COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

WEDNESDAY, 3 JUNE 2009

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SENATE COMMUNITY AFFAIRS

LEGISLATION COMMITTEE

Wednesday, 3 June 2009

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

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

Senators in attendance: Senators Adams, Back, Barnett, Bernardi, Bilyk, Boyce, Brandis, Carol Brown, Colbeck, Collins, Cormann, Fifield, Heffernan, Humphries, Lundy, Moore, O'Brien, Ryan, Siewert and Williams

Committee met at 9.01 am

HEALTH AND AGEING PORTFOLIO

In Attendance

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

Department of Health and Ageing
Whole of Portfolio
Executive

Ms Jane Halton, Secretary
Ms Rosemary Huxtable, Acting Deputy Secretary
Ms Mary Murnane, Deputy Secretary
Professor Jim Bishop, Chief Medical Officer
Mr Richard Eccles, Acting 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 Samantha Palmer, General Manager, Communication and People Strategy
Mr Nathan Smyth, Assistant Secretary, Communications Branch
Ms Tracey Frey, Assistant Secretary, Business Group Task Force
Mr Joseph Colbert, Assistant Secretary, Corporate Support Branch
Mr Neil Dwyer, Acting Assistant Secretary, Legal Services Branch
Mr Leo Kennedy, 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

Ms Linda Powell, Acting First Assistant Secretary
Ms Shirley Browne, Assistant Secretary, Ministerial and Parliamentary Support Branch
Mr Dave Hallinan, Acting Assistant Secretary, Budget Branch
Ms Cath Patterson, Assistant Secretary, International and Inter-Governmental Policy Branch
Mr Damian Coburn, Assistant Secretary, Portfolio Strategies Branch

Audit and Fraud Control

Mr Colin Cronin

Outcome 1 - Population Health

Population Health Division

Mr Peter Morris, Acting First Assistant Secretary
Ms Jennifer Bryant, First Assistant Secretary
Ms Julianne Quaine, Acting Assistant Secretary, Population Health Programs Branch
Ms Sharon Appleyard, Assistant Secretary, FOBT Special Project Team, Population Health Programs Branch
Ms Jenny Bourne, Assistant Secretary, Immunisation Branch
Ms Cath Peachey, Assistant Secretary, Healthy Living Branch
Dr Masha Somi, Acting Assistant Secretary, Population Health Strategy Unit
Mr Bill Rowe, Assistant Secretary, Sport Branch
Ms Linda Addison, General Manager, Immunisation Procurement Project

Regulatory Policy and Governance Division

Ms Mary McDonald, Acting First Assistant Secretary
Ms Jenny Hefford, Assistant Secretary, Blood and Regulatory Policy Branch
Ms Alice Creelman, Assistant Secretary, Governance, Safety and Quality Branch
Ms Kylie Jonasson, Assistant Secretary, Research, Regulation and Food Branch
Mr Richard Bartlett, Assistant Secretary, Office of Hearing Services

Mental Health and Chronic Disease Division

Professor Rosemary Knight, Principal Adviser, Mental Health and Chronic Disease Division
Ms Virginia Hart, Acting First Assistant Secretary, Mental Health and Chronic Disease Branch
Mrs Colleen Krestensen, Assistant Secretary, Mental Health and Suicide Prevention Programs Branch
Mr Simon Cotterell, Assistant Secretary Drug Strategy Branch
Ms Meredith Taylor, Acting Assistant Secretary Chronic Disease Branch
Mr Jake Matthews Acting Assistant Secretary, Mental Health Reform Branch

Therapeutic Goods Administration

Dr Rohan Hammett, National Manager
Dr Ruth Lopert, Principal Medical Adviser
Mr Charles Maskell-Knight, Principal Adviser 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
Mr Michel Lok, Head, Office of Manufacturing Quality
Dr Peter Bird, Acting Head, Office of Non Prescription Medicines
Mr Michael Smith, Head, Office of Complementary Medicines

Australian Institute of Health and Welfare
Dr Penny Allbon, Chief Executive Officer
Mr Andrew Kettle, Head, Business Group

National Industrial Chemicals Notification and Assessment Scheme
Dr Marion Healy, Director, National Industrial Chemicals Notification and Assessment Scheme

Food Standards Australia New Zealand
Mr Steve McCutcheon, Chief Executive Officer
Ms Melanie Fisher, General Manager, Food Standards Australia
Dr Paul Brent, Chief Scientist
Mr Dean Stockwell, General Manager, Food Standards New Zealand
Mr John Fladun, General Manager, Legal and Regulatory Affairs

National Breast and Ovarian Cancer Centre
Dr Helen Zorbas, Chief Executive Officer

Office of the Gene Technology Regulator
Dr Joe Smith, Gene Technology Regulator
Ms Elizabeth Flynn, Assistant Secretary, Regulatory Practice and Compliance Branch
Dr Michael Dornbusch, Acting Assistant Secretary, Evaluation Branch

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 Linda Jackson, 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, Medicare Benefits Division
Dr Brian Richards, Executive Manager, Health Technology and Medical Services Group
Ms Yvonne, Korn, Assistant Secretary, Diagnostic Services Branch
Ms Samantha Robertson, Assistant Secretary, Medicare Benefits Branch
Mr Peter Woodley, Assistant Secretary, Medicare Financing and Analysis Branch

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

Outcome 4 – Aged Care and Population Ageing
Ageing and Aged Care Division
Mr Andrew Stuart, First Assistant Secretary
Mr Keith Tracey-Patte, Assistant Secretary, Community Programs Branch
Ms Melinda Bromley, Assistant Secretary, Office for an Ageing Australia
Ms Bernadette Walker, Acting Assistant Secretary, Residential Program Management Branch
Ms Sallyanne Ducker, Assistant Secretary, Indigenous Aged Care Taskforce
Dr David Cullen, Assistant Secretary, Policy and Evaluation Branch
Office of Aged Care, Quality and Compliance
Ms Carolyn Smith, First Assistant Secretary
Mr Iain Scott, Assistant Secretary, Prudential Regulation Branch
Ms Fiona Nicholls, Assistant Secretary, Quality, Policy and Programs Branch
Aged Care Standards and Accreditation Agency
Mr Chris Falvey, Acting Chief Executive Officer
Mr Ross Bushrod, General Manager, Operations
Mr Victoria Crawford, Acting General Manager, Corporate Affairs and Human Resources
Outcome 5 – Primary Care
Primary and Ambulatory Care Division
Ms Megan Morris, First Assistant Secretary
Mr Alan Singh, Assistant Secretary, GP Super Clinics Branch
Ms Judy Daniel, Assistant Secretary, Policy Development Branch
Mr Lou Andreatta, Assistant Secretary, Primary Care Practice Support Branch
Ms Jan Bennett, Principal Adviser, Office of Rural Health
Ms Sharon Appleyard, Assistant Secretary, Rural Health Services and Policy Branch, Office of Rural Health
Ms Vicki Murphy, Assistant Secretary, Service Access Programs Branch
Mr David Dennis, Assistant Secretary, Workforce Distribution Branch
General Practice Education and Training
Mr Erich Janssen, Chief Executive Officer
Mr Rodger Coote, National General Manager, Program Improvement and Workforce Branch
Outcome 6 – Rural Health
Primary and Ambulatory Care Division
See Outcome 5
Outcome 7 – Hearing Services
Regulatory Policy and Governance Division
See Outcome 1
Outcome 9 – Private Health
Acute Care Division
Prof. Rosemary Calder, First Assistant Secretary, Acute Care Division
Dr Andrew Singer, Principal Medical Adviser, Acute Care Division
Ms Veronica Hancock, Assistant Secretary, Medical Indemnity and Dental Branch
Ms Gail Yapp, Assistant Secretary, Acute Care Strategies Branch

Ms Penny Shakespeare, Assistant Secretary, Private Health Insurance Branch
Ms Louise Clarke, Assistant Secretary, 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 5

Regulatory Policy and Governance Division

See Outcome 1

Cancer Australia

Professor David Currow, Chief Executive Officer, Cancer Australia

Mental Health and Chronic Disease Division

See Outcome 1

National Health and Medical Research Council

Professor Warwick Anderson, Chief Executive Officer
Ms Hilary Russell, Deputy Head and General Manager, Research Strategy
Dr Clive Morris, Deputy Head and General Manager, Translation and Implementation
Ms Fran Raymond, Chief Financial Officer, Finance
Mr Tony Krizan, Strategic Finance Officer, Strategic Finance

Outcome 11 –Mental Health

Mental Health and Chronic Disease Division

See Outcome 1

Outcome 12 – Health Workforce Capacity

Health Workforce Division

Ms Kerry Flanagan First Assistant Secretary Health Workforce Division
Mr Allan Groth, Assistant Secretary Nursing, Allied and Indigenous Workforce Branch
Ms Natasha Cole, Assistant Secretary Workforce Development Branch
Ms Maria Jolly, Assistant Secretary Medical Education and Training Branch

Outcome 13 – Acute Care

Acute Care Division

See Outcome 9

National Blood Authority

Dr Alison Turner, General Manager and CEO
Mr Peter Hade, Chief Finance Officer
Mr Andrew Mead, Deputy General Manager

Australian Organ and Tissue and Transplant Authority

Ms Karen Murphy, Chief Executive Officer

Outcome 14 – Biosecurity and Emergency Response

Office of Health Protection

Ms Cath Halbert, First Assistant Secretary, Office of Health Protection
Ms Fay Gardner, Assistant Secretary, Health Protection Policy Branch
Ms Sally Goodspeed, Assistant Secretary, Surveillance Branch
Dr Gary Lum, Assistant Secretary, Health Emergency Management Branch

Ms Sandra Gebbie, Acting Assistant Secretary, Office of Chemical Safety and Environmental Health
Dr Bernie Towler, Medical Officer, Office of Health Protection
Dr Jenean Spencer, Acting Assistant Secretary, Pandemic Planning and Forward Activity, Office of Health Protection

Outcome 15 – Sport
Population Health Division
See Outcome 1
Australian Sports Commission
Mr Matt Miller, Chief Executive Officer, Australian Sports Commission
Mr Brent Espeland, Director, Strategic Planning and Implementation
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, Chair, Australian Sports Anti-Doping Authority
Mr Kevin Isaacs, Chief Operating Officer
Ms Geetha Nair, General Manager, Anti-Doping Programs and Legal Counsel

CHAIR (Senator Moore)—Good morning, everyone. Good morning, Ms Halton and the officers of your department. Good morning, Senator McLucas. I declare open this hearing of the Senate Community Affairs Legislation Committee for the portfolio of health and ageing. The committee must report to the Senate on 23 June 2009 and it has set 30 July as the date by which answers to questions on notice are to be returned. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance, the secretariat, Leonie, has copies of the rules. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised and which I now table.

The committee will begin today's proceedings with the whole-of-portfolio corporate matters. Then we will proceed as set out in the circulated program. If there are any requested changes by either the department or the senators we will work it out, as we always do, as cooperatively as possible. At this stage, my understanding is that we are going to proceed according to the program before us.

[9.02 am]

Department of Health and Ageing

CHAIR—I welcome the minister, Senator Jan McLucas; the departmental secretary, Ms Jane Halton; and all the officers of the Department of Health and Ageing both here and watching at home. Minister, would you like to make an opening statement?

Senator McLucas—No, thank you.

CHAIR—Ms Halton, would you like to make an opening statement?

Ms Halton—I will make a couple of comments on indulgence. Firstly, we want to say how pleased we are to see Senator Adams back. I know everyone is now aware that we have a new

Chief Commonwealth Medical Officer, Professor Bishop. He is, of course, now more famous than anyone else in the portfolio. This is his first estimates. I apologise in anticipation. There are a couple of swine flu things going on this morning. I have just asked Professor Bishop to attend a meeting, so he will be absent for part of these hearings. He and Mary Murnane are being called away with some regularity. I should also just inform the senators that David Kalisch has been called to greater things. He is now a commissioner with the Productivity Commission. I have explained to him that there are only 99 years until forgiveness!

CHAIR—Thank you, Ms Halton. Welcome, Professor Bishop, to your first estimates. My understanding is that at this stage we have the section on biosecurity and emergency response at 1.30 this afternoon. That could change. If there is any reason that that needs to change, please let us know. At one moment I thought we could actually have these hearings all in masks, but I thought that would be an overstatement, Ms Halton. On that basis we will get going.

Senator CORMANN—Good morning, Ms Halton. I am just wondering whether to kick us off you could talk us through the changes in the leadership structure of your department.

Ms Halton—As I have indicated, we now have Professor Bishop, who has joined us as Chief Medical Officer. Mr Kalisch has become Productivity Commissioner. As a consequence, we have two people acting in deputy secretary positions—Richard Eccles, who is known to the committee, and Rosemary Huxtable, who is known to the committee.

Senator CORMANN—I understand that there has been a more comprehensive reshuffle of responsibility across your senior levels of the department.

Ms Halton—There has been what I would describe as a slight tweak in the structure, which is not at the executive level. So the executive remains as it is in terms of positions et cetera, but we have taken the opportunity to restructure the divisional structure. That means in particular that now mental health is separated as its own division. Workforce is separated as its own division. There has been some minor realignment under the divisional structure. I would not describe it as major. I would describe it as tweaking.

Senator CORMANN—There have been some changes in responsibilities across a range of divisions, have there not? Private health insurance, for example, is now looked after by somebody else. That is what I have been led to believe.

Ms Halton—The person who is running that division is different. It is in the same division.

Senator CORMANN—This is what I am talking about. I am talking about personnel changes. Could you please talk us through all of what I would describe as reasonably significant personnel changes in your department and the rationale behind them. Are there any more changes coming, or is this now it? Do you expect that your leadership team across the first couple of levels of your department—I do not think the leadership is only at the secretary and deputy secretary level—will have more coming or whether this is now it? Is this part of you setting your organisational structure up for the five-year term that you have started to work to?

Ms Halton—I would never, ever say anything is set in stone, because it is not. So to say this is in place for five years, I think, is probably a little optimistic because inevitably other

things will change. Essentially what we have now is a structure which comprises, as I have indicated, a separate workforce division, taking account of the importance of that issue. That division is being run by Kerry Flanagan, who was previously running acute care. We have a mental health division, which also includes chronic disease, and the drugs area. That is being run on an acting basis by Georgie Harman. We have Rosemary Calder, who is running acute care. That is probably it in terms of the major changes.

Senator CORMANN—And there are no more changes coming in the foreseeable future?

Ms Halton—I cannot say that. I am not anticipating at the moment. I am not planning any, but I am certainly not saying that they will not be, because you never can anticipate what is coming down. The other change, of course, which has not really taken full effect yet is that Jenny Bryant, who was running population health, and Cath Halbert are basically tag-teaming in the Office of Health Protection, which as you probably know is under a great deal of stress at the moment.

Senator CORMANN—I have to say that I will miss Mr Kalisch. I always felt that he was at least trying to answer my questions. What is the relationship between the minister and your department like at present? Is the minister satisfied with the performance of your department?

Ms Halton—She certainly has not indicated that she is not.

CHAIR—Senator, I am going to allow it because I think the officer can respond. But I think that was a very strange question to ask a departmental official. That is a question you can ask the minister, but not a departmental official. That is my ruling. So you can challenge that if you wish. But to ask a departmental official their opinion of the minister's opinion of their work is inappropriate. Ms Halton, I know you are more than capable of responding, but I just thought I would get that clear.

Senator CORMANN—On that point, I ask as a clarifier: is there not a performance measure for the department whether the minister is satisfied with the quality of your advice, for example?

Ms Halton—Yes. The minister rates the pieces of advice that she gets.

Senator CORMANN—And you survey the minister in terms of whether she is satisfied with the performance of your department as part of assessing whether you are meeting your performance targets? Some departments do. Perhaps you do not.

Ms Halton—No. Apart from the fact that you cannot have a survey of one—it is just me being a pedant—no, we do not. We ask on a case-by-case basis. In fact, Senator McLucas fills in these forms herself. Perhaps she could tell you.

Senator CORMANN—So there are forms?

Senator McLucas—On each minute.

Ms Halton—On each minute that comes forward, we ask for a rating.

Senator CORMANN—Excellent.

Senator McLucas—On each minute that we all receive, as members of the executive, there is a box at the bottom that asks us to rate the quality and timeliness of the advice. I think

that is right. There is an opportunity for feedback to go back to the officers who have prepared the documentation.

Senator CORMANN—So to ask whether the minister is satisfied with the performance of the department in terms of the quality of advice and timeliness of the advice et cetera is quite an appropriate question, then, I would have thought.

Senator McLucas—Well, probably of me rather than the secretary.

Senator CORMANN—Ms Halton, how would you describe your relationship with the minister?

CHAIR—Again, it is not—

Senator CORMANN—I will explain. I would have thought that the relationship between the accountable officer of the department and the minister who has responsibility for the department is a core issue of public interest. If there are some question marks over whether that relationship is—

Senator O'BRIEN—This is estimates.

Senator CORMANN—Well, it will impact on the performance of the department if the relationship is not a good relationship.

CHAIR—Senator Cormann, I have actually made a ruling in terms of this style of questioning. If you have an issue about that process, it goes through the minister or her representative at the table, Senator McLucas. It is not a question for the officers to respond to such a question in estimates.

Senator CORMANN—I accept your ruling, Madam Chair. Ms Halton, when was your last conversation with Minister Roxon?

Ms Halton—About eight minutes ago.

Senator CORMANN—How many times a week would you speak with her, on average?

Ms Halton—I tell a lie. It was actually about 15 minutes ago. I do apologise.

Senator CORMANN—I am very happy with your precise answer. How often on average would you speak to the minister per week?

Ms Halton—Again, Senator, I am not quite sure what the point of this question is. But to say there is an average, regularly would the right answer to your question.

Senator CORMANN—So you would not be more likely to communicate with the minister's chief of staff than with the minister herself?

Ms Halton—No. I would be much more likely to communicate with the minister's chief of staff. That happens on a sometimes hourly basis. But I speak to the minister extremely regularly.

Senator CORMANN—I might leave it at that at this point in time.

Senator BOYCE—I want to go through the nuts and bolts questions, Ms Halton, such as the staffing levels of the department at the present time.

Ms Halton—Sure.

Ms Lyons—Staffing levels, Senator?

Senator BOYCE—Yes.

Ms Lyons—In particular, what are you asking for, Senator?

Senator BOYCE—The number of staff, the number of ongoing staff, the number of non-ongoing staff, the number of part-time staff, any other information in that area that would be useful and changes.

Ms Lyons—In terms of overall numbers, Senators, at this time, as at 30 April, our ASL was 4,354. That was 19 above the estimate in the 2008-09 portfolio budget statements.

Senator BOYCE—Could you repeat that figure? What was the total figure?

Ms Lyons—It was 4,354. That was 19 above the estimate in the portfolio budget statement. In additional estimates, there were an additional 10.5 ASL added to the department.

Senator BOYCE—Can you break that down for full-time staff, part-time staff, ongoing and non-ongoing?

Ms Lyons—It is difficult to break ASL down to that, but I can give you some figures. In terms of the head count for the department, as at 30 April, we had 4,092 full time and 772 part time.

Senator BOYCE—What about contractors to the department? I am sorry if I am not doing this properly.

Ms Lyons—I would have to take that on notice, Senator. I do not have the number of contractors with me.

Senator BOYCE—Yes. If we could get that, that would be good. I will perhaps stick to the staff side of it. How many women work in the department?

Ms Halton—A lot.

Senator BOYCE—Good.

Ms Lyons—We have 3,377 females and 1,487 males.

Senator BOYCE—Those are the sorts of ratios I like to hear, Ms Lyons. Can you tell me how many staff took paid parental leave under your system in the past 12 months?

Ms Lyons—Senator, can I give you a figure from 1 July 2008 to 30 April?

Senator BOYCE—That is fine.

Ms Lyons—The number of staff who utilised parental leave was 42.

Senator BOYCE—Are you able to break that down into men and women?

Ms Lyons—No. I do not have that here with me, but I can take that on notice.

Senator BOYCE—What proportions came back to work full time and part time?

Ms Lyons—Well, 42 of them came back in that time.

Senator BOYCE—That is good.

Ms Lyons—I do not have the proportion that came back full time or part time. I am told that my colleague Mr Kennedy has that figure.

Mr Kennedy—The question was about parental leave and the number of staff returning full time and part time?

Senator BOYCE—Yes, please.

Mr Kennedy—I have it in percentages. As Ms Lyons said, the number of people who took parental leave was 42. Of those who came back, 14.3 per cent came back part time and 85.7 per cent full time. Apparently that is six and 36, I am told.

Senator BOYCE—Thank you. The Department of Prime Minister and Cabinet published the number of people with disabilities employed in the department on their website. I was unable to find those figures for DOHA. First, I want to check whether you publish them.

Ms Lyons—I would have to take that on notice, Senator.

Senator BOYCE—Are you able to tell me how many people with disabilities you employ in DOHA part time and full time?

Ms Lyons—I will take that on notice too.

Senator BOYCE—Again, staying with HR issues, what rates of superannuation are paid to DOHA staff?

Ms Halton—Can you be a bit clearer about that question, Senator? Our staff will be members of the CSS and the PSS.

Senator BOYCE—I think there are three, are there not, superannuation schemes?

Ms Halton—Yes.

Senator BOYCE—Are you able to tell me how many staff are on which scheme at what rate?

Ms Halton—What do you mean by 'at what rate'?

Senator BOYCE—Well, I think there are different rates of superannuation paid to different levels, from what I understand. No?

Ms Halton—No. The way this works, there is an actuarially determined payment that we pay into each of the super funds. But the entitlement that the person has is determined by the fund. Superannuation is possibly the most complicated thing on the face of the planet, I reckon, but essentially the entitlement that the person has is determined by the fund. So what we pay is not immaterial but it is immaterial to the entitlement the person has. Does that make sense?

CHAIR—Ms Halton, it is the percentage that the employer pays that Senator Boyce is proceeding from. It is the cost to all the departments.

Ms Halton—Yes. Right.

Senator BOYCE—So it is the cost.

Ms Lyons—I am happy to take on notice the percentages for each of the schemes. But I have the breakdown of staff in each scheme. In the Commonwealth Superannuation Scheme, it is 7.7 per cent of our staff. In the Public Sector Superannuation Scheme, it is 59 per cent.

Senator BOYCE—Sorry, I missed that.

Ms Lyons—In the Public Sector Superannuation Scheme, it is 59 per cent. Other is 33.3 per cent.

Senator BOYCE—What is other? Is that people who have opted to go into other schemes or stay with schemes perhaps they were in when they joined the Public Service?

Ms Lyons—All of that, Senator.

Senator BOYCE—Nothing else there?

Ms Lyons—No.

Senator BOYCE—I think they are the HR questions answered. How much did the department spend on media monitoring this year?

Ms Lyons—The figure to 30 April is $662,640 to Media Monitors.

Senator BOYCE—All with Media Monitors?

Ms Lyons—There is an amount for Australian Associated Press of $8,257.

Senator BOYCE—Do you know what that is for?

Ms Lyons—It is essentially a wire service.

Senator BOYCE—Where you receive wires for assent or dispersal, I suppose, or distribution or both?

Ms Lyons—I will take that on notice. I think the answer is both, though.

Ms Halton—In some cases, Senator, people print it out and they give it to me.

Senator BOYCE—Lots and lots of them.

Ms Halton—Correct.

Senator BOYCE—The media monitoring figure for last year was $704,000 up until June. So we are spending a bit less on media monitoring?

Ms Halton—That was the figure until April.

Senator BOYCE—That is what I was asking. Is that only because of that date change, or was there actually less spent?

Ms Lyons—To date, certainly the $662,000 is less than the full year figure. We think it will be in the same order as last year.

Senator BOYCE—Have you changed the way you have gone about media monitoring in the last 12 months?

Ms Lyons—No.

Senator BOYCE—I know that when you purchase these packages, there are certain contractual agreements about who will receive the information. Are the minister and the minister's staff covered by the departmental media monitoring contract?

Ms Lyons—Yes, they are, Senator.

Senator BOYCE—FOI requests to the department this year?

Ms Lyons—This figure is to 31 May. There were 201 requests.

Senator BOYCE—And how many were approved?

Ms Lyons—One hundred and thirteen requests have had decisions made on them. Seventeen applicants were given full access, 34 were given partial access, 11 were refused access to the documents they were seeking, and 51 requests were where no documents were found to exist.

Senator BOYCE—You had 201 requests and you have made decisions on just over half of those?

Ms Lyons—Yes.

Senator BOYCE—How long have you had the requests that decisions have not been made on? What is the longest outstanding request that is undecided?

Ms Lyons—I do not have that statistic with me. I will take that on notice.

Senator BOYCE—Would you be able to break it down perhaps into months when you give it? How many are more than nine months outstanding et cetera?

Ms Lyons—We will endeavour to do that, Senator.

Senator BOYCE—Could you give us a little information around the requests that were refused? How would you characterise FOI applications that are not given any information at all?

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

Senator BOYCE—Who does the approving or disapproving of FOI requests?

Ms Halton—I think it is the rejecting, actually, Senator.

Senator BOYCE—Well, both, perhaps, Ms Halton.

Ms Lyons—These decisions are generally made across the department. The legal services branch in business group collates some data in relation to FOI requests, but the decisions are actually made in the divisions to which those requests are sent.

Senator BOYCE—Is there any check before an application is refused? Does it go to a higher level person?

Ms Lyons—In the first instance, division heads clear all decisions made in relation to FOI requests.

Senator BOYCE—I want to ask some questions about the department's website. Am I in the right area for that? It is the survey on the website.

Ms Lyons—Could you be a bit more specific, please?

Senator BOYCE—Well, you have a survey on the DOHA website. I want to know how long that survey has been running.

Ms Halton—This is the pop-up box when you first go into the site asking you whether you want to participate to improve the site?

Senator BOYCE—Yes.

Ms Halton—Yes. I have seen it several times.

Ms Lyons—I would have to take any questions on that on notice.

Senator BOYCE—Would the person in that area be around later, or you do not know?

Ms Lyons—I do not know, Senator.

Ms Halton—If you tell us what you would like to know, I will make sure the person is available and we can get the answer.

Senator BOYCE—How long have you been doing this survey?

Ms Halton—We will find that out.

Senator BOYCE—How many participants have you had in the survey? What percentage of people who visit your website participate in the survey?

Ms Halton—You will not be able to answer that question because, of course, you do not know how many—

Senator BOYCE—So you do not know how many hits you have had on your website?

Ms Halton—You know how many hits, but you do not know how many people. That is my point. For example, I have been into the website myself six or seven times in the last couple of days. I am one person. That is six.

Senator BOYCE—So that is possibly not a useful piece of information. What is the purpose of the survey? How will the survey be evaluated? What will the information derived from the survey be used for and when?

Ms Halton—Fine. We will get the answers for that general range of questions and we will come back to you.

Senator BOYCE—And any costs attached to the use of the information in the survey. Is it being evaluated in-house? Will external consultants evaluate it? Presumably, it would be used to improve the website, whatever. What are the costs attached to doing that?

Ms Halton—Sure.

CHAIR—Ms Halton, are you going to bring that back during the course of the hearing or take it on notice?

Ms Halton—We should be able to get something in the course of the hearing. That is why I thought if we could find out the general nature of it, we could find the individual and come back.

Senator BOYCE—I am not quite sure if this is going to fit in here or where it is going to fit. We have a government promise about fixing state hospitals. How does the department of health interact with state health departments around the performance of state hospitals?

Ms Halton—Well, it probably does come under acute care, but we can certainly take it, given the generality, if you like. Essentially, as you probably are aware, we have a number of mechanisms through which we work with the states. Probably the most notable is AHMC, the Health Ministers Conference. That is shadowed by the advisory group, which comprises the CEOs of all of the state health departments and me. That is the forum to which we take the big issues in respect of working relationships et cetera. Certainly on the implementation of, if I can put it that way, the COAG agreement struck in November last year, as you are probably aware, that has a whole series of not only additional investments but also a series of performance matters attached to it as part of that agreement. We also have a series of national partnership payments, which bring with them a number of reporting obligations. The officers in acute care can take you through each of those step by step, if that is what you would like. For example, in respect of elective surgery waiting lists, each of those payments brings with it a series of performance targets and reporting requirements.

Senator BOYCE—You started listing the formal interaction bodies. Are there others we should put on the list for the sake of completeness?

Ms Halton—Well, for example, AHMAC, which is the officials body, has a series of principal committees.

Senator BOYCE—Which one is that, sorry?

Ms Halton—AHMAC, which is the heads of agency committee. It is the Australian Health Ministers Advisory Council. It has a series of principal committees underneath it. The committee structure is all underneath, if you like, that principal structure. It all reports in in that way and up through to ministers.

Senator BOYCE—You mentioned that the ministerial council and its DG counterpart, I suppose, for want of a better word, look at performance matters. What are you able to tell us about performance matters that have been discussed or assessed, I suppose?

Ms Halton—Recognising that the COAG agreement is new—

Senator BOYCE—Well, newish.

Ms Halton—November. This is probably better taken with the officers from acute care, who can take you through the performance information in respect of, firstly, the partnership agreements but also what work is currently underway in terms of the performance measures. Again, there is a subsidiary body under one of those principal committees looking at it.

Senator BOYCE—When would we anticipate having publicly available information around performance?

Ms Halton—Well, there already is publicly available information in respect of, for example, elective surgery waiting lists. That material is released on a regular basis. There is already the annual hospitals report. But it might be better to talk in detail to the officers from acute care in respect of those matters. They can take you through where we are up to on the measures et cetera.

Senator BOYCE—Thank you. The other questions I had were in relation to how the department interacts with the peak bodies in the health area, specifically the AMA. Could you tell me how you go about meeting, discussing and interacting with peak bodies, please?

Ms Halton—We do not have what I would describe as a formal or standing arrangement. We have what is best described as very regular discussions in a whole range of areas on an as-needs basis. With the AMA there have been any number of discussions in respect of things like registration accreditation. There are a whole series of issues that would cause us to interact with them, as there are in terms of our interaction with aged care peaks and as there are with interaction with the nursing profession. I could just go on and on. Those interactions will tend to be on a subject matter basis.

Senator BOYCE—Are these meetings that are initiated by you or your secretaries?

Ms Halton—It goes both ways. If they want to see us about something, they will ring and make an appointment. If we want to see them about something, it goes the other way.

Senator BOYCE—How would you describe your relationship with the AMA?

Ms Halton—Cordial.

Senator BOYCE—What is the purpose of the information sharing with peak bodies, such as the AMA? What happens with information from those meetings? Perhaps you might like to think of one or two examples and just talk me through what fed into legislation and what was relayed to ministers.

Ms Halton—Again, I do not think it is possible to characterise, because they are all different. Essentially, they are about understanding the position of either the profession we are talking to or the industry we are talking to. Sometimes that feeds its way into legislation. Sometimes that feeds its way into advice to ministers. Sometimes it feeds its way into discussions we are having with our state colleagues, as you were just asking. So it is germane to all of that. It may feed its way into administrative changes we are making in respect of a particular program. As I say, the dialogue is very widespread. Indeed, I would characterise it as being quite detailed. But it depends on the particular issue du jour.

Senator BOYCE—And how regularly would the minister attend meetings that you would have with peak bodies like this?

Ms Halton—Well, she would not attend meetings I have with peak bodies. That would be inappropriate, really. I might sometimes attend meetings she has with peak bodies.

Senator McLucas—To take the notes.

Ms Halton—Yes. To take the notes.

Senator BOYCE—Perhaps you could tell me how many meetings you have attended that the minister has had with peak bodies.

Ms Halton—I have no idea, Senator. A good number, but I cannot tell you the number off the top of my head; I genuinely do not know. But a reasonable number.

Senator BOYCE—You do not know because there have been so many of them?

Ms Halton—There has been a significant number, yes.

Senator BOYCE—I am just checking.

Ms Halton—Yes. Absolutely.

Senator BOYCE—And these meetings included the AMA?

Ms Halton—I would have to go back and check, Senator. I do not know that I have a record of that. I believe that is the case.

Senator BOYCE—I would be interested if you were able to tell me.

Ms Halton—I do not know that I will be able to check that. It depends on whether I have a diary note. If I have the information, I will come back to you. But I cannot promise one way or the other. I do not keep a contemporaneous diary of every single meeting I attend with whomever.

Senator McLucas—Senator Boyce, I can advise that the minister is about to meet the AMA in 20 minutes.

Senator BOYCE—Thank you, Senator McLucas. That is very helpful.

Ms Halton—And I obviously will not be there because I am here.

Senator McLucas—Were you advised, Ms Halton?

Senator CORMANN—Otherwise detained.

Ms Halton—Indeed. But hopefully not for the term of my natural life, Senator!

Senator HEFFERNAN—Good morning, everybody. I want to go to the question of human gene patenting.

Ms Halton—Probably not here, Senator Heffernan. It depends on what it is.

Senator HEFFERNAN—I was advised by the secretariat that this might be the place. I have been shunted around a bit.

Ms Halton—So we are now all looking at the secretariat.

CHAIR—Senator, I think it depends on the nature of your question.

Ms Halton—Yes, it does.

CHAIR—We will see how we go.

Senator HEFFERNAN—I notice in the *Telegraph* today, it says 'User-pays system fear as Medicare on life support'.

Ms Halton—I have seen that as well, Senator. It was news to me, can I just say.

Senator HEFFERNAN—One thing that is going to seriously influence the cost of the provision of health care is the phenomena which IP Australia informed us in estimates this week of the practice of patenting human genes and tying up, monopolising and centralising research. It has never been tested in the courts. It has been done by convention. Half the world does not apply the convention, including South America. There is BRCA1 and BRCA2. Not just the genes but also the mutation of the gene has been patented. But it is the actual gene, allegedly in its isolated form, which is exactly the same as it is when it is in Senator Cormann's body. Note that I did not scruff him.

Senator BERNARDI—It is in pristine form in my body.

Senator HEFFERNAN—There has been no test of the fact of whether we should and are able to patent the actual gene. I wonder what the view of the department is regarding the long-

term consequences of monopolising and converting the genes in human bodies into a financial instrument that is tradeable.

Ms Halton—As you know, the inquiry that is currently underway in relation to that issue we think is a very important inquiry. If we can put the *Daily Telegraph* to one side—

Senator HEFFERNAN—Yes. I apologise for the *Telegraph*. It is just that he has to get a quid.

Ms Halton—That is right. We know it is a very august journal. We are giving evidence, as you know, to that inquiry. Understand that this is not our area of responsibility. IP do have the portfolio responsibility in this area. There are a number of matters that are relevant. Firstly, what are the costs that might come from this? Secondly, what are the issues in respect of access? We know that there are many issues that communities in the Third World have in respect of access. We also have an issue in respect of incentive for innovation. All of those are germane considerations. We also think that there are ethical issues in this space. So we are going to give evidence in relation to those things in the inquiry. I do not know whether we can—

Senator HEFFERNAN—I am really just trying to get it into context, Madam Chair. For instance, in Canada they have put up the price of the test for BRCA1 and BRCA2, which predisposes women to cervical and breast cancer and men, with BRCA2, to prostate cancer. It is absolutely locked up. You know that all public laboratories in Australia—good institutions, such as Westmead Hospital, Peter MacCallum Cancer Centre et cetera—were put on legal notice for litigation if they did not surrender all their research and information. The only reason that Genetic Technologies Australia pulled back is that it was a disastrous PR exercise. The only reason that those tests are actually being conducted in Australia and not in the United States is that Genetic Technologies Australia have discovered that Myriad Genetic Laboratories in America were breaching one of their patents. They came to a legal settlement to allow the tests to be done in Australia instead of in Japan. But they have all got to be sent back to America. In Canada, they have just put the price of the test up 400 per cent. In the United States, they are trying to do it as forward screening so everyone gets to do the test and they get $4,000 a test. If you do not have the BRCA test, you are in trouble. Well, that is not the way it works. Professor Judith Kirk at Westmead Hospital can well explain that in due course to the inquiry.

In Europe, the price of the test, because it has been litigated, for a section of the Jewish community is €4,000. The test for the non-Jewish community is €900. Considering those sort of implications in Australia for those with a limited budget and ageing population—America has 69 million people about to retire, and they say they cannot fund their own health care—I would not like to see us go down this path. Bear in mind that one of these patents produced over $8 billion or $9 million in licence fees globally in the period. You are spending a lot of your money that goes to health care on licences and financial instruments so a bunch of bankers somewhere can make a profit. It is nothing to do with health care. If Genetic Technologies Australia goes bust—and they were in a shaky position there for a while—

CHAIR—What is your question?

Senator HEFFERNAN—I asked the CEO what would happen to all the patent things. He said, 'Oh, we'd just put them on the market like shares.' As you say, Ms Halton, most people were not aware of it. I am grateful that the government, in its wisdom, is having the inquiry. I would just like a comment on the dangers not only for the human race but for the provision of health care if we are going to allow these patents to be tied up as financial instruments.

Ms Halton—As I have said, we will give evidence in that respect. We are concerned about it very definitely.

Senator HEFFERNAN—Thanks very much.

CHAIR—Any other cross-portfolio issues?

Senator CORMANN—Thank you, Madam Chair. I have a question in relation to the National Health and Hospitals Reform Commission. I guess these are departmental questions. What is going to happen with the secretariat once the commission process comes to a close? We had advice last year that there was a budget allocation of $6.87 million to the NHHRC. So what is going to happen when the process comes to a close?

Ms Halton—It will be disbanded.

Senator CORMANN—When is that expected to happen?

Ms Halton—At the end of this financial year.

Senator CORMANN—So, come 30 June, that is the end of the National Health and Hospitals Reform Commission?

Ms Halton—There may be one or two officers retained for a very short period to basically shut the boxes and turn out the lights, if I can put it that way, to manage the printing and the dissemination et cetera, but nothing more than that.

Senator CORMANN—And the expectations are, of course, that by the end of June the commission will have provided its final report?

Ms Halton—It will have completed its final report, hence my point about printing, distribution et cetera, yes.

Senator CORMANN—So have you determined, or has the government asked you to comply with, any timetable for a response? Has the government set any timetable for the department in terms of finalising a government response to the commission's recommendations?

Ms Halton—No, Senator. Understand that this is the commission's report and we will not be privy, until it is handed down, to that final report. The response timetable will clearly be dictated by what is in that final report.

Senator CORMANN—Presumably, by the government. Have you been giving any thought to the relationship between NHHRC recommendations and existing reform processes? We went through some of those reform processes in the last estimates. The national healthcare agreement last year was trying to set a few things in train. We have the national partnership agreement on hospital and health workforce reform, the national preventative health strategy, a whole series of advisory boards that have been established. I

think there are 10 new advisory boards in the health portfolio. How will all of these be brought together?

Ms Halton—That is a matter, obviously, as you rightly say, Senator, for the government. Yes, clearly, we are thinking about that. In a sense, it is thinking in an anticipatory sense because we do not know what is in the final report. We think we may know from the interim report the direction of some of the thinking in the commission. But the commission indicated very clearly—and I think they have said this publicly—that they put out their interim report to gauge views. They will then formulate their final view based on the reaction to their interim report. So it would be a little premature for us to be completely confident that we know where they are going. But clearly we are thinking about it.

Senator CORMANN—Have you been asked to do any work in anticipation of the government wanting to take over the running of Australia's 750 public hospitals?

Ms Halton—Senator, I think you are quite aware of this issue.

Senator CORMANN—We are all aware.

Ms Halton—Everyone is aware, Senator. That is very true. In terms of work on taking over the system, no, I would not describe anything we are doing as being of that character.

Senator CORMANN—Well, there was a pre-election commitment that unless significant progress was made by the middle of 2009—and we are now one month away from the middle of 2009—the government would put a proposal to the Australian people of taking over the running of Australia's 750 public hospitals. Presumably you would have a key role in taking on that responsibility, should it happen. So I assume that if something were happening, you would be aware of it. Is that a fair assumption?

Ms Halton—I might take you back to what in fact the original commitment was, which comes from the government's pre-election document, if I can quote from it. It basically says:

> Third, if by the middle of 2009, the state and territory government—

there is a typo here—governments—

> have not begun implementing a national reform plan, a Rudd Labor government will seek a mandate from the Australian people at the following election of the Commonwealth to assume full responsibility for the nation's public hospitals.

So the words there that I think are important are 'have not begun implementing a national reform plan'. There are several things that are relevant here. First is the COAG agreement, which we already touched on briefly with Senator Boyce's questions. Second, we do have to see the final report of the Health and Hospitals Reform Commission in order to determine what work occurs next.

Senator CORMANN—So the national reform plan is no longer what comes out of the National Health and Hospitals Reform Commission, is it? You cannot have begun implementing something if by the middle of 2009 it will not be available yet.

Ms Halton—Well, I think, as we have already indicated, the COAG reform, which is very significant, both in terms of the quantum of funding but also the direction it sets, is a significant reform. We have also touched briefly on issues in respect of, for example, elective

surgery. So there are a number of things that are in place in terms of significantly improving state based performance. We are also expecting the Health and Hospitals Reform Commission report.

Senator CORMANN—So the National Health and Hospitals Reform Commission report is now just one little piece of the process rather than the major driver of the national health and hospital reform agenda? I guess governments will always say that they are reforming something. We were led to believe that—and the Prime Minister's website was very clear on this too—unless significant progress had been made by the middle of 2009 in implementing national health and hospital reform, he would take a proposal to the Australian people to take over the running of public hospitals. We are no longer talking about seeing progress. We are not talking about finalising a plan. You are now saying: 'Well, we're not actually looking at the National Health and Hospitals Reform Commission plan. We're looking at what we may already have done in December last year or the year before.' So what is the national health and hospital reform agenda?

Ms Halton—I guess I am not quite understanding your point, Senator. I also point you to the comments that Minister Roxon made in May. What she said was that if we had not seen improvements in our public hospital services and if we had not seen cooperation between the states and territories with our reform agenda, we would assess whether we should take over the financial control of the hospitals. As you rightly pointed out, we have seen quite a significant level of improvement and cooperation and, indeed, a significant improvement—I go back to this—in elective surgery waiting lists. There is a very significant change in that respect. She has always said that we were looking to see improvements in this period. In addition, we have the Health and Hospitals Reform Commission coming in with a plan, we assume, or certainly recommendations, which are not just about hospitals, which go to the complete operation of the health system. I think it is important not to conflate the two completely.

Senator CORMANN—So, Ms Halton, do you think that over the last 18 months we have made significant progress in implementing a national health and hospital reform agenda?

Ms Halton—As I said, I think you should not conflate the two. The Health and Hospitals Reform Commission has a mandate which is much wider than the mandate in respect of hospitals per se. The comment that you went to earlier was in respect of, as I understand the particular reference, public hospitals. We have seen significant investment, a changed reporting arrangement and particularly targeted improvements in hospitals. The Health and Hospitals Reform Commission will make recommendations, I have no doubt, about hospitals but also, much more broadly, about the operation of the health system.

Senator CORMANN—So do you think that we have made significant progress over the last 18 months in implementing a national health and hospital reform agenda?

Ms Halton—We have made significant progress in a number of areas in health. The health—

Senator CORMANN—What about public hospitals?

Ms Halton—We believe there has been progress in hospitals. Yes, indeed, we do.

Senator CORMANN—David Koch would be known to you. He is not only on *Sunrise* but, I understand, he has a role on the Australian organ and transplant authority.

Ms Halton—David Koch?

Senator CORMANN—I see Senator McLucas is nodding her head. This is what he said this morning.

Ms Halton—He is on the advisory committee.

Senator CORMANN—This is what he said this morning:

We had a session last week and one of the health bureaucrats said to me, 'Think of the number of people that die on our roads every year.' They were telling me that more people die waiting for a bed in intensive care so they can't get out of the emergency room. More people die because there is no bed in intensive care than actually die on the road. That is how bad our hospital system is.

He does not seem to share your assessment that we have made significant progress.

Ms Halton—I did not hear that assessment. I am not sure what facts it is grounded in. Frankly, some anecdotal exchange, which he then chooses to use, I do not think is necessarily germane to this debate.

Senator CORMANN—So you think that Mr Koch is wrong?

Ms Halton—I have not seen Mr Koch's comment. I would not want to pass a comment on Mr Koch's comment.

Senator CORMANN—I will send you a transcript, Ms Halton.

Ms Halton—Thank you.

Senator CORMANN—Can you just talk us through the Health and Hospitals Fund. A series of funding decisions have already been made. Indeed, the minister has noted publicly that 32 iconic projects were funded by the Health and Hospitals Fund. I am just wondering whether we can have a list of those 32 iconic projects.

Ms Halton—Yes. Certainly there is a public list.

Senator CORMANN—I have not been able to find it, so if there is a list that would be great.

Mr Coburn—The list is in Budget Paper No. 2. It is also in the national infrastructure statement. I will just grab a copy and I will show you the correct title.

Senator CORMANN—Can you point me to the page in budget paper 2? Where is the list of 32 iconic projects? While we are looking it up, can you also provide us with a list of the projects that were considered by the HHF and the reasons why those unsuccessful projects were rejected. Is that something that you would be able to provide to us?

Mr Eccles—We are in the process right now of writing out to the proponents of proposals that did not get funded. We will be able to take that on notice and provide that to you.

Senator CORMANN—Thank you very much for that. In terms of future expenditure for the HHF, what is the proposed timing for expending the remaining $2 billion that I understand has been committed at this stage?

Mr Eccles—Decisions have not been made on the timing.

Senator CORMANN—Originally, the announcement was that there would be $10 billion in that fund. That has gone down to $5 billion, given other spending commitments of the government. Is there any indication as to whether the fund will be supplemented at any time, or is this it?

Ms Halton—That is not a question we can answer, Senator.

Senator CORMANN—Thank you for that. I am looking at the expenditure for activity based funding. Have you been able to find that list yet, by the way?

Mr Coburn—Yes, Senator. You will find the lists on pages 279 to 282 of Budget Paper No. 2. It is also in the document *Nation building for the future* in the back pages.

Senator CORMANN—Thank you for that. I will have a closer look at that during the break. In terms of the expenditure of activity based funding—I am looking at page 32 of budget paper 3—can you talk us through the time frames for the implementation of those measures.

Ms Halton—Senator, can I just ask for some clarification. You are actually jumping all over the place in terms of programs. Are we still in whole of portfolio?

CHAIR—We are supposed to be in whole of portfolio.

Senator CORMANN—This is whole of portfolio. I am just asking some questions on the Health and Hospitals Fund.

Ms Halton—Well, it is actually not, really. That activity based funding is not a Health and Hospitals Fund issue. That is an issue in respect of the COAG agreement, the SPP.

CHAIR—So where would that come?

Ms Halton—Acute care.

Senator CORMANN—I am happy to ask those questions then.

CHAIR—It might be useful, because Senator Cormann has general questions here, if you actually raise with the secretary the areas you want to talk about and we will get that clarified straightaway.

Ms Halton—Yes, not a problem.

CHAIR—The COAG issue will come under acute care. What is the next area?

Senator CORMANN—I want to ask you quickly about the regional cancer centres. As I understand it, they are an initiative under the Health and Hospitals Fund for $560 million.

Ms Halton—The capital funding?

Senator CORMANN—Yes, the capital funding.

Ms Halton—Yes.

Senator CORMANN—For $560 million. Is that right?

Ms Halton—It is not just regional, but, yes.

Senator CORMANN—What I read in the announcement is that $560 million has been allocated to build a network of up to 11 regional centres across Australia, including the ACT integrated cancer centre.

Ms Halton—That is right.

Senator CORMANN—And the ACT presumably has been identified as a regional area.

Mr Coburn—The reason the ACT is getting funding is there was a specific project in the ACT for which an application was made to the Health and Hospitals Fund advisory board, which the government decided to fund, but it is in the nature of a regional cancer centre.

Senator CORMANN—So the Canberra cancer centre is like a regional cancer centre?

Mr Coburn—It would serve the ACT and New South Wales.

Ms Halton—Surrounding region.

Senator CORMANN—So our national capital is like a regional centre? It is like a really new definition of regional Australia. I am very pleased—

Senator McLucas—Senator, I think you need to understand that this health service in the two major hospitals, particularly the Canberra Hospital, serves much more than the ACT.

Senator CORMANN—I think it is a magnificent initiative. However, I still struggle to see how Canberra can be described as a regional centre. But I will move on from that. That was not actually the core purpose for my questions.

Ms Halton—It is fair to say, Senator, that there are people in Sydney who still refer to Canberra as living in the bush.

Senator CORMANN—Only a Canberra public servant could describe it that way because for those of us who live in the rest of Australia, Canberra is definitely not part of regional and remote Australia. But, anyway, I will leave it at that. Where will those other regional centres—those that will not be in our national capital—be located?

Mr Coburn—That is yet to be determined as part of a general process of identifying priority areas.

Senator CORMANN—So the one that has been identified is the one in Canberra. The regional cancer centre has been identified as the one in Canberra. So the other 10 regional cancer centres have not been identified yet?

Mr Coburn—That is correct. I think it is important to understand, as I said before, that the Canberra facility was the subject of an application to the fund. That is why it has been particularly identified. It was not a decision of the government that, of the $560 million which we allocated to regional cancer centres, a certain amount would be hypothecated for Canberra.

Ms Halton—And I think the other thing that is relevant here, Senator, is that essentially there are two national leading integrated cancer proposals that have been funded. They will be supported by this regional network. The regional network will basically ensure that people, particularly with rare or difficult cancers, can be referred in and through, but that people who live not in major metropolitan centres get access to the same level of world-leading cancer care that you would expect if you lived in a major metropolitan centre. The trick with those

regional centres is to ensure that they are located in places which, firstly, can be supported but, secondly, feed into, if you like, the natural communities of medical interest and that they will work most effectively. There has to be a planning process around that. But, as Senator McLucas says, Canberra, in this part of Australia, does form a hub in terms of the treatment of cancer. We know that people from right around the south-east of New South Wales come here for treatment in preference to going all the way to Sydney. That is why, because there was a proposal from the ACT in respect of a regional cancer centre, that one was funded by the fund.

Senator CORMANN—So when do you expect that the decisions will be made? I appreciate that there has to be a planning process and that these decisions have to be made sensitively. When you do expect that the decisions will be made as to where they are going to be located?

Mr Coburn—There is a process that has to be gone through in terms of developing priority areas and consultation with a wide range of stakeholders. It is also very important from the perspective of coming up with appropriate solutions. You will appreciate that one of the reasons for difficulties in regional cancer care is coming up with solutions that meet local needs. So we will be seeking to encourage diversity in appropriate solutions. We are still very much in a planning stage of timing. You could probably expect, because this is a complex matter and will need to be carefully considered, that it would take most of the rest of this calendar year to develop the process and to get applications.

Senator CORMANN—So who will be funding chemotherapy services at those centres? Will they be funded through the PBS, MBS or other means? How do you think these centres will operate?

Mr Coburn—That will depend on the individual solutions for particular locations. But we expect that they will continue to be funded through the same mechanisms as they are now.

Senator CORMANN—Like the PBS and MBS?

Mr Coburn—That is correct.

Senator CORMANN—The reason I am asking is that I am just intrigued how this initiative will impact on the estimated chemotherapy savings from the intravenous chemotherapy supply program. Presumably, in regional areas where you have lower quantities of cancer patients seeking to access treatment locally, there is the issue of unusable proportions or leftovers.

Ms Halton—Senator, these officers cannot provide—

Senator CORMANN—No. I will ask that at a later stage. Let me just flag it with you for your benefit and perhaps for people at the back who might want to prepare themselves in anticipation. I will be asking some questions as to how those two measures will work together. I think this is a magnificent initiative, but I hope that the funding arrangements for treatment will not actually undermine the positive impact that it can have.

CHAIR—Senator Barnett has some questions about cancer services at the Launceston hospital. We were advised that this was the place for it to come. That advice was given yesterday.

Ms Halton—Advice was given by whom?

CHAIR—It was advice that we got—

Ms Halton—If it is the Health and Hospitals Fund.

Mr Eccles—It is okay, Chair.

Ms Halton—It is okay, Chair, yes.

Mr Eccles—We could do it now. But if it strikes at issues to do with cancer more generally—

Ms Halton—Give it a go, Senator Barnett. We will see.

CHAIR—We will see how we go, Senator.

Senator BARNETT—Thank you, Madam Chair, for your indulgence at short notice like that. Thanks for the advice of the secretary. It relates to the funding of $7.7 million for the radiation oncology unit linear accelerator at the Launceston General Hospital.

Mr Coburn—Sorry, Senator, that is outcome 3. We understood you wanted to talk about the Launceston General Hospital redevelopment, which is HHF. Radiation oncology is physically related, but it is actually a different project.

Senator BARNETT—Outcome 3?

Ms Halton—Yes.

CHAIR—Senator Barnett, is there any other question? Otherwise we will take it that we will contact you when we get to outcome 3.

Senator BARNETT—My other questions, I will advise the secretary, relate to insulin pumps and obesity and healthy lifestyles, which is in outcomes 2 and 3, I understand.

CHAIR—That is correct. We will welcome you back in outcomes 2 and 3.

Ms Halton—We were anticipating that you would want to talk about that, Senator.

Senator BARNETT—I am looking forward to it.

CHAIR—We will just make a note to make sure we do not forget you. Are there any other questions in the cross-outcomes general issues?

Ms Halton—We have the website information. Given Senator Boyce's interests, shall we have a reprise of that?

Senator BOYCE—Thank you.

Ms Palmer—You asked when the website survey started and how long it will run. It started on 25 May and it will run for one month. To date, as at 9.30 this morning, we have had 1,417 people complete the survey. The survey is part of our normal evaluation process to improve the website as a communication tool. We have a number of specific objectives around the website survey. We particularly want to identify any common problems that users are experiencing with finding information on the website, particularly with navigation and with the search engine. We also want to, with the survey, identify any strengths and weaknesses with the website and the information that we are providing on it. We also want to

gauge some success as to the changes that have been made previously as a result of previous surveys that we have run.

Senator BOYCE—Is this survey designed internally or externally?

Ms Palmer—The survey was designed internally by staff from our market research unit. We have independent expert staff within our market research unit, which is part of the communication branch. They assisted the online communication team to design the survey.

Senator BOYCE—Independent research staff in the department?

Ms Palmer—I should not have said independent. I apologise. I misspoke. They are market research experts within the market research unit. That information from the survey will go to the market research unit along with user logs and website statistics so they can analyse the survey results and provide recommendations to the technical team and to the online communication team in order that we can improve the website going forward. There are no external costs associated with the survey. There is no external consultant evaluating the survey. We have not paid any external fees associated with the survey at all.

Senator BOYCE—Thank you.

CHAIR—Senator Adams has a general question and Senator Siewert is clarifying. Mr Kennedy, you have come to give us some more information as well?

Ms Halton—We have disability information.

Mr Kennedy—Senator Boyce asked previously about the number of staff in the department with a disability. Where disabilities have been identified by staff, we have 168 staff as at 30 April 2009.

Senator BOYCE—Are you able to break that down for me, perhaps on notice, into full time and part time?

Mr Kennedy—Certainly, Senator. The break-up I have at the moment is ongoing staff with a disability and non-ongoing staff with a disability, but that is different from full time and part time.

Senator BOYCE—And that sort of answer prompts me to ask: what measures does the department have in place to encourage people with a disability to work in the department to further increase the number of people with a disability working for the department?

CHAIR—Is that going to be on notice, Senator?

Senator BOYCE—If it can be answered straightaway, that would be useful.

Mr Kennedy—It is probably one we should take on notice, Senator, to get the range of measures.

Ms Halton—We will give you a more comprehensive answer on notice.

CHAIR—Senator Adams has a question in the general area and then Senator Siewert has a question of clarification about where a question should go.

Senator ADAMS—In 2009-10, the government is providing $59.7 million over four years to increase the role for nurse practitioners. I note that this role will not be implemented until 1 November 2010. Is there any reason for the delay? Is it health workforce?

Ms Halton—Yes, it is health workforce. What I can tell you is that there is a number of things that actually have to be done before we can implement that measure which includes a whole series of things about item descriptors and working with the profession in terms of all those matters. In fact, we are already talking to the profession. So it was judged that it would take quite a while to get all those things established.

Senator ADAMS—As far as the midwives go with the $120.5 million package, with their MBS and PBS access for, once again, the nurse practitioners and midwives, when will that start?

Ms Halton—I do not have the date with me. I will get the relevant officer to come back to you on that.

Senator ADAMS—This is my last question. I note that there is $120 million to replace Breast Screen Australia's outdated equipment with digital mammography machines. Has that program started? When will that start?

Ms Halton—That is another initiative being funded out of the Health and Hospitals Fund, so it is a question of when we can actually source the equipment. So the allocation is there. The funding is there. It is a question of how quickly we can implement that.

Senator ADAMS—Is there any priority given to any states?

Ms Halton—No. I do not know that there will be a particular priority. It is more a question of the logistics of that program and how quickly we can do it. But it is national.

Senator ADAMS—I realise that it is national. I just wondered where it was going to start.

CHAIR—Senator Adams, perhaps that is something we could ask the department for a briefing on as it gets closer. The committee could be briefed on those aspects.

Ms Halton—No problem.

Senator SIEWERT—I want to ask about the public health education and research program, which I understand is being cut. Should I deal with that here as a budget item or deal with it in health systems capacity and quality?

Ms Halton—Outcome 1, yes.

Senator SIEWERT—Is it outcome 1, Population health, or is it outcome 10?

Ms Halton—It is outcome 1.

[10.11 am]

CHAIR—On that basis, Ms Halton, I think we have covered the cross-portfolio issues. We will now move to outcome 15, Sport performance and participation. I just want to clarify with all of the senators that we will be going through sequentially looking at Australian sports and antidoping. Are we going to go through with general questions to ASADA first and then to ASC?

Senator WILLIAMS—I just have some general questions.

Ms Halton—Can we just be clear who we need. Do we need the policy people? Do we need ASADA? Do we need the ASC? Do we need all of them?

CHAIR—These are general policy questions. Senator Williams, the ball is in your court.

Ms Halton—Pardon the sporting pun, Senator Moore. Well played!

Senator WILLIAMS—Ms Halton, five years ago, 70 per cent of Australians aged 15 and over were sedentary or had low exercise levels. What would that figure be today?

Ms Halton—This is not technically a sport question. I hate to tell you this.

Senator WILLIAMS—This is in relation to outcome 15 and reading about the outcome's strategy et cetera.

Ms Halton—It is actually population health.

Senator WILLIAMS—I am having a shocker.

CHAIR—Senator Williams, this happens all the time. The department is very generous. They always refer us to the right place. We will make a note that that is for population health.

Ms Halton—We are a very friendly committee, Senator Williams. We all try and help each other around here.

Senator WILLIAMS—So it is being a good sport.

CHAIR—You can go on to your next one, Senator Williams.

Senator WILLIAMS—What has been done to encourage people into sport and exercise? Can you just give me a general briefing? Obviously the whole plan of this sports performance and participation is to encourage Australians to be active and to take on sport for physical and mental health reasons. Could you tell us about what has actually been done and the general issue to encourage more people into sport and these activities.

Ms Halton—Senator, just before Mr Rowe starts, I should also acknowledge Matt Miller, who is the new CEO of the Sports Commission.

CHAIR—Welcome, Mr Miller.

Ms Halton—This is his inaugural run out, but he is well known to senators from his former starring roles. Can I just acknowledge, Senator Williams, that there are a number of different strands to how we work in this area. As a number of the senators on this committee know, I am actually very pleased that we acquired sport as a function in the reorganisation because of our population health objectives and the work we try to do looking at the whole question of sedentary lifestyles and the impact that has on chronic disease. Actually now having sport for us is a very, very good fit. That means that the answers to these kinds of questions have two dimensions. There is the broad population health dimension. Mr Learmonth is suffering from Wollongong flu, he could answer, but he virtually cannot speak—he is socially distancing over here, by the way—so I will ask these officers to talk about the sport participation agenda. But there is also this whole broader agenda in terms of population health, which is another side to the answer, so Mr Rowe will speak from the sport perspective.

Mr Rowe—Senator, there are a number of projects and programs that are administered by the department which could be described as making a contribution to encouraging people into sport. We manage and administer grants for facilities, which makes a contribution. In a range

of other areas, such as the Indigenous sport area, there are programs that fund projects that encourage participation in Indigenous sport and recreation. In the water safety area, there are projects that claim to encourage participation through the funding we provide to water safety organisations for participation in aquatic activities. There are particular projects, such as funding for the world sailing championships in 2011, which will have some spin-offs. There are projects such as street soccer that we fund and a project to fund a national ref link, which is to expand that organisation's activities from Victoria to the rest of Australia.

Senator FIFIELD—Mr Rowe, is that street soccer?

Mr Rowe—Street soccer.

Senator FIFIELD—What is street soccer?

Ms Halton—You have not lived, Senator Fifield, clearly.

Mr Rowe—In general terms, street soccer is an activity that is conducted for homeless people to engage in soccer or football, as we now call it. In addition to what the department does, there are a number of programs that the Australian Sports Commission runs—I will defer to Mr Miller—which make a contribution to encouraging people into sporting activities.

Senator WILLIAMS—You mentioned Indigenous sport. Chair, is it okay to ask a question on that or shall we leave that until Friday?

CHAIR—I would think that is one of the areas we do do discretely in this area here.

Senator WILLIAMS—I am just looking at some of those areas in Indigenous sport and encouraging those types of activities. For 30 years, probably, I have driven through places like Wilcannia. It really is a sad sight. I was on a men's health committee with Senator Bernardi recently. The average lifespan of a man in Wilcannia is about 35 or 36 years. In these smaller communities, obviously there are huge rates of unemployment and probably high levels of boredom. Has your department targeted those types of areas where these obvious real problems exist as far as encouraging sport and other activities in these communities?

Mr Rowe—The Indigenous sport and recreation program is an application based program. It has an annual funding round, so the availability of resources funding under that program is advertised annually. The department then participates in a whole-of-government process to assess the various applications that come forward and ultimately approve them. We do our best through the normal channels to promote that program to all Indigenous communities.

Senator WILLIAMS—So you are saying to me that these places—I am using Wilcannia as an example—would have to apply for these sorts of things?

Mr Rowe—Correct.

Senator WILLIAMS—I am concerned that community leaders there may not put those applications in. I am concerned that those people might not even know about these things. Has your department done anything to bring the awareness of these programs to those remote communities?

Mr Rowe—I do not have specific information about particular townships or regions. As part of the whole-of-government advertisement and process, we do our best to make people in remote communities aware of the availability of funds under this program. Through the

Indigenous coordination centres, in the past, the program has been made aware. These are centres located in various regions around Australia. There are advertisements made. So there are a range of strategies to make the Indigenous communities aware. But ultimately the Indigenous communities themselves need to make application for the funds.

Senator WILLIAMS—Do you have detailed information on plans for specific regions throughout the states? Can the information be broken up into particular regions? For example, if I were to ask you, could you tell me what programs are planned for the New England region in the north-west of New South Wales? Would I be able to get that information from your department?

Mr Rowe—I do not currently hold that information. My understanding is that the Indigenous coordination centres develop strategies for particular regions.

Senator WILLIAMS—I will hand over to Senator Fifield.

Senator FIFIELD—Can I ask about the Crawford review in general questions on sport?

CHAIR—Yes.

Senator FIFIELD—The Crawford review is getting a bit long in the tooth now. I think it was 28 August, Mr Rowe, that it was kicked off. The general expectation, I think, in the sporting community was that it would be completed by February or March this year. I guess that is probably causing a bit of uncertainty in the various sporting organisations in the four years in the lead-up to the Olympics in 2012. I want to go back to the start of the review. The panel, I think, called for submissions from interested individuals and sporting organisations from 3 October.

Ms Halton—Senator, just before you go on, I cannot let that comment go without making a response to it. There was never an expectation that the review would be done by February or March. I understand that people might like that to be the case, but I am not aware of any comment that has ever been made; in fact, to the contrary, I think the expectation was always that it would report in the second half of this year. So I just think we need to be clear about that on the record. I am sorry to interrupt you.

Senator FIFIELD—That is okay. We will draw a distinction between a like and an expectation on the part of sporting groups.

Ms Halton—Yes.

Senator FIFIELD—That is fine. Mr Rowe, the panel, I think, first called for submissions between 3 October 2008 and 7 November 2008. That is correct, is it not?

Mr Rowe—My understanding is the first call was in the national media on 27 September, Senator. But submissions closed on 7 November.

Senator FIFIELD—Thank you for that. You mentioned that was advertised?

Mr Rowe—Correct.

Senator FIFIELD—There was an advertisement in national newspapers?

Mr Rowe—Correct.

Senator FIFIELD—Would it be possible to get a copy of that ad and a copy of any associated media release advising of that?

Mr Rowe—Certainly. If I can take that on notice. I do not have that with me.

Senator FIFIELD—Sure. That would be great. The panel had discussions, I think, with 52 stakeholders and received written submissions from each of the stakeholders that they met with. Can you advise on what date the last meeting was held with stakeholders?

Mr Rowe—Senator, I do not have that information directly at hand. I could certainly find that out. I should add also that consultations with stakeholders are ongoing. The panel continues to have meetings with stakeholders. Some of those are new and some of those are stakeholders that they have met previously. Rather than new, I should say stakeholders that they had not met with previously.

Senator FIFIELD—Thank you. Is part of that as a result of the second submission process between 2 and 27 March, the community sport consultation process?

Mr Rowe—Part of that, yes. It relates to that.

Senator FIFIELD—Thank you. It has always been clear that the panel was going to look at both elite and community aspects of sport. But I was not aware until it occurred that there was going to be a second submission process for the community aspect. Was it always the intention to have two separate consultation processes and to call for a second round of submissions, in effect?

Mr Rowe—The first round at that time focused on high-performance sport. It was always intended that there would be a second round of consultations to do with community level sports. The details of that consultation would not have been decided upon by the panel at the time of the first consultation. So the details of the second round consultations were discussed and developed and agreed some time after the first round of consultations.

Senator FIFIELD—Why did the minister not mention that there would be two consultation processes in her press release of August last year? I think the release presented it as though there was only to be one round of consultations. It did not preclude or exclude a second round, but it would have left the impression that this was the consultation round.

Mr Rowe—I would have to go back and examine that media release, Senator, to give you a fuller answer. I suspect, though, that at that time there was a focus on the high-performance side of sport. That may have been the focus of the media release. Again, to give you a full answer, I would need to go back and examine it.

Senator FIFIELD—If you could. I do not think the sports panel website mentioned that this was to be a two-phase process either. Mr Rowe, can you advise the committee when it was first decided to hold a second round of submissions or to call for a second round of submissions?

Mr Rowe—I would have to take that on notice, Senator.

Senator FIFIELD—If you could, thank you. I would have thought that it might have been more efficient to announce from the start what the overall consultation process would be—that there would be a consultation round or call for submissions for elite sport and at the same

time say that there would also be the opportunity for submissions in relation to the community aspect of sport—so that stakeholders could appropriately focus and frame their submissions accordingly.

Ms Halton—Senator, which press release are you actually talking about—28 August?

Senator FIFIELD—Yes.

Ms Halton—I have it in front of me. What this press release basically says is, in announcing the appointment, here are the issues. They will look at sport at both the elite and the grassroots level et cetera.

Senator FIFIELD—Correct.

Ms Halton—This is who is going to chair it. It will include blah. It says quite explicitly:

There are other important issues the expert panel will consider beyond elite and international sport. Sport plays an important role in health and education as well as the social and cultural life of communities throughout Australia. We can build on this tradition.

So I do not read this as being prescriptive one way or the other in respect of the process. Indeed, I think the minister indicated that she was going to take advice from the panel as to the conduct of this process. There was an immediate, and I think you know this well, issue in respect of the elite need. She asked for some advice on it, which she got, and it was the basis for a government decision. But there was no expectation—this goes to my earlier comment—that the review would be done and dusted in that timetable. In fact, the review was manifestly going to go on to consider this broader range of issues. So I do not think that this in any sense leads people to some misapprehension in that regard.

Senator FIFIELD—That is why I have asked for a copy of the advertisement which was placed at the time and why I have raised the fact that on the website for the panel it did not flag at the time the first call for submissions was issued that there would be a subsequent call for community groups.

Ms Halton—But, essentially, this is not an issue for the minister to have been prescriptive about. You are aware, as everyone else is, of the terms of reference. They were given terms of reference and then basically given a charter to go and investigate in respect of all those terms of reference and then come back to the government with a particular short-term requirement in respect of elite sport. I am happy for us to retrieve the advertisement and have a look at it. But fundamentally it was a matter for the group to determine what their process was going to be. In fact, this press release says quite clearly she indicated nothing about that process because it was a matter for them.

Senator FIFIELD—I guess my point is it would have been helpful for the panel to indicate that there would be two separate calls for submissions—one in relation to elite and one in relation to the community aspect—at the time of the initial calling of submissions.

Ms Halton—I am happy to communicate to the panel that that is your view, if you would so wish me to do it.

Senator FIFIELD—That would be lovely. Thank you.

Ms Halton—I shall do that.

Senator FIFIELD—Thank you for that.

CHAIR—Senator Fifield, I am just checking whether you have another topic to move on to or whether we could take a break. If you have a series of questions on this part—

Senator FIFIELD—I do have a few more on the Crawford review.

CHAIR—Do you have any idea how long? I am happy to let you go through and finish.

Senator FIFIELD—What time are you due to break?

CHAIR—At half past 10 we were going to, but I can let that flow through if you want to finish the Crawford review questions.

Senator FIFIELD—If it suits the committee, I am happy to break here.

CHAIR—I think it is wise. We will break now, and when we come back Senator Fifield will continue on the Crawford review.

Proceedings suspended from 10.30 am to 10.46 am

Senator FIFIELD—Mr Rowe, could you point me to the first public mention of a two-stage consultation process?

Mr Rowe—Senator, I would probably need to take that on notice, if you do not mind.

Senator FIFIELD—Sure. That is fine. Whether it occurred in a media release from the panel or in a speech by the minister or a member of the panel, I would like to know what the first public reference to a two-stage process was.

Mr Rowe—Sure.

Senator FIFIELD—Thank you. Just moving to the community support consultation process itself, how many submissions were received?

Mr Rowe—In total, 212 submissions were received. That was for the entire process. In terms of the—

Senator FIFIELD—Does that include community and elite submissions?

Mr Rowe—Yes. I can get an exact figure for you, probably before the end of these hearings, but I believe it was of the order of 150.

Senator FIFIELD—Thank you. Are those submissions publicly available?

Mr Rowe—They are. They are on the website that has been created for the panel.

Senator FIFIELD—How were these submissions called for? Was there a media release? Were advertisements placed?

Mr Rowe—There was a public call via advertisement.

Senator FIFIELD—Again, could I have a copy of the advertisements and be informed where they were placed. Could I also have any associated media releases from the panel?

Mr Rowe—Sure.

Senator FIFIELD—The panel also held community sport consultations around the country. Is that correct?

Mr Rowe—They did indeed.

Senator FIFIELD—Do you have a list of who attended those meetings?

Mr Rowe—We have a list of organisations who attended.

Senator FIFIELD—Yes, organisations rather than individuals. Please provide the committee with a list of those organisations, if you could.

Mr Rowe—Yes, but I would have to provide that information on notice.

Senator FIFIELD—Thank you. How were those meetings advertised?

Mr Rowe—Again, they were advertised in the public media. I have just been advised that there were 62 submissions in the second round of consultations.

Senator FIFIELD—Thank you.

Mr Rowe—I was obviously a little out.

Senator FIFIELD—That is okay. Could you provide copies of the advertisements and any associated media releases about the community sport consultations?

Mr Rowe—Certainly.

Senator FIFIELD—Thank you. Are there any more consultations scheduled or is that it for consultations?

Mr Rowe—There are no public consultations scheduled at this point in time but, as I mentioned before, there will be meetings arranged at the request of the panel from time to time as they continue through the process.

Senator FIFIELD—When do you think the time for time-to-time meetings will be over?

Mr Rowe—What happens is that the panel, in considering material or submissions, may choose to go back to particular stakeholders in order to discuss the content of their submissions or, indeed, stakeholders may approach the panel with a request for an additional opportunity to provide information. So there will be ad hoc arrangements made. There are no planned series of meetings at this point in time.

Senator FIFIELD—I appreciate that it is an iterative process and that there will be fine tuning, but there must come a point when the consultations are over and the finalising of the report commences. Do we have any clearer idea as to when the review will be completed?

Mr Rowe—It will be completed in the latter half of 2009.

Senator FIFIELD—I refer you to the Rudd government's directions paper, entitled *Australian sport: emerging challenges, new directions*, in which it is stated:

We believe the system—

in relation to sport—

needs to be modernised to meet the new and emerging challenges of the global sporting environment.

That is a worthy objective. I just note in passing that the Bradley review of higher education took nine months to complete. That was certainly a very complex root and branch review of a sector. Why is it that what would seem to be a more straightforward task in a less complex sector takes longer than the Bradley review?

Mr Rowe—Senator, I have no knowledge of the Bradley review and am in no position to make a comment comparing the two.

Senator FIFIELD—Are there any particular challenges or issues which account for the length of time that the review is taking?

Ms Halton—Thoroughness.

Mr Rowe—It is a fair comment. There are a large number of interest groups and organisations in Australia—I think there are something like 26,000 local sporting clubs. There is widespread interest in the issue of sport and people's role in it has a particular place in Australian society—there is strong interest. Other than that, I do not really have any further comment to offer as to why it might be complex.

Senator FIFIELD—Ms Halton, I think 'thoroughness' will have to go into the handbook of responses for delayed programs of all sorts across all portfolios. I am sure that will be drawn upon elsewhere!

Ms Halton—Senator, you would be disappointed if I did not pull you up when you suggest that it has been delayed. You know I am going to be obliged to put you up on that. It is not delayed; it is proceeding as we anticipated.

Senator CORMANN—It is proceeding as well as it can proceed!

Ms Halton—It is proceeding as we anticipated: in a thorough fashion.

Senator FIFIELD—It is not delayed, it is just taking a very long time!

Ms Halton—They are being thorough.

Senator FIFIELD—They could be two different things—that is possible. Mr Rowe, when the Crawford review was first announced, did the department have an indication as to how long the review would take? Did it have an estimate of in which month in which year it would be completed?

Mr Rowe—No, Senator.

Senator FIFIELD—It was just, 'We'll ride this thing and see where it takes us and for how long'?

Ms Halton—I think, to be fair, Senator, that we always anticipated that it would be completed later this year. In fact, going back to Senator Cormann's comment earlier about the National Health and Hospitals Reform Commission, that was always set with a very particular deadline. It was clear from the initial announcement that this one did not have a particular deadline other than later this year.

Senator FIFIELD—So the minister did not set a deadline.

Ms Halton—No.

Senator FIFIELD—Are there any plans for a draft report, or will what is publicly released be the final, complete document? There will not be a draft report released for comment and then a subsequent final report.

Mr Rowe—There is no plan to release a draft report for comment.

Senator FIFIELD—I think the panel met with the minister in February to give an interim briefing on the review. Is there anything that we can publicly learn from that briefing?

Mr Rowe—There is nothing that I have from that briefing. I did not attend the briefing, so I do not have details of the discussion of the briefing.

Senator FIFIELD—So there is no light that you can shed on that meeting. To your knowledge, has the minister or any of her staff met with the panel since that meeting in February?

Ms Halton—We cannot answer those questions. We do not keep tabs on what ministers' staffers do.

Senator FIFIELD—I am sure you do not, but that is not to say that you would not have an awareness of some meetings.

Ms Halton—My point is it is not open to us to be offering a commentary on the meeting schedules of ministers or their staffs. If you want answers to those sorts of questions I think they are appropriately put to the minister and the staff.

Senator FIFIELD—We do not have a forum in which to do that.

Ms Halton—I understand that.

Senator FIFIELD—The minister is not a minister in the Senate. This is the forum we have to ask these questions. If the minister had a meeting with the panel and there was someone from the department present minuting the meeting, the department would know if such a meeting happened. Given the panel and given you know that the minister met the panel in February, it is not unreasonable to ask if a similar meeting has happened since February.

Ms Halton—With the minister or the staff? You raised the staff.

Senator FIFIELD—I said with the minister or staff.

Senator McLucas—I can assist here. The minister has met with the panel on two occasions: on 9 February and 26 May. I do not know if any of the minister's staff have met separately with the panel.

Senator FIFIELD—I was more interested in the minister than the staff. Obviously you cannot take me through the contents of that discussion, but are you able to give a character of what the meeting was? Was it a presentation of a draft report?

Ms Halton—We were not there.

Senator FIFIELD—Just because you were not there does not mean you do not know.

Ms Halton—We are not privy to the details of that meeting.

Senator FIFIELD—But you know many things.

Ms Halton—Indeed I do, but we are not privy to this.

Senator FIFIELD—Okay. Without trying to pre-empt the outcome of the review, it is not uncommon for reviews to call for additional funding. With the budget being, and I will use a technical term, 'cactus'—

Ms Halton—I do know whether Ken Henry would recognise that as part of the Treasury lexicon! I can put it to him if you like.

Senator FIFIELD—I am sure they use it internally, even if they do not use it in Treasury documents. Given the state of the budget, has the government ruled out additional funding for sport?

Ms Halton—No.

Senator McLucas—In fact, an additional $12.6 million for sport was allocated in the budget 2009-10.

Senator FIFIELD—I will come to that later and whether that is actually a true statement. Have the parameters of the review been restricted by the current budgetary situation?

Mr Rowe—No.

Senator FIFIELD—Also, not just in relation to the deliberations of the Crawford review, but more generally in the department's considerations, is there currently any proposal to absorb the Australian Sports Commission into the department itself?

Ms Halton—Not that I am aware of.

Senator FIFIELD—It has not been discussed?

Ms Halton—Not that I am aware of, and I would have to say Mr Miller would have serious cause to be quite cross with me if I was aware of such a proposal, given we have just appointed him to this position.

Senator FIFIELD—Indeed, and I am not advocating for one second that this should happen, but I was just wondering if there was any discussion or proposal that had been put forth to that end, but you are now aware, Ms Halton and Mr Rowe?

Mr Rowe—No, I am not aware of it.

Senator FIFIELD—That is very good to hear, I am sure Senator Bernardi is a former member of the Australian Sports Commission and he would be very happy to hear that too. If I could turn to the active after-school care program, the ANAO conducted an audit report into the program in 2008, which made a few recommendations focusing on improving the efficiency of the program, particularly to determine whether the program data base is meeting the current and future needs and also in relation to streamlining grant applications,. The ASC said in response to the ANAO report that the ASC will be contracting an external party to review the AASC data base with a view to updating and streamlining the functionalities of the data base to ensure that it best meets current and future needs. Is the external party review now complete?

Mr Miller—I am advised that the work is about 40 per cent complete.

Senator FIFIELD—When did the work commence?

Mr Miller—January 2009.

Senator FIFIELD—Thank you and when will the work be complete?

Mr Miller—I am advised within the next two months.

Senator FIFIELD—The ASC also said in response to one of the ANAO report recommendations that it had already begun work on scoping the automation of the grant application process. Has the grant application process been updated?

Mr Miller—I am advised that is part of the same work that is being done.

Senator FIFIELD—That is part of the same external review?

Mr Miller—Yes, being done on the data base.

Senator FIFIELD—There has been no work completed until that review is finished?

Mr Miller—Forty per cent of it.

Senator FIFIELD—I suppose it is premature, therefore, to ask whether there will be any savings as a result of that automation.

Mr Miller—I understand there will be some savings as a result of that re-engineering work, savings in commission resources.

Senator FIFIELD—Can they be quantified at this time?

Mr Miller—Not at this point in time.

Senator FIFIELD—Moving to sport and recreation facilities grants, you will recall, Mr Rowe, that these grants were a particular focus when they were first announced, particularly on account of the fact that, I think, 80 of them were in key government marginal electorates. I want to get an update on the awarding of those grants. I think there were, in total, 91 sporting clubs that were promised funding under the measure?

Mr Rowe—That is correct. There were 91.

Senator FIFIELD—How many of these sporting clubs have now completed negotiations with the government?

Mr Rowe—I should explain that an additional three have been added to our list. There have been separate decisions by government since that time. There are now 94, 63 of which are currently under contract.

Senator FIFIELD—Does that mean 63 have received the money?

Mr Rowe—We would have to get you an answer.

Senator FIFIELD—So there are 63 where both parties have signed the bit of paper?

Mr Rowe—They have executed a contract. Some of those contracts will involve a payment on execution and some will have to reach a milestone. So we will need to—

Ms Halton—The problem with taking that question on notice is that, by the time we answer it, it will be out of date. Do you know what I mean? I think it is fair to say that, if 63 of them are under contract, payments will progress according to schedule and according to project progress, as you would expect.

Senator FIFIELD—Could I ask you to take a different question on notice, then—the dates that each of those contracts were executed?

Ms Halton—That is fine.

Senator FIFIELD—Mr Rowe, you mentioned that there are three in addition to the 91. Could you tell us what those additional three projects are?

Mr Rowe—We do have the information. We will find those three projects before these hearings are concluded.

Senator FIFIELD—What is the status of the balance of the projects for which contracts have not been signed? We are the best part of a year down the track and I imagine these sporting clubs, being desperate for funds, would be champing at the bit and basically prepared to sign anything that was put to them to get the money. So what is the delay with the balance of—

Mr Rowe—It is fair to say the ones that have not been executed to date have not been executed because the proponents have not been able to provide the information to us. While I accept your premise—they are keen to get the money—the moment we get the information that we require to put the schedules in the contract together, we will be processing those forthwith. I have those three projects: $20,000 for Jervis Bay Netball Club; $15,000 for the New South Wales YWCA's good sports take action group; and $100,000 for the Ellis Beach Surf Club.

Senator FIFIELD—For the balance of the 63, could you take on notice which clubs they are and the reasons for the delay?

Mr Rowe—Yes.

Senator FIFIELD—I might just pop back to the active after school care program again—that is all I have on the sporting grants. The funding for the active after school care program expires at the end of 2010.

Mr Miller—It expires on 31 December 2010.

Senator FIFIELD—What is the future of the program after that?

Mr Miller—My understanding is that that is wrapped up in the overall considerations of funding post the Crawford review.

Senator FIFIELD—Have there been discussions between the ASC and the minister or the department on the future of the program?

Mr Espeland—To my knowledge, there have not been any such discussions. The program name is the Active After-schools Communities program, not 'care program'.

Senator FIFIELD—Sorry, 'communities'. I always think of it as care.

Mr Espeland—It is fun.

Senator FIFIELD—Thank you. Do you think the future of the program lies with the ASC or could it be administered through the department or through state governments? Is that something which has been discussed at all?

Mr Miller—My understanding is they are some of the issues that the Crawford review is currently exploring as a part of its deliberations.

Senator FIFIELD—Has the ASC or the minister or the department been in contact with national sporting organisations about the future of the program?

Mr Espeland—The ASC is working very closely with a range of national sporting organisations to make sure that every opportunity is taken to leverage off the program, in terms of growing participation in the local community. The 30,000-odd community coaches are available for growing capacity in the local sporting community. We have been working very closely with a range of sports—such as gymnastics, softball and athletics—to ensure that that opportunity for leverage off the program is fully taken up.

Senator FIFIELD—Okay. Thank you.

Mr Miller—Could I just add that I think it would be understandable that we would be working closely with national sporting organisations, given we are trying to actually bridge that participation into some of the club systems. So that is the basis of it.

Senator FIFIELD—Sure. Thank you for that. I do have a number of specific questions about the program and the sites which are participating, but, in the interests of time, I will place those on notice. I might move to an issue which has got quite a bit of history—and I refer to Taekwondo Australia. This history goes back to November 2007 when the ASC withdrew recognition of Taekwondo Australia. Is that correct?

Mr Miller—8 October 2007.

Senator FIFIELD—October 2007. In the February estimates, Mr Espeland said that the AOC would write to the sports commission about the outcome of the mediation process between the AOC, Taekwondo Australia and Sports Taekwondo Australia, and what the position is going forward. Has the ASC received such a letter?

Mr Espeland—No, we have not. It is our understanding that the mediation process involving the AOC, Taekwando Australia and Sports Taekwando Australia has come to an end but was unable to resolve the outstanding issues and come to a mutually acceptable result. Obviously, we will continue to liaise with the AOC in that regard, but that is the state of play in that attempted mediation.

Senator FIFIELD—What will happen from here?

Mr Espeland—There are to be some further discussions between the AOC and Taekwando Australia.

Senator FIFIELD—And what is the purpose of those?

Mr Espeland—I think we and the AOC would be of the view that we do need some peak body arrangements for governing and leading the sport in Australia. It is a well-regarded sport at both the community level and internationally.

Senator FIFIELD—To your knowledge, has the minister met Taekwando Australia since December last year, which I think was the last time she caught up with them?

Mr Espeland—I do not have any further information with respect to a further meeting beyond what was previously advised?

Senator FIFIELD—You are not aware of that. Mr Rowe, you cannot give any advice?

Mr Rowe—No.

Senator FIFIELD—Has the minister requested a briefing from the ASC since she met with Taekwando Australia in December last year?

Mr Espeland—With an issue like this, we undertake to keep the minister fully informed of our dialogues and discussion with Taekwando Australia, so certainly we do provide that level of briefing back to the minister's office.

Senator FIFIELD—Sure, you seek to keep her appraised. Has she sought or specifically requested any briefing on the issue?

Mr Espeland—Not to my knowledge.

Senator FIFIELD—Do you know if the minister has met with Sports Taekwando Australia?

Mr Espeland—I do not have any such information, no.

Senator FIFIELD—Has the ASC met with Taekwando Australia or Sports Taekwando Australia this year?

Mr Miller—We met with Sports Taekwando Australia to discuss our requirements for recognition on 8 May this year.

Senator BERNARDI—Sorry, is that Sports Teakwando Australia?

Mr Miller—Yes, Sports Taekwando Australia.

Mr Espeland—Just to clarify, we have not met with Sports Taekwando Australia, but there have been discussions and dialogue with Taekwando Australia, who are interested, obviously. Should they regain—

CHAIR—That is two different answers.

Senator FIFIELD—I thought Mr Miller just said that on 8 May the ASC had met with Sports Taekwando Australia.

Mr Miller—That is right

Mr Espeland—I would like to withdraw my comment.

Senator FIFIELD—So the ASC has met Sports Taekwando Australia on 8 May. Has the ASC met Taekwando Australia this year? I know you have a meeting planned, I think you said, Mr Espeland, but—

Mr Espeland—I am advised that the commissioner has met with Taekwando Australia on three occasions. The issue has been ongoing discussions about recognition requirements of the ASC and how Taekwando Australia might position themselves to make an application in the event that they can regain international affiliation.

Senator FIFIELD—This has been going on for quite some time now. Is resolution possible? Do you see a way forward?

Mr Espeland—I think there has been a clear development within Taekwando Australia to basically bring about governance reform, but in the end that recognition has to turn on the international affiliation, which in turn depends upon the AOC regarding them as a member of

their organisation. So the dialogue between the AOC and Taekwando Australia continues to be a very important one.

Senator FIFIELD—I wish you luck but I must observe that I think it is disappointing that the minister has not specifically sought any briefing on this issue. It would appear—and we do not know—that there have not been any meetings between the minister and the relevant body since December last year. I think this is a case where the minister should roll up her sleeves and muck in and help try and find a solution.

Senator McLucas—Senator Fifield, I would hate the record to not be accurate. I think the officer said to you that they have repeatedly briefed the minister on activity that has occurred. I agree with you. It is a very difficult issue and the minister, I am sure, is seeking an outcome that will ensure that taekwondo, as a sport, continues to flourish in our country.

Senator FIFIELD—It is one thing for a minister to receive briefings which are sent but it is another thing to take an active interest, to ask questions, to request additional briefings, to request options and to meet groups face to face and to actually sit down and try and seek to find a solution.

Senator McLucas—The officer has not said that the minister has not done that.

Senator FIFIELD—There is no evidence that the minister has sought anything additional to that which is being provided as a matter of course from the ASC. I hope she does.

Mr Espeland—The information that has been provided has been very comprehensive and is very much ongoing. It is a very difficult and long-running issue.

Senator FIFIELD—Let me put this question: has the minister picked up the phone and called you about this issue since December last year?

Mr Espeland—I have not discussed the issue directly with the minister.

Senator FIFIELD—That might give a bit of an indication as to the level of interest that the minister has—that is, she has not even found the time or inclination to pick up the phone and call and talk and ask about this issue.

CHAIR—Senator, if we could move on. You have made your point.

Senator FIFIELD—I am happy to do so. I might move to the Australian Sports Anti-Doping Authority.

CHAIR—So is that the end of the commission questions?

Senator FIFIELD—I will just throw a few questions to the commission, which can be taken on notice. As the commission, you take questions for the AIS as well? Yes. Could you take these on notice. How many full-time and part-time scholarships has the AIS awarded in this financial year? Let's take this financial year and the previous financial year. How many scholarships did the state sport institutes and academies award in the same two financial years? These are looked at on a financial year rather than a calendar year basis.

Mr Espeland—It depends upon the competition cycle of the sport but we will provide the parameters.

Senator FIFIELD—That is for whatever the relevant time frames are over the past two years. How many full-time and part-time scholarships do the AIS expect to award in 2009-10? And how many scholarships do the state sports institutes and academies expect to award in 2009-10? Thank you.

CHAIR—Senator Brown has a question for the agency, but I just want to see whether you have finished all your agency questions.

Senator FIFIELD—I just have ASADA.

CHAIR—Senator Brown.

Senator CAROL BROWN—Could someone give me an update on what the government is doing to support women in sport and encouraging women's sporting groups?

Ms Flanagan—We are just about to release another round of grants for women in sport. These grants have been significantly increased in the last funding round through additional support from the Office for Women, who are a partner in the program with us. The grants will be released in June, and we have had an unprecedented number of applications for them. Fortunately, we have been able to give out a significantly higher number, as well as to increase the scope and depth of what the grants can offer.

Senator CAROL BROWN—What does the scope and depth of the grants offer?

Ms Flanagan—We offer grants to individuals in the areas of coaching, officiating and management administration. We also offer grants through individual organisations to assist them with promoting the involvement and engagement of women in sport. This year, for the first time, we are offering scholarships, which are providing a greater degree of support for women in senior positions in coaching, officiating and management.

Senator CAROL BROWN—And how much are we talking about? How much are the grants worth?

Ms Flanagan—They vary from individual small grants to up to $10,000 per annum for organisations in the scholarships.

Senator CAROL BROWN—When will the recipients be announced?

Ms Flanagan—In late June.

Senator CAROL BROWN—Can you tell me how much the funding has been increased by?

Ms Flanagan—By $100,000.

Senator CAROL BROWN—That takes it up to what amount?

Ms Flanagan—Up to $500,000.

Senator CAROL BROWN—Other than the $500,000 grants, what else are you working on to encourage women?

Ms Flanagan—We are working with national sporting organisations and providing them with assistance. In order to provide opportunities to engage women in their sport, we have got two programs specifically underway with Golf Australia and Bowls Australia. They are long-term projects—over a three- to five-year time frame—that will actually look at getting women

involved in sport across all areas of the sport itself, as participants, as administrators or as coaches.

Senator CAROL BROWN—You mentioned that you are working with the Office for the Status of Women.

Ms Flanagan—Yes.

Senator CAROL BROWN—How does that crossover work?

Ms Flanagan—They support us with the funding for the leadership grants, they work with us in providing advice in relation to the selection of applications and they assist us in identifying ongoing issues and in how we can better address the needs of women in sport.

Ms Halton—Let me just add that I think it is important for you to understand that the board of the commission do not think this is a Mickey Mouse issue; they actually think it is a really important issue. Indeed, when we were doing things recently—like appointing the coaching panel, for example—there was a very clear and conscious decision about gender balance and about ensuring that there were female role models in that group. So this is a matter which is actively discussed by the board, which I think is an important point. It is not a segmented issue in the program structure; it is also something which the commissioners are very concerned about.

Senator CAROL BROWN—I appreciate that, Ms Halton, and that is why I am asking the questions. And I can see by the commitment to increasing the funding that it is an issue that is taken very seriously. I remember that there was a statement put out by the Minister for Sport about supporting the televising of women's sport. Are you able to assist me there?

Ms Flanagan—Yes. Over the past few years, the government has supported women's sport, in terms of television broadcasts. It has also increased funding to particular sports to ensure that happens, which includes the new W-League in soccer and also Netball Australia. Also, we are updating the research at the Sports Commission to give us a very current picture of what the portrayal of women in the media is looking like. We have a first-stage report that we will be able to provide in the very near future, followed by a longitudinal study of the televised broadcast of women in sport.

Senator CAROL BROWN—What method are you using to update your media profiles?

Ms Flanagan—We have conducted research across all print media within a time frame to look at the portrayal of women. From July on, we will undertake a 12-month analysis of televised broadcast of women's sport.

Senator CAROL BROWN—That is great. Presumably, the results of your studies will be made public.

Ms Flanagan—Yes, they will.

Senator McLucas—The minister has also announced $100,000 in funding to support the international working group for the fifth World Conference on Women and Sport, which will be held in Sydney in May 2010.

Senator ADAMS—Is there any funding set aside for Indigenous women in the Women in Sport program?

Ms Flanagan—We have a specific criteria to allow a percentage of the grants to target culturally and linguistically diverse women, including Indigenous women.

Senator ADAMS—Right.

Ms Flanagan—Our Indigenous Sport Program also has a component which specifically looks at ensuring we provide opportunities for Indigenous women to participate in sport.

CHAIR—My understanding is that we are now going to move on to the Australian Sports Anti-Doping Authority. Thank you Mr Miller and Ms Flanagan.

[11.31 am]

Australian Sports Anti-Doping Authority

Senator FIFIELD—Can I confirm that in the budget the government allocated $21.1 million over four years to continue funding to ASADA?

Mr Ings—Yes that was the thrust of the press release from the minister.

Senator FIFIELD—Sorry, could you say that again?

Mr Ings—That was contained in the press release from the minister, yes.

Senator FIFIELD—I am not sure that it was, but my question to you was can you confirm that the government allocated $21.1 million over four years to continue funding ASADA?

Mr Ings—That is correct. There was $21.1 million allocated in the budget statements over the next four years.

Senator FIFIELD—And what is the purpose of the $21 million?

Mr Ings—The $21.1 million will allow ASADA to maintain, and in some areas enhance, our deterrence, detection and enforcement programs in tackling the issue of doping in Australian sport.

Senator FIFIELD—You referred to the minister's press release; I think you said that was the essence of the press release. I hope you can help me with this—I will just read the first paragraph of the minister's press release, which says:

The Rudd Government will reinforce its tough stance on doping in sport by investing an extra $21.1 million over four years to keep Australia at the forefront of international anti-doping efforts.

So is this $21.1 million extra money in addition to that which you would have been budgeting on anyway?

Mr Ings—At the end of this financial year a significant portion of ASADA's funding terminated. So the $21.1 million over the next four years certainly maintains our funding level to allow us to continue, and in some areas enhance, the programs that we have in place.

Senator FIFIELD—Okay. So it would be fair to describe it as a maintenance of funding—that ASADA has had its funding maintained?

Ms Halton—Not against forward estimates. I know this is a technical matter but against the forward estimates that was terminating funding. Those funds were not provided for in the forward estimates. So the forward estimates had to be increased in order to provide this

funding. It was not lapsing, it was terminating. In other words, there was no forward provision.

Senator FIFIELD—Is 'extra' a word that you would use to describe the $21.1 million?

Ms Halton—In terms of the appropriation for portfolio, yes.

Senator FIFIELD—An extra $21.1 million?

Ms Halton—Because the appropriation to the portfolio before that did not include this money.

Senator FIFIELD—I think your typical citizen reading this press release would read this as $21.1 million on top of the money which ASADA would expect to have to continue its ordinary operations. I think that is how most people would take the word 'extra' to mean—that it is 'in addition to'. ASADA basically would not exist without this $21.1 million, would it?

Mr Ings—This is $21.1 million in addition to the funding that we did have going forward over the next four years.

Senator FIFIELD—In addition to the funding that you had—could you take me through that?

Mr Isaacs—The forward estimates, prior to the 2010 budget outcome for ASADA, over 2009-10 and going forward were $10.229 million in 2009-10, $10.206 million in 2010-11, and $10.266 million in 2011-12. The government's measure in the 2009-10 budget has provided extra appropriation on the top of that forward estimate line.

Senator FIFIELD—What was the total funding to ASADA in 2007-08?

Mr Isaacs—Unfortunately, I do not have those precise figures with me, if I could take that on notice?

Senator FIFIELD—Oh, come on. Give me a ballpark figure. You are not seriously telling me that ASADA cannot sit here and tell me what the money was that they received in 2007-08?

Mr Isaacs—I will just locate that for you now.

Senator FIFIELD—To the nearest half million is fine.

Mr Isaacs—In 2007-08 ASADA's appropriation was $13.291 million and we also budgeted for revenue from goods and services of $1.536 million that gave us a total revenue of $14.827 million.

Senator FIFIELD—Okay, and for 2008-09?

Mr Isaacs—For 2008-09 the budget papers indicate our appropriation from government was $12.716 million and revenue from other sources estimated at $1.796 million, providing a total expense for ASADA of $14.606 million.

Senator FIFIELD—Okay, and for 2009-10?

Mr Isaacs—Again, as the budget papers indicate it is an appropriation from government of $13.622 million, estimating revenue from user pay services at $1.802 million, providing a total expense for ASADA at $15.424 million.

Senator FIFIELD—Can you take me out through the forward estimates?

Mr Isaacs—As indicated in the budget papers, the forward estimates for 2010-11 are the appropriation from government of $13.548 million, estimated revenue from other sources of $1.802 million, giving a total of $15.350 million. In 2011-12 the appropriation from government is $13.652 million, estimated revenue of $1.802 million, giving a total departmental expenses line of $15.454 million. And in 2012-13 the appropriation from the government of $13.725 million, other revenue again estimated at $1.802 million, providing a total departmental expenses line of $15.527 million.

Senator FIFIELD—Thank you for that. In its last sentence, the minister's press release says:

The additional funding will bring the Government's commitment to eliminating doping in sport to $54.5 million over four years.

That averages out at about $13.6 million a year. That has basically been the core funding each year—in 2007-08, 2008-09, 2009-10 and out through the forward estimates it has been about $13.6 million. What would ASADA be able to do without that $21.1 million? What would be the extent of your activities?

Mr Ings—$21.1 million over four years, for an agency like ASADA, is a significant chunk of our resourcing. Our programs would be impacted significantly.

Senator FIFIELD—You would not be able to do much, would you?

Mr Ings—We would do less. We would work within our constraints and maximise delivery of programs with the funding available

Senator FIFIELD—You would do a lot less. The reality is that this press release of the minister is a fib. It says that there is $21.1 million extra. This $21.1 million is just the basic core funding for ASADA. I think anyone reading that press release, when they read 'extra', would think that that is $21.1 million on top of the $13-odd million which ASADA gets each and every year and, I assume, will continue to get each and every year into the future.

Ms Halton—The office is not going to make a commentary on your commentary.

Senator FIFIELD—And you?

Ms Halton—I am not going to make a commentary on your commentary either.

Senator FIFIELD—Why stop now?

Ms Halton—The bottom line here is the minister has a view in terms of that issue. We have gone through what the appropriation was for ASADA. It was, as the officer indicated, $10, 229,00, $10,206,000 and $10,266,000 if additional funding over and above what was in the forward estimates had been found. That is the technical explanation. Beyond that, I am not going to pass any commentary.

Senator FIFIELD—As I say, I think anyone reading 'extra' would construe this differently to those at the table. Was Minister Ellis's press release drafted in ASADA, in the department or in the minister's office?

Ms Halton—Are you referring to the budget press release?

Senator FIFIELD—The budget press release of 12 May.

Ms Halton—Those press releases have a genesis which is probably best described as 'multiple authors', but all of those press releases are authorised by the ministers concerned.

Senator FIFIELD—Yes, the ministers take the ownership of them.

Ms Halton—They are the ministers' press releases.

Senator FIFIELD—Was the word 'extra' in the department's draft?

Ms Halton—I cannot answer that question.

Senator FIFIELD—You do not know?

Ms Halton—No.

Senator FIFIELD—Can we check if the word 'extra'—

Ms Halton—I think we will not have that level of information available. I do not think we keep every variety of every version.

Senator FIFIELD—I do not believe that for a second. I am sure the department has a copy of the draft of each press release sent up to the minister.

Ms Halton—My point is that there were multiple iterations of all of these press releases. I know because they were like confetti in my office at one point there were so many copies of them. To say that we have all of those versions—I do not think we do.

Senator CORMANN—Is it because it had to be changed so often?

Ms Halton—No.

Senator CORMANN—Why do you have so many versions? If they were like confetti, that is—

Ms Halton—Because by the time every division head has a look at them, every part—

Senator CORMANN—So there are so many versions of them that they are like confetti.

Ms Halton—By the time every part of the department has had a look at various parts of the pile, that is right. We have already gone through the number of divisions in the place, so it will not surprise you to know that many hands are part of this.

Senator CORMANN—And that is very productive use of your time?

Ms Halton—I use my time very carefully.

Senator FIFIELD—Mr Ings, ASADA did not do a draft of the press release for the department?

Mr Ings—No, ASADA plays no role in the drafting of ministerial press releases.

Senator FIFIELD—Good for you! But just in finishing, I recall once upon a time in a previous incarnation, I had to clear releases from various ministerial offices and I sure would have put a line through the word 'extra' and said to the relevant minister, 'You're going to get caught out if you use that word'. But anyway, I think we have established that the minister has kind of fibbed here.

Senator McLucas—I do not think we have. As you know, this was a terminating program. This is money—

Senator FIFIELD—So we were just going to let ASADA continue with next to no funding?

Senator McLucas—Well, maybe the former government was thinking that way. Our government certainly was not.

Senator FIFIELD—Oh, Senator McLucas!

Senator McLucas—And our commitment to the anti-doping functions of ASADA.

Senator FIFIELD—You are toying with us now.

CHAIR—You have finished your interaction there, have you?

Senator FIFIELD—I was just going to yield to a colleague.

Senator BOYCE—I have just one particular line of questions relating to an interview that the footballer Wendell Sailor did on 8 May where he said he was offered a halving of his sentence for drug use by ASADA if he were to dob in other drug takers. Could you tell me about that incident from ASADA's perspective?

Mr Ings—Yes, I can. I cannot talk particularly about that specific matter. That matter was actually managed by the Australian Rugby Union. It did not involve ASADA at the time. That was within a few months of ASADA launching. But I can give you the general philosophy.

Senator BOYCE—He did say that ASADA offered a deal. So is that correct or incorrect?

Mr Ings—I do not wish to get into 'he said, she said' from several years ago, but I will give you an explanation as to how the process does work. Under the wider code an athlete is entitled to receive up to a 50 per cent reduction in their penalty if they are able to provide information which may lead to another athlete or support person being found guilty of an anti-doping rule violation. The philosophy of ASADA is that we wish to make sure that all athletes, even those athletes facing anti-doping rule allegations, are aware of both their rights and their responsibilities in things like requesting a B sample to be tested and being aware, if they do have information they can share, that they may be eligible for a 50 per cent reduction in sanction. So we, as an organisation, lay that information on the table for the athlete in a formal letter when we notify them of their A positive. But any reduction in sanction is purely a matter for the sporting tribunal, and not a matter for ASADA.

Senator BOYCE—Thank you.

[11.49 am]

Australian Sports Commission

Senator BERNARDI—Mr Miller, I will address this question to you and you might like to pass it off to Professor Fricker. Regarding the allocation to the AIS through the budget—I do not have the figures handy—could you just tell me what it is over the forward estimates per year?

Mr Miller—I will get Professor Fricker to answer.

Prof. Fricker—I cannot give you the exact figures year by year for forward estimates without going back to my staff but for this year our appropriation is about $40 million.

Senator BERNARDI—How does that compare with previous years?

Prof. Fricker—It is about the same.

Senator BERNARDI—I am familiar with the fact—and we have heard it at previous estimates—that the AIS has been under enormous financial pressure to cut costs because funding has been relatively static outside of the one-off infrastructure costs and things of that nature. What are you going to cut this year?

Prof. Fricker—We are not proposing to cut anything. To recognise your comment, I think what we have to look at is how costs of international travel have gone up, how we are able to meet the costs of salary increase and so forth. But we have been helped out by the Australian Sports Commission in terms of meeting some of those costs—for example, for staff and by being as efficient as we can in planning for each and every program that we operate. So in real terms for the next financial year we are not planning to cut anything.

Senator BERNARDI—What is the amount of money the ASC has put in to mitigate your staff costs?

Prof. Fricker—For example, we have an allocation being made for a 4.2 per cent pay rise for our staff members who are bound under a certified agreement.

Senator BERNARDI—Is the ASC injecting that, or has the ASC actually taken some staff off the AIS payroll and absorbed the cost that way?

Prof. Fricker—No. I would need to get the details on where they found the money but—

Senator BERNARDI—It doesn't matter where they found the money. They have put it into the AIS or they have relieved you of the obligation to pay that from your existing budget. I am just trying to ascertain how it works.

Prof. Fricker—Exactly. That is right, yes.

Senator BERNARDI—And have they relieved you of that simply because they have picked it up or have they said we will employ three people that are technically not ASC but—

Prof. Fricker—No. It is really on revenue the Sports Commission has received. An allocation of that revenue is made to help us meet the costs of increased salaries with our staff.

Senator BERNARDI—Okay. The AIS was involved in some of the training for taekwondo, am I correct?

Prof. Fricker—Yes, before Beijing.

Senator BERNARDI—And since the issues with taekwondo, what is the AIS's involvement with the development of elite athletes and/or coaches in this area?

Prof. Fricker—We have no specific role in taekwondo at the moment. The taekwondo program was really an extended camps program in that sense. It was to bring a group of athletes and coaches into the AIS environment, effectively funded by taekwondo. So it was not actually an AIS funded program as such. It was an extended camp at the AIS in the lead-up to the Beijing Olympics, funded by that sport.

Senator BERNARDI—Didn't the AIS effectively sponsor the development of coaches and a few elite athletes, or maintain a peak performance program or something?

Prof. Fricker—We had coaches and athletes training at the facilities in Canberra.

Senator BERNARDI—Funded by the sport?

Prof. Fricker—Yes. So it was not an appropriation from AIS funds to taekwondo to run that program; it was the other way around.

Senator BERNARDI—Am I then a little confused? I thought when the recognition of Taekwondo Australia was taken away that there were some athletes that were supported—I will use the term scholarship although it might not be accurate—in their development?

Prof. Fricker—I would have to check on that too. I think I know what you are referring to. We did have athletes and coaches training at the AIS and in a sense we continued the program while those discussions were being held about recognition of the national sporting body. So we said, 'We will keep the athletes going at the AIS as long as we can in the lead-up to Beijing'—in a sense, protected from the discussions more broadly.

Senator BERNARDI—Okay, I think we are on the same page now. But then that must have been funded from the AIS? It was not funded by a body that is no longer recognised or has access to money, or am I incorrect?

Mr Miller—I am getting some more precise words to be able to provide a more fulsome response. I am told by staff with detailed knowledge of this that there was no funding provided by the sporting organisation, but there was some—as I understand it, and I will get these words clarified—notional allocation of funding in the budget. My understanding is, in the lead-up to Beijing, that money was provided direct to enable those athletes to be trained.

Senator BERNARDI—That was my understanding too. With regard to taekwondo, we have no recognised body. Will the AIS be helping individual athletes or coaches under a similar program in their development in the upcoming international meetings?

Prof. Fricker—I am not aware of any discussions with the AIS to host a taekwondo program.

Mr Miller—Certainly the commission is not allocating funding to Taekwondo Australia in 2008-09, obviously because it is not a recognised sport.

Senator BERNARDI—You will tell me that I am being unfair, but is this effectively the dumping of a sports program?

Mr Miller—In previous answers that were provided to Senator Fifield, we indicated that the commission is taking a role, along with the AOC, in working with the two peak bodies, as I understand it, given my relative newness, but we are interested in trying to get an outcome, clearly because there needs to be a peak body recognised in this country. It is the difficulty in getting Taekwondo Australia accepted internationally, with that international connection, before we can proceed to have some successful re-establishment of an NSO.

Senator BERNARDI—I understand the sensitivities behind it, I know the individuals who are involved in it and the interests that people have in this. My concern is that there is pressure on the AIS budget—that is very clear. You can keep cutting your media monitoring bills or your newspaper deliveries, but you are skirting around the real issue, which is ultimately a decision has to be made to either inject more funds into the AIS or cut programs. I do not want to see programs like Taekwondo Australia cut, even if it is an extended camp program, by virtue of inaction. I am not suggesting that there is inaction, but—

Ms Halton—Can I make a comment about this. I will ask Brent to remind you what we did in respect to this particular athlete so that they were not disadvantaged as a consequence of the governance issues of taekwondo. I think that is an important thing to put on the record.

Senator BERNARDI—It has been on the record before, Ms Halton. I am not having a go at the AIS for what they have done. I am aware they have supported the athlete and the coaches as it has been explored before.

Ms Halton—Okay. If you then go to the broader point you are making, effectively the funding for elite activity, that is precisely what Mr Crawford is actually looking at in his review. It is very hard for the officers to do anything other than refer you to the fact that we are expecting that that review will make some observations in this space. There is not a lot else they can say to you. The bottom line is that they have an allocation of funding at the moment which they use to the best effect and they diligently apply those funds to get the maximum value from them. We acknowledge that we have a governance issue in one particular area and we have taken steps to ensure that the athletes in their run in to Beijing were not disadvantaged as a consequence of that, which I think was a responsible thing to do. In terms of the aggregate money that is available in this space, really that is a matter for the government to consider once Mr Crawford has come down with his recommendations.

Senator BERNARDI—Let me more direct. Mr Miller, in your brief tenure, you might like to pass this one off as well. Is there any pressure to remove individual programs from the Australian Institute of Sport?

Mr Miller—None that I have found in the first three weeks.

Senator BERNARDI—Let us move further down the memory line—

Mr Espeland—I would not expect Mr Miller to find anything like that because it is to the contrary actually. The government has acknowledge that, obviously, pending the Crawford review, the issue of terminating that funding of $12.6 million, which was announced late last year, would be provided to the commission to maintain. That has allowed the commission to advise all sports that their 2008-09 levels of funding will be maintained for 2009-10. All those who have an AIS scholarship program will be maintained through that same period. In the case of taekwondo, that is a particularly difficult and—although it is related—a separate issue.

Senator BERNARDI—It is not a cut by stealth?

Mr Espeland—Not at all. As I said before, we are working very closely with Taekwondo Australia to enable them to be recognised as the peak body, should they get international affiliation, by having proper governance. This all started because the governance was not in a fit state for us to give the public money to it.

Ms Halton—That is right.

Senator BERNARDI—I understand the history. Are you assuring me, Mr Espeland, that there will not be any cuts to programs at the AIS ahead of London?

Mr Espeland—Basically the position that the government has put to the commission is that there should be no change pending the Crawford review and the government's response to it.

Ms Halton—That is right.

Mr Espeland—That has been made quite clear.

Senator BERNARDI—That is the get out of jail card, depending on what the Crawford review suggests.

Ms Halton—Exactly, but let us be clear about this. The whole reason that those moneys were put in with a very clear mandate not to change was not to anticipate where Mr Crawford would go and then obviously there is a question of the report. The government has to consider that report and any response it has to it. The whole reason that all of those existing arrangements were left in place was so that Mr Crawford could genuinely review what is there and what he thinks about that. Then that will go to government and they will think about it. In fact we did not change a cent, is my memory. There may have been one cent.

Mr Espeland—No, not even one cent.

Ms Halton—No, not even one cent. There might have been a rounding error of $2 somewhere but quite literally we went through line by line to make sure that it was maintained.

Senator BERNARDI—I accept your assurances in that regard. It comes back to me, though, if your funding is not increasing and yet your costs are, there are enormous pressures internally, even ahead of the Crawford review. I rely on your assurances today that there will be no program cuts. I have no reason to doubt that. You are giving me confidence, Ms Halton.

Ms Halton—That is exactly where we are. We are eagerly awaiting Mr Crawford as well.

Senator BERNARDI—Everyone is equally as confident. Is that right, gentlemen? I see heads nodding, for the benefit of *Hansard*.

Ms Halton—Yes, for the purposes of *Hansard*.

Ms Halton—As I point out to officers who are new to this process, the good thing is that *Hansard* does not record a silence.

Prof. Fricker—No, no it does not—or sarcasm or other things.

Ms Halton—When an officer is nervous and looking through their papers feeling very flustered, I have always said to them, 'Take your time.'

Senator BERNARDI—Thank you, Chair. I have no further questions.

CHAIR—Does that complete everyone's questions in outcome 15?

Senator WILLIAMS—I am new to this committee, but I do have a few brief questions. Are codes of behaviour for coaches, players and spectators administered by your organisation or by individual sporting codes?

Mr Miller—It is my understanding that they are administered by the individual sporting organisations.

Senator WILLIAMS—Do all sporting groups have to be signatories to a code of behaviour?

Mr Miller—If I answer this incorrectly, I will defer to Mr Espeland, but my understanding is that, as a part of any funding through our funding service level agreements, we require that they have member protection policies, which go to the heart of some of the issues you are talking about. Notwithstanding whether or not sporting organisations are seeking funding, the commission has a very active role in providing leadership in the sports integrity area, where we would be exhorting the values of the Essence of Australian Sport, which is something we would be seeking that all sporting bodies embrace.

Senator WILLIAMS—What support does the Australian Sports Commission give to groups or organisations that find people are not abiding by the codes? Do you give support to those who are not abiding by the codes of conduct or behaviour?

Mr Miller—There is a range of activities that we undertake and I believe that would go to the heart of some of the sports development functions that we undertake. Perhaps, Brent, you could add to that?

Mr Espeland—As Mr Miller said, it is a manager requirement to have a member protection policy in order to get an agreement with the commission. On the positive side, all sporting organisations and, indeed, all state sport and recreation organisations have signed up to the Essence of Australian Sport, which provides an overarching statement that covers the core principles of sport in this country: fairness, respect, responsibility and safety. That was facilitated by the commission but is owned by the entire sports sector in Australia. It is something that the commission is very keen for sports to aspire to. The commission is involved in a range of other activities in, you might say, the integrity of sport area. It also has quite a unique partnership with the commissioners for antidiscrimination and the child protection agencies in each of the jurisdictions to run a very good website called Play by the Rules. The commission is also recognised internationally by the IOC and UNICEF for its leading role in this area of ethics in sport. It has, in fact, been helping those movements to develop some of their own policies and program frameworks.

Senator WILLIAMS—Take an issue like last weekend, the so-called 'bird' issue involving AFL player Ben Cousins. Do you leave these issues to be sorted out by the relevant body such as the AFL or do you ever intervene or oversee these issues?

Mr Espeland—Certainly the expectation is that the sport will deal with a particular incident properly and also look to the longer term. It is not just a matter of dealing with this particular incident, but looking to the broader issue of the culture in the sport. While we have

a very strong interest in that, it is also the case that the sports, from a role model point of view, understand the power of their elite athletes in setting good examples for all Australians, particularly young Australians.

Senator WILLIAMS—Exactly.

Mr Espeland—Sports are looking to do the right thing, but the right thing is also something that will avoid bringing their sport into disrepute, which will have, or could have, an effect in terms of the government's support—

Senator WILLIAMS—Or private support.

Mr Espeland—Or public support or, indeed, corporate support, particularly in these tough times. Whilst there is a strong social reason to do what is correct, they also understand they have to protect their brand.

Senator WILLIAMS—It is vital that these sporting heroes do behave well because the young ones look up to them. If there is misbehaviour, it can flow through to younger generations. It is obviously a very important issue.

Mr Espeland—There have been some great role models, such as James Hird—fantastic.

Mr Miller—I would also add that the commission sees the imperative of taking a leadership role in this space. We have done a range of things in recent years and we have enunciated those this morning. But, given the emergence of some of these issues, certainly the board will be considering some further initiatives that might be able to be implemented, including refreshing what we have done in the past because, as with cultural change issues within any organisation, there needs to be a revisitation of some of the work that we have done in the past to see how can we enhance it. But, at the end of the day, my imperfect understanding is that we are much in the leadership and influencing space, not dealing with the particular day-to-day and individual instances which, as Brent has indicated, would be covered by the respective—

Senator WILLIAMS—If you see a breach of conduct in a particular code of sport, for example, AFL, and you have the view that the AFL has not dealt with that issue, do you have the power to intervene or to make any recommendations or do you just leave it wholly and solely to the particular code's leadership?

Mr Miller—My summary would be that we do not have intervention powers. But we would certainly be in dialogue reaffirming the importance of these sorts of matters being properly dealt with. In a more proactive sense, we work to develop whole-of-sport responses which individual sports can actually pick up on. We develop the frameworks and some of the initiatives and we provide a lot of information and guidance to the sports industry on ethical issues, handling of complaints and inappropriate behaviour, so it is more in the educative space that we provide that support to NSOs. But we expect them to actually prosecute the outcomes. That is the way I would describe it.

Ms Halton—I would go a little further than that. I know that governments of every colour—including, therefore, this government—take quite seriously the issue in terms of community leadership, role-modelling and all those kinds of issues. I know that the leadership of the codes is very aware and, indeed, has had dialogue with the government about the need

to take very active leadership in relation to these matters. The kind of behaviour to which you are referring are very influential with young people. We need to be really clear that, with people who are role models, there is a certain expectation about a standard of behaviour which I think the community expect of them. That dialogue is an ongoing dialogue.

Senator WILLIAMS—Talking about standard of behaviour, since we have seen in perhaps the last 30 years the introduction of big money into sport, do you think that standard of behaviour has deteriorated?

Ms Halton—You are asking me to pass an opinion.

Senator WILLIAMS—Are there any statistics to show that the level of behaviour has got worse as years have gone by?

Ms Halton—I am not aware of any data. I am looking down the table and no-one has any. I think we can all indulge in an exchange of anecdotes which would suggest to us that we are seeing some things we would all be concerned about.

Senator WILLIAMS—Very much so.

Ms Halton—Let us assume that there is no data, but let us assume also that the behaviour reported today of people who are well paid, who are seen as leaders in the community and who are looked up to by many people would be seen by the average member of the community as not necessarily being appropriate for a role model.

[12.12 pm]

CHAIR—Now we will move on to outcome 9, Private health.

Senator CORMANN—To get a bit of an introduction in terms of how the department assesses the current state of the private health sector in the context of economic conditions, reduced investment returns for private health funds and a number of policy changes now, what is your general assessment of the private health insurance industry specifically and the private health sector more broadly?

Prof. Calder—That is really a question for PHIAC, the industry body.

Senator CORMANN—I was going to ask PHIAC, but I thought that the department, in the private health outcome, would have the capacity of making observations about the state of the private health sector as well. From a policy point of view you would be providing advice to the government on things in that context, wouldn't you?

Prof. Calder—Yes, and we would rely on information and statistics provided to us by the industry body.

Senator CORMANN—And you would provide interpretations and observations and add value to the statistics from PHIAC.

Prof. Calder—You are asking me to comment on the advice we would provide, whereas before you asked me to comment on the state of the industry. I suggested to you that it was more appropriate that you asked that question of PHIAC, as they do the monitoring.

Senator CORMANN—So the department is not in a position to tell us about their assessment of the private health sector at present and the public policy implications in the

context of the economic downturn, of what general commercial conditions are faced by the industry and of the policy changes that are being pursued by the government.

Prof. Calder—We can talk to you about the current participation rates and the information that will be available to you through PHIAC.

Senator CORMANN—You are budgeting for a reduction in the proportion of Australians with private hospital insurance over the forward estimates. That is right, isn't it?

Ms Shakespeare—The budget papers indicate that the government expects that current membership levels will be maintained over the forward estimates period.

Senator CORMANN—What the budget papers are saying is that over the forward estimates the target for the number of Australians with private health insurance hospital treatment cover is 9.7 million people. That is a change compared to the budget papers last year, when the reference point or target was expressed both as an absolute number and as a proportion of total population. I put it to you that, from the way it is expressed—if this is indeed your target—given population growth over that period, you expect the proportion of privately insured Australians to decrease.

Ms Shakespeare—The forward estimates in the budget papers indicate that the current levels of membership will be maintained.

Senator CORMANN—Can you provide me by way of explanation of policy with an explanation as to why the budget target was changed from the 2008-09 budget to the 2009-10 budget?

Ms Shakespeare—In 2008-09 the number of people with private health insurance was in the budget papers.

Senator CORMANN—I point you to the information that was in the budget paper at the time as a reference point or target, which was that 44.4 per cent of Australians had private hospital cover in December 2007 compared with 8.9 million or 43.2 per cent in December 2006. The reference point or target was expressed as both the absolute number of people with private health insurance and as a proportion of the total population. Somebody somewhere made a decision to remove the reference to the proportion of Australians with private hospital insurance. I want to know who made the decision and what the reason or the rationale behind it was.

Ms Halton—The government made the decision, because this document is decided upon by the government.

Senator CORMANN—But we had a discussion in February 2008—and I refer you back to it—about those same targets. You went to great lengths to say that this was a departmental document, that these were departmental targets and that these were really irrelevant for the government. I asked you about the government's commitment to maintaining the proportion of the privately insured population at least at current levels. I encourage you to go back through the records.

Ms Halton—I have been back to that record.

Senator CORMANN—So you can confirm that that is what you said then?

Ms Halton—I do not have it in front of me, so I do not want to be verballed into precise quotes.

Senator CORMANN—I am not seeking to verbal you.

Ms Halton—No, and I have not looked at it for a few days. I will get it if you want me to and we can have a debate about it then if you like. But with this document the bottom line is that this represents the measures against which we are measuring, which follows the government's budget decisions. This is the basis on which we will measure.

Senator CORMANN—So you are saying to me that the government has given you a direction to remove the target or reference point to the proportion of Australians with private hospital insurance? Am I summarising accurately what you have just said?

Ms Halton—Did you say 'given direction'? No; I do not believe a direction was given. But following the budget decisions this is the basis on which we are monitoring.

Senator CORMANN—Last year the there was information there which would indicate what the government's targets or expectations were moving forward as to the proportion of Australians who were privately insured. I refer you to page 149 of the health portfolio budget statements and outcome 9, Private health. You will see the reference point of 44.4 per cent. That has been changed in the equivalent—page 256 in this year's portfolio budget statement—where you have, exclusively, a reference to the number.

I put it to you, if you look at the ABS statistics and projected population growth moving forward and even take the mean average because they have got three different series, that you are budgeting for a drop in the proportion of Australians in private health insurance of 2.6 per cent. Can you please take on notice if you cannot provide the answer now to confirm for me whether the department and the government are budgeting for a 2.6 per cent drop in the proportion of Australians with private health insurance over the period of the forward estimates?

Ms Halton—Yes, we will take that on notice.

Senator CORMANN—Thank you very much, Ms Halton.

Ms Shakespeare—Can I point you to the words about the indicator. The indicator is to maintain the number of people covered by private health insurance hospital treatment cover. That was also the indicator in 2008-09 and in previous years as well in 2007-08. What the government is measuring is the number of people covered by private health insurance hospital treatment cover, not the proportion.

Senator CORMANN—Thank you very much for that additional information. Are you putting to me that in last year's budget there was not a 2008-09 reference point or target which mentioned 44.4 per cent of Australians had private hospital cover in December 2007?

Ms Shakespeare—That was in last year's budget.

Senator CORMANN—And it is not in this year's budget papers?

Ms Shakespeare—However, the indicator is more accurately measured by what has been included in this year's budget measures and that is the reason for the change.

Senator CORMANN—With all due respect, I disagree. I think that we now have less information about what proportion of Australians with private health insurance will be moving forward than we had in last year's budget paper. I can only assume that there is a reason for it and the reason is that the proportion is expected to go down. So I suspect that is the reason that this particular change was made. Incidentally, the addition here, which was added after the discussion we had in February 2008, 'within government policy parameters' also seems to have disappeared.

Ms Halton—Senator, can I just interrupt? I apologise if I am interrupting rudely; I do not mean to.

Senator CORMANN—Go for it. As long as I can do the same.

Ms Halton—Indeed. If I can take you back to last year's PBS.

Senator CORMANN—I have got it here in front of me.

Ms Halton—Good.

Senator CORMANN—Page 149 is what I am talking about.

Ms Halton—That is right. I think we all know that the format of this year's PBS has changed significantly. If I compare the thickness of this document, it is almost double the size that it was.

Senator CORMANN—This year's has doubled?

Ms Halton—This year's has doubled. If you look at last year's—

Senator CORMANN—Just on that, this year's is double yet on this particular issue we have less information than what we had last year.

Ms Halton—No, I do not agree with you because what you have in nearly all of these cases is year-by-year. On page 149, as you have referred to, you had one box which said 2008-09 reference point or target and it reads to be absolutely accurate:

Maintain the number of people covered by private health insurance–hospital treatment cover within government policy parameters. 9.3 million people or 44.4% of Australians had …

The number is there.

Senator CORMANN—This is exactly what I said, Ms Halton. Last year we had both the number of Australians covered with private hospital insurance as well as the proportion of the overall population of Australians with private hospital insurance. Now all we have is the number and no longer the proportion. Everything else has stayed the same. I agree with you that the specific reference over the forward estimates is a good thing but you have actually removed the reference to the proportion of Australians covered with private hospital insurance. I can only assume—and correct me if I am wrong—that that is because the proportion is expected to reduce over the forward estimates period. Why else would you have removed the reference to that percentage figure?

Ms Halton—You can assume as you wish, Senator. I do not agree with your assumption.

Senator CORMANN—Give me another explanation.

Ms Halton—As I have already pointed out to you, there is a one-year point in time reference in last year's PBS. This document is a much larger document. If you look at the way these are expressed in a series of places, they actually use single numbers. So they do not do either/or in these boxes, and this format is consistent right throughout this PBS.

Senator CORMANN—With all due respect, Ms Halton, the format is not consistent. Last year—

Ms Halton—With last year, no.

Senator CORMANN—we had information about the proportion of Australians with private hospital insurance; this year, we do not. Essentially, over the last three quarters of membership data published by PHIAC, the proportion of Australians with private hospital insurance has been stagnating—it has stayed at 44.6 per cent for three successive quarters. Your figures here indicate that you expect the proportion to reduce over the next four years. So if you could perhaps take on notice what you expect the number of Australians with private hospital insurance to be, as a proportion of the total population by 2012-13, I would be extremely grateful.

Ms Halton—Sure.

Senator CORMANN—Thank you. I have a question specifically in relation to the changes to the means testing of the private health insurance rebate. Can you perhaps tell us when you first provided advice to government on possible changes to the private health insurance rebate?

Ms Halton—On 12 January.

Senator CORMANN—On 12 January? I have to admit that I am a bit surprised because I asked questions about this in some detail on 25 February 2009—that is, this year—and you told me that the government had ruled out these sorts of changes.

Ms Halton—That is correct, Senator.

Senator CORMANN—So you misled the committee—

CHAIR—Senator, I do caution you about using that term.

Senator CORMANN—Why is it that at the committee hearing on 25 February you told us that the government ruled these changes out? That gave us the impression that the changes would not happen, and yet you were already providing advice on these matters—

Ms Halton—No, you just asked me when we provided advice in respect to the matter. I have told you the date on which we provided advice, and the evidence we gave to you was completely accurate at that point.

Senator CORMANN—Why? Because no decision had been made but the work was going on in the background? Is that the rationale?

Ms Halton—You understand, Senator, that I can talk to you about the dates and I can tell you that that advice—

Senator CORMANN—So you first provided advice on 12 January 2009?

Ms Halton—Correct.

Senator CORMANN—At whose request? Who initiated the work for your department?

Ms Halton—It was advice to the minister.

Senator CORMANN—So the minister initiated the request for advice?

Ms Halton—I cannot give you any detail of the content. I can tell you—

Senator CORMANN—No, I am not asking you for the content; it is a process question.

Ms Halton—As part of the budget process, we were asked to provide advice to the minister and we did that.

Senator CORMANN—Who asked you?

Ms Halton—I do not know whether the office asked us—

Senator CORMANN—Let me help you.

Ms Halton—It was the office.

Senator CORMANN—It was the office of the Minister for Health and Ageing?

Ms Halton—Correct.

Senator CORMANN—Okay. On what date? Was that the first date that you were asked or was it the first date you provided—

Ms Halton—That is when we provided advice.

Senator CORMANN—So when were you asked to provide advice? What was that date?

Ms Halton—We may have to take that on notice.

Mr Eccles—It was quite likely towards the end of December and it was for advice about budget measures. But we need to check about the dates.

Senator CORMANN—Okay. This is a question to you, Senator McLucas. On 24 February, when the minister made public statements that the government was firmly committed to retaining the existing private health insurance rebates, that was not telling the whole story.

Senator McLucas—No, quite the reverse, Senator. I understand that you are trying to get an understanding of the process and the sequence, but, until a decision is actually made, it is in inappropriate for any member of the government to speculate on what may or may not occur.

Senator CORMANN—I understand.

Senator McLucas—Minister Roxon was absolutely accurate when she said—and I do not have the date in front of me—that we were committed to the PHI as it was.

Senator CORMANN—The words she used were ‘firmly committed’. I understand that announcements cannot be made until a decision is made.

Senator McLUCAS—That is right.

Senator CORMANN—However, if you are in the process of obtaining advice or if you are in the process of assessing options on how a particular policy can be watered down or weakened, and you know that goes contrary to the public statements you are making, I think

that is a different thing altogether. The minister said that the government remained firmly committed to the retention of the existing private health insurance rebates. In fact, she was at a conference on 3 March of the Australian Health Reform Alliance, which was actually a pretty sympathetic audience for the proposition to get rid of the rebate altogether, yet even at that conference she confirmed that the government remained committed.

Senator McLUCAS—Because she is consistent. Just because the audience changes the message does not change.

Senator CORMANN—But the message did change. The message changed a couple of days before the budget.

Senator McLUCAS—There was a decision made subsequent to those two dates that you have referred to. I think we need to be sensible about this, Senator.

Senator CORMANN—I am very sensible. I am very concerned.

Senator McLUCAS—We need to be sensible about the process of decision making by a government. The minister just does not get a piece of paper on a day and say, 'Right. That is the decision. It will happen today'. This takes a lot of work. If we are going to have evidence based policy, it requires an enormous amount of work from our departments and that is the work that we have asked the department to undertake. I think we have to be sensible about it.

CHAIR—Senator Cormann, because this will go on, I think it is best to take the break now and reconvene with the Biosecurity and Emergency Response Group at 1.30pm. We will then go back straight into Private Health.

Proceedings suspended from 12.31 pm to 1.33 pm

CHAIR—We will reconvene. We are moving into outcome 14, Biosecurity and emergency response. We do thank the officers involved, because we understand the workload that they have at this moment. Senator McLucas, you thought you might begin with an opening statement to see an update of what is happening at the moment?

Senator McLucas—I will defer to the Chief Medical Officer and other officers at the table, but I think that is appropriate, just to give you an overview of where we are.

CHAIR—Okay. Welcome, Professor Bishop. Would you like to start?

Prof. Bishop—Thank you. I believe this will be an overview on the H1N1 09 infection and outbreak. This began, really, just around Anzac Day, as you know, with the WHO putting an alert out for a possible pandemic. We have been managing it through phases of the WHO alert process and then, as we have gone through our own pandemic plan, informed the Australian public about where we are up to. Currently, there are 504 cases that have been confirmed with this influenza in Australia, including 395 in Victoria. The majority of cases otherwise are in New South Wales, 69, and Queensland, 24. Then there is a smaller number in other states.

The plan has been quite clear. It is really in a number of phases. The first phase that we moved to was a delay phase, and the object of that part of our planning would be to delay the entry of the virus into Australia. Now, five or six weeks down the track, I think we have been successful in delaying the entry of the virus into Australia and then its dissemination through the community. The next phase we moved to was that of containment once the virus arrived in

Australia and there was evidence of community spread outside the normal epidemiological links. And then subsequently, today, we have notified that—

CHAIR—Excuse me, Mr Bishop, a couple of people are having difficulty hearing. It is an issue in this room, as experienced people know.

Prof. Bishop—I beg your pardon.

CHAIR—It is just one of those things. So if you would not mind—

Prof. Bishop—So will I speak up a bit?

Senator WILLIAMS—I will turn my hearing aid up.

CHAIR—That is another program, Senator.

Senator WILLIAMS—It is actually a clinical sign of the condition. Your microphone works.

Prof. Bishop—The worldwide situation is that around 17,400 cases have been confirmed by the WHO. Of those, there have been about 115 deaths, the majority of which have been in Mexico, but there have been numbers of deaths, around 15, in the United States. The advantage of the delay process and the containment model is that, first of all, it was based on a plan that was built over a couple of years of hard work and looking at the evidence base.

Secondly, I think it has given us time to understand the outbreak and this particular type of virus in more detail. What has happened through that period is that we now know that the virus is treatable with antivirals that we have in our stockpile, that it affects younger people in particular and that the high risk groups include pregnant women, people with respiratory disease, diabetics and people who are grossly obese. Unfortunately, also, because it affects younger people, the median age of people affected in the United States is 16. Therefore, we have a very good idea of that aspect of the virus.

Finally, we understand a lot more how it spreads. Its transmissibility is higher in school-age children, particularly teenagers, so a lot of the policy that we have developed as a result of some of that reflects directly what we have learned from this overseas experience. So the delay model really has been buying us time to understand what we are dealing with. The initial reports out of Mexico were particularly concerning. I think we have seen the true nature of the infection over this last month, and I think, too, we probably regard this as a moderately severe infection. It is not mild. We think that there will be cases that are more poorly affected. It is not the severe type of virus that a lot of the pandemic planning was designed on, particularly some of the lethality of H5N1.

So I think that has given us a lot of time. It has also allowed us to go through our processes, including starting the development and manufacture of vaccines specifically for this virus, therefore putting us, I think, in a well-prepared state to look after the population optimally. That might be sufficient just for opening comments on that.

CHAIR—Thank you. Does anyone else wish to make any comment at this stage? Ms Murnane?

Ms Murnane—No.

Senator BACK—Thank you very much for that introduction. Has the condition H1N1 now been included as a quarantinable disease under the Quarantine Act?

Prof. Bishop—Yes, it has.

Senator BACK—And when was that declared?

Prof. Bishop—I do not have the date in my head. I can give it to you.

Senator BACK—Has the National Action Plan for Human Influenza Pandemic been activated?

Prof. Bishop—Yes.

Senator BACK—Again, since when has that been the case?

Ms Halton—The date that it was declared was 28 April.

Senator BACK—The declaration under the quarantinable disease section of the act? Thank you.

Ms Halton—What was the next question?

Senator BACK—The date the National Action Plan for Human Influenza Pandemic was activated. Perhaps we can come back to that.

Ms Halton—Yes, we will take that one.

Senator BACK—Is it also the case that in Victoria we have now had an elevation to level 6B—sustain?

Prof. Bishop—The level that we have developed in Victoria we have called 'modified sustain'. It is modified on a couple of bases. First of all, it takes into account the virulence of the organism compared to some of the planning parameters. Secondly, the actions are different based on that and some of the information we now know about the illness, with particular concentration around the quarantine of the family and then some of the school activity.

Senator BACK—I would be appreciative to learn more of that as we go through the questions. If I can turn to the budget papers, there was reference made that the government had put into place a number of measures to respond to the disease, including implementing positive pratique on all incoming flights—requiring airlines to report on the health status of passengers, thermal scanning, and others. Can you advise me what the format is by which the airline—presumably, the captain—reports the health status of those onboard?

Ms Murnane—The captain is normally only required to radio in if he has any sick people onboard. Under positive pratique, the captain has to radio in on the state of health of the passengers. That is what applies to aircraft. Shipping is in a constant state of positive pratique, and all ships have to radio in the status of health onboard 12 hours before they are due to berth.

Senator BACK—Is that for passenger and cargo vessels that the master is so required?

Ms Murnane—Yes, it is. It is for vessels that are going to berth at an Australian port.

Senator BACK—Returning to aircraft: does that also apply to domestic incoming flights?

Ms Murnane—No, it does not.

Senator BACK—Does the thermal scanning simply apply to incoming international passengers? Does it also apply to outgoing passengers, for example?

Ms Murnane—No, it does not apply to outgoing passengers. It does only apply to incoming passengers from international flights.

Senator BACK—So effectively somebody could board a domestic flight between cities or towns and we would not, in fact, have any thermal advice of their possible condition?

Ms Murnane—We instituted the boarding measures, which include the thermal scanners, the positive pratique, the health declarations and the presence of clinical people at the airport, to identify cases or likely cases that came in from overseas. We have a protocol for somebody who comes in from overseas who has identified or is identified in other ways as being suspect in relation to their onward travel in Australia, and this would involve giving them a mask and giving them disinfectant. We would also let the receiving state's public health authorities know that such a passenger was there and that when they disembarked from the aircraft at their connecting port in Australia they should be swabbed, a test should be done and they should be put into home quarantine.

Senator BACK—If I can now come to shipping: as you have mentioned already, the master of a vessel is under the obligation of a positive pratique at any time; I understand that and I am aware of that. I am just going to draw your attention now to the department's emergency website of Saturday, 23 May, in which it states that: 'New South Wales Health was advised by AQIS today that a cruise ship, the *Dawn Princess*, travelling from Hawaii to Sydney had reported cases of influenza-like illness on board.' Can you just take us back? What was the port of origin of that particular voyage, do you know?

Ms Murnane—I think that it was Hawaii, and I think it was Honolulu. But I would have to check that.

Senator BACK—If you could, I would be appreciative. And also the date of its departure.

Senator McLucas—It was Honolulu.

Ms Murnane—It was. Yes.

Senator BACK—Perhaps you might care to reflect on it. My understanding is the vessel actually did leave Sydney originally on 18 April and it did travel. I am interested, of course, because we need to try and establish where, in fact, people may have picked up infection. But we will come back to that, if I may. Was AQIS the appropriate authority to have been informed?

Ms Murnane—Indeed, that is the protocol. All the pratique messages, whether positive or negative, go to AQIS. There is further protocol that AQIS then conveys those messages to state public health, and, if required, in the case of a ship, is there to meet the vessel; and this is what happened.

Senator BACK—Thank you for that. Then can I learn, in that particular instance, at what point would the department have been informed of the likelihood or possibility of there having been people with flu-like signs on board the vessel?

Ms Murnane—I cannot tell you the exact time, although we would have that in our logs. But our protocol with AQIS is that they inform us. And certainly, in the current circumstances where there is a very much heightened awareness of H1N109, I know that on that day the incident room was in constant contact with New South Wales in preparation for the berthing of that ship.

Senator BACK—It would be of some use to me if I could actually receive on notice the details of that communication flow, for my assistance. Does the medical officer on board have any capacity at all to test for influenza viruses or conditions?

Ms Murnane—On this particular shipping line they have a capacity to test to the point of identifying the influenza type, that is, A or B, or to rule out influenza all together.

Senator BACK—And I understand on that day, on the 23rd, a decision was taken to actually delay the disembarking of passengers. Why was that?

Ms Murnane—The chief health officer of the New South Wales public health office made that decision on the grounds that influenza-like illness was reported on board, and they wanted to ensure that passengers received health declaration cards so that they would be contactable and that there would be an opportunity for them to actually write down their status. They also wanted their public health officers to talk to and, if necessary, examine and take swabs from passengers who had been reported with influenza or influenza-like illness. The shipping line is not able to identify and diagnose swine flu. But the necessary precursor of swine flu would be an influenza A positive, but that is not a sufficient condition for swine flu. It does indicate that there needs to be a swine flu test, though.

Senator BACK—So presumably tests were taken. Were those results back prior to the time that passengers and crew disembarked from the vessel on 23 May?

Ms Murnane—I actually cannot answer that with exactitude, but we will check and give you that.

Ms Halbert—Two passengers on the ship had tested positive for flu A, and passengers were encouraged to attend the clinic. But my understanding is that the tests for H1N109 were not back at the time that the passengers disembarked.

Senator BACK—Do we think that was a prudent decision to allow passengers to disembark? Who would have actually made that decision? Would it have been the master of the vessel, or the department, or the New South Wales department? Without knowing the outcome of the condition, who would have allowed the passengers to disembark?

Ms Murnane—The Chief Health Officer of New South Wales. In terms of whether it was prudent, it was certainly very, very carefully done. I will leave it for the Chief Medical Officer to say whether it was prudent. But these officers were disembarked with a great deal of care. They were put into isolation until the test results were available, and they were disembarked with masks; they were kept apart from other passengers, and it was done very, very carefully.

Prof. Bishop—With the way that people are being handled at airports and in this way, I think the idea is to identify cases that are probable cases. And remember, these people were not proven cases at the time that this action was taken. A different action would be taken if they were proven cases.

Senator BACK—Which leads me to the next statement from the New South Wales Chief Health Officer on the 24th, which is the Sunday, advising that the results for human swine influenza were, in fact, negative.

Ms Murnane—That is correct.

Senator BACK—It is correct what the New South Wales Chief Health Officer said; it is correct that they were negative. By now, of course, people had disembarked and the vessel had left Sydney again and is out on the high seas at the moment, to which we will come. But it is the fact, is it not, that subsequently, from those personnel on board the ship, there were a number of positive swabs or results of human swine flu?

Ms Murnane—I think you are talking now about the *Pacific Dawn*—

Senator BACK—No, I am not, with respect. No, I am going to come to the *Pacific Dawn*. It probably is, for everybody, an unfortunate incident that both ships, the *Pacific Dawn* and the *Dawn Princess*, came into harbour in Sydney on the 23rd. But I am still confining my comments to the *Dawn Princess*. It is my understanding that there were a number of positive results for H1N1 subsequently from that vessel.

Ms Murnane—Senator, we will check that, but I do not think that that is right.

Ms Halbert—Our information is that, from that first cruise of the *Dawn Princess*, all tests came back negative for H1N1. However, the *Dawn Princess* is now on a second cruise in the Pacific, and the latest information I have is that there are people on board being tested for human swine influenza because they have flu-like symptoms. I do not have any information that they have tested positive at this point.

Senator BACK—Can I ask what the time interval is or was on 23 and 24 May—the interval between testing and results actually becoming available in a city? I understand they would be different coming from a country town or from elsewhere, but what is the time interval for samples to be processed and results recorded?

Ms Murnane—The actual test for swine flu, after the influenza A positive test results are there, takes about four hours. But, of course, there is a queue for testing; there are lags. So the turnaround time is about 24 hours. That can be speeded up, and in the case of many of these tests from the ship it was speeded up. But it would be probably, on average, at least 12 hours.

Senator BACK—Can you take on notice for me and confirm, or otherwise, the reports in the media that there are a number of positives for H1N1 from that voyage of the *Dawn Princess*. I would be appreciative.

Ms Murnane—We will. But to our knowledge, that is not the case, Senator. But we will confirm that for you.

Senator BACK—Thank you. I understand then that the vessel was due to leave again on the afternoon or the evening of 23 May, from Sydney. Did that, in fact, take place, do we know?

Ms Halbert—My information is that the vessel commenced a 13-day cruise on 24 May.

Senator BACK—And it is out on the high seas at the moment?

Ms Halbert—That is correct.

Senator BACK—Not able to visit one or two ports. Under the guidelines of the plan, would there be any requirements for the management of the vessel to undertake any disinfection or anything of that nature in the climate of something such as this influenza pandemic?

Ms Murnane—Yes, and in fact we have had discussions with the chief executive and medical officers of that line. Professor Bishop and I had a meeting with them yesterday, and they do undertake advanced disinfection. As you know, these cruise ships are very vulnerable to all sorts of outbreaks, and he said that they are using a disinfection formula that is the most advanced available and that they use this on shipping rails and they use it in cabins; it is continually used throughout the ship on the voyage.

Senator BACK—Sure. So just to summarise, the two areas regarding the *Dawn* Princess that I ask that you pick up are the question about the positives after the announcement of the negative and upon whose advice people were allowed to leave the vessel on the 23rd.

Ms Murnane—Yes, I think that we actually have that last question. The advice to leave the vessel was from the chief health officer.

Senator BACK—Even though the results, at that stage, had not come back?

Ms Murnane—Yes, but I would just put on the record that she did ensure that the passengers who were flu A positive left the vessel with great care, with masks and were placed into home isolation.

Senator BACK—Sure.

Ms Halbert—And could I add that all asymptomatic passengers, as well, were asked to leave the ships but quarantine themselves in their homes or in hotel accommodation for at least 24 hours until the test results were known.

Senator BACK—Thank you. I now come back to the *Pacific Dawn* which, as we agree, arrived on the same day. Do I understand that as a result of the positive pratique, the same outcomes would have been that the vessel would have advised AQIS, who advised the state department?

Ms Murnane—Yes, that is true.

Senator BACK—And what was the circumstance there? What was the result? Were any samples taken at that particular time?

Ms Halbert—All of the passengers were asked to complete health declaration cards, and this identified 172 people who had some symptoms of respiratory illness. New South Wales contacted these passengers and provided them with antivirals and requested that they commence home quarantine. I do not have any information on tests being undertaken then. Five people were tested, apparently, because they must have had influenza-like symptoms.

Senator BACK—And so was everybody held onboard the vessel at that time, prior to those tests being known?

Ms Murnane—They did disembark the vessel more quickly this time, because the chief health officer explained to us that she had put in place disembarkation procedures that ensured that passengers left the ship in a way that they were protected by masks, and so on.

Senator BACK—Now, if I hear you correctly, at the time they disembarked they were—or they were not—aware that there were people positive for H1N1 onboard the vessel.

Ms Halbert—My understanding is they were not aware that there were any people positive for H1N1 on the vessel.

Senator BACK—So there were 170-odd you mentioned who had flu-like symptoms?

Ms Halbert—Who had some respiratory illness.

Senator BACK—Some respiratory illness.

Ms Halbert—But only five of them appeared to fit the picture of influenza-like illness.

Senator BACK—And having been allowed to leave, was any follow-up done on the method of transport of these people or how they were dealt with? Were they in voluntarily quarantine? Under the plan, did we have compulsory quarantine at this point in time?

Ms Halbert—They were asked to voluntarily home quarantine for one week, and home quarantine support packs were provided to households who had passengers returning to them.

Senator BACK—So I understand that there were two young Victorian boys, one five and one six, who alighted from the vessel. One of them got onto a commercial airline and flew down to Melbourne with his family and other passengers. Would we be satisfied as to his level of quarantine at that time?

Ms Halbert—I am afraid I do not have further information on what exact actions were taken in relation to that child. We can get that information. We can find out what information we had.

Senator BACK—If you could I would be appreciative. I also wonder at what point in time the department alerted the community to the fact that there were people returning positive results to Human Swine Influenza off the *Pacific Dawn*. The first I have from the Health Emergency website was some three days later, on 26 May, when it just says:

… several new confirmed cases today. Since this morning, Australia had 23—

et cetera. The website is silent on the origin of those new cases and I ask if they are some of those who were, in fact, on the *Pacific Dawn*.

Ms Halbert—My understanding is that none of those new cases reported that day were known to be from the *Pacific Dawn*.

Senator BACK—I then ask the question: since there seems to be silence from the 24th to the 26th, when did the department alert the public to the outcome of those positive tests from the *Pacific Dawn*, which berthed on the 23rd?

Ms Murnane—We will have to give you the exact date of that.

Senator BACK—Thank you.

Ms Murnane—The practice is that we update our website when we have updated information from the public health authorities of the states. But the exact date of those we will get you.

Senator BACK—I think it is important that we actually reflect on what is obviously a developing condition—don't you? It is not clear from my research what happened to the

second boy who came off the vessel. It also seems, from the reports I have, that another four passengers or crew from New South Wales and five from Queensland did return positive samples off the vessel and presumably disappeared into the ether. You mention the careful quarantining and movement of people. There is a quotation from the Darcy family, in which their son—and I do not know which of these he may have been, or, indeed, another—was just simply told to get into a taxi and go to a hospital quickly. I just wonder, if that report is true, about the standard of management of these people who alighted from a vessel, at that time not knowing there were positives but subsequently knowing there were positives. Are we satisfied that we had this condition under control at that time?

Ms Murnane—I cannot comment on that. We would have to ask New South Wales about that. But I would like to go back to your comment that crew disappeared into the society.

Senator BACK—Yes.

Ms Murnane—That is not the fact. The fact is that there was one member of the crew who stayed in Sydney in quarantine and who was subsequently found to be H1N1 2009 positive. Subsequently, other members of the crew were tested, were isolated onboard, were found to be positive and were given Tamiflu. So we are able to account for every single member of that crew.

Senator BACK—Yes. I will just, if I may, quote the Darcy family, stranded 70 storeys up. I am not quite sure where they were, but nevertheless, their six-year-old, who was named, had swine flu. The family was surprised they were allowed to leave the boat so easily, get in a taxi and leave by their own means. Presumably it was Darcy senior said hundreds of people could have been infected before they were quarantined. That, I have to say, does not give me a very high level of confidence with regard to that, but nevertheless, I accept that you will check with the state department.

Ms Murnane—We will do that.

Senator BACK—I also wish to explore the relationship between the state and the federal authorities when we get to it. Can I come back to the circumstance which occurred with the same vessel when it went to New Caledonia? I have not asked the question yet, and I will ask it: has any attempt been made to determine the source of the infection in the first place, or is that unrealistic for people who actually travelled on the *Pacific Dawn*? Is it unrealistic or is it possible to be able to trace that source of the infection?

Ms Murnane—For the absolute source it is not possible, but the point of infection on the vessel—and I am going to be very careful here, because I do not want to identify anybody—what is referred to by the experts as the index case, does appear to be a child from Victoria.

Senator BACK—So we are then perhaps to assume that the child got on the ship, which I understand was 16 May in Sydney, so may, in fact, have—

Ms Murnane—Yes.

Senator BACK—I appreciate your sensitivity and I respect it. I want to come, then, to New Caledonia. Would the New Caledonian authorities have the same right to expect advice from the personnel on board the vessel as to the health status of people, prior to arriving in New Caledonia?

Ms Murnane—That would depend on the arrangements that New Caledonia have got. But can I say here that we have a requirement, and all countries have, under the International Health Regulations that are under the overall governance of the World Health Organisation, to report internationally to the WHO the cases that we have. So any case we know about, any transmission line that we know about, is reported to the World Health Organisation, and they onwards report.

Ms Halton—Senator, I think it is important to understand here that Australia was one of the key countries in negotiating the International Health Regulations, and we take our obligations under those very seriously. The reality is, however, in terms of New Caledonia, or indeed any other country, it is a matter for them what border and/or quarantine arrangements they put in place. But we fulfil our obligations as they are spelt out in the IHRs.

Senator BACK—Certainly last week the director of the Department of Health in New Caledonia was calling into question the reliability of our reporting, as a result of the fact that the indication apparently from the medical officer on board was that there was nobody suffering any influenza or respiratory like symptoms, and on that basis the vessel did berth. Is it within the scope of the department to check that there was not a breakdown in procedures there?

Ms Murnane—We are happy to talk to the shipping line about that. Can I just be clear, Senator. Are you referring here to the *Dawn Princess* or the—

Senator BACK—No, I am still with the *Pacific Dawn*—

Ms Murnane—We will check that—

Senator BACK—on its voyage prior to it coming back on the 23rd.

Ms Murnane—We will check it with parliament. But let us be clear: the reality is that when operating in international waters it is not a matter for the Australian government to take responsibility for. We are happy to have a dialogue with the company, but I do think we need to understand that they are governed by international laws in those circumstances, and if they are inside territorial waters, they are governed by the laws of that particular country.

Senator BACK—Sure. I just draw your attention, then, to program 14.2 under deliverables of the budget papers. It states:

To ensure that Australia is alert and prepared to mount an appropriate health protection response, Program 14.2 funds a range of activities that inform the Australian Government of the burden of communicable disease regionally, nationally and internationally, and have interventions to protect Australians' safety. The Department has overall responsibility ...

One deliverable is to minimise risks posed by communicable diseases includes:

Participation in relevant national and international communicable disease preparedness and response forums.

I would have thought that New Caledonia would fall within the geographic area of some degree of relationship with Australia. Do you think that Australia or the vessel has in some way jeopardised that relationship and that quality of our influence over that geographic area, New Caledonia? I will preface the question by saying we now do know, in relation to the

second vessel, the *Dawn Princess*, that the New Caledonian authorities denied the capacity for that vessel to actually come alongside in New Caledonian waters.

Ms Murnane—I do, yes. That is right.

Ms Halbert—May I answer based on the information that I have—but we certainly will check this. The second cruise, the *Pacific Dawn* cruise, in fact was diverted from travelling on to New Caledonia. That is our understanding. So we did not alert New Caledonia in that instance. In the instance of this cruise that was going to be on its way to New Caledonia, we did make an International Health Regulation notification as soon as were aware that there were people on board with influenza like symptoms. The New Caledonian authorities must have made the decision that they did not want the ship to dock in New Caledonia, which is within their remit to do so.

Senator BACK—I am concerned at the quality of the advice that has come out to the community with regard to all of this. At this moment you have taken on notice questions about the likelihood of people on the original vessel, the *Dawn Princess*, being infected. We have what I think would be regarded as less than adequate control of people who left the other vessel, the *Pacific Dawn*, prior to us knowing results, and the results have now proven to be positive. I think the community has a right to expect that we would have done better in this regard. Also, we just hope, as in all of these cases, that we see improvements in the communication levels that do occur. I will return, if I may, to the budget papers and quote page 343. I am now referring to biosecurity and emergency response with regard to the National Health and Security Act of 2007, and its regulations. It says:

During implementation of the Security Sensitive Biological Agents Regulatory Scheme in 2008, some gaps in the Scheme—

from 2007 in the Act—

were identified … These gaps include the regulation of suspected security sensitive biological agents and dealing with emergency disease situations.

Can you tell me what those gaps were?

Ms Halbert—Yes. In relation to the Security Sensitive Biological Agents Regulatory Scheme we had, prior to, during and after implementation, conducted intensive consultations with the affected stakeholders and other Commonwealth agencies. We identified that there was potentially a problem in relation to emergency disease situations, in that laboratories handling a security sensitive biological agent would be obliged to meet the standards that we had implemented through the scheme, which are strict Biosecurity standards. It was recognised that in an emergency situation where a disease was widely prevalent in the community, many laboratories might be handling the security sensitive biological agent but in fact not be meeting the standards, and it would not be required that they meet the standards. So that was a necessary—

Senator BACK—It would not be required that they meet the standards?

Ms Halbert—Because the disease was so prevalent in the community, that the requirement to constrain it to just a few laboratories under strict conditions would no longer be relevant because people would have the disease and be spreading the disease in the community.

Ms Halton—And, furthermore, it would constrain your capacity to test.

Ms Halbert—That is right.

Senator BACK—How would it constrain the capacity to test? Could you explain that?

Ms Halbert—Because you would not be able to actually provide the samples to any more than two or three laboratories.

Senator BACK—Right. In that circumstance do we have the opportunity to activate other laboratories in Australia?

Ms Halbert—Certainly the laboratories can be activated to test if they have the capability. But this exemption from the standards would be required to use that wider community for testing.

Senator BACK—Yes. Professor Bishop, in a briefing the other day, you kindly made the observation that we are lucky we do not have a fatal virus outbreak. I can only heartily endorse your comments from the other day, but I do believe there is a lot to be learnt from where we are at the moment. Can I just turn now to the national action plan for influenza pandemics. You were going to find out when that was activated.

Ms Halbert—The National Action Plan for Pandemics is actually a whole-of-government plan which the Department of the Prime Minister and Cabinet is the lead agency on.

Senator BACK—Yes.

Ms Halbert—I do not believe there has been an announcement of the activation of the national action plan, but inherently the actions to be taken under the national action plan have already come into play.

Ms Murnane—But the health action plan was activated on the day we had the first positive case in Australia. That was a case in Brisbane about 37 days ago; we will check the date. The incident room was activated before that, when it was clear there was a spreading disease in the Americas.

Senator BACK—Yes, I think 26 April is the date that I have from the website of the department when the national incident room was activated to a 24/7 basis.

Ms Murnane—Yes.

Senator BACK—I ask the question because I am also interested in knowing the legal status—if the plan has in fact been activated, does this now elevate, for example, the Chief Medical Officer or some authority to have overall responsibility?

Ms Murnane—The plan itself actually does not, Senator. What does is the proclamation of relevant clauses in the Quarantine Act, and the minister arranged that and we will give you the date for that, and that gives powers to her—

Ms Halton—We already did that.

Ms Murnane—That gives powers to her and to the Chief Medical Officer. That is where the powers come from.

Senator BACK—The question I am asking you, then, is does the National Pandemic Emergency Committee have its authority as a result of the national action plan, and is the National Pandemic Emergency Committee now active?

Ms Murnane—Yes, it is active. It has met on a number of occasions for a number of weeks. If we can go back, I can see what you are looking for is the dates of all these things. Of course, we have them. We do not have them before us, but we will provide you with a dossier.

Senator BACK—Thank you. I just want to be satisfied that the plan is active at the moment.

Ms Murnane—Indeed, yes.

Senator BACK—Thank you. From my understanding, having some background of incident management, is this plan, the activities of the committee, coordinated centrally? Is there a plan coordinator and plan operator, operations function? How is that particular activity actually structured and how does it operate?

Ms Halton—Senator, it is important—and this is where I think Ms Murnane was going—to actually make the distinction between the health influenza plan and the national plan, because the national plan goes to broader issues of societal functioning. As I think you are probably aware, the head of the Prime Minister's department, in fact is responsible for, and indeed has chaired, what we would refer to as NPEC—

Senator BACK—Nothing to do with avian flu?

Ms Halton—National Pandemic Emergency Committee. Everything is known by its acronym.

Senator BACK—Yes.

Ms Halton—He has convened exactly that meeting to discuss issues which are whole-of-governments issues, as against the process that we have, which is running the health response, acknowledging, as we do, that the jurisdictions have themselves individual responsibilities. Mr Moran, from Prime Minister and Cabinet, has that responsibility and, indeed, has been chairing that meeting.

Senator BACK—Whilst I understand the states and territories have responsibilities, what I am trying to get to is: who has the overall accountability to the Australian community? For example, we saw in the media disagreements between New South Wales and Victoria in recent days relating back to the vessels. My question is: who brings them together and who actually presents as accountable to the Australian community, should there be an inability to be able to reach resolution in these particular matters?

Ms Murnane—It is the role of the health department and the Australian Health Protection Committee, which is comprised of the chief medical officers of all the jurisdictions and other experts that are co-opted, to reach agreement on these issues. Sometimes, as you would expect in a complex situation like this, complete agreement is not always reached. The Australian Health Protection Committee has met for five weeks, on occasions twice a day, usually once a day, and when we do not meet once a day, every couple of days.

The responsibility there is to have a consistent response across Australia, but I would say this: that the situations can be different in different jurisdictions. So we do need to allow for a different response. So, for example, Victoria today has moved to 'modified sustain' while the rest of Australia stays at 'contain'. That was first discussed on a health basis in the Australian Health Protection Committee, and later yesterday was discussed on a whole-of-government basis by the National Pandemic Emergency Committee. That is how those decisions are reached.

Senator BACK—Sure. Thank you for that answer. But in the case of the Victorian-New South Wales dilemma, did, in fact, the committee resolve that difference? Has there now been developed unanimity in the way in which people will in the future move between states, particularly in a circumstance, as we have mentioned, where—

Ms Murnane—The answer is yes.

Senator BACK—So we have actually seen some progress in that?

Ms Murnane—Yes.

Senator BACK—Thank God for that. I was asking you the overall accountability and was there a coordination role—you have said there is—and an operations role, which you have said basically is devolved to the state and territory ministers. Correct?

Ms Murnane—I could just say that the national incident room in the Department of Health and Ageing acts as the operational centre and the national coordinator of operations. Each of the jurisdictions themselves have some sort of version of that, but all activities throughout Australia, all new suspect cases, all confirmed cases, are reported to the national incident room. So that is the overall coordinating area for this incident, as it has been for other incidents.

Senator BACK—At the end of the day, the coordination team, the chairman of that committee, does have the right to overrule—is that correct? If there is a state health department that just simply is not coming on board, not compliant with what are laid down as the guidelines; my question is: how is that entity brought into line for the good of the entire community in the face of a pandemic like this?

Ms Murnane—I was going to talk about the Quarantine Act.

Senator BACK—Yes.

Ms Murnane—The Quarantine Act gives the Minister for Health and Ageing and the Chief Medical Officer, Professor Bishop, extensive powers that could overrule actions of and legislation of all the jurisdictions, should that be required. However, the way we try to work, and have successfully to date achieved, is by cooperation and agreement, which is the best way. But in relation to the Quarantine Act and the powers under that to quarantine people on an involuntary basis, most of the jurisdictions, if that is necessary, would like to use their own public health legislation or emergency powers legislation. But, if they wanted, we would use ours. And if at that extreme stage they were not taking actions that our minister and the Chief Medical Officer considered necessary, our act and our powers would override theirs.

Senator BACK—Thank you. I am most relieved to learn that. Can I now turn to the national medical stockpile and ask: in circumstances like this, at what phase does the

government release medicines from the national medical stockpile—at which stage in the elevation of the hierarchy of risk?

Ms Murnane—We have had to be flexible about the phases because—and the Director-General of the WHO said this—this disease is not taking on the shape that was envisaged when the WHO plan and all the countries' plans were written. But the Chief Medical Officer has released some product from the stockpile for a number of the jurisdictions.

Senator BACK—Thank you. I wonder could you take on notice just what items, drugs and equipment, are reserved which would be applicable in an outbreak of this nature.

Ms Murnane—Yes.

Senator BACK—Can you also take on notice the current levels of each of these prior to the first case being reported and if you would be good enough to advise into the future the volumes of drugs and equipment that have been allocated to date? I do not expect you to have it now, but I would be appreciative to learn that.

Ms Murnane—I will take that on notice.

Senator BACK—Thank you.

Ms Murnane—But can I just say that if, that information were to become public, in this particular case it is sort of a biosecurity terrain in some areas, but not in others, so we will take it on notice. We are very happy to give you the information.

Senator BACK—Thank you.

Ms Murnane—I just want to get some counsel about having it more widely available.

Senator BACK—Yes, I understand that, and I would respect it immensely. On 28 May, the health minister announced that the government has placed an order with CSL to develop a human swine flu vaccine. I wonder if the minister or the department can provide the following information: who made the original approach? Did the government approach CSL or did CSL approach the government with regard to the whole question of developing a vaccine here in Australia?

Ms Halton—We actually have a longstanding relationship with CSL. This is not something which is only recently generated. Ms Murnane can explain that to you.

Ms Murnane—We have had a deed of agreement with CSL since 2003-04 that provides for the supply of seasonal influenza vaccine. We also have another supplier for seasonal influenza vaccine provided under the National Immunisation Program. That deed also requires both of our suppliers of seasonal influenza vaccine to provide us with an option on supply of vaccine in a pandemic, and we have—

Senator BACK—Who is the other? You mentioned 'both'. CSL and—

Ms Murnane—Sanofi Pasteur.

Senator BACK—Right. Are they Australian based?

Ms Murnane—CSL is; Sanofi Pasteur is not.

Senator BACK—Where is it? France?

Ms Halton—They are a multinational.

Ms Murnane—They were originally a French company, but most of their producing platforms are now in the US, I think.

Ms Halton—Yes.

Senator BACK—Sure. Mention has been made by the minister and the CMO of the time frame for the development of this vaccine. Can you clarify when we expect to see the vaccine, firstly, available for testing and, secondly, available to the community in the event that this condition continues?

Ms Murnane— This is the plan at the moment: CSL will be running clinical tests quite soon, within a couple of months, and we would expect that, if that goes all right and the first dose of the clinical trial is successful in terms of safety and efficacy, we would have a run that could begin to be administered to the public in about early to mid-September.

Senator BACK—Just to remind me again, under the deed of agreement, when did the government actually activate CSL and presumably this other party, Pasteur, to commence this development of a vaccine?

Ms Murnane—No, we have had initial discussions with Sanofi Pasteur, but we have not done any real activation there. But with CSL we have had informal discussions. I cannot remember whether the first call was from them or us, but it was in the last couple of weeks that I wrote a letter formalising the process, and we had negotiations last week.

Senator BACK—Sure. I ask the question because of some media that I have read to the effect that CSL has committed to manufacture some 10 million doses, I think, for the United States. Does the deed of agreement give Australia priority over other buyers?

Ms Murnane—Indeed, it does, yes.

Senator BACK—I am most relieved. And so presumably this vaccine, once tested and shown to be effective, and hopefully without the virus mutating, would be produced here in Australia in CSL's laboratories?

Ms Murnane—Yes.

Senator BACK—What is the expected cost of that particular process, and how many doses would you be ordering from CSL and/or others?

Ms Murnane—The cost is where we get to commercial-in-confidence, and I know you do not like it, but really—

Ms Halton—We are not in a position to actually say.

Senator BACK—Can I ask this question, then: given the fact that this pandemic had its origins prior to the budget being formulated and presented, has provision been made in the department's budget for expenditure in this area?

Ms Halton—Again, this is something which is not finalised. We do have some provision in the budget, and this is a matter we are in discussion with government about.

Senator BACK—Is it likely to affect other programs in the department should, in fact, this blow out to several hundred million dollars?

Ms Halton—No, it will not affect other programs.

Senator BACK—So it is sequestered and immunised away from other expenditures?

Ms Halton—To use that term, yes.

Senator BACK—Very good. I just wonder: besides the two antivirals that we have been discussing and are aware of, are there other antivirals that are effective against the human swine flu?

Ms Murnane—No, not at the moment. We do have another antiviral in the stockpile, amantadine, but it has been shown to be resistant to this virus.

Ms Halton—The virus has been shown to be resistant to it.

Ms Murnane—Sorry; it is not resistant to the virus, yes.

Senator BACK—Hang on. What is not resistant?

Ms Murnane—Sorry. Amantadine does not work.

Prof. Bishop—But I should mention that there is the Relenza, which is part of the major stockpile. Clearly, it is sensitive to both that drug and also—

Senator BACK—Yes. It is the other one that seems to be in some question, is it not?

Prof. Bishop—Yes.

Senator BACK—I just wonder, Professor Bishop, if you could respond to concerns raised by the Australian Medical Association Queensland President-Elect, in which he expressed concerns about the effectiveness of Tamiflu against the human H1N1 Brisbane strain, which I understand to be actually more prevalent in the northern hemisphere—is that correct?

Prof. Bishop—What that refers to is that the northern influenza season does inform us about what is likely to come down here for seasonal influenza, and the northern seasonal influenza is resistant to Tamiflu, so that is the normal flu that would have been circulating had not swine flu occurred.

Senator BACK—Yes.

Prof. Bishop—So that is why it is important to make sure that we are using the Tamiflu wisely with respect to the human swine flu, because essentially that is where we think the Tamiflu is going to be most valuable.

Senator BACK—Sure. And are these two antivirals on the Pharmaceutical Benefits Scheme list?

Ms Murnane—No.

Senator BACK—So what would the average dose be? Would the course of treatment for somebody who is recommended to use it be one dose—two doses? What is the treatment regime?

Ms Murnane—It is one course.

Senator BACK—One course?

Ms Murnane—Ten tablets for Tamiflu. I am not sure about Relenza.

Senator BACK—And what would that cost a member of the public?

Ms Halton—We think it is about $50, Senator.

Senator BACK—And is it intended that you are going to list it on the Pharmaceutical Benefits Scheme at least temporarily while this—

Ms Halton—It is actually not a question of our intention. The issue is whether or not we have an application from any particular company for something to be listed on the Pharmaceutical Benefits Scheme.

Senator BACK—I am sorry. I did not understand your answer. Would you mind repeating it?

Ms Halton—The way the Pharmaceutical Benefits Scheme works is that a sponsor, otherwise known in most cases as a company, needs to make an application to the Pharmaceutical Benefits Advisory Committee for the listing of that product. You have to have registered it previously. In this case, the product is registered. That application has to meet a number of criteria in terms of cost-benefit, and in some cases the company might propose what circumstances and groups a product might be used in. That cost-benefit data is used by the PBAC—another one of our fabulous acronyms—to make a recommendation to the government as to whether or not the product should be listed on the PBS.

Senator BACK—Through the various processes, are you aware of a groundswell of action, either from the manufacturers of these drugs, from health professionals or from members of the public, for this particular chemical to be added to the PBS?

Ms Halton—No, I am not. At the end of the day, it is a matter for the company or some alternative sponsor to come forward to make that application.

Senator BACK—Thank you. Since it would appear that the department is reactive rather than proactive, at what point is it likely—

Ms Halton—No, sorry, Senator; I have to stop you—

Senator BACK—that the department would actually become proactive in this process?

Ms Halton—No, Senator, sorry. It is never the case, with the Pharmaceutical Benefits Scheme, that the department initiates the listing of a product. It is over to the sponsors of products to bring those forward. It is not a question of the department being active or inactive; the scheme, as designed and as it has been operating for many years under governments of every colour we care to name, has worked in this way. It relies on a sponsor—which does not have to be the manufacturer; it can be another sponsor—to bring forward the product for listing on the PBS.

CHAIR—Could it be the department?

Ms Halton—No, it could not.

Senator BACK—Could the Australian Medical Association be the sponsor?

Prof. Bishop—You can get other sponsors. It does require, obviously, them to do the appropriate work.

Senator McLucas—And bear the cost.

CHAIR—Ms Halton, that is to do with independence as well.

Ms Halton—Absolutely. We are the funder and the operator—

CHAIR—Yes, absolutely.

Ms Halton—so it is not appropriate for us. Exactly right, Senator.

Senator BACK—Is it the same process for the vaccine? If and when proved to be effective and released onto the market, would that fall into the same area of responsibility? Would it be CSL that would then seek for it to go onto the Pharmaceutical Benefits Scheme, or because the department has actually requested the manufacture and production of the vaccine—

Ms Halbert—It is important to not confuse several things here. Firstly, what in this particular case is happening is there is a contract for purchase of a certain amount of vaccine which would then be deployed for vaccinating a certain number of individuals and specified groups. That can occur using the National Immunisation Program mechanisms, which operate through the states. The National Immunisation Program has a number of vaccines listed on it, to which tests are applied by the PBAC in terms of cost effectiveness et cetera. But it does not operate in exactly the same way as the PBS. The officers who are responsible for that can take you through that in great detail if you are interested.

Senator BACK—Thank you. A CSL spokesperson has stated that the vaccine would be developed and that doses would be priced at around $10 a dose, so I take it, if there were two vaccinations to build up immunity, it would be likely to be $20 per person. Is that likely to be subsidised, or would those who chose vaccination be responsible for meeting the cost of the vaccination?

Ms Halbert—Again, we cannot comment on what the company has said. We are purchasing vaccine for use in the Australian community. The availability of any vaccine more broadly, in terms of whether they were intending to retail that vaccine, I cannot make a comment on. I think I have to say, given the amount that we have ordered and then the amount the United States has ordered, it would seem improbable that there would be a lot on the retail market any time soon.

Senator BACK—So I ask the question again, then: is it likely that the government will subsidise the vaccination program for at-risk people?

Ms Halbert—Absolutely, and that is the whole point. That is exactly why we are purchasing.

Senator BACK—Chair, you will be delighted to learn I am coming to the end of my questions. The media advised that the previous President of the Australian Medical Association has raised with the department concerns about the protection of health professionals and their families in regard particularly to masks—P2 masks being in short supply—gloves, goggles, gowns et cetera. Dr Capolingua stated that she had met with the minister to represent these concerns. What action has been taken to allay these fears and correct the concerns, particularly in the light of the upgrade of the Victorian status to 'sustained'?

Prof. Bishop—We met with a number of peak bodies from general practice, including the AMA, recently and learned of all their concerns and detailed them quite extensively. The

stockpile allows for personal protective equipment as part of it, and the release of that has been underway, including release to the jurisdictions on request. That program of release will address those issues. We are also looking at other ways that we can develop a further release program. Our plan allows release under the stockpile arrangements to flu clinics, which are being set up with general practitioners, with proper support around them. You will see some information about those. It also allows for release to isolated or remote practitioners who are not supported by flu clinics and also, obviously, hospital emergency departments which set up flu programs next to them. That release has occurred, and we are acting and I think we are up to date with jurisdictional requests for that equipment.

Senator BACK—Finally, I come back to the question of communication to the wider community. Reports that have come in to my office indicate that there is no uniformity in terms of responses. For example, one hotline response when information was requested was not to worry and another response was, 'Get to antiviral drugs immediately.' Obviously people may have provided different information, but have you been aware, or been made aware, of inconsistencies in advice being given from information hotlines with regard to this particular circumstance?

Ms Halbert—Can you be more specific about which hotlines you are talking about?

Senator BACK—I take them to be phone-in lines from the publicised numbers.

Ms Murnane—We have one national number. We do get reports of dissatisfaction with answers. We also get reports from the staff that are answering the phones, who are contractors, that they do not have sufficient information, so we regularly update the scripts. I am very surprised to hear that people were told not to worry or to go and get antivirals, so we will look at it. That is not in our scripts.

Senator BACK—So it may be that people are calling interstate response numbers?

Ms Murnane—There may be other hotlines. But our national hotline that has been widely advertised through our website, newspapers and radio is very closely supervised. We get reports every day on the number of calls, complaints and so on.

Senator BACK—Would it be possible to be provided with some advice on the number of calls, just to have some indication?

Ms Murnane—Yes, we can do that.

Ms Halbert—For your information, we have this arrangement with the very widely publicised number. Certainly within the hotlines we control, consistency of message is something that we are very aware of. As you know, there is healthdirect, which provides medical advice—not in every single state, but it is run under a national banner. Certainly we are very conscious of lining up those messages. If you become aware of any other messaging services that are giving out inconsistent information, frankly it would be a great help to us if you could pass that on to us, because we are trying to ensure that messages are consistent. There may be other sources of advice people are getting which are not consistent, and if you could let us know we would be grateful.

Senator BACK—Thank you very much.

Senator RYAN—Regarding the committee that you mentioned earlier that is made up of the chief medical or health officers from the Commonwealth and various states plus various other co-opted people, in what capacities are the other people co-opted? I think you described them as 'experts', so I was interested in who these other members were—obviously we can get access to who the chief medical officers are.

Prof. Bishop—I will make some comment and Ms Murnane will probably make some other comments. First of all, the chief health officers for the states are present on that committee. We also have other, in this case, agency representatives such as those from the border agencies, for example. In addition to that, we have a number of expert subcommittees, some members of which are on this central committee. These are people that have expertise in virology, pandemic response, immunisation or something like that that might be quite relevant. It has been quite helpful to have that mix of people. We also have epidemiologists and others that provide input as well as operational people from the National Incident Room on that so that most of the issues that come up can be directly addressed and then taken off-line and solved, if necessary, or agreed. It is very much a working committee, but with all the expertise around the table to solve the problems.

Senator RYAN—You mentioned that decisions by this group were made by agreement after, presumably, discussion. Obviously people bring different points of view to the table, and there have been different approaches to this, as you mentioned, for various reasons around the country. I would be interested in issues that you took to the table, Professor Bishop, in terms of handling this outbreak, that were not the eventual outcome or the decision of the committee. Presumably, you did not win every discussion, win every argument or persuade the whole group of every view you came to the table with. I would be interested in what issues the Commonwealth did not actually take up in terms of handling this outbreak, whether or not they were some of the issues that Senator Back raised.

Prof. Bishop—I think that the advantages we have had with this outbreak is that, first of all, there has been a lot of work put into a pandemic plan. This has been going back some years, so it is not just a recent event. That pandemic plan, essentially, has been beaten out of everyone's best ideas plus we have brought a lot of evidence to it over a period of time. So there is broad agreement on the best public health approach to most of what we are looking at on a daily basis. Therefore, the big issue agreements or disagreements that you mention have been relatively minor and they are more to do with operational issues around what is in front of a particular jurisdiction or particular issues that they have come up against.

Remember also that a lot of the planning has also been informed by exercises such as Operation Cumpston which looked at a lot of the logistics of putting such a plan into place. Nevertheless, the plan has been brought together with evidence, it has been exercised through Operation Cumpston and we have got the actual event in front of us. So with that background, it is not as if the individuals around the table are meeting for the first time trying to work out what to do next. It is actually something that has been an agreed process. Therefore the issues are more local operational ones, making sure that we can respond where new information is available.

There will be different interpretations of data and there is often robust discussion but, at the end of the day, the people involved in that committee are public health officials, in broad

terms, and they are most interested in making the right public health decision. While they might have some change of emphasis I have found, in fact, we have been able to come to a public health position, which is often well informed. This is very familiar to me in medical practice because often the idea that you might have when treating a patient is best informed by discussion with colleagues and often multi-disciplinary team type involvement.

Senator RYAN—You mentioned operational issues—I am specifically interested here—are financial considerations ever a matter for discussion at this committee?

Prof. Bishop—I would say not. The main thing this committee is required to do is to try to make the best public health response.

Senator RYAN—That is why I was asking specifically about—

Prof. Bishop—To some extent we believe, with the resource put together over many years through the stockpile and through the resourcing of these committees and the planning, that there is a good way forward. There is a fairly straightforward methodology in being able to activate the appropriate resource, remembering also that each of the states and territories have got similar operational activities and some of their own stockpiles and so the federal planning has informed and been informed by the jurisdictional planning as well. It is really a network of planning that we see and we are able to bring together. Often the states will be able to resource what is in front of them through their own arrangements.

Ms Halton—Senator, I think it is important to put on the record here—and this is something I am very alive to—I do not believe that the public health advice has been constrained in any way by a resourcing issue. The public health advice is given in a very unvarnished, honest and, as Professor Bishop says, well-argued, thought through, articulated way. I genuinely believe it has not been, in any sense, amended or fettered because of a resourcing issue.

Senator RYAN—I appreciate that, but you can also appreciate why I asked it.

Ms Halton—No, absolutely.

Senator RYAN—With respect to the national medicine stockpile and any other resource that the states and territories can request from the Commonwealth—in particular with the H1N1 outbreak—have any requests from states or territories for medicines or equipment from the national medicine stockpile been made and rejected?

Ms Murnane—Not at this stage.

Prof. Bishop—The answer is no.

Ms Murnane—Senator, if I could just go back to your question about experts, Professor Bishop described the expert committees. For the Australian Health Protection Committee we have regularly used three co-opted experts to inform our discussions. They are the previous chief medical adviser, Professor John Horvath, Professor John Mackenzie, eminent microbiologist and Australian who has been chairing the Emergency Advisory Committee to the Director-General of the World Health Organisation, and Professor Anne Kelso who is the head of the WHO collaborating laboratory in Melbourne.

Senator RYAN—I had no doubt about the qualifications. I was wondering who it was, though.

Ms Murnane—I put it on the record.

Senator RYAN—I appreciate that. With my home state of Victoria there has been, obviously, the use of antiviral medications. Have they been provided for out of state stockpiles or Commonwealth?

Prof. Bishop—At the beginning the states were providing out of the stockpile but, when they felt that they needed further support, we have responded and provided the state with adequate amounts from the stockpile.

Senator RYAN—Can I just put a quick question about the point you raised about Commonwealth powers under the Quarantine Act, which I understand are quite extensive? Do they also empower the Commonwealth to effectively seize control or direction of state health personnel in implementing decisions that are necessary because, obviously, the concern that we may have is that a decision from Canberra, without access to the public health officials on the ground in health centres across whatever state or territory, may not be as effectively implemented.

Ms Murnane—There are deputy chief quarantine officers in all the states and territories that do have a reporting line to their own departments but they also have a reporting line to the Chief Medical Officer. This is worked through harmoniously and it just has not been tested in the event of which authority line was being dominant. I do not believe it would ever come to that.

Senator RYAN—I hope you are right. Our job is partly to look for the worst possible situation and ensure we can act in that case. So there is no specific legislative authority at the moment for the Chief Quarantine Officer to actually take possession of or provide direction to officials who may be employed by a state or territory government in order to implement their decisions under the Quarantine Act?

Ms Murnane—We would do it by agreement and cooperatively and we are sure we could do that. The powers of the Quarantine Act are vast and unfettered in many ways in the way they are expressed. It would be a matter of legal opinion, I think, Senator, how far those powers could be taken. We will take some legal advice on that, but I am sure that this would be an area of contestation among legal experts, too.

Senator RYAN—I was just hoping that contest may not happen at the worst possible moment. If I could ask a few questions now about the national medicine stockpile which I understand at the moment is made up of—I will not try to use the chemical names—Tamiflu and Relenza as the antiviral medications.

Ms Murnane—And amantadine.

Senator RYAN—I was not aware of that.

Ms Halton—That was the does not work discussion which caused the colleagues behind to all titter.

Senator RYAN—As I understand, the registered indications with the TGA for these products generally provide for their use earlier in the cycle of influenza. Is that correct?

Prof. Bishop—That is correct. They are most useful in the first 48 hours.

Senator RYAN—They are obviously being used now in response to outbreaks in a way that is wider than was envisaged, I suppose, when they were originally listed. I understand the safety tests that the TGA applies, but what I was particularly wondering is are there any specific programs underway to monitor the safety of these medicines now that they are being used in a way that was probably not initially considered by an individual prescription and consideration by a doctor.

Prof. Bishop—There are a few issues here. One is that, of course, under the national plan they are being used according to the phases of the plan. In other words, we always envisaged that we would be using them in order to reduce the infectivity of the population as a whole, as we deal with small clusters and quarantined individuals, so they are being used for post exposure prophylaxis and to treat the case. That was always envisaged in the plan so that has been an agreed process that was always there from when the plan was initiated. In terms of the side effects, the TGA requires some notification of side effects and the normal monitoring processes would occur.

Senator RYAN—There is no extra monitoring process because they are being used somewhat differently, I suppose, to what they were originally applied for.

Ms Murnane—There is no additional monitoring process. However, we do have reports from overseas that there are some side effects to Tamiflu. They are largely gastrointestinal side effects that are not serious. The advice given by clinicians to people who are taking Tamiflu is to take it with food so that the gastrointestinal symptoms do not result. I do not believe that the fact that Tamiflu would be taken after the first 48 hours in some cases would be, in any serious, meaningful way, contrary to the safety expectations of the TGA.

Senator RYAN—No, I appreciate that.

Ms Murnane—It is more about effectiveness.

Senator RYAN—That is where I was heading to with my next question. My concern is that these are being used much more widely now, even over the last two months, than they have been used at any time that they have been registered in Australia. As we know, with many medicines, you throw them out to larger groups and things that were not picked up earlier can appear.

Ms Murnane—They have been used incredibly extensively in Japan for a decade and there is not evidence of serious side effects.

Prof. Bishop—One other point to make is that, as we said before in response to a previous question, Tamiflu is not used essentially for most seasonal flu, because it is resistant to Tamiflu, for example, but there are large populations that have had large amounts of it and certainly throughout the world much larger amounts are being used obviously in the United States and Europe right now and there is a constant monitoring process for that. So we feel that the usual indications for it are being applied here and there might be more being used than in seasonal flu because of the sensitivity of the virus.

Senator RYAN—This leads me to the next point, which was about effectiveness, the data that saw these products registered their indication in the first 24 or 48 hours. Are there programs either here or in Australia that you are conducting, or overseas that you are aware of, to look at the effectiveness of these medicines being used in the way they are now, which is probably post 48 hours for prophylaxis. Is there any investigation of that being undertaken at the moment? The reason I ask, I should say, is just that if we are giving people lots of medicines we would always try and determine the effectiveness, because you have always got to weigh up safety and efficacy.

Prof. Bishop—I should say that one of the opportunities that has come out with respect to this particular outbreak has been that the NHMRC have looked for areas where further research could usefully help both the situation we are in but also, perhaps, for another wave next year or whatever and they have let a number of fast-track research projects, of which the use of antivirals, the resistance of flu to antivirals, the best use of them, has been one of the tracks they have specified in their recently advertised funding scheme. So I think you are right, there are a number of areas which we think do need further depth and we would be very keen to see Australian research do that.

Senator RYAN—Sure. I was going to ask a couple of quick questions now about the vaccine that Senator Back also referred to. I just want to clarify this. What is commonly referred to as swine flu is H1N1. Was H5N1 avian flu?

Ms Halton—Correct.

Senator RYAN—There was previously a tender or a contract in place, I understand, with the Commonwealth for the provision of a vaccine in the case of an H5N1 outbreak. I remember reading about that several years ago.

Ms Murnane—I think the truth there is that we purchased some H5N1 vaccine from CSL in terms of the deed that I mentioned earlier. We have at the moment a tender that has not been concluded that is still in the evaluation stage and that was for purchase of an H5N1 vaccine or other pandemic vaccine.

Senator RYAN—I am just trying to clarify whether or not what I read the other day with the H1N1 vaccine announcement is actually a different contract, tender and pot of money to the H5N1?

Ms Murnane—Yes, it is.

Senator RYAN—So the Commonwealth is effectively either gathering the rights to or piles of vaccines for different potential flu outbreaks?

Ms Halbert—The current tender for the H5N1 vaccine was part of the stockpile refresh announced by the government in the last budget.

Senator RYAN—Sure.

Prof. Bishop—Can I just make the obvious comment that, of course, H5 is always everyone's worry and therefore to have it as a contingency planning process makes sense, regardless of what we are dealing with at the moment.

Senator RYAN—Ms Halton, you mentioned commercial-in-confidence, which I know comes up at this committee more than once, and you would be aware that this has been a topic of discussion both at this committee and in the Senate recently.

Ms Halton—Yes.

Senator RYAN—I just wanted to ask the minister at the table, as per the Senate's recent order, if you were going to assert damage to commercial interests as a ground for not revealing the cost of this particular contract.

Senator McLucas—Absolutely. These are commercial-in-confidence reasons. I am sure, Senator, you understand why.

Senator RYAN—Sure. It was the principle I wanted to—

Senator McLucas—I happily put that on the record, that I am asserting that these are commercial-in-confidence reasons why that information—

CHAIR—My understanding was that you did when you answered the question, that you clearly said that it was commercial-in-confidence.

Senator RYAN—Sorry, I thought it was only Ms Halton. That is the only reason I asked.

CHAIR—No, it was both Ms Halton and the minister.

Senator RYAN—My apologies for asking again, then.

Senator McLucas—That is fine.

Senator WILLIAMS—I have a couple of what you might refer to as simple questions. Why is it called swine flu?

Prof. Bishop—It is a new virus assortment; it has been reassorted. It has elements of swine flu, a flu that occurs in pigs. It has an element of human, which allows its transmissibility. It has also an element of avian flu. So it is a new concoction and therefore it has been called swine flu. I think we are trying to get away from that terminology. I think it is unfortunate.

Senator WILLIAMS—I hope you get away from that terminology because I have literally had calls to me personally from farmers saying it is damaging to the pork industry because people relate the illness to eating pork or consuming ham or bacon or whatever. They are worried about the negative ramifications for their industry.

Prof. Bishop—The WHO, the CDC and us refer to this influenza officially as H1N1 09.

CHAIR—It is not as catchy, Professor.

Prof. Bishop—It is not as catchy, I am afraid.

Ms Halton—Senator, we absolutely understand the concern that pork producers have and we are very sympathetic to their concerns. The trouble is the tabloids. It is a much snappier headline. But what we have been at pains to say, and I will re-emphasise here, is that there is absolutely no danger in any way, shape or form. In fact, I can tell you that last weekend when I went to the markets I went up to what is known colloquially as the Happy Pigs Producer and I think the good thing was that they had the usual crowd. But I do think we need to re-emphasise this and I think all the senators have a role to make sure they continue to publicise that pork is completely safe.

Senator BOYCE—Pork was served in the members dining room last night.

Ms Halton—That is right. There you go.

Senator WILLIAMS—Being a former pig farmer, I have a direct interest because I know what it is like to try to make money out of a piggery, feeding a thousand pigs a day, and finding that feed is expensive and prices can be low—I know it has turned around now. It is just one of those ramifications from the title that has been given to this virus.

Senator McLucas—Yes, I am glad you made the point, Senator. I think it gave us an opportunity to underline the fact there is no relationship between eating pork products and H1N1.

Senator WILLIAMS—Good, thank you.

CHAIR—Any further questions, Senator Williams?

Senator WILLIAMS—No, that is it.

Senator BOYCE—Professor Bishop, you talked about fast-tracking funds for research or quick projects that would be useful here. Has any of the money in that area gone towards the e-health system and developing that?

Prof. Bishop—That call has only just gone out, Senator, so the applications have not yet come in, so it is not possible to say—

Senator BOYCE—You have asked people to nominate areas that they believe would be useful in this area?

Prof. Bishop—This is a call from NHMRC.

Senator BOYCE—Yes, but for research relevant to—

Prof. Bishop—Relevant to the current outbreak.

Senator BOYCE—Yes.

Prof. Bishop—So that will be put forward by researchers, their view about what is most important will be the thing that comes forward, and that will then be judged in the usual way by an appropriate expert panel.

Senator BOYCE—I am not sure if you would be the person to comment on this or whether Ms Halton or the minister might like to take this on, but the Australian Health Care and Hospitals Association has said today that if Australia had an operating e-health system it would have provided more accurate and timely surveillance of the spread of the H1N1 disease.

Ms Halbert—I did not see the detail of that comment, but we are currently using the Net Epi Outbreak Management System, which the states and territories feed information into.

Senator BOYCE—Who runs that system?

Ms Halbert—We house that system in the Commonwealth department.

Ms Halton—It is an electronic system.

Ms Halbert—Yes, it is electronic. The comment from the association seems to be that our system is not real time, but in fact the states and territories enter the data as they are collecting data.

Senator BOYCE—Tell me what data they are entering?

Ms Halbert—They are collecting case information. The agreement we have with them is that they will enter that case information within two hours of receiving it themselves, given the work pressures they have got. The detail of that information will be followed up within 24 hours. So we do know, in more or less real time, as soon as it is entered into the system, how many cases are in any given jurisdiction.

Senator BOYCE—And in the specific location, et cetera, of those?

Ms Halbert—Yes, that is my understanding, but—

Senator BOYCE—And are they confirmed cases, or—

Ms Halbert—Confirmed cases, different types of cases. I think now we are just going with confirmed cases as we get more. I would have to check on that.

Ms Murnane—Yes, that is right. We were getting 'suspect' and 'probable' but there are just too many now, and we followed what other countries are doing and are reporting confirmed—

Senator BOYCE—So this is going out of that sort of 'contain' phase?

Ms Murnane—Yes, that is right.

Ms Halbert—And in terms of the full information that we will need to go and do deeper analysis of what has been happening, as I say, that is being provided within 24 hours by the states and territories.

Senator BOYCE—What do you do with the information when you receive it, Ms Halbert?

Ms Halbert—One of the key things we do is to use it for reporting, so we are putting out three situation reports a day, which provide information to ministers and state and territory governments on the situation that is evolving within the states and territories. I might ask Jenean Spencer to come up, too, to give you a more sophisticated description of what the epidemiologists would be doing with the information. But, as I say, it is also used for analysis of what age groups are most prevalent in terms of acquiring the disease, locational spread and those sorts of things.

Senator BOYCE—But just in terms of how long it might take for that information to get into the system, as you said, the state health departments are supposed to advise within two hours, but how would the information go to the state health department? It would be via their own protocols and to GPs and the like, so it could be taking, what, 12 to 14 hours to get into the state system.

Dr Spencer—It does take some time between the time the patient presents to a health care provider and when a specimen is taken and it is tested, and then that information is then sent to the health department. We are now moving within affected areas to a clinical case definition, with the aim of speeding up that diagnosis.

Ms Halbert—It is not a system inadequacy; it is a matter of the human beings at the other end being able to collect the information and provide it.

Senator BOYCE—Nevertheless, perhaps what the association is suggesting is that if GPs were in an e-health system there would be faster receipt of the information, and that would be the case, wouldn't it?

Ms Halbert—We do have some sentinel GPs who are providing us with automatic data.

Senator BOYCE—You will have to tell me what a 'sentinel GP' is, Ms Halbert.

Ms Halbert—I do not have anyone from that area here, but they are GPs who have agreed to participate in a network of general practice who provide a higher level of reporting than perhaps would be provided routinely by other GPs.

Senator BOYCE—Yes, but it would just be serendipitous if they were the people who were seeing—

Ms Halbert—Well, they are—

Senator BOYCE—potential H1N1 flu victims, wouldn't it?

Ms Halbert—We have gone to some trouble to get a good geographical spread of those GPs so that we can get as good a national picture as is possible, but the name 'sentinel GP' means that they are, in fact, those who will alert us as to what is happening in their area, and recent improvements to that means we are getting much better and quicker information from those sentinel GPs. We have a whole range of surveillance tools and mechanisms that we use to try and collect information from different sources, above and beyond the obligation of the states and territories to provide us with daily data on outbreaks of nationally notifiable diseases. In total, the picture gives us a good handle on what is happening nationally, particularly in a situation like this, but routinely so that we can detect the outbreaks of disease. There is always room for improvement, but certainly, enormous steps have been made in the last three years to have it much more accurate and much speedier.

Senator BOYCE—Thank you. I will look forward to hearing the sort of wash-up of that report when the whole section has got a bit more time to look at it. And just one other area I wanted to look at. There have been reports today about the Cairns Base Hospital being in a state of capacity alert, which I gather, from the way it is used here, is an actual ranking that is used nationally for hospitals, meaning that the demands on the workload have exceeded resources, so more staff or prioritising of patients could be required, and that this is because of the number of H1N1 cases presenting at the Cairns Base Hospital. Do you have a list of clinics and hospitals in Australia that are at capacity alert or further?

Ms Halbert—No, this was the first one that had come to our attention. It came through the media, but I did contact my colleague in Queensland Health to find out what the cause of this capacity—

Senator BOYCE—So you heard about this from the media?

Ms Halbert—That is where I heard about it but, as I say, I contacted my colleague in Queensland. Her description of it—and it is the best information I can give you—is that it was not necessarily caused by H1N1 but by a mixture of causes, and that it was not routine. They

do not routinely exceed their capacity, but it was not down to the current emergency in particular.

Senator BOYCE—But surely if a hospital is near capacity, the current situation is going to cause it—

Ms Halbert—It will add to their burden, and jurisdictions all have plans in place for sharing resources, for overload to be moved onto other health facilities if one does exceed its capacity, and I imagine in this situation Queensland has activated its plan to help Cairns Base Hospital deal with their local situation.

Senator BOYCE—Have any other hospitals in Australia been reported to you as being at capacity alert or above, in terms of—

Ms Halbert—No, not at this time.

Senator BOYCE—worse access, rather than—

Ms Halbert—No, we have not have any reports of that.

Prof. Bishop—Perhaps I can add something, Senator, on that. As far as I am aware, there are only about three cases of H1N1 in Cairns, and they would be in home isolation, so I think that we would like to understand more about the issue of what might be putting capacity into the hospital, but I am just wondering whether—

Senator BOYCE—According to the media, Professor Bishop, there are 18 people waiting for test results in Cairns.

Ms Halbert—That is not cases.

Prof. Bishop—They are not the proven cases. They may be cases of influenza, but I think we are yet to show whether that is flu. I would be surprised if they are H1N1.

Senator BOYCE—Nevertheless, Queensland Health is reported as saying that the Cairns Base Hospital emergency ward was overflowing and that the hospital was on capacity alert, so I was just confirming what that means. Would you expect to be notified when hospitals do reach that situation?

Ms Halbert—Certainly, if by no other means, through the Australian Health Protection Committee, jurisdictions would be bringing to our attention that they were reaching capacity or that they could foresee problems developing. I do not think we have had any reports of that to date.

Ms Murnane—The last teleconference we had ended at about a quarter to nine last night, and Queensland was represented on that by the Chief Health Officer, and also the Acting Director-General of the health department.

Senator BOYCE—Mr Wilson, who is the one quoted in this story, yes.

Senator McLucas—I have got a different story. I have just been given a new clip that says:

Queensland chief health officer Dr Jeannette Young has rejected reports the Cairns Base Hospital is turning away patients because it is at capacity due to swine flu.

Dr Young says about 100 patients were assessed yesterday at the swine flu clinic that was set up behind the hospital. She says the hospital is at capacity but says it is not due to the swine flu outbreak. "It's not due to the flu—it's due to what's going on normally," she said.

It goes on. But I think that is important—

Senator BOYCE—That is why I was particularly interested, Minister—

Senator McLucas—Yes, we need to be accurate in these—

Senator BOYCE—in whether capacity alert was actually an accepted national ranking, because this story does say that the Director-General of Health did not know if people were being turned away, but, under capacity alert, the workload had exceeded the resources of the hospital.

Ms Halton—Senator, I think we should be clear here. As I understand it, that is a Queensland term.

Senator BOYCE—That is what I suspected, Ms Halton. We would not want to do anything as logical as having nationally standard terms in this area, would we?

Ms Halton—Let the *Hansard* record a meaningful silence.

CHAIR—On that basis, are there any further questions under outcome 14?

Senator McLucas—Chair, I wonder if I could make some comments to wrap this up.

CHAIR—Certainly.

Senator McLucas—I think that this has been a very useful discussion, not only for those of us who sit around this table but in order for a lot more people to get some understanding of the work that is being done. In doing so, I want to commend the people who are running our incident room, a lot of whom are working extraordinarily long hours, but I also want to recognise that you do not get to a point where we have got this sort of efficiency that is occurring without a lot of planning that has happened over a long period of time. And whilst what we are doing is somewhat different to the plan, it is because what we are dealing with is different from what was planned for.

But we can be assured that what we are doing is extremely well researched, is evidence based and is responding particularly well to H1N1 09. I also congratulate those people who are working diligently in all the states and territories. They have worked extremely cooperatively. I understand, Senator Ryan, you have to ask those questions. But I think we can confirm that the relationship between our incident room and all of the other state and territory jurisdictions is one of information sharing and solution finding, and I think they are doing a very good job.

I also thank the community for their cooperation. We have repeatedly said it will impact on the lives of Australians, and that is obvious, particularly the school closures and those sorts of events; that does impact on families. People have been extraordinarily cooperative. Senator Back's comments regarding people receiving information that they are concerned about; he made the point that he has had complaints about people getting different information from hotlines. This is not a political issue. This is about dealing with an emergency. I offer my office—if you are getting something that you are concerned about, we can pass it through so

that these issues can be dealt with. I might leave it at that. Thank you very much. This has been, I think, a useful opportunity.

CHAIR—Thank you, Senator, and also to the officers who came and gave their time at this very busy time. Senator Cormann, I suggest we take a break now until 3.30. Then we will come back to private health and we will go through for an hour-and-a-half and see how we are going in that process.

Proceedings suspended from 3.15 pm to 3.31 pm

CHAIR—We will reconvene in outcome 9: Private health. Senator Cormann has the call.

Senator CORMANN—Thank you very much. Senator McLucas, I am just still trying to get my head around when a commitment is not a commitment. We understand about pre-election commitments, that things might change, even though there are some commitments that are more emphatic than others. But here we have got a commitment that was expressed by the minister on 24 February 2009, and we are now being told that in the minister's own department, at the minister's request, work was being done on breaking that commitment at the same time as it was actually being made. If the government on 24 February was truly, firmly committed to retaining the existing private health insurance rebates, why would the minister have asked advice on making changes to it?

Senator McLucas—The minister was seeking options and, I think, in the current economic climate that is reasonable. You would be aware that balancing a budget in the current economic climate was a very difficult task for our government and I think it is only sensible that the minister would be seeking a range of options that could be undertaken. But as I said earlier, when Minister Roxon made that statement on that date, and I do not have that date in front of me—

Senator CORMANN—24 February 2009.

Senator McLucas—she was accurate.

Senator CORMANN—With all due respect, that is very hard to understand how she can have been accurate. Explain to me, if you are firmly committed to retaining existing arrangements, why would you be seeking advice on how to change those existing arrangements?

Senator McLucas—On that date, there was no decision made.

Senator CORMANN—But she had been asking for advice on how the existing arrangements could be changed.

Senator McLucas—I do not know the question that Minister Roxon asked the department. But it is only sensible for the minister to be seeking information about what any change may mean.

Senator CORMANN—Let us go back to the department. Can you just confirm that the advice that was sought towards the end of last year, as I was told before, was in relation to a proposal to means test the private health insurance rebate?

Ms Halton—No. What we had said to you was that the minister asked, in a budget context, for options, and this was one of the options provided.

Senator CORMANN—So one of the options provided to change private health insurance policy arrangements was to means test the private health insurance rebate. What you are saying is that the initiative to means testing the private health insurance rebate actually came from the department? If you say this is one of the options provided, then what you are saying is that the department actually initiated the proposal to means test the private health insurance rebate and the government went along with what you put on the table.

Ms Halton—It was one of a number of options. We were asked to develop options; we did that.

Senator CORMANN—So you were not asked by the government specifically to provide one option which went to means testing the private health insurance rebate?

Ms Halton—I would have to check that, Senator. I genuinely do not know that. I am happy to take it on notice and I will check.

Senator CORMANN—Whatever the case may be, the advice provided on 12 January included as part of the options to be considered by the government means testing the private health insurance rebate?

Ms Halton—Correct. Yes.

Senator CORMANN—And you have been working with Treasury and Finance and other departments in a budget context on how all of that would work, presumably?

Ms Halton—We work with a number of agencies about how that would work.

Senator CORMANN—What was the role of the Department of Health and Ageing in relation to this?

Ms Halton—Issues in respect of—I know you have already asked questions of a number of the other agencies, so you understand the role that they have in those areas—implementation, looking at modelling, the kind of things you would expect of us.

Senator CORMANN—Senator McLucas, I have asked questions about this at every single estimates from before I was in this position. I have asked questions about the private health insurance rebate ever since you have won government, since February 2008. You might remember I asked you then to reaffirm the commitment to the private health insurance rebate. And you might recall that, at the time, you read out a particular press release to me. Do you remember that press release?

Senator McLucas—Yes, I do. I do not have it with me.

Senator CORMANN—I have got it here. The press release that you quoted to me then was:

'Liberal scare campaign on private health insurance rebates—Federal Labor to retain rebates'

Federal Labor rejects the Liberal scare campaign around the private health insurance rebates. On many occasions, for many months, Federal Labor has made it crystal clear that we are committed to retaining all of the existing private health insurance rebates, including the 30 per cent general rebate, the 35 and 40 per cent rebates for all Australians. The Liberals continue to try to scare people into thinking Labor will take away the rebates. This is absolutely untrue. The Howard government will do anything or say anything to get elected.

You were accusing me, in February last year, of perpetuating a scare campaign. It has come true, has it not?

Senator McLucas—As I said, Senator Cormann, we are framing a budget in extremely difficult financial circumstances. Minister Roxon, very wisely, asked the department to provide her with a range of options that would assist in the framing of that budget.

Senator CORMANN—With a range of options to make changes to the private health insurance policy framework, something the government, before the election, committed they would not do; something that Minister Roxon, as late as 24 February, said the government was committed to not doing. How can we trust anything you say when it comes to private health moving forward? Last year we had the Medicare levy surcharge; this year we have got private health insurance rebates. What will it be next year? Will you tell me there will be nothing?

Senator McLucas—Senator, that is a question that cannot be answered.

Senator CORMANN—Okay. I will ask it a different way. Is the department working on any other options for the government to further change the policy framework supporting private health insurance?

Senator McLucas—Not that I am aware of.

Senator CORMANN—Which is the answer that I got about a year ago.

Senator McLucas—And it is accurate.

Senator CORMANN—You are firmly committed until you change your mind. But in the meantime you do all this homework in the background on getting yourself ready to change your mind. Is that the modus operandi?

Senator McLucas—Senator, you cannot come to a view without asking for information that will support the coming to that view. That is the way the government works.

Senator CORMANN—But, Senator, if a minister of the Crown tells the Australian people, through a media outlet, the government is firmly committed to retaining the existing arrangements, people will take that to mean that there will be no change. If there will be no change, then there is absolutely no purpose served—in fact, you would have asked the department to waste its time by even putting forward options. Clearly, by asking for options, you are entertaining the thought to make changes. Entertaining the thought to make changes does not fit and is inconsistent with the statement that was made by the minister on 24 February 2009. There are no ifs or buts: the statements are inconsistent.

You mentioned the current economic circumstances. And you would be aware that the coalition offered a positive alternative proposal on how we could not proceed with means testing in private health rebate without a negative impact on the budget bottom line. In fact, the government released some Treasury analysis to some selected media outlets in relation to that. Did the Department of Health and Ageing provide advice to the government about the coalition proposal to increase the excise on tobacco by 12½ per cent and the effect that would have from a public health point of view and related issues?

Ms Halton—Not that I am aware of, Senator. Certainly, you would be aware that the Preventative Health Taskforce has raised the issue of tobacco, so we have provided advice in that context, in respect of tobacco. I will take advice from my colleagues, but I am not aware that we provided any advice in relation to that particular issue.

Senator CORMANN—Ms Halton, your answer is entirely consistent with the evidence I received last night from Treasury. Treasury was asked to provide advice on the morning after Mr Turnbull made that announcement. And Treasury gave advice over the forward estimates and also gave advice on what the impact would be over a 10-year period, without assessing the public health benefits or related savings to the public health system. I just wanted to confirm that your department had not been asked to or volunteered advice on the eminently sensible proposal to increase the excise on tobacco. Just going back to the private health insurance rebate, have you conducted or been involved in conducting a regulatory impact statement on the proposed changes?

Ms Shakespeare—There has been an exemption from this requirement for a regulatory impact statement issued by the Prime Minister.

Senator CORMANN—On what basis? Are you aware? Can you assist me with telling me on what basis that exemption was issued?

Ms Shakespeare—No, I cannot. I am just aware that it has actually been issued.

Senator CORMANN—So the Prime Minister made a decision to exempt this particular measure from the requirement for a regulatory impact statement? That is what you are saying?

Ms Shakespeare—That is right.

Senator CORMANN—Yes. Thank you. Have you conducted any consumer research into the effects of the policy change?

Prof. Calder—No, Senator.

Senator CORMANN—Is the government planning an information campaign to explain the changes should they pass through the parliament?

Prof. Calder—Yes, Senator. There are available funds for a communications campaign.

Senator CORMANN—How big is the budget for that?

Ms Shakespeare—The budget for the communications campaign has been given to the Australian Taxation Office and you would need to ask them.

Senator CORMANN—So it is not something that is handled through the Department of Health and Ageing?

Ms Shakespeare—We will be involved with the communications campaign but it is going to be coordinated by the tax office.

Senator CORMANN—Will the campaign feature the private health insurance umbrella just with a little hole in it?

Ms Shakespeare—We cannot answer that question, Senator.

Senator CORMANN—No? I just thought I would ask the question. Does the government still fund regular detailed industry surveys through Ipsos?

Prof. Calder—The most recent survey you are referring to was 2007.

Senator CORMANN—Yes. When is the next one due?

Prof. Calder—That is a survey that Ipsos undertakes.

Senator CORMANN—Are you funding these surveys?

Ms Shakespeare—The next one is due later this year and the department has subscribed.

Senator CORMANN—Will you ask them or suggest that they track consumer sentiment in relation to these changes?

Ms Shakespeare—We are still discussing the questions we would like to be included in the survey with Ipsos.

Senator CORMANN—I suspect that I will struggle getting an answer to this, but what modelling has the department done on private health policies beyond the changes announced in the budget in relation to the 30 per cent rebate, Medicare levy surcharge thresholds and lifetime health cover?

Prof. Calder—Modelling is undertaken by Treasury, Senator.

Senator CORMANN—But you work with Treasury?

Prof. Calder—We work with Treasury.

Senator CORMANN—What modelling have you worked with Treasury on in relation to other options for changes to the private health insurance policy framework?

Ms Halton—We have not.

Prof. Calder—We have not. We worked with them on the options that we are discussing.

Senator CORMANN—Have you worked with Treasury in terms of assessing how many Australians would be impacted by this measure?

Ms Halton—You asked them a series of questions and we were party—

Senator CORMANN—I have not asked Treasury many questions at all. In fact, I am due to speak to them at 5 o'clock.

Ms Halton—They undertook this modelling. My officers were a party to that but they are responsible for the modelling.

Senator CORMANN—So I should ask them all the questions about the modelling.

Ms Halton—I think that is a fair enough thing to do.

Senator CORMANN—I will oblige, even though Senator Ludwig representing the Minister for Health in the Senate provided answers to these questions when the issue was raised during budget week. I will just leave it at that at the moment. In relation to the implementation and administration of the new policy, is the department going to be involved in setting up the administration and implementation arrangements?

Ms Halton—We have already had conversations with the officials in the other agencies so to say 'involved', yes, obviously we have to be. We do not have primary carriage, for obvious reasons, but we are involved.

Senator CORMANN—Can you describe your involvement for us?

Ms Halton—I think it would probably be best described as the usual round of bureaucratic meetings. Is that a fair observation, Ms Shakespeare?

Ms Shakespeare—Yes.

Senator CORMANN—Can you perhaps narrow that down a bit or be a bit more—the usual what?

Ms Halton—Round of bureaucratic meetings. When we have to jointly, across agencies, implement a measure inevitably it requires a group of officials to meet on a number of occasions.

Senator CORMANN—So they just meet, and what do they do?

Ms Halton—They talk about the implementation.

Senator CORMANN—Can you describe for us the department of health official involvement in those sorts of meetings?

Ms Halton—I am sure we can do that.

Ms Shakespeare—We are discussing with officers from Medicare Australia and the tax office how the measure will be implemented in practice and that covers a range of things, like what has been included in the legislation and how that will impact on insurers and consumers and the best ways of minimising those impacts. We are organising a series of information sessions with stakeholders from the private health insurance industry commencing next week and officials from the tax office and Medicare Australia will be participating in those with us. That will give us more information about implementation issues.

Senator CORMANN—How will people be identified as belonging to one tier or another? Is it going to be something that is going to be done by the health funds, by the ATO? How is it going to work?

Ms Shakespeare—People will self-identify. There will not be any requirements on insurers to collect income data. What they will need from their members is a rebate nomination so people, based on their knowledge of their own circumstances, will nominate the applicable rebate. The insurer, if they elect to receive the rebate as an upfront deduction from their premium, will then deduct that amount from their premium. If the person has nominated the incorrect rebate then when they do their tax return at the end of the year they will either have a tax refund or a tax debt.

Senator CORMANN—If you get it wrong that gets picked up in the tax return?

Ms Shakespeare—That is right.

Senator CORMANN—Is there any specific provision for one-off income events? Let us say I have a capital gain or I lost my job and got an eligible termination payment or I have a final entitlement on retirement; how will that affect it? That could essentially impact quite seriously which tier you are going to be in.

Ms Shakespeare—It depends on how people are accessing their rebate. There are three ways of claiming the rebate. If people are claiming it as an upfront deduction from their premium—

Senator CORMANN—Which most people do.

Ms Shakespeare—which most people do—then it will be up to the insurer to set the circumstances and how often people can change their rebate nominations. Insurers might like to say, in the circumstances where somebody has lost their job, then they will be able to change their rebate nomination but that will be left up to the insurers to manage.

Senator CORMANN—If, through a one-off income event in a particular financial year, I go from below any threshold—below 75 or below 150—into the highest threshold, essentially, I will lose the rebate for that complete financial year?

Ms Shakespeare—If the person decides that they will go and change their rebate nomination with their insurer and their insurer permits that to happen then that will be the case.

Senator CORMANN—It has got nothing to do with the insurer, as I understand it. It is the way you are putting your arrangements together. If somebody has got a one-off income event like a capital gain or whatever that takes them from below the lowest threshold into the highest threshold, essentially, they will lose the private health insurance rebate for the whole financial year.

Ms Halton—And as I think Ms Shakespeare is trying to outline, that is effectively reconciled in the annual tax arrangements so—

Senator CORMANN—So the answer is yes?

Ms Halton—If you choose not to change your nomination or if you do not have that option with your health insurer—those details have got to be worked out yet; it may be that that rebate arrangement remains in place but you are not actually entitled to it—then that is part of the annual reconciliation through the taxation arrangement. It may be that you choose to change your arrangements and, therefore, there is nothing to be reconciled by the tax system.

Senator CORMANN—You assisted Treasury in the lead up to the last budget with costing the private health insurance rebate expenditure. That was right, was it not, Ms Halton?

Ms Halton—Yes, we did work with Treasury, Senator. I think we said that, yes.

Senator CORMANN—Costing the private health insurance rebate expenditure?

Ms Halton—They are responsible for costing. This is their domain because it has got tax and everything else in it but, yes, we assisted with that.

Senator CORMANN—Have you assisted with the modelling of the private health insurance rebate expenditure moving forward on this occasion, the same as you did on the previous occasion? I think that Ms Shakespeare is nodding so I suspect the answer is yes. I am just trying to find out whether you will be able to assist us with telling us what it shows because Ms Roxon, your minister, has made a statement in her second reading speech that the cost of the private health insurance rebate is expected to double as a proportion of health

expenditure within the next 40 years. I was wondering whether you could release to us the modelling substantiating that claim?

Ms Halton—We do not actually have the details of that, Senator. That comes from all the Treasury work in the fiscal group. We do not possess the information that they have. We give them relevant details, but we do not actually have their model.

Senator CORMANN—The statements that the Minister for Health is making on these things are based on Treasury advice, not health department advice?

Ms Halton—They are responsible for, as I think you are aware, the inter-generational report and all the macro-modelling in respect of budget components et cetera, not us. So the particular thing that you have quoted there, I think, comes from that modelling. As I have indicated, we provide them with information that is germane to the particular programs we run, but we do not hold those models. They are held by Treasury.

Senator CORMANN—So you will not be able to assist me in relation to the statement by Assistant Treasurer, Chris Bowen, on *ABC News* saying that the cost of the private health insurance rebate was expected to double over the next 10 years.

Ms Halton—I do not know where he got that data from and I suspect that is Treasury modelling, Senator, so you would have to ask Treasury about that.

Senator CORMANN—I am getting confused. Which aspect of it are you actually involved in, what is your direct responsibility as far as changes to the private health insurance rebate are concerned and what is your direct responsibility moving forward? Every answer is, 'Treasury,' or something else like ATO, Medicare Australia, health funds or PHIAC.

Ms Halton—This is not just in respect to private health insurance—MBS, PBS et cetera, are all administered in different ways. We have the policy responsibility, but we do not drive the macroeconomic models or the ones that you just referred to. Treasury has always done that.

Senator CORMANN—Do you administer the expenditure of the private health insurance rebate in your portfolio budget statements?

Ms Halton—We show that expenditure.

Senator CORMANN—So you do not administer it.

Ms Halton—We do not administer it.

Senator CORMANN—So you show it but you do not administer it. Why are you showing it?

Ms Halton—Because it is appropriated to us and then it is administered via administration agencies. As you are aware, Medicare Australia used to be in our portfolio and was moved to human services.

Senator CORMANN—Who is the accountable officer under the budget portfolio statements for that expenditure?

Ms Halton—Again, it depends. In terms of the quantum of the expenditure, the Minister for Health. The actual physical administration of the program is actually not the Minister for Health.

Senator CORMANN—So you are not the accountable officer for the expenditure that is listed in the—

Ms Halton—Again, we have to make a distinction between the actual administration of that program and the policy of the program.

Senator CORMANN—I want to know who is accountable for the expenditure on the private health insurance rebate. Given that it is listed in your portfolio budget statements and allocated to you, I assumed that that was you.

Ms Halton—We are responsible for the aggregate of the expenditure. We are not responsible for the individual items that are dispensed to either an individual or an insurer. That occurs via a third party administrator.

Senator CORMANN—I see that we will not get anywhere with this.

Ms Halton—It is outsourced, Senator.

Senator CORMANN—Who is responsible if it is outsourced?

Ms Halton—The administration, the administrator and there is a cabinet minister responsible for implementation of MBS, PBS et cetera, as you are aware.

Senator CORMANN—If you are responsible for policy decisions on it and it is allocated to you, presumably you would have to have a clear view as to how that expenditure is trending moving forward. You would have to have a very clear understanding of that and how policy decisions impact on that.

Ms Halton—For the forward estimates period, yes.

Senator CORMANN—How do you expect that the expenditure on the private health insurance rebate will track for the forward estimates period?

Ms Halton—Again, this is an area which we have canvassed before. Forward estimates contain certain information. Certain information is not published—

Senator CORMANN—You are going to tell me about the contingency reserve.

Ms Halton—Got it.

Senator CORMANN—Can you confirm for me that you have made provision in the contingency reserve, which is kept secret, for any future increases in premiums and for any future adjustments in membership trends. Has that happened again on this occasion?

Ms Halton—As is ever the case.

Senator CORMANN—So you have made provision in the contingency reserve for any additional increases in premiums. Is there any provision for expected increases in premiums in the forward estimates?

Ms Halton—We do not go to what is in the contingency reserves, as you know. But we do provide for increases in expenditure in this area and we do not publish the matters are commercially sensitive, as you know.

Senator CORMANN—I understand. Let me rephrase the question. Is there any provision at all for any changes in premiums moving forward in the published budget information?

Ms Halton—The number in the forward estimates that are published?

Senator CORMANN—Yes, the number in the forward estimates—does that include any provision whatsoever for increases in premiums?

Ms Halton—Yes, it is all in contingency.

Senator CORMANN—Any premium impact is in the contingency reserve, which is not published, as it never has been. I understand what you are saying. But the impact in terms of membership trends moving forward is catered for in the budget forward estimates, is it not?

Ms Shakespeare—The budget forward estimates include reductions in spending on the rebate associated with this measure.

Senator CORMANN—So it includes reductions in expenditure for the rebate because of this measure. Presumably it includes carry on of reductions and expenditure as a result of last year's measure. Presumably it works on the basis that your target is to maintain 9.7 million people covered by private hospital insurance. Is that right? So you are not including any assumption that membership will go down for whatever reason, whether it is economic conditions or other things in the forward estimates. The figures that you have in the forward estimates, in terms of expenditure on the rebate, are based on the assumption that 9.7 million Australians will have private hospital insurance.

Ms Shakespeare—No. There is a reduction included in the forward estimates associated with the expected drop-out because of the changes to the rebate.

Senator CORMANN—And that is 25,000.

Ms Shakespeare—Hospital cover—that is right.

Senator CORMANN—Have you made any assumption of how many people will drop ancillary cover?

Ms Halton—The estimates basically include the 25,000.

Senator CORMANN—I think you will find that they do not.

Ms Halton—Okay.

Senator CORMANN—Ms Shakespeare, I think you were about to answer it. How many people do you expect will drop ancillary cover?

Ms Shakespeare—We have made some estimates of the numbers of people we expect will drop ancillary cover.

Senator CORMANN—How many?

Ms Shakespeare—They are not reflected in the savings with the budget measure.

Senator CORMANN—They are reflected in the savings—that is right. But how many people are reflected in the savings?

Ms Shakespeare—In addition to the 25,000 that are expected to drop their hospital and/or general treatment cover, there would be an additional 10,000 people that have hospital and general treatment cover that will keep their hospital cover and drop their general treatment cover and 5,000 that have general treatment cover only that will drop their general treatment cover.

Senator CORMANN—So we have about 40,000 people now that will drop one form of cover, whether it is hospital, 25,000, or hospital and general, which is 10,000, and then general treatment tables, which is 5,000.

Ms Shakespeare—The 25,000 is hospital and general. That is people that have hospital cover that will drop all of their insurance. Most of them also have general treatment insurance. On top of that there are 10,000 people that will keep their hospital cover but drop their general treatment cover, and 5,000 people that only have general treatment cover that will drop that cover.

Senator CORMANN—On top of the people that are dropping cover, how many people do you expect will downgrade their cover?

Ms Shakespeare—The government does not actually expect that people will downgrade their cover as a result of this measure.

Senator CORMANN—So in your costings there is no provision at all for the likelihood that people will downgrade their cover once they are hit with an immediate increase in the cost of their premiums of up to 66.7 per cent.

Ms Shakespeare—That is right. The people who are experiencing an increase in their private health insurance costs are also receiving tax cuts that far outweigh that increase in private health insurance cost.

Senator CORMANN—They are also receiving what?

Ms Shakespeare—Tax cuts through this budget that outweigh the increase to their private health insurance cost.

Senator CORMANN—But they would receive an even bigger reduction in expenditure if they downgraded their cover. A 66 per cent increase in the cost of the health insurance premium is pretty steep, is it not?

Ms Shakespeare—I am not sure where the figure of 66 per cent comes from.

Senator CORMANN—I can tell you exactly where it comes from. It comes from somebody who is benefiting from the 40 per cent rebate who loses the benefit of the 40 per cent rebate. The cost of his or her premium will go up from 60 to a 100 immediately, and you will find that that is a 66 per cent increase.

Ms Shakespeare—The majority of people will experience a far lower increase in their private health insurance cost.

Senator CORMANN—Treasury have circulating with industry a background briefing on this. They have some figures and incidentally they only focus on people benefiting from the

30 per cent rebate. They are not really touching on those losing the 35 and 40 per cent rebates. But even Treasury is saying that people will experience an increase in out-of-pocket private health insurance costs of up to 42.9 per cent—that is, those on the 30 cent rebate. There is an immediate increase in the cost of private health insurance as a result of this measure of 42.9 per cent, and you do not think it is going to have an impact on whether people keep the same level of cover.

Ms Shakespeare—The Treasury modelling you were talking about relates to people's hospital cover. While people in tiers 2 and 3 will experience an increase in private health insurance costs because of the reductions in the rebate level, they will also, if they drop their private health insurance, experience an increase in their tax liability. So for those two tiers Treasury has not estimated that any people will actually drop their private health insurance.

Senator CORMANN—What you perhaps do not quite appreciate is that, even if you downgrade your cover, you will not expose yourself to the increased tax liability from the Medicare levy surcharge. The cheapest eligible product is going to be much lower than what most people will be on.

Ms Shakespeare—We do have data that suggests that people, particularly people on higher incomes, do not purchase private health insurance with purely cost considerations in mind. The recent National Health Survey, which was released last month, shows that the main reason people buy private health insurance is for security, protection and peace of mind. Fifty-four per cent of people with private health insurance reported that that is why they bought it. The next biggest group of people were people who bought their private health insurance because they were concerned about waiting lists and getting timely access to private health insurance. That was 28 per cent. The number of people who report that they buy private health insurance because they are concerned about the surcharge or because they want to access the government's rebate is way down the list at 12 per cent. We have also got data that shows people on higher incomes are much more likely to buy private health insurance, and they are also more likely to agree that it is worth paying more to buy the top cover; that comes from the Ipsos survey.

Senator CORMANN—So what you are saying is that it does not really matter whether we increase the cost of private health insurance by 42 per cent or 66 per cent, because people are well off enough and they will just cop it at the same level? You do not think that there are going to be any incentives for people to reassess and say, 'Yes, we want to stay in there, but we will go for a cheaper product.'

Prof. Calder—We work on the evidence, and the evidence is as Ms Shakespeare just described it. It is that people choose to hold private health insurance for a range of reasons, with those related to financial matters being down the list.

Senator CORMANN—So the answer is yes, is it? Essentially the view is that it will not matter whether people are going to be exposed to an immediate 66.7 per cent or 42.9 per cent increase in their premiums, because they will just cop it on the chin. That is really what the assessment is?

Prof. Calder—The modelling suggests that most people will retain their health insurance.

Senator CORMANN—So that makes it okay?

Prof. Calder—The modelling suggests that most people will retain their health insurance.

Senator CORMANN—You are making the point that there is a related tax penalty if you drop your health insurance or your hospital insurance altogether. There is no such penalty for general treatment, so, if somebody is exposed to a 42.9 per cent or 66.7 per cent immediate increase in the cost of health insurance, why would they just cop that on the chin? Why wouldn't you make an assumption that some people will leave—and you have said they will—but also that some people will downgrade their ancillary cover?

Ms Shakespeare—General treatment cover or ancillary cover is a lot stickier. More people have it. It costs less, so therefore people are less likely to drop it. The experience is that the increase in costs would be far lower than for hospital insurance. Also, there is no publicly funded alternative for most people, as there is for hospital insurance. If people do not have general treatment cover then they are self-funding their dental costs and their optical costs in most cases.

Senator CORMANN—Have you assessed the impact on public dental services and allied healthcare providers as a result of this measure because people might shift? Remind me how many people you said will shift off—

Ms Shakespeare—General treatment cover could be up to 40,000.

Senator CORMANN—Up to 40,000 could shift off private?

Ms Shakespeare—Those are people at higher income levels, though.

Senator CORMANN—So you think they will just leave the cover and then fund it all themselves rather than present to the—

Ms Shakespeare—Yes.

Senator CORMANN—How many people do you think will fund it themselves and how many people do you think will present to public dental services?

Prof. Calder—Working on the modelling, there is a possibility that up to 40,000 may drop their general treatment cover. That is a very small percentage of the total.

Senator CORMANN—It is 40,000 people. I know that the minister presented 8,000 additional people joining public hospital queues as insignificant, but 40,000 is a fair number of people. How many of them do you think will present themselves to public dental services?

Ms Shakespeare—It will depend on the arrangements for access to public dental services. I am not an expert in that area.

Senator CORMANN—Have you assessed that?

Ms Shakespeare—No.

Senator CORMANN—Have you assessed the impact of this measure on public hospitals?

Ms Shakespeare—We have had a look at that, yes.

Senator CORMANN—Can you just talk us through how you went through that assessment and how you came to the conclusions you have reached.

Ms Shakespeare—The figure of 25,000 people expected to drop their hospital cover is the starting point. There is Ipsos survey data that indicates 35 per cent of people will require hospital treatment over a two-year period. Using that data, we estimate that there may be up to an additional 8,000 presentations at public hospitals over a two-year period.

Senator CORMANN—You have been able to talk me through how many people you expect to drop and how many people you expect to downgrade cover—none. Are you able to tell me how many people will be impacted by this measure overall?

Ms Shakespeare—That has been modelled and, including dependants, it is 2.3 million people.

Senator CORMANN—So 2.3 million people will be impacted by this measure in one way or another. Can you break that down for us—how many are impacted by an increase in premiums versus how many are going to be impacted by an increase in the Medicare levy surcharge?

Ms Shakespeare—The government does not expect that this measure will have an impact on premiums, so that 2.3 million figure does not include any premium increase.

Senator CORMANN—Sorry, let me rephrase the question, because I think you misunderstand it. Very clearly, if you take the rebate away or reduce the rebate, there is going to be an immediate, automatic, directly related effect on the cost of premiums. I think you describe it as out-of-pocket expense. So I think the government does expect an impact.

Ms Shakespeare—There will be a rebate reduction impact and that will affect 2.3 million people.

Senator CORMANN—When you say a 'rebate reduction impact', I describe it as an increase in the cost of private health insurance for the 2.3 million people impacted. Given that we have more than 11 million people with private health insurance across Australian, that 2.3 million people will be impacted and that those who are being impacted are earning more than $75,000 or $150,000, depending on whether they are single or a couple, it follows then that more than 9 million people across Australia with private health insurance earn less than $75,000 or $150,000. Is that a conclusion that I can draw?

Ms Shakespeare—No, sorry. The 2.3 million people are the people affected by the combination of measures, so it is people with hospital insurance. The 2.3 million is out of 9.7 million people with hospital cover.

Senator CORMANN—Hang on. We said before that the people with ancillary or general treatment cover will be impacted. Are you saying that comes on top of the 2.3 million?

Ms Shakespeare—The government does not have income tax data on people with general treatment cover. It has income tax data on people with hospital cover, so that is where the modelling has been done.

Senator CORMANN—But why is that? The 30 per cent rebate is paid to people with ancillary cover, is it not?

Ms Shakespeare—It is.

Senator CORMANN—So how is the 30, 35 or 40 per cent rebate paid to people with general treatment cover or ancillary cover if the government has not got income data? How do you assess?

Ms Shakespeare—The majority of those people claim their rebate through their insurer, as you pointed out before. We know how many people receive the rebate, but we do not know their income levels. Private health insurance data does not collect income details.

Senator CORMANN—So the reality is that more than 2.3 million people will be directly impacted, because we have not included those people that are only general treatment cover. You have not included about 1.5 million people in your assessment?

Ms Shakespeare—No, we have had a look at those people, but we have had to extrapolate the incomes for those people, based on hospital cover statistics from personal income tax data.

Senator CORMANN—How many of the people that have got general treatment cover only—on a quick calculation, about 1.5 million—will be directly impacted through an increased cost of premiums, which you call the 'rebate reduction impact'?. How many people will be impacted by the rebate reduction impact?

Ms Shakespeare—It is not possible for us to model that—

Senator CORMANN—So you do not know.

Ms Shakespeare—at the moment. We are expecting income data tables through the National Health Survey, which was released last month, but the income table data is not available yet.

Senator CORMANN—But the reality is that we have 9.7 million people with private hospital insurance and 11.1-something million with some private health insurance product across hospital and ancillary or general treatment cover, so presumably 1.4 million—I am doing the maths quickly now—have general treatment cover only. So you have not included those 1.4 million people with general treatment cover only in your assessment of how many people are impacted.

Ms Shakespeare—All we can reliably model is the people with hospital cover that are affected by the measure at this stage.

Senator CORMANN—But I put to you that the reality is private health funds are even more exposed with people that have ancillary cover only, given that there is not the increased stick, given the increase in the medical levy surcharge as a disincentive to stop people from leaving as a result of losing the rebate. There are 1.4 million Australians with ancillary cover that you will not be able to keep in ancillary cover by using a stick, and you do not know how many of them are going to be faced with a 42.9 per cent increase in cost or a 66.7 per cent increase in cost. Is that what you are saying?

Ms Shakespeare—The average cost of a private health insurance general treatment policy is around $500. It is a much lower amount of money. The increase—

Senator CORMANN—So a 66 per cent increase does not matter?

Ms Shakespeare—represents a smaller dollar amount, and because there is not a publicly funded alternative for most people, we think that people will keep their general treatment insurance.

Prof. Calder—That is based on the evidence that has been evident in the trends up to date, that most people with general treatment cover retain it.

Senator CORMANN—Have you been able to do a study or do you have any evidence of past experience where people were exposed to a 66.7 per cent increase in their premiums, even if it is a $500 premium? Have you been able to observe how consumers reacted to that sort of scenario? Is there any precedent? Is there any past event that you can point to that leads you to make state 'the evidence suggests' it?

Prof. Calder—What I was referring to, Senator, is the evidence in the Ipsos survey and the National Health Survey, which indicate that people identify the reasons for holding the health cover, including general treatment cover.

Senator CORMANN—That is in the absence of being hit with a 66.7 per cent increase. Correct me if I am wrong, but what I am hearing you say is that there is no precedent or empirical evidence that you are able to rely on. You are looking at survey data which is about, essentially, a theoretical question of what you would do if there was an increase in premiums. People would not expect a 66.7 per cent increase in their premiums, surely.

Prof. Calder—I am not in a position to comment on a precedent.

Senator CORMANN—Well, but you said 'the evidence', so—

Prof. Calder—In the modelling, we were relying on the evidence available to us.

Senator CORMANN—When you say 'evidence', what you are relying on is survey data.

Prof. Calder—Yes.

Senator CORMANN—Thank you. Going back to my original point, 2.3 million people out of 9.7 million people with private hospital insurance will be directly impacted. So the argument still stands—that is, 7.4 million Australians with private health insurance earn less than $75,000 or $150,000, depending on whether they are single or a couple. Is that the right assumption for me to make?

Prof. Calder—Yes.

Senator CORMANN—That is extraordinary. That really shows this is not a product for the rich, is it? This is really a product that is valued by the working families of Australia. I mean, why would this government pursue people with private health insurance to that extent—and this is a question to you, Minister—when it is clearly obviously that the overwhelming majority of them are earning less than $75,000 and less than $150,000 per annum as a family? Why are you pursuing them the way you are?

Senator McLucas—I think 'pursuing them' is—

Senator CORMANN—Why are you exploiting them to increased costs in premiums for the second year in a row after you have made a firm pre-election commitment not to?

Senator McLucas—I think Professor Calder has explained the modelling that Treasury has undertaken to show that there will be a relatively small number of people who do not continue to take out private health insurance, for the reasons that Professor Calder said. In this budget—

Senator CORMANN—But 2.4 million people are going to pay increased premiums for this.

Senator McLucas—people who earn over $75,000 do get a considerable recognition in terms of a tax cut. They are the sort of people earning over $75,000. The Ipsos survey does tell us that price is not a significant lever for that cohort of the community, and I think, then, that the evidence Professor Calder and Ms Shakespeare have given you is very reasonable. Let me remind you that your shadow spokesperson said that a million people were going to leave private health insurance—

Senator CORMANN—Yes, we will get to that.

Senator McLucas—after the Medicare levy surcharge, and in fact, we have more people in private health insurance—

Senator CORMANN—That is an absolutely dishonest statement.

CHAIR—Senator, if you could let the minister finish, then you can have your go.

Senator CORMANN—Have you finished?

CHAIR—Have you finished?

Senator McLucas—I have, thank you.

CHAIR—Now, Senator, you can have your go.

Senator CORMANN—Thank you for that. Well, Minister, 2.3 million people, as we have just heard, will have an immediate increase in the cost of their private health insurance as a direct result of the government's broken promise. As far as people leaving private health insurance are concerned, as a result of last year's measure, you recorded Treasury estimates where 644,000 people would leave private health insurance as a result of the original measure—which, of course, was revised somewhat when the measure had to be watered down. But the reality is you, the government—Treasury—needed those people to leave in order to achieve the savings you budgeted for last year. I will be asking you some questions about how your savings on that particular measure are tracking in a minute. To go back to the 7.4 million Australians with private health insurance below the threshold, have you done any modelling to assess the impact of this measure on them in terms of increased premiums moving forward?

Senator McLucas—The government does not believe that there will be an impact in terms of increased premiums, because the majority of people will keep their private health insurance.

Senator CORMANN—'Does not believe that there will be an impact'? We have already established earlier that you are actually expecting a reduction of the forward estimates in the proportion of Australians with private hospital insurance. You have not considered it, but trust me, you in your budget statements are expecting that the proportion of Australians with

private hospital insurance is going to go down every year from this year forward. I will ask you again: have you made any provision—I am not asking you about the number—in the contingency reserve for increases in premiums and the flow-on implications on the cost of the rebate as a result of this measure? Ms Halton, earlier, you told me that the risk provision in the contingency reserve was premium increases, moving forward, and I understand that.

Ms Halton—That is right.

Senator CORMANN—I am not asking you for any figure. What I am trying to find out is if the provision is broken down by routine increases that would happen in the normal course of events every year and by impact of policy changes like the Medicare levy surcharge last year and this one this year—or is the whole provision in the contingency reserve based on what the government would consider routine rate changes moving forward?

Ms Halton—I will have to take that question on notice in terms of whether I can actually answer that question because, as you know, there is an issue here about whether that constitutes commercial information.

Senator CORMANN—Just to clarify: I am not asking you to give me any figures.

Ms Halton—I understand what you are asking.

Senator CORMANN—I am just asking whether there is—

Ms Halton—I absolutely understand what you are asking.

Senator CORMANN—Now, Senator McLucas just mentioned the measure last year and the concerns that were raised, and industry—AMA and AHIA and others—did raise that potentially up to 1 million people would drop private health cover as a result of that measure last year. And it is quite disingenuous, I would suggest, for the government to put the proposition that after one quarter of membership data since the change was passed in watered down form in the Senate last year, there is evidence that nothing is happening on membership trends. But be that as it may, the shadow minister and I have based all our statements on what Treasury said they expected to happen and what Treasury said they needed to happen in order to achieve their savings. Can you just remind us what your estimated savings in private health insurance rebate payments were in last year's budget as a result of the proposed changes of the original measure to the Medicare levy surcharge thresholds? I put it to you it is $959.7 million. Obviously, you do not track these things from budget to budget, do you?

Senator McLucas—We come prepared for this budget estimates. It is a legitimate question, we just do not have that in front of us.

Senator CORMANN—This was something that was extrapolated over the forward estimates. I think it is a very legitimate question because, clearly, there have been some decisions made last year with assumptions as to how it would play out. You have made the political point, which various of your colleagues have been trying to make across other committees, that what we suggested would happen did not happen, so I am just trying to find out to what extent it did or it did not. Can I just put it to you that the final version which was the third iteration of the change to the Medicare levy surcharge threshold change meant that you expected savings of $740.7 million over the forward estimates. Can you confirm that figure for me?

Ms Shakespeare—Our figure is $380 million over four years.

Senator CORMANN—Ms Shakespeare, I think you will find that the figure that you have just given me is the net fiscal effect, which is the savings from reduced private health insurance rebate payments minus the lost revenue from the Medicare levy surcharge. The figure that I have asked you for is: what was your expected saving from reduced private health insurance payments as a result of the three times watered down Medicare levy surcharge measure last year?

Ms Shakespeare—I will have to take that on notice.

Senator CORMANN—I put it to you, and you can check *Hansard*. I commend to you 16 October 2008, when this particular measure was debated in the Senate, and you will find that Senator McLucas at the time advised me that the expected saving was now going to be $740.7 million moving forward, down from $960 million under the original measure. Incidentally, the minister at the time said that she expected that the $740 million saving was based on the assumption that 492,000 people would drop private health insurance. How are you tracking with those savings? Are you confident that you will realise those savings over the forward estimates or will you not meet your fiscal target from last year's budget? If not, by how much? What is the current state of play?

Ms Shakespeare—The rebate expenditure for 2008-09, at this stage, is expected to be $4 billion.

Senator CORMANN—You are not answering my question. In last year's budget, over the forward estimates, you anticipated a saving from not having to pay the private health insurance rebate to those people the government expected to leave of $960 million. That became $740 million. How much of that saving do you expect you will still be able to achieve? What is the revised estimate, comparing it to the $740 million in last year's budget?

Ms Shakespeare—What period are you asking about, Senator?

Senator CORMANN—Let me say it again. Over the forward estimates period for last year's budget, the government told us that as a result of the changes in the Medicare levy surcharge threshold, the government would save $960 million from not having to pay the rebate. The government expected 644,000 people to leave private health insurance. Clearly, we are being told by the government, given the membership trends so far, that what Treasury said would happen and what we pointed out would happen, has not happened. I want to know what is happening with those savings.

The complication is that the budget measure was based on an increase of thresholds to $100,000 and $150,000 per annum. The ultimate measure passed by the parliament was $70,000 and $140,000 thresholds, as you would be well aware. You, the government, expected to save $740 million over the forward estimates period as a result of that measure. How much less is it now? Do you still think that you will achieve that saving? Where are you at with the $700 million target in terms of savings from not having to pay the private health insurance rebate?

Ms Shakespeare—Thank you. I think I understand now, Senator. The savings estimate has not been revised. As you say, it is over the forward estimates period. We have had one quarter of data since the measure took effect.

Senator CORMANN—The savings measure has not been revised, which I can only understand to mean that you stand by the savings estimate over the forward estimates period?

Ms Shakespeare—The estimates stand.

Senator CORMANN—The government continues to expect that 492,000 will leave private health insurance? Because if they do not—

Ms Shakespeare—No. That was not what the 492,000 represented. It was 492,000 people would drop their health insurance or not take up health insurance.

Senator CORMANN—Yes, that is right, 492,000 people would drop their private health insurance or not take it up; a very good point. So you continue to stand by that assessment by Treasury, health, the government last year?

Ms Shakespeare—Over the forward estimates period.

Senator CORMANN—Essentially, what you are saying is that it is much too early to assess the flow through impact of the Medicare levy surcharge measure because, as you say, we have only had one quarter of membership data. Is that right?

Ms Shakespeare—One full quarter of membership data, yes.

Senator CORMANN—That one full quarter of membership data was, in fact, before the first rate change came into effect after the measure was passed in parliament. Is that not right?

Ms Shakespeare—The first full quarter of data is the March quarter.

Senator CORMANN—Yes, which ends at the end of March, and the first rate change post the measure coming into effect in October is 1 April.

Ms Shakespeare—Yes.

Senator CORMANN—The membership data you have got so far does not take into account any changes in premiums, be they as a result of the Medicare levy surcharge measure or for other reasons. That is right, is it not?

Ms Shakespeare—Yes.

Senator CORMANN—Of course, people have not yet had the opportunity to do their tax return for the year in which the measure came into effect. Is that right?

Ms Shakespeare—That is right.

Senator CORMANN—Over the forward estimates, in what year do you think you will see the biggest impact in terms of people either leaving private health insurance or not taking it up, given that we have not seen much of an impact yet? When do you expect that that impact will happen; an impact that you need to realise your savings?

Ms Shakespeare—We will have to keep analysing the data as it becomes available before we can answer that question.

Senator CORMANN—If you make an assessment over the forward estimates of saving $740 million, because people either leave private health insurance or are not taking it up, then, surely, you have made some assumptions as to when that is most likely to happen, because you would have to plan that over the forward estimates, would you not?

Ms Shakespeare—Yes. I suppose as we develop the budget each year, and those budget figures, we need to assess what is happening.

Senator CORMANN—No. As you develop the budget in future years you will reassess actuals and, yes, you will adjust estimates. So far you have not adjusted estimates. Based on your current estimates, based on your current plan, when do you expect to have—over the forward estimates—the peak impacts that will help you achieve the $740 million of savings over the forward estimates?

Ms Shakespeare—We do not have enough data to answer that question.

Senator CORMANN—You have not made an assessment that will tell you that, if this measure is passed in 2008-09, it will probably take two or three years to work itself through the system, and it will probably start really biting and really having an effect in the third and fourth year. That is not something that you have assessed?

Ms Shakespeare—The estimates are over the forward estimate period.

Senator CORMANN—In what year, according to your estimates, do you expect that most people will leave or not take it up?

Prof. Calder—Senator, as Ms Shakespeare has just said, this is a case of regular review in the budget process.

Senator CORMANN—Every budget is subject to regular review, that is not what I am asking.

Prof. Calder—That is what we are able to say to you, that we will be obviously monitoring this as data becomes available.

Senator CORMANN—Of course you are monitoring it. Governments always monitor things and you can rest assured we will continue to monitor things. In terms of your plan over the forward estimates, you must have made some assumptions as to when a measure like this is going to play itself out. Ms Shakespeare has already indicated that now is too early, because we have not had a rate change period yet. We have only had one quarter of membership data, so now is too early. But when is going to be a sensible time to make an assessment as to whether the measure introduced last year, from the government's point of view is likely to achieve its objective of $740 million in savings?

Prof. Calder—That assessment will be made as data becomes available.

Senator CORMANN—So there is not a time at which you are going to be able to say, 'Okay, it is going to work or it's not going to work'—you do not have a date somewhere on a piece of paper about which you can say, if it has not happened by then, it will not happen?

Prof. Calder—The answer to that is no, as we are saying. It will be on a rolling basis.

Senator CORMANN—So you are flying blind.

Prof. Calder—No.

CHAIR—Senator, that is the fourth time you have asked the same question, and the officers have given—

Senator CORMANN—I am trying to get—

CHAIR—I know. I let you go, but I think four is about as many times as the officer can answer that question.

Senator CORMANN—Just to finish off on this, I think we have pretty well established that the department agrees with the assessment of George Savvides of Medibank that essentially it is too early to assess the impact of the Medicare levy surcharge threshold changes. We will assess as we move forward as to how it is going to develop, but at this point in time the government stand by the estimates as they were given to us when the measure was passed through the parliament. That is essentially what you have said—that is right, isn't it?

Prof. Calder—We stand by the estimates; that is correct. We are not agreeing—

Senator CORMANN—Thank you very much. Just quickly, at the last hearing the rate change process was still in progress, and I think the announcement was made a day or two after our estimates hearing. How many health funds were contacted personally by the minister, in writing or orally, in relation to their premium applications? When I say 'personally contacted', I am not asking about a general letter that may have been sent to a dozen, half a dozen or however many; I am asking about a personal letter from the minister with a specific query in relation to the specific rate change application of that specific health fund.

Ms Shakespeare—Let me just confirm—you are not talking about a letter to the health funds approving their submission or anything like that?

Senator CORMANN—No.

Ms Shakespeare—Just to the ones that were asked to reconsider their rate change application.

Senator CORMANN—That is right, yes.

Ms Shakespeare—Seventeen insurers received letters from the minister.

Senator CORMANN—You are getting that information, are you?

Ms Halton—Actually, I have a question.

Senator CORMANN—It was not a general letter that went to those 17 insurers—each insurer received a different letter raising different queries?

Ms Shakespeare—Seventeen letters were sent to 17 different insurance funds asking them to reconsider their premium rate application.

Senator CORMANN—I am just trying to understand the nature of the letter. Was it a letter which said, 'We are not happy with your rate change application, please reconsider'? Was it a letter which said, 'Dear Mr XYZ, I am not happy with your rate change application for these reasons that are specific to your fund, and I want you to reconsider based on these grounds'?

What sort of letter was it? Was it a generic letter—'please reconsider'—or was it focused on the specific circumstances of the particular fund?

Ms Shakespeare—The letters advise that the minister was not convinced that the original premium submission was sufficient to ensure insurance solvency, support benefit outlays and meet prudential standards concerning capital adequacy while also ensuring the affordability and value of private health insurance as a product. It asked those insurers to provide additional justification for the premium increase they had sought or to reconsider the premium rate they were seeking.

Senator CORMANN—How many of those 17 funds provided a satisfactory justification of their rate change application and how many changed their premium application?

Ms Shakespeare—Seven provided further information that was satisfactory and then had their premium rate change approved, and 10 reduced their premium rate change application.

Senator CORMANN—In the justification used by health funds to justify their rate change application, in the last round of rate change applications, how many funds raised the impact of the Medicare levy surcharge threshold change on future membership trends as one of the reasons to seek a particular increase in premiums?

Ms Shakespeare—A very small number. I think it was two, but we will have to confirm that and get back to you.

Senator CORMANN—Thank you very much. I do not want to expose individual funds. I might just move onto PHIAC, Madam Chair, and be very quick.

CHAIR—Thank you to the officers.

Senator CORMANN—Thank you very much for that. That was a good effort, I have to say.

[4.39 pm]

Private Health Insurance Administration Council

CHAIR—Welcome. Senator Cormann, you have your chance here.

Senator CORMANN—Thank you, Madam Chair. Welcome back, Mr Gath and Mr Groenewegen. Maybe we can start off with some questions that the department referred to PHIAC. Can you give us a general description of the state of the industry in terms of viability, the impact of economic conditions, investment returns, the additional pressure from policy uncertainty, membership trends and that sort of thing? Could you give us a bit of a snapshot on where, in your assessment, the private health sector is at?

Mr Gath—Good afternoon, Senator. The condition of the industry is still good. None of the funds are presently on our radar in terms of the potential prudential intervention. We acknowledge, and the council certainly acknowledges, that the prevailing financial and economic circumstances are challenging for the industry. However, at the moment our view is that the funds are in good operating condition, speaking generally, and the outlook also looks pretty good.

Senator CORMANN—You say the outlook looks pretty good; could you tell me what your most recent data is telling you in terms of year-on-year margin trends of health funds?

Looking at the March 2009 quarter, year-on-year, compared to the quarter the previous year, how are health fund margin trends tracking?

Mr Gath—They are moving around.

Senator CORMANN—Is it true that they have halved?

Mr Gath—It depends on what you are comparing them with. There has been some volatility in margins on an industry basis, but those are not necessarily replicated in a generalised way across the industry. A couple of funds are pulling those numbers down a little bit because they travel with a little more difficulty than some others. But we have no reason to believe that the trend in terms of margins is established and set at the level that you suggested.

Senator CORMANN—Mr Gath, I asked a very specific question. You are the industry data/statistics expert. I am not necessarily looking for commentary now; I am looking for a specific answer to a factual question. What has been the change in health fund margins from March 2008 to March 2009?

Mr Gath—I will ask my colleague, Mr Groenewegen, to answer that question, given he is in possession of those numbers.

Mr Groenewegen—Senator, I do not have the 12-month comparison. I cannot give you a comparison to 12 months.

Senator CORMANN—Why have you not got that? It is data that PHIAC collects, is it not?

Mr Groenewegen—It is data that we collect, but I have not, before me today, the numbers for the 12 months to March 2008 to compare with the 12 months to March 2009.

Senator CORMANN—But this is your core business. You are the prudential regulator and how the industry is tracking year-on-year, with all due respect, is your core business. I would expect you to be able to answer questions on that. Take it on notice, by all means, but I am surprised that you are not able to answer a question like that. The extent of your preparation today was to give me some general statements, but not answer questions about specific industry statistics?

Mr Gath—I have a vast amount of material in front of me, Senator, and I am sure I can assist you in a whole range of ways. At the moment, you have asked me a specific question for which we happen not to have the answer with us right now, but we can provide it to you within a short time frame.

Senator CORMANN—What is a short time frame?

Mr Gath—Probably by tomorrow, I imagine.

Senator CORMANN—By tomorrow would be great. I will take your word for it.

CHAIR—Mr Cormann, it is a very wide question, in terms of an assessment of the whole industry and how it is tracking.

Senator CORMANN—People in the industry know that PHIAC collects this data—

Mr Gath—I did answer your question in generality and then you insisted on a very specific number and I said I do not have a specific number. I agreed with your general proposition, which does align, as I recall, with the data we have in that area.

CHAIR—So you will take that on notice?

Mr Gath—Yes, we will.

Senator CORMANN—Just to reconfirm: the general proposition you agree with is that health fund margin trends have been trending down compared to the previous years?

Mr Gath—No, I do not think I said that. I think that the margins being experienced in the industry now are a little lower than they were 12 months ago. That is my recollection of the data that I have seen. I do not have that with me, but I will able to provide you with the actual statistics within 24 hours.

Senator CORMANN—I would like to know how much lower. You also said there was much more volatility in the system. What does more volatility mean for premiums, moving forward?

Mr Gath—Did I use the term 'volatility'? I think I said the circumstances were challenging and I think the funds are working within a challenging, economic environment. There is some volatility within the economic—

Senator CORMANN—Figures are moving around, volatility in terms of margins from—

Mr Gath—Yes, I was not referring to the industry when I said that; I was describing the economic circumstances, Senator. I think I said that the industry is travelling quite well, in fact.

Senator CORMANN—How are investment returns tracking for the private health insurance industry?

Mr Gath—What period would you like me to answer that question in relation to?

Senator CORMANN—Let us just start off with year on year, March 2009 compared to March 2008?

Mr Gath—The investment position in the industry over the last 12 months is that there have been quite substantial losses in the investment portfolio across the board, certainly on an industry basis. Not every fund has experienced those losses in the same way. Some have maintained quite conservative investment stances, with the result that they have actually booked profits in their investment business, but the overall industry position is that there have been substantial losses on investments.

Senator CORMANN—So listening to your answers, is it fair to say that what you are saying to me is that you are not concerned in any way about the way things are trending across the private health insurance industry when it comes to the financial viability of funds?

Mr Gath—I would not say I am not concerned.

Senator CORMANN—So you are concerned?

Mr Gath—No, it is a somewhat more nuanced position than one or the other. The position is that we are looking at the situation—

Senator CORMANN—You are somewhat concerned?

Mr Gath—Yes, I am somewhat concerned. I am not alarmed.

Ms Halton—He is, however, alert.

Senator CORMANN—You are somewhat concerned, but not alarmed. I am very pleased that we have been able to pin that down. What trends other than the margin trends and the investment returns, what other aspects are you somewhat concerned about, even though you might not be alarmed? What are some of the things that, as a regulator, you are keeping a close eye on right now?

Mr Gath—We have no current prudential concern with any fund. All the funds are off the radar in a prudential sense. They all are adequately capitalised. They all have businesses which we regard as effective and operational. We are not presently in any state which would suggest that there is going to be any regulatory intervention by PHIAC. We have, however, as part of our responsibility, tracked the overall financial condition of the industry and it is true to say that there have been substantial losses on the investment portfolio over the last 12 months. In many instances, those were funds which road the investment rollercoaster up and have come down the other side and, in most instances, they were investments which were short-term gains as well. So there was a levelling out at the end of that process. The net position at the end, though, is that most, in fact, all, funds are still in a more than adequate capital position. So there is no prudential concern associated with any fund at the moment. We have observed the environment in which these funds are operating and we are obviously taking a close look at it, because it is a challenging set of circumstances in which to operate this industry, as, in fact, most people operating in the current economy are presently encountering.

Senator CORMANN—And part of the challenge is economic conditions and another part of the challenge is changes in policy settings and sovereign risk? That is right, is it not?

Mr Gath—Yes, of course. Sovereign risk is an important part of this industry, yes.

Senator CORMANN—How come PHIAC does not present any membership data for the ACT—and the Northern Territory, presumably? I do not know, actually.

Mr Gath—We do, in fact, present data for both those jurisdictions.

Senator CORMANN—Where do I find the membership data?

Mr Gath—Well, the ACT stat is not part of our regular series, but we do publish annually a series of data on the ACT membership.

Senator CORMANN—So why do you not publish it on a quarterly basis, like you publish everything else?

Mr Gath—Well, because the ACT memberships are within the same risk equalisation pool as other members in New South Wales. So it is a logical aggregation for the purposes of general membership data. There are, however, specific statistics made available annually about memberships in the ACT.

Senator CORMANN—Thank you very much for that.

Ms Halton—I almost felt another crack coming on about regional centres. You restrained yourself admirably.

Senator CORMANN—I have to say, Ms Halton, I am still reflecting on your characterisation of Canberra as a regional centre, and I have to say, you would have to be a Canberra public servant to come up with that description. I have raised it with Senator Humphries and, like a very good senator for the ACT, he came to the conclusion that, if it helps us get additional services and funding to the ACT then he is quite happy to take the regional centre—

Mr Gath—It may be interesting to note, Senator, particularly with Senator Humphries present, that the statistics for the ACT—and I am sorry to dim the light on the Western Australians—show that the ACT is the jurisdiction with the highest rate of private health membership in Australia.

Senator CORMANN—There you go. Western Australia is the state, of course, with the highest proportion of people with private health insurance.

Ms Halton—You are not competitive, Senator—not much.

Senator CORMANN—No, not at all. The conversion of Medibank to for-profit and competitive neutrality; was PHIAC involved in the consideration of government in making the decision to go down that path?

Mr Gath—No.

Senator CORMANN—What are the implications for the industry, within the context of your responsibilities, of that conversion of Medibank to a for-profit status?

Mr Gath—The legislation that applies to the process does not really require us to have regard to those sorts of considerations. In fact, as you would appreciate, in the world of administrative law, we have to be careful that we have regard only to relevant considerations and not irrelevant ones and, with respect, those would be irrelevant to this decision. The only question we have to consider is whether or not the application before us is a demutualisation, in substance, and then, depending on the decision that the council makes in connection with that decision, either we are required to approve the application or some other steps may need to be taken if we form the view that it is a demutualisation.

Senator CORMANN—Have you gone through that process of assessing whether the change in status of Medibank is a demutualisation or not?

Mr Gath—No, we have not even received the application.

Senator CORMANN—So essentially, the way it will work, from a process point of view, is that Medibank or the shareholder, the Commonwealth, will approach you with an application? How will it work?

Mr Gath—We have not received the application, but if it is a traditional application under that section, it will be an application made by the fund, and I would be astonished if it was not.

Senator CORMANN—I am not familiar with the section, so I am very pleased that you are pointing—

Mr Gath—Section 126, subsection (42).

Senator CORMANN—I am very pleased to see that you are well across your particular—

Mr Gath—I am a little bit stung by your earlier observations that we were not adequately prepared for this.

Senator CORMANN—Well, in terms of industry statistics, I was certainly concerned by that. So you would expect an application by Medibank. Medibank is in a particular circumstance because it is a government-owned fund, as the government now tells us. In fact, the government takes the view that they are not a mutual, but what you are saying is that, whatever the government's position on this, Medibank will still have to come to PHIAC, in accordance with the particular legislation you have just quoted, and get that ticked off by PHIAC. Is that so?

Mr Gath—It is their wish to do that, as I understand it. That is their intention—that they wish to come to PHIAC and seek a conversion.

Senator CORMANN—Medibank's wish?

Mr Gath—That is what I understand to be the case, yes. We have not seen the application, but I anticipate that one will be received fairly imminently.

Senator CORMANN—Can you outline to us how you approached the rate change process from the time that the fund applications arrived at PHIAC?

Mr Gath—Well, at the risk of repeating myself from the last estimates, what happened was—

Senator CORMANN—Well, in the last estimate, the decisions were not made and you were still talking—

Mr Gath—Well, I described the process in some detail at the time. The mechanism is that last year we receive the applications—this process will change, I should add, this year—in the week before Christmas. Some preparatory work was done in that period before Christmas and then most staff returned on the first working day of the new year. We undertook a detailed breakdown and analysis of all the applications. We ran them through a range of our models and a range of our analytical tools. Then in a period of about three weeks that followed, we periodically released letters of advice to the minister in which we expressed views about the relative merits of the applications that had been received.

Senator CORMANN—Did you personally take quite an interventionist approach to the process?

Mr Gath—No, I did not.

Senator CORMANN—You would not say that you did?

Mr Gath—Are you asking if I did, personally?

Senator CORMANN—Yes, whether you, personally—

Mr Gath—No, I did not.

Senator CORMANN—So in PHIAC, who is responsible, or who managed that aspect of—

Mr Gath—I sign the letters, but I rely heavily on the work that is done for me by the analytical team within the organisation. It is an analytical, number crunching, actuarial exercise, which is not my area of expertise.

Senator CORMANN—And so any communications between PHIAC and funds would have been done by whom?

Mr Gath—Well, there are different people. The funds are aware of which analysts are primarily working on their application, so it depends on the level of the communication. If it is a small matter of detail, it is dealt with at quite a low level.

Senator CORMANN—I am talking about the more significant matters. Who would be dealing, from PHIAC, with any more significant matters as they relate to the relationship between PHIAC and the funds?

Mr Gath—We have a director who is the head of our analytical team and I think he deals primarily with those issues.

Senator CORMANN—How would you characterise PHIAC's current relationships with the private health insurance industry?

Mr Gath—Well, the industry means the individual funds, I presume.

Senator CORMANN—All funds.

Mr Gath—I think our relationship is in good shape. That is my impression. I have been doing this job for just on a year now, Senator. In that time I have had the opportunity to visit almost all the funds and I have been welcomed on each occasion. I found the interchange extremely constructive. I found, in fact, the whole regulatory relationship is extremely beneficial and constructive.

Senator CORMANN—Thank you very much, Mr Gath. I put everything else on notice. So will you get back to me about this thing that we discussed earlier?

Mr Gath—Yes.

CHAIR—Thank you very much, PHIAC.

[4.56 pm]

CHAIR—We now return to outcome 9, Private health.

Senator ADAMS—I would like to ask some questions on dental issues, with people dropping their private health insurance or their ancillary cover, or their general cover—whatever the definition is. At the moment my information from the Dental Association is that 50 per cent of the ancillary cover is for dental. My figures say that across Australia 500,000 people are on public dental lists and there is on average a 27-month waiting list. Has anything been done to combat this problem, to help these people get dental services, if it happens?

Prof. Calder—The first thing to say is that, as we have said earlier—I am not sure whether you were in the room—the likelihood of people dropping general treatment cover is not clear. There is some modelling that suggests that possibly up to 40,000 might, but—

Senator ADAMS—Yes, well, I got that figure from you. I am really asking: has any modelling been done so that, if they do, we know how people are going to be treated for dentistry?

Prof. Calder—The answer to that specifically is no.

Ms Shakespeare—These are all fairly high-income people, people earning over $75,000 a year for singles, over $150,000 a year for families and couples. So we think that the majority of them would be required to self-fund dental treatment if they dropped their private health insurance cover.

Senator ADAMS—I do not know that they would. I have quite a number of people quite concerned about this particular issue, if they do get out of private health insurance, how they are going to get on as far as having their teeth attended to. The other thing that worries me is the fact that there are approximately 10,000 practising dentists who work in the private sector. If this scenario happens, how are public patients going to be treated if these dentists continue to work in the private sector?

Prof. Calder—Senator, would you mind repeating that?

Senator ADAMS—Based on figures from 2005, 83 per cent of 10,000 practising dentists work in the private sector. This is a bit hypothetical, I know, because you have not done the modelling, but the problem is, if these people do appear on the public dental waiting list, who is going to treat them?

Prof. Calder—If they were to appear on public dental waiting lists, it would be the public dental systems, but that is a number of assumptions.

Senator ADAMS—Yes, I realise it is, but I am concerned about it.

Prof. Calder—What Ms Shakespeare is indicting is that, to the extent that we have some information that we can use on this, these are likely to be higher income people.

Senator ADAMS—Well, will you be doing some modelling on the public dental system and how you are going to cope?

Ms Shakespeare—We could check for you the eligibility of people earning over $75,000 or families and couples earning over $150,000 for public dental facilities and provide that answer to you on notice.

Senator ADAMS—Thank you. I will leave it at that.

CHAIR—Thank you very much from the private health area.

[5.01 pm]

CHAIR—We now move to outcome 1, Population health, starting with the Public Health Education and Research Program.

Senator SIEWERT—I understand that the Public Health Education and Research Program has been cut completely in the budget.

Mr Morris—The program will continue through 2009-10, 2010-11, and will be terminated thereafter.

Senator SIEWERT—Could you tell me how much will be saved and the reasons for cutting the program?

Mr Morris—The savings will be $29.5 million over the estimates period. The program is being terminated, because it was established in 1987 to fill what at the time was a deficiency in the supply of trained public health practitioners. In that time, the tertiary education market has matured to the point where we currently produce around 1,500 graduates per year. At the beginning, it was a very significant component of the funding arrangements for that supply. Today, we estimate it represents around about only 15 per cent of the cost of educating Australian-born graduates in public health.

The program has also accrued, if you like, the characteristics of an arcane funding arrangement associated with its origins in 1987. Today, we operate in a very different competitive funding environment for tertiary education. We are seeing major new funding available through the National Health and Medical Research Council for public health research. That will foster concentrations around centres of excellence, so we will find a shift towards focus, concentration, excellence in the sector. And we are confident that the sector will continue to produce the graduates required to serve the public health needs of the country.

Senator SIEWERT—The $29.5 million that is saved will be in the years after 2010-11?

Mr Morris—After 2010-11, yes.

Senator SIEWERT—Are there any cuts to the program prior to that?

Mr Morris—No.

Senator SIEWERT—So existing funding, and then cuts?

Mr Morris—That is correct.

Senator SIEWERT—Was there any consultation with the sector about cutting this program?

Mr Morris—No.

Senator SIEWERT—So you do not know how they feel about the program being cut?

Mr Morris—The sector is airing its views. We know how they feel about the program being cut.

Senator SIEWERT—Obviously, you have received some of the emails that I have received in that case.

Ms Halton—I think we have all received those, Senator.

Senator SIEWERT—Obviously, the sector does not think that the component that this program provides will be picked up elsewhere in the sector.

Mr Morris—That certainly is the view that it is expressing, yes.

Senator SIEWERT—Did you do a review prior to cutting the program?

Mr Morris—No, we did not.

Senator SIEWERT—So why was it decided to cut it? You said that the program uses arcane processes. Was any thought given to modernising those processes?

Ms Halton—This is a savings measure of the government in an environment which, I think we have already canvassed today, is a fairly difficult financial environment. This was one of the savings measures the government decided on in order to reduce outlays.

Senator SIEWERT—That is an honest answer, at least, rather than saying that you think it might be picked up elsewhere in the sector. It is more about savings and this is where you thought you could save some money.

Ms Halton—It is a savings measure. The reality is exactly as Mr Morris has indicated. Among options in the portfolio—undoubtedly it is not going to be liked by people out there—this was judged a fair saving.

Senator SIEWERT—Was the money used each year? Was there always a full uptake of the money in the program?

Mr Morris—Yes.

Senator SIEWERT—It was not as if it was not being used or the demand was not there, is what I am trying to get to.

Ms Halton—That is so.

Senator SIEWERT—Was it oversubscribed?

Mr Morris—It was not a question of oversubscription. The funding formula was on a per-institution basis and the money was fully utilised without there being an issue of oversubscription.

Senator BARNETT—Is this the Australian Better Health Initiative health checks cut—

Senator SIEWERT—No. It is the Public Health Education and Research Program that was particularly about training and development for graduates in public health.

Senator BARNETT—Thank you.

CHAIR—Senator Humphries, do you want to lead off on another topic?

Senator HUMPHRIES—Can I ask you a general question, an overview question, about outcome 1. Obviously we have this ongoing dichotomy in health spending between prevention and treatment. Would it be fair to describe the spending that the federal government does in outcome 1 as being, essentially, its spending on prevention under the health budget?

Mr Morris—Yes, that is correct.

Senator HUMPHRIES—But there would be elements in other parts of the health budget that deal with prevention in some way—I suppose there is an element of prevention in lots of spending within the health budget.

Ms Halton—And indeed, Senator, on one occasion or another we have actually attempted to come up with, for example, what might be, out of the MBS and the PBS, regarded as prevention. It is actually quite a difficult calculation to do. The reality is that, in nearly everything that we do in the portfolio, there is some element of prevention in it. Coming up with a precise estimate is always a very difficult science.

Senator HUMPHRIES—Yes. I am getting at the question of how, over a period of time, we measure the proportion of the health budget being spent on prevention as against treatment. I assume it would be a medium- to long-term goal of government to increase prevention and decrease spending on treatment as a proportion of total outlays. Do we have measures that we can look to to actually measure the extent to which we do that?

Mr Morris—The AIHW publishes an annual national public health expenditure report, and it is all a matter of definition and scope, but its estimate, if I am not mistaken, is that around 2.5 per cent of Commonwealth expenditure goes to prevention. I might take that on notice, if that is okay. It is in that order.

Senator HUMPHRIES—Sure. Is there a government target to increase that percentage?

Mr Morris—No, there is not.

Senator BARNETT—Is there a target to decrease it?

Mr Morris—No.

Senator BARNETT—Is there a target to keep it the same?

Ms Halton—There is no target.

Senator McLucas—There is a Preventative Health Taskforce that has been tasked with coming up with a series of measures.

Senator BARNETT—I want to ask questions about the taskforce.

Senator McLucas—When we receive that document we will be able to look more at the type of programs that need to be run.

Senator HUMPHRIES—If I could just move into that area. We have the National Partnership Agreement on Preventive Health to address the rising prevalence of lifestyle-related chronic diseases. That entails spending by the Australian government of $872 million over six years to modify lifestyle risks to chronic diseases. That, as the name implies, is a partnership with the states. The Commonwealth has committed a certain amount to this. What is the amount that the states are committing to that partnership?

Mr Morris—The partnership is fully Commonwealth funded.

Senator HUMPHRIES—It does not sound like much of a partnership if the Commonwealth is putting in all the money. What are the states doing? Holding out their hats for the money?

Senator BARNETT—And the territories?

Mr Morris—Senator, it is fully Commonwealth funded. Around two-thirds of that value will go as transfers to the states who deliver the services on the ground, under the partnership. The reality in public health is that most of the services, or certainly a very large proportion of them, need to be delivered by the states. In this particular partnership the Commonwealth is the funder; the states will be the service provider for a large portion of what is to be achieved.

Senator HUMPHRIES—As a vehicle for delivery of Commonwealth money, the states are quite experienced and gain a great deal of benefit from that. But all of the objectives, presumably, that the Commonwealth is funding would be shared objectives with the states. I

cannot imagine one that would not be. So there is no commitment at all to additional funding—there is no opportunity to consider or to bid for additional funding from the states to match or to reflect the Commonwealth commitment in this area.

Mr Morris—I think the better way of understanding the partnership is that the states are held to very demanding performance targets under the agreement. Fifty per cent of their funding will be contingent on their performance within the four years that they receive funding. The effect of the partnership has been to focus the states on how they can mobilise their resources, both those funded by the Commonwealth and those available within their own budgets, to achieve those targets. So the leverage on the states is very significant. I can assure you that the states, although their funding under this agreement does not really start flowing in significant terms for another two years, are already very exercised about how they will meet the healthy weight and smoking targets that have been specified under that agreement.

Senator HUMPHRIES—Let's accept that there is no upfront cash being contributed by the states to these exercises. Presumably, in many or all of these areas there are in fact programs which states are running or have run to reflect the same kinds of goals. For example, I am sure it is not just the Commonwealth which has been interested in reducing the incidence of obesity and overweight or measures to reduce smoking. Do we have a mechanism in place to prevent the states from effectively shutting down or reducing their own commitment to existing preventative programs as the Commonwealth ramps up its effort?

Mr Morris—The chief discipline on that is in fact the performance targets. The performance targets aim to take the states very well ahead of their current level of achievement on obesity and smoking. Smoking is the one area where the states will divert their current expenditures on social marketing to local support activities to complement a Commonwealth funded social-marketing campaign. In the area of obesity it has been very much the limitation upon the states that, under the current public health outcome funding agreements, there has been no funding provision to address obesity. So the new national partnership agreement offers for the first time transfer payments that will enable the states to engage in that field. I do not see that there is a significant risk of cost shifting or reallocation of funding for purposes other than those intended.

Senator HUMPHRIES—Unless it appears that the Commonwealth money happens to be producing the targets in its own right, in which case why would the states want to spend their own money if the objective the Commonwealth wants is being achieved with its money? I can put this another way: you have targets for improvements in the Australian population smoking rate. For 2007-08 I assume the actual smoking rate for Australians over 14 was 16.6 per cent.

Mr Morris—Yes.

Senator HUMPHRIES—The target for 2010-11 is 14.6 per cent and for 2013-14 is 13.1 per cent. Will you take each of those targets on a state by state basis and expect each state to achieve that particular rate of smoking in its over-14 population in order to qualify them for that Commonwealth money?

Mr Morris—The states will be expected to progress against their baseline levels on a jurisdiction by jurisdiction basis.

Senator HUMPHRIES—So in the Northern Territory, where there is quite a high rate of smoking, they will not be expected to meet that target, in other words.

Mr Morris—No, they are influenced by the level of smoking in the Indigenous population. So, no, it is a percentage gain against your 2007 baseline.

Senator HUMPHRIES—So it might be different but each of them has a target.

Mr Morris—That is right.

Senator HUMPHRIES—If they achieve that target, it does not matter whether they have spent money of their own on prevention, because as long as they achieve the target they qualify for Commonwealth money.

Mr Morris—No, it does not. But none of them have shown any propensity to move towards those targets at the pace that is now demanded under the agreement with the resources currently available to them.

Senator HUMPHRIES—You say it does not disqualify them from the money if they do not meet the target. Can you explain that?

Mr Morris—Sorry, I may not have expressed it well. You asked the question, as I understood it, 'What is to prevent the states—

Senator HUMPHRIES—From not spending their own money on, in this case, anti-smoking measures. If they spend the Commonwealth's money and they get to the target the Commonwealth has set, which is a reduced level of smoking, they qualify for the Commonwealth money, don't they?

Mr Morris—They do.

Senator HUMPHRIES—So they do not need to spend any money of their own, do they?

Ms Halton—I think the essential point here is that this is actually about outcomes. Essentially it is about saying: 'That is the outcome we want. Here is our contribution towards it. Go to it.' There are some national coordination and communication campaigns and a whole series of other things, but fundamentally this is about all of the jurisdictions having signed up to deliver that kind of outcome.

Senator HUMPHRIES—But, if the states concerned think that they can reach that target just by spending Commonwealth money, it would make sense for them to stop spending their own money on those programs, wouldn't it?

Ms Halton—If they are going to have more trouble in one of these other targets, they may choose to use that money in respect of one of those other targets.

Senator HUMPHRIES—To be clear, effectively the only measure you have in place to prevent cost shifting by the states—that is, they let the Commonwealth do the heavy lifting in terms of funding certain programs, like preventative health programs—is that you have set targets for outcomes. If the outcomes are met then, in a sense, you do not care how much cost shifting goes on.

Ms Halton—It is probably important to understand this is not actually a technical cost shift. This is a commitment that we have made in respect of a quantum of funding—period, end of story.

Senator HUMPHRIES—It is not a technical cost shift, but it is still the state ceasing to fund activities that they were previously funding because the Commonwealth is funding those areas.

Ms Halton—Essentially the agreement that governments came to was that these are the outcomes we want in this area. This is the Commonwealth commitment in this respect, and that is what they have signed up to deliver. It is up to them whether they can do that in respect of those funds or whether it takes more.

Senator HUMPHRIES—But it still amounts to the states potentially stopping spending or reducing spending on their own preventative programs because the Commonwealth is doing the heavy lifting for them.

Senator McLucas—Our government is very committed to a preventative health agenda. What we are interested in is reducing smoking rates, reducing levels of obesity healthy weight. We are interested in a healthier population. We are actually not interested in having a fight with the states and territories. However they deliver that outcome and providing they meet the benchmarks, we really do not mind how they get there as long as they do. If they do not get there, there will be a financial implication.

Prof. Bishop—Having been in the states trying to meet similar targets, these are very difficult targets. It is most likely that, say, for the tobacco one, it is going to be very difficult just to meet it with only the Commonwealth money. So I think that the states will not only be committed but there will be leveraged funds as well to meet those quite difficult targets. It is quite difficult to drop smoking rates down by one per cent per annum or something like that, given the current environment. You should look at the targets about the achievability with just the Commonwealth funds, and that is another conversation based on each of the benchmarks.

Senator HUMPHRIES—I suppose the test of this will be: do the states maintain their own effort with respect to those measures? We will see whether they do.

Senator BARNETT—To follow up Senator Humphries' question and to pick up from Professor Bishop, thanks for that input, because I think that is critically important. We have a commitment, as I understand it, of $872 million over six years to implement this initiative, which we will come to in a minute. There must be either an assumption or an expectation by the Commonwealth that the states and territories will be committing financial resources. If the answer is yes, could you please advise on what basis that assumption or expectation is made? Can you, perhaps on notice, provide the reports and briefing papers that confirm your assumption or expectation?

Mr Morris—The expectation is that the states will continue to commit resources according to their current levels of commitment around obesity, smoking and alcohol.

Senator BARNETT—Stop there for a minute. Can you advise the committee what level of resources and commitment do the states and territories currently make?

Mr Morris—No, I cannot.

Senator BARNETT—Can you take that on notice?

Mr Morris—I can, but I think it would be very difficult to gather a specific figure.

Senator BARNETT—If you could take it on notice. They all have budget papers and they all have allocations to anti-obesity initiatives, as we are doing at the Commonwealth level. The states and territories have these objectives and they have funding allocated accordingly; it would be useful if you could assist us.

Ms Halton—Senator, we need to be clear. We are happy to provide you with the information that we hold but we cannot be a research service. And the new financial framework, which is quite a radical shift in how we deal with the states, is predicated on the basis, which we have already gone through, that the funding is provided and these are the targets that the states have signed up to meet. I agree with Professor Bishop: it would be very difficult for states to withdraw funding and still to achieve these targets; these are not easy targets to meet. But us monitoring state expenditure is not part of how this financial framework works.

Senator BARNETT—Ms Halton, I am sure you would want to you know, if they are to withdraw funding, how much funding they are able to withdraw. I am sure you would be aware of that; I would be surprised if you were not. I am happy for you to take it on notice to provide what you have within your possession that indicates the level of resources in terms of that currently committed by the states and territories to this objective.

Senator McLucas—We will take that on notice, Senator. But I want you to take on board Ms Halton's comments. We will have a look at what we have in our files, but we are not going to go and write to the states and get some analysis of what their current expenditures are. There are other ways that you could get that information.

Senator BARNETT—I would like to ask about Professor Moodie's taskforce, which relates to the anti-obesity initiatives, and the good work of Professor Moodie and his taskforce over time. Can you provide an update for the committee on that report?

Mr Morris—The report is due to the minister this month.

Senator BARNETT—Do we have a more definitive date?

Ms Halton—This month.

Senator BARNETT—Can you advise, either now or on notice, the number of meetings, events and other conferences attended by the taskforce over the period since its inception?

Mr Morris—Sorry, conferences attended or consultations held?

Senator BARNETT—Consultations.

Mr Morris—They have held some 40 consultations in each capital city of each jurisdiction, plus in regional centres, together with national roundtables.

Senator BARNETT—Could you take on notice and advise where, and the details of those—where and when?

Mr Morris—Certainly.

Senator BARNETT—Secondly, in terms of reports or consultancies undertaken by the taskforce, could you, again, provide details of those: the nature of those, the terms of reference for those, the date of those, the cost of those, the consultant undertaking those and the time taken to prepare the report and then provide it?

Mr Morris—Yes, we can.

Senator BARNETT—Likewise, if you could advise the committee the government's response to those reports, if there is a response to date.

Ms Halton—There will not be a government response, Senator.

Senator BARNETT—No? Thank you. And the total cost of the taskforce to date and the expected total cost. That would be appreciated. Can the government provide an indication as to the timeframe in which it expects to respond to the report?

Ms Halton—Senator, that is a matter for the minister and for the government, so it is hard for us to answer that question.

Senator McLucas—We are keen, of course, to get on with this work. But I have not got any advice to that effect in my brief.

Senator BARNETT—Regarding the Australian Better Health Initiative, there has been the ceasing of promotional activities for health checks for 45-year-olds and further efficiency dividends: from $26.2 million to $27.1 million in 2011-12 and to $27.6 million in 2012-13. These are significant cuts to health prevention measures. And, likewise, for the promoting healthy lifestyles there is a further efficiency dividend, which has substantial cuts set out on page 269 and 270 of the PBS. And, likewise, there is the discontinuation of grants for physical activity projects in the community. There are a range of initiatives that have been discontinued or will be discontinued. That is obviously a great disappointment to many in the community. What is the government's response to the concerns that have been already expressed by those that will miss out on that funding? And, secondly, is there a view that the $872.1 million over six years COAG agreement initiative will cover for those projects that are being cut?

Mr Morris—The $872 million in the new partnership agreement clearly more than compensates for the cuts that have been made. The Australian Better Health Initiative was always intended by COAG as a four-year program. The forward estimates have made provision for certain elements of that program to continue being funded. They will now not be funded. The funding available for the national partnership far outweighs the savings that have been made in respect of the Better Health Initiative cuts.

Senator BARNETT—Can you advise, either now or on notice, more specifically the further and better particulars of the projects to be funded by the $872.1 million?

Mr Morris—We can advise you of the detail of planning. The projects have not yet commenced, obviously, and there is still a great deal of program design under way.

Senator BARNETT—Obesity is a national health priority, and then we see an airy-fairy objective. It is a good objective to try and defeat this epidemic but we do not have the meat on the bones. And it has been a good long time since November 2007, so we are wanting to see action and initiatives. So when is that likely to be made public?

Mr Morris—An implementation plan for the national partnership agreement will be approved before the end of this month, Senator. And planning for the early elements of that, which are the Commonwealth funded elements, is well advanced in respect of, for example, establishing a national preventative health agency and continuing extending the current Measure Up program, which is the advertising program you would be familiar with. Planning for the start of the healthy communities element is well advanced, so we are well on the way to putting that money to work. It will be the biggest investment in health promotion in Australia's history; it is a very significant investment.

Senator BARNETT—I know, and I appreciate that. We keep hearing that, but we are not seeing the actual initiatives roll out or the actual specifics flow through, and I am asking when will we be definitive? I am happy for you to take it on notice in terms of to assist the committee and assist the public to know when we are likely to see these initiatives, because it has been a good long while. Can you assist us in that?

Senator McLucas—Senator, I would hate the committee to have a view that this has been a go-slow; it is quite the reverse. We have negotiated this with the states and territories. Considerable work has occurred in order to have those negotiations and then come up with agreed outcomes. And, as Mr Morris says, plans are able to be signed off by the end of this month. It has really been pushing hard to get this work done.

Senator BARNETT—I appreciate that. We can agree to disagree to some extent.

Senator McLucas—This is a huge shift we are taking.

Senator BARNETT— If you can take on notice, any further and better particulars regarding the plans and implementation and the initiatives that will flow through. Are you happy to do that?

Ms Halton—Yes, we are happy to do that. Senator, the thing I would remind you of, and it goes to Senator McLucas's point, is that the funding is actually appropriated for this program in 2009-10. So the reality is the planning process, the getting things in place et cetera, is basically because the funding—with the exception, as I think we have indicated, of continuing the Measure Up campaign—is actually due to flow from 2009-10.

Senator BARNETT—I appreciate that. But I also appreciate that we are sitting here in June. The government was elected in November 2007 and that was an election commitment: to make obesity a national health priority. So a lot of people expected a great deal and, frankly, have not seen a lot, to date, apart from preparation time. I am happy to leave it there. I thank the committee and thank the chair.

CHAIR—Any other questions under 1.1: Chronic disease?

Senator HUMPHRIES—Yes, if I could. I just want to ask about screening programs—bowel screening, breast screening and cervical screening. There are some targets in the PBS for percentage of people participating in those three screening programs, and it has referred to bowel, breast and cervical screening. What is not clear is the number of screens that we actually expect to achieve in this coming financial year or in out years. Do we have figures on the anticipated number of screens in each of those cases we intend to achieve?

Ms Quaine—For the breast screening program, 900,000 women will be screened in 2009-10. For the cervical screening program, 3.5 million women were screened in 2006 and 2007. That is a two-year screening program, so that is over those two year periods, so 2006 and 2007.

Senator HUMPHRIES—So they are calendar years? Okay.

CHAIR—Do you have that by state, Ms Quaine?

Ms Quaine—We would have it by state, but I do not have it with me. Would you like me to take that one on notice?

CHAIR—I would like that on notice.

Senator HUMPHRIES—That was in 2006 and 2007. You have outcomes for the percentage of women who are participating in cervical cancer screening throughout these coming years. How many screens in 2009-10?

Ms Quaine—The cohort of the age range for the screening program can vary from year to year. Our aim is to maintain or improve the participation rates in the screening programs. So the current data I have on participation rate for the cervical screening program is that it has been fairly steady. If the size of the cohort is increasing because of population growth, then the numbers of women overall are increasing, even if we are maintaining the participation rate.

Senator HUMPHRIES—So you aim to have a larger number of women screened in order to be able to maintain that rate of 60.6 per cent of the population?

Ms Quaine—That is correct.

Senator HUMPHRIES—You cannot tell me what that actual number will be, though, that is, the number of women screened?

Ms Quaine—No.

Senator HUMPHRIES—Can you take that on notice?

Ms Quaine—We do not have a target of how many women we want to screen. Our aim is to maintain the participation rate or even improve the participation rate.

Senator HUMPHRIES—I cannot see any dollar figure that attaches to that particular target. Is the dollar amount increasing in line with the likely number of increased number of women taking part in the screening?

Ms Quaine—It depends on the program you are talking about. For cervical screening, it is funded under the MBS to a large degree. So a woman attends her GP and receives a pap smear from the GP.

Senator HUMPHRIES—Which is funded by Medicare?

Ms Quaine—Yes.

Senator HUMPHRIES—So it is a demand-driven exercise?

Ms Quaine—Demand-driven, yes.

Senator HUMPHRIES—So it is a matter of promoting it. If 90 per cent of women fronted up, you would be paying for 90 per cent of the population?

Ms Quaine—That is right.

Senator HUMPHRIES—What about breast screening? Is that in the same boat? Is that demand driven?

Ms Quaine—The breast screening program is operated by the states and territories and they are funded through the Public Health Outcome Funding Agreements. It is also demand driven, and states and territories invite women aged 50 to 69 to participate in the program. Once they attend, they are invited to attend again two years later. It is a two-year screening program. So again, it is the number of women who present to the program.

Senator HUMPHRIES—So when you talk about the percentage or women in target groups, we are talking about them between 50 and 69; not the whole population?

Ms Quaine—Yes, for breast screen, it is 50 to 69; for cervical, it is 20 to 69.

Senator HUMPHRIES—So again, if 90 per cent of the target population turns up to get a breast screen, then that is what you will fund, more or less?

Ms Quaine—It is not funded the same way under the MBS; it is funded through the Public Health Outcome Funding Agreement. So the states and territories are funded under that agreement. It is a broad-banded agreement and they are funded for a number of public health programs, one of which is breast screening.

Senator HUMPHRIES—In line with the fact that the population is increasing, presumably the number of women in that target group is increasing, unless you have got efficiencies that you have somehow achieved, then presumably there would be more money in the program for 2009 than there was in 2008-09?

Ms Quaine—The actual number of women in the time that that program has been running has increased by around 40 per cent.

Senator HUMPHRIES—Yes, that is good. And that means that money must be increasing in this budget over last year's budget?

Ms Quaine—As I said, we fund the states and territories under the PHOFAs for that program. That is a set amount that goes to each state and territory for a number of public health programs.

Senator HUMPHRIES—But if you are funding it, the proportion of the funding that the Commonwealth provides has not changed, presumably?

Mr Morris—Senator, the Public Health Outcome Funding Agreements are a broad-banded funding arrangement by which the states allocate funds according to their own priorities within that. So the states are making their assessment of the demand within their own jurisdictions for breast screening and funding that out of the Public Health Outcome Funding Agreements.

Senator HUMPHRIES—But you have got a target in here, for your purposes, of 56.2 per cent of the target population.

Mr Morris—Yes.

Senator HUMPHRIES—So you want that outcome to be achieved, notwithstanding the fact that the states are actually administering it. This is my question: is there more money in that pot for the states to spend in 2009-10 than there was in 2008-09?

Mr Morris—The funding arrangement is rolled up from 1 July 2009 into the new National Healthcare Agreement. The new National Healthcare Agreement provides the states with a major expansion of funding on the base level that they have enjoyed previously, and it is up to them to allocate their funds to meet those targets.

Senator HUMPHRIES—What if they do not meet those targets? What is the consequence for them?

Mr Morris—The consequences will be that public reporting will show that they are underachieving, but, more particularly, it will roll through to higher costs on their own hospital system if they fail to support the preventive methods around breast screening.

Senator HUMPHRIES—So you are at the mercy of the states as to whether you achieve that 56.2 per cent target?

Mr Morris—Yes, we are.

Ms Halton—And it was ever thus.

Senator HUMPHRIES—Yes. There is still the question of how much the Commonwealth is putting into that pot. I do not know whether the states would say there is less the pot than there was before. I have not got an answer as to whether there is more money in the total pot.

Ms Halton—It was broad banded. It is now part of the rolled-up funding arrangements to which, as we know, there is a significant additional total injection into that entire quantum of funding. So the funding can be then used by the states in a range of areas, but including in this.

Senator HUMPHRIES—Bowel cancer: what is the funding arrangement for that? Is that directly funded or funded through the states?

Ms Quaine—The National Bowel Cancer Screening program is directly funded by the Commonwealth, and $87.4 million was committed in the budget in May 2008 for three years.

Senator HUMPHRIES—For three years?

Ms Quaine—Yes.

Senator HUMPHRIES—All right. What was the problem with the national bowel cancer screening program recently that is requiring the test to be redone?

Mr Morris—From 30 March this year, the department was advised of indications of possible abnormality in the positivity rates associated with the screening. The initial thought was that this may have been the impact of the introduction of the 50-year age cohort which lowered the age profile of the screened population and therefore would reduce the positivity rate. It took some time for the data to flow through to positively ascertain that that was not the cause of the problem. Through the course of April we then went on to interrogate whether it was the introduction of a new analyser, the machine that analyses the pathology results. The

Australian standard in this bowel screening program was world's best standard. We had a very conservative approach to screening, and other countries were incurring positivity rates well below ours, so the possibility was that with the introduction of the new analyser we were reducing false positives and getting to a better calibration of the risk rate. It took some time to establish that the machine was producing pretty well consistent results with its predecessor machine—

Senator HUMPHRIES—This is one machine for all the tests?

Mr Morris—I believe it was one analyser, yes. In the course of April an analysis led towards the possible suggestion that it may have been something to do with the kit itself. The department was advised on 8 May that the problem could be attributed to a change in the buffer serum that was used in the kit. The buffer serum is a serum that maintains the state of the haemoglobin, the blood trace, in the sample for analysis once it reaches the laboratory. On 8 May we were advised that the manufacturer had conducted testing, which had established that a new buffer it had introduced in the test kit in December was less stable at high temperatures than was the preceding buffer they had used.

Senator HUMPHRIES—Does that mean that the cost of redoing the tests will be borne by the manufacturer of that serum?

Mr Morris—Yes.

Senator HUMPHRIES—All right. Good.

Senator RYAN—Following up on that, are you collecting data on the number of people who need to be retested? I appreciate at the moment it is very recent, but my concern would be that people would receive a letter from you or the department saying: 'Here is a new kit. You need to be retested.' Are you collecting data on how many of these people might fall through the net, who have changed addresses since they had the first test, or people who might not receive the letter or might just ignore it? What percentage of the people that need to be retested are you expecting to actually take the test again?

Mr Morris—The number that need to be retested is 389,911 people.

Senator RYAN—How many of those do you actually expect to successfully rescreen?

Ms Halton—You do not expect all of those to come in for screening in the first place.

Senator RYAN—No, sorry. You are sending out 389,000 letters to people that need to be rescreened. Am I interpreting your answer correctly?

Mr Morris—The offer will be made to that number of people to retest.

Ms Halton—Not all of whom would have completed the test in the first place.

Senator RYAN—Okay. What I was wondering is how many people who did complete the test, who need to be rescreened, do you expect.

Ms Halton—Everyone who was offered the kit in the first instance. We have been at great pains to point this out. Anybody who got a positive result from the kit, that is a valid result, and they need to go and follow that up with their medical team. Anyone who utilised the test and was given a negative result should reutilise, when we have the kits available. Anyone who did not utilise it will be offered again, and we would encourage even those people to come

forward to use the kits. Some people, for example—and I am thinking kind of close to home when I say this, because I am aware of a particular case—were offered the kit and had not used it by the time the notification came out. Some of them will continue to use it because in fact you could still get a positive result from that earlier kit, in which case you should proceed as previously mentioned. Some of them will not then use it, waiting for the new one to come, and we would hope that those people would use it. My observation about this behaviourally is that people who took the time in the first instance are likely to take the time the second time.

Senator RYAN—My question is: how many people who took the first kit, used it, got a negative, and then need to be rescreened? A positive is valid; you should proceed with that.

Ms Halton—Yes.

Senator RYAN—What programs do you have in place, other than the letter, to try and make sure that all those people who maybe got a negative response actually realise that they need to take the test again?

Ms Halton—They have been written to in the first instance, so anyone who got that kit in the first instance have already had their 'Dear whomever' letter, signed by the professor down the end of the table, saying, 'Here is the issue,' and are anticipating the arrival of a new kit.

Senator RYAN—Will you be collecting data on the number of people from that particular subset?

Ms Halton—Yes.

Senator RYAN—If you do get a positive on this, I understand you get referred for a colonoscopy, the next stage of examination. Since this program has come into place, I imagine that many people would go for a private procedure, but quite a few people would be going for public procedures. Have you collected data on any increase in waiting times for people to have a colonoscopy in a public facility? Because I presume this would lead to a lot more people, especially if the cohort has been increased, queuing up at our public hospitals for these procedures, for which I understand there are quite substantial waits at the moment.

Ms Quaine—We have worked closely with the states and territories to make sure that colonoscopies are available for people under the program. We have people that are engaged at the state and territory level to undertake follow-up functions.

Senator RYAN—Do you collect data, then, on the number of—

Ms Quaine—Yes, we collect data on all the participants in the program. There is a national register, so we record all the people that are invited and their outcomes. We have a follow-up, so that if someone gets a positive FOBT, they are referred to their general practitioner. If it appears that they have not had a colonoscopy result, we do follow-up functions.

Senator RYAN—Do you collect data on the number of these procedures performed in public hospitals around Australia generally? My concern here is that there is now an increased demand for this procedure, which is the aim of the program, presumably, or one of them. If only the same number of procedures are being performed and if these people are prioritised, we are just pushing other people to the end of the queue. So do you collect that data on the number of colonoscopies performed in public hospitals around Australia?

Prof. Bishop—I might just add a perspective here that might be helpful, Senator. When this program was started, there was a lot of work done by the gastroenterology societies and others about the priorities on these colonoscopy waiting lists. As you might be aware, quite a lot of people want a colonoscopy every six months or every 12 months, and that is not really indicated. Once a colonoscopy is done and it is clear, then you may not need another one for five years. Blood in the bowel motions is an important high-priority issue, as you might appreciate, so a lot of work has been done what I would call providing fairly clear categories of importance for these colonoscopy lists. When that was done and applied to the state there was increased capacity identified for a patient that might come forward with blood in the bowel motions as a result of an FOBT. So a lot of work has been done to make sure that the colonoscopy resource is optimally used. That has actually given us quite a lot of time to start looking at training and other requirements to make sure that there is sufficient workforce and sufficient opportunity for colonoscopy. And, of course, in that situation, in many states there is a mixture of private and public, and often there is an expansion of both in relation to this program. But the initial capacity was essentially looked at in terms of the indications on those lists and getting, I would not call them the worried well, but those people that perhaps do not quite need the colonoscopy at the frequency that you might expect off some of those lists. I think that has been a very successful project in most states.

Senator RYAN—I would appreciate you taking on notice, if you do have the data, Ms Halton, the increase in the number of these procedures that has occurred since the introduction of this program. There have been a number of issues around state hospital priority waiting lists in various states over the last couple of years, and I would not want to see a program effectively pushing other people to the end of the queue. I appreciate it is not your direct responsibility.

Ms Halton—No. But I do think that what Professor Bishop is trying to point out is that you do not necessarily regard this as being an existing-number-plus arrangement.

Senator RYAN—I appreciate that. But there will probably be some increased demand for this procedure, by virtue of a mass screening program.

Ms Halton—Yes. We will certainly see what numbers we have got to give you. My understanding was that, indeed, we did not necessarily expect to see a significant increase or, in some cases, an increase, depending on how many people who are currently being seen through those arrangements were really indicated as needing that procedure. Quite why you would be volunteering every six months for a colonoscopy was not indicated. I am not entirely sure.

Senator RYAN—No, I appreciate that, but as we know—

Ms Halton—But that is certainly the advice we received.

Senator RYAN—the data around a number of procedures performed just on different sides of Melbourne is quite extraordinary, and so hospitals provide their own criteria and their own judgments on these things as well.

Ms Halton—Yes. I will see what we can get. Yes.

CHAIR—Senator Adams, on the same point?

Senator ADAMS—Yes, on the same thing. As far as the evaluation of the program which is to take place in 2010-11, when do you expect to get those results? My second question is: if this program is to continue, is there a long-term commitment for funding, or is that going to be determined on the evaluation?

Ms Halton—Clearly, all funding is determined based on evaluation, and it is our intention to make sure that government has advice in a timely fashion, taking account of those timelines.

Senator ADAMS—And as far as the new healthcare agreements, where does bowel cancer stand as far as a priority with your screening programs?

Mr Morris—The screening element is fully Commonwealth funded. Public sector-provided colonoscopies are a function of the states and funding for that continues in the normal manner under the new national healthcare agreement.

Senator ADAMS—And that will be the same for the cervical screening and breast screening as well?

Mr Morris—Correct.

Senator ADAMS—Thank you. As far as the kits that were first sent out, do you have any data on the number that were returned because of people moving or because they are just not there, and they come back to the department? Do you have any figures on that?

Ms Quaine—The participation rate in the program was 42.9 per cent in the first two years. We have just moved into phase 2 of the program, which started in July last year, so it is the two years prior to that. Around 42.9 per cent is the participation rate.

Ms Halton—No, that is not what you were asking.

Senator ADAMS—That is not what I asked.

Ms Halton—No. Let us take it on notice, Senator.

Senator ADAMS—It was actually where he kits were sent out, and the number that were returned to the department.

Ms Halton—Yes, and they came back, return to sender.

Senator ADAMS—Because I know myself, just with electoral letters and things, people do move around a lot. Can you explain what funding has been provided to ensure there is a strong quality assurance program—after the situation with the failed bowel screening tests that we were talking about? Has there been a quality assurance program put into place to make sure that that will not happen again?

Mr Morris—There is a quality working group that monitors the administration of the program on a standing basis, given the particular difficulty we are now dealing with. The department will seek the advice of an expert committee to assess the fitness for purpose of the replacement kit before we commence rescreening.

Senator ADAMS—How much is the department spending on the education for this program, to actually get out there to the people and really ensure that they are following up with the invitation?

Mr Morris—Do you mean to ensure that the people who receive the kits use them?

Senator ADAMS—That is right.

Mr Morris—There is a systematic process of pre-invitation letters that alerts people that they will be receiving a kit.

Ms Quaine—There are around 25,000 pre-invitation letters issued per week.

Senator ADAMS—Getting back to my problem of people moving and not getting the invitation, is there any other advertising that you do in rural papers? What do you do to actually try to promote the program in case people have not received their kits? Is money spent on that?

Ms Quaine—No. The communication around the national bowel cancer screening program has been fairly limited.

Senator ADAMS—When I compare it to breast screening, wherever you go, normally—especially in a rural area—you have got posters up, you have got ads in the paper or a promotional piece in the paper to say, 'What about it? Get on with it. Do not delay.' Women tend to go forward with this very well, but the males do not, so I really think that there should be a lot more awareness of it, and I wonder whether the department is prepared to do it.

Senator CAROL BROWN—Are GPs involved in the bowel screening program? They would not probably tell their patients about it.

Mr Morris—Senator, the program is not formally promoted by the department at this point in time, but the cancer councils invest a great deal of effort in educating GPs and other service providers, and through normal public media outlets they mobilise public interest and service provider interest. GPs also have access, of course, to the private market in self-test kits, and that market is growing in its own right.

CHAIR—Are there any further questions on screening? Next topic, Senator Humphries.

Senator HUMPHRIES—I would like to ask a question about drug strategy, if I could, please.

CHAIR—I am sorry. Senator Adams. We have got some breast screening questions.

Senator ADAMS—As far as the BreastScreen Australia evaluation, when is that going to report to AHMAC?

Ms Quaine—The BreastScreen Australia evaluation is going to AHMAC on 19 June.

Senator ADAMS—Thank you. And, as far as the target group of 50 to 69, will that be reviewed in that evaluation, or has it already been done?

Ms Quaine—One of the purposes of the evaluation was to review the policy around the age range, yes.

Senator ADAMS—The reason I am asking that question, of course, is because women are living longer. I know that women over 70 can go, but they are not invited, and this is still a big problem. And I think with some of the younger women, the 40-45 age group, because of the advertising around breast screening—which has been absolutely brilliant and I would love to see the bowel screening catch up to that—there is still a lot of angst in the community

about that, as to whether they are allowed to go or whether they are not allowed to go and invitations. So I will follow up in October on the evaluation results.

CHAIR—Is there anything else under 1.1—chronic disease? I think we will try and keep within the points.

Senator ADAMS—TGA?

CHAIR—TGA is after dinner.

Senator CAROL BROWN—I have some questions.

CHAIR—What are your questions on, Senator Brown? We will find out where these questions belong and then we might be able to fit them in.

Senator CAROL BROWN—Parkinson's disease. Can I ask that now or not?

CHAIR—No, we have been told it is outcome 10. All you have to do is throw up a topic and we will find out where it fits. No more 1.1?

Senator CAROL BROWN—What about kidney disease? Is that in this outcome?

Ms Halton—Can you be a little more specific?

Senator CAROL BROWN—I just wanted to know about the initiatives that have been taken to reduce the incidence of kidney disease. Is that under this outcome?

Ms Halton—Ten, I think.

Senator CAROL BROWN—Okay.

CHAIR—1.2: Communicable Disease Control. Any questions? 1.3: Drug Strategy?

Senator HUMPHRIES—I have a question about the National Binge Drinking Strategy. I take it that there is no new funding in 2009-10 for those three elements of the—sorry, I should let you sit down first.

Ms Hart—Senator, just to be clear, you asked about the binge drinking strategy and your question was whether there was additional funding?

Senator HUMPHRIES—Additional money in 2009-10?

Ms Hart—No, there has not been any additional allocation made to the binge drinking strategy since the $53.5 million was announced for the period over 2008 to 2012.

Senator HUMPHRIES—All right. This is a question about expenses for the drug strategy component of outcome 1. Can you explain why that one-off amount in 2008-09 of $64 million occurs and does not occur in subsequent years?

Ms Hart—Senator, could you just identify the table you are referencing?

Senator HUMPHRIES—Sorry, table 1.8 on page 73 of the PBS.

Mr Cotterell—Senator, some services that were previously funded through the health department are now being funded through Treasury under the National Healthcare Agreement. So that $64 million in 2008-09, in 2009-10 will be delivered through that mechanism.

Senator HUMPHRIES—So where is it being transferred to?

Mr Cotterell—It will be appropriated by Treasury and delivered through the National Healthcare Agreement.

Senator HUMPHRIES—Does that mean it is being spent by the states?

Mr Cotterell—That is right.

Senator HUMPHRIES—Right. Okay.

Mr Cotterell—So Appropriation Bill (No. 2) relates to spending that is delivered through the states.

Senator HUMPHRIES—Can I infer that any of that money is tied up with the National Binge Drinking Strategy?

Mr Cotterell—No, it is not.

Senator HUMPHRIES—It does seem as if some of the money for the National Binge Drinking Strategy is to be delivered by the states. At least, that is what appears to be the case here in the description of it on page 71. Can you give me some idea of what role there is for state and territory governments in delivery of that strategy?

Ms Hart—Yes, I can do that. One of the key programs under the National Binge Drinking Strategy are the early intervention pilot programs, referred to in shorthand as EIP, that is funding of $19.1 million, which will be for early intervention and diversion programs. We have been in consultations with states and territories about the delivery of those pilots there aimed at young people under the age of 18 to get them back on track before more serious problems with alcohol misuse arise.

Senator HUMPHRIES—There are performance measures, presumably, in those programs for the purposes of accountability of that money delivered to the states?

Ms Hart—That is correct. There will be. At the moment, we are in the process of working out agreements with states and territories which have provided proposals under that program funding.

Senator HUMPHRIES—You would no doubt be aware that one of the key issues that has been debated in conjunction with the so-called alcopops tax is the perceived propensity of young people to switch from pre-mixed, ready-to-drink products to mixing their own spirits with the concomitant dangers of drink spiking and not having standard drinks to measure as they consume. Is any part of the National Binge Drinking Strategy directed at trying to modify behaviour in that area?

Ms Hart—Yes, there are two areas that are directed at assisting young people to consider their approach to drinking and modify their drinking habits. The National Binge Drinking campaign, which was launched to coincide with Schoolies Week at the end of last year, is focused on youth and getting them to reconsider their relationship to alcohol and their drinking behaviour. The other critical part of the levers that are being used to focus on youth and misuse of alcohol is through the rolling out of communications around the new Australian drinking guidelines.

Senator HUMPHRIES—What you have just said sounds to me like a general education campaign targeted at young people about abuse of alcohol. I am thinking particularly about

the issues that some evidence to two Senate inquiries has suggested are there, of young people switching to purchase of bottles of spirits and mixing their own drinks. There are issues about drink spiking, issues about trying to measure standard drinks and things like that. Is there anything specifically about that in the strategy?

Ms Hart—The information that will be provided as part of the communication around the Australian alcohol guidelines is focused on communicating to all the population what a standard drink is. It is true that, for many groups, it is surprising to people what constitutes a standard drink. As part of that, the process for communicating to particular subgroups within the population—adults, women who are pregnant or thinking of becoming pregnant, and young people and children, underage drinkers—is being worked out at the moment. The key to that is how to equip yourself with the information so that you understand what a standard drink is and what a safe and unsafe level of consumption is.

Senator HUMPHRIES—All the advertising I have seen about that has been directed at knowing how to read the labels on a bottle of wine or beer as to how many standard drinks are in that bottle. If people are mixing their own drinks out of a bottle of brandy, Bundaberg Rum or whatever, they are not going to have the benefit of a standard drink measure, are they? How do they know how many standard drinks they are consuming, in those circumstances?

Ms Hart—That is true. It is a difficult situation and, at the moment, I do not think we have something that is particularly targeted on that aspect of the issue.

Senator HUMPHRIES—All right. Can I just convey a recommendation that you think about that, because the evidence to those Senate committees suggested that there was a lot of transition to that kind of drinking. If people have no measure of the kind and number of standard drinks they might consumer, you might think about some kind of program along those lines.

Senator McLucas—I think it is fair to say that there has been some growth in straight spirits, but the overall reduction in spirit consumption and alcohol consumption overall must be acknowledged. The other thing I think we need to be careful around is absolutely accepting that young people have moved directly from buying RTDs to buying straight spirits and mixers. We do not know that. There is no way you can know that, because we do not measure the alcohol that goes down a child's throat. We do not know who is buying what. There is no way to know that.

Senator HUMPHRIES—Yes. Minister, I sat through both inquiries, so I am aware of the evidence about this. You are right, there is no empirical evidence that this is happening.

Senator McLucas—That is right.

Senator HUMPHRIES—But there is certainly strong anecdotal evidence that it is happening.

Senator McLucas—Yes, I think we have to be careful—

Senator HUMPHRIES—There is evidence from ambulance officers, evidence from accident and emergency departments in hospitals and so on. And even if we suppose that it is likely to happen or can happen, it would seem to me to be wise to invest some money from the National Binge Drinking Strategy into addressing that kind of behaviour.

Senator McLucas—When we do know it is happening.

Senator HUMPHRIES—But, with respect, Minister, we heard that no evidence was being collected about that at this stage. In fact, it is very hard to collect evidence about that.

Senator McLucas—That is correct.

Senator HUMPHRIES—So, rather than wait until we have proof that it is occurring, I would strongly suggest that we assume that it may occur and take some steps to prevent it from happening.

Senator McLucas—I think your point around standard drink labelling has some merit. I am very happy to look at that. But, in terms of diverting funds that have already been allocated from the National Binge Drinking Strategy, I do not think that is an option at the moment.

Senator HUMPHRIES—Yes. But you could, for example, have a campaign that said, 'If you are going to drink like that, measure your drinks in an egg cup,' or whatever measures the equivalent of one standard drink of spirits. It might not be possible to do that, but, if there is a certain alcohol content in certain products you, might try and do that. There are ways of doing it. I am suggesting you look at that.

Ms Hart—Senator, my colleague has just reminded me that we produce a range of paraphernalia, for want of a better word, associated with promoting the guidelines and getting them out there. They include things like T-shirts with the standard drinks message and, as I have just been reminded, plastic measuring glasses—you suggested an egg cup or something like that—because it is hard for people to determine what is a 10 gram measure or a standard drink. The plastic measuring glasses have the logo and are included in a promotional kit, along with T-shirts, mouse mats and a range of other things that promote the message of a standard drink, to get the message out there.

Senator HUMPHRIES—Thank you.

Senator ADAMS—How is that distributed, Ms Hart?

Ms Hart—It is distributed through our national mail and marketing warehouse arrangements.

Senator ADAMS—How do you know that it actually gets to the target person?

Ms Hart—I would need to check the details of how we know that it reaches the targets. We have pretty strong communication with schools and universities around particular events, including music and entertainment events, where they are distributed, so we have some communication about how the materials are requested, the target age groups and the types of events that they are supplied to.

Senator ADAMS—Would you please take on notice the distribution into rural and remote areas?

Ms Hart—Yes, I am happy to.

CHAIR—Senator Williams, do you have questions?

Senator WILLIAMS—No. I do not know what was asked prior to my arrival, so I will not start. I have just been up to another meeting and the few questions I want to ask have probably already been asked.

CHAIR—Maybe you could put them on notice, Senator Williams, to get a response.

Senator WILLIAMS—That will be fine, Chair.

Senator RYAN—I have just a couple of questions about tobacco. Has the department provided advice to the minister regarding tobacco taxes? I tried to frame that in as neutral a way as possible.

Ms Halton—As I think I said when this issue came up before, Senator—and I cannot recall whether you were actually here or not—

Senator RYAN—I was not here at the time; I am sorry.

Ms Halton—We had a conversation which went to revenue bits and pieces and particularly to the opposition's proposal. What we said was that revenue issues are not a matter for us as a portfolio; they are a matter for the Treasury. But, of course, the prevention taskforce is on the record in terms of its draft papers raising the tobacco issue, and certainly, therefore, we have given advice.

Senator RYAN—I appreciate that your advice would not be with respect to revenue issues; it would be with respect to health issues. I am not going to the content of that. I was after the dates, since 1 July last year, on which the department provided advice to the minister with respect to tobacco taxes.

Ms Halton—I will have to take that on notice.

Senator RYAN—I appreciate that. My last question regards the milestones on page 55 of the PBS, which we discussed earlier, with respect to smoking rates. Would I be correct in saying those reducing milestones over this next six years do not factor in any increase in tobacco taxes other than the CPI increases that happen at the moment?

Ms Hart—That is correct.

Senator RYAN—Thank you.

[6.20 pm]

CHAIR—We have done drugs and we will move on to immunisation, 1.5.

Senator RYAN—My questions are just in regard to immunisation and vaccines. The government confirmed their intention to create a new national immunisation strategy in the budget. I was after a short description of how this will differ from current arrangements. I have read the PBS, but are there any proposed changes? You can put the national tender to one side, because I am going to ask some questions about that later with respect to the way they are registered, the way they are funded and the way they are delivered other than through the national tender. Are there any changes envisaged in that particular strategy?

Ms Bryant—Senator, I think your question was, other than the change in terms of tendering, which goes to how we purchase the vaccines, whether there will be any other changes. We cannot repay the states and territories money for service delivery for specific

activities. That money, from 1 July 2009, is rolled into the national healthcare agreements, so that is one element that does change.

Secondly, the Australian immunisation agreements currently include incentive funding, in which the states and territories, if they manage wastage and leakage and maintain coverage rates, receive an incentive payment. The structure for paying that incentive payment going forward will be a new national partnership agreement with the states and territories.

Senator RYAN—And that will presumably still have targets for states? Will payments be dependent upon reaching targets as part of that agreement?

Ms Bryant—Senator, we monitor the performance and the coverage rates of immunisation for a range of different vaccines. For childhood ones, we monitor it through the Australian Childhood Immunisation Register. We will be expecting states and territories to maintain the existing coverage rates and, where possible, improve on those. The new national partnership arrangement will be a mix of a facilitation payment and a reward element that will go to issues of maintaining and improving coverage and, in particular, improvement in the area of Indigenous immunisation coverage.

Senator RYAN—Will the incentive payments be, effectively, lower compared to where they are now as part of that national partnership agreement?

Ms Bryant—No, Senator, they will not be lower.

Senator RYAN—And when is that expected to be finalised?

Ms Bryant—It would need to come into effect from 1 July 2009.

Senator RYAN—It has not been finalised yet, has it?

Ms Bryant—No, it will be—

Ms Halton—Soon. Very soon.

Ms Bryant—Very soon, and it will go to first ministers for consideration.

Ms Halton—It is a matter of some priority at the moment.

Ms Bryant—Indeed.

Senator RYAN—I would imagine, with a 1 July start, it would be. At the last estimates, we discussed the national tendering. Would I be correct in saying that the time line to start that has been pushed back a little?

Ms Bryant—I think we said at the last estimates that there is a complex range of vaccines delivered through the immunisation program—some 13 or so of them, or thereabouts—and there are eight jurisdictions, all with existing purchasing contracts. As you would imagine, that is quite a complex matrix of termination dates under their existing contracts. We will be looking to progressively tender for purchase at a national level, as state and territory contracts expire, and so we will be progressively picking them up over a period of some years, given that some of them already have a longer contract life than 12 months.

As the first contracts post July begin to expire, we will be making a judgment about national tendering for those. I anticipate that in reality we will tender in calendar year 2010, because we are also conscious that, based on advice from the states and territories and indeed

from the pharmaceutical companies who supply and with whom we have also consulted, it will take six months plus to conduct an individual tender process. Therefore, between July and December, we will not have had time to complete a tender process. I think the earliest state contracts expire around about October. It is likely we will not pick those up and that the jurisdictions will extend those arrangements with the pharmaceutical companies on an interim basis. But in 2010 we would be looking to conduct our first national tenders, our priority always being to ensure continuity of supply and no disruption and that we have got adequate time to conduct these first tenders.

Senator RYAN—So the first rollout of nationally tendered vaccines would likely be July 2010, or would it be further beyond that? I am just thinking what financial year or which part of the year it will fall into.

Ms Bourne—We are anticipating that the first programs would come into effect in July 2010.

Senator RYAN—I appreciate I am getting into a bit of complexity here. The department can correct me. The purchases are for particular immunisation outcomes, but they comprise different vaccines which can group together different products, for lack of a better way of putting it. So whether it is vaccines against chickenpox or rotavirus, what do you envisage will be the first list of products—I cannot think of the correct word—that the government will be tendering for nationally?

Ms Bourne—We are working really closely with the states and territories to work out what is the best approach. There are a range of different ways you could go to tender. You could go, for example, by individual vaccine and individual antigen. You could go for, say, all the childhood ones all together. What we are doing we have not yet decided, and we are working with the states and territories to determine how that fits with what their current contracts are and what we think the best way of doing it is—on an individual or grouping basis. We have also got to think about what will that do to the companies. A company may provide four or five different vaccines. Do we make them come to us five times or do we break it into smaller groups? So there is a lot of work to be done.

Senator RYAN—So when do you envisage coming to a decision, whether it be age cohort based or product based, about which vaccines will be nationally tendered in the first instance, presuming you cannot do them all at once?

Ms Bourne—We need to come to that decision before the end of this year. As Ms Bryant just said, it will take at least six months for the tender processes and negotiation. The companies tell us that to ensure they have a proper supply chain in place, that is how long it takes. So as soon as we have the national partnership sorted out, that is our next task.

Senator RYAN—I only have two more questions. Ensuring security of supply is very important in this field, which means that, as we discussed last time, you probably would not go to a sole supplier unless there was only one supplier of a particular vaccine. Does the department have a view on what number of suppliers would be optimal to ensure security of supply in the case of, as happened in the US a few years ago, a whole flu vaccine falling over? They lost 40 million doses?

Ms Bryant—The answer to that is a little complex, so bear with me. Where there are multiple suppliers of a particular vaccine type—and influenza is an example—then we would seek to have at least a minimum of two suppliers in the market. For some of the vaccines on the immunisation program there is only a single supplier in Australia. For other vaccines, there is a difference in the clinical efficacy of the vaccine. There may be alternative vaccines, but there may be a perception on the part of our expert advisers that one is demonstrably superior, in terms of its efficacy, to the available alternatives. We would take that information into account. So, in all cases, having two or more suppliers is not our dominant intent. Our first intent is the quality of the program and ensuring its efficacy, and that is the first driver. The second is then certainty of supply and those sorts of things. So it is a balancing judgment.

Senator RYAN—Sure. Because different states can use different vaccines at the moment, assuming they have all been approved by the PBAC, in order to meet the criteria that are laid down, can't they?

Ms Bryant—They can.

Senator RYAN—And just one last question. Since, several years ago, we moved to PBAC approval of vaccines, on, I understand, a cost-effectiveness basis, are there any vaccines that have been approved by the PBAC that are still awaiting a decision from government to fund or to place on the register and provide?

Ms Bryant—To my knowledge, there are two.

Ms Bourne—The PBAC has made a recommendation to change the funding arrangements for influenza for people at risk. They have recommended that those people who are currently eligible under the Pharmaceutical Benefits Scheme be included in the national immunisation program, which means that the vaccine becomes free.

Senator RYAN—They do not pay the PBS co-payment, effectively?

Ms Bourne—That is right. And my understanding is government is considering that change. They have also recommended the use of Zostavax for herpes zoster, but there has been a supply problem. So, in fact, even though the PBAC made that recommendation, the company immediately came to the department and said, 'Please don't action this. We can't actually supply at this stage.' So we are waiting on advice from them before—

Senator RYAN—Could I ask you to take on notice the dates of the PBAC approval of those two vaccines?

Ms Bourne—I can give you the—

Senator RYAN—That would be great.

Ms Bourne—I can give you the PBAC for the influenza. It was 22 July 2008.

Senator RYAN—And if you had the other one handy, or take it on notice—

Ms Bourne—I do not have that. I can get that for you on notice.

Senator RYAN—Thank you.

CHAIR—Senator Siewert has questions. She has left a note that she has a question about MS and she has questions for the TGA and she may want to go back to the research question

that she opened up with. So that is that. We believe that Senator Boyce has some regulation questions, so that will be going back to 1.4. So my plan is to go into 1.4 when we return after dinner.

Proceedings suspended from 6.33 pm to 7.34 pm

CHAIR—We are on outcome 1, Population health, program 1.4, Regulatory policy. Senator Siewert, you wanted to lead off with TGA.

Senator SIEWERT—Yes, please. I want to start on complementary medicines, if that is okay.

Ms Halton—Yes. I should explain that Dr Hammett, because we are careless with our officers, is at home because he has damaged himself on a bicycle. I could make a gratuitous observation about middle-aged men, but I would not be so crass!

Senator SIEWERT—If you could bear with me, there are a couple of questions that may seem a bit obvious to you, but I am still getting across the issues around complementary medicines. I must say, I am finding it a little bit confusing at the moment. I understand there is a bill coming around this, but there is a deal of concern in the community about whether complementary medicines are going to be available or not. An issue that has been raised with me is whether the definition of 'complementary medicine' is going to include 'traditional use' or if it is moving to 'traditional practice', which I understand in complementary medicine circles is understood differently to traditional use. Is that something that you have been looking at and is the concern that people have raised with me valid?

Mr Maskell-Knight—There is legislation before the parliament at the moment to repeal the definition of 'complementary medicine' in the Therapeutic Goods Act. That is because the only reason we define 'complementary medicine' is that there is a Complementary Medicines Evaluation Committee and its job is to look at complementary medicine. All the equivalent committees are established under the regulations. Our intention is to amend the regulations to move the complementary medicines advisory committee into the regulations and then move the definition into the regulations so that the two are in the same area. There is no suggestion to change the definition as part of moving it over.

Senator SIEWERT—So it is going to remain the same as it is currently. Is that right?

Mr Maskell-Knight—That is our intention at the moment.

Senator SIEWERT—In terms of bringing it under the regulatory process, the concern has also been raised with me that this means that manufacturers are going to have to therefore meet different standards to what they are used to and that that will require more trials and be more expensive. Is that the intention? Could you step me through how the process will work?

Mr Maskell-Knight—There is no intention to change any elements of the current listing process. At the moment there is something called the Electronic Listing Facility. Someone wishing to list a new complementary medicine on the Australian Register of Therapeutic Goods sits in the comfort of their own office, fills in a form on a computer, submits it to the TGA and the computer at the TGA checks it off. As long as all the boxes are filled in, it basically says, 'Yes, thank you very much,' and sends the listing certificate back.

Senator SIEWERT—Have complementary medicines had to go through this process before?

Mr Maskell-Knight—I am not sure if it has been since 1989, when the act came in, but it has certainly for a long while.

Senator SIEWERT—Exactly the same process?

Mr Maskell-Knight—Yes.

Senator SIEWERT—The concerns that have been raised are that they will have to do more science, more trials and that they will have to go through the same rigorous process as the more traditional Western medicines. Are those concerns not grounded?

Mr Maskell-Knight—There is nothing in what we are doing at the moment to change the process in any way. There are public commentators who are arguing that there should be more rigorous prelisting evaluation. The government is not moving in that direction at the moment.

Senator SIEWERT—I note that you are saying 'at the moment'.

Mr Maskell-Knight—I cannot foresee the future.

Senator SIEWERT—But what you are saying is that it is not part of the current process and not planned.

Mr Maskell-Knight—Exactly.

Senator SIEWERT—A lot of the other questions I had are null and void if what you are saying is that there is no reason for concern and that basically all it is doing is bringing them into the regulatory process and they still have to meet the same requirements as they have had to meet in the past. Is that a correct understanding?

Mr Maskell-Knight—There is no change.

Senator SIEWERT—Thank you very much.

Senator CORMANN—Referring to page 81 of the budget papers, you are talking about conducting a baseline assessment in 2009-10. Can you talk us through what is expected to be involved in that?

Mr Maskell-Knight—Sorry, which page?

Senator CORMANN—On page 81 the first qualitative deliverable says:

A baseline assessment will be undertaken in 2009-10.

Mr Maskell-Knight—I am glad you asked me that.

Senator CORMANN—I am happy to oblige.

Mr Maskell-Knight—On Monday we launched an online survey of our people that we communicate with. That is mainly industry, but we have also drawn the survey to the attention of professional bodies, consumer groups and so on. We are asking them a set of questions about how well they think our communication and consultation process has worked. I am happy to say that as of nine o'clock this morning 534 people had completed it.

Senator CORMANN—Out of how many possible respondents?

Mr Maskell-Knight—About 21 million, I suppose. That puts it into perspective, doesn't it?

Ms Halton—Senator Boyce, that means the departmental website is winning in terms of surveys.

Mr Maskell-Knight—Just, but yours has been running longer!

Senator CORMANN—Can we perhaps narrow down your target audience a tad.

Mr Maskell-Knight—I would need to go away and get the exact numbers, but there would be 1,000 or so sponsors of pharmaceutical products out there.

Senator CORMANN—So about half of the people that you would—

Mr Maskell-Knight—We do not know who has responded yet. If we have that number in the first couple of days with not a whole lot of publicity going on, I would expect we will get 3,000 or 4,000.

Senator CORMANN—When you say 'baseline assessment', is it a benchmark that you are talking about?

Mr Maskell-Knight—Yes.

Senator CORMANN—Will you be conducting this sort of assessment on a regular basis to track how you are going or is this a one-off for a period of time?

Mr Maskell-Knight—Our intention, subject to funding and everything else, would be to do it maybe next year. What we want to do is work out what changes we can make, put those changes into place, let them settle down a while and then go back and ask, 'Are we doing better than we were last time?'

Senator CORMANN—As I understand what you are saying, you are conducting the assessment in-house. It is not something that you have contracted out. Is that right?

Mr Maskell-Knight—Yes.

Senator CORMANN—Have you been given any specific funding for it, or is it just something that you do as part of your routine business?

Mr Maskell-Knight—As part of the general budget.

Senator CORMANN—And you are going to use it to improve your operations generally. Is there any specific purpose?

Mr Maskell-Knight—It is about communication and consultation, so we use our website a lot to convey information to the general public and to our industry interlocutors. We have had various ad hoc comments about how well the website works and how easy it is to navigate and so on. So that is an area we would be particularly interested in. We also undertake public consultation fairly regularly on draft guidelines, draft legislative instruments and so on, and we would be interested to see whether people think we are doing that as well as we might.

Senator CORMANN—Will the results be made publicly available, given that there are 21 million stakeholders?

Mr Maskell-Knight—I am sure we will be able to make the results available, yes.

Senator CORMANN—Do you expect to report in your annual report on a regular basis on improvements against the benchmark?

Mr Maskell-Knight—To the extent to which it is noteworthy, yes.

Senator CORMANN—Thank you very much for that. When do you anticipate that product information and consumer medicine information will be available on the website?

Mr Maskell-Knight—Later this year. We have got a project working towards generally addressing a few issues in the prescription medicine area. One of their remits is to build the necessary software to allow that product information and CMIs to go up.

Senator CORMANN—Who will have responsibility to ensure that the information is kept up to date? Is that something that you will be doing in house?

Mr Maskell-Knight—We will be requiring sponsors to update that information and certify that the information they have given us is the most recent.

Senator CORMANN—There is a view that has been put to us that the Pharmacy Guild have already provided this information. In fact, I think they receive a payment for providing that information of 10c or something per—

Ms Halton—That is right.

Senator CORMANN—So that is right?

Ms Halton—It is not the guild itself. The pharmacies—

Senator CORMANN—Individual pharmacies get paid a small fee.

Ms Halton—Yes. I have had the guild come to see me about the issue that you are referring to and I have asked the people responsible for the PBS to talk to the Therapeutic Goods Administration people.

Senator CORMANN—For the record, you might be able to address this question: are we doubling up something that is already happening? Is it being looked at?

Ms Halton—Their concern—which is a completely legitimate concern and I have said that to them—is that they will not be able to discharge their obligations to provide the information that is needed under the pharmacy remuneration arrangements as part of the Pharmaceutical Benefits Scheme because there is a risk with this initiative that they will not get access anymore to that information. They have come and put that case to me. I am concerned about that and I understand their point completely, and I have asked Mr Learmonth, who is the deputy secretary responsible for the Pharmaceutical Benefits Scheme, to work with Mr Maskell-Knight and the people in the TGA to ensure that that risk which they are concerned about is not realised. I understand their point and I am very sympathetic.

Senator CORMANN—Thank you very much for that clarification. I appreciate it. Do you conduct audits in relation to drug manufacturers that are approved for imports into Australia?

Mr Maskell-Knight—We do.

Senator CORMANN—How many audits do you expect to conduct over the next financial year?

Mr Maskell-Knight—I will ask the head of our Office of Manufacturing Quality to answer that.

Mr Lok—We undertake approximately 100 overseas audits each year.

Senator CORMANN—Over the forward estimates do you expect the number of audits to be the same, more or less than there have been in previous years?

Mr Lok—There will be slightly more because we have increased our resource levels somewhat to address completing more audits and shortening some of the lead times on some of those audits.

Senator CORMANN—Do you outsource some of your quality checks, like into China and India?

Mr Lok—Yes, we do visit China and India.

Senator CORMANN—But do you contract that out or do you do that yourself?

Mr Lok—We do that ourselves.

Senator CORMANN—How often would you go and make assessments? How do you select where you will make your overseas assessments?

Mr Lok—The assessments are made on the basis of clearances sought by Australian sponsors. So they lodge applications. If we have sufficient evidence on the manufacturing site from other regulators—for example, if it is a site located in a country with which we have a mutual recognition agreement—clearance can be granted on that basis. If there is a recent inspection by another regulatory authority, together with other information from the manufacturer, we can sometimes clear on the basis of that. When that evidence is not available, the TGA undertakes the audits and we clear the import for a period of time consistent with the same duration that we have for Australian manufacturers of a similar manufacturing type.

Senator CORMANN—In identifying your targets for audits, so to speak, you work on a risk assessment basis. Is that right?

Mr Lok—That is correct. We work on the basis of the types of products that are manufactured, whether the products are sterile or non-sterile and the previous compliance rating based on that particular site. If there was a very low level of compliance and a number of things that they needed to deal with, we are more likely to revisit that site much sooner.

Senator CORMANN—How does it work? Bear with me. Is it an assessment on a case by case basis? Does somebody approach you and you then make a decision where they fit into the risk profile, and it just happens to be about 100 every year? Or do you decide, 'We're going to do that many,' and then spread it across?

Mr Lok—We adjust it based on the clearance expiries of those companies. When we decide that we have assessed a particular company, an expiry will be lodged in the system, based on that assessment that we have made. It might be a shorter period because we have a number of issues or things that need to be cleared up, if it is a higher risk company. Therefore it is planned in that way.

Senator CORMANN—Thank you very much for that. There was an article in the *Sunday Telegraph* on 3 May which talked about 1.9 million doses of Tamiflu stockpiled by the federal government in case of a national emergency which were close to the expiry date. I am led to believe that there was a decision made to extend the expiry date by two years and the TGA was involved in that. Is that right?

Dr Lopert—Yes. The company applied for an extension of the shelf life of the product to seven years. That was evaluated and approved by the TGA on 1 May.

Senator CORMANN—Can you talk us through the process that you have gone through in making that decision to agree to the extension of the shelf life?

Dr Lopert—Yes. Typically, when a product is first approved for marketing, an appropriate shelf life is determined. That will be based on the stability data available on that product at that time. It is quite often the case thereafter that the company will come back to the TGA when they have longer duration stability data and will seek to extend the shelf life of the product.

Senator CORMANN—Are you saying that that is something that is not unusual?

Dr Lopert—No. We would process between 50 and 100 applications for extension of shelf life in any given year.

Senator CORMANN—Is it usually by two years?

Dr Lopert—It is not common that a shelf life in excess of five years would be approved.

Senator CORMANN—But on this occasion you approved a shelf life of seven years.

Dr Lopert—On this occasion the stability data submitted by the company and evaluated by the Office of Prescription Medicines was adequate to justify an extension of shelf life for seven years when the product is stored at less than 25 degrees centigrade.

Senator CORMANN—If the company is seeking an extension of the shelf life to seven years, which is unusual, you would expect them to make the case in the strongest possible terms. But you would have had some independent scientific evaluation of whether that is—

Dr Lopert—The TGA undertook a scientific evaluation of the stability data submitted by the company.

Senator CORMANN—Can you talk us through what steps you undertook to conduct that scientific evaluation?

Dr Lopert—When you initially approve a product and you determine what the appropriate shelf life is, you determine what we call expiry specifications. The product has to remain within certain specifications at the end of the shelf life period. If the stability data that is submitted by the company is sufficient to demonstrate that at the end of a longer period the product still remains within specification, then that is sufficient to demonstrate that it is safe to extend the shelf life.

Senator CORMANN—Presumably the drugs in question are held by the Australian government as we speak. Is there some assessment made? Maybe I am ignorant and naive and I do not know how these things work, but are you saying that the company gives you an

assessment of the stability of their pharmaceuticals in general or are you assessing the drugs that you hold in particular?

Dr Lopert—They give a range of data which looks at the stability of the product when stored under certain conditions for certain periods of time.

Senator CORMANN—So you have not assessed specifically the product that is stored in Australia. You have taken the information that was provided by the company about the product in general in certain conditions?

Dr Lopert—The extension of shelf life applies to the product in general.

Senator CORMANN—Yes.

Dr Lopert—It is not simply to the product that is stored in the stockpile.

Senator CORMANN—So there are no conditions that might apply in Australia and not apply elsewhere?

Dr Lopert—There are conditions that apply to the extension of shelf life. The original shelf life was approved for five years when the product was stored at less than 30 degrees. The extension of shelf life only applies to product which has been stored at less than 25 degrees Centigrade.

Senator CORMANN—And that applies to the 1.9 million doses of Tamiflu that are held by the government?

Dr Lopert—That does, yes.

Senator CORMANN—That was stored at less than 25 degrees—

Dr Lopert—I understand it was stored at less than 25 degrees—

Senator CORMANN—When you say you 'understand'—

Dr Lopert—I am not involved in the maintenance of the stockpile. That would be a question that would have to be addressed to the Office of Health Protection.

Senator CORMANN—Yes, I know. But the TGA provided the approval.

Dr Lopert—The TGA provided the approval on the basis that the product was stored at less than 25 degrees Centigrade.

Senator CORMANN—Okay. But you would not be involved in seeking assurances. Who then is responsible to make sure that your conditions are complied with?

Dr Lopert—That would be the staff responsible for the maintenance of the stockpile.

Senator CORMANN—Thank you very much.

CHAIR—Dr Lopert, who signed off on the statement that it had been stored at under 25 degrees? I think that was the question that Senator Cormann was asking. When the information was provided to the TGA to say that the area this stockpile had been stored in was less than 25 degrees, who made that statement and signed off on it?

Ms Halton—There is a misapprehension here.

CHAIR—That was how I understood it.

Dr Lopert—I think there is a misunderstanding here. The TGA did not approve an extension of shelf life specifically for the product in the stockpile.

CHAIR—It was a general thing.

Dr Lopert—The extension of shelf life is based on a general assessment of stability data concerning the product.

Senator CORMANN—There is a link there somewhere. You say, 'We approve of the extension of shelf life by two years,' which is unusual, 'under specific conditions.'

Dr Lopert—That is correct.

Senator CORMANN—How do we know, and who signs off, that the stockpile that is held by the Australian government has complied with the conditions you have set?

Ms Halton—Let's be clear about this. What the regulator has done is to indicate to the manufacturer that, in respect of their application to extend the shelf life on a product, they extend the shelf life on the product where that product is stored at less than 25 degrees.

Senator CORMANN—Who can give the assurance that that has happened?

Ms Halton—Then we go to the other question, the logical next question, which is: what is the circumstance of the material that we have stored in our stockpile? Whilst the manufacturer has received that extension for product in that circumstance, that was not an application in respect of anything in our stockpile. It was a generic application, which I think is the point that Dr Lopert is making. Then it is a question for people holding stock as to whether or not the stock they hold—

Senator CORMANN—Complies with—

Ms Halton—Precisely right. That is a matter for us, the department, and the contract that we have in place to manage the stockpile.

Senator CORMANN—You have described the process, and I am very grateful for that. Can you perhaps provide us with an answer to the question that we are all interested in, which is: does the stockpile that has been held by Australia comply with the conditions that are set?

Ms Halton—The officers who could give you the absolute lengthy chapter and verse on this are not with us, but that is my understanding.

Senator CORMANN—Maybe that is your understanding, but we still have to confirm—

Ms Halton—If I am wrong, I will come back and correct this tomorrow morning.

Senator CORMANN—Thank you.

Ms Halton—But that is absolutely my understanding.

Senator CORMANN—Thank you very much.

Senator ADAMS—I have one question that I think is for the TGA. After a PBAC positive recommendation for the listing of a high-cost drug which is above the cabinet threshold of $10 million—

CHAIR—I think you are going into pharmaceuticals.

Senator ADAMS—Is it?

CHAIR—Yes.

Ms Halton—PBAC is not us, I do not think.

CHAIR—I am sorry. I am looking for the right one. It is here somewhere. Outcome 2.

Senator ADAMS—Outcome 2? Okay.

Ms Halton—I think so.

Senator SIEWERT—I have another couple of questions. I asked you last time about naltrexone implants and the process. Has there been any progress since I last asked about that in February?

Mr Maskell-Knight—There have been a number of developments in relation to the Go Medical application for a manufacturing licence that is not restricted to clinical trials. We are still awaiting data from them.

Senator SIEWERT—That is the only progress?

Mr Maskell-Knight—On that issue, yes.

Senator SIEWERT—Has there been any other progress in that area?

Mr Maskell-Knight—The NHMRC has now received an end-of-grant evaluation, I believe, of the clinical trial that was going on, and we understand that the investigator is seeking to publish the results of that somewhere.

Senator SIEWERT—When is that likely to be?

Mr Maskell-Knight—I do not know.

Senator SIEWERT—Thank you. How many approvals have there been for RU486?

Dr Lopert—There have been a total of 53 approvals for authorised prescriber status for RU486.

Senator SIEWERT—Are they from around Australia?

Dr Lopert—Twenty of those are from New South Wales. I do not have a more extensive breakdown than that at this stage.

Senator SIEWERT—Is it possible for you to take that on notice, or is that not information that you release?

Dr Lopert—That is generally held in confidence, because the numbers are very small in some states.

Senator SIEWERT—Fair enough.

CHAIR—Thank you very much. Last call for TGA. I know that we want to go into FSANZ, but I think there are two other questions that I did tell the officers about, Senator Siewert. One was on MS and one was going back to the first question that you asked. In which order do you want to ask those?

Senator SIEWERT—I will go back to the first question I asked, around the Public Health Education and Research Program. I apologise for dragging you back. I may have misunderstood one of your answers. I thought you said that the program was going through to

2010-11 but, as I understand this document, there is only a budget allocation through to 2009-10, which is this next financial year. Have I misread the PBS or did I misunderstand what you said earlier?

Mr Morris—The complicating factor is the run-on of contracts into the year 2010-11. The program has many elements. I would rather take that on notice, if I may.

Senator SIEWERT—If you could. As I said, my understanding of the PBS is that the budget allocation is through to 2009-10, so could you tell me what the actual budget allocations are, and I would appreciate you undertaking that with your contracts, because that leads me to the other question. This came up with the axing of another program that I hold dear to my heart in another portfolio, which is a program that runs contracts and grants. The question is: what happens to the contracts and grants that have been entered into that run over a number of years? Will they keep getting funded, if that is the case?

Mr Morris—All current contracts will run until their natural conclusion.

Senator SIEWERT—That may be why it takes us into another year. But the funding will have come out of previous funding allocations, won't it?

Mr Morris—There are three components to the program. For two of them the funding will run into 2009-10, so the next fiscal year, and one element—it is a small element; the workforce component—will run into 2010-11.

Senator SIEWERT—Thank you for clearing that up for me. I much appreciate it. If there is anything further, I will put it on notice.

Mr Morris—We can give you any clarification on notice.

Senator SIEWERT—That would be appreciated.

Ms Halton—Just think, Senator: they had the benefit of eating dinner in the canteen!

Senator SIEWERT—Yes.

Ms Halton—Can I say, as the Greens senator: why is it that they have gone to takeaway containers down there?

Senator SIEWERT—You have got onto one of my favourite topics. I understand the dishwasher is broken.

Ms Halton—Is that what it is? There was a serious conversation about the carbon footprint involved in our dinner.

Senator SIEWERT—Yes. Last week there was a sign saying, 'There will be no plates today,' and that has been extended. That was on Friday, if I recollect. That has now extended through to this week, because I understand the dishwasher is broken.

Ms Halton—Is that right?

Senator SIEWERT—If it is not fixed very shortly, a number of us will be taking it up, because not only is it very bad because of the rubbish that is generated but it is appalling to eat your food off takeaway plates and things all the time.

Ms Halton—We were bemoaning the loss of institutional crockery.

Senator SIEWERT—We will most definitely follow it up.

Ms Halton—Excellent! This is my reverse question to the senator. I was dying to know, thank you.

CHAIR—Then you have a question on MS. Is that right?

Senator SIEWERT—Yes. I understand—and again I may have this wrong—that there is some consideration being given to some funding for some work on MS. Is that correct? Do I have the wrong end of the stick somewhere?

Ms Halton—Outcome 10, I think.

Senator SIEWERT—Is that outcome 10?

Ms Halton—Yes.

Senator SIEWERT—I will come back in outcome 10.

Ms Halton—Can you give me any more hints? It is ringing no bells.

Senator SIEWERT—I understand there have been some approaches made to the department to fund some further work on MS. Is that correct? Have there been applications made or approaches made to government?

Ms Halton—Yes, we will ask officers in outcome 10. There may well have been.

Senator SIEWERT—Maybe you could. It is a forewarning for outcome 10.

Ms Halton—Yes, that is good. Thank you.

Senator SIEWERT—Thank you.

[8.05 pm]

CHAIR—The way I see it, we have now moved into 1.6. I am just checking whether there is anyone who has got a heading on their page 1.6. We have got obesity, so you are on, Senator Adams.

Senator ADAMS—Senator Moore, 'We have got obesity.' Would you like to rephrase that?

Senator BOYCE—And we have done drugs!

Senator ADAMS—We are back to the marketing campaign for obesity. Can you please provide the budget breakdown related to a marketing campaign to combat obesity?

Ms Halton—This is in respect of the Measure Up campaign?

Senator ADAMS—Yes.

Ms Halton—At this point someone should reflexively get out their tape measure.

Senator ADAMS—We need a tape measure, yes.

Ms Halton—I have offered them around before. I can do it again!

Mr Smyth—Media placement up until 30 April this year for the Measure Up campaign for this financial year has been a total of $8,904,600. I can give you a breakdown by each of the component parts as well if you wish.

Senator ADAMS—Yes, thanks.

Mr Smyth—Television has been $4.2 million, radio placements $1.3 million, newspaper placements $115,000, the internet $988,000, magazines $512,000 and outdoor has been $1.67 million.

Senator ADAMS—What are the results? What feedback have you had from the actual campaign? I think the tape measure in that pack is really good and I would just like to know the results.

Mr Smyth—We are awaiting the final evaluation report, which will be due at the end of this month. That will present all of the findings from the various stages of the campaign to date. That report is due in a few weeks time.

Senator ADAMS—Thank you. I will ask about that in October. Do you have figures regarding the number of overweight and obese children in Australia?

Ms Peachey—The latest data we have is the ABS National Health Survey 2004-05.

Senator ADAMS—There is nothing later than that?

Ms Peachey—The ABS have just released the 2007 National Health Survey, but they have advised us that there were some errors in some of the reporting and they are wanting to revise that. They will re-release the report. We are working off the 2004-05 figures at this point.

Senator ADAMS—When do you think the report will be released?

Mr Morris—We do not have information on that at the moment. We have only got advice today that there were problems with the first publication of the report and it is undergoing revision.

Senator ADAMS—What are the current goals for reducing current obesity rates?

Mr Morris—The current goals are those expressed in the national partnership agreement with the states. Under the National Partnership Agreement on Preventive Health all parties, including the Commonwealth, have committed to ensuring that the increase in the proportion of children at unhealthy weight is held at less than five per cent from baseline for each state by 2013, and that the proportion of children at healthy weight is returned to baseline by 2015. In respect of adults, it is in fact the same target: that the increase in the proportion of adults of unhealthy weight is held at less than five per cent from baseline for each state by 2013 and that the proportion of adults at healthy weight is returned to baseline level by 2015. That may sound complex. What it is actually saying is that we halt and reverse the trend in obesity in both children and adults so that by 2015 we are back to where we were at baseline, which I believe is 2009.

Senator ADAMS—Do you have a breakdown of the staffing of the Preventative Health Taskforce?

Ms Halton—The secretariat or the people actually on the task force?

Senator ADAMS—Just the people on the task force.

Mr Morris—We can give you that. It is, in fact, a membership of nine, but we can give you that on notice.

Ms Halton—Yes, it is publicly available.

Senator ADAMS—Thank you. Can you provide information about the members of the task force—the backgrounds of those nine people? What background do they have for working on the task force?

Mr Morris—Certainly. The backgrounds are all on the Preventative Health Taskforce website.

Senator ADAMS—Okay. What is the address?

Mr Morris—It is preventativehealth.org.au.

Senator ADAMS—I would like to get on to the matter of gastric banding surgery—can I ask that question here?

Ms Halton—It depends on what the question is, because this is actually largely an issue in respect of acute care.

Senator ADAMS—It is about what research has been done regarding patients who have been diagnosed with obesity related diseases and their suitability to have this type of surgery.

Ms Halton—We might take that on notice.

Senator ADAMS—Thank you. What research has been done on treating obesity as an eating disorder rather than as a lifestyle program?

Mr Morris—We would need to take that on notice, too.

Senator ADAMS—Do you have a breakdown of the number of junk food adverts shown on television and heard on radios throughout the day? Do you do any research on that?

Mr Morris—We do not do research. That may be available from evidence presented to the ACMA review.

Senator ADAMS—I wonder if that has reduced, really, with the promotion that is going on about obesity, that is all. That is the reason for asking the question.

Mr Morris—We have no basis on which to comment on that.

Senator ADAMS—That is all right.

Ms Halton—I have certainly seen it reported that the composition of advertising has changed, but that is reporting in the public arena. Probably—and I think this has been indicated by Mr Morris—the evidence presented to the ACMA review is the most up to date. Certainly there has been some reporting about the composition of advertising, which I am aware of, but it is not material for which we are responsible.

Senator ADAMS—Thank you. That is all I have got on that.

CHAIR—Do you have any more under this heading, Senator Adams, before we move on to FSANZ? Senator Williams.

Senator WILLIAMS—Just a clarification, Chair, as it is a little confusing for me. In the budget papers under outcome 13 you talk about '$1.5 billion to support our world-class hospital system' but also in outcome 10 it is exactly the same wording. I would like to discuss some of those issues, Chair. Do I have to do it in—

CHAIR—I would say it is in 'Acute care', Senator Williams. We are moving into that fairly soon.

Senator WILLIAMS—All right.

CHAIR—Ms Halton, you would agree that that would be the place?

Ms Halton—Correct.

CHAIR—It will not be too long. Were there any other things you wanted to clarify, Senator Williams?

Senator WILLIAMS—No.

CHAIR—On that basis we will move to FSANZ, thank you.

Ms Halton—The population health departmental officials may go?

CHAIR—Yes.

Ms Halton—Thank you.

CHAIR—If there is anything we find, we will put it on notice, Ms Halton.

[8.15 pm]

Food Standards Australia New Zealand (FSANZ)

CHAIR—Welcome. Senator Boyce, you can start.

Senator BOYCE—I have a group of specific questions around Bisphenol A—BPA—which is an artificial oestrogen found in plastic baby bottles, I understand, and I am told, that over time, the heating of the bottles can lead to this artificial oestrogen leaching out of the plastic and into liquid in the bottles. Can you tell me what work FSANZ has done in this area, please.

Dr Brent—You are talking about Bisphenol A, or BPA, and it is a chemical found in polycarbonate plastic items such as plastic baby bottles and so on.

Senator BOYCE—Is it all polycarbonate products?

Dr Brent—It is very commonly used. It is a chemical that makes the plastic flow better, so it gives it better properties to be moulded and so on. In terms of its safety, there have been quite a few recent reviews of the scientific literature. Most notably, the European Food Safety Authority has done a review of its safety, and also the USFDA has done a review.

Senator BOYCE—Could you give me the dates for those, Dr Brent. When you say 'recent', what dates?

Dr Brent—2008 for both of those. Our agency has also looked at all of the available data and the consensus seems to be that, at the levels people are being exposed to from consumption of beverages or food products from plastic bottles, there is no safety issue. I guess some of the risk management decisions that have been taken in other countries have got into the media. Certainly Canada, for example, came up with exactly the same conclusion: that there is no human health and safety issue even in young children from the consumption of beverages from these bottles at the dietary levels we are exposed to.

Senator BOYCE—When you say there was a consensus about the very low levels of danger, the consensus is from those literature reviews. Is that what you are saying?

Dr Brent—That is exactly correct.

Senator BOYCE—I understand that the use of BPA in bottles used for babies, at the very least, or containers used for baby products made with polycarbonate in the US, has been made illegal. Is that correct?

Dr Brent—No, that is not correct. I think you may be referring to Canada where, as I said, the Canadian food regulators came up with the same view on the safety—that is, that there is very little safety concern at the levels people are being exposed to, even for young children. But the Canadian government decided to take a risk management decision and they are looking to phase out the use of BPA, particularly in babies' bottles, and are working closely with industry to look for alternative substances to do what this particular substance does in the plastic. I believe also that the Canadians have been discussing and negotiating similar activities perhaps in the US, because they share a border, obviously.

Senator BOYCE—Yes.

Mr McCutcheon—There have been reports coming out of the US which have really not represented the true situation. For example, Suffolk County in New York announced on 2 April this year a ban on the sale of BPA-containing bottles and cups intended for young children, so there has been some action at that level, and then similarly, on 8 May 2009, Minnesota enacted a bill banning certain products containing BPA. So there has been some sort of action at the state and local, or county, level in the US but nothing at the national level, the federal level.

Senator BOYCE—Nevertheless, we are talking about babies, and people obviously would rather err on the extremely cautious side than be taking any risks at all. In the research that you referred to we are obviously talking about different risk levels for an adult compared to a child. Would you like to describe what those risk levels are, please.

Dr Brent—The research that has been done looks at the toxicological end points, particularly in animals, for this substance, and they do reproductive studies and multigenerational studies.

Senator BOYCE—So we are stuffing vast amounts of this into mice or rats to see what happens.

Dr Brent—That is correct. The final health reference end point that they get to actually takes into account the toxicity in a range of ages, adults down to children. In terms of the multigenerational reproduction studies that they do, that is how they look at the effect on young kids.

Senator BOYCE—Would you be able to quantify this in any way? What I would love is for you to tell me, 'Well, the parts per million that a baby might get are X, and the dangerous parts per million would be something else,' but I will accept anything along those lines that you might be able to tell me.

Dr Brent—In terms of a level that is safe, did you say?

Senator BOYCE—Yes, or unsafe.

Dr Brent—I am unable to give you a figure right now. I would have to take that on notice, if there is such a figure.

Senator BOYCE—Yes.

Dr Brent—I am happy to take it on notice.

Senator BOYCE—I am presuming there would be a figure at which oestrogen that is not naturally occurring—oh dear, yes, we could get into a really long argument here, couldn't we! I was just thinking of other ways that this could happen. Have you done any independent research in this area?

Dr Brent—We do not do research, but we have done our own independent assessment of the available literature, and we have come to the same conclusion as the European Food Safety Authority and the USFDA and, indeed, the government of Canada—the Health Canada Food Directorate. We are in contact with these people on a regular basis. In fact, we had a teleconference last Thursday night with all of those regulators.

Senator BOYCE—On this issue?

Dr Brent—No, not on this issue, but we have spoken about this issue in the past, particularly with Canada. We are all on the same page: that even in young children there is unlikely to be any human health and safety issue at the levels people are being exposed to.

Senator BOYCE—Are you aware if the bottles and cups used for Australian babies are generally of Australasian manufacture, or are they imported?

Dr Brent—Again, I will have to take that on notice.

Senator BOYCE—Have you had conversations with any local manufacturers on the topic of babies' bottles or cups?

Dr Brent—I guess we have had some contact with the AFGC on some of these issues, but I am not aware of who is making baby bottles here in Australia.

Senator BOYCE—Thank you.

ACTING CHAIR (Senator Siewert)—I would like an update on where we are up to with the food labelling issue. A number of us ask this question every time we have estimates. I believe there may have been a little bit of progress. Is that correct?

Mr McCutcheon—We might just get you to clarify, when you talk about the 'food labelling issue', what—

Senator McLucas—Which one?

ACTING CHAIR—You were undertaking some work—and this goes back to when we were asking those questions in the chamber about whether we were going to go to stoplight approach or—

Senator McLucas—Traffic lights.

ACTING CHAIR—Traffic lights, sorry. There was talk about it at ministerial council and you were progressing it from there. So what I would like to know is where we are up to now.

Ms Halton—It has not actually been referred to FSANZ yet. It is still a matter in front of—well, not quite yet in front of the ministerial council.

Senator McLucas—That is right.

ACTING CHAIR—Parliamentary Secretary, where is it up to in ministerial council? We had this debate a significant period of time ago in the chamber, where it was being referred—

Senator McLucas—There is an item that has been in front of the last MINCO—and, in fact, the one before—a reference to undertake a comprehensive review of labelling law and policy by the ministerial council on food regulation. At the last ministerial council there was agreement around some draft terms of reference. The area that we do have to agree on is the funding source for this work.

ACTING CHAIR—How much is it going to cost? What sort of funding are we talking about?

Ms Halton—For the review?

Senator McLucas—My recollection was $1 million.

Ms Halton—It is $1 million. That is the upper estimate, but that is certainly the estimate of the costs of that review.

ACTING CHAIR—Could you remind me when the last work was done on food labelling?

Senator McLucas—I have only been in this job for a little over 18 months, and my understanding is forever.

ACTING CHAIR—That is what I thought.

Ms Halton—It certainly precedes my time.

Senator McLucas—It just goes on and on, and that is because of the changing demands of consumers and the changing desires of manufacturers. I think it is an ongoing story, but we certainly support the idea of doing some sort of 'line in the sand' comprehensive review.

Ms Halton—Proper review.

Senator McLucas—At the moment, I think it is timely, because we really do have a lot of demands from industry, consumers and public health activists wanting to be part of a discussion around labelling.

ACTING CHAIR—It has been on the last two agendas. Is that what you said?

Senator McLucas—That is right.

ACTING CHAIR—When is the next meeting?

Senator McLucas—October.

ACTING CHAIR—If it does get referred, then we are talking a significant period of time. There are, as I understand it, statutory requirements for FSANZ to—

Senator McLucas—This would not necessarily be referred to FSANZ.

ACTING CHAIR—We would not do it under that process?

Ms Halton—No.

Senator McLucas—This would be done by FRSC and probably subgroups of officers.

Ms Halton—As the chair of FRSC, we would actually run that process on behalf of the ministerial council. The principal challenge at the moment is sourcing the funds to do it.

Senator McLucas—That is right.

Ms Halton—There is a great deal of goodwill about doing that review, I would have to say. There is almost universal agreement that we should do it. The challenge is finding the cash.

ACTING CHAIR—Are you expecting the states to stump that up as part of a joint approach through the ministerial council?

Ms Halton—Essentially, as you probably know, there is money that was provided to the states as part of the whole COAG regulatory reform agenda, and the Commonwealth starting position on this, as advised by our Treasury and central agency colleagues, is that that is exactly the kind of thing that the funding was provided for and so it would be helpful if the states could actually tap into those funds. We are waiting for a response, aren't we?

ACTING CHAIR—Thank you. In terms of the labelling on wine bottles and other alcoholic products, where are we up to with that review?

Mr McCutcheon—There is no specific review on labelling of wine products and other alcoholic beverages. If you are referring to an application for—

Ms Halton—There is in terms of standard drinks, on alcohol, yes.

Mr McCutcheon—That is the COAG. Is this following on the discussion—

ACTING CHAIR—I thought there was an agreement through COAG.

Ms Halton—Yes.

Mr McCutcheon—Sorry, yes. I am getting confused with the other applications that were discussed at the last hearing.

Ms Halton—Switch track. Go to the next issue.

Mr McCutcheon—That is a process under COAG. FSANZ was asked to prepare a report, which we have done. That was submitted to the ministerial council and it, in turn, will forward that on to COAG.

Ms Halton—Essentially, it will go to the Ministerial Council on Drug Strategy because, as you are aware, the whole binge-drinking approach comprises a number of different elements, of which that labelling work is only one component. So that ministerial council is looking at the entire package, with a view then to taking it to COAG.

ACTING CHAIR—So it is not going to go up separately?

Ms Halton—No. Correct.

ACTING CHAIR—What is the time line for that, for the whole binge-drinking package going up then?

Senator McLucas—The element that FSANZ completed for us is complete. It was accepted by the ministerial council on food regulation a couple of weeks ago. We have now

forwarded it to the Ministerial Council on Drug Strategy, and the view is that that then will be pulled together and sent directly to COAG.

ACTING CHAIR—So it will be at the next COAG meeting? Would that be your intention?

Senator McLucas—We do not control the COAG agenda.

ACTING CHAIR—Sorry, I will rephrase that. You will have it ready for the next COAG meeting.

Senator McLucas—That is correct.

ACTING CHAIR—Thank you. Senator Colbeck, welcome.

Senator COLBECK—I just came in to listen to FSANZ stuff on food labelling, given that we asked some questions about it in agriculture last week and were kindly referred here. Senator Siewert has dealt with that. A curiosity question: AQIS last week removed irradiation for cat food as a quarantine measure for product being imported into Australia on the basis of neurological problems in cats.

Ms Halton—I think it was actually cat deaths, wasn't it? 'Neurological problems' is a nice way—

Senator COLBECK—Created neurological problems. How is Princess by the way?

Ms Halton—Princess is excellent, thank you. For those in attendance who do not know, Princess is one of my cats. She looks distinctly like Garfield, but she is a girl: orange and quite large.

Senator COLBECK—We have been acquainted with her, I think, at a previous estimates hearing.

Ms Halton—She is doing very well. Thank you for your concern. I will pass on your regards.

Senator COLBECK—We have cats in our household, so I understand perfectly—including some of the neurological issues too, I think—or it might be psychological. The question is: does it raise any further issues? My understanding is that there were not issues with respect to dogs, although there are still some concerns with respect to the labelling of dog food—and I understand that is not necessarily your problem. But I just wondered if it raised any other issues?

Mr McCutcheon—We certainly have been in regular contact with AQIS and Biosecurity Australia on that issue, because it certainly did raise some questions, but the bottom line is that it is not an issue for human food, and I understand it is a particular issue for cats. But I might ask our chief scientist. He can talk probably through the detail a little better than I can.

Senator COLBECK—That would be good, thanks.

Dr Brent—Thanks. In fact, I think you have said it all. It does seem to be an issue for cats specifically. We do not know how the irradiation affects this particular cat food, and it only seems to be a specific type of cat food, which I am told is very expensive. It is an imported type of cat food. We have had meetings with AQIS and Biosecurity Australia and the

Australian Veterinary Association, and also the cat neurologist, Georgina—I cannot remember her second name, sorry—from the University of Sydney veterinary school. As I say, the cats seem to get ataxia and then they get paralysis of the hind legs and that does go on to death. I think about 90 cats so far have been affected, of which about 30 died, so it is a bit of a conundrum. In terms of human food, we do have a standard for food irradiation, but there is absolutely no association of any kind with any human health and safety issue with the consumption of irradiated food.

ACTING CHAIR—This was an issue that we were discussing last week in the rural and regional committee, and I did ask the question, 'What does it mean for irradiation of foods that humans eat?' Can you tell us how you know it is not an issue for human food?

Dr Brent—We only allow irradiation of herbs and spices and tropical fruits. They are the only foods that are allowed to be irradiated so far. When we receive an application to approve an irradiated food, we get a whole suite of data, and there is no inkling at all, or any evidence at all, that there is any issue in terms of human health and safety.

ACTING CHAIR—Presumably there was not for the cat food either originally.

Dr Brent—No, that is correct.

ACTING CHAIR—The point is that the cat food has obviously proved to be a problem.

Dr Brent—I am not sure that cat food is actually tested before it is produced or consumed by cats or dogs. I do not know that anybody is testing pet food.

Mr McCutcheon—To add to the answer: firstly, the levels of irradiation that are used, as I understand it, for foods for human consumption are of a very narrow range. They are at significantly lower levels than they are using for cat food. Secondly, the detailed questions about cat food are really outside of our remit.

ACTING CHAIR—I appreciate that.

Mr McCutcheon—We are commenting on stuff we have picked up from meetings with AQIS and BA.

ACTING CHAIR—The point there, though, is that we were told last week that what is used to irradiate imported cat food is very low. Are you saying that the irradiation that is used for food for human consumption is lower than that which is used for pet food?

Mr McCutcheon—Very much lower, yes.

ACTING CHAIR—Can you provide us with a list of what is now allowed to be irradiated.

Mr McCutcheon—I can give you that list right now. Standard 1.5.3 of the Australia New Zealand Food Standards Code permits the irradiation of herbs, spices and herbal infusions to destroy food-poisoning bacteria and control insect infestation, and also to delay sprouting and destroy weed seeds. The specified tropical fruits that are permitted to be irradiated are breadfruit, carambola, custard apple, lychee, longan, mango, mangosteen, papaya and rambutan.

ACTING CHAIR—They are the only foods that are currently irradiated in Australia?

Mr McCutcheon—Permitted to be irradiated, and for quarantine purposes.

ACTING CHAIR—And for quarantine purposes?

Mr McCutcheon—For those fruits, that is correct.

ACTING CHAIR—If they are imported?

Mr McCutcheon—That is right. The irradiation permissions for the tropical fruits were set up mainly for quarantine purposes, to do with imports. With the other foods that I mentioned—the herbs, spices and so on—the irradiation is designed to destroy food-poisoning bacteria and so on, so it has slightly more a food safety component to it.

ACTING CHAIR—Thank you for that.

CHAIR—There being no further questions of FSANZ, I thank the officers.

[8.39 pm]

CHAIR—We will now move to outcome 13, Acute care and program 13.3, Public hospitals and information.

Senator BOYCE—My first questions are just trying to get some information—and I have asked similar questions of FaHCSIA—on the fact that quite a lot of your appropriations will be coming through Treasury rather than through Health and Ageing. Could you talk me through how that works and what happens. What controls do you have, in that you are still the policy and program driver? How do you know how that is all working?

Ms Yapp—Treasury will be responsible for the funding and the policy arrangements around the SPPs but the department will have responsibility for the national healthcare agreement.

Senator BOYCE—But you would have paid out those SPPs in the past.

Ms Yapp—That is right.

Senator BOYCE—So how does Treasury know to pay them out, so to speak? That is what I was wanting to go through.

Ms Yapp—The arrangements for the SPPs are set out within the intergovernment agreements. With the overarching SPP for health care, Treasury will pay a standard amount each month, on the seventh of the month.

Senator BOYCE—They pay it out monthly.

Ms Yapp—That is right.

Senator BOYCE—But there is a performance measure in there, is there not?

Ms Yapp—In regard to the healthcare SPP, the only requirement is that the money be spent on healthcare services. In terms of the overarching healthcare SPP, that is the only requirement attached.

Senator BOYCE—Is that monitored?

Prof. Calder—There is an agreed set of performance indicators across the healthcare agreement that will be monitored over time.

Senator BOYCE—So that monitoring would continue to be done by the department?

Ms Yapp—The monitoring will be done both by the department and by the COAG Reform Council, who will be collecting and reporting the whole range of indicators against all of the different agreements and national partnerships.

Senator BOYCE—Excuse my terminology here, but it is almost like a monthly direct debt from Treasury to the states for the SPPs. Is that right?

Ms Yapp—For the overarching SPP, the healthcare agreement SPP, not the national partnerships.

Senator BOYCE—But you would still have overall responsibility for ensuring that the performance indicators for the overarching specific purpose payments are being met.

Ms Yapp—The performance indicators are linked to the national healthcare agreement, which is related to but not the same as—

Senator BOYCE—The partnership agreement; is that right?

Ms Yapp—The SPP.

Senator BOYCE—If you are thinking of a way to make this clearer, I would love that. Thank you.

Senator WILLIAMS—Are you saying that they just give the money to the states and each state decides how it is distributed?

Ms Yapp—That is right.

Senator BOYCE—In that area?

Senator WILLIAMS—Yes, in this area.

Ms Yapp—That is right.

Senator COLBECK—Is that a part of the process where payments to states from a number of agencies will be lumped into one payment made to the states on a monthly basis but the management and the oversight of the relevant programs for which those payments are made remain with the agencies? For example, in agriculture, drought payments are being made through Treasury now instead of by the department of agriculture.

Senator BOYCE—FaHCSIA is doing the same thing.

Senator COLBECK—It sounds like there is a lumping up of payments to the states.

Ms Halton—I think it is called 'streamlining'.

Senator COLBECK—'Lumping up', 'streamlining'.

Ms Halton—So essentially the Treasury had that responsibility for those macro transfers. We are still responsible for issues around—we have already discussed this cost shifting, for example—those matters which are in schedules to that agreement. As Ms Yapp is indicating, the COAG Reform Council is responsible when it comes to performance monitoring at the macro level, particularly in respect of reward payments, whether or not the states and territories have achieved those particular objectives to which reward payments attach and, indeed, whether those reward payments will be made.

Senator COLBECK—So those triggers come from you to Treasury to make those payments or otherwise?

Ms Halton—Yes, that is right.

Senator BOYCE—Is it a direct debit system or is it a trigger system, and does it vary depending on the payment?

Ms Halton—It varies. That is exactly right.

Senator BOYCE—Which payments are automatic and which are performance based? That is an answer I would like.

Ms Halton—We might give you an answer on notice to this, because we can set it out in writing—

Senator BOYCE—In a lovely table. That would be beautiful.

Ms Halton—In a lovely table, so that you can see how all those bits fit together.

Senator BOYCE—That would be very good, thank you, because this would seem to be a logical continuation of the splits that went on, for example, between the development of the Department of Human Services and leaving policy in other departments. But the issue that we are concerned about is: is the accountability still going to be resident with the policy-driving department? On the topic of public hospitals themselves, would it be possible to get a baseline table of all the current public hospitals in Australia and their locations and how that will change over the forward estimates period?

Prof. Calder—Are you asking about the physical location of hospitals?

Senator BOYCE—Yes.

Prof. Calder—The numbers and the locations?

Senator BOYCE—Numbers and locations.

Prof. Calder—We can certainly provide you with that data.

Senator BOYCE—On notice?

Mr Eccles—We might be able to give you a list of where the hospitals are across Australia, but I do not think we can give you the amount of money that the states provide to each of their hospitals.

Prof. Calder—No, we cannot.

Senator BOYCE—No, I did not ask for that. Number of hospitals by state and location—

Mr Eccles—Yes.

Senator BOYCE—and how much each will be getting under the forward estimates.

Ms Halton—Each state?

Senator BOYCE—Each hospital.

Mr Eccles—We will not be able to provide that. To be clear, we can give you an understanding of where all the public hospitals in Australia are and we will be able to give you the amount of money that each state gets.

Senator BOYCE—We have got this big investment in infrastructure. How many more hospitals are we expecting per state and, if not a new hospital per state over the forward estimates, what development of a hospital?

Ms Halton—Are we now talking about the Health and Hospitals Fund?

Senator BOYCE—Yes.

Ms Halton—The infrastructure investment?

Senator BOYCE—Yes.

Ms Halton—We have chapter and verse on the investments. So we can say in those cases where the money is going.

Senator BOYCE—That would be good.

Mr Eccles—Not a problem.

Ms Halton—So you are talking about the capital investment in infrastructure that is coming from the Health and Hospitals Fund?

Senator BOYCE—That is being spent for infrastructure on public hospitals in the states over the forward estimates.

Ms Halton—Right, but that is different to the moneys that are coming through Treasury under the agreement that was struck at COAG.

Senator BOYCE—Yes.

Ms Halton—Good. We are on the same page.

Senator BOYCE—I want to know how many hospitals we have got now, where they are and how much money is going towards more hospitals or bigger hospitals over the forward estimates.

Ms Halton—Not a problem. Got it, no worries. We are all clear, so you will not get something which is not what you are expecting.

Senator BOYCE—The other questions I had in this area were more around the changes that are going to be made to hospital accountability and performance programs. The priorities under the national healthcare agreement is where I am at. We are talking about a nationally consistent approach to activity based funding for services provided at public hospitals as the major and first priority, and yet this afternoon we had a situation where I was asking about the definition of 'capacity alert', which apparently is a Queensland health definition, and the response I got was that this was not a national definition. Could you please tell me how we are going to end up with a nationally consistent approach to activity based funding for services provided at public hospitals if we do not even have nationally consistent definitions of what is a bed, what is a waiting list, what is capacity et cetera?

Prof. Calder—That is the work that is under way to achieve that national body of data.

Ms Clarke—We are working on activity based funding, and there are nationally agreed definitions for waiting times, beds and the like in the *National Health Data Dictionary* that is managed by the Australian Institute of Health and Welfare.

Senator BOYCE—Is that used by all states?

Ms Clarke—Yes, it is in relation to the national collection of data and the Commonwealth uses it—

Senator BOYCE—When you say 'in relation to the national collection of data', there might be times when they would not use it?

Ms Clarke—I think that the Australian Institute of Health and Welfare would be better placed to answer that question directly, but my understanding is that the standards are used and the dictionary definitions are used where they can be in the national data collection, and at the state level as well.

Senator BOYCE—Where can't they be?

Prof. Calder—Perhaps I could come at that question from another direction and point out that the work that is under way is to achieve nationally consistent classifications for a range of hospital services, including emergency departments, for example, which goes to the question you asked earlier today. So there is not a complete set of agreed classifications. That is the work that is under way.

Senator BOYCE—I want to get some sense of how far you think you are down the track of developing a nationally consistent set of measures that will assist in assessing all public hospital activities that need to be assessed.

Mr Eccles—The department is working with the states and territories, the AIHW and the ABS to ensure that there is national consistency around a whole new suite of performance indicators, which will then form part of the performance framework against which the COAG Reform Council is going to monitor the performance.

Senator BOYCE—I was going to ask about the performance indicators, but keep going.

Mr Eccles—Earlier today the National Health Information Standards and Statistics Committee, which is a subcommittee of AHMAC—

Ms Halton—Which is, of course, completely riveting to attend, Senator.

Senator BOYCE—I would like to see the minutes!

Mr Eccles—They met today and there are in the order of 40 indicators.

Senator BOYCE—There are 40 performance indicators?

Mr Eccles—That is right, or in the order of. I have not added them up. We can make sure you have got that information; it is publicly available. The states and territories, the Commonwealth, the ABS and AIHW are working systematically through those indicators to ensure that there is a nationally consistent approach so that we are measuring apples against apples, to make sure that the data definitions are right, and with a view for that information, once the data is able to be collected, to go through to the COAG Reform Council.

Senator BOYCE—So under each of those 40 indicators there might sit one or many definitions that need to be made consistent.

Mr Eccles—Exactly right. The first task of that group was essentially to divide the indicators up, with different jurisdictions, different individuals, taking the lead in bringing

together working groups so that they can work through the definitional differences to make sure that there is the ability for alignment.

Senator BOYCE—How many working groups are working on this at the moment, Mr Eccles?

Mr Eccles—I do not know. Our relevant expert is actually in South Australia attending this meeting. They will be here tomorrow, so I will be able to give you that information or take it on notice.

Senator BOYCE—Can you tell me how many working groups, and do we have a sense of where this work is at? Are they five per cent down the track? Are they 60 per cent down the track?

Mr Eccles—There is a requirement to have data available at the end of the year to the COAG Reform Council.

Senator BOYCE—The end of the calendar year?

Mr Eccles—The end of the calendar year, so that they can report in March 2010. They are at various stages and they are prioritising those that are the hardest. In fact, it would be quite useful: I will be able to get you an update tomorrow about how the work program is progressing.

CHAIR—Which outcome are they going to be in tomorrow, Mr Eccles?

Mr Eccles—It could be covered under outcome 10.

CHAIR—'Health system capacity and quality'.

Mr Eccles—Yes. That is where a lot of our data expertise is.

CHAIR—Senator Boyce, we will actually make a note for your questions to go into outcome 10.

Senator BOYCE—Okay.

CHAIR—Thank you, Mr Eccles.

Senator BOYCE—If we have started that work and expect to have it finished by December, but we are already paying out under the National Healthcare Agreement for this work for the hospitals to be activity based, have we got the cart before the horse? How do we assess performance of their activities right now?

Mr Eccles—I do not think we could stop the payments while we get our collective data act together.

Senator BOYCE—So you will be stopping payments—

Mr Eccles—No, we have to get the data together, and that process is under way, and in the meantime payments are continuing.

Senator BOYCE—So how do you know how they are going?

Mr Eccles—There is still reporting—and Ms Clarke will be able to take you through it—in *The state of our public hospitals* report.

Senator BOYCE—Yes, all right.

Ms Halton—Can I add to that, Senator. We did cover this very briefly this morning. In relation to some other areas—and we talked a little bit this morning about elective surgery—we have got specific reporting coming in against those sorts of things.

Senator BOYCE—I wanted to talk a bit more about elective surgery.

Ms Halton—Yes, that is fine. Essentially, what we have here is this new financial framework, which is quite an extensive change, compared to where we were previously. We have had some efforts in respect of data in the past, and national consistency. This really sharpens the focus on the need to not collect 25,000 million data items but to collect against the ones—

Senator BOYCE—No, but if we could have a nationally agreed view of what 'hospital bed' is—

Ms Halton—Yes, exactly.

Senator BOYCE—or what 'capacity' is. I know these are not easy things to arrive at.

Ms Halton—No. I think capacity is a more difficult issue because that is an operational matter, which is about how these things are run, but the capacity to compare both costs and activity across these systems, I think, is really at the core of what it is we are trying to get to.

Senator BOYCE—Yes. Sorry, someone was going to tell me about reporting.

Ms Clarke—Sure. The performance of public hospitals currently under the Australian healthcare agreements is reported annually in *The state of our public hospitals* report. The last one was released in June last year.

Senator BOYCE—And you are working on the next one?

Ms Clarke—Yes, we are.

Senator BOYCE—When are you anticipating that would be released?

Ms Clarke—The report must be released by 30 June of each year.

Senator BOYCE—On 30 June or before 30 June? Is it currently with the minister?

Ms Clarke—We are working on it currently.

Senator BOYCE—The department is still finalising it. Is that right?

Ms Clarke—Yes.

Senator BOYCE—Do you have all the data from all the states?

Ms Clarke—The states must submit data for the reporting purpose and for compliance reasons by 31 December of each calendar year.

Senator BOYCE—So you are reporting in June on how they performed in calendar year 2008. Is that correct?

Ms Clarke—No, they are reporting on the financial year, so the report released in June of last year was 2006-07 data.

Senator BOYCE—So *The state of our public hospitals* is really 12 months old, isn't it, by the time it becomes a public document?

Ms Clarke—The data.

Senator BOYCE—Yes, sorry. I did not mean to imply that the report was old, but the data is 12 months old.

Ms Clarke—Yes.

Senator BOYCE—So it does not really assist us or the Australian public to know if state hospitals have improved in their performance over the past 12 months, given (a) the amount of money that has been thrown at them and (b) the statement that the Prime Minister made about simply taking them over if they did not do the job.

I am just looking at a report in today's *Courier Mail* which points out that, as you have correctly shown in the budget here, the money put into improving elective surgery has certainly done a good job. Forty-one thousand additional patients had elective surgery by the end of 2008, according to the budget statement. Yet there is a story in today's paper from a quarterly public health performance report tabled in the parliament by the Queensland health minister, pointing out that that is great, and the total number of elective surgery patients in category 1 fell from 412 to 128 in that quarter; the only problem was that the number of patients waiting to get onto the elective surgery waiting list, which is the unpublished list behind the public list, went from 160,000 to 180,582. There were 180,582 people in the quarter waiting to see specialists in outpatients in public hospitals, waiting to get onto the elective surgery waiting list.

Until we get this data consistent, until we are measuring everything, I cannot see that knowing that their elective surgery list is shorter is getting us very far at all. I should find a question here, shouldn't I, Chair?

CHAIR—I feel as though there is one coming, Senator!

Senator BOYCE—My question to you is: other than the public hospitals report which, as we have discussed, will have 12-month-old data in it, how does the department of health know whether state public hospitals in Australia are doing a better job or a worse job?

Prof. Calder—There is a commitment to collection of elective surgery data through the national healthcare agreements, and through a range of other measures, and we have been starting to collect some of that data. Perhaps Ms Yapp can talk about some of the information we have had to date.

Senator BOYCE—That would be good. Thank you.

Ms Clarke—Under the Elective Surgery Waiting List Reduction Plan, the states and territories are obliged to provide us with quarterly data specific to the plan, and we collate that unit record data into reports. The states are also obliged to produce hospital level reports on similar elective surgery information and publish that on a website.

Senator BOYCE—Do you have a reporting date for each quarter, when it has to be given to you by?

Ms Clarke—Yes, we do. The states will submit the data one month after the end of the quarter.

Senator BOYCE—And the quarters are January to March?

Ms Clarke—March, June, yes.

Senator BOYCE—So you would expect to receive their material by 30 April, would you?

Ms Clarke—Yes.

Senator BOYCE—Thank you.

Ms Clarke—The hospital level reporting is also due two months after the end of the quarter, and then there is a national report provided to AHMC—the ministerial council—and that is published following endorsement on the department's website.

Senator BOYCE—You are measuring elective surgery waiting lists, or elective surgery throughput. What else?

Ms Clarke—The plan has seven performance indicators assigned to it. Procedures is No. 1.

Senator BOYCE—That is all public hospital procedures?

Ms Clarke—Public hospital elective surgery procedures.

Senator BOYCE—Admissions, in fact.

Ms Clarke—The second indicator is a measure of those people who are taken off the list for other reasons: reasons such as they do not need the surgery or—

Senator BOYCE—They died waiting.

Ms Clarke—the surgery has been declined. The third one relates to the number and percentage of patients seen within the clinically recommended time. The fourth is the median waiting time for the 15 indicator procedures, which includes things like knee, hip and cataract surgery. The fifth is the median waiting time by urgency category. The sixth and seventh are quality and safety measures, which cover adverse events and readmissions to hospital following surgery.

Senator BOYCE—What do you do in administrative and monitoring terms about things like where they say, 'Well, gee, we're meeting this criteria,' but the performance on the other side of that door has worsened? How does the system deal with that?

Prof. Calder—The intention over the program of activity based funding work is to develop a consistent and comprehensive set of indicators. As we have already said, the data that is currently available to us is relatively limited because of the lack of national consistency. That is why the work needs to go on, and the intention is that there will be a comprehensive and consistent set of indicators and measures fully agreed by all states by the end of the program, which is a four-year program.

Senator BOYCE—There is going to be an awful lot of money out there before we get to any accountability from the state hospitals, and we certainly have a lot of indicators that they are not performing. The other thing I wanted to touch on is the section called 'Qualitative deliverables', the public hospitals and information program. This is the same material that you are talking about, Mr Eccles—the Institute of Health and Welfare, the COAG Reform Council, the *Report on government services* and *The state of our public hospitals* material.

That is who will analyse all the information that public hospitals put out through the public hospitals and information program. Is that the same thing?

Mr Eccles—That is what I was referring to—the 40-odd indicators.

Senator BOYCE—The data provided through that program will be analysed and published in reports by AIHW et cetera. Analysed by whom?

Mr Eccles—That is one I might deal with tomorrow, if that is okay, once I speak to the experts. Can you give me a reference?

Senator BOYCE—Page 334. We have this list of very worthwhile bodies—the AIHW, the COAG Reform Council—who will all publish reports, but who will analyse them?

Ms Halton—There is a very complicated chart that I have seen. There is no doubt that each of these bodies will analyse. The issue is who is responsible in respect of, for example, payment type issues, and that depends on which kind of payment it is.

Senator BOYCE—Given that this comes under a heading called 'Qualitative deliverables', I am even more concerned that we are not talking about something quite as measurable as payments or number of services. All these people could be doing analysis, but you do need someone who is responsible and accountable.

Ms Halton—Yes, and that is why, as I said, I think this little table will help you. It shows you the payment type and who is actually responsible. That is probably the best way to describe it. This is rightly saying that the AIHW will be publishing the data and some analysis of that data. But in terms of who is responsible for—for example, if it is performance payments—actually recommending whether or not performance payments get made, that would be the COAG Reform Council. I think it is best stuck in a table so you can see it.

Senator BOYCE—Analysis that comes from an independent, or more independent, body is going to have more credibility than, for instance, if the COAG Reform Council were to tell me how fantastically the whole thing is going.

Ms Halton—I find it interesting that you say that, because my view would be that the COAG Reform Council has been set up with the explicit charter of being a completely independent arbiter in some of these areas and literally calling it as they see it. If they do not think that the performance measure in a particular area has been met, it is their job to say, 'Not met. No payment.'

Senator BOYCE—I will be fascinated to watch that play out, Ms Halton.

Ms Halton—That is the stated intention, and I have to say, knowing the people involved in the COAG Reform Council, I have more than slight confidence that they will be quite tough-minded in those analyses.

Senator BOYCE—I have one overall question and you might like to go through this state by state: are the public hospitals performing better than they were 12 months ago?

Ms Halton—As I think we said earlier on, performance on elective surgery waiting lists is laudable in a number of cases but certainly reassuring in others. Our view would be that the cooperation we have seen, for example, in relation to plans in respect of the subacute care area is really pretty good. We do think that we are starting to see some quite quantifiable steps

to greater transparency and, therefore, greater accountability and measurable improvements in performance, as in greater production of elective surgery waiting lists and a greater focus on areas of absolute and clearly agreed deficit—to wit, subacute care. Is it universally rosy? No. That is not what we are saying, but we are saying that there are things that we are seeing now in relation to improved performance which we have not seen before.

Senator BOYCE—As we have gone through, we can find that elective surgery waiting lists are better but specialist outpatient waiting lists are not. Overall, are we really talking about an improvement or are we talking about spots of improvement?

Ms Halton—I think the minister is on the record as saying it takes time for these reform initiatives to really become entrenched, but there are really quite positive initial signs.

Senator BOYCE—What is your view, Ms Halton?

Ms Halton—I think there are pleasing signs.

Senator BOYCE—Thank you.

Ms Halton—'One swallow does not a spring make,' but I think the swallow is flying in the right direction. I am a well-known advocate for comparability of data and transparency—I have been on that hobbyhorse for many years—and these initiatives which will enable us to genuinely look and compare, both in terms of activity and cost, are absolutely moving us in the right direction.

Senator BOYCE—Thank you.

CHAIR—Any further questions in this area? Senator Williams?

Senator WILLIAMS—In relation to public dental health, which is one of your programs, how do you monitor the success of those programs run by the states? Do you have the same sorts of criteria they must meet?

Ms Hancock—Are you referring to the COAG indicator concerning public dental waiting times?

Senator WILLIAMS—I am referring basically to the lack of public dental health, full stop, in country areas. It is almost impossible at times even to get into a private dental practice. In urban areas there is an average of 55 dentists per 100,000 and in rural and remote areas just 17 dentists per 100,000 people. I notice, being new to this committee, that is one of the areas that you are obviously targeting and I am very keen to see if you are making any headway in that area.

Ms Hancock—The government has a stated intention to start a Commonwealth dental health program. That would provide extra funding to the states and territories for public dental services.

Senator McLucas—You would be aware, Senator, that the government has not been able to progress with that because the Senate—in fact, your vote would have been helpful if it went another way—has insisted on retaining the—

Ms Hancock—Medicare chronic disease dental scheme.

Senator WILLIAMS—I am also aware that the $620 million enhanced primary healthcare program brought in by the previous government has had a lot of success in actions carried out by private dentists. I suppose there are political debates we could have here, but that probably will not get us far.

Senator McLucas—This government is of the view—and your earlier question seemed to concur with this—that we need to invest in public dental services. We cannot afford to do both, and the priority of this government to put the effort into where we know the greatest need exists, and that is in the public dental sector.

Senator WILLIAMS—Isn't it up to the state governments to run some public dental health? Isn't that their responsibility in the present form?

Senator McLucas—Some states do fund. I do not know if all do.

Ms Hancock—All states run public dental services.

Senator WILLIAMS—Yes.

Senator McLucas—It is the view of the Commonwealth that we would assist in that work to shift some of those very long lists. You may recall that prior to 1996 the former Labor government had invested in public dental health. A review of that investment was undertaken which showed that there was an enormous impact on waiting lists and the ability for particularly older people and very poor people to get dental treatment that they otherwise just did not get. It is our view that, if we are going to invest in dental, the biggest bang for your buck, so to speak, is going to happen by investing in the public dental sector.

Senator WILLIAMS—Minister, speaking to dentists in Armidale, they were saying the public system was so bad that that was why they endorsed the enhanced primary care program of the previous government, because the private sector was actually carrying out urgent dental work at up to $4,500 for an age pensioner, for example. Obviously that program was brought in because the state public dental system was failing miserably.

Senator McLucas—It is not our view that the best thing is to go around blaming people. It is our view that you look where best your money can be applied to assist the most number of people who are in need, and it is our very clear view, supported by evidence, that if you spend money in the public dental scheme you will get better outcomes and more outcomes.

Senator WILLIAMS—We could probably debate that all night as well.

Senator McLucas—We could.

Senator WILLIAMS—But the point I want to make with this is that we do not even hear of a public dentist in the country area where I live, for example, because we are so short of dentists, who seem to wish to stay in urban areas.

Senator McLucas—We could talk about the previous government not training enough dentists, but then that would be a different argument.

Senator WILLIAMS—It could be.

CHAIR—I am wondering whether, Senator Williams, you would like to hear from Ms Hancock about the indicator that she mentioned when she came to the table.

Senator SIEWERT—I certainly would.

Senator WILLIAMS—That would be good, Chair.

Ms Yapp—One of the outcome indicators under the National Healthcare Agreement is the number of services per thousand population for dental services by public and by private.

CHAIR—Ms Hancock, can you tell us how that is collected? Senator Williams is wanting to know how in his part of the world that kind of outcome is actually assessed. Is that right, Senator Williams?

Senator WILLIAMS—Yes, exactly, Chair.

Ms Yapp—As Mr Eccles indicated, discussions were going on today, in fact, as to how exactly all of the arrangements are being put in place so that that information can be collected in a consistent way.

Ms Halton—On that basis, we might take that question on notice, on the assumption that they have resolved a number of those issues, and certainly if they did not resolve them today they will resolve them in the fairly near future. As soon as we have got that, we will give it to you on notice.

Senator WILLIAMS—Referring to dentistry, I have highlighted the lack of dentists in rural and remote areas. You would be familiar with the RAMU Scholarship Scheme introduced by the previous government for training country people in medicine.

Ms Halton—Yes.

Senator WILLIAMS—Wouldn't a similar scheme in dentistry be very effective, because something like 93 per cent of those country students who study medicine return to a country area, without them being on bonded scholarships or anything like that. Wouldn't a similar scheme in dentistry for rural dentists have the same effect?

Prof. Calder—In the budget, there was a measure that consolidated a range of scholarships for allied health training to achieve just that—to allow a three-year planning timetable to be used to identify scholarship targeting to areas and professions in need.

Ms Halton—Which would include dentists.

Senator WILLIAMS—Do you know how many positions were available for dentistry?

Prof. Calder—I do not have the numbers with me.

Senator WILLIAMS—Would you be able to get them for me?

Prof. Calder—In health workforce capacity tomorrow you might be able to ask that question.

CHAIR—Outcome 12, Senator Williams.

Prof. Calder—But definitely it will allow more dentists to be trained through that scholarship program.

Senator WILLIAMS—Very good. That is it for me, thanks, Chair.

Senator BOYCE—I have a couple of questions—and whether they get answered here or in outcome 10, I am not sure—around the public dental services. The government is

projecting an extra 166,500 dental visits in 2009-10. Could you give me a sense of how many dentists are going to be required to do an extra 166,500 visits?

Ms Hancock—That is under the Commonwealth Dental Health Program, assuming it does commence in 2009-10.

Senator BOYCE—There is a key performance indicator for it in the PBS on page 336. It says that the budget target for 2009-10 is 166,500. It does have the caveat on it that it is based on one million over three years, but this is the best guess of what is going to happen. I presume, given that it is the best guess in the budget, that someone has worked out how many dentists it takes to do that.

Ms Hancock—The states and territories provide these services through their public dental services. They had developed implementation plans by jurisdiction, and each jurisdiction had committed to provide a certain number of services per year for the three years of the Commonwealth Dental Health Program. Those states that needed additional workforce in order to provide those services had included that as part of how they intended to spend their allocation under the program.

Senator BOYCE—Do we still have an answer to that question of how many dentists it would take to do 166,500 extra consultations?

Ms Halton—Not that we have. It was in the state based plans, all of which are different, because this was to be administered by the states.

Senator BOYCE—I realise that.

Ms Halton—But we can go away and have a look to see if there is information that we can glean from those and, if we can—

Senator BOYCE—But I presume that before the state based plans were approved by the department or by COAG—who approved them?

Ms Halton—The minister.

Senator BOYCE—The plans presumably were looked at to see if they covered whether the workforce was available to carry out the other statements in it.

Ms Hancock—Each state undertook to provide its services, and it is the responsibility of each state to ensure that they had the workforce necessary to deliver those. Some states I do recall had, for example, made provision as part of the spending of their allocation under the program to employ extra dentists.

Senator BOYCE—Could we have a list or a breakdown of the one million and the targets for each of those years state by state, please, Ms Hancock?

Ms Hancock—Target number of services state by state?

Senator BOYCE—Yes. What adds up to 166,500 and 333,000 each year.

Ms Hancock—Certainly.

Senator BOYCE—What each state is proposing that it would do would be good. Thank you.

Senator SIEWERT—I am not sure if I should be asking this here or in another outcome. Have you done any assessment on the teen dental program yet? It has only been running for a short time, so you may not be able to answer that question. Could you tell me what the uptake of it has been and what the expenditure to date has been?

Ms Hancock—Expenditure to date—that is, from 1 July 2008 to 30 April 2009—is $57,906,088. That has provided 400,220 services.

Senator SIEWERT—Could you tell me the spread of those services around Australia?

Ms Hancock—I do not have the number of services by state with me, but the spend by state is: ACT $0.59 million; Northern Territory $1.8 million; Tasmania $0.78 million; Western Australia $3.5 million; South Australia $2.6 million; Queensland $11.5 million; Victoria $16.8 million; New South Wales $22 million.

Senator SIEWERT—If you could take on notice the number of services in each of those states, it would be appreciated. Could you tell me what the budget is for this year, please?

Ms Hancock—For 2008-09 or for 2009-10?

Senator SIEWERT—How much do we have left for this financial year?

Ms Hancock—The estimate for 2008-09 is $92.8 million.

Senator SIEWERT—So basically there are three months to go in the financial year from when you gave me the figures, aren't there?

Ms Hancock—Yes.

Senator SIEWERT—Yes. What about 2009-10?

Ms Hancock—The estimate for 2009-10 is $104.1 million.

Senator SIEWERT—Thank you. Has there been any feedback on the major issues and has there been then referral on for further work through the teen dental program?

Ms Hancock—We have not done the analysis of issues to which you refer. There is an obligation in the legislation which sets up the Medicare Teen Dental Plan—the Dental Benefits Act—to review the operation of the act as soon as possible after its first full year of operation. That means as soon as possible after 1 July this year.

Senator SIEWERT—What is the plan for undertaking that review?

Ms Hancock—The legislation sets out a requirement to appoint a panel of five members and to report, which must be tabled in parliament.

Senator SIEWERT—Yes. What I am asking, though, is: what is your plan to implement that? The legislation says 'as soon as possible'?

Ms Hancock—Yes.

Senator SIEWERT—So are you planning that already and what is your time line for 'as soon as possible'?

Ms Hancock—We plan to commence the review in July or August. The panel appointed to the review will obviously have views about the time frames within which the report is presented to the minister.

Senator SIEWERT—You can't tell me what those time lines are?

Ms Hancock—Not yet.

Senator SIEWERT—Are you providing those parameters to the panel in terms of when you expect a report to be finalised so that you can give it to the minister?

Ms Hancock—We will be consulting with the minister as to her intentions.

Senator SIEWERT—But you haven't done that yet?

Ms Hancock—No.

Senator SIEWERT—Thank you.

CHAIR—Any further questions in this area? On that basis, we can move on to medical indemnity. Any questions on medical indemnity? Nothing. Nothing about midwives? What about blood and organ donation services?

Senator CORMANN—Yes, I have a few questions. Is this where we can ask questions about the Organ and Tissue Donation and Transplantation Authority as well as the blood tax and these sorts of things?

Ms Halton—We have two agencies at the end of this item. The order we had them was the National Blood Authority, to be followed by organ and tissue donation.

Senator CORMANN—Yes. I seek your guidance, but I do not think that last time the questions on the blood tax were dealt with by the Blood Authority as such, were they?

Ms Halton—No. They were departmental officers. That is the New South Wales issue?

Senator CORMANN—Yes, that is right.

Ms Halton—Yes.

Senator CORMANN—I would just like to explore that a bit more and then I would like to ask some questions about the new authority.

Ms Halton—Yes, that is fine.

Senator CORMANN—Can I do that now?

Ms Halton—You can. The officers are coming from the back of the room.

CHAIR—Ms Halton, we may have some questions on indemnity, but we will do the blood first. We just might be getting these questions on indemnity. So we are going to go into the questions about the New South Wales issue?

Senator CORMANN—Perhaps you could start off by giving us a bit of an update as to where things are at.

Ms Hefford—When we last discussed this we were aware that the New South Wales government had introduced and passed a piece of legislation that empowered the health department—the director-general of health in New South Wales—to introduce a charge for blood and blood products in private hospitals, but had prescribed very carefully that such charges could not apply to individual patients.

Senator CORMANN—So they are being covered by private hospitals, in fact?

Ms Hefford—In some way.

Senator CORMANN—Who else is covering the cost, other than hospitals, if patients are not?

Ms Hefford—At this stage we understand New South Wales has not managed to implement these arrangements. They initially indicated an implementation date of 1 April but have been, we understand, in negotiation with the private hospital sector in New South Wales and have not yet managed to find a mechanism for billing, invoicing and collecting a tax or charge of this kind. At this stage there are no administrative arrangements in place and I am afraid there is very little we can say about that.

Senator CORMANN—Thank you very much for that. You would appreciate that I am very much interested in the federal aspects of this, and you will recall that Minister Roxon expressed serious concern about what emerged out of New South Wales—a concern that we, from an opposition point of view, shared. As I understand it, the minister wrote to the New South Wales Minister for Health, Mr Della Bosca. Did the minister receive an answer to that letter, and what are the indications that we have been getting out of New South Wales in response to the minister's representations on the matter?

Ms Halton—It is a bit hard for us to talk about correspondence to the minister.

Senator CORMANN—Sorry. I am not trying to be inappropriate. I am not trying to be smart. I guess what I am trying to understand is that the minister made it public that she had written—

Ms Halton—Yes, she did.

Senator CORMANN—to the New South Wales Minister for Health. To the extent that you can share with us—

Ms Halton—There is an ongoing dialogue.

Senator CORMANN—can you perhaps give us the flavour for how the ongoing dialogue is developing?

Ms Hefford—The Commonwealth and Minister Roxon have, I think, taken the opportunity on a number of occasions to express strongly their concerns.

Senator CORMANN—So the minister remains concerned to the same degree as she was concerned—

Ms Halton—Yes.

Ms Hefford—Absolutely.

Senator CORMANN—So the Commonwealth continues to pursue steps to see that this measure of the state government in New South Wales does not proceed.

Ms Hefford—Correct. And New South Wales continues to try to explore ways of implementing the arrangement, but has not yet managed to achieve this.

Senator CORMANN—I hope that you take this in the spirit in which I am trying to ask these questions. I did have a bit of an exchange, I think with Ms Murnane, last time. She is no longer responsible for this?

Ms Halton—She is, but she is swine-fluing.

Senator CORMANN—That is okay. I am very happy with the answers we are getting. One of the questions that I asked Ms Murnane was whether the Commonwealth had the power to legislate to prevent the New South Wales government from imposing a charge on private hospitals for the provision of blood services—blood and blood products. The answer I was given on the day was, 'We prefer not to go down that path.' I totally understand that. The government prefers to work cooperatively with state governments, rather than to come down with the heavy hand of legislating. However, I said, 'If it's required, would we have the power? Can you please take this on notice?' The department duly took that question on notice, and the answer I got back on notice was exactly the same answer I got here during the estimates, which was that the Commonwealth's strong preference is to resolve this issue by discussion and agreement with New South Wales, consistent with the collaborative nature of the National Blood Agreement, rather than to take unilateral legislative action.

Ms Halton—I think the answer is that it is unclear as to what the power might be. We are getting into an area which is untested.

Senator CORMANN—But have you sought advice? And is there the possibility that the Commonwealth could take legal action to prevent New South Wales from proceeding if that were required? I appreciate and support the proposition that the strong preference should be to resolve these issues by discussion and agreement but, should it be required, what options does the Commonwealth have to ultimately prevent this from going ahead?

Ms Halton—My lawyer, who is probably best placed to answer that question with all its complexities, has gone. I think he may be otherwise engaged. No, here he is.

Mr Reid—The question, as I understand it, is: does the Commonwealth have the power to legislate to stop New South Wales imposing charges for blood? That is not a question we have sought advice about. It is likely that the Commonwealth has legislative power to legislate to do that, but—

Senator CORMANN—Sorry, say that again. It is likely?

Mr Reid—It is likely that the Commonwealth has the legislative power to legislate to do that, but it is not a subject we have sought advice from Attorney-General's on.

Senator CORMANN—For my purposes—and hopefully for the purposes of the government as well—could you perhaps elaborate on that, having considered the question? I am putting this on notice in good faith. Last time when I put it on notice I was not entirely satisfied that the answer that I got back was actually the answer to my question. I understand your position is that your strong preference is to resolve these issues by discussion and agreement, but can you please outline for me on notice whether and how the Commonwealth would have legislative powers to prevent New South Wales from proceeding with this tax on blood, should it be required?

Ms Halton—We will do that. I think the reality is, though, that because this would be highly contested what I think is being indicated is that we may have an internal view but we have not taken any other advice more broadly across government. Then the question is of the

robustness of such legislation and whether is open as to challenge, I think. So we can give you our view, but I am not saying that it would necessarily withstand scrutiny.

Senator CORMANN—Let me put it this way. In terms of having discussions and seeking to reach agreement with New South Wales, presumably if the ultimate alternative option is legislative action by the Commonwealth that strengthens your bargaining position somewhat, I would have thought it would be something that you at least might want to be able to wave around—

Ms Halton—And that is absolutely the issue for the minister to consider in the discussion, yes.

Senator CORMANN—I guess if I can just, again, put on—

Ms Halton—That is fine.

Senator CORMANN—As part of our ongoing conversation on this.

Ms Halton—Yes.

Senator CORMANN—Moving on to another matter within the blood donations area, the minister has outlined that there will be a $1.5 million review of the national blood arrangements which was announced on budget night. Are there any terms of reference for this?

Ms Hefford—Not as yet.

Senator CORMANN—So can you perhaps just talk us through beyond what is in the budget papers to what is planned, what the intentions are and what is going to be involved?

Ms Hefford—Certainly. We acknowledge that pricing costs in the blood sector have been rising in recent years. We also have looked at some of the figures within the department that are available to us. It is quite a complex area.

Senator CORMANN—Yes.

Ms Hefford—What we are identifying when we start looking through the data is that we get variations between jurisdictions either in use of a particular product or in patterns of use, and there is no clear or easy or simple answer apparent to us about how you will identify what the key cost drivers are and what it is that is actually driving demand in this area. We would plan to perhaps have more than one piece of review work—perhaps one that tries to look at cost drivers, perhaps another that tends to look at usage patterns and clinical aspects of treatment—because we need to bring together a number of different areas and consider the way in which these might impact on each other. It would not be useful to look at one aspect of that work in isolation, because you would be perhaps sending the wrong message, either to the many thousands of blood donors in Australia or to clinicians, or you may be adversely affecting treatment patterns, and we would not want to see any of those things eventuate. So it is possibly two or three pieces of work, and the work of scoping those out is something that we still need to do.

Senator CORMANN—So there would potentially be two or three subreviews of a broader review. When do you expect that you would finalise terms of reference for either all or, if they are in a sequence, the first part of the review?

Ms Hefford—We have had some initial discussions with our state and territory colleagues just in the last week and we have talked about producing a scoping paper, which would in effect be something we would send out to all state and territory health authorities through the JBC—the Joint Blood Committee—network, looking to see if we cannot get some agreement about what the broad headings are and clumping the issues under those broad headings. We would be hoping to do that during June-July so that we are probably ready to move forward with a review process in August-September.

Senator CORMANN—This year?

Ms Hefford—Yes.

Senator CORMANN—Have you made a decision on who would undertake this review?

Ms Hefford—No, we have not done any of that detailed analysis. We have been waiting until we have got this broad agreement about what the questions were and how the issues clump together.

Senator CORMANN—So that would be a discussion for a later date. The initiative on page 324 of the portfolio budget statements:

> In conjunction with the states and territories, the Australian Government will provide funding for projects to improve transfusion appropriateness, reduce wastage and deliver better outcomes for patients.

In relation to the use of blood and blood products, what, if any, projects have been discussed in regard to improving transfusion appropriateness, reducing wastage and delivering better outcomes for patients?

Ms Hefford—A few moments ago I was talking about the variations we get when we look at usage patterns across the country. Some jurisdictions have introduced patient transfusion medicine services, so they have specialised clinical staff, nurses or other staff who are on hand in clinical settings and who are able to provide clinicians with advice. They are often able to provide clinicians with advice about better treatment or treatment that is not likely to involve so much wastage.

The results from that type of practice seem to be quite good, but because states and territories have introduced such arrangements in different ways, in some jurisdictions they operate in metropolitan hospitals, in others they operate in public hospitals but not private hospitals. It is very difficult to get a clear understanding of a pattern. Again it goes to that issue of trying to work out what are clinical treatment issues that are impacting on patients, what are separately the issues about cost drivers and trying to get some understanding of how they interact.

Senator CORMANN—In the portfolio budget statements all the states and territories are mentioned as being involved. Given that more than half of the surgery takes place in the private sector, will there be an involvement of the private sector? Are you anticipating that there will be funding for projects in the private sector to improve transfusion appropriateness, reduce wastage and deliver better outcomes for patients?

Ms Hefford—Clinical management of patients for blood products is not usually segmented across sectors. The arrangements are that all patients in Australia have access to blood and blood products freely.

Senator CORMANN—Yes, that is right.

Ms Hefford—Clinical judgment is the determining factor in when a patient needs particular treatment and when that patient needs treatment involving blood and blood products.

Senator CORMANN—How much funding is allocated to this particular measure?

Dr Turner—I think a number of the programs that Jenny referred to are undertaken by the National Blood Authority which, under the guidance of the Jurisdictional Blood Committee, engages in a number of activities to improve the appropriateness of blood usage. In relation to the involvement of the private sector, as Ms Hefford said, they involve all parties. For example, one of the programs that has been running for a couple of years now is the National Haemovigilance Program, which looks at adverse reactions to blood products in hospitals, and how we might introduce that. The working party that has formulated that program certainly has involvement from the private sector.

Senator CORMANN—Sorry, can I just interrupt you there, Dr Turner. You are talking about programs that are already running and things that are already underway and how they are managed, and that is all great. I am confident that you are doing an outstanding job with all of that. But I am referring specifically to the paragraph here on page 324—it is in the third paragraph—where it says:

In conjunction with the states and territories, the Australian Government will provide funding for projects—

projects, not programs—

to improve transfusion appropriateness, reduce wastage and deliver better outcomes for patients.

I am trying to get a handle of what sorts of projects we are talking about, what sort of funding is attracted to those projects and are these going to be projects essentially for state and territory governments or across the public and private sectors? What sorts of projects are we talking about?

Dr Turner—Under the national blood arrangements, the Commonwealth provides 63 per cent of the funding. The remainder of the funding is produced by the states, which is 37 per cent.

Senator CORMANN—How much is that in dollars, Dr Turner?

Dr Turner—The overall budget for the production of blood products for 2009-10 is $880 million. I cannot tell you how much of that is specifically for programs. Most of that is for the supply of products.

Senator CORMANN—This is what I am trying to track down. Perhaps you might have to take it on notice.

Dr Turner—I certainly will.

Senator CORMANN—The question is specifically: how much funding will be made available out of the total allocation for the projects that are mentioned here to improve transfusion appropriateness, reduce wastage and deliver better outcomes for patients? Where will those projects be located? What sorts of projects are we talking about? Is that something that you would have to take on notice?

Dr Turner—I will take the funding on notice, certainly. I could give you a few more details about the sorts of programs.

Senator CORMANN—That would be great. Projects or programs?

Dr Turner—Projects.

Senator CORMANN—Maybe I am wrong, but the way I understand it is that a program is something that is a bit more long term and ongoing, whereas a project is something that could be a one-off. Am I wrong?

Dr Turner—No, I would agree with the general definition. For example, one of the projects is the development of new guidelines to guide the use of fresh blood products. That is a three- to four-year project which is being funded through these arrangements under the guidance of the National Health and Medical Research Council. The day-to-day management is by the NBA with involvement from the jurisdictions, including the Commonwealth. They will produce new clinical guidelines which are up to date with best clinical practice to again help ensure that use of products is appropriate.

There are some other initiatives that are starting in relation to education. Funding has been agreed to be provided to one state to improve a program that they run, which is available nationally, to improve the education of practitioners working in the blood area. There is another project which is under consideration which will be funded. There are other programs which relate to improving communications with practitioners working in that area. For example, last year funding was given to bring together transfusion specialists to exchange information and best practice programs, and also the materials that they produce. With some of the initiatives that Jenny talked about, where states are doing very good work, the idea is to bring all those people together so that they can then share the knowledge and understanding. We have another project going which is looking at where and how red cells are used and whether we can use the experiences of one state to provide national data on where people use those products, so we know where we can better target wastage reduction programs.

Senator CORMANN—It sounds like a whole series of very worthwhile projects, but you are going to get me a more detailed list on notice—

Dr Turner—On the expenditure, absolutely—happy to do that.

Senator CORMANN—On the expenditure in relation to all these projects?

Dr Turner—Yes, happy to do that.

Senator CORMANN—If you can perhaps also provide me on notice information on how these projects will be developed and who will be involved, that will be very useful. Listening to the projects that you have just listed, I assume that you are having pretty broad involvement across all aspects of, if I can call it this, the blood sector.

Dr Turner—Absolutely. It is one of the characteristics of the projects that we try and involve as many relevant people as we can. For example, the project to develop guidelines is chaired by the Australian and New Zealand Society of Blood Transfusion. They are taking carriage of that, and we have about 12 clinicians from around the country who are involved in the technical and clinical development of that project. We have been very impressed by the enthusiasm and buy-in of people working in the clinical area to participate in these types of projects.

Senator CORMANN—Thank you very much for that, Dr Turner and Ms Hefford. I do not have any more questions on blood. I have others.

CHAIR—What other questions do you have?

Senator CORMANN—I have questions on the Australian Organ and Tissue Donation and Transplantation Authority.

CHAIR—I will just check that we only have questions on blood from Senator Adams. Is that right? Anyone else? No? Do you have any other questions, Senator Siewert? You are not going to go back to indemnity?

Senator SIEWERT—I do want to go to indemnity, yes.

CHAIR—Okay. Senator Adams, go ahead with your blood.

Senator ADAMS—Thank you. I might need some more soon! I would like to ask some questions about the new blood manufacturing site that is being built in Melbourne to provide blood supplies to all of Victoria and Tasmania.

Dr Turner—Yes, certainly. What would you like to know?

Senator ADAMS—Then I will move on to something from your area, as well. What company is going to do the manufacturing there? What is the set-up with this new—

Dr Turner—All the manufacture of fresh blood products is done by the Australian Red Cross Blood Service, and the proposal is for them to relocate their current facility. They are currently manufacturing out of a facility in South Bank which they have to vacate. So the funding is to build them a new facility in Melbourne to continue the work that they do at the moment.

Senator ADAMS—Where does CSL Ltd fit into this scenario?

Dr Turner—The Red Cross Blood Service manufactures fresh blood products. So they take blood that is donated by people and they manufacture it into red cells, platelets and a number of other fresh blood products, such as fresh frozen plasma. The plasma that is collected is then taken to CSL in Melbourne and is manufactured into a range of other products. These products have a much longer shelf life and they are manufactured in CSL's Broadmeadows facility. The sorts of products that are produced by them include albumin, intravenous immunoglobulins, some of the hyperimmune products and some clotting factors.

Senator ADAMS—Do CSL have a tender structure, or how do they provide the service?

Dr Turner—They provide it under a contract, which the NBA manages on behalf of all Australian governments.

Senator ADAMS—I note on page 626 of the PBS under, 'The supply of blood and blood products,' that one of your performance indicators is:

- Continue and improve plasma fractionation and product distribution by concluding a new contract with CSL Limited.

Was that contract open to anyone else or was it a closed process?

Dr Turner—No. The contract is with CSL, under current government policy. Under current government policy, plasma fractionation is limited to fractionation within Australia, and CSL is the only company that operates in that space.

Senator ADAMS—Have any other companies applied to operate or set up a new business?

Dr Turner—Not to my knowledge.

Senator ADAMS—Is there any area that they can do that? How do you know that you are getting the right price in this market?

Dr Turner—When the National Blood Authority approaches its negotiations with CSL we spend a lot of time and effort understanding the global market and do a considerable amount of benchmarking, so that when we negotiate with them we have a very good understanding of what are reasonable prices in a global context for the production of these products. I would be reasonably confident that we are getting now very good value for money.

Senator ADAMS—If another company or companies decided that they wanted to get into the market, would there be any opening for them?

Dr Turner—That would be a matter for government to decide.

Senator ADAMS—I am aware that the Broadmeadows plant has gone out of service on a number of occasions. Is this plant being upgraded as well, or what happens if it goes out completely? How do we get on with the supply of plasma?

Dr Turner—I am not aware it has gone out of service, except in a planned way. They usually shut down the facility in January for a general service and, because that is planned, we and CSL make sure there is sufficient product in the system that that does not have an impact on the supply of products. One of the roles of the NBA is to ensure supply security, so we have a number of contingency measures in all of our contracts that would apply if, for example, CSL had a problem with their manufacturing. For example, if they were unable to supply us with a particular product, under the contract we have with them they would actually be required to produce product from one of their overseas facilities. That would be one contingency measure. There are a number of measures in place. We make sure we have a comprehensive risk analysis sitting behind the contract and, as I said, we have a number of measures and ways that we can secure supply if they were to have a problem.

Senator ADAMS—That is good. That has answered my questions, I think. Thank you.

Dr Turner—You are welcome.

CHAIR—Is that the end of blood then? What we might do is go to indemnity, have those questions, and then finish up with transplants, if that is okay? Down to you, Senator Siewert.

Senator SIEWERT—Thank you. I am just following up the issues around indemnity. The government has made some announcements around indemnity for midwives.

Prof. Calder—Yes.

Senator SIEWERT—Could you give me a bit of the detail on that? I will tell you the background, although you are probably aware of the background. There are a number of us who are getting letters about home births and indemnity around home births and the way the new registration process will impact on home births. It is not my portfolio area, but I know it is an issue. My colleague cannot be here, so I just thought I would follow the issue up.

Prof. Calder—Yes, the government has announced that there will be supported professional indemnity insurance for midwives. I will ask Ms Hancock to give you the details of that.

Ms Hancock—The government has announced that there will be supported professional indemnity insurance for midwives and that it is the government's intention that that cover not extend to planned home births at this stage.

Senator SIEWERT—Is that not going to be developing into quite a significant issue, where midwives doing home births are not going to have the cover? The issue that has been put to us is that, therefore, there will not be midwives available for home births?

Ms Hancock—There is no indemnity insurance for midwives doing home births currently available. Home births will not be illegal following the introduction of the insurance cover from 1 July 2010, but the insurance cover will not cover planned home births.

Senator SIEWERT—So there is no intention of the government to extend that or deal with that issue?

Ms Hancock—The government has announced that it is not intending to provide support for home births at this stage.

Senator SIEWERT—Thank you.

CHAIR—Senator Adams, do you have any questions?

Senator ADAMS—I do, on that one. Being an ex-midwife, I am very sorry that they will not allow women to have a choice of home birthing. If you are a midwife and you cannot be indemnified, I do not think you would be taking the risk to do that. I know a number of them have had their own private insurance, but hopefully the government will relook at this. Could you tell me what the expected annual cost of indemnity insurance will be for the midwives?

Ms Hancock—It is expected that the cost of the premium for a midwife will be around $7,500.

Senator ADAMS—I suppose if it is a private one it would cover them for quite a sizeable amount of money, but seeing they are working within the hospital set-up that is a bit different.

Prof. Calder—It is roughly comparable to the level provided for doctors under the premium arrangement.

Senator SIEWERT—Chair, could I cheat: since Ms Hancock is here, I have thought of another dental question on the teen program. I am always pushing the envelope!

CHAIR—It is extraordinarily fortunate that Queensland won.

Senator SIEWERT—Here we go again!

Ms Halton—I do not think she could be bought, Senator Moore—I am really worried about that!

Senator SIEWERT—You have taken on notice to provide the numbers against the states. I am wondering if it is possible to provide a regional breakdown. I am interested in rural or non-metropolitan versus metro, if you have got that level of detail.

Ms Hancock—I do not believe we do. The states were required to commit to providing, between them, around a million additional visits over the course of the three-year program, and states simply have not incorporated, by and large, in their implementation plans the detailed breakdown of location of service delivery.

Senator SIEWERT—Okay.

CHAIR—Thank you, officers. I do appreciate the fact that you came back.

[10.06 pm]

Australian Organ and Tissue Donation and Transplantation Authority

CHAIR—Good evening. Someone has always got to be the final witness, so I do apologise, but we should get finished a little bit earlier. Senator Cormann.

Senator CORMANN—Thank you, Madam Chair. When did the Australian Organ and Tissue Donation and Transplantation Authority start operating?

Ms Murphy—The authority was established under an act of parliament on 1 January this year.

Senator CORMANN—So it has started operating. How long have you been going?

Ms Murphy—The authority was established on 1 January, and I was appointed as CEO to start on that date. Since that time, we have had an appointment of the national medical director. We have appointed all of the state and territory medical directors in all jurisdictions to lead this new national approach. The Tasmanian medical director has not been announced yet but we have identified the person to move into that role. That phase of recruitment was critical. We have developed the course content for the induction training for the doctors and nurses involved in organ and tissue donation who need to be recruited in the phase 3 recruitment. We have recruited a program director to establish a National Paired Kidney Exchange Program, to commence on 1 July.

Senator BOYCE—Paired kidney exchange?

Ms Murphy—Paired Kidney Exchange Program. That is live donors for pairs of people that would like to donate their kidneys but are incompatible. Also, there has been the introduction of a national communications charter, with 46 signatory organisations, to foster clear and consistent messages in the promotion of organ and tissue donation. This was announced in a media release on 1 June. There has been a minimum dataset defined, data definitions are under development, and scoping of the system requirements for a national clinical information system is under way. There is a transition program to utilise and build upon the existing national data collected by the National Organ Donation Collaborative, and that has been commissioned.

The advisory council to the authority has met twice, on 2 April and 27 May. An audit committee has been established. A grants committee has been established. An electronic donor record working group has been established. The activity based funding working group has been established. The authority has engaged sector organisations in three workshops and multiple stakeholder meetings in multiple states. The implementation group of state and territory officials is advising the authority on the transition to the new donation model and the authority has sought nominations for an ongoing high-level principal committee of the jurisdictional representatives. The authority did take up the program implementation on 9 March, three months ago and four months ahead of schedule.

Senator CORMANN—So to sum up in a few sentences, there are a lot of people that have been hired, which of course is normal if you have a new authority—you have to hire the staff. The committees have been set up, there have been some meetings and the preparatory work essentially is underway. Have you finalised a strategic plan yet in terms of the work of the authority moving forward, or is that a work in progress?

Ms Murphy—The authority is established to deliver and implement the national reform agenda, which effectively is our roadmap.

Senator CORMANN—Senator McLucas and I were involved in seeing the legislation go through the parliament, so I am aware of the legislation. Presumably you would be going through a strategic planning exercise to translate what is in the legislation to your operating plan, your strategic plan, your business plan—call it what you like. Is that something that you have completed or is that still underway?

Ms Murphy—It is a work in progress.

Senator CORMANN—So one has been commenced. When do you expect that you would finalise that?

Ms Murphy—We have had one strategic planning session with authority staff. We have engaged the advisory council to gain their feedback on the draft strategic plan. I am meeting tomorrow with the chairman, Sam Chisholm, to establish more detail around that strategic plan, so we would anticipate having that finalised within the next month.

Senator CORMANN—Going back to the staff appointments, how many staff have been recruited in total by the authority?

Ms Murphy—For the authority proper, we have 16 people on board.

Senator CORMANN—Where are those 16 people based?

Ms Murphy—Mostly in Canberra.

Senator CORMANN—So the head office for the authority is in Canberra, is it?

Ms Murphy—Correct.

Senator BOYCE—The state program centres, where are they based in each state—in hospitals or in offices?

Senator McLucas—By and large in hospitals.

Senator BOYCE—In hospitals.

Senator McLucas—We are still negotiating in one location.

Senator CORMANN—Taking a step back—and perhaps this is a question for Ms Halton or Senator McLucas—given that it is a new authority, a lot of staff had to be appointed, including the CEO. Can you talk us through the selection process that was used to appoint the CEO?

Ms Halton—Certainly. It was an advertisement. There was, as if often the case, a headhunter appointed. There was a committee, which was comprised of an eminent Australian, a transplant recipient—otherwise known as Mr Chisholm—a state CEO and me, that undertook the recruitment.

Senator CORMANN—So there were a number of candidates that were considered.

Ms Halton—Absolutely.

Senator CORMANN—And Ms Murphy was the successful candidate.

Ms Halton—Yes.

Senator CORMANN—Presumably because she was the standout candidate. Is it correct that, in the first five months of the authority's operation, Ms Murphy has commuted between Brisbane and Canberra, and is that going to be a permanent arrangement moving forward? Will Ms Murphy be based in Canberra or will there be ongoing commuting between Brisbane and Canberra moving forward?

Ms Murphy—I am now permanently in Canberra. I moved into my new property yesterday. For the last month, I have been based permanently in Canberra.

Senator CORMANN—Thank you very much. It is a question that was raised, so I thought I would explore it, and I have given you the opportunity to address it. Thank you.

Senator WILLIAMS—I have one question on organ donations. It used to be the situation some years back that, when you signed your driver's licence, it did not count or, if I could say, hold water in the case of death. If you signed your driver's licence in New South Wales to donate organs and it was challenged in court or the family had a disagreement, it was not valid. Is that still the situation? Does anyone know?

Ms Murphy—Can I take that one on notice?

Senator McLucas—I think there is a broader question that goes to the point that Ms Murphy made about the need for there to be consistent messaging, and that is why we have got the 46 organisations who have actually signed on to a communications charter—that we will all agree that this is the main message we need to have. The point you are making is: what is the legal instrument that will in fact indicate consent?

Senator WILLIAMS—Yes.

Senator McLucas—That is not the question. The question is: 'Do your family know what you would want to happen to you should a terrible thing happen?' Even if it does show on your licence—and there are a whole series of questions about New South Wales and the licence list and all that sort of stuff—even if you have registered to put your name on the Australian organ donation register, the people who will make the final decision will be one's loved ones. The main message we are now moving to with the establishment of the authority

is that your family need to know your wishes because, if it happens, they are the people that will give the permission.

Senator WILLIAMS—It is a very valid point. In about 1995, when I was a member of Apex, we ran a national Apex scheme doing exactly that, saying, 'Your next of kin have to be well aware of your wishes.'

Senator McLucas—That is right.

Senator WILLIAMS—Because signing the driver's licence simply did not validate your wishes. So it is great that it is becoming a national scheme and that there will be an awareness of that situation, which will obviously make things much easier when people are in this crisis.

Ms Halton—The bottom line here is that one of our concerns would be, with things like the driver's licence tick, that people are confused. They think that that will then be the marker if they are in that position, and they then often have not had that conversation. They just assume. It is certainly our experience when records are incomplete, sometimes inaccurate and sometimes unavailable. But, more importantly, exactly as Senator McLucas says, at the end of the day that is not what counts. What counts is what your family say when they are asked the question.

Senator WILLIAMS—Very good. That is pleasing.

Senator ADAMS—I have one question. When we did our inquiry into the PATS, and I know that Ms Halton has probably been waiting for me to come up with that acronym—

Ms Halton—You know me too well.

Senator ADAMS—we heard about a donor in New South Wales and the recipient in a rural area in Victoria. The Victorian recipient was able to get patient assisted accommodation and travel backwards and forwards, but the actual donor who had to stay in hospital longer than the recipient could not get anything. It was a mother and a son. The son was the one that was getting the kidney. I just wonder if you might be able to put that away in your little area and think about it, because it is terribly important.

Ms Halton—We know about this. This was actually part of the whole package. When the package was developed, precisely those concerns were considered. Ms Murphy has to go out and implement all of this, and it is not necessarily going to fix every single one of the problems we have identified, but be assured that particular problem is something we are highly aware of.

Senator ADAMS—That is good. Thank you.

Senator BOYCE—I want to go back to the program directors. When we are saying they are hospital based, presumably they are based in the major hospital where transplants would be conducted in each of the states.

Ms Murphy—Where the state medical directors are located?

Senator BOYCE—Yes.

Ms Murphy—Most of them are in the major hospitals where the organ donation is occurring, so these people are hands-on clinicians who are heavily involved in organ donation. Most of them are intensivists—I think there is one that is not an intensivist. They

are medical doctors who will be leading the implementation of the consistent, coordinated approach through the network of clinical staff in each state.

Senator BOYCE—The clinical staff, who are presumably based in most major hospitals in each state, would be part-time employees of the authority, would they? Would the clinical staff be full-time employees? Are these full-time jobs?

Ms Murphy—The state medical directors are full-time jobs.

Senator BOYCE—Yes, but would the clinical staff who are undergoing the training so that they can assist in facilitating donations and transplants not be full-time staff?

Ms Murphy—If you want me to get the specific details of the headcount allocations I can come back to you, but the intent is that the positions will be as full time as possible. So there is a little bit of negotiation going on with the states around the 0.5 or 0.8 FTEs allocated to these roles.

Senator BOYCE—IS this for the state directors or for their staff?

Ms Murphy—The state directors are all full time. Some of the 100 extra positions—the nurses and the hospital medical directors—are less than one FTE.

Senator BOYCE—How does that relate to the 16 staff you mentioned earlier? Are you saying it is just that they have not been recruited yet?

Ms Murphy—The 16 staff that I referred to relate to the authority staff that are effectively sitting in the headquarters—the team of people that would be working on our corporate governance to comply with the FMA Act, the Public Service Act and contract management.

Senator BOYCE—They are back office, so to speak.

Ms Murphy—Yes, and then a PR and marketing team and people focused on the clinical program delivery as well.

Senator BOYCE—Are the clinical staff in each of the major hospitals in each of the states also your employees?

Ms Murphy—Not directly, no. They will be employed under funding agreements with each of the states.

Senator BOYCE—What about the state directors?

Ms Murphy—The state directors are employed under funding agreements with each of the states.

Senator BOYCE—So they are not your employees either.

Ms Murphy—No.

Ms Halton—I make a very important point: essentially what we are looking to do here is to implement a tried and tested uniform approach to this, which means that we will ensure—

Senator BOYCE—It is tried, at least. I am not sure if it is true and tested.

Ms Halton—It is, very much. If you look at what happens in Spain and a series of other places—

Senator BOYCE—Sorry, I am talking about the idea of devolving funding to the states to spend in a consistently national way.

Ms Halton—Indeed, and that is exactly the point I am about to make. It goes to Senator Williams's question. We want to ensure that any family that regrettably finds itself in this position—if the person in question is a potential donor—is asked in the most sensitive and appropriate way consistently, right across the country. That is where we are going with this. One of the challenges for us, exactly as you say, is that we are implementing this through jurisdictions which are in many cases quite different from each other. What we need is to ensure that this gets implemented uniformly and consistently. We know that that will generate a very significant improvement in what we want, which is saving lives.

Senator BOYCE—On that basis then, could you also give us the figures—and you might need to take this on notice, Ms Murphy—on how many positions you will be funding, with a breakdown for each state, please.

Ms Murphy—Certainly.

Senator BOYCE—Thanks. There was one other question on the communications component, which I think is about $13½ million.

Ms Murphy—Correct.

Senator BOYCE—Could you tell us where are you at with that and what will it get spent on and so forth, please.

Ms Murphy—Money that has been put aside for community awareness and marketing, to raise awareness in the community and to change the culture of the Australian community towards organ donation needs to be applied to ensure that, when we are applying that funding and engaging in communications and marketing activity, it is targeted towards increasing donor rates by increasing family consent rates and thereby maximising Australians' access to organ and tissue transplantation by dispelling myths and by investing in community education. We also need to make sure that Australians are aware of and understand the intentions of their loved ones. We are in the middle of a procurement process to engage experts in the field to develop our brand and our website, and a new brand is targeted to be established this year, by July at the earliest and September at the latest. We are establishing a marketing committee, to be chaired by Sam Chisholm. We will then be continuing with the PR activity. A PR firm, Horizon, was engaged by the department and they are working with us to keep the organ donation issue at the top of Australians' minds. That is where we are at.

Senator BOYCE—So you have not let the contracts or anything else.

Ms Murphy—No.

Senator BOYCE—We will wait till next time to ask you some more about that.

Ms Halton—It is a work in progress.

Senator BOYCE—Thank you.

Senator SIEWERT—Do you have any involvement in the World Transplant Games that are about to be undertaken in your home state?

Senator McLucas—I am opening them, and I opened the ones in Perth last year.

Senator SIEWERT—So you know about it. Is there any formal involvement, besides the parliamentary secretary opening them?

Ms Murphy—There is significant Commonwealth funding towards the Transplant Games, and I also will be attending the transplant games.

Senator SIEWERT—How much funding has the Commonwealth contributed? Are you able to tell me that?

Ms Murphy—Can I take that on notice?

Senator SIEWERT—Yes, that is fine.

Ms Halton—I think we should expect to see a photograph of Senator McLucas running up the 100-metre straight as a method of opening the games. That is your challenge.

Senator McLucas—That is not very helpful!

Ms Halton—She is declining my challenge!

CHAIR—Thank you again, Ms Halton and officers, for your cooperation during the day. We will finish early, which in my experience is unprecedented in Health and Ageing.

Senator McLucas—It must be excellent chairing!

CHAIR—I do not know what it is—and I am slightly worried! Nonetheless, we are going to finish. When we come back tomorrow morning we will go by the program, starting with outcome 4. Thank you again to Hansard.

Committee adjourned at 10.26 pm