to get—I know there have been some examples given on ANs, but is there a summary of what might be the average wage that is being paid to AiNs in the aged care industry?

Mr Cullen—I will have to take that on notice and see what we can find. It is not a data item that we track, but I am happy to go through some enterprise agreements and see whether we can find you some information.

Senator FURNER—What I am looking at is the disparity between awards and enterprise agreements. Occasionally we are approached in respect to whether there is disparity between the wages of union members or organisations in the industry and the wages of employees on enterprise agreements.

Mr Cullen—I am happy to see what we can find within the public record for you. That is particularly about AiNs?

Senator FURNER—That is right. Thank you. I do not know who this question would be directed to, but it is in regard to grants. We spoke about grants earlier. I am interested in an application or a grant sought by the Queensland Brain Institute for an aging dementia research centre. In the application to the minister, a grant was sought for \$17.5 million over five years. I am wondering if someone could provide me with what the status might be on that particular application.

Ms Halton—Can you give us any more detail? We are all sitting here looking at each other going, ‘Hmmm, what’s that’?

Senator FURNER—All I am aware of is the organisation sent an application through to the minister.

Ms Halton—Which minister, to start with?

Senator FURNER—Minister Roxon.

Ms Halton—Right.

Senator FURNER—It was seeking grant approval for funding for a centre for aging and dementia research in the Queensland Brain Institution.

Ms Halton—Do you know when it was?

Senator FURNER—No, I have no idea when the date was. I received a copy of it recently, but unfortunately it was not dated.

Ms Halton—That sounds to me like health and hospitals infrastructure—the infrastructure fund. I cannot say that I recall having seen that one explicitly. I did see a couple of brain ones.

Was that the one that is associated with Professor—it will come back to me—the Parkinson's guy—

Prof. Horvath—Gray?

CHAIR—Ms Halton, because we do not have anything, can you take that on notice and follow up on it?

Ms Halton—Yes, that is fine. If it is that one—that is why I am just trying to ascertain whether it is that one—that is an application in relation to the infrastructure fund, and infrastructure fund applications are currently being considered by government.

Senator FURNER—Thanks very much.

CHAIR—Thank you very much to the officers from outcome 15.

Ms Halton—Can I ask a question? And this is absolutely pure, ridiculously outrageous self-interest on the part of Mr Stuart.

CHAIR—Yes?

Ms Halton—He would like to know if there palliative care questions, which is currently program 10—

CHAIR—I know.

Ms Halton—which is him. He really desperately—I mean, I think this is outrageous myself that he should not sit here with the rest of us.

CHAIR—There were some questions on palliative care because it is so important, but—

Senator CORMANN—But if there are questions raised in here, I am sure that Ms Halton will be able to handle them in the absence of Mr Stuart—

Ms Halton—No. I would definitely miss Mr Stuart's assistance.

CHAIR—Mr Stuart, if there are questions on palliative care, we will put them on notice.

Mr Stuart—Thank you very much.

CHAIR—It just seems silly for you—

Ms Halton—He owes you in a major way.

CHAIR—to hang around until that time.

Mr Stuart—Thank you, senator.

[5.26 pm]

CHAIR—If there are—and I hope there are—they will be on notice. We will now move to Outcome 2—Access to Pharmaceutical Services. Senator Barnett will lead off on this.

Senator BARNETT—It is good to be here, and thanks for the indulgence of the committee to ask questions about insulin pumps and the insulin pump subsidy program announced by Minister Roxon on 1 November last year, which commenced on 1 November last year. I would like to assess its status and success to date. Mr Dellar, would you like to provide an overview of the success to date? I am particularly interested in the website hits, the

inquiries that have occurred, the applications to date and the successful applications where an insulin pump has been provided?

Mr Dellar—The insulin pump initiative started on 1 November but it was a budget measure, so it was announced in the budget in May last year. As at yesterday, we are aware that five people have received the subsidy, but a further seven people have been approved for the subsidy. This is a subsidy towards the cost of an insulin pump. There two parts to it: there is the part that the Commonwealth contributes and there is the part that the family contributes. When those two parts come together then the payment can be made.

Senator BARNETT—So five have received the subsidy. Does that mean they have received the pump?

Mr Dellar—They have received the pump. It is complete; they have their pump.

Senator BARNETT—So we know that five have received the subsidy and the pump.

Mr Dellar—That is correct. And, as I said, that is five out of a total of 12 people who have been approved, so there is another seven where the subsidy has been approved, but not yet paid. That is generally because the payment that the family needs to make has not yet been made. So when the two things come together, the pump is bought and delivered to the customer.

Senator BARNETT—Yes. Quite frankly, the level of subsidy is one of the key areas of concern because a lot of families are struggling to come up with the co-payment which is in the order of \$5,000. Can you provide those figures in terms of the level of co-payment?

Mr Dellar—The co-payment is the difference between the subsidy that the Commonwealth or the government pays and the cost of the pump, so it is not a single figure. The amount of subsidy from the Commonwealth has a varied scale, from a minimum of \$500 to a maximum \$2,500.

Senator BARNETT—Yes, I am aware of that.

Mr Dellar—The cost of a pump varies and there are a number of pumps on the market. They have a number of different amounts—\$6,000 to \$8,000 is the range—so the amount that an individual is asked to pay is a variable amount depending on—

Senator BARNETT—Thank you. Let us just drill down to the specifics. Of the five who have received the subsidy, can you identify the cost?

Mr Dellar—I cannot do that on a one-by-one basis, but I can tell you the total amount of Commonwealth contribution is \$11,311.

Senator BARNETT—Right. So five have got the subsidy to date at a cost of \$11,311. And if the other seven are approved but not yet paid, how much will that be? Do you have you those figures with you?

Mr Dellar—No, I do not have that amount. It will be similar to this.

Senator BARNETT—That is okay. Are you happy to take that on notice?

Mr Dellar—I will take that on notice.

Senator BARNETT—All right. Let us keep going. Do you want to advise website hits, inquiries to date, applications made as of yesterday? I think you were looking at that date.

Mr Dellar—The advice I have is that there were 74 applications received to date, and I have talked about the numbers that underpin that. In terms of website hits, my colleague Declan has some information.

Mr O'Connor-Cox—As of yesterday, the information provided by the Juvenile Diabetes Research Foundation is that there were 2,257 views of their webpage.

Senator BARNETT—All right. Now, just going back to the 74 applications to date, Mr Dellar, you have five who have received the subsidy and got the pump. You have seven who have been approved but not yet paid and you are waiting on the co-payment.

Mr Dellar—Yes. There are 49—

Senator BARNETT—Can you tell us more about the 74 applications?

Mr Dellar—There are another 62 applications which fall within the 74. There were 49 cases where applications have been received but supporting documentation from the applicants have not yet been provided by the applicants. So in 49 instances the Juvenile Diabetes Research Foundation is awaiting more information from the—

Senator BARNETT—What sort of information are you waiting on?

Mr Dellar—I do not know that in detail, but I can tell you the sort of information that is required. Essentially, there are two issues in relation to the provision of a pump. There is the clinical eligibility and there is the provision of information about income. Centrelink does the assessment of the family income, so people who have not already had their income assessed through Centrelink because they are not receiving a benefit of some kind would need to go to Centrelink and complete a form and have their assessment conducted.

Senator BARNETT—All right, vis-a-vis the means testing. Let us go to this financial year and the budget. Can you give me the figures that, under the budget papers, you have allocated for this financial year to 30 June 2009? I understand it is \$0.9 million. Can we get confirmation of that figure and then confirmation of the figures in 2009-10, 2010-11 and 2011-12 under the program? It is a \$5.3 million program. I have the minister's media release here of 3 July and another one for 1 November where Nicola Roxon has announced it is a \$5.3 million program. She says that up to 700 young Australians with type 1 diabetes will be able to access insulin pumps subsidised by the Rudd government. These are children 18 and under. Can you break down the \$5.3 million for us, please?

Mr Dellar—I need to say that the \$5.3 million that you are quoting comprises a number of components, one of which is the subsidy, one of which is the payment of the JDRF gets for managing the program, another of which is to purchase the service that is Centrelink is providing so—

Senator BARNETT—Fire away. Break it down for us or you can table it, if you wish; whatever is easiest.

Mr Dellar—There are a lot of numbers on this page.

Ms Halton—Just read it.

Mr Dellar—So in year 1 the expected amount available for insulin pumps is \$359,000.

Senator BARNETT—And year 1, is that the year to 30 June 2009?

Mr Dellar—It is the 2008-09 financial year.

Senator BARNETT—Okay.

Mr Dellar—There is an additional amount which is the funding of the consumables that go into those pumps. In year 1 that is \$296,000. On top of that, there is some money for Centrelink, some money for the department and some money for the JDRF. I can detail those if you want them?

Senator BARNETT—No. I am happy if you take those on notice and let us know those figures. I am interested in the pump subsidy figures.

Mr Dellar—All right. So 2008-09, the figure was 359,000.

Senator BARNETT—Right.

Mr Dellar—In 2009-10, 478,000; 2010-11, 360,000; 2011-12, 240,000. And then, as I said, on top of that there is a significant amount of money for consumables. So for the first year, 2008-09, as I mentioned, 296,000; for the second year, 2009-10, 689,000; year 3, 982,000; and year 4, 1,177,000.

Senator BARNETT—All right. So those two figures together, that is really the subsidy, is it? Let us say I am an applicant and I get the \$2,500—

Mr Dellar—Yes, plus you get the consumables that go into that pump on an ongoing basis for as long as you need it through the national diabetes support scheme.

Senator BARNETT—Yes, that is a separate allocation. That goes through the national diabetes support scheme.

Mr Dellar—That is right, but in approving the insulin pumps there needed to be some consideration of the total cost of funding those pumps and, in the long term, the biggest cost is the consumable cost and not the capital cost.

Senator BARNETT—All right. So you have the NDSS cost included in your 5.3 million?

Mr Dellar—Yes.

Senator BARNETT—All right. So what we do know is that we have \$11,311 expended this year out of a budget allocation of \$0.9 million. Is that the total allocation for this financial year?

Mr Dellar—There are different ways of expressing this, but it is around \$700,000 in terms of the pump and the consumables. If you are just looking at the pump alone, it is the 359,000 figure I told you.

Senator BARNETT—Yes. I just want your total yearly figure for the program.

Mr Dellar—I do not have that added up neatly on this page, which is why I keep hesitating.

Senator BARNETT—A \$5.3 million program is split into 3½ years. I know how the budget works; you do it on a financial year basis. I just want to know the split up of the \$5.3 million.

Mr Dellar—I can give you a bottom line, but that does include some figures that you did not want to know about, which is the JDRF funding and the funding going to Centrelink.

Senator BARNETT—All right.

Mr Dellar—Bottom line, \$1 million at the moment.

Senator BARNETT—For this financial year?

Mr Dellar—For this financial year.

Senator BARNETT—Do you have a bottom line for the other financial years?

Mr Dellar—Year 2, \$1.377 million; year 3, which is 2010-11, \$1.523; and year 4, which is 2011-12, \$1.597 million. Those figures add up to \$5.497 million.

Senator BARNETT—Thank you very much for that information. If you are happy to take those other questions on notice and let us know?

Mr Dellar—Yes.

Senator BARNETT—Perhaps I can ask the minister now, in light of the figures that have been provided this afternoon and on the public record, we have got some five children that have successfully applied and been provided with a pump, and another seven on the way. It is a \$5.3 million program. This year, \$1 million is to be expended for this financial year. It started on 1 November. Has the government made any decision with respect to the future of the program? It seems that the administration of the program is good, working well and professionally, from all reports. But, clearly, the subsidy is insufficient and that is one real reason why you have such low numbers in terms of application success and the pump being provided to the children that need it so that they can live normal, healthy lifestyles. Has the government considered that in light of the figures that are available.

Senator McLucas—There are two things I would like to say. First of all, I think Mr Dellar has explained that the quantum that you are talking about includes a number of other components that you have not sought—the annual quantum is a number of other components. It is a new program; it will take time for there to be uptake. The figures that Mr Dellar has read out to you indicate that we expect there will be greater take-up in the latter years. I do not know that you can come to the conclusion that it is the subsidy level that is causing—and I am careful with my words here—causing low take-up. I think it is because it is a new program.

Ms Halton—I agree with that. I think it is actually too early to jump to that conclusion. The reality is we have had a number of people come in for information and reply, and it does take a little while for people to marshal their resources; there has been the Christmas period, et cetera. I think it is a little too early to jump to that conclusion. By all means, if that is the case, we will be the first to tell you. But I actually think it is genuinely too early to say that.

Senator BARNETT—Can I give you an example: Leah Halloran is the mother, and her daughter, Emily Halloran, is six years old. They heard about it and were very excited to hear about it at the budget time last year, and they have been saving their pennies for nearly 12

months. They have gone to different places to get donations—small businesses. They have now been able to save the money to be able to proceed with the application and shortly, I am sure, they will be receiving the pump for little Emily, which is fantastic. But they have struggled to save.

People should not have to go through this. They worked so hard to get that pump, and no doubt they will be one of the 12 that will receive it. So I feel for them, but I feel for the others—we have 11,000 Australians out there who have type 1 diabetes under the age of 18; 1,000 extra every year. What about those kids that need this pump to live normal, healthy lifestyles? Without it, it is tough for them, very tough. And we heard that story from the Hallorans this morning, and the question they wanted me to answer is: what will happen in the future? The pump will only survive for four years and then it has to be tossed and you get a new pump. So that is one question they would like me to ask, and I also would like to ask: what happens in four years time? Can they apply again?

Mr Dellar—Senator, it is not a once-in-a-lifetime shot. So if there were a need for a replacement pump in some years from now, the scheme would provide for that.

Senator BARNETT—Okay. If they apply.

Senator McLucas—Senator Barnett, we agree with you. That is why this government actually put a program into place; the previous government did not put a program into place. And now we are actually making a contribution to those children, who we all want to support.

Senator BARNETT—Sure. With respect, Minister, the previous government did make an announcement before the election, which was far superior—and I am happy to go into the details but not now—

Senator McLucas—An announcement.

Senator BARNETT—An announcement through the government. But that was an announcement, and if we were in government, it would be far more substantial and we would be delivering results. How many under the budget were you expecting to provide for this year? The minister, in her statement of 1 November, says, 'From today up to 700 young Australians will benefit.' So how many per year were you expecting to benefit?

Mr Dellar—The number is 700 for the entire program. We estimated around 170, and the actual number is 174 applications in this financial year.

Senator BARNETT—Yes. But in this financial year you estimated 170?

Mr Dellar—There were one hundred and seventy-four applications.

Senator BARNETT—One hundred and seventy-four will benefit. And next financial year?

Mr Dellar—Two hundred and thirty-two.

Senator BARNETT—And the next?

Mr Dellar—One seventy-four again.

Senator BARNETT—And the next, 2011-12?

Mr Dellar—One hundred and sixteen in the final year.

Senator BARNETT—All right.

Senator CORMANN—I am very pleased to follow my colleague Senator Barnett who takes a keen interest, but you might remember that I asked some questions in relation to this issue at the last estimates. And, really, the nub of the problem that Senator Barnett has identified is that, for the first time, you have actually created a new program of this nature and means tested it, which moves away from the principle of universal access based on clinical need; is that not correct?

Mr Dellar—I remember Ms Halton gave you an answer to that.

Senator CORMANN—Yes, okay. And I have reflected on that answer since then and I would like you to reconfirm whether it is still your view that this is not in fact the first time that we have actually moved away, for a program like this, from a proposition of universal access based on clinical need. If you look at the PBS, my proposition is that the PBS is actually all about providing universal access based on clinical need. What is the highest out-of-pocket cost that somebody would pay for a drug listed on the PBS?

Ms Halton—Yes, but at the end of the day there are a number of programs administered in my department which are not based on universal access. Hearing services is the obvious one, but we could go on through a whole series of them. The reality is there are a number of different arrangements which include variable access and, in some cases, copayments.

Senator CORMANN—So under the outcome of access to pharmaceutical services, how many other services are provided on a basis other than the basis of clinical need?

Ms Halton—If we make a slightly different parallel, Senator, the reality is there are copayments in categories on the PBS.

Senator CORMANN—What is the highest copayment that anybody will pay for a drug that is listed on the PBS?

Ms Halton—The reality is, Senator—

Senator CORMANN—No, I have asked a question, Ms Halton, and I would like—

Ms Halton—By all means, you can have that answer, Senator, though you are aware of the answer.

Mr Dellar—Senator, the general copayment is \$32.90.

Senator CORMANN—So the highest copayment that somebody would pay is \$32. What is the breakdown?

Mr Dellar—There are two copayments: the general copayment and the concessional copayment. The concessional copayment is \$5.70. I will just make sure I have got that right. I will confirm that in a moment—it is \$5.30, I am sorry, Senator.

Senator CORMANN—So it is between \$5.30 and \$32. And in relation to insulin pumps, as it was identified by Senator Barnett, we are talking about a copayment of, what, \$5,000-plus, depending on where you fit in the means test. That is excluding people from getting access based on clinical need, surely.

Senator McLucas—Senator Cormann, your comparators are completely irrelevant.

Senator CORMANN—No, they are not, because copayments are actually something that will prevent people from getting access to a service they need. So the level of copayment is absolutely relevant to whether or not somebody is going to be able to afford access to the clinical care they need. And I would put it to you that a cost of \$5,000 will prevent people from getting access who require it on a clinical basis.

Senator McLucas—Senator Barnett has given us an example just a moment ago about people who work very hard—

Senator CORMANN—Yes, I know. I have compared it to the Pharmaceutical Benefits Scheme.

CHAIR—I am sorry, Minister. It is no good for Hansard for two people to be speaking at once. So have you finished your statement rather than a question?

Senator CORMANN—But my question is still standing. Is it not true that this program operates on a very different basis from, for example, the Pharmaceutical Benefits Scheme? I will put it to you that the Pharmaceutical Benefits Scheme is an absolutely outstanding achievement in Australia in ensuring affordable access to high-quality pharmaceuticals, in this instance. What I am putting to you is that the way the insulin pump program is currently structured it actually prevents people from getting access who would otherwise need it and get access on the basis of clinical need. That is my question.

Ms Halton—No, you are actually asking for an opinion, Senator. And the bottom line here is, government has taken a decision in relation to the structure of this program and how much is available by way of subsidy. As the senator has pointed out, this is first time there has been such a subsidy and, variably, across the portfolio these things do apply. And the fact that this particular initiative is located inside this particular division does not matter—it could just as easily have been located somewhere else. It could have been located with the Office of Hearing Services et cetera. So it is not a fair comparison to say ‘because it’s in pharmaceutical benefits.’ The bottom line here is: that is the decision of government.

Senator CORMANN—Does the department collect any information about out-of-pocket expenses for insulin pumps?

Mr Dellar—We do not have that information at the moment.

Senator CORMANN—So that is not something that you assess?

Mr Dellar—We do have regular meetings with the Juvenile Diabetes Research Foundation and we will, from time to time, receive reports.

Senator CORMANN—I am going to conclude on the insulin issue. Essentially, you mentioned that 174 was the target for this year. That would mean that in the first four months you would have had to have just under 60 successful applications. Clearly you are a very long way away from that, and I think Senator Barnett is quite right in pointing out that this is clearly not pitched at the right level. Last time I also asked you a question about your announcement of your more efficient arrangements for the payment of benefits for chemotherapy drugs.

Mr Dellar—Yes.

Senator CORMANN—Your answer then was that it was still a way off and due to be implemented on 1 July, so you did not have your approach to it quite bedded down yet. Have you made any progress since we last met?

Mr Dellar—The chemotherapy measure is still due for implementation on 1 July this year.

Senator CORMANN—No kidding.

Mr Dellar—At the last hearings I described how the measure was shaping up and talked about the ongoing consultations that were occurring. That consultation round was completed, but earlier this month—10 February, from memory—I wrote to all of the people that had been in the consultations and provided them with, essentially, the results of those consultations—in particular in relation to how we intended to treat a number of the medicines that fall within the chemotherapy measure. I have had no real feedback from the industry about that. I have had a number of people approach me and tell me they are going to give me some feedback, but I do not actually yet have it.

The particular issues were the actual medicines that would be included in the measure and the way in which we would take account of the fact that these chemotherapy drugs are very expensive but that some of them have quite short shelf lives and that some of them are used in large volumes and some are used in small volumes. Those things had to be balanced to produce a list of those medicines where, in practice, the combination of the safety of the medicine, the use of the medicine and the shelf life of the medicine after the vial was opened would allow for the measure to be applied to those.

Senator CORMANN—I am not going through all of the issues that I raised last time again—you are well aware of them—but is your answer a long way of saying you have not made a final decision yet?

Mr Dellar—Absolutely. We have consulted further because we have put together, as I said, a list based on what we have heard, but we are now confirming with lead stakeholders to ensure that what we think is a fair and reasonable way of dealing with this will actually, in practice, be able to be operated.

Senator CORMANN—But, based on the consultations you have had and where you are going, are you still confident that patients will not be disadvantaged in their access to chemotherapy drugs as a result of this measure?

Mr Dellar—Yes. I said last time that it was a measure designed to reduce wastage in chemotherapy. It was not a measure designed to increase the costs of co-payments to patients, and that still remains our intent.

Senator CORMANN—But more efficient management from government can often mean more difficult access at the end for the patient. I pointed to the issue of the concerns in the industry that, essentially, there is a risk that, by what the department is pursuing, the provision of those services is going to be concentrated among two providers rather being spread more broadly across Australia as is currently the practice. Have you looked at that issue and have you come to any further conclusions?

Mr Dellar—What I said last time was that there are certainly two major providers in this business but that they are by no means the only people who make up chemotherapy infusions.

Certainly, as you pointed out, to make up chemical infusions safely you need equipment, proper clothing and proper training. I do not see that I can predict the business decisions of people who are in that business, but there is certainly nothing in the measure of which I am aware that would ensure that only two providers could do this work.

Senator CORMANN—Sometimes actions by government have unintended consequences, as I am sure you would have experienced in the pharmaceutical benefits area. Anyway, I have a heap of other questions, and I put them on notice in the interests of letting my colleagues continue

Senator BARNETT—To conclude my first question on insulin pumps, I have three points. Firstly, I wanted to put on the record that I have an insulin pump. I think most of you know that, but I just put in on the record; I have type 1 diabetes. Secondly, I can afford it because I have private health insurance and that covers the cost. That is why I think the current program, with respect, is doomed to failure, because the gap is too large. The subsidy is insufficient and the co-payment is too large, because it is about \$5,000—it might be more or it might be a bit less. Why wouldn't you apply for private health insurance, wait 12 months and put up, if you could afford it, \$1,000 or a bit more for private health insurance and then have your pump paid for that way? So, with respect, I would ask you to review the matter and consider the process. The final point to make is an observation that the JDRF are doing an excellent job. They are a very professional organisation and should be supported. But please consider that point, Parliamentary Secretary, with respect to the co-payment. It is too large and it is hurting people. Unfortunately, our young kids with type 1 diabetes are missing out on achieving a normal, healthy lifestyle.

Senator McLucas—Senator Barnett, I acknowledge your interest in this area. I reiterate that these are early days. We are watching this program closely. We are very keen for it to roll out effectively and efficiently. I join with you and I commend the work of the Juvenile Diabetes Foundation; they have been terrific. I am sure Mr Dellar can confirm they have been good to work with—he does. But, again, it is early days and we will be watching the program closely.

Senator CORMANN—Just quickly, the minister has made some favourable statements in relation to the role of nurse practitioners. The issue that has been raised by nurse practitioners is that they are able under the state legislation, as I understand it, to prescribe a limited number of drugs and there is a question—and I see you nod; I think you know what issue I am going to raise—as to whether or not prescriptions filled by nurse practitioners can be qualified for the purposes of PBS. Have you got any comments on that? Are there any plans?

Mr Dellar—I can tell you what the legislation says. The ability to access subsidised prescriptions through the PBS is defined in the National Health Act, which says that a prescription must be written by a physician, a dentist or an optometrist—and there are some conditions around that, of course. If a decision of government were to allow nurses to write scripts then the act would need to be changed.

Senator CORMANN—But under state law there is a limited capacity for nurse practitioners to issue scripts?

Mr Dellar—That is correct.

Senator CORMANN—That is based on state legislation, is it?

Ms Halton—Yes, because they are governed by state legislation in that respect.

Senator CORMANN—Okay.

Mr Dellar—The technical issue is that we do not actually issue prescribing rights.

Senator CORMANN—Yes, I understand.

Mr Dellar—That is done by state and territory governments; we issue access.

Ms Halton—We are a funding mechanism.

Senator CORMANN—Yes, sure. So, given that the states have moved on this, the obvious question—and perhaps it is a question for Senator McLucas rather than for the official—is: is this something that is currently being considered in terms of the flow-on? Is the department currently doing any work assessing that as an issue?

Ms Halton—The short message is that there are a number of reports in relation to this issue at the moment—most recently the birthing report, which has raised a number of these issues. So it is out there as an issue, and I cannot pre-empt what the government's response to those reports is going to be.

Senator CORMANN—But there is not anything active right now where the department is about to move in anticipation of whatever the government is asking it to do?

Ms Halton—No, and that would not be appropriate. This would clearly be a decision the government would take.

Senator CORMANN—Okay, thanks.

Senator RYAN—My question is actually about the table on page 32 of the portfolio statements, which shows that the—

Ms Halton—You mean the document we are meant to be discussing here?

Senator RYAN—Yes.

Ms Halton—We are doing remarkably well. It is six o'clock, and this is probably the first question where I have been required to open any of these books in front of me.

Senator RYAN—The question I have is regarding the reduced estimate for—

Ms Halton—Did you say page 32?

Senator RYAN—Page 33; sorry.

Ms Halton—Because page 32 has nothing on it. See? Nothing.

Senator RYAN—That would have been an interesting question!

Ms Halton—It would have been an interesting question!

Senator CORMANN—I am sure you could have filled it up with very interesting things, Ms Halton!

Ms Halton—I only need encouragement, Senator Cormann, as you well know!

Senator RYAN—My question is about the reduced estimates for the pharmaceutical benefits, which have been reduced by just under \$72½ million. Is that reduced estimate based on a forecast of lower subsidy per script or a lower volume of scripts?

Mr Dellar—The business of forecasting use on the PBS is quite a difficult one. It is a demand driven program. We have very little control over what scripts doctors write and when people fill them. In fact, the weather is a factor. If we get an outbreak of flu or something, that can actually change our figures. We have a model with a number of moving parts, but the primary issue is the number of scripts. This is a prediction that—

Senator RYAN—This is a volume based prediction?

Mr Dellar—Yes, but it is very small. I would not personally think there is much significance in it.

Senator RYAN—We know that increased co-payments, particularly at the concessional end, lead to changes in volume at the concessional end, and that is a high proportion of the PBS subsidy. I do not know off the top of my head—it has been asked before—what the average subsidy per script is. I am not sure if you would have that handy.

Mr Dellar—We do. I will just look it up.

Senator RYAN—If it was, say, \$100, that would not be an insignificant amount, given there are 724,000 prescriptions.

Ms Halton—In relation to a comparison in terms of the average price per script, there have been a number of things to remember, co-payments being one of them but another being some changes in things going off patent, which means that they then drop below the co-payment. That means you then actually do not see them in terms of this data and we do not subsidise them. As Mr Dellar says, there are a number of moving parts in this space.

Senator RYAN—I understand the drop below the co-payment. But, given that 75 to 80 per cent of the PBS is for concessional scripts, that means there are very few products dropping below \$5.20 or \$5.30.

Mr Dellar—There are no products that drop below that figure. In fact, every person that has a PBS script who is a concessional would get a concession. The average dispense price per script—this is the total average price of a script—is \$41.54. That is for 2007-08 and is the latest available number. The average cost to the government out of that total amount is \$34.58 per script.

Senator RYAN—On a rough calculation, there would be around three million prescriptions fewer on this estimate.

Ms Halton—An average does not go to distribution. It is really dangerous to do that kind of straight, linear projection.

Senator RYAN—I appreciate that. I appreciate you have limited models, but does the department investigate, when volume drops off, in what therapeutic areas those drops happen?

Mr Dellar—We monitor across quite a few variables. It is part of the business because you need to understand what is happening under the skin of the total number to have any sense and any capacity to predict it.

Senator RYAN—If, for example, chronic medicines were the ones to drop off—for whatever reason—that potentially undermines the cost-effectiveness of the product being listed, because it could mean that people are not taking it either daily or for 12 months a year. Does the department undertake work and flag potential areas when volume drops off in, for example, cardiovascular or asthma medicines? Does the department pick up that sort of work?

Mr Dellar—We have ongoing discussions about the general premise that people on chronic medications should keep taking their medicine. You are correct in saying that a generalised concern about it is that people do not necessarily always take medicine, particularly in the space where the chronic medicine may well be sustaining life but does not make you feel any different. A lot of cardiovascular medicines are exactly like that. You take them but you do not actually feel better; you just do not feel anything, really. We have regular discussions with people such as the Medicines Australia industry, the guild and the National Prescribing Service around these issues. They are actually really important ones.

Senator RYAN—So there are no therapeutic areas within this volume of scripts that are of particular concern to the department—there are no areas that are noticeably dropping off.

Mr Dellar—Although the total amount of money that this variation relates to seems like a lot of money, in the scheme of a \$7 billion program it is actually a very small number. There is nothing in the last few weeks, which is effectively what the portfolio additional estimates represent, that gives you any particular cause for concern.

Ms Halton—It seems a ridiculous thing to say but it is the reality that, in a program of this size, this is almost rounding. It is not rounding, but it is almost of that scale.

Senator RYAN—One per cent, to me, is not an insignificant amount of \$7 billion. If somewhere between half a million and a couple of million prescriptions not being issued, not being taken up or not being filled once the doctor writes them, do you have any information on that?

Ms Halton—Again, this actually could be in generals. As you rightly pointed out, while it may be true that about 80 per cent is on concessional, 20 per cent is actually in the general category, and we know about what is happening with generics and things going below the concessional category. What we are doing here is we are speculating about what is the product of a really phenomenally complex model. It is very difficult to give you a precise answer. There is not a particular decision that has driven this. Of that, I am quite confident. It will be a whole complex array of things in terms of what we are seeing.

Senator RYAN—So you have seen nothing to suggest that therapeutic areas or drivers of them have dropped.

Mr Dellar—That is correct, Senator. There is nothing that we have seen that makes us particularly concerned about any particular medicine.

Senator RYAN—I have a question about the table on page 35 of the savings related to the improved concessional validation, which I know has been going on for a number of years, and a reduction in anticipated script volumes. Could you give a brief explanation—I am happy if you take it on notice—of what that improved concessional validation process is?

Mr Dellar—It is essentially this: when you take your script to a pharmacy to have your medicine filled, you provide your Medicare card and if you have a concession—that is, you are pensioner or you are unemployed—you provide your concession card. The validation process provides online confirmation that the card you have is current. Pensioners who have concession cards generally get a card and keep it for years and years, but people who go in and out of unemployment or become unwell can have a card that may be valid one day but not another day. That is essentially what it is.

Senator RYAN—This is an online service.

Mr Dellar—Yes.

Senator RYAN—Thank you.

Senator SIEWERT—I would like to ask about the Fourth Community Pharmacy Agreement. I understand that the negotiations for the next one are due to start around the middle of this year.

Ms Halton—There is not actually a formal timetable in relation to those negotiations, other than the fact that it expires at a defined point. We do not have a fixed schedule for negotiations.

Senator SIEWERT—Point taken. It is obviously due to expire. So I would think it is fairly obvious that there will be a round of negotiations to put the next one in place. Would that be a fair assumption?

Ms Halton—I am looking forward to it.

Senator SIEWERT—When do you expect that the negotiations will start?

Ms Halton—Genuinely, we do not have an expected date. Essentially, there will be a process of discussions inside government about precisely that issue. We cannot at this moment anticipate what the broad timetable will be for those negotiations.

Senator SIEWERT—In that case, I suspect that you will not be able to answer some of my following questions specifically related to that, but I will have a stab at it anyway. Is there a process around how the negotiations will occur, or is that too far in advance because you have not even got a timetable?

Ms Halton—That is correct. There are a couple of things I can anticipate based on previous experience. We will spend a lot of time sitting in rooms.

Mr Dellar—The Fourth Community Pharmacy Agreement does contain a number of reviews that will be used to inform—

Senator SIEWERT—I want to get there in two seconds, because my next series of questions is around those reviews. But before I get there I want to ask this question—and I appreciate you cannot tell me the process because you have not got that far—will there be an undertaking that stakeholders and the community will be consulted during the process? Has that happened in the past?

Mr Dellar—I cannot answer that question. What I can say is that we have had a number of discussions already with people with an interest in the community pharmacy agreement, and we will continue those.

Mr Bessell—There was no formal consultation with parties in the community in relation to the Fourth Community Pharmacy Agreement.

Senator SIEWERT—There was not?

Mr Bessell—There was not.

Senator SIEWERT—You can take it on notice for the next estimates that I will actually be asking how the negotiations are going and what consultation has been undertaken. Can we go on to the reviews. I apologise for interrupting you before, but I wanted to make sure that we did touch on that issue around consultation, because obviously it did not occur before. I think I can clearly say that the community and stakeholders would like to be consulted. In terms of the review, please briefly update us on the progress of those reviews. I understand some have, in fact, started and made good progress, but there are some that do not sound as if they have made as much progress as the others.

Ms Champion—There are a number of reviews specified in the agreement. I think there are 11 in total. We have commenced three of those. One is looking at supply of medicines in residential aged care facilities and private hospitals. Another one is looking at medicines supplied under what we call section 100 of the National Health Act. There are a number of programs under section 100 of the National Health Act where medicines are supplied in different circumstances. The third one, which is nearing completion, is looking at ways that we can collect data on medicines that cost less than general patient copayment, which is what Ms Halton referred to earlier. We do not actually collect that data at the moment, and we are looking at ways that we can collect that so that we have a more complete picture of all prescriptions supplied.

Senator SIEWERT—How far along is that review?

Ms Champion—I think it is nearing completion. A final report, I think, has been provided, but I am not sure if it has actually been accepted yet. It is almost done, if not already done.

Senator SIEWERT—Will the findings of those reviews be made public?

Ms Champion—I think that will be a decision of the minister once we provide the report to her.

Senator SIEWERT—I will continue to follow that up then. You said there are three.

Ms Champion—There are three that are underway and there are a number of others that have not yet commenced. In fact, we are going through a process with the Pharmacy Guild at the moment because it has been identified that, given where we are with the agreement and how long it has been since the need for some of these reviews was identified, some of them may no longer actually be required.

Senator SIEWERT—Is it a fair assumption, then, that the three that have almost been completed were required and so you went ahead with those?

Ms Champion—They were identified as priority reviews through a process of negotiation with the guild, so we started those first. One of the other major ones we have not yet started but which will commence soon is a review of the location rules. Those rules determine where

pharmacy approvals can be moved to or where new pharmacies can be established. So we have a commitment to review those rules as part of this agreement.

Senator SIEWERT—Did you just say the terms of reference have been developed for that?

Ms Champion—No, I said we will be commencing it soon, As part of that, yes, we need to agree on terms of reference and scope with the Pharmacy Guild.

Senator SIEWERT—Will those terms of reference, once they are developed, be made public?

Mr Dellar—Usually we make the terms of reference public. We certainly did with the other ones because we consulted widely and gave people the opportunity to comment against the different terms of reference. It is not, however, a discussion we have had specifically with the guild, and we would need to do that before finalise that.

Senator SIEWERT—That is around the specific location one?

Mr Dellar—Around the location rules.

Senator SIEWERT—And you are going to scope to see if the other reviews are required?

Ms Champion—Yes.

Senator SIEWERT—In consultation with whom?

Ms Champion—With the Pharmacy Guild, because the agreement is with the Pharmacy Guild.

Senator SIEWERT—But you are not going to approach other stakeholders on whether you think it is appropriate to go ahead with the reviews?

Ms Champion—No, that is not the intention at this stage. It is important to remember that the reasons the reviews were identified, or the whole purpose of the reviews, was to determine the impact of certain issues on Community Pharmacy and how Community Pharmacy operates. That is why we negotiate with the guild on whether they are still required and, if they are still required, then what scope they should take.

Senator SIEWERT—I appreciate your point about Community Pharmacy, but obviously stakeholders that use those services are also interested in the outcomes.

Ms Champion—Yes. I will give you some context as an example of one that is likely to not proceed. It is one where the guild had an interest in how long it took for Medicare Australia to process claims once they had put in a claim for payment. With the advent of PBS online, with claims being processed much more quickly, there may not be a need for that review. That is an example of one that probably will not proceed.

Senator SIEWERT—Will you then put an explanation of that up so that people can actually see? That is a perfectly valid rationale. Will information then be made public as to what the reasoning was?

Ms Champion—Yes, certainly we could put that information on our website and on the guild's website.

Senator SIEWERT—That would be useful, I think. In terms of the professional programs, I do have a lot of questions—and I promise, Chair, I will put some on notice. With the professional programs, there was quite a deal of money provided for the professional programs component, as I understand it. Has that money all been allocated and used?

Ms Champion—The agreement identifies \$568 million for professional programs and services.

Senator SIEWERT—That is a bit more than I thought.

Ms Champion—I will check. We have not spent all that we would have expected to at this point in time. As at the end of January this year, we had spent around \$253 million of that \$568 million.

Senator SIEWERT—Could you give me a list of the programs that were funded or tell me where I could find that, if it is easy for me to find myself.

Ms Champion—I think we will provide it on notice.

Senator SIEWERT—Thank you. Do you undertake an evaluation of the program or the specific projects that are funded?

Ms Champion—Yes. Almost all of the programs are evaluated. Some of those evaluations have already commenced or are quite mature; others are about to commence. The outcomes of those evaluations will feed into discussions about which programs continue in the future and in what form.

Senator SIEWERT—That would be appreciated. Also, do you provide specific identified funding for Aboriginal and Torres Strait Island communities in terms of professional programs under that program?

Ms Champion—There are a number of programs that focus on Aboriginal and Torres Strait Islander access. Some of them are about access to the PBS; others are about training the Aboriginal and Torres Strait Islander workforce.

Senator SIEWERT—If you could provide details of those programs, it would be appreciated. I have a series of other questions around those issues, but I will put them on notice. I did want to go to one more issue, regarding the provision of Consumer Medicine Information. I will also put on record that I have a vested interest here, having just had a son who has had some complications due to medicine and not being told of the possible complications. However, the latest *Pharmacy News* says: ‘A study of the provision of Consumer Medicines Information in the Australian community pharmacies has found that just six per cent of patients surveyed were given CMIs.’ Do you have a plan to deal with this and will it be considered under the next agreement?

Ms Champion—Yes. We have just become aware of the study, as you have; it was only published yesterday. I think there are a number of interests in relation to the provision of Consumer Medicines Information, both in terms of how frequently it is provided and also the quality of the documents themselves. We do have a research and development program under this agreement looking more at the latter issue in terms of how effective they are and what improvements could be made to make them more easily used by consumers once they are provided. We can give you some details about that.

Senator SIEWERT—That would be appreciated. I am not trying to be argumentative here, but that six per cent figure indicates to me that the program may not be effective. Is that going to be reviewed as part of the process? Did you mention that and I missed it?

Ms Campion—Not as part of that research and development program that I mentioned. As I said, that is looking more at, once the consumer gets them, how useful it is. So it is not addressing the barrier.

Senator SIEWERT—I appreciate this study only came up yesterday so I am not expecting that you have come up with a response already. But in light of that study, do you think that there is a need to review that and include an updated program in the next agreement?

Mr Dellar—Of course it is important that people receive accurate and useful information about the medicines they are about to take, and CMI's are an important part of that. However, just as with anything else in regard to the next agreement, the decision about what is incorporated in the agreement and form the subject to the negotiation between the government and the guild is a work in progress, and there is not anything, really, we can say about it.

Senator SIEWERT—Point taken, and just take on notice that we will be following it up. Thank you.

[6.21 pm]

CHAIR—That is the end of outcome 2. Now, we move to outcome 3, and we will start outcome 3 before dinner and get at least some of Senator Abetz's questions on record first.

Senator ABETZ—I have a small bracket of questions on the enhanced primary care program as it relates to Tasmania. Tasmanian state legislation does not allow dentists to administer general anaesthetics in their surgeries, and hospitals are, therefore, used for complicated extractions or those things requiring general anaesthetics. I understand that Medicare will not pay for that work under this program. Is that correct?

Ms Flanagan—That is certainly my understanding, The CDDS scheme applies, in effect, to services provided not in hospitals. In Tasmania this service was required to be provided in a day care hospital.

Senator ABETZ—Now that we have identified that there is a problem, we know what the problem is, are we working around the problem to ensure that people can get access to this important health care and get around the state government, which has, for whatever reason, regulated as it has?

Ms Flanagan—The government has a stated intention to close this scheme.

Senator ABETZ—I know that. I do not want to go down that track, if I may. That is, unless you are saying that, because the federal government has a stated view to close the scheme, it will not cooperate to make the scheme work effectively in Tasmania. I hope that is not what is being suggested.

Ms Flanagan—Not at all, Senator.

Senator ABETZ—Good! So what are we doing to make it work effectively.

Ms Flanagan—The government has a stated intention to close the scheme; I do not want to allude to the second part of your suggestion. The legislation quite clearly talks about it

being provided, as I understand it, in a primary care setting. We are intending to publicise the fact that it is not available in a hospital setting and to make it clear to dentists before they undertake the work that this is not possible.

Senator ABETZ—Then, where can it be undertaken?

Ms Flanagan—As I think you have alluded to, Senator, in different states there are different—

Senator ABETZ—I am concerned about my home state of Tasmania because I understand this scheme has had a good take-up rate in New South Wales but not so flash in Tasmania. Ignore New South Wales—

Senator McLucas—That is not linked to the issue that you are raising.

Ms Halton—The essential point here, Senator, is the way the schedule works. We have in-hospital items, and we have items that are out of hospital. This is a part of the schedule which is out of hospital, and that is the basis on which it applies. You understand that the benefits, as they apply to services in hospital, are provided in a different way.

Senator ABETZ—I know the technical aspect. The ideal of the scheme was that people with chronic dental health issues could have some assistance. Because of the vagaries of a particular Tasmanian regulation, some Tasmanians are being denied access. I am wondering whether the department is working to overcome this vagary that clearly was not known when the regime was put in place.

Ms Halton—The short answer is that we cannot do very much about this, in terms of the current construct.

Senator ABETZ—Where there is a will, there is a way.

Ms Halton—On this, I am not sure there is. Essentially, we cannot provide a benefit in admitted patient context; that is the way this scheme is structured. We cannot vary it; it is a matter of the legislation.

Senator ABETZ—So Tasmanians are going to continue to miss out. This schedule—is that by way of regulation? Yes? Could I invite the government to look at changing the regulations so the Tasmanians can get the same benefits as other Australians, because what we are talking about is exactly the same procedure, exactly the same cost, but it is not allowed to be undertaken in a dentist's surgery in Tasmania; it has to be undertaken in a hospital. So there is no extra cost to the Australian taxpayer if we were to allow the proposition that I am putting to you to take place.

Senator McLucas—As I said earlier, Senator Abetz, I am prepared to look at it but I am sure there is no link with the very low rate of uptake by Tasmanians of the Chronic Disease Dental Plan. You would be aware that Tasmania's share of the Chronic Disease Dental Plan is 0.2 per cent of the total expenditure. I am sure that is nothing to do with this anomaly that you have referred to. I think the most appropriate action a Tasmanian senator could take would be to pass our legislation to allow investment into the public dental system that will get some Tasmanians some dental treatment.

Senator ABETZ—Minister, I do not want to get into a political argument this evening.

Senator McLucas—It is not; it is a statistical argument.

Senator ABETZ—I am more than happy to take you on, but most people in the dentistry profession are, in fact, on our side on this issue and against the government on this.

Senator McLucas—Professions are not on one side or another. We are actually worried about consumers, people who get treatment.

Senator ABETZ—If you were concerned about consumers you would, until such time as the scheme was abolished, make sure that all Australians had equal access to it and were not denied access, courtesy of a state regulation that, unfortunately, denies access. With cooperative federalism having broken out with a Rudd government, I would have thought two Labor governments should have been able to bash their heads together and say, ‘Yes, Tasmania will change its regulation or the Commonwealth will change its regulation.’ Has there been any discussion with the Tasmanian government about this issue as to how the regulations might be altered so Tasmanians could get a benefit? Basically what I want here is an outcome. I am not playing blame games or anything.

Ms Halton—Not that we are aware of.

Senator ABETZ—Have you been approached by the Tasmanian government on this issue?

Ms Halton—Personally, no.

Senator ABETZ—Have you approached the Tasmanian government?

Ms Halton—No.

Senator ABETZ—In relation to the scheme that I understand the government does want to abolish, letters were sent out advising patients, and also dentists, that the scheme would be closed to new patients after 30 March 2008, and that no Medicare benefits would be payable for any dental services provided after 30 June 2008; is that right?

Ms Flanagan—There was communication to let people know it was the government’s intention to close the scheme so that they could complete their course.

Senator ABETZ—Wait a minute. Was it said in the letter that it was the government’s intention or that it will be closed?

Ms Hancock—I do not have a copy of that letter with me, but I understand it was sent out at the time following the disallowance motion in the Senate, which was then, in effect, following the motion in the Senate to close the scheme down. That remained in effect until 19 June, when the disallowance motion was moved. So at the time the letter was sent out, the scheme was closed to new patients.

Senator ABETZ—Were they told that no Medicare benefits will be payable for any dental services provided after 30 June 2008?

Ms Flanagan—Senator, we would have to get a copy of the letter to see the actual wording of the letter.

Senator ABETZ—All right. Please take that on notice.

Ms Flanagan—Yes.

Senator ABETZ—I understand dentists received a similar letter, but of course, the scheme continues, does it not?

Ms Flanagan—The scheme is currently still open.

Senator ABETZ—Have dentists been written to, to advise them that the scheme does remain open, and that the letter that they received telling them that there could be no Medicare benefits after 30 June 2008 was, in fact, wrong?

Ms Flanagan—Individual letters have not been sent out again, but we have certainly communicated through the peak association to let dentists know what is happening.

Senator ABETZ—Why have you not written directly? This is materially very important information for dentists to know—a scheme which they were directly written to and told would be closed, now remains open. You did not bother to write to them. Why not?

Ms Flanagan—As I say, we have let the peak association know.

Senator ABETZ—But why did you not write specifically to the dentists?

Ms Flanagan—Because, as I have said, it is the government's intention to close the scheme as soon as possible.

Senator ABETZ—So we want it to fall into disrepair and disuse so that you can then claim statistics show it is not being taken up—but that is because dentists are under the misapprehension that it is no longer in existence.

Senator McLucas—I dare say there is not a dentist in this country who does not know what happened in the Senate.

Senator ABETZ—There was a dentist story covered in an article, 'Your World Dental Medicare' in a magazine called *Bite*, and also covered in the *Advocate* newspaper in north-west Tasmania. The dentist received a similar letter. There was only one problem: the letter was wrong and he was never told that the letter was wrong. He was telling patients, 'Sorry, no go,' and he was misadvising because the last communication he had from the department was misadvice to him. Do you not take responsibility and share that responsibility of the dentist misadvising patients about their entitlements because of your misadvice?

Ms Flanagan—It gets back to what was in the original letter; we will take on notice to check the wording.

Senator ABETZ—I have a quoted here that says, 'No Medicare benefits will be payable for any dental services provided after 30 June 2008.'

Senator McLucas—And that was accurate at the time.

Senator ABETZ—That was done on hope that something would be passed in the Senate.

Ms Flanagan—No.

Senator McLucas—Well, no. It is because of the way a disallowance motion works, Senator Abetz. You know this as well as I do: when a disallowance is moved that is therefore disallowed; it is not when you then move not to disallow that the law reverts to the previous.

Senator ABETZ—Yes. But no new law was passed—

Senator McLucas—It was a disallowance.

Senator ABETZ—to make the scheme continue to operate after 30 June, was it?

Senator McLucas—The disallowance was not carried.

Senator ABETZ—That is right.

Senator McLucas—Do you not recall?

Senator ABETZ—I do indeed, as do many Tasmanians. In fact, the dentist who did not know that the scheme was continuing in operation—it is public—was Dr Flint.

Senator McLucas—I will correct the record. I said I did not think there would be a dentist in the country; there is one dentist in the country who did not read his newsletter from the dentists association, or watch, in fact, the *ABC News*.

Senator ABETZ—So we are now relying on *ABC News*—

Senator McLucas—Do not be ridiculous.

Senator ABETZ—No. If that is what we are relying on, Minister, why did we write to each dentist to tell them that the scheme was going to be abolished? Why did we not rely on the *ABC News* and the dentists association?

Senator McLucas—Because it was very important that consumers got the opportunity to know that it was going to be abolished at a certain date. Dentistry does not happen in one-hit wonders.

Senator ABETZ—Yes. That is right.

Senator McLucas—There is always a series of dental activity—you know, not always, but often you have a series of treatments that will take a number of weeks, if not months, so when the—

Senator ABETZ—Yes. Very important to tell them when it is going to stop, but it is not important to tell them about the service that is be available to them.

Senator McLucas—It was very important to advise dentists that they needed to tell their patients that this was expected to—we thought it would end at the end of June, and so they could advise their patients that if they had a series of treatments that went after that, they could then be prepared for a changed funding situation.

Senator ABETZ—Is this a fair statement of the government's approach: that it would be misleading for the Rudd government to write to every person currently using this scheme to inform them of its limited continuation as it may end up costing them a lot of money? Was that the reason?

Senator McLucas—Costing the government a lot of money to write to every person who was on the program?

Senator ABETZ—Yes.

Senator McLucas—We wrote to every dentist.

Senator ABETZ—No, you did not write to every dentist, and I thought we had agreed with that. Sorry about this, Chair. I will not be much longer.

Ms Flanagan—There are many changes that are made where we do not contact each individual concerned. In this circumstance we were concerned that, if somebody started a course of treatment and the scheme finished, an individual might be up for thousands of dollars. So there was a duty of care there to let people know that. For many policy changes that we do, we do not individually send letters to each and every dentist or doctor, or whatever. It is often done through peak associations and other means.

Senator ABETZ—So only on special occasions do we write directly to the dentists—when we want to tell them we are closing something down. But when it does not go to our wishes, then we do not bother to tell them that in fact the scheme is in continuation. Do you accept that many people, on the strength of that correspondence, did not undertake dental care which, if they would have, they now may have the full treatment under Medicare and they have been denied that opportunity because of the misleading information in the community?

Ms Halton—Actually, I do not think you can say that. The reality is—

Senator ABETZ—Sue is an example that is written here in front of me.

Ms Halton—Senator McLucas has clarified the ‘no dentist’ who may be one dentist. I would be prepared to accept maybe a handful of dentists are not aware that this is still going. I would be prepared to accept, Senator, a handful, but I really think it is limited to that. As Ms Flanagan is attempting to explain, we can go to the specifics here, the reality is we did not know all the patients who are currently being treated under this scheme at that point. If you are actually having major work done, you could actually have had a series of, for example, extractions in preparation for implants. The reality is there is a period where you have to heal before you can then have that work done, and it was not appropriate to leave those people potentially unaware that the second part of that treatment may not be covered.

Senator ABETZ—That is why some of us actually voted against this outrageous proposition that was put before the Senate, because of those very real concerns. Now that the scheme is going to continue—it seems, for a fairly lengthy period of time—why is the government not communicating with the people that are affected by this to tell them that the scheme is continuing and there are these ongoing benefits? When did the proposal get voted down in the Senate?

Ms Hancock—19 June.

Senator ABETZ—19 June last year, so we have clocked up a good eight months since then.

Ms Flanagan—It was voted down again in September.

Senator ABETZ—Yes.

Ms Flanagan—Again, at that time, the government indicated its intention that it would still like to work with the Senate.

Senator ABETZ—So we are not going to tell people about the benefits because the government hopes that it will fall into disrepair. That is more of a comment, Chair; I accept that. Coming back to the Tasmanian situation, Parliamentary Secretary, there is no intention by the government to ensure that Tasmanians will have equal access to this scheme as other Australians do?

Senator McLucas—What I can tell you, Senator Abetz, is that there is a very strong intention for our government to provide Tasmanians the equal access that they deserve to dental treatment because, currently, they are receiving point two per cent as a share of benefits under the chronic disease dental scheme over the four years to December 2008, and they should be getting 3.7 per cent.

Senator ABETZ—Absolutely, and getting rid of the misinformation would be very helpful, especially in the light of the particular regulation in Tasmania. Thank you to you for forbearance, Chair.

Senator McLucas—Can I confirm that that is actually accurate?

Senator ABETZ—Sorry?

Senator McLucas—You said something about misinformation. That is accurate. Those figures that I have given you are accurate.

Senator ABETZ—No. The misinformation in the correspondence, which has not been corrected—and, it seems, deliberately not corrected, which was the concern.

CHAIR—Senator, that is the end of your contribution in this process?

Senator ABETZ—Yes, it is, and you are very kind.

Proceedings suspended from 6.42 pm to 7.48 pm

CHAIR—Ms Halton, we are back in outcome 3, and I know that Senators Boyce and Humphries both have questions. Senator Boyce.

Senator BOYCE—Thanks, Chair. I wanted to start off by asking if the department has done any modelling on the cost to the government of extending access of MBS claims for services undertaken by private nurse practitioners.

Ms Halton—No. That is a very broad question. Private nurse practitioners in relation to what?

Senator BOYCE—Just nurse practitioners—

Ms Halton—Into everything?

Senator BOYCE—We earlier spoke about what was covered and what was not covered. If nurse practitioners were to start offering some services that are currently covered by the MBS, which has been suggested, what would the cost be? Have you looked at that at all?

Ms Halton—I think the answer is no.

Senator BOYCE—Thank you.

Senator CORMANN—On that point, that is not under consideration at all? I was going to ask questions about this in outcome 5. The minister has made a lot of friendly and positive noises about the role that she sees nurse practitioners playing moving forward. Is there any funding consequence that is going to be attached to those positive noises the minister has made?

Ms Halton—The reality is that the minister has made references to nurse practitioners in a number of particular areas. That is why I asked the question.

Senator CORMANN—But in those particular areas—

Senator BOYCE—But in any of those particular areas?

Ms Halton—That is why I asked the question. We are conscious of the issue in respect of nurse practitioners in a number of defined areas but not in relation to everything potentially in respect of the MBS.

Senator BOYCE—In the defined areas.

Senator CORMANN—In those defined areas, is the department pursuing making access to the MBS available?

Ms Halton—You know as well as I do, Senator, we are not going to comment on advice or particular modelling. All I can say here is that we are very aware of the minister's statements in respect of potentially a role for nurse practitioners, and that is in a number of defined respects.

Senator CORMANN—What are the defined respects?

Ms Halton—I am not going into the list, and I do not have it in front of me, but some of the midwifery issues that have come out in the last couple of days would be an example.

Senator CORMANN—So with private nurse practitioners, it is not something you are currently looking at. When you say 'defined areas', you obviously exclude others. In Western Australia we happen to have a private clinic of nurse practitioners. One of the issues they raise is access to PBS and to MBS.

Ms Halton—Nurse practitioners do not do open-heart surgery.

Senator CORMANN—Of course they do not, but—

Senator BOYCE—I do not think anyone would ever propose that they do open-heart surgery.

Ms Halton—The whole point is that nurse practitioners have a defined scope of practice.

Senator BOYCE—And there is a suggestion that that be extended.

Ms Halton—No, there are two issues. There is the currently defined scope of practice and the funding in respect of that and then there is the question of whether the scope of practice should change.

Senator BOYCE—Can we work through both of them then?

Ms Halton—Not in a way that we can tell you any particular level of detail, other than to say to you that we are—

Senator BOYCE—In relation to the current defined scope of practice, is there any suggestion that MBS funding would be extended to any items that they might currently cover?

Ms Halton—Not at this point.

Senator BOYCE—What about in terms of extension? I think we have a couple of fairly clear examples of discussions that have been had about extending what nurse practitioners might do. Have you done any modelling on those specific areas and what that would cost?

Ms Halton—As you know, we do not talk about what modelling we have done, other than to say that the minister has indicated an interest in a number of those areas, and obviously that is something we are mindful of.

Senator BOYCE—I am not sure if that is a yes or a no.

Ms Halton—It is neither.

Senator CORMANN—Perhaps in the future.

Ms Halton—But it is not shortly.

Senator CORMANN—Perhaps never.

Senator BOYCE—Perhaps under consideration but not actively.

Ms Halton—I would not go that far.

Senator BOYCE—I think we have narrowed the field down significantly.

Ms Halton—We have, absolutely.

Senator BOYCE—My next question is the same but relating to privately operating midwives in terms of extending access to MBS claims. You have expected activity that you have set out on page 83 of the 2008-09 PBS, which unfortunately I do not have with me.

Ms Halton—That is the third reference to the documents today, Senator. Well done!

Senator BOYCE—That is right.

Ms Halton—As you know, the maternity services review has just been released publicly and that talks about a number of those issues.

Senator BOYCE—Indeed.

Ms Halton—The government will now consider that. As you know, there is a commitment to a plan in this respect, and that is a matter for the government to consider at the moment.

Senator BOYCE—Where are you at in terms of being quite specific about this—for instance, the scope of services or the number of services that you would be anticipating would be covered?

Ms Halton—We are not at that point yet.

Senator BOYCE—Okay, let's move on. I wanted to look at the indexation of MBS data. How did the 2.3 indexation factor come to be used? The material I have suggests that it does not seem to respond to CPI or wage increases.

Mr Woodley—Most elements of the Medicare schedule are indexed annually, generally guided by wage cost index No. 5. The 2.3 per cent, applied I think in November, was consistent with that index.

Ms Halton—So it is WCI5?

Mr Woodley—Yes.

Senator BOYCE—That is not a change from the methodology that you have used in the past?

Mr Woodley—No, it is not.

Ms Halton—No, etched in stone, this one.

Senator BOYCE—There have been some queries about the fact it rose the small amount it did. I wanted to ask a few questions about the Medicare audits and then hand over to anyone who wants to ask questions. Under the compliance audit initiative, Medicare is increasing its compliance audits from 500 to 2,500 a year. There is a cost of \$76.9 million. What are you thinking the Medicare payment savings are going to be from increasing the number of audits?

Mr Kingdon—Over the four years, the measures will be costing, as you say, \$76.9 million and the savings will be \$147.2 million.

Senator BOYCE—What are the assumptions underlying those projected savings?

Mr Kingdon—There are no specific assumptions. It is the change of activity that will occur as a consequence of the audits, where we believe that people have not been correctly billing Medicare. As a consequence, those corrections are being made. Then there is a flow-on effect in that, if people are seen to be being corrected for wrong billing, others will then not tend to follow. It is very hard to give you a specific—

Senator BOYCE—So what we are saying is that, if 500 audits a year produce these sorts of savings, 2,500 audits a year should produce savings 10 times better.

Mr Kingdon—It is in that order. These are best guesses, because we are dealing with behaviours and we do not necessarily know what the problems are until we have had an opportunity to do this increased auditing.

Senator BOYCE—What prompted the move to increase it by another 2,000? It is a very big quantum leap.

Mr Kingdon—It was because there had been no change in the audit practices for about 10 years, and Medicare had grown quite considerably in that period. We had also seen new groups come into the Medicare schedule, such as allied health, and they had not been covered by this. It is really a readjustment to normal audit practice.

Senator BOYCE—How much of this new audit would be concentrated on what I will call the traditional markets and what would be going into the allied health market? Is there a split there?

Ms Robertson—Medicare Australia looks at a number of things when determining its audit priorities. It really depends on those factors as to who will be audited in that regard.

Senator BOYCE—Presumably who is turning over the most money would be the first starting point, would it?

Ms Robertson—No, because it really depends on whether or not that is regarded as appropriate, so there are a number of factors. As I said, one of them is a tip-off line that they have. One is in regard to increased or unexplained growth in a particular item and, yes, one of those might be unexpected expenditure in a particular area or something that is growing at a rate that we would consider may be of concern, particularly with regard to the use of services.

Senator BOYCE—You have a five-fold increase in the number of audits you are doing.

Ms Robertson—Yes.

Senator BOYCE—How many extra staff would be employed to conduct these audits?

Ms Robertson—I do not have the figures here from Medicare Australia because those staff are actually being employed in Medicare Australia, but I do believe that it is in the budget detail for Medicare Australia.

Senator BOYCE—In the 2008-09 budget figures, is it?

Ms Robertson—Yes.

Senator BOYCE—If it proves not to be, would you be able to provide those figures?

Ms Robertson—It may well be in our additional estimates statement over there, and I might just grab one, if I may, and have a quick look.

Senator BOYCE—Okay. Whilst that is happening, I had one question—I will put the rest on notice—around what you had found from previous audits; what the character of the main issues in audits has been.

Mr Kingdon—These have been Medicare Australia's audits and so they are the ones who actually—

Senator BOYCE—That is right, but they are—

Mr Kingdon—But from a general—

Senator BOYCE—Policy drive generally comes out of—

Mr Kingdon—What we tend to see is misuse of a particular item or where one is used too often, and quite often there is just misapplication of the item for a particular activity. Much of this audit activity is intended to be educational rather than punitive, and we are hoping that this will give a better understanding for doctors to be able to bill correctly. It is very much about the billing processes.

Ms Robertson—And also feeding back into policy development for the future.

Senator BOYCE—I presume you already have a privacy code around your audit conduct in terms of patient details. Is that to be maintained, strengthened?

Ms Robertson—Can I describe what happens for you at the moment? With the audit activity that is currently undertaken by Medicare Australia, there is no compulsion on a medical practitioner to provide any information in support of a claim that may be made under Medicare. Okay? So when Medicare Australia goes out and undertakes these audits they say, 'Can you please provide us with information that would show that that activity has in fact occurred,' and, by and large, practitioners will voluntarily send that information in, but there are some practitioners who just either ignore or say, 'No, I'm not providing you with that information because I don't need to.'

This particular measure is going to have, I suppose, a dual purpose in that it will provide an appropriate legislative framework for those who already provide that information and, for those who currently refuse to provide the information, it is intended to provide a power where the CEO of Medicare Australia says, 'No, you must provide that information in support of that claim.' The auditing staff who will get access to information are going to be undertaking

further training in regard to privacy and handling of information, and there is a privacy forum that we are in discussions with around how that is structured.

Senator BOYCE—Will patients know that their records are being looked at?

Ms Robertson—Well, that has been an interesting question in the policy development process, because on the one hand you may well find that in auditing a particular service or item it is not actually the doctor in question that is being audited. It is the item that is causing us concern and we are trying to understand what it is about the item that is driving, say, growth in a particular area. So if Medicare Australia actually goes out and notifies all the patients who may have had records accessed during that audit, you could run the risk of creating unnecessary anxiety in the patients. You could destroy, I suppose, that trust relationship between the patient and the provider, and you could also cause unnecessary concern in that regard.

So feedback that we have had from the stakeholder groups thus far has been not to advise patients of that, because Medicare Australia currently does that already when it exercises its part IID powers to go in and do a search and seizure in relation to criminal activity, where they have to notify patients whose records they may have. If they go in and search everything in the practice, they have to write out and tell patients, ‘Your records have been accessed,’ but because of privacy they cannot say what the service was and they cannot say what doctor it was—and it may have been a doctor that somebody saw for one thing 10 years ago that they have never seen since.

What Medicare Australia has found is that it causes a lot of anxiety, with patients ringing up and saying: ‘Tell me about this. Tell me about this. Is my doctor in trouble?’ But they cannot even say which doctor they are auditing. So that has been one of the things that we have been trying to go out and test with groups when we have been consulting on the measure.

Senator BOYCE—You say you are consulting on the measure. When is this protocol—for want of a better word—to start operating, or it does operate?

Ms Robertson—No, it does not operate as yet. Legislation to give effect to this part of the compliance measure is expected to be introduced some time in March. It is anticipated that this part of the compliance measure will commence on 1 July.

Senator BOYCE—Okay. I am sure there will be some more on this.

Ms Robertson—Yes.

Senator BOYCE—But I will accede to my colleagues.

Senator HUMPHRIES—I want to ask about diagnostic imaging services, and in particular what I understand has been a practice which is growing, of having specialists or groups of specialists working together in a practice, setting up imaging businesses or practices in which they have a direct or indirect financial interest, such that a question might arise of there being overservicing in order to increase the revenue to the doctors concerned who have that interest in the imaging practice. Is it the case that bodies such as the Royal Australian and New Zealand College of Radiologists have written to the minister to raise concerns about this?

Mr Kingdon—Yes, they have written, and the prohibited practices legislation which was introduced last year was meant to cover this type of issue. There have been some questions around whether it does actually cover the particular practice you are talking about. We have had very recent legal advice to suggest it does cover the practice, and we are in the process of informing the stakeholders about that advice to put it beyond doubt; that those sorts of arrangements are not permitted under the legislation.

Senator HUMPHRIES—So your advice confirms in your view that it is possible to prevent the holding of a financial interest by doctors or specialists, who might commission imaging services, in an imaging practice?

Mr Kingdon—That is the advice we have. Inevitably with advice it only ever becomes effective when it has been tested by the courts, but that is what we will be telling people, because I believe others have had contrary advice, so clearly this is potentially a disputed space.

Senator HUMPHRIES—Sure.

Mr Kingdon—But we are keen to proceed with enforcing the legislation as it is and we will be advising people that will be the case.

Senator HUMPHRIES—All right. I am sure that lawyers could be afforded in these cases, so I think you should brace yourselves for litigation. I think the council of medical colleges of Australia—have I got the right title?—have raised the same concern.

Ms Halton—CPMC? Committee of presidents?

Senator HUMPHRIES—Yes, presidents.

Ms Halton—CPMC.

Senator HUMPHRIES—Yes. They have raised the same concern, have they?

Mr Kingdon—This is a very difficult area. One of the difficult issues is that the legislation was never intended for a person to have shares in a particular company that may offer those services. You may well have that through your superannuation scheme or through some arms-length arrangement. We have been pretty keen not to interfere with people's personal circumstances, but where you have a personal interest that can be directly related to a benefit then that is where we believe the legislation is clear and that is the advice we have got.

Senator HUMPHRIES—So if I own a 0.1 per cent share in an imaging practice, it is not a concern. If I own a 10 per cent or a 25 per cent share, it is a concern.

Mr Kingdon—No. This is what I am trying to get at: it is an arms-length relationship. They might own a 0.001 share because their superannuation scheme has that in their portfolio, but if they owned personally a share in a company for which they were referring, then it was not the intention that they should do that.

Senator HUMPHRIES—Yes, I have got you. I asked you whether the—what was the body, Ms Halton, that you mentioned?

Ms Halton—CPMC.

Senator HUMPHRIES—Has the CPMC also written to the government or the minister about this concern?

Ms Metcalf—Yes, they did write to us last year on that matter and we responded.

Senator HUMPHRIES—You have responded to both these bodies since you have received the legal advice?

Ms Metcalf—No, we have only received the legal advice quite recently, and we are in the process of writing to those peak bodies who have written to us with concerns about these joint venture arrangements to let them know that, now that we have advice, prima facie these types of arrangements are a breach. We will be following up with an extensive communication strategy to between 70,000 and 80,000 requestors and providers of diagnostic and pathology services to let them know.

Senator HUMPHRIES—Do you have any information about the extent of this kind of potentially inappropriate behaviour?

Ms Metcalf—We have received advice from time to time that these arrangements are springing up. The difficulty for us has been that it has been more hearsay—a general description of arrangements—and our legal advisers said that they really could not give us a hypothetical response; they needed an actual example in order to form an opinion. Late last year we were provided with a copy of an actual prospectus for one of these arrangements. We provided that to our legal advisers and they examined it very closely. It was on the basis of the arrangements outlined in that prospectus that they formed a view that these arrangements are probably in breach.

Senator HUMPHRIES—If I were to ask, for example, for information on how many diagnostic machines are owned in group medical practices at the present time, what shareholding interests there are in such imaging practices, you would not be able to give me that advice?

Ms Metcalf—I do not believe that we could.

Senator HUMPHRIES—Is your strategy going to be to advise those involved potentially in these arrangements what the law says and then, if cases come to your attention of people who are not stepping away from such arrangements that might be inappropriate, potentially taking those up as prosecutions?

Ms Metcalf—Yes. We believe that most providers generally wish to abide by the provisions of the legislation and we think that a communication strategy that makes it clear that we think these arrangements are in breach should be enough to deter most people from wanting to be involved in them. But if we find that after that there are still people who are persisting with them then that is a matter for Medicare Australia, who has responsibility for compliance with this to investigate further.

Senator HUMPHRIES—Are you saying that such a relationship would itself be illegal, or are you saying that under such an arrangement the parties would be ineligible to receive Medicare service fees?

Ms Metcalf—I do not believe that is a sanction under the legislation. Under the legislation a close financial relationship between a requestor and provider which relates to the number,

kind or type of benefits that are paid and which is likely to lead to an inducement to request is most certainly a breach of the legislation.

Senator HUMPHRIES—So you have to have a likelihood of an inducement to request more imaging as an element of an offence in those circumstances. Is that what you are saying?

Mr Reid—My recollection of the legislation is that it is per se an offence to set up this kind of arrangement. It is quite a complex offence. There are a number of elements which need to be established and an exception which needs not to be established before that exists. But my recollection is that per se, when you have one of these arrangements, it is a breach of the legislation.

Senator HUMPHRIES—That sounds like an interesting legal quagmire that is in the offing. How many Medicare service payments were made for diagnostic screening services in the 2006-07, 2007-08 and 2008-09 to date financial years?

Ms Metcalf—When you say ‘diagnostic screening’, do you mean diagnostic imaging generally or specifically services which were for the purposes of screening?

Senator HUMPHRIES—I am not sure. Can I pose the question in both terms?

Ms Metcalf—Generally, Medicare does not pay for screening services. The World Health Organisation meaning of screening is the mass testing of asymptomatic people.

Senator HUMPHRIES—In that case, I will just have the occasions of service payments for imaging, please.

Ms Metcalf—You wanted to know the number of diagnostic imaging services?

Senator HUMPHRIES—Yes.

Ms Metcalf—For 2007-08 it was 16,525,000.

Senator HUMPHRIES—Sixteen million payments?

Ms Metcalf—No, services.

Senator HUMPHRIES—Do all those attract a Medicare payment?

Ms Halton—Sixteen million.

Ms Metcalf—16½ million services.

Senator HUMPHRIES—Yes, that is right. Do those services all attract a Medicare payment?

Ms Metcalf—Yes, each service attracts a payment.

Senator HUMPHRIES—This is big business.

Ms Halton—This is not a small business.

Senator HUMPHRIES—And 2006-07?

Ms Metcalf—15,655,000.

Senator HUMPHRIES—And to date this financial year?

Ms Metcalf—I do not know that I have those figures.

Mr Kingdon—We do not have it in a total.

Senator HUMPHRIES—You can take it on notice, if you want, and give it to me later. So these are occasions of service, but some of them might not attract Medicare payments, or do they all attract Medicare payments?

Mr Kingdon—They would all attract.

Ms Metcalf—They would all attract.

Ms Halton—This does not include the screening programs.

Senator HUMPHRIES—Yes, I understand. Do you have an idea of the average payment for each imaging occasion?

Ms Metcalf—I do not know that I do. There is a wide variation. I am not sure how meaningful an average could be.

Senator HUMPHRIES—Yes, okay.

Ms Metcalf—There are certainly different modalities. Some are relatively cheap compared to some of the more expensive ones.

Mr Kingdon—In the year 2008 we have spent \$1.888 billion.

Senator HUMPHRIES—Billion?

Mr Kingdon—Billion, on diagnostic imaging.

Ms Halton—This is not small beer, Senator.

Senator HUMPHRIES—Absolutely not. I am in the wrong business!

Mr Kingdon—I can also give you the year-to-date figure, which is \$8,616,000.

Ms Halton—That is to date?

Mr Kingdon—That is to date. Sorry, till December.

Ms Halton—December. Thank you.

Senator HUMPHRIES—Okay, \$8,816,000?

Mr Kingdon—Yes.

Senator HUMPHRIES—We will ask more questions about these in future estimates to see how you are going with this project. Thank you very much.

CHAIR—That is the end of outcome 3. Thank you very much, officers. We will move to outcome 5, Primary care.

[8.19 pm]

Ms Halton—Can we clarify one little thing in relation to a question that was asked. It will save us putting what you might find a frustrating answer back on the record.

Ms Robertson—Senator Boyce, you asked earlier about the number of staff going to Medicare Australia for the audits.

Senator BOYCE—On extra staff—

Ms Halton—We are not employing them.

Ms Robertson—No, we are not employing them.

Senator BOYCE—Sorry, Medicare—staff that would be employed to undertake the program.

Ms Robertson—The departmental dollars are listed in Budget Paper No. 2. However, in terms of what that equates to with the number of staff, you would need to ask Medicare Australia.

Senator BOYCE—Thank you.

Ms Halton—We will give that to you now so you can ask them on notice.

Senator BOYCE—We will get there one day.

CHAIR—Senator Cormann will lead off.

Senator CORMANN—Is the superclinic at Palmerston in Darwin the first and only one of these facilities open and operating?

Ms Morris—The first stage is an after-hours clinic. The superclinic per se—that is, the integrated primary care service delivery—is not yet up and running. The after-hours part is, I understand, the first stage and a temporary move before we get the clinic up and running.

Senator CORMANN—Why is it that when I put questions on notice it is, ‘Yes,’ ‘No,’ ‘Three, five,’ ‘Not applicable’? Public servants make a sport of answering questions as shortly as possible, and I ask a very simple question and you give me a very lengthy answer. The question was—

Ms Morris—It is one of the more complicated—

Senator CORMANN—If I got a pretty direct answer, ‘Yes’ or ‘No’ would do, and I know that you guys are very good at yes’s and no’s.

Ms Morris—The superclinic per se, no.

Senator CORMANN—Sorry. You are saying that it is not the only one that is open?

Ms Morris—You were asking about Palmerston.

Senator CORMANN—What I am asking is whether any superclinic at this point in time is open and operating?

Ms Morris—No.

Senator CORMANN—When do you expect that it will open?

Ms Morris—We will expect that the first superclinic to see patients will be in, I think, June.

Senator CORMANN—So at this stage we have a lot of superclinics but just no patients.

Ms Morris—It is a construction program.

Senator CORMANN—When will it be fully operational as a superclinic?

Ms Morris—The first one?

Senator CORMANN—The first one.

Ms Morris—Partially operational by June this year; fully operational by later this year.

Senator CORMANN—Just remind us: how many superclinics are you planning on finalising within these forward estimates?

Ms Morris—Within this current financial year?

Senator CORMANN—Yes, within this current financial year—

Ms Morris—We are planning to have 20 superclinics commissioned—that is, contracts drawn up and funding going out the door for them.

Senator CORMANN—But not yet operational.

Ms Morris—No. As I said, it is a construction program. There needs to be a lead time between drawing up the contract and having the clinic operational.

Senator CORMANN—Which is the first one that will be fully operational?

Ms Morris—I need to check that. Ballan in rural Victoria.

Senator CORMANN—Ballan in rural Victoria?

Ms Morris—Yes.

Senator CORMANN—When will all 20 be fully operational?

Ms Morris—I cannot tell you that.

Senator CORMANN—When will Ballan be fully operational?

Ms Morris—Later this year. It will be partially operational in June; fully operational later this year.

Senator CORMANN—Partially in June, and fully operational when?

Ms Morris—Later this year.

Senator CORMANN—You have not got a more specific day than ‘later this year’?

Ms Morris—I will check. No.

Senator CORMANN—How many superclinics do you expect to be fully operational by 31 December 2009?

Ms Morris—I am not prepared to commit to answer that question.

Senator CORMANN—At this stage, you have committed to one.

Ms Morris—Yes.

Senator CORMANN—Because there will be one later this year—

Ms Morris—We are in the stage of the program where we are going through processes for people to apply for funding, assessment processes; we draw up contracts with them. Each superclinic is different. In some cases, it is built from zero—find the land and then start the building. In others, money is going into more of a hub-and-spoke model and into IT systems to join up people. Depending on who is successful in each particular place, there is quite a difference in lead time between them.

Senator CORMANN—I understand all of that.

Ms Morris—Given that we have not yet got to signing up the 20 we expect to have signed up by June, I do not want to be committing to a certain number now because I would get it wrong.

Senator CORMANN—Well, you have committed to one.

Ms Morris—Yes. I can be confident talking about that one. The others I am not prepared to—

Senator CORMANN—At this stage, there is only one that you are confident to commit to by the end of the year?

Ms Morris—I think we will have two operational by the end of the year.

Senator CORMANN—But you cannot commit—

Ms Morris—There may be more. I do not know.

Senator CORMANN—Okay.

Ms Morris—I would like to think there will be more.

Senator BOYCE—Where is the second one?

Ms Morris—Bendigo.

Senator CORMANN—So there are two in Victoria?

Ms Morris—Yes.

Senator CORMANN—Fully operational—does that mean that it will be operating 24 hours a day?

Ms Morris—They were not announced as 24-hour-a-day clinics.

Senator CORMANN—So are any of them going to—

Ms Morris—Some of them may well do after-hours services. But they are primary care services.

Senator CORMANN—Describe to us what they will do, because there are differences, as you say.

Ms Morris—Yes, there are.

Senator CORMANN—So the ones that are fully operational this year, 2009—

Ms Morris—Right.

Senator CORMANN—or the one, what will it do?

Ms Morris—Ballan is an extension to the Bush Nursing Hospital in Ballan.

Senator CORMANN—It is an extension to an existing facility, is it?

Ms Morris—Yes.

Senator CORMANN—Which is why it is able to get up as quickly as it will.

Ms Morris—Yes, and it was one of the first to be signed up. Amongst what you would expect as the normal mix of integrated primary health care services, they are also installing facilities for a dentist to come to the town quite regularly. I cannot remember what the other—

Senator CORMANN—I might help you. Does it provide GP services, chronic disease and complex care management?

Ms Morris—Yes. I have got a lovely little table here that I can read from.

Senator CORMANN—That is great.

Ms Morris—In addition to the existing GP services that are in Ballan, there will be private physiotherapy, podiatry, optometry, private and public dental—there will be two dental chairs installed there, a practice nurse and a clinical director. It is a significant enhancement to what is currently a fairly small GP practice.

Senator CORMANN—That is great. All of that will be available by the end of 2009?

Ms Morris—We anticipate that it will be.

Senator CORMANN—So even for the one that is going to be fully operational, you cannot tell me whether it will have a dental clinic by the end of the year?

Ms Morris—We think there will be two operational by the end of the year—one at Ballan, which is what I just read.

Senator CORMANN—Let's start with the first one; let's start with Ballan. That is what we are talking about.

Ms Morris—That is about Ballan, which I just read out then.

Senator CORMANN—Yes. Will it have a dental clinic? Will it have public and private, as you describe, fully operational as part of the superclinic?

Ms Morris—We are assuming that it will. We are managing a contract with the Bush Nursing Hospital, who are organising the build and the recruitment of people to work there.

Senator CORMANN—I really want to make sure that the superclinic is indeed going to be super when it becomes fully operational as a superclinic, otherwise you would have a 'not so superclinic', wouldn't you?

Senator McLucas—They will all be super.

Senator CORMANN—They will only be super if they actually deliver what was promised to be delivered. At this stage, I have not heard much 'super'.

Senator BOYCE—It will be super if there are some, won't it?

Senator CORMANN—It seems to me a pretty non-super rate. I am trying to get to the super bit.

Ms Morris—The list of services I read out would be rare to find in any existing GP practice, especially in rural Australia at the moment. There will be significant enhancements in primary care services to the people of that area and bring in practitioners that they do not have resident in the area at present, such as dentists.

Senator CORMANN—Just quickly going back to Palmerston before I hand over to Senator Boyce.

Ms Morris—Yes.

Senator CORMANN—In the case of the not yet totally superclinic of Palmerston, can you just describe again what services are being provided there right now?

Ms Morris—At Palmerston?

Senator CORMANN—Yes—Palmerston in Darwin.

Ms Morris—Yes. It is an after-hours primary care service.

Senator CORMANN—When it opened as an after-hours primary care service, it could not provide services like eye washes or tetanus shots. Are you aware of that?

Ms Morris—I am not sure that we can comment on that, because it is being run by the Northern Territory government.

Senator CORMANN—Okay. It is a superclinic—well, it is supposed to be a superclinic; it is branded as a superclinic. You are telling me that it is a matter for the Northern Territory government, but it is a federal government initiative.

Ms Morris—No. I will just repeat what I said earlier when you asked about Palmerston. The after-hours service is very much the first phase of a broader commitment. The after-hours service is not the GP superclinic per se.

Senator CORMANN—So Palmerston actually does not have—

Ms Morris—But if you were to look at the original election commitment, it was a commitment to a superclinic that included an after-hours service.

Senator CORMANN—But the after-hours service, is that funded by federal funding; out of the superclinic funding allocation?

Ms Morris—No.

Senator CORMANN—So there is no linkage with the superclinics program at all with—

Ms Halton—Nothing to do with the superclinic.

Senator CORMANN—It is interesting.

Ms Morris—It was part of the original concept of what would happen in the area of Palmerston for local residents, but it is not the superclinic.

Senator CORMANN—Okay. That sort of clarifies a few things, I guess. My final two questions: the Prime Minister promised \$10 million in federal funding for the Palmerston superclinic. Where is that funding currently at?

Ms Morris—Palmerston superclinic?

Senator CORMANN—Yes.

Ms Morris—I will just clarify something I said earlier. It is an urgent care after-hours service being funded by the NT government.

Senator CORMANN—Sorry. What is the federal government funding in Palmerston? Nothing at this stage?

Ms Morris—In Palmerston?

Senator CORMANN—Yes.

Ms Morris—Nothing at this stage. We are still—

Senator CORMANN—So the \$10 million that the Prime Minister promised is still outstanding. That is in the second phase?

Ms Morris—We are still negotiating with the NT government about the—

Senator CORMANN—How much funding has been allocated to the Palmerston clinic?

Ms Morris—Ten million dollars.

Senator CORMANN—But none of it has been spent yet?

Ms Morris—No.

Senator CORMANN—None of it?

Ms Morris—Yes.

Senator CORMANN—Thank you.

Senator BOYCE—Just following on from the Palmerston questions, we talked about the Palmerston superclinic having an after-hours service at the last estimates. You have said you are negotiating with the NT government. What has actually happened in the last four or five months about progressing Palmerston?

Ms Morris—My colleague Ms Taylor was there on Monday meeting with the NT government to progress the superclinic there. We have several superclinics where they are being done jointly with state governments. There is Palmerston—

Senator BOYCE—They are not actually superclinics, are they? They are plans for superclinics. Is that right?

Ms Morris—They will be superclinics. I am not sure what distinction you are making there, but we have got two in WA, two in South Australia and one in Palmerston.

Senator BOYCE—Laypeople when you say, ‘We have a superclinic,’ assume that it is somewhere where you can knock on the door and get medical-type services.

Ms Morris—Yes, a plan; a commitment to build a superclinic.

Senator BOYCE—So you have met with the NT government?

Ms Morris—Several times. It is a significant amount of money and we need to get agreement—

Senator BOYCE—The government’s money—it certainly is, yes.

Ms Morris—Yes, it is. We need to work very closely with the NT government on the when and the where and the what will be in the clinic. It is not unlike other processes where we go through a competitive invitation to apply. We need to agree on what we are doing—work together with the NT government on the services there—so it complements existing state services up there. We are not doing a go-slow on it, and there are no problems that have been holding it up. But there is a lot that we are trying to negotiate.

Senator BOYCE—My problem is that the government did say that they would have 31 superclinics, and that 20 of them would be functioning by 30 June this year.

Ms Morris—Twenty commissioned, Senator. Sorry.

Senator BOYCE—I do not think that was the impression that people had when they read the material that the government put out; that there would be a suggestion that sooner or later 20 superclinics were going to happen because a piece of paper had been signed. I think people anticipated, certainly from the language that was used, that there would be 20 functioning superclinics. I do not think that distinction about commissioned not meaning actually in any sense operational has perhaps been made quite so carefully up until now. Can we talk, though, about commissioning, which presumably means that you have got someone to sign a piece of paper saying: 'We will have a superclinic. We will undertake to operate and/or build a superclinic at spot X.' How many have been commissioned?

Ms Morris—Eight so far.

Senator BOYCE—And can we have the location of those, please?

Ms Morris—Yes. Sorry, I have got a lot of paper here. I just need to find the right page.

Senator BOYCE—No, I appreciate that.

Senator CORMANN—So do we. Maybe we can swap. You give me yours, I will give you mine.

Ms Halton—It does not work like that, Senator Cormann. You give us yours and then we will be much more helpful.

Ms Morris—All right. I am ready.

Senator CORMANN—Does that mean I get an answer?

Ms Halton—Of course.

Senator McLucas—As always.

Senator CORMANN—Yes, Minister.

Senator BOYCE—I am poised to write these down, Ms Morris.

Ms Morris—I will try and enunciate clearly for you: Ballan and Bendigo in Victoria; Hobart's Eastern Shore, Clarence, in Tasmania.

Senator BOYCE—That is a place, is it? I do beg the pardon of any Tasmanians here, but that is a part of Hobart?

Ms Morris—Yes, I understand so.

Senator BOYCE—Thank you.

Ms Halton—It is a good thing Senator Abetz is not here or you would be in real trouble.

Senator BOYCE—That is why I made that hasty apology.

Ms Halton—Fair enough.

Senator BOYCE—Someone will be monitoring that somewhere.

Ms Halton—They will be. Absolutely.

Ms Morris—In New South Wales, Blue Mountains, Southern Lake Macquarie, Port Stephens, and in Queensland, Redcliffe. I will just check that that is eight there. Shellharbour is the one I was missing, in New South Wales.

Senator CORMANN—Just on that, as we are looking at different states, this is eight clinics out of 31 that are eventually planned.

Ms Morris—Yes.

Senator CORMANN—Out of the 31, is it right that nine of them are planned in Queensland?

Senator BOYCE—I would not see anything wrong with that.

Senator CORMANN—I am sure you do not, but I am also a very parochial Western Australian, and I am bit intrigued as to why 30 per cent of them would go to Queensland and only two of them would go to Western Australia. Is there a reason for that?

Ms Morris—You are correct in saying that nine have been committed for Queensland.

Senator CORMANN—And two of them for Western Australia?

Ms Morris—That is right.

Senator CORMANN—So what is the rationale? How did the department make the decision that there were nine superclinics needed in Queensland and two of them were needed in Western Australia?

Ms Halton—This is not a matter for the department.

Senator CORMANN—So that is a government decision, is it? So if I were to speculate: because we have got a Prime Minister and a Treasurer in Queensland, they are needier of superclinics? No, you cannot answer that.

Senator McLucas—That would be total speculation.

Senator BOYCE—I think I would be looking at the margins in the relevant electorates, Senator Cormann.

Senator CORMANN—Perhaps. Okay. But it is just intriguing. But I know now that the department has not made that decision; that it is a government decision.

Senator BOYCE—I wanted to talk about the consultations which you conducted before you had—

Ms Morris—Yes.

Senator BOYCE—How many consultations for particular superclinics have taken place?

Ms Morris—We have conducted local information and consultation sessions in 28 out of the 31 sites.

Senator BOYCE—Twenty-eight out of 31. Sorry, I had some more questions on that particular topic. We have had anecdotal evidence from people that they were not entirely satisfied with the consultation process; that when they began to ask probing questions, they were told that their questions could be put on notice. What response have you had to that?

Ms Morris—It is not something that has been raised with me or with my staff. I am surprised that comment has been made. We record everything that happens at the consultations. We record every question asked. We post the questions on our website and provide answers if the answers are provided on the night.

Senator BOYCE—So they are on your webpage?

Ms Morris—That is right. We have put a lot of effort into ensuring that we take the same approach at every consultation, that people who go there do get a chance to ask questions and that, if a question cannot be answered at the time, an answer is provided. We make it very clear at the beginning of the consultation that that will be the process.

Senator BOYCE—So if I go onto your website now, I can read the—

Ms Morris—Questions and answers.

Senator BOYCE—outcomes of the 28 consultations?

Ms Halton—No.

Ms Morris—No, you will read questions raised and answers given.

Senator BOYCE—At particular ones or in a generic fashion?

Ms Morris—I think in a generic sense.

Senator BOYCE—The complaint was raised with me that people had the impression that there would be a summary of their consultation on the website and that they cannot find that.

Ms Morris—We are implementing that, but our main priority is to answer the questions as asked. There are summaries appearing on the website, but I could not tell you that all 28 are up there yet.

Senator BOYCE—It has been raised with me—and I must admit I have not confirmed this—that none of the specific summaries are up there.

Ms Morris—I have just had it confirmed that they are not yet up on the web, but they will be.

Senator BOYCE—They are?

Ms Morris—They are not yet up on the website, but we are preparing them.

Senator BOYCE—When did you first begin conducting the consultations?

Ms Morris—I cannot give you the exact date.

Senator BOYCE—But it would be over 12 months, wouldn't it?

Ms Morris—No. It was late June last year, I think.

Senator BOYCE—So we are talking about eight months?

Ms Morris—There has been a delay, and I accept that, but our priority has been to answer specific questions so that people can apply. I think we have kept up to date with that quite well.

Senator BOYCE—We have \$275 million for this over five years, I think.

Ms Morris—Yes.

Senator BOYCE—That is from last year. Are you anticipating that that \$275 million will be spent?

Ms Morris—Yes, I am. In order to understand how the money is going, there is basically a lead time between consultation, invitation to apply, receipt of applications, assessment and then signing of contracts. We are currently in a very intensive stage of assessing applications and drawing up contracts and, as I said earlier, we expect to have 20 commissioned by the end of this financial year.

Senator BOYCE—Going back to the consultations, have there been concerns raised in the consultations about: ‘Why here? Why are you wanting to put a superclinic here and not 10 kays down the road?’

Ms Morris—Yes, those concerns have been raised in some places. We usually hear a variety of views from the people in those places as to what they think the need of a superclinic is there. That is the very reason we have the consultation; to find out what local practitioners think and also what the local community thinks.

Senator BOYCE—But don’t you build them there no matter what, because that is what the government has told you?

Ms Morris—It is very rarely that there is a commitment to one particular site. The commitment is usually to an area. I cannot tell you how many have been to particular sites, but very few.

Senator BOYCE—Berwick in Victoria is an example of what I am talking about. It is low socioeconomic status territory and yet it is a place that is apparently going to have a superclinic. It has a lot of doctors and a lot of medical centres. I understand the AMAV is on record as saying they do not see that Berwick needs a superclinic, so you must have had feedback at the consultations suggesting that perhaps there were needier areas.

Ms Morris—I have just been informed that Berwick is one of the three sites for which we have not yet had a consultation. We may well hear that when we go there, but we have not yet been.

Senator BOYCE—I would suggest that you almost certainly will hear that. How am I going timewise?

CHAIR—You have two more minutes.

Senator BOYCE—Being somewhat parochial, Senator Cormann, I wanted to go to—

Senator CORMANN—You can stand up for the great state of Western Australia too, if you want.

Senator BOYCE—I have some questions that Senator Adams has asked me to ask in other areas, so I will be doing exactly that.

Senator CORMANN—Good.

Senator BOYCE—With respect to the Redcliffe, Bundaberg and Shellharbour GP clinics, there have been some concerns raised with me about the selection panel for the tenderer for the Redcliffe superclinic, which is being located in a bit of Redcliffe Hospital, I understand.

Ms Morris—On the grounds of Redcliffe Hospital.

Senator BOYCE—There was a Queensland Health person—and Queensland Health are the people who run Redcliffe Hospital—on the selection panel for the tenderer for the Redcliffe superclinic. So a Queensland Health employee was involved in the selection of Queensland Health as the tenderer for the superclinic. What governance controls do you have around these issues?

Ms Morris—To go back a step, we have very strict governance controls around the whole process and a probity adviser involved every step of the way. In this instance, there was someone from Queensland Health on the selection panel. The successful tenderer was not Queensland Health.

Senator BOYCE—No, sorry, a consortia of Queensland Health. Please tell me who it was.

Ms Morris—I will need detail on that, sorry. It is a private organisation called Redcliffe Hospital Foundation.

Senator BOYCE—Who are the Redcliffe Hospital Foundation?

Ms Morris—We may not have the detail here with us tonight. We will have to take that one on notice.

Senator BOYCE—Yes, if you could. But I understand that the Queensland health department and the Redcliffe City Council are on the board of the foundation that you just mentioned and were also involved in the selection of that foundation.

Ms Morris—We will take that on notice and get back to you.

Senator BOYCE—I would be interested to know if those people stayed in the room while the decision was made and, if they did, on what basis. If they did not, how would you account for governance being properly met in that situation? Have you had consultations at Shellharbour and Bundaberg?

Ms Morris—Yes. They are two of those I went to, so I remember them.

Senator BOYCE—You have?

Ms Morris—Yes.

Senator BOYCE—I understand that the local GP division there is not entirely enthralled with the choice of that area or that place.

Ms Morris—At both Shellharbour and Bundaberg, or just one of them?

Senator BOYCE—I am talking about Bundaberg.

Ms Morris—I am just checking the facts here. I think it is right that the division has made a public statement, but we are still getting a lot of interest in the application from local practitioners. I cannot tell you what the story is behind what the division said and what is happening there.

Senator BOYCE—I understood that there was a group of local GPs interested in being involved but who have now withdrawn from the process because they do not see it as a viable place for a clinic. I am not expecting you to respond to that, Ms Morris. To follow on from that, how many GP organisations or consortia have applied for the clinics that are currently—

Ms Morris—We will take that on notice. Do you want that as a proportion of total applications? We have had 50 applications and 35 of them have been from either divisions or consortia.

Senator BOYCE—I would like to drill down to the lowest level of detail that you can give me without identifying people incorrectly. If there were six tenderers for a particular site—have there been six tenderers for any particular clinic?

Ms Morris—Eight is the most we have had. That was in Nelson.

Senator BOYCE—So could you tell me their character: ‘Three of them were this. Two of them were that,’ et cetera.

Ms Morris—I will see what we can provide.

Senator BOYCE—If you are not able to do that, perhaps you could do it on a state basis.

Ms Morris—Yes.

Senator BOYCE—But to the lowest level of detail that would be useful to me and that you feel will not cause you to breach any confidentiality.

Ms Morris—Yes.

Senator BOYCE—Thank you.

Ms Morris—I think we can safely say this evening that most of the applications have been from consortia involving local GPs. We get a range of applications but there is usually at least one from local practitioners. If I can draw down on that detail, I will give you what I can.

Senator BOYCE—Thank you. I have some more questions, but I will put them on notice, Chair.

Ms Metcalf—I will just correct the record. The first GP superclinic consultation was 20 May 2008.

[8.50 pm]

CHAIR—We are now moving to outcome 6, Rural health. Thank you very much. You are very fortunate that Senator Adams is not here, because she has many questions, and she will be sending them to you on notice. But Senator Boyce has got some questions.

Senator BOYCE—I just wanted to follow up from estimates in October. There was an announcement of an increase in GP training places and increased funding for doctors in training. What has actually been done about encouraging metropolitan doctors in training to take up rural training places?

Ms Bennett—I am sorry, but I think that is actually outcome—

Senator BOYCE—That should have gone into GPET?

Ms Bennett—GPET, yes—outcome 12.

Senator BOYCE—All right. Again you will have to bear with me and see if this comes into the area.

Ms Bennett—Sure.

Senator BOYCE—The increase in the number of medical students into the system—bonding.

Ms Bennett—Outcome 12 is bonding.

Senator BOYCE—All right. We will keep this going.

Ms Appleyard—Is there anything you would like to tell us?

Senator BOYCE—Yes, I am just wondering about that!

Senator CORMANN—If you do not want to give us your full file, you could always give us the table of contents. That might give us some pointers.

Ms Bennett—Indeed!

Senator BOYCE—The National Rural and Remote Health Infrastructure Program. Are we getting there?

Ms Bennett—Yes, that is right. This is us: Office of Rural Health.

Senator BOYCE—The first and second rounds have been finalised; is that right? Or can you tell me where we are at?

Ms Bennett—I can. Both the first and second rounds have been advertised. The first round has been finalised. The second round is currently under assessment.

Senator BOYCE—What does that mean?

Ms Bennett—That means applications for the second round closed on 19 December. They were advertised on 8 November and closed on 19 December.

Senator BOYCE—The first round has been finalised.

Ms Bennett—That is right.

Senator BOYCE—Could you tell us if the money has been allocated as yet?

Ms Bennett—The successful applicants have been approached and advised that they are successful under the round. Contracts have not been completed with those organisations yet. Once they are advised that they are successful, we then need to negotiate the details of the contract, and we are in that phase with these 53 applicants.

Senator BOYCE—Can you give me some general information? How many were successful?

Ms Bennett—Yes, I can.

Senator BOYCE—Can you give me a general sense of the project?

Ms Bennett—There were 53 successful applicants in round 1. We received 202 applications. The total amount of money to be allocated in round 1 is just over \$12 million, GST exclusive.

Senator BOYCE—An average of half a million or so each. Is that right?

Ms Bennett—They vary quite a lot. Some are for capital works projects and are in the \$200,000 to \$300,000 range. Others are for equipment purchases, for example, and will be quite a different amount. The maximum allowable for applications is \$500,000 for capital

works. We would be happy to provide you with a list of the 53, where they are and how much they each got, if that would help.

Senator BOYCE—That would be fine, on notice. That would be good. Are you saying you can't do that yet, though?

Ms Bennett—Yes, we can do it now.

Senator BOYCE—I understood you were saying that you could not tell us that because contracts were still being signed.

Ms Bennett—There was a press release with a list of the 53 applicants who have been selected. We are now in the contract phase, so the final amount of the contract is not known, but the 53 applicants are certainly known and public.

Senator BOYCE—The second round has closed?

Ms Bennett—It has closed.

Senator BOYCE—How many applications did you receive?

Ms Bennett—We have received 168 applications. The amount of money that people in total are requesting is around \$45 million.

Senator BOYCE—How much have you got to hand out, Ms Bennett?

Ms Bennett—Probably, again, in the order of \$10 million to \$12 million.

Ms Appleyard—That varies. The program is worth \$46 million over four years and so it will depend on the profiling of the funding; that is the technical term. Applicants might require a certain amount of funding in year 1 and a different amount in year 2, so we have given out, as Ms Bennett said, about \$12 million so far in round 1 and we are looking to allocate approximately \$9 million each year in the coming years, give or take a few million.

Senator BOYCE—This is known as the Rural and Remote Health Infrastructure Program. We have a top limit of half a million. What infrastructure can you get for half a million dollars?

Ms Bennett—Quite a lot. Often people put in partnership applications. It may, for example, be a division of general practice in cooperation—partnership arrangement—with the local government. There are other providers. Sometimes it is a private medical practice or a small rural hospital and what they will be seeking is to build on, say, a teaching facility or just a clinical training room for a medical student. It is not necessarily that they will be seeking to build an entire medical complex and, as we said, it is in partnership, and quite often they have significant investment from other partners in the process.

Senator BOYCE—Can you tell me about the selection panel, please?

Ms Bennett—It is actually an assessment panel. The decision on who to fund rests with the minister, so the final selection is a decision made by the minister. There is a panel that assesses this. It is a two-stage process, though. There is quite a detailed assessment. For example, if it is an application from New South Wales, there is a panel that would include representatives from our state office in whichever state has the on-the-ground contacts with the state government in that jurisdiction and some more on-the-ground local knowledge.

We also involve, at that early assessment phase, various parts of our own department. For example, if it is for an allied health piece of equipment or some allied health program, then we would involve the area of the department to assist in the assessment who have knowledge of that kind of program area. If it is for something in an Indigenous community, we would involve people from OATSIH to assist in that early assessment phase. So every application is assessed in detail by people with knowledge of the program area.

Senator BOYCE—So the assessment panels would vary in every case or in some cases?

Ms Bennett—There would be some common representation. As I said, probably the same people—but I would have to look—would assess projects from OATSIH if they are Indigenous projects, but there may be some variation. That process is to do a summary and a detailed look at each application. That information is provided in detail to a national assessment panel.

Senator BOYCE—Which is one body?

Ms Bennett—One national panel, yes, which then comes together to look at all of the applications. That national panel then makes its recommendations to the minister, who makes her decision.

Senator BOYCE—Is the membership of the national assessment panel publicly available?

Ms Bennett—Yes. It is chaired by the department and it includes external representation from Rural Health Workforce Australia, which is a national body to assist with recruiting workforce and their infrastructure needs; the Australian General Practice Network; and the Australian Local Government Association. Internally, we have a representative from the Acute Care Division, who have knowledge in that particular area; a representative always from the Office of Aboriginal and Torres Strait Islander Health; and from the Primary and Ambulatory Care Division, and that is from the Office of Rural Health and from the Practice Support Branch.

Senator BOYCE—These are appointees in terms of being a body that meets every time?

Ms Bennett—Yes.

Senator BOYCE—They are?

Ms Bennett—Yes.

Senator BOYCE—Is the membership of it publicly available or not?

Ms Bennett—We have invited those external bodies to provide us with a representative. We can tell you who they were for the time the panel has met. The national panel has only met once, to assess round 1. It meets again to do the round 2 national assessment process in the next few weeks. It has only technically met once as a national panel.

Senator BOYCE—The Office of Rural Health was set up in July last year. Is that right?

Ms Bennett—July last year, yes.

Senator BOYCE—So you are still a relatively new organisation.

Ms Bennett—Indeed.

Senator BOYCE—Can you run me through the major programs that you have set up around the rural health workforce to date? No? You are looking like it is the wrong place to ask that question.

Ms Bennett—No. We have not set up programs in the Office of Rural Health. The Office of Rural Health brought together two parts of the department. One was essentially the rural health services that we have had in place, sometimes for many years. We brought into that the workforce distribution programs, which were elsewhere in the department at that time.

Senator BOYCE—Yes.

Ms Bennett—Across the Commonwealth there are about 60 to 65 programs which you could describe as targeted rural health programs. Directly within the Office of Rural Health we do not, on a day-to-day basis, manage each of those, but they are within the scope of Commonwealth rural programs.

Senator BOYCE—But your purpose is, as I understand it, rural health reform.

Ms Bennett—That is right. So we have an overarching policy mandate.

Senator BOYCE—What can you tell me in terms of progress in that area undertaken by your office?

Ms Bennett—The first and principal task that has occupied most of our time to date, apart from the day-to-day management of the programs for which we are directly responsible, is to undertake a review of the Commonwealth funded rural health programs. We have launched into that process. We have had agreement from our minister about the scope and directions that review would take. We are taking a broad thematic approach, which means we are not reviewing each individual program and evaluating them on their own but looking more broadly at whether the suite of programs is appropriate, whether we have got the right balance or mix, whether there are opportunities to streamline or consolidate or improve on what we have got in that way. We are deeply engrossed in that work.

As part of that we are also charged with overseeing the review of the geographic classification systems that underpin much of the funding eligibility for rural programs. We are in the process of that review. We are providing regular advice to government. It is not in the same style as some other major reviews, where nothing kind of happens until a major report is released. This is more one where we are just providing regular advice to government along the way.

Senator BOYCE—So incremental change is what we would be seeing. Is that what you are saying?

Ms Bennett—Decisions have not been taken on any of the review aspects to date. We are providing, as I say, advice around the themes that the minister is considering—that is, around the service provision, whether we have got the workforce distribution right, whether we need to do more in education and training, whether we have enough infrastructure support for rural health, and the fifth theme is about the relationship between Commonwealth and state and territory in the broader strategic planning for rural health.

Senator BOYCE—Are these publicly available?

Ms Bennett—Those themes are on the public record.

Senator BOYCE—The fact that this is going to the review and this is where the review is at?

Ms Bennett—Yes.

Senator BOYCE—In terms of the geographic classification system, can you give me any dates about what you are doing, when you expect to have it done by?

Ms Bennett—That will, of course, be a decision that the government will take.

Senator BOYCE—No, but your review.

Ms Bennett—We would expect to have provided our advice in the second half of this financial year—that is, between now and June.

Senator BOYCE—That sounds good, but when is something publicly available about what you are doing?

Ms Bennett—It is already on the public record around the themes of the review, the style of the review, the fact that we have six key stakeholder organisations we are consulting with and that we are looking at the issue of geographic classification. But there is nothing yet on the public record in terms of outcomes of that process.

Senator BOYCE—That is what I mean.

Ms Bennett—I cannot give you a date when there will be anything on the record about that.

Senator BOYCE—Would you anticipate that your office would be producing an annual report?

Ms Bennett—No.

Senator BOYCE—No?

Ms Bennett—Not at this stage.

Senator BOYCE—That becomes an issue for us in terms of, when do we ever know what progress you have made if the minister announces nothing? I guess that is not your issue, Ms Bennett. That will do for that, thank you.

CHAIR—There will be questions on notice for your area.

Ms Bennett—Yes fine. Thank you very much.

[9.07 pm]

CHAIR—We move to outcome 13, Acute care.

Senator CORMANN—Ms Halton, are you behind schedule in the implementation of the national health and hospital reform process?

Ms Halton—Which schedule would that be?

Senator CORMANN—The schedule that I assume the government has given your department.

Ms Halton—Is that a bit like, ‘When did I stop beating my husband?’

Senator CORMANN—No.

Ms Halton—Seriously, which schedule are we talking about?

Senator CORMANN—When the new government came in in November 2007, I envisage that there would have been a discussion on the national health and hospital reform process with your department about what the new government's expectations were.

Ms Halton—I think we had this conversation, at least in part, earlier. It is important not to conflate two things, but they are related. Firstly, we have started the process of the Health and Hospitals Reform Commission reporting, of which you are aware. We had some discussion about the reporting timetables around that earlier. Secondly, we have had the COAG process, which is reforming very significantly the financial arrangements between ourselves and the states. As part of that, but at one level running slightly in advance of that, we have also had the election commitments in relation to improved performance in hospitals. We could take elective surgery waiting lists as an example. The Prime Minister has made comments in relation to performance of hospitals and certainly the minister is on the record as talking about the need to see substantial improvement in outcomes and performance. That is essentially what we are working on. We do not have a timetable.

Senator CORMANN—I assume there is some sort of timetable, because there is the mid-2009 deadline. I will get back to that. To summarise, as far as you are concerned, whatever is expected from your department as part of the national health and hospital reform process you are on track with what is expected by government?

Ms Halton—We have successfully delivered a revised COAG agreement which delivers both significant additional funding—we talked about that earlier—and also a new approach to ensuring delivery and accountability in a whole series of areas across the portfolio. That is done, as you know, in a manner which is quite different to the way it was organised before. In terms of administration of the particular election commitments—elective surgery et cetera—all of those things are on track.

Senator CORMANN—So everything is on track, as far as you are concerned. Have the objectives of the national health and hospital reform process been watered down at all since you first—

Ms Halton—You keep using this language, which I have to say I am struggling with a little, because I do not recall—

Senator CORMANN—It might be the linguistic challenge of a humble immigrant that does not speak the English language all that well.

Ms Halton—I am similarly a humble immigrant. So we can out-immigrant each other, if you wish.

Senator CORMANN—But I might out-linguistically challenge you though.

Ms Halton—I do not know, given the countries I have lived in. But that is probably a competition for another day. You and Andrew Stuart could compare direct linguistic histories, if you like. I am serious. The reality is the language that you use is not, I believe, language that the government has used. The government has talked about performance; it has talked about the process it has set in train in terms of looking at particular elements of our health

system. So to say ‘process’, again, there is not some particular thing I can point to to say, ‘That’s that process and therefore that’s the timetable.’

Senator CORMANN—Ms Halton, do you know when we last had a conversation about the national health and hospital reform process?

Ms Halton—Process or commission?

Senator CORMANN—The process—not the commission, the process.

Ms Halton—We have talked about the reform of our arrangements with the states on hospitals and we have talked about a number of reforms in respect of health.

Senator CORMANN—Do you remember that at the last Senate estimates on 22 October we had a conversation about what significant progress by states and territories in terms of implementing—

Ms Halton—Yes.

Senator CORMANN—the national health and hospitals reform process would mean. I think we might have had a conversation about oranges and apples and what is the better—

Ms Halton—I think that ran on Crikey—no, actually, it was in the *Financial Review*.

Senator CORMANN—Indeed.

Ms Halton—It was excellent.

Senator CORMANN—So you remember the conversation we had?

Ms Halton—Yes.

Senator CORMANN—I do not know whether it was because it appeared on Crikey, but it seems to me—

Ms Halton—No, it was not Crikey; it was the *Financial Review*.

Senator CORMANN—Okay. Somebody in the Prime Minister’s office must have either watched what we were talking about, which they might be doing right now as well—

Ms Halton—They may not have understood, however, the ironic reference.

Senator CORMANN—They must have understood enough to change what the Prime Minister was saying about the health objectives of the government within days after we had that conversation. I quoted to you at the time the Prime Minister’s website as I was trying to ascertain what your department’s role was in helping to achieve it. On 22 October when we last spoke, the Prime Minister—

Ms Halton—About oranges. Yes.

Senator CORMANN—About the national health and hospital reform process.

Ms Halton—It was actually about chairs and beds, as I recall it. But, anyway, keep going.

Senator CORMANN—Indeed. But if we can go back to the seriousness of the subject for a moment.

Ms Halton—Yes.

Senator CORMANN—We were talking about the national health and hospital reform process and what the definition of ‘significant progress’ was that had to be achieved by the states and territories by the middle of 2009. On 22 October on the Prime Minister’s website, this is what was said then, under the heading ‘Fixing our hospitals’:

The Rudd Government is committed to achieving national health care reform in partnership with state and territory governments. However, if significant progress toward the implementation of the reforms has not been achieved by mid-2009, the Government will seek a mandate from the Australian people at the following federal election for the Commonwealth to take financial control of Australia’s 750 public hospitals.

What do you think the Prime Minister’s website is saying about that now?

Ms Halton—I sort of feel that you are going to tell me.

Senator CORMANN—I will. You said you are on track. You said there has not been any slowdown in terms of implementation, that there has not been any watering down. Instead of ‘fixing our hospitals’ it now says ‘improving our hospitals’. Instead of having to achieve significant progress towards the implementation, all we need now is—and I will read it:

While immediate action is important, Australia also needs to consider the long term future of the health system. The Government has established the National Health and Hospitals Reform Commission, chaired by Dr Christine Bennett, who has extensive experience in the health sector. The NHHRC will develop a long-term reform plan for the health system, in consultation with health experts, professionals and consumers, by the middle of 2009.

So instead of ‘significant progress in the implementation’, which the states and territories have to achieve and, if they do not, the Commonwealth is going to take over the running of hospitals, all we need now is a plan. Is that a watering down of the commitment by the middle of 2009 in your language?

Ms Halton—You are asking me for an opinion. I am not familiar with that website, so I cannot make any comment about that other than to tell you, in respect of the programs which we are administering, we are on track. For example, if I go back to elective surgery, we are above target in terms of improving the number of people seen for procedures which they need. We are on track in terms of delivering a new healthcare agreement. That healthcare agreement I believe delivers a significantly improved level of accountability and transparency and, by definition, therefore, service quality to consumers. At the end of the day, we will receive reports in relation to those over a period, as was published and agreed at COAG. But in relation to particular comments and websites which I have not seen, I cannot comment.

Senator CORMANN—You are the Secretary of the Department of Health and Ageing. If the Commonwealth were to make a decision by the middle of 2009 to put to the Australian people that the Commonwealth would take over the running of 750 public hospitals, I suspect that that would have implications for you as the Secretary of the Department of Health and Ageing, would it not?

Ms Halton—That would probably be the case, yes.

Senator CORMANN—You are saying that you are totally unfamiliar as to what the Prime Minister’s intentions are in terms of whether, by the middle of 2009, we have to achieve

significant progress on the implementation, or whether all we have to achieve is the finalisation of a plan?

Ms Halton—No. I would not want to be misrepresented in that way. What I said to you was that there were a number of steps taken which are all germane to ensuring improvement in health system performance, including hospitals. I have gone through with you a number of those steps. What I have said to you in relation to the delivery of those steps is that they are on track, if not exceeding deliverables. I have said this and I will say it again: I have not seen that website. I cannot make any comment in relation to the content of that website. But what I can tell you is that, in terms of delivering the practical things that actually improve service outcomes in relation to those programs, we are on track.

Senator CORMANN—This is not just any website, Ms Halton. This is the website of the Prime Minister of the Commonwealth of Australia, the head of this government, the government in which you serve as a senior public official in the health area. I find it really intriguing that you are not able to give me some indication as to what the time lines are in your department in the context of these sorts of changing objectives.

Ms Halton—I do not spend my time surfing websites.

Senator CORMANN—Are you saying that what is on the Prime Minister's website is only on the Prime Minister's website; it is not something that makes its way through the machinery of government in terms of instructions from cabinet, instructions from the Prime Minister? Are you saying that this is only something that is there for public consumption: it does not reflect what the government is doing?

Ms Halton—No. Please do not attempt to—

Senator CORMANN—I am trying to understand what you are saying.

Ms Halton—What I am telling you is that, in terms of the plans that the government has put in place and the instructions given to my department in relation to key deliverables, and including the accountabilities and monitoring of those—which I have to say there is a much enhanced level of interest in—we are delivering, as we are requested to by the government, by the cabinet, by the minister; I therefore assume by the Prime Minister, although I have to say that I have not had a direct conversation with him and nor would I expect to.

Senator CORMANN—Have you had a direct conversation with Terry Moran to discuss the health reform agenda?

Ms Halton—Of course, I have discussed with Mr Moran, the head of the Prime Minister's department, exactly how we are proceeding in relation to the particular deliverables that I have been asked to deliver on.

Senator CORMANN—Has Mr Moran given you any instructions about deadlines, goals, in the context of what the government's agenda is in terms of the national health reform process?

Ms Halton—In terms of specifics, no.

Senator CORMANN—He has not given you any specific deadline? If there is a change—and I can tell you that prima facie, looking at the Prime Minister's website, there is a change

in objectives. 'While there was objective of 'significant implementation' last year, The aim is now just for a plan by the middle of 2009.'

That is not something that has been reflected to you by anybody in the Prime Minister's department?

Ms Halton—I actually do not spend a lot of my time discussing the detail of what I am implementing with the Prime Minister's department, on the grounds, as I understand it, that they are fairly happy with progress to date, and certainly they were very happy with the COAG outcome.

Senator CORMANN—But this is not detail. I mean, this is a significant shift.

Ms Halton—That is your allegation, Senator. I have to say that, again, I have not seen that website. It is your allegation, and I cannot say that I can agree with it or disagree with it.

Senator CORMANN—It is not my allegation.

Ms Halton—I have not seen it.

Senator CORMANN—Okay, I will table it for your purposes, and then you can have a read—

Ms Halton—I have not seen it.

Senator CORMANN—of it for the next one when we have a conversation.

Ms Halton—By all means.

Senator CORMANN—You might just humour me and take my word for it that I am quoting directly from the Prime Minister's website. Just humour me for a minute. Is 'significant progress towards implementation of the reforms by 2009' the same as 'developing a long-term plan by the middle of 2009'?

Ms Halton—You are asking for my opinion.

Senator CORMANN—Why is that asking for your opinion?

Ms Halton—Again, I have not seen this in context. I am not going to be drawn into commenting on something.

Senator CORMANN—What is in the minister's charter letter about the national health reform process?

Ms Halton—That is a matter for the minister.

Senator CORMANN—You are not aware as to what the minister is charged to do in terms of the national health reform process?

CHAIR—That is a question for the minister.

Senator CORMANN—I will move on from this. But I think the point has been made: clearly, the process has been watered down. The deadlines are well out of whack. The government is way behind schedule, and I think that the changes in the wording on the Prime Minister's website in relation to this make that very clear.

CHAIR—Senator Cormann, that is a statement not a question, and it is on the record as such.

Senator CORMANN—What has the department's input to the three governance models been under the National Health and Hospitals Reform Commission report?

Ms Halton—This is in relation to the interim report which the commission has got out for comment?

Senator CORMANN—It is in relation to the three recommended governance models: continued shared responsibility between governments, or Commonwealth to be solely responsible for all aspects of health care—

Ms Halton—The colloquially known A, B and C?

Senator CORMANN—The A, B and C, yes.

Ms Halton—To start with, it is not recommended. None of that is recommended. It is an interim report from the commission. It is out for the commission to receive feedback from the community or, indeed, anyone who is interested. No doubt, Christine Bennett would be very pleased to receive your input, as she would no doubt be to receive mine. It is a matter, however, for the commission, and the commission only, in terms of the materials that they have developed.

Senator CORMANN—Did the department provide any input in relation to the governance models put forward—the A, B and C put forward, if not recommended?

Ms Halton—The commission consulted with the department, as it did consult with all state government departments—and, at this point, you would probably have to ask Dr Bennett in greater detail—and, as far as I am aware, members of the colleges, the professions, consumers, and I could go on. So there has been a very broad process of consultation. Dr Bennett and her colleagues on the commission—I should not restrict this to Dr Bennett—have taken feedback, had dialogue and discussions with numbers of people in relation to, I think, nearly every element of that interim report.

Senator CORMANN—Have you provided any modelling, factual briefing, loaning of officers in the development of those A, B and C—

Ms Halton—We have canvassed already the issue of the secretariat, I think, and the fact that the secretariat does include departmental officers, but they are working for the secretariat and therefore the commission, not for us. Some of those officers do have particular skills in respect of modelling, but certainly the work that they have done they have commissioned themselves.

Senator CORMANN—Has the department argued to the commission in favour of any of the options, or have you taken no position at all?

Ms Halton—No. It is not our position to take a position.

Senator CORMANN—I might just leave this for the time being. Can you tell me what the state of play is with the healthcare agreements?

Ms Halton—They were signed.

Senator CORMANN—So everything is signed off. All states have signed off?

Ms Halton—Correct.

Senator CORMANN—There has been a long-term bipartisan commitment that blood collection and distribution should essentially not be something that is sold or purchased.

Ms Halton—Is that the end of acute care and we are moving into blood?

Senator CORMANN—I have got heaps more questions but, given the time, I thought I would put them on notice.

CHAIR—I think that will be it for this evening. It may well be that there will be a number of questions on notice, but I think the officers can go.

Ms Halton—That is fine.

CHAIR—We will move onto blood.

[9.26 pm]

National Blood Authority

Senator CORMANN—I repeat what I said before: there has been a long-term bipartisan commitment that blood collection and distribution should not be something that is either sold or purchased. I am sure you are aware of the \$8 million blood tax that was part of the New South Wales mini-budget. In fact, Minister Roxon made some comments about this before Christmas in the House of Representatives, where she mentioned that she was writing to the New South Wales Minister for Health, seeking confirmation about what was proposed and, essentially, that she was in the process of getting advice as to whether this was in breach of the National Blood Agreement. I would like to have an opening comment about where things are at.

Ms Murnane—Yes, the minister did write. She expressed concerns in the parliament on 4 December. She did write and she has recently received a reply. New South Wales sought legal advice, and we also sought legal advice. New South Wales did not intend to breach the agreement and, in his reply, Mr Della Bosca says that they intend to fully comply. The issue here is not a legal issue; it is an issue of the spirit of the agreement. The view of the department in analysing the agreement—legal advice—is that, while it is true that New South Wales did not breach the agreement, this sort of action was definitely not foreseen in the agreement and is arguably not in its spirit.

Mr Della Bosca has assured the minister that they are not charging for blood. They are not charging and do not intend to charge patients in private hospitals. Indeed, they have legislated, subsequent to the mini-budget, to prevent charging.

Senator CORMANN—So there are no charges at all at present?

Ms Murnane—They have not yet implemented the agreement—we have not seen this—but they have prohibited the private hospitals, through statute, to directly charge people for blood to recover the costs. I can see that you are going to question me, but can I finish because I am saying that the attitude that we have taken to this, the position we have taken within the department, is that we do not agree with the actions that New South Wales have taken.

Those actions have a potential—I am not saying they will—to damage the practice in Australia, which has been legislated by every state and territory, that donations of blood will

be unremunerated and the supply of fresh blood and blood products to people who need them will be free of charge. So what are we doing? We are considering a number of other possibilities but the first possibility, of course, is to have further discussions with Mr Della Bosca, who put a number of views and arguments in his letter. There are responses to be made to those and to possibly then have further discussion with health ministers. The minister also wrote to her colleague health ministers about the matter and she has received replies from two states so far, neither of which indicated that they would be following New South Wales's practice, and one of which indicated that they had no intention of following that practice at this stage.

Senator CORMANN—Thank you for your answer, Ms Murnane. That is a great and detailed answer. If I understand you correctly, what is happening now is that the New South Wales government is imposing a cost, a tax, on private hospitals in relation to the collection of blood, but it has also legislated to prevent private hospitals from passing that cost on to patients. Is that right?

Ms Murnane—Yes, that is right. They have.

Senator CORMANN—So, essentially, private hospitals, which, similar to public hospitals, are under pressure, will face that additional cost. People might think that, because they have got the word 'private' in their name, they are rolling in money, but I can assure you that private hospitals are not rolling in money. They operate at very small margins.

Ms Murnane—Yes.

Senator CORMANN—They are, essentially, having to cop the \$8 million blood tax that the New South Wales government has imposed. Is that right?

Ms Murnane—That is the stated intention of the New South Wales government. As I said to you, this was not foreseen. It was not foreseen when the agreement was signed by all states and territories about six years ago, and this is comparatively recent, and there is a way to go on the discussions. We do not believe that this cannot be resolved in a reasonable way.

Senator CORMANN—How could it be resolved? What are some of the options that are on the table?

Ms Murnane—I think this is in a process of discussions, in the first instance, between New South Wales and the minister; following that, possibly between the minister and all the states and the territories. Frankly, I do not think that it would be helpful for the framework of those discussions, which we are developing and will be developing in further discussion with the minister, to be put into the public arena in this forum for the first time, as important as it is, and as seriously as we regard it.

Senator CORMANN—I can only go back to what Minister Roxon said—and I totally support what Minister Roxon said on this, incidentally. She was extremely worried about these reports and clearly she did not think that this was appropriate. You tell me that it is not in the spirit of the National Blood Agreement. Have you formed a conclusive view that it is definitely not an actual breach of the National Blood Agreement?

Ms Murnane—Yes, we have. It is not a legal agreement, in any case.

Senator CORMANN—But it is fair to say that the Commonwealth is unhappy with what has emerged in—

Ms Murnane—Yes. I cannot do better than use the words that Minister Roxon used on 4 December, and her words were that she had concerns and that she was worried.

Senator CORMANN—Yes.

Ms Murnane—There was one other thing I should have said, Senator, that I did not. That is that the Red Cross has been closely watching the pattern and volume of donations in New South Wales. We have, and so has New South Wales. We agree that as yet there is no material change.

Senator CORMANN—It is a bit soon, isn't it?

Ms Murnane—Yes. I was going to say that. It is a bit soon and I do think that we need a little time to be able to sort this through.

Senator CORMANN—What argument does the New South Wales government use to justify the imposition of a blood tax?

Ms Murnane—They have said these things publicly, too. There are a number of things they say. They say that, through an internal budgetary arrangement, they do recover these costs from their own public hospitals and they are just transferring the same arrangements to private hospitals. They also make the point that the National Blood Authority believes and other clinicians believe that there is—'profligate' would be the wrong word—not enough rigour around the use of blood, both fresh blood and blood products, in Australia and that a price signal will assist this. We think there does need to be more rigour around the use of fresh blood and blood products.

Senator CORMANN—You say there has not been any decline in donations yet and you also, reasonably, say that it is too early to assess, but are you aware of any feedback from donors?

Ms Murnane—There was, yes.

Senator CORMANN—They provide that free of charge. They donate their blood free. We have got organ donation week. This is a commitment that Australians—

Senator McLucas—We agree.

Ms Halton—We agree.

Senator CORMANN—It seems to be a terrible thing.

Ms Murnane—We agree.

Senator McLucas—So does the minister.

Senator CORMANN—I know. We are in violent agreement, but I am still keen to find out how we can give expression to our violent agreement. When we find ourselves in violent agreement, we should be very focused on making it happen.

Ms Murnane—We are.

Senator CORMANN—Are you taking it to the Australian health ministers council, or even COAG, as an issue?

Ms Murnane—It will be up to the minister whether she raises it at the next meeting. She has already raised this matter with ministers in correspondence. She has not received responses from all of them, but this matter will not go away.

Ms Halton—And we have raised it with the Treasury as well.

Senator CORMANN—I have a final question and then I will cede to the chair. I am not asking you whether you will or whether the government has decided, but has the Commonwealth got the power to legislate to prevent the New South Wales government from imposing that tax?

Ms Murnane—I would have to seek legal advice on that.

Senator CORMANN—Could you perhaps take that on notice?

Ms Murnane—I will, but I do not think that that, in any case, would be the first step.

Senator CORMANN—No. I understand that there are a whole lot of things that we have to do first, but you have to think about what happens at the end of the road, and I would be interested as to whether the Commonwealth would have the power to be able to do that. But you can take that on notice.

Ms Murnane—Okay.

Senator CORMANN—Thank you, Madam Chair. Thank you, Ms Murnane. That was great.

[9.37 pm]

CHAIR—Thank you. That ends discussion on outcome 13. Now we move to outcome 9, Private health.

Senator CORMANN—Thank you, Madam Chair. Is the department aware of the evidence given by Mr Savvides before the finance and public administration committee the other day?

Ms K. Flanagan—Yes, some of my officers were listening to the evidence given by Mr Savvides.

Senator CORMANN—So you have heard Mr Savvides say that, from his point of view, the process that was followed in terms of the rate change application process this year and last year was exactly the same as it had been in any of the previous years for as long as he had been the managing director at Medibank Private?

Ms K. Flanagan—We are aware that he made that claim. We would disagree with that.

Senator CORMANN—I thought you might disagree with it, and that is the reason I am putting it to you—

Ms K. Flanagan—Senator, you are becoming very perceptive!

Senator CORMANN—so that you have the opportunity of explaining to us in detail as to how the process has differed this year and last year compared to previous years.

Ms Halton—He actually told me he liked that committee much better than this one!

Senator CORMANN—I like the committee a lot too. I get answers there, actually.

Ms Halton—There you go! He thought it was much nicer.

Senator SIEWERT—You get the answers you want.

Senator CORMANN—It might have something to do with you rather than me, Ms Halton.

Ms Halton—Maybe.

Senator CORMANN—Anyway, I have asked the question.

Ms K. Flanagan—I think we started the process slightly earlier than we did last year. The minister asked for personal involvement in the process, much more so than we had seen from previous ministers in the past. She wanted to scrutinise all of the funds' submissions, or to certainly get a lot of detailed advice on them. Of the 37 funds that provided premium applications, 17 of them were contacted by the minister to either provide further information or she wanted to query what they were putting in. So we have been receiving further information from the funds and also resubmissions from them.

Senator CORMANN—I am trying to understand how that works. So the minister picks up the phone and—what? She rings the Chief Actuary?

Ms K. Flanagan—The minister sent letters out.

Senator CORMANN—So she did not pick up the phone; she wrote to the funds?

Ms K. Flanagan—Yes.

Senator CORMANN—Asking questions like what?

Ms K. Flanagan—We recommended to her that we thought that more information may be needed. After scrutiny by PHIAC and, in some cases, the Australia Government Actuary and the department, we did not think we had enough information to advise the minister on what decision to take on the premium increase that was being sought. As I say, in some cases some of them have come back with resubmissions and lower increases.

Senator CORMANN—Presumably, Medibank were not one of the 17 funds and they did not get a personal letter from the minister?

Ms K. Flanagan—Yes, they were.

Senator CORMANN—They were part of the 17 or they were not?

Ms K. Flanagan—Yes, they were part of the 17.

Senator CORMANN—So Medibank Private was asked for additional information?

Ms K. Flanagan—Yes.

Senator CORMANN—Mr Savvides must have forgotten about that when we spoke to him earlier.

Mr Kalisch—Mr Savvides was talking about the generality of the process.

Senator CORMANN—No, I asked him very specifically what sorts of approaches he has had from the department, the minister, the minister's office, PHIAC. I asked him, 'Is there any

difference compared to previous years?’ and he told me: ‘It’s exactly the same.’ Medibank Private is a government owned health fund. You would have heard the evidence that Medibank at present has about \$800 million worth of capital reserve in excess of its minimum prudential requirements. Did you hear that evidence?

Ms K. Flanagan—Yes, we did.

Senator CORMANN—If I look at the annual report of Medibank Private, it says:

The Board of Medibank Private has established a capital adequacy target in excess of the prudential capital adequacy requirements to cover both investment and non-investment risks.

That seems to be somewhat contradictory to statements made by the minister and also to your own performance information in the budget that health insurance premium applications should:

... ensure that increases are the minimum needed to maintain insurer solvency requirements and that the insurers can meet their claim obligations to members.

Have you raised that with Medibank?

Ms K. Flanagan—It terms of what, Senator?

Senator CORMANN—I am not talking to you about anything that is commercial-in-confidence. I am talking to you about the public record. I am talking to you about a statement in the annual report of Medibank Private, a government owned health fund. It says, essentially, that the Medibank board has established a buffer as a matter of policy. Mr Savvides told me that at present that buffer is about \$800 million, whereas in media statements by the minister, essentially the statement is made that premium increases would be as low as possible—the minimum required to ensure solvency and capital adequacy. Is that something that concerns you?

Ms K. Flanagan—As I say, we have been around this mulberry bush before.

Senator CORMANN—I know, but I have some additional evidence now. I have some more information.

Ms K. Flanagan—But, again, Mr Savvides said that the process was not any different, and we have just shown that it is in fact different.

Senator CORMANN—Yes, and I am giving you another opportunity to correct the record on this.

Ms K. Flanagan—Thank you. That is very kind of you.

Senator CORMANN—You are getting into the swing of this, Ms Flanagan. That’s good!

Ms K. Flanagan—I enjoy it every time we have this encounter on private health insurance, Senator. There are many things that the minister takes into account. One of them is, as stated in our portfolio budget statements, around capital adequacy. Basically, what we allow the funds to do is to make an argument as to why they need the premium increase that they are seeking, and you would know that there is always a range of different premium increases that are sought. We do not just set one; we look at, on a case-by-case basis, what each fund is seeking and whether we think it is reasonable or not in relation to the benefits

they want to pay out in terms of what has happened with their balance sheet et cetera. So there are a range of things that are taken into account, not just that one thing that is stated.

Senator CORMANN—Have you just told me that keeping premium increases to the minimum required to meet solvency and capital adequacy requirements is not the criterion? It is only one of many?

Ms K. Flanagan—It is one of the criteria. I think I have said this before many times.

Senator CORMANN—I think you will find that the minister's press releases making the last two announcements in relation to rate changes were consistently that this is about keeping increases to the minimum necessary to meet legal requirements.

Ms K. Flanagan—And also—

Senator CORMANN—There is no 'and also' in the one that I am reading from 6 March.

Ms K. Flanagan—I know, but there is in other statements.

Senator CORMANN—On 28 February, yes. That one—and I do not have it here now—said 'to meet capital adequacy and solvency requirements'. In determining what is required, she does look at membership trends and claims forecasts and all of these things.

Ms K. Flanagan—Yes.

Senator CORMANN—I understand that.

Ms K. Flanagan—Age profiles and all of that.

Senator CORMANN—Yes. I am not saying there is anything wrong with what Medibank is doing, but I want to establish very clearly that they are not only focused—and you have now said it is only one of the things—on keeping premium increases to the minimum possible to ensure solvency and capital adequacy requirements. What is your sense of the current health of the industry in the context of the global financial crisis?

Ms K. Flanagan—PHIAC would—

Senator CORMANN—I will talk to PHIAC about that in a minute. Let me just deal with the scrapping of the private health insurance rebate first, which we have discussed before. You know that I have asked questions about this since the change of government. In February 2008 the comment I got was that there will not be any change to the private health insurance rebate, to lifetime health cover or to the Medicare levy surcharge. But of course in May in the budget there were significant changes proposed by the government in relation to the Medicare levy surcharge.

I asked a whole series of questions, which inspired Leo Shanahan from the *Age* to put an FOI request to Treasury, which essentially confirmed that a lot of discussion took place in government about scrapping the private health rebate. I have here the policy development private health insurance reforms 2008 ideas paper parts 1, 2 and 3. Are they the policy papers where the government, or the Department of Health and Ageing, put forward propositions to scrap the private health insurance rebate?

Ms Halton—No. There are a couple of things I want to say about this. Firstly, you have done this enormous segue, from something Leo Shanahan wrote in relation to a particular FOI that had a particular statement in it, to suggest that there has been some extensive debate.

Senator CORMANN—There has been.

Ms Halton—I am sorry. You have got a list of documents which does not go to the contents of the documents because they were exempted in relation to FOI, but you cannot just make an assertion in relation to extensive discussions.

Senator CORMANN—May the record show, and you might want to check the record, that at every estimates—February 2008, May-June 2008, October 2008—I asked questions of your department: do you have any plans to means-test or make any other changes the private health insurance rebate; to make changes to lifetime health cover?

Ms Halton—And we did not.

Senator CORMANN—Your statements were very coy, but progressively it became clear that work had been done and discussions had taken place; but, of course, true to form, you would not be able to tell me what was said because it is advice to government. So I understand.

Mr Kalisch—Let me be clear. We have done work on private health insurance reforms, but they do not necessarily canvass the aspects that you are talking about.

Ms Halton—That is right.

Mr Kalisch—There are other aspects of PHI reforms that we have been working with the minister on that do not go to those matters.

Senator CORMANN—So what do they canvass?

Mr Kalisch—That is a matter of advice to government.

Senator CORMANN—So you are telling me, ‘Trust me. I’m from the government.’ We have got this big reform discussion paper, with ideas, and they canvass things, but it does not talk about scrapping the private health insurance rebate?

Ms Halton—No. In fact, I think you will find the government has ruled it out quite explicitly, in relation to that particular statement and that particular FOI, which was—I will not use the word ‘gratuitous’—a comment made by a Treasury official in a document. The government has been very clear to rule that out.

Senator McLucas—Absolutely.

Senator CORMANN—So when I have here a document, the ‘care and access policy development lifetime health cover loading waiver provision Private Health Insurance Act 2007’, what does that talk about if it does not talk about lifetime health cover?

CHAIR—The officers have been very clear, Senator, that they cannot talk about documents—

Senator CORMANN—Are you claiming public interest exemption? We have had this discussion before. Only the minister can claim public interest exemption.

Ms Halton—No. We are simply saying it is advice to government.

Senator CORMANN—So you are claiming a public interest exemption, are you?

CHAIR—No.

Senator McLucas—No.

CHAIR—They are claiming advice to government.

Senator CORMANN—Advice to government is not in itself a reason not to provide an answer to a question. I think that is pretty well established in terms of the procedures before the Senate.

CHAIR—Senator, we have been over this many times at many estimates in terms of the details that the officers can present to you.

Senator CORMANN—Will you be tabling any of these ideas papers so that we can all have a look and see what is in them?

Ms Halton—No.

Mr Kalisch—No.

Senator CORMANN—Okay. I just thought I would establish that.

Senator McLucas—Senator Cormann, can I just make the point that the practice of this and every estimates committee is that officers cannot provide you information about advice that they may or may not be providing to the government. That has been the practice for the nearly 10 years that I have been coming to this committee, and it is not only in this committee, and I do want to say that I reject absolutely the assertion that you are making that officers of this department are not answering your questions.

Senator CORMANN—Let's put it on the record and we will contest it afterwards. I have asked the question whether or not the department has provided advice to the minister about scrapping the private health insurance rebate. Are you answering that question? Have you provided that advice?

Mr Kalisch—I am certainly saying that we are well aware of the government's commitment and we have provided alternative advice to the government about other PHI reforms.

Senator CORMANN—So why is it that, when I put questions on notice, it is a yes or no answer, and when I ask you a question here that goes to the heart of a significant public policy issue, you are not prepared to give me a straight answer?

Mr Kalisch—I am giving you a straight answer, but I am also giving you an answer that has some elaboration so that it does not get misconstrued.

Senator CORMANN—Okay. Have you or have you not provided advice to the government about the scrapping of the private health insurance rebate?

Ms Halton—Again, let's not have a segue which is unreasonable. We give you a yes or no answer on questions where yes or no is the appropriate answer. We give you an appropriate answer to the question.

Senator CORMANN—So what is the answer?

Ms Halton—On this one, the answer is: we cannot tell you about what policy advice we have given government. If you give us a question on notice, and that is the appropriate answer, we will give you that answer.

Senator CORMANN—That is what I thought you said. Senator McLucas was saying that you had answered the question but you are, essentially, saying you cannot answer it because it is advice to government.

Senator McLucas—Senator Cormann, I said that the officers have answered the question. The inference that you are making—and you have made it all day and I do find it somewhat upsetting—is that the officers of this department are not answering your questions. If the answer to the question is not to your liking, it is still an answer to the question, and it is an accurate answer to the question.

Senator CORMANN—The answer that Ms Halton gave me was that she would not answer because it is advice to government.

Senator McLucas—That is the answer. If you do not like it, I am sorry, but that is the answer.

Senator CORMANN—I have now put on the record that my consistent advice from the Clerk of the Senate is that the fact that something constitutes advice to government is not in itself sufficient reason to refuse to provide an actual answer to the question asked.

CHAIR—Senator, I am chair of this committee and I am saying that detailed information about advice to government is not given by officers in response to questions, and that is my ruling. If you want to challenge it, that is fine, you can challenge it.

Senator SCULLION—I am listening and I am quite sure I did not hear the senator actually ask about the content of the advice. The specific question was: has advice been provided to the government—

CHAIR—On a particular issue.

Senator SCULLION—which is completely different from asking about the details of the advice. It was simply: has that advice been provided or not?

Ms Halton—No, Senator. With respect, we have been answering this question for as long as I can remember, under governments of both colour. We are consistent. We are boringly, dully consistent, but I can assure you that we are consistent.

Senator CORMANN—I do not think that this is necessarily a partisan matter.

Ms Halton—No. The point is that we are consistent.

Senator CORMANN—What I am saying is that the department, in my view, should be answering questions if it is appropriate for them to be answered.

CHAIR—We note your opinion and you can move on.

Senator CORMANN—This is on a totally different issue now, you will be pleased to know. It is in relation to the prostheses list. As it relates to private health, privately insured Australians, how many items on the February 2009 list are subject to a gap payment?

Ms Shakespeare—There are 1,760 items.

Senator CORMANN—Out of how many?

Ms Shakespeare—Out of 9,759 items.

Senator CORMANN—I am very impressed that you have that figure at your fingertips. Do you know how that compares with December 2007?

Ms Shakespeare—I do not have the figure for December 2007. I have got the figure for the previous list in July 2008.

Senator CORMANN—What about February 2008? It comes out twice a year, doesn't it?

Ms Shakespeare—I will have to take that on notice.

Senator CORMANN—Okay. I am interested to know what it was in December 2007. If you could provide that on notice, that would be great. What is the maximum gap payment that a patient might be subjected to on the February 2009 list?

Ms Shakespeare—I will have to take that on notice.

Senator CORMANN—As you are taking it on notice, if you could compare that to the December 2007 list as well, that would be great. Is it possible that patients are asked to pay much more if their doctor uses more than one gap item as part of one procedure?

Ms Shakespeare—If the doctor uses two or more gap items, the gap would be charged in both cases.

Senator CORMANN—So it is cumulative. Is anybody monitoring the total out-of-pocket costs for prostheses that patients may be subject to?

Ms Shakespeare—Yes. That is monitored through Hospital Casemix Protocol data collected by the department.

Senator CORMANN—Thank you very much.

[9.57 pm]

Private Health Insurance Administration Council

Senator CORMANN—Good evening, Mr Gath. Since we last met, there has been quite a change in global economic conditions and in economic conditions in Australia, and even in October you were concerned about the impact of that on some funds in terms of their investment profile. Can you give us a bit of a picture of the prudential health of the health insurance industry in February 2009.

Mr Gath—I disagree with you that the circumstances have changed that dramatically since the last time we met. At the end of October the big shift in the stock markets had occurred and we were well and truly aware of the potential problem, anyway, associated with investments within the industry. What has really happened since then has been a roll-through of the situation that was becoming quite apparent at that point, so our prudential response has really been a continuation of the circumstances that I described back in October. There has not been a dramatically different change in our posture in that time.

Senator CORMANN—Are you concerned about the prudential safety of any health fund around Australia?

Mr Gath—No.

Senator CORMANN—Not one?

Mr Gath—Not one.

Senator CORMANN—So you are saying that the situation as far as the investment income of a health fund is concerned has not deteriorated from October 2008 to 25 February 2009?

Mr Gath—I do not think I said that. What I said was that the broad circumstances are, essentially, the same. The December quarter has reflected, obviously, the market environment that was becoming apparent at that stage, and some funds have registered further losses in their investment portfolio in the course of that quarter. However, the underlying prudential position of the industry remains sound. I think you yourself were pointing out earlier the strong underlying capital position for one fund, and that is a situation that is replicated largely across the industry. Most of the funds are actually very well capitalised.

Senator CORMANN—What is the average buffer across the industry between the minimum required and the safety margin?

Mr Gath—I think the current position is that the industry on the whole is capitalised at about 2.4 times the capital adequacy ratio. That indicates quite a degree of additional capital in the market above any standard that we would require in order to meet prudential requirements. When you measure it against the solvency standard, it is even higher again. I would have to check those statistics.

Senator CORMANN—Could you provide that to me on notice?

Mr Gath—I have got the numbers in front of me.

Senator CORMANN—Great.

Mr Gath—I just have to open the right page.

Senator CORMANN—That is fantastic.

Mr Gath—My deputy CEO has come to my assistance. There has been a bit of movement but, essentially, the position still reflects fundamental soundness. The current industry position is that it is capitalised in terms of capital adequacy at 2.15 times and the solvency risk multiple is 2.54. That indicates still a very significant and healthy margin above any level where we would hold concern.

Senator CORMANN—This is the current position?

Mr Gath—That is for the December quarter.

Senator CORMANN—At the end of the December quarter, that is the current position.

Mr Gath—Yes.

Senator CORMANN—So what would be the minimum legal prudential safety requirement from a capital adequacy and a solvency point of view?

Mr Gath—The minimum is that every fund be capitalised to the standard required by our capital adequacy code.

Senator CORMANN—Can you give me a figure? You have given me the figure as it currently stands. What would be the minimum required?

Mr Gath—In terms of the multiple, it would be one. In terms of an actual dollar amount, it would depend on the size of the fund.

Senator CORMANN—So the capital reserves of funds are double what they require in terms of minimum capital?

Mr Gath—It is slightly more complicated than that, but that is broadly correct, yes.

Senator CORMANN—That is broadly correct?

Mr Gath—Yes.

Senator CORMANN—Humour me. How is it more complicated? Can you talk us through it?

Mr Gath—My deputy CEO is the expert on capital adequacy questions.

Ms Halton—This is a case of Batman and Robin, Senator. Robin leaps to the support of—

Mr Gath—Batman. As he does.

Ms Halton—As he does. Absolutely.

Mr Groenewegen—Senator, can I just clarify the question?

Senator CORMANN—The question is this: I am trying to assess the capital health of the industry. We are obviously in turbulent economic times. The Prime Minister has described it as the worst economic crisis since the Great Depression. Obviously, we need to ensure as a government, as a parliament—and you as PHIAC have got a key role—that our health funds are prudentially safe. Mr Gath has given me the current position and I am trying to find out what the minimum legally required position from PHIAC's point of view is so that I can establish what the gap is between the two. That is what I am looking for.

Mr Groenewegen—Mr Gath has answered the question: the minimum legal requirement would have the multiples at one.

Senator CORMANN—Okay. Because it is more than two across the industry and the minimum requirement is one. I then asked the question, 'Does that mean that the capital reserves are double the minimum required?', to which Mr Gath said, 'That's essentially correct, but it's slightly more complicated.' What I am keen to hear from you is the more complicated version of, 'That's essentially correct.'

Mr Groenewegen—The answer to that question lies in the methodology used to calculate those ratios. That methodology is looking at the capital available to the industry—net assets—as a multiple of the prudential requirements of the solvency and capital adequacy standards.

Senator CORMANN—Would you be able to take this on notice and see whether you can provide me a more detailed answer, where you compare the current capital position not of individual funds, but of health funds across the industry with what the minimum required capital adequacy and solvency requirements are as far as PHIAC is concerned? What date did PHIAC sign off on rate change proposals?

Mr Gath—We signed off sequentially. There were 36 funds examined, so they were looked at over a period of weeks. The final bundle was sent on 23 January, from recollection.

Senator CORMANN—When was the first bundle sent?

Mr Gath—Again, I would have to check. It would be probably something like 10 or 12 January.

Senator CORMANN—So all bundles were sent between 10 January and 23 January?

Mr Gath—Essentially, yes. There was quite an intensive period of work in January which resulted in the first reports being sent across to the minister in about the middle of the second week and then work continued through until about the end of the third week.

Senator CORMANN—Did you query any of the funds in terms of some of the information that they put forward?

Mr Gath—Yes, we did.

Senator CORMANN—Can you provide us not specifics in terms of individual funds but a bit of a flavour of the things that you queried?

Mr Gath—Mostly, the questions we raised were in connection with failure to properly complete the departmental form. In some instances the funds had not properly understood the questions that were being posed and in one or two instances the funds came up relatively short of what we required in terms of the datasets. So it was mostly asking the funds to complete the information that was required to be provided when completing the departmental application form.

Senator CORMANN—That sounds to me like process type queries—the initial information.

Mr Gath—They were essentially processing type queries, yes.

Senator CORMANN—So you have not made any queries along the lines of, ‘This is too high. This is too low. I don’t agree with this. How did you come up with this?’

Mr Gath—No, we do not make those sorts of queries. We simply receive the data as provided and then provide our analysis to the department and the minister.

Senator CORMANN—When I was speaking to Mr Savvides the other day, he mentioned that there were a range of things that obviously were top of mind as they were putting the application together in this rate change application round: obviously, the economic conditions and the impact on investment returns, claims, as they are likely to progress moving forward, and membership trends as they are impacted by things like the Medicare levy surcharge change. What has been your observation—again, not in terms of specifics but in terms of across the industry—of how much all of these things have played a role?

Mr Gath—All the things you have just recited are important matters every year. Membership movements and claim movements and the general economic environment are always matters that are important. This year, because of the global financial circumstances, we did look a little more closely than usual at issues such as asset risk, counterparty and liquidity risk. We were looking particularly at those elements of the funds’ operations.

Senator CORMANN—So you looked closely at asset risk and liquidity risk. Given that there was a policy change approved by the parliament in the middle of October last year and there are, in terms of longer term forecasts, some adjustments being made to membership—

Mr Gath—Which policy change are you referring to?

Senator CORMANN—The Medicare levy surcharge.

Mr Gath—That was legislation, not policy.

Senator CORMANN—Sorry, legislation.

Mr Gath—I was confused by your reference.

Senator CORMANN—Sorry, you are quite right. It has been a long day. We started more than 12 hours ago.

Mr Gath—Yes. It has been tiring watching it on TV as well!

Ms Halton—You are not going to get a lot of sympathy from those of us who have been here all day, Mr Gath.

Mr Gath—It is the best I can offer, I am sorry.

Senator CORMANN—Obviously, health funds do not look at just the next three months. They look at the outlook over the years. Treasury had an estimate. The revised estimate from the legislation change was an expected drop in membership of 492,000 SEUs. How has that been reflected in applications for rate change?

Mr Gath—The reality is that none of the funds experienced any significant decline in membership in the December quarter. Some funds projected potential impacts on their projected earnings in the year ahead. Not many specifically ascribed that to the MLS legislation, however.

Senator CORMANN—Would you have expected health funds to experience a drop in membership by the end of December from a legislation change in the middle of October?

Mr Gath—I simply receive the information that is provided to me and make it available to people like you.

Senator CORMANN—Let me rephrase. Are you suggesting that health funds in their rate change applications did not make provision for expected drops in memberships beyond the December quarter—that is, looking at the years ahead?

Mr Gath—Some did and some did not. That was one of the areas where, as I understand it, there might have been some agitation of discussion further down the line. Where we felt that a fund, in the data that it provided to us, had perhaps overprovided for something which, on the best available information to us, had not occurred yet, that was something we would point out.

Senator CORMANN—The government have banked on 492,000 people leaving private health insurance, because otherwise they will not make the budgeted saving in private health insurance rebate payments. Mr Savvides told us that Medibank took expected membership losses moving forward into account in their rate change application. Is there a difference in the attitude between the bigger funds and the smaller funds in relation to expected membership trends moving forward?

Mr Gath—I cannot really answer that question.

Senator CORMANN—Can you take it on notice?

Mr Gath—There are only six large funds.

Senator CORMANN—Okay. So it must be an easy question to answer.

Mr Gath—The answer is that I do not think I can answer your question without unreasonably disclosing the information provided in confidence by the funds.

Senator CORMANN—I do not want you to give me individual information of those individual funds, but if you aggregate the information across the large funds and you aggregate the information across the smaller funds, surely—

Mr Gath—There are only six funds.

Ms Halton—Mr Gath has rightly said that you are looking for the biggest loser in this and he is not going to tell you that because he thinks it is going to disclose material which is commercially confidential. It is really not sensible to keep asking him, because he is not going to do it.

Senator CORMANN—All right then, Ms Halton, I have had enough.

[10.12 pm]

CHAIR—Thank you, Mr Gath, Mr Groenewegen. That is the end of outcome 9, Private health. We now move to outcome 10, Health system capacity and quality. I take it, Senator Boyce, that is yours.

Senator BOYCE—Yes, I have a few questions that I will ask. My questions relate to the E-Health Transition Authority and other areas thereabouts. You might be interested to know, Ms Halton, that your comments at the last estimates around e-health were reported in *Australian IT*.

Ms Halton—Yes, I know. They must be very delicate. They did not like—what was it?—‘propeller head’.

Senator BOYCE—They did not seem to be terribly keen on being ‘propeller heads’—

Ms Halton—No, they were not.

Senator BOYCE—or ‘real nerd city’.

Ms Halton—Yes, I know. Terms of affection.

Senator BOYCE—However, the blog that followed on from that was titled ‘Roxon lost in e-health maze’. There certainly does seem to be a lack of direction here. Could you fill us in on where we have progressed to since October?

Ms Halton—Yes, sure. If I can start by saying it is curious that people get so hung up on a colloquial discussion we have here, at whatever hour we have it, and probably not on the content more.

Senator BOYCE—They are probably just really keen that someone talked about it, I suspect, Ms Halton.

Ms Halton—Yes, and we are talking about it, which they should be quite enthused about. We have had quite a bit of progress in relation to e-health and I will get the officers to go through it with you. I have to say I was particularly pleased that there was a COAG agreement in relation to continuing what we call the base activities for the National E-Health Transition Authority. You probably know that we have a new CEO in NETA. The very clear focus is on delivering a set of very particular things—which, again, the officers can take you through in a second—by the end of the year.

Senator BOYCE—Sorry, I missed that last sentence.

Ms Halton—Both the initial COAG funding—which they can take you through the detail of—and what NETA is really focused on this year are some very particular deliverables which will really make a difference on the ground to the experience of e-health that you and I as consumers would have; not you and I as people who discuss government program delivery but to the actual experience of consumers of health services. I am trying to give the officers time to find their bits of paper.

Ms Morris—We are the page flickers. Remember?

Ms Halton—Yes, that is right, they are the page flickers. But we can go through with you those details.

Senator BOYCE—Thank you.

Ms Morris—Where would you like to start, Senator?

Ms Halton—Do you want the COAG agreement? Strategy?

Senator BOYCE—Let's start with the COAG agreement. That would be good.

Ms Morris—Back in November last year, COAG agreed to a further \$218 million of funding for NETA over three years, starting from 1 July 2009.

Senator BOYCE—That is fifty-fifty Commonwealth funds and—

Ms Morris—Yes. The Commonwealth puts in \$109 million and the states share the rest according to the AHMAC cost-sharing formula.

Senator BOYCE—Yes. For three years, isn't it?

Ms Morris—Sorry, Senator, I am just getting the list. It is a long attachment because there is a lot of good stuff in here, as Ms Halton said. What I will run through is what they have got in their current 2008-09 work program, which is delivering a lot of really useful outcomes and, as Ms Halton said, getting to the stage where people are hopefully understanding and seeing how it all will build up to a picture of an individual electronic health record. Development of e-health capabilities: I always have to try and translate this into English. Within that, they have things called domain packages, which can be broken down into discharge summaries. For instance, when a patient is discharged from hospital, an electronic summary of what happened to them in hospital, what medications they are on, what procedures were undertaken, what diagnostic imaging, whatever—

Ms Halton—What care they need as follow-up.

Ms Morris—Yes—is sent to their GP.

Senator BOYCE—And other doctors?

Ms Halton—Possibly home nursing organisations.

Ms Morris—Yes. It could be home nursing. It could be a physician who has major care for them.

Ms Halton—It could be a physio.

Senator BOYCE—So this is a work program, but where is that work program at?

Ms Morris—Electronic referrals, medications management and pathology. When I try to explain these, I group them together as electronic messaging. So the basic information about a patient and their care and what is done to them—that is currently sent hard copy from referrer to provider—is able to be sent electronically. A lot of people are very surprised this does not happen now and the capability is not there. But it is not, for a whole range of reasons.

Senator BOYCE—What are you actually telling me about this program: that it is planned to be done; it is in the process of being done?

Ms Morris—It is in the process of being done. Basically the COAG funding enables this work to continue and be delivered.

Senator BOYCE—When it is in the process of being done, are we at the stage of people developing the programs that will allow it to happen? What is happening?

Ms Halton—Can I expand a bit on this. Essentially, what you need, as Ms Morris has just been describing, are bits of architecture, but they are also particular things. So you need, for example, a unique health identifier. You know that we have received funding for that in the past and that work is being undertaken by Medicare Australia on contract to NETA. We are working towards a delivery timetable of that towards the end of the year.

Senator BOYCE—So by the end of the year we should have the unique identifier?

Ms Halton—Yes, we should.

Ms Morris—Yes.

Ms Halton—You also need a health provider identifier to identify an individual physician, nurse, physiotherapist, so clinician X, Y, Z.

Senator BOYCE—So we have that for people who are probably under Medicare or—

Ms Halton—No, we do not necessarily. In fact, what we do at the moment—

Senator BOYCE—It is just practices?

Ms Halton—Yes, and we have individuals in places, so it is a question of who your practitioner is at a particular place—

Ms Morris—As to the provider number.

Ms Halton—Yes—not necessarily a unique provider, and we actually need to be able to identify the unique provider. We also need to be able to identify the unique organisation—say, the Mater Hospital, the ‘what have you’ nursing home, the GP superclinic—whatever it might be.

Senator BOYCE—Let’s hope the GP superclinics, yes?

Ms Halton—Yes. There will be one by the end of the year, so it can have an identifier. Essentially, what that means is that you know who the patient you are talking about is and you can basically aggregate information in respect of that patient uniquely, safely and securely. You can then ensure that the information goes to the right provider. Say I am in hospital for some nip and tuck or something—

CHAIR—Something realistic.

Ms Halton—I have had my appendix out. What else would you like me to come up with?

Senator BOYCE—It will not be your broken arm, Ms Halton.

Ms Halton—I have broken my leg skiing. Everyone agrees that is realistic? I come out and I need some follow-up care. My general practitioner is the person who is going to organise that. So what this would enable is that the message from the acute care facility—on whatever it is I have had and whatever follow-up care I need—can then be sent directly to my practitioner. For me it is probably not particularly relevant, because if I have a broken leg I will just whinge but I will get on with life, but if I am an elderly patient, I have had my medication changed and maybe I am suffering from a little bit of dementia, and I am going home on my own—

Senator CORMANN—No, we do not want speculation.

Ms Halton—I am talking about myself. Maybe I am dementing, Senator—personal speculation! In terms of this scenario, what this means is that that information can go to the practitioner very quickly and then that practitioner knows. Particularly with an elderly patient—

Senator BOYCE—Yes, I think I understand at least those parameters of the potential for e-health. What I am trying to get at is: how far are we down the road?

Ms Halton—This is to be delivered by the end of the year. The point is that these identifiers are to be delivered by the end of the year.

Senator BOYCE—Both of clinicians and of patients?

Ms Halton—Yes, that is correct.

Senator BOYCE—The other thing that I presume you have spent a fair bit of time on is the coding or language that would be used.

Ms Halton—Yes, that is right. The other thing that is going to be delivered by the end of the year is secure messaging. In other words, not only do you want to know who it is you are talking about but also you want to be able to say quite confidently to patients that the information that goes via this mechanism to this other party is not going to disappear into cyberspace and cannot be in some way tampered with or siphoned off by somebody else. It has to be secure. We all think that privacy in respect of health is incredibly important, and so secure messaging—which again is in this timetable—is one of these key things to be delivered.

So when I talked at the beginning about this then enabling patients to start to see these things actually happening, you need all of these things before you can start moving your pathology results around electronically. Before enabling you to manage the medications

electronically, you need to know what the medications are, you need to be able to code them consistently, you need to know it is you who is taking them and not Senator Moore or whoever else, and you need to know who has prescribed what and if it has been dispensed. Does that make sense?

Senator BOYCE—Yes.

Ms Halton—With these what we call ‘foundation parts’ of e-health, COAG agreed that we would continue with this investment to keep building on each of these elements that are all moving towards an integrated, electronic health record. Part of the work is a little nebulous. When you say that one of the things we are working on is engagement or policy or privacy or whatever else, we still need to fund those things, because we need to be able to assure consumers that their privacy will be protected. We also need to ensure that we manage change with the professions.

Senator BOYCE—Can I go back to—because it interests me particularly—the standardisation of terminology. Who has been consulted around that?

Ms Halton—In terms of standardisation of terminology, what is becoming the international standard is called SNOMED CT, which has been developed internationally. We talked earlier today about, dare I say it again, the ICD classification.

Senator BOYCE—I had questions about that.

Ms Halton—SNOMED is the parallel classification system in relation to procedures—appendectomy, nip-tuck, whatever it might be.

Senator BOYCE—You seem very keen on a nip-tuck, Ms Halton.

Ms Halton—Maybe that is a certain age issue—I do not know! For a broken leg, femur or whatever it might be—it is all those things—it has to be absolutely clear that, when you use that terminology, it means the same thing to everybody.

Senator BOYCE—Exactly.

Ms Halton—It comes from the American college of pathology, who started this work. In fact, the intellectual property in relation to the American college of pathology’s early work has now been vested into an international vehicle. Australia is one of the foundation steering partners to that work.

Senator BOYCE—Is that work publicly available?

Ms Halton—Yes, absolutely, and we have been grinding away doing that as one of the things we need to enable us to deliver e-health. I am quite confident that is going to be available as well.

Senator BOYCE—To summarise, the underlying components necessary to deliver e-health should be assembled by the end of the year. Is that what you are saying?

Ms Halton—Most of them.

Ms Morris—Many of them, I would say.

Ms Halton—Yes, many of them. The ones to do these functions that we have just talked about—starting to move discharge summaries, referrals and pathology results around. E-

health can be quite narrow or it can be extraordinarily large. The bigger it is, obviously, the more complex and more expensive it is, and you have to start in a way which is scalable. You have to start with things which are achievable.

Senator BOYCE—So it might just be nip-tucks as a first step?

Ms Halton—Absolutely. The point is that what we tried to do was target bits of the system which have a lot of things running around in them but there might be point-to-point communications in the first instance. They will make patients' lives easier.

Senator BOYCE—When you say 'target bits of the system with lots of things running around in them', can you give me an example of that.

Ms Halton—Pathology results.

Ms Morris—Where patients are moving between different providers or need to be referred off.

Senator BOYCE—X-rays?

Ms Halton—Yes.

Ms Morris—That is harder than pathology but, yes, that is in sight.

Ms Halton—That is right.

Ms Morris—Where you have more than one provider and information needs to be transferred, that is being targeted to be done securely and safely, with consistent terminology.

Senator BOYCE—Can I ask one more question and then I will put the rest on notice. In relation to current staffing at NETA, how many are full-time permanent staff?

Ms Halton—We will have to take that on notice.

Senator BOYCE—Can I have full-time permanent, part-time permanent, consultancies—everybody who is having input.

Ms Halton—We will have to see what we can get. I will have to get the states to agree. It is not a Commonwealth company.

Senator BOYCE—Oh dear! I hope that is not going to be the fate of e-health.

Ms Halton—No, it is fine.

Ms Morris—No, it is the future of e-health.

Ms Halton—I have to make sure that my colleagues are happy for me to provide that information, that is all.

Senator BOYCE—So I shall watch the time frame of this question coming back and see it as some sort of indicator of the potential for e-health?

Ms Halton—We will do what we can.

Senator SCULLION—I will ask one short question in regard to that. Ms Halton, I would have thought that in something like e-health there is not much new under the sun globally. You indicated that some of this work had been done in other parts of the world and that the

genesis of some of the materials in terms of an e-health system had happened in other parts of the world.

Ms Halton—No. That is the classification system in relation to describing things.

Senator SCULLION—Perhaps I can finish the question. I would have thought that other countries in the world were facing similar challenges in terms of health and areas similar to health. Are you seeking similar systems in other parts of the world or are we simply doing it alone?

Ms Halton—I will tell you two things: firstly, I am trying not to make the same mistakes that I have seen other people make elsewhere, and I have seen people spend an awful lot of money for no outcome—a huge amount—so we are actively trying not to do that; secondly, yes, we are watching what is going on overseas and, to the extent that we can use things from overseas, we are doing that. Every health system is unique and what you have to do is build a system which enables the way clinicians practise and the geography, for example, to all be accommodated, including IT connectedness et cetera. So, yes, we are very conscious of other systems. In fact, we have regular dialogue with our colleagues in the United States, the United Kingdom and other parts of the world to—

Senator SCULLION—Is there somewhere that you would see as a standout in terms of best practice to work towards?

Ms Morris—I would also say that it depends on what you are doing health for and how you want it to work in the system.

Ms Halton—I think there are different things that are good in different countries. Is there one country that I would emulate? No.

Senator SCULLION—Thank you.

Senator SIEWERT—Is this the place where I ask about the national register?

Ms Halton—NRAS?

Senator SIEWERT—NRAS, yes.

Ms Halton—No, that is under workforce.

Senator SIEWERT—That is almost next. I will hold that question, then.

CHAIR—Thank you very much for your answers on outcome 10. We will now move to outcome 11, Mental health.

[10.32 pm]

Senator SCULLION—I am not sure who to direct this question to. It is in regard to the Australian Suicide Prevention Advisory Council. I recall the announcement was made on 10 September. The council is chaired by Professor Ian Webster. Can you confirm that you met, as I understand, on 11 and 12 November 2008 and that you were due to meet—I am not sure if you did—on 17 and 18 February? Can you confirm that? How many times has the minister actually met with the council?

Ms Krestensen—ASPAC—the Australian Suicide Prevention Advisory Council—has been formed and has met twice. It met recently for the second time on 17 and 18 February 2009.

Senator SCULLION—Thank you. How many times has the minister met with the council?

Ms Krestensen—The minister has met once with the council. She attended the first meeting of the group last November, and she spent some time on the first afternoon of the meeting to discuss her priorities with the group and to get from the council a bit of a sense of what their views were on the priorities in terms of suicide prevention.

Senator SCULLION—Were there any publicised outcomes of that meeting with the council?

Ms Krestensen—The council produces a public communique as a result of each meeting, and that communique outlines some of the issues that came up from that discussion with the minister. That communique is available on the LIFE Framework website and is distributed to our various suicide prevention stakeholders.

Senator SCULLION—The National Suicide Prevention Strategy work plan is from this year till 2009-10. I understand that members undertook to work collaboratively on the identification of priorities for the 2009-10 National Suicide Prevention Strategy work plan and to provide the Minister for Health and Ageing with advice regarding the objectives for that strategy. Has advice been provided to the minister regarding the objectives beyond June 2009?

Ms Krestensen—At the very end of the two-day meeting that took place on 17 and 18 February, we spent some time doing some forward planning for the 2009-10 work plan for the suicide prevention council. It was very much a blank-slate brainstorm, feeding in the ideas that had come forward from the last couple of meetings. Further discussion is going to take place with various members, between meetings, to have a further, more structured discussion at the next meeting. But at this stage the group is really looking at the target groups which have been identified in the current work plan, identifying what works are continued into the next year and looking at the evidence for what works for those particular groups. So those sorts of discussions are taking place between the meetings, and at the next meeting there will be a more rigorous, structured discussion to formulate that work plan to take to the minister.

Senator SCULLION—What range of stakeholders will you talk to between the allocation of the objectives and the advice to the minister?

Ms Krestensen—My intent was that the discussions taking place are with the suicide prevention council members themselves. They are feeding to us their initial thoughts and will feed those thoughts to us in a more structured way. The advice that will go to the minister from this meeting, which will form the communique which will be publicly available, will indicate that the process has commenced.

Senator SCULLION—Thank you. I would like some advice on the website Living Is For Everyone. I understand this is a platform that has been going since well before my time—for quite some time. How many hits have you had on the website in the last 12 months?

Ms Krestensen—We will have to take that on notice, I am afraid. I would love to have that number but I am afraid I do not on this occasion.

Senator SCULLION—Perhaps you could take that on notice. I am not sure if you can provide information on who is maintaining the website and how much funding has been allocated for it.

Ms Krestensen—I can tell you that Crisis Support Services is maintaining the website for us as part of the LIFE framework project. It is a communication project which provides a platform for the Suicide Prevention Strategy. Crisis Support Services, CSS, won that project through a tender process, I think 18 months ago. I can find out the cost of that contract, but it will take me a second or two. It probably would be easier if I provided that to you on notice when we provide the number of hits on the website.

Senator SCULLION—Thank you very much. I have a number of other questions to put on notice, but I will defer to my colleague for the moment.

Senator BOYCE—Thank you, Senator Scullion. I have a similar situation, where I will probably only get through some of my questions, so I would like to concentrate initially on the \$7½ million that has been provided for people in Victoria who were affected by the recent bushfires. We are told that the money will be going to provide primary mental health care services. Could I hear about how that is progressing and what has been done to date. I imagine that a fairly quick reaction is the important component there.

Prof. Calder—You are correct; it was a fairly rapidly put together response. The initial funding has already progressed, and that is to expand the access to psychological services already provided by the nine divisions of general practice in the significantly affected areas. That will enable—and has, I understand it, already enabled—those divisions to put on more mental health workers through the additional funding so that they can provide an immediate response.

Senator BOYCE—So mental health workers are that readily available, are they?

Prof. Calder—We are aware that they have had to work very hard. That has included a number of the professional associations sourcing from amongst their members people who volunteer to work in the areas for at least the immediate response period.

Senator BOYCE—But they are paid for their work?

Prof. Calder—Yes.

Senator BOYCE—Do we have any sense at the moment of how many people have accessed this?

Prof. Calder—No.

Ms Krestensen—We do know that, in the first few days after the tragedy, one division reported that 13 people requiring assistance under the ATAPS program had come through to one GP. That is just one GP in one division. We do not have an estimate of the numbers very broadly.

Senator BOYCE—That was in a couple of days?

Ms Krestensen—Within five days after the event. That was just one anecdotal bit of feedback from one particular division.

Senator BOYCE—How you will be getting feedback on this? It is not something where you can wait six months to see how it is going.

Prof. Calder—Could I also add that we have increased the funding to a number of the telephone crisis and support services that are available in Victoria and they will have the capacity to monitor immediately the increase in demand and their capacity to meet it. We are putting together the capacity to monitor this and we will be looking at an evaluation strategy across all the responses so that we can learn from the experience.

Ms Krestensen—The ATAPS program has fairly well-structured infrastructure for data collection, and divisions provide rigorous data on the number of patients, the number of services and so forth, so we will be building on that very well-established data infrastructure.

Senator BOYCE—Am I right in thinking that you said \$4½ million had been allocated already out of the \$7½ million?

Prof. Calder—\$4½ million will be available in this financial year and we fund service capacity through to December.

Senator BOYCE—So there is \$4½ million available until 30 June and then another \$3 million available until the end of the year.

Prof. Calder—Until the end of the next financial year.

Senator BOYCE—One of the concerns, of course, about this is that the damage is quite likely to be ongoing.

Prof. Calder—Yes.

Senator BOYCE—You are confident that you have the funding to support people into the medium term at least?

Prof. Calder—Yes. We put in place funding for 18 months.

Senator BOYCE—That is good. Just on other issues that might cause problems: we have already heard that unemployment levels in Australia are likely to rise, and we have certainly had a large number of pensioners, self-funded retirees and others already affected by the global financial crisis and the results of that. What are we seeing in terms of the effect on mental health to date?

Prof. Calder—We have no immediate data to draw on. As you would be aware, through the Better Access program we do have data collection which reports over time, and we do an update of that on a routine basis, so we may be able to track any increases in referrals and provision of services in the next few months.

Senator BOYCE—When you say ‘on a routine basis’, do you do that monthly, quarterly?

Mr Smyth—The data is made available on a monthly basis in relation to the item usage under those items under the Better Access initiative.

Senator BOYCE—And that is publicly available?

Mr Smyth—That is publicly available on the Medicare website. The data is usually made available around the 25th of each month. At the moment I do not think we are seeing any major spikes or anything like that, but there are issues around, obviously, capacity out there in

terms of general practitioners. There seems to be a bit of a levelling off in some of their Mental Health Plan consultations. Some of the other items continue to grow, but it would be drawing a long bow to infer that that was the result of the financial crisis. We have just started an evaluation of the Better Access initiative, so some of that information may well be able to be picked up through the course of that evaluation.

Senator BOYCE—When will that evaluation be completed?

Mr Smyth—I anticipate that that will run for the best part of 12 to 18 months, but there will be some interim reports made available during that process.

Senator BOYCE—Have you got a date for the first one, for instance?

Mr Smyth—No. The steering committee meets for the first time on 24 March, I think, for that.

Senator BOYCE—Nevertheless, unemployment is likely to lead, probably, to not only a higher incidence of mental health problems but also perhaps a higher incidence of domestic violence and other issues. What plans are you currently working on to deal with that?

Ms Krestensen—Can I just mention that we have been working closely with organisations such as Lifeline and beyondblue on this issue. We are in close communication with Lifeline to see if they get a spike in their calls and so forth, but beyondblue has already launched a new campaign, 'Taking care of yourself after retrenchment or financial loss', which provides information about self-care, where to seek help and so forth. Lifeline similarly has set up a referral database and has triaged financial services to provide advice to callers who are in financial distress.

Senator BOYCE—The beyondblue one is a booklet, is it?

Ms Krestensen—It is a resource. It is a booklet, a little brochure, which provides information about how to deal with both the emotional and the financial implications of finding yourself in financial trouble. It is very practical and it also gives good information about where to go to and when to seek help.

Senator BOYCE—You have distributed how many of these? Or has beyondblue done it on your behalf?

Ms Krestensen—Beyondblue produced the booklet with funding which was provided by us and by states and territories. They did the distribution, so I do not know how many were sent around. But it was fairly broadly distributed and it has been fairly well received.

Senator BOYCE—How do you know that?

Ms Krestensen—Just from anecdotal feedback—most recently at the Suicide Prevention Advisory Council, where people were talking about it as being a useful resource. That is all I can refer you to. I do not know whether people on the streets find it so useful. But it seems to be very clear.

Senator BOYCE—Thank you.

CHAIR—I promised I would not ask any questions. Now to outcome 12, Health workforce capacity.

Senator SIEWERT—Where are we up to with NRAS? There have been several articles in the media about it recently in my home state of Western Australia, so I am wondering where we are up to. First off, I understand that Queensland has passed legislation relating to it. Could you bring me up to date on where the other states are, because I must admit I am a little confused over where it is at.

Ms Halton—We have seen the pieces in the paper as well, obviously. There was enabling legislation passed in the Queensland parliament, as you know—'bill A', as it is called. Of course, the Queensland government are now—

Senator SIEWERT—In caretaker mode.

Ms Halton—in caretaker mode, so obviously we will not be proceeding with bill B while they are in caretaker mode, but we would be looking to move forward with that when they are no longer in caretaker mode. There are a number of issues in respect of the operation of the scheme which have been discussed with everyone who is interested, basically. Ministers will no doubt be discussing the final details of the scheme at their meeting very shortly. So I think it is fair to say that there is a lot of detailed work going on to do with the technicalities of the scheme, and particularly the next piece of legislation, but essentially ministers have to form a view collectively about some of those final details, and they will be doing that at a meeting in the near future.

Senator SIEWERT—What is the expected time line for finalisation?

Ms Halton—I would expect that they would finalise their view at their meeting next week.

Senator SIEWERT—Sorry, I mean, presuming they do that, what happens from there?

Prof. Calder—The expectation is that the bill B draft will be released for consultation after that meeting and then, depending on the next steps in the Queensland position, it will proceed to the parliament.

Senator SIEWERT—And what happens if WA decides it is not going to support it?

Ms Halton—That is a matter for the ministers to decide, essentially. If WA chose to stay out, that might be an issue for WA, but the ministers will have to discuss that.

Senator SIEWERT—I should carefully rephrase that question. If WA decides to stay out, does it still go ahead in the rest of the states?

Ms Halton—That is a matter for the ministers to decide, but it could.

Senator SIEWERT—Sorry, again? I am tired. The potential is it could go ahead? That is what I want to know.

Ms Halton—Yes, it could.

Senator SIEWERT—Obviously, the ministers will make a decision, but it could operate in such a way to exclude WA?

Ms Halton—It could.

Senator SIEWERT—Thank you for that.

Senator BOYCE—Where is the National Registration and Accreditation Scheme for health professionals up to, which I think was first flagged in about September?

Ms Halton—That was the previous question.

Senator SIEWERT—That was the question I was just asking.

Senator BOYCE—Sorry. That will teach me to check my emails when I should—

CHAIR—You have confirmed the answer.

Senator BOYCE—Where is the \$6,000 back-to-work bonus to get nurses back into the workforce program up to? We have had that running now for 18 months?

Prof. Calder—It has been running since January 2008.

Senator BOYCE—Can I please have some figures on last year and this year.

Prof. Calder—Yes, I can give you those. We only have figures to the end of December 2008. In that period of time, 266 places in public hospitals and 44 places in private hospitals were taken up.

Senator BOYCE—So we are up to 310.

Prof. Calder—That is correct.

Senator BOYCE—The ambition had been to get 10,000 or so over five years.

Prof. Calder—It was 8,750.

Senator BOYCE—So, clearly, we did not do terribly well the first time. What is happening now?

Prof. Calder—We fully expected there to be a slow uptake as it took some time to get the agreement signed with both the state and territory health authorities and with the private hospital authorities. We took inquiries and encouraged inquiries throughout the year but it was a process of getting contracts in place, or agreed and then in place.

Senator BOYCE—How many inquiries would you have taken during the year?

Prof. Calder—We responded to 825 inquiries—444 by email and 381 by phone—over the 12 months to the end of January 2009.

Senator BOYCE—But that is still not thousands of people.

Prof. Calder—It is over five years. We were hoping that we would see up to 1,000 in the first 12 months, but it is a program that does not have targets year-by-year—that is an overall target.

Senator BOYCE—I appreciate that but you are assuming there is a supply out there that just needed a prod to go back to work. If they did not respond within 12 months to two years, you would anticipate that the supply would drop off after that, would you not?

Prof. Calder—I would not think you could assume that. People stay out of the workforce for a variety of reasons. We do know the number of nurses who are not in the workforce but who hold active registration and it is targeted particularly to those nurses. They will make decisions about returning to work for different reasons over a period of time. We would expect that there would be an uptake over the five years.

Senator BOYCE—So are you happy with the progress?

Prof. Calder—We would like to see it more effective but, as I said, it was the first year. We did take some time to establish the contracts, get them in place and encourage the agencies to progress towards recruitment. We have not had an advertising campaign; that is now in development so there will be a national advertising campaign or promotion campaign shortly, which we would expect to make it much more visible to people.

Mr Kalisch—It is also important to place last year within the context of the overall labour market. The overall labour market was going gang busters. People could find jobs in relatively underskilled positions paying much higher than was available in the health sector. We do now expect, with changed conditions not just in Australia but also in overseas countries, that the uptake will improve.

Senator BOYCE—Have you analysed it on a regional basis to see that these areas where you were not successful were areas of high employment?

Prof. Calder—The difficulty with the arrangements over the last year is that there was difficult uptake right across the nation. It was not just concentrated in the west or in Queensland where the labour market was going very well but also happening in other states where the labour market was still going considerably well but not as robust as in some the other areas. We will be looking at the numbers over the next 12 to 24 months.

Senator BOYCE—I imagine there would still be country areas that are not in mining regions where the prospect of getting \$6,000 to go back to work would be quite attractive.

Mr Kalisch—We were seeing reports of people moving across state borders to go to the mining areas. So, even though they may not have been residing there originally, they were moving.

CHAIR—Senator, I will ask you to put the other questions on notice, if you do not mind.

Senator BOYCE—Yes, that is fine.

CHAIR—Thank you.

Senator CAROL BROWN—Also on notice, could you detail the Commonwealth's contribution to the Health Workforce National Partnership?

Prof. Calder—Yes, we will do that.

CHAIR—Thank you very much. That is the last session and everyone got some questions, which is a goal in itself. Ms Halton, you want to make some comments?

Ms Halton—Yes, if you do not object, Chair. We have a tradition when we come to the end of an estimates hearing and it is the last occasion on which officers appear, certainly in their current role—or roles, as it is on this particular occasion. We have roasted senators thoroughly in our time and that is a good tradition which we look to continue. This particular estimates I am not presenting what I have been known to in the past—aprons and various other things. These are departmental officers so we do not send them away with a show bag—unlike senators.

Philip Davies is going off enigmatically to have a new life doing things he cannot yet disclose. Unlike the rumour doing the rounds of the department that he is going to become a game show participant on *Wheel of Fortune*, he assures me he has something he is intending

to do but he is not yet telling everybody what it is. Philip has been with us for 6½ years. I have already sent a note around the department reflecting on his very significant contribution in the time he has been with us. As I think I reflected, he is known far and wide across the country; he has created a huge number of contracts.

He is, of course, a slightly peculiar beast because he came to us with two passports; now he has three, having started in the UK, gone to New Zealand, gone to Geneva and then come here. I was never completely sure about his loyalties! He has made a very important contribution in a series of areas in the department, including the somewhat thankless task of running the corporate function, something which does not get a lot of publicity here but from what outsiders see is incredibly important in ensuring that we deliver good health outcomes for people. Philip will no doubt say in due course where he is going, but he goes with our particularly good wishes. It is appropriate to remark on his contribution in the time he has been with us.

John Horvath, as I think we all know, has genuinely defined the role of the CMO. As I think I reflected on earlier today, when John came to his first estimates his eyes were out on organ stops—he had never seen anything quite like it. I do not think he now enjoys this, so that is probably an unreasonable statement to make. Not only did he grow into the role incredibly quickly but, as I say, he has defined the role. He has done everything from making a serious international contribution on behalf of Australia—he is incredibly well respected by his peers and colleagues around the world—right down to the contribution he makes inside the executive if someone has a sniffle. That demonstrates the breadth and skill he has brought to the CMO role.

John will be missed probably more than any other CMO, and I say that genuinely and with great respect to previous CMOs. He will be retained by us, at least part time, for which I am very grateful, and I am looking forward to him being in that new role. He has adroitly managed his way across policy, programs, professional interactions and all of those matters in the time he has been with us. The fact that he has been a good counsel, an excellent colleague and at all times has maintained a sense of humour is a function of him as a man. He goes also with our very good wishes.

Senator McLucas—Thank you, Chair. Can I join the secretary in thanking John and Philip for the contributions they have made. I know, Madam Chair, that you shared my concern when I used to sit on that side that this poor man, this very clever man, sat there for all this time and did not say boo to a goose. I know we used to conspire to ask him questions!

Prof. Horvath—To keep me alert!

Senator McLucas—And I think he used to enjoy them. Personally I want to thank John for his contribution through the organ donation process that we did last year. That was fantastic. It was a very complex piece of work, it involved a whole range of stakeholders and I think we have got a very good outcome. But that is just one example of the sort of work that you have done for us in your role currently, and we are not actually saying goodbye. Thank you very much. I think the Department of Health and Ageing is the biggest loser in this one, but you are not really going, so that is great.

Philip and I started when we did the inquiry into Medicare back in 2002. Philip came from New Zealand and knew everything about Australia's health system. I thought: 'That's a bit rough. I don't, but you do!' I think we got through what could have been a fairly combative event fairly successfully. We sat on a plane once, flying north to Brisbane, I think, and I gave him good advice about where he could go on holidays in Port Douglas, which was good, I hope.

Mr Davies—I have not yet taken it.

Senator McLucas—He has not taken it yet. Best wishes, Philip, for your future. We will wait with bated breath to find out what exciting things you are going to be up to. I understand it will be an extreme makeover, so that is exciting. To both those staff members, thanks and best wishes for the future. Thank you, Chair.

Ms Halton—Thank you for your indulgence.

CHAIR—Senator Cormann?

Senator CORMANN—I would like to associate the opposition with the comments made by Senator McLucas and Ms Halton. From a personal point of view, I seem to not have had the opportunity of asking many questions of Mr Davies in the short time I have been here. Either that is because he has kept his head down—

Ms Halton—He is very cunning!

Senator CORMANN—Professor Horvath, I certainly want to associate myself with the comments of Senator McLucas. I am aware of the work you have done in relation to the challenging policy area of organ donation and I have been very impressed with the way that you have handled these matters as they have arisen here at Senate estimates. Ms Halton and Senator McLucas are much more eloquent in putting all of that into fine words, but certainly my best wishes, on behalf of the opposition, go to both of you in your future endeavours.

CHAIR—On behalf of our whole committee and senators who have gone before us—because both Mr Davies and Professor Horvath have trained and been patient with very many senators from many parties in this place; they have shown absolute patience and professionalism in responding and helping us on so many issues—and everyone who has been fortunate enough to be part of our committee, I want to wish you both good luck, to thank you both and to say that you have held your department in fine esteem, and I think that is really important because the Australian Public Service is an incredibly important element of our government. But I do remember, Professor Horvath, trying to think of questions that I could ask you; we did do that. On that note, thank you very much.

With that, we end today's estimates hearings. I would like to thank you all for your patience, particularly the stayers—I see you here. I do appreciate that too. To all senators who have been able to work effectively today, to Hansard and the secretariat, thank you very much. We stand adjourned until tomorrow.

Committee adjourned at 11.04 pm